

City of Riverside Public Utilities

2023 WATER COST OF SERVICE AND RATE DESIGN STUDY

FINAL | May 2023

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Abbreviations

| | |
|---------|--|
| AB | Assembly Bill |
| AF | acre-feet |
| AFY | acre-feet per year |
| ADD | average day demand |
| BAB | Build America Bonds |
| Carollo | Carollo Engineers |
| CCF | hundred cubic feet |
| CIP | capital improvement plan (program) |
| City | City of Riverside |
| COSA | cost of service analysis |
| DSCR | debt service coverage ratio |
| DU | dwelling unit |
| FY | fiscal year |
| GFT | general fund transfer |
| GPCD | gallons per capita per day |
| kWh | kilowatt-hour |
| LOC | line of credit |
| MDD | maximum day demand |
| MEU | Meter Equivalent Unit |
| MFR | multi-family residential |
| MHD | maximum hour demand |
| O&M | operations and maintenance |
| RPU | Riverside Public Utilities |
| RWQCP | Regional Water Quality Control Plant |
| SFR | single family residential |
| SHARE | Sharing Households Assist Riverside's Energy program |
| Study | rate design study |
| SWRCB | State Water Resources Control Board |
| WMWD | Western Municipal Water District |
| WSCP | water shortage contingency plans |

Section 1

INTRODUCTION

1.1 Study Purpose

The City of Riverside (City) Public Utilities (RPU) Department provides safe and reliable water to approximately 66,000 service connections in an environmentally and financially responsible manner. In the face of significant challenges for the water utility industry, including aging infrastructure, climate change, and regulations aimed at curbing its impact, RPU has developed a comprehensive financial plan including a capital infrastructure improvement plan. This capital infrastructure capital improvement plan reimagines RPU's water service by replacing infrastructure and expanding system capacity to meet future demand. To fund future capital infrastructure costs, operations, and maintenance costs, RPU retained Carollo Engineers (Carollo) to conduct a five-year rate design study (Study) from fiscal year (FY) 2024 through FY 2028. This study incorporates and builds upon the projections in the financial pro forma and consumption forecasts, and draws on several other sources including, but not limited to, historical billing data, cost of water analyses, and engineering data related to RPU's water systems.

The current rates reflect recommendations from the previous 2018 Study which adjusted the balance of fixed and variable revenue recovery. Most significantly, the percentage of costs recovered by the fixed charge increased to approximately 40 percent of retail revenues to improve revenue stability and the number of tiers in the residential and commercial classes were reduced. Additionally, it recommended implementing a uniform meter size-based flat monthly charge applied to all customer classes, combined or removed many customer classes, and distinguished single family residential (SFR) customers from multi-family residential (MFR) customers to allow for a three-tier seasonal rate structure and two-tier rate structure, respectively. Lastly, two rate classes were created for customers that use water for outdoor irrigation. The landscape class is for users with on demand access to water for irrigation, and the interruptible class is primarily for government accounts that can be required to shut down during times of drought or otherwise mandated conservation.

The variable wet weather conditions and dry seasons have somewhat alleviated drought conditions, but statewide, water scarcity remains an ongoing challenge. While the City was not under drought mandates during the period of this Study, it is expected that weather variability, conservation efforts, and continued messaging from the State and other entities will result in sustained demand reductions. These uncertainties underscore the need for integrated financial planning and flexible rate design. At the outset of the study, Carollo and RPU discussed and summarized key study goals. Several key issues and challenges that were considered during the cost of service analysis and rate design project included:

- Review implications of ongoing water conservation.
- Implement cost of service-based demand reduction rates compliant with Proposition 218 and adaptable to changing water demands.
- Maintain financial stability while incentivizing efficient water usage.
- Align fixed and variable revenue collection with costs.
- Evaluate tier breakpoints and pricing structure for residential customers.
- Achieve customer equity under continued changes to consumption.

- Review customer demand impacts from implementing a new rate structure.
- Identify future fiscal, operational, and capital impacts and considerations.

The purpose of this report is to address each of these key issues as part of the systematic evaluation and development of the cost of service analysis and RPU rate design.

The study was divided into three main phases to address these issues and prepare the rate design:

1. Cost of Service Analysis.
2. Water Utility Rate Trends Analysis.
3. Rate Design Recommendations.

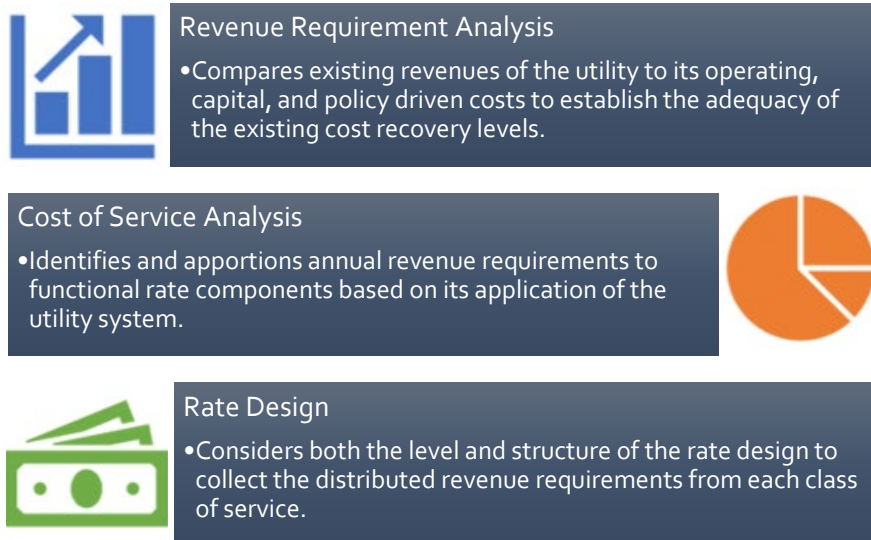
This Cost of Service Analysis Report (COSA) addresses the cost of service analysis and the rate design recommendations. Earlier in the study process, water utility rate trends were reviewed to explore and evaluate industry rate trends and present alternatives that might be appropriate for RPU to consider.

1.2 Overview of the Rate Setting Process

Rate analyses should be performed periodically so that revenues from rates adequately fund utility operations, maintenance, and capital investments. Additionally, in California, water rates must adhere to the cost of service requirements imposed by Proposition 218 and the State Constitution. Proposition 218 requires that property related fees and charges, including water rates, do not exceed the reasonable cost of providing the service. In addition to Proposition 218 requirements, Article X (2) of the State Constitution establishes the need to preserve the State's water supplies and discourage the wasteful or unreasonable use of water by encouraging conservation. The proposed rate plan accounts for both the proportionality requirement of Proposition 218, along with encouraging efficient use of water.

The cost of service rate analysis presented within this report consists of the following three interconnected processes:

Figure 1 Cost of Service Rate Study Process



The processes presented above are advocated by the American Water Works Association (AWWA) for cost of service rate setting. While the process is described in a linear step by step approach, it is better understood as an iterative process where the ultimate objective is to balance revenues with costs in an equitable manner for customers. These three processes will form the basis for the rate analyses presented within this report.

1.3 Forward-Looking Statement

The rate calculations presented within this report are based on the reasonable projections of existing service costs, water demands, system operations with information available, and on existing legal requirements. Moreover, RPU developed the financial pro forma that serves as the basis for all rate calculations. Significant changes in RPU's operations or costs or the capital improvement plan (CIP), changes occurring in California law, deviation from the projected water demands, or further regulatory actions by the Governor or the State Water Resources Control Board (SWRCB) in regard to water use may result in the projected rate revenues deviating from Carollo's projections and could require RPU to revisit the cost of service analysis.

1.4 Riverside Public Utility Background

The current RPU service area is approximately 75 square miles and includes about 66,000 water service connections. The service area is primarily within the City limits and includes approximately five square miles of land served by RPU outside of the City limits as shown on Figure 2. RPU's potable water system consists of groundwater basins, groundwater wells, a supply transmission system, water treatment plants, and a water distribution system. These water supplies are used to meet both ongoing, year-round and peak summer demands, as well as provide a level of resiliency for drought conditions.

RPU has facilities to extract groundwater from five groundwater basins: Bunker Hill, Rialto-Colton, Riverside North, Riverside South, and Arlington Basins. RPU's groundwater supply production is based on the 1969 Western-San Bernardino Judgment that regulates basin extraction amounts. The location of these groundwater basins, the City boundaries, and RPU's groundwater wells are depicted on Figure 3 (Figure 2.3 from master plan).

Groundwater pumped from RPU's wells is conveyed to the Linden-Evans Reservoirs for blending and temporary storage through a network of water supply transmission lines. This supply system consists of four transmission mains: Gage Pipeline, Waterman Pipeline, North Orange Pipeline, and the Flume Pipeline. Prior to reaching the Linden-Evans Reservoirs, groundwater from several wells is treated at one of RPU's six water treatment facilities. See Figure 4 (Figure 2.4 from master plan) for a diagram of the supply system.

From Linden-Evans Reservoirs, water is distributed to RPU's customers. The distribution system includes approximately 66,000 connections and consists of 44 pressure zones, 993 miles of pipelines, 16 storage reservoirs, 38 booster pump stations, and 28 pressure regulating stations. See Figure 5 (Figure 2.5 from master plan) for a diagram of the distribution system.

RPU also distributes a small amount of recycled water (between 150 and 300 acre-feet-per-year [AFY]) from the City's Regional Water Quality Control Plant (RWQCP). Current deliveries are to nine meters located near the RWQCP. Based on current effluent flows, the RWQCP has the potential to deliver approximately 5,400 AFY, after subtracting a 25,000 AFY environmental commitment. Since the previous COSA study, RPU has invested in expanding the recycled water system and is now exploring options to incentivize customers to connect. Additionally, a recycled water master plan is currently underway and upon its completion, a detailed recycled water rate analysis will be conducted.

Figure 2 RPU Service Area

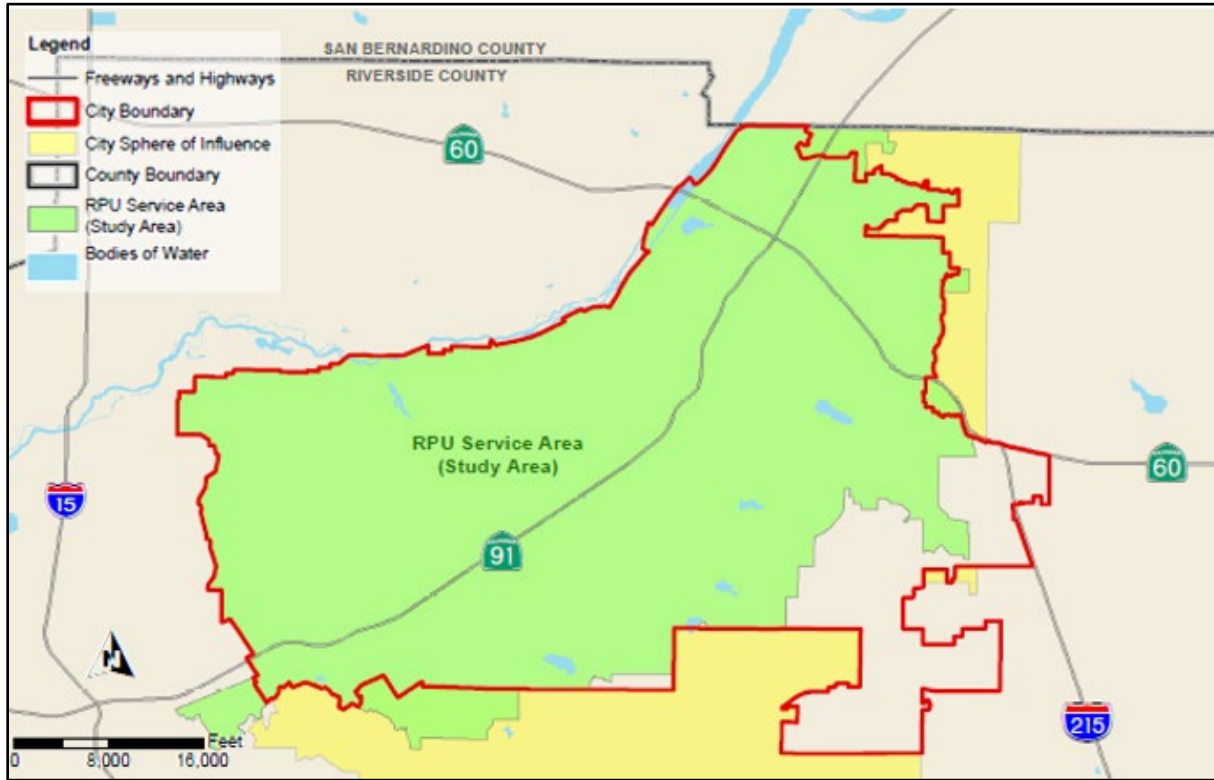


Figure 3 Groundwater Basins

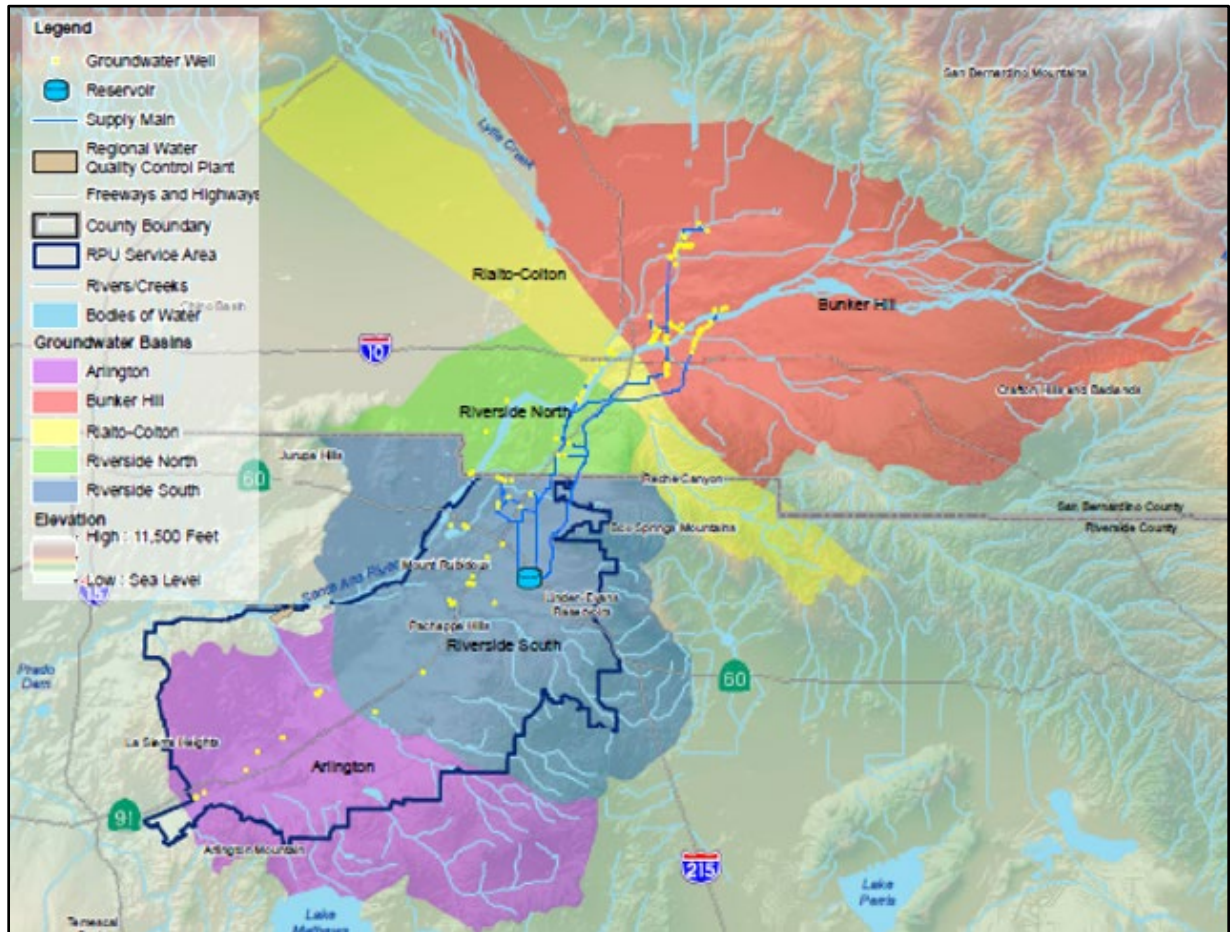


Figure 4 Treatment and Transmission Facilities

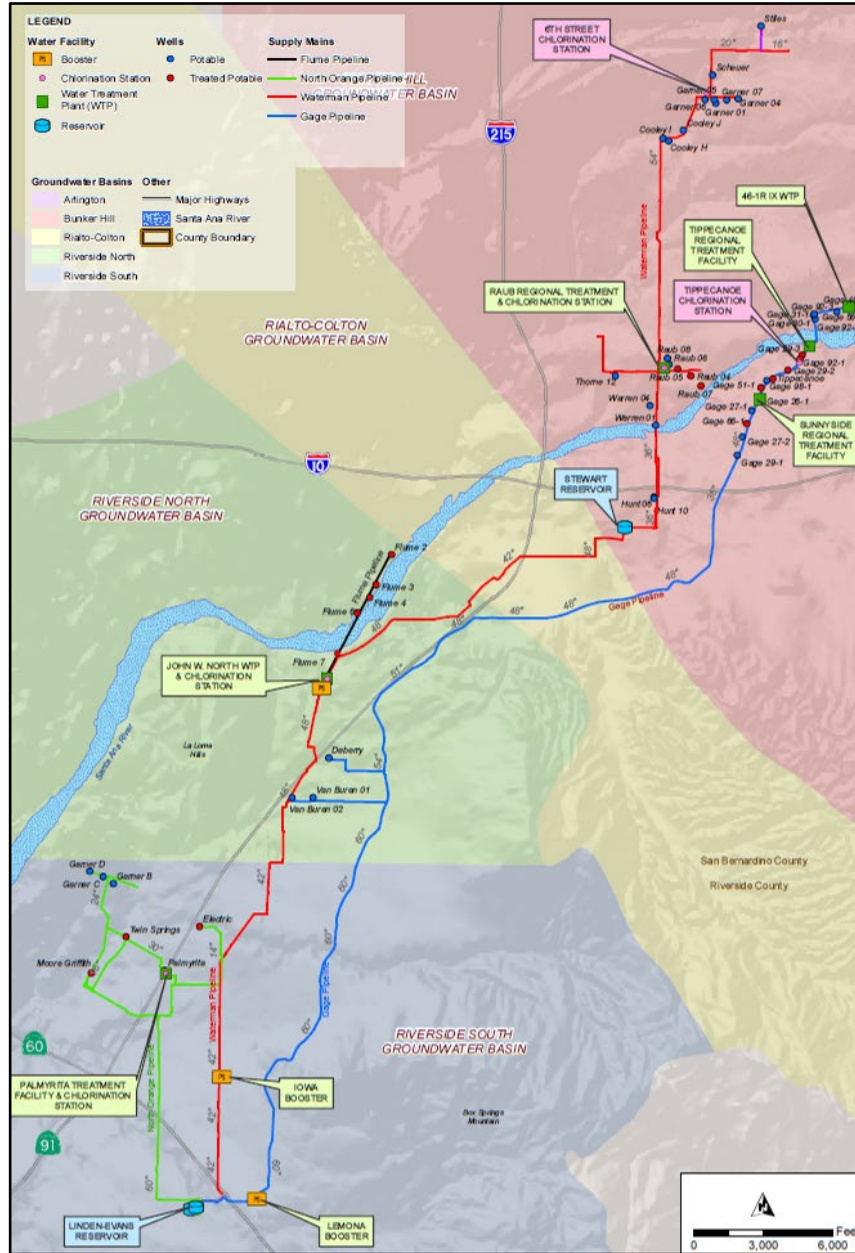
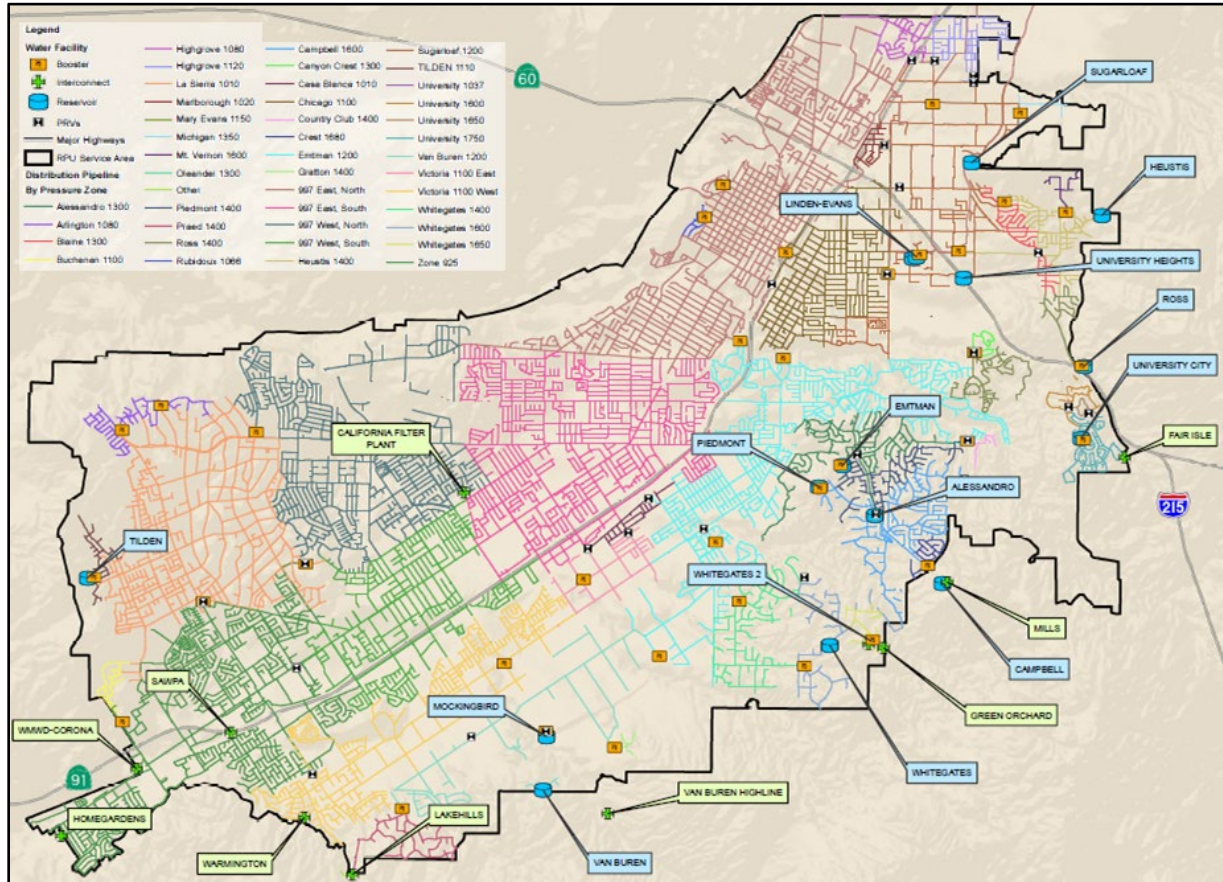


Figure 5 Distribution System



1.4.1 Impact of Weather Conditions

In response to a pattern of droughts in the Western US, the SWRCB can institute mandatory restrictions to achieve a total conservation target. This emergency response policy has evolved to allow agencies to self-certify that sufficient supply is available and thus modify their mandatory curtailments. Emergency conservation actions, however, do not reduce RPU’s need to conserve water in compliance with State Senate bill SBX7-7 (2009). Furthermore, conservation is the centerpiece of Riverside’s water supply plan, and the City Council can deem it appropriate to remain within a drought stage as needed. Such was the case during the previous Study, so the analysis and recommendations were based on the Water Conservation Stage 1 status.

Though wet winters have caused the State to lift mandatory usage curtailments, water usage remains below historical levels due to demand hardening from conservation and decreased irrigation demands during wet seasons. In May 2022, the SWRCB adopted a resolution to reduce water demand and improve water conservation, one component of that resolution was a requirement that urban water retailers implement level 2 of their water shortage contingency plans (WSCP). As of the writing of this report, the resolution has not been rescinded and RPU remains in stage 2 of its WSCP.

Further, the State is developing long-term conservation measures given the California Water Supply Strategy (August 2022) which includes, among other actions, “Freeing up 500,000 acre-feet of water through more efficient water use and conservation, helping make up for water lost due to climate change.” The rule making process is currently moving forward for “Making Conservation a California Way of Life”.

Under this initiative, urban retail water suppliers will have a water use objective that essentially sets an overall water budget for each retailer. The standards are set to be adopted later this year and will effectively establish a permanent efficiency target for RPU.

This Study conducted an analysis of RPU's water demands for FY 2016 through FY 2022. Based upon that analysis and guidance from RPU, the demand projection used for the study includes a 10-percent reduction from the average demands in FY 2019 through FY 2022. The water demand analyses completed for this cost of service Study center on comparing usage on a fiscal year basis, since this method is in line with RPU's accounting practices.

1.5 Capital Improvement Plan

RPU maintains a CIP that is updated regularly based on infrastructure and water supply needs and funding availability. The CIP is adopted as part of the City's biennial budget process. The CIP included in the COSA holds its basis in the five-year CIP adopted with the 2022-2024 adopted budget but has been refined to reflect information that has become available since the budget's adoption.

As analyzed, the CIP totals \$183.7 million in projects over the five-year study period. This includes \$119.6 million for transmission and distribution infrastructure including reservoirs and pumps stations, \$16.9 million for wells and treatment, \$19.2 million for technology projects, and \$28.0 million for supply sustainability projects.

1.6 Existing Rate Structure

The existing water rates are based on industry accepted, cost of service structures. The rate program incorporates a number of different features, such as tiers and seasonal rates in order to account for the increase cost of water delivery during peak periods. The previous Study significantly condensed and reduced the rate structure, leaving the current rate program with three major rate categories (as eleven total rate codes) as shown in Table 1.

Table 1 Existing Rate Class Descriptions

| Class | Code and Name | Rate Structure Description |
|------------------------------|--|--|
| RESIDENTIAL | | |
| WA-1A | Single Family Residential (SFR) | <ul style="list-style-type: none"> • Three inclining rate tiers (CCF). • Seasonal rate for Tier 3. <ul style="list-style-type: none"> – Summer: June through October. – Winter: November through May. |
| WA-1B | Multi-Family Residential (MFR) | <ul style="list-style-type: none"> • Two inclining rate tiers (CCF). • Seasonal Rate for Tier 2. <ul style="list-style-type: none"> – Summer: June through October. – Winter: November through May. |
| COMMERCIAL/INDUSTRIAL | | |
| WA-6 | Commercial and Industrial | <ul style="list-style-type: none"> • Non-tiered seasonal rates using WA-1 seasons described above. |
| WA-7 | Interruptible Irrigation | <ul style="list-style-type: none"> • Flat rate structure for City irrigation. • Users can be required to curtail or cease demands in times of drought or otherwise limited water supply. |
| WA-11 | Landscape Irrigation | <ul style="list-style-type: none"> • Non-tiered seasonal rates using WA-1 seasons described above. |
| OTHER | | |
| WA-4 | Riverside Water Company Irrigators | <ul style="list-style-type: none"> • Three inclining rate tiers (CCF). • Open only to former customers of the Riverside Water Company. • Seasonal rate for Tier 3. <ul style="list-style-type: none"> – Summer: June through October. – Winter: November through May. |
| WA-2 | Flat Rate – Temporary Service | <ul style="list-style-type: none"> • Uniform rate for construction water and bulk permit delivery. |
| WA-5 | Fire Protection Services & Fire Hydrants | <ul style="list-style-type: none"> • Fixed monthly charges per connection for maintenance of valves and meters or hydrants. |
| WA-8 | Greenbelt Irrigation Service | <ul style="list-style-type: none"> • Properties in greenbelt able to take service from Gage Canal facilities. • Monthly account charge plus volumetric Gage Canal pass-through charge. |
| WA-10 | Recycled Water Service | <ul style="list-style-type: none"> • Uniform rate structure for direct use of recycled water for irrigation. |
| WA-12 | Agricultural Service | <ul style="list-style-type: none"> • Three inclining rate tiers (CCF). • Residential agriculture meters. <ul style="list-style-type: none"> – Charges based on WA-1A SFR rates. – Residential customers have three inclining rate tiers (CCF). – Tier 1: 9 CCF plus agricultural allotment; Tier 2: additional 26 CCF; Tier 3: excess of Tier 2. • Without residence customers have two inclining rate tiers (CCF). <ul style="list-style-type: none"> – Tier 1: agricultural allotment charged at WA-1A tier 1 rate; Tier 2: above allotment charged at WA-6 rate. |

Table 2 presents the current rates and monthly fixed charges for the majority of the customers in the City: SFR (WA-1A), MFR (WA-1B), and Commercial/Industrial (WA-6).

Table 2 Existing (FY 2023) Rates and Charges by Customer Class

| Class | Summer Rates Jun to Oct | Winter Rates Nov to May | Meter Size | Fixed Charge |
|--|----------------------------|----------------------------|------------|--------------|
| WA-1A Single Family Residential | | | 5/8" | \$26.00 |
| First 9 CCF | \$1.30 | \$1.30 | 3/4" | 26.00 |
| 10 to 35 CCF | 1.64 | 1.64 | 1" | 41.26 |
| All over 35 CCF | 3.66 | 3.01 | 1.5" | 79.08 |
| WA-1B Multi-Family Residential | | | 2" | 124.64 |
| First 7 CCF | \$1.30 | \$1.30 | 3" | 231.03 |
| All over 7 CCF | 2.12 | 1.87 | 4" | 382.97 |
| WA-2 Flat Rate – Temp. Service | | | 6" | 838.59 |
| All CCF | \$2.39 | \$2.39 | 8" | 1,370.06 |
| WA-4 Riverside Irrigators | | | 10" | 2,129.34 |
| First 15 CCF | \$1.32 | \$1.32 | 12" | 3,040.57 |
| 16 to 70 CCF | 1.58 | 1.58 | | |
| All over 70 CCF | 3.17 | 2.46 | | |
| WA-6 Commercial/Industrial | | | | |
| All CCF | \$1.84 | \$1.58 | | |
| WA-7 & WA-10 Interruptible/Recycled | | | | |
| All CCF | \$1.57 | \$1.57 | | |
| WA-11 Landscape | | | | |
| All CCF | \$2.14 | \$1.67 | | |

Section 2

WATER USAGE AND SUPPLY

RPU maintains a diversified portfolio of water sources and has invested in redundant supplies to create a highly localized and resilient system. To this end, RPU has expanded the recycled water distribution system and is working to connect additional customers. Further, RPU will be making additional investments in supply sustainability projects to help ensure the long-term availability of local supplies.

In addition to these localized supplies, RPU also can purchase water from Western Municipal Water District (WMWD). These supplemental, imported supplies are significantly more expensive than RPU's local supplies and supply is not guaranteed. Due to the development of local supply sources, RPU has not needed to purchase imported water over the past decade and does not anticipate any future purchases.

Water demands vary annually based on weather conditions, which dictate the amount of water needed for outdoor irrigation, and are influenced by other factors such as State mandated conservation measures and conservation messaging, and customer growth. The lowest demand year in recent years was FY 2016 with total sales of 21.9 million CCF. Over the past three fiscal years (FY 2019 to FY 2022) annual demands have averaged 26.0 million CCF.

2.1 Growth and Water Demand

2.1.1 Customer Account Growth

Expected customer growth over the projection period from FY 2022/23 through FY 2027/28 varies by customer class. A moderate level of account growth is expected for commercial customers (average of 0.72 percent per year) while industrial and residential customers have a lower growth projection (average of 0.23 and 0.28 percent per year, respectively). Table 3 presents the projected accounts for each customer class. These account growth expectations were applied to the number of accounts in each rate class indicated in RPU's billing records to estimate the number of accounts by rate class each year.

Table 3 Account Growth

| Class | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Residential | 0.23% | 0.24% | 0.24% | 0.23% | 0.23% |
| Commercial/Industrial | 0.68% | 0.69% | 0.69% | 0.69% | 0.69% |
| Other | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Projected accounts: | | | | | |
| SFR (WA-1A) | 59,025 | 59,163 | 59,302 | 59,442 | 59,582 |
| MFR (WA-1B) | 1,133 | 1,136 | 1,138 | 1,141 | 1,144 |
| Flat Rate – Temp. Service (WA-2) | 78 | 78 | 78 | 78 | 78 |
| Riverside Irrigators (WA-4) | 25 | 25 | 25 | 25 | 25 |
| Commercial/Industrial (WA-6) | 5,305 | 5,342 | 5,378 | 5,415 | 5,452 |
| Interruptible Irrigation (WA-7) | 553 | 557 | 561 | 565 | 569 |
| Greenbelt (WA-8) | 10 | 10 | 10 | 10 | 10 |
| Recycled (WA-10) | 15 | 15 | 15 | 15 | 15 |
| Landscape (WA-11) | 513 | 517 | 520 | 524 | 528 |
| Agricultural (WA-12) | 222 | 222 | 222 | 222 | 222 |
| TOTAL ACCOUNTS | 66,879 | 67,064 | 67,250 | 67,436 | 67,623 |

Notes:

(1) Totals may be off due to rounding.

2.1.2 Water Usage

Water sales are RPU's primary source of water revenues. Consequently, it is critical to examine and analyze potential shifts in short- and long-term water demands. Carollo evaluated several years of billing data to examine historical water demand patterns and potential developing trends. RPU also maintains an internal demand forecast used for system and financial planning. This forecast accounts for these changing demand patterns, type of future development, and price elasticity.

Over the past three fiscal years (FY 2019 through FY 2022) RPU has delivered an annual average of 26.0 million CCF of water to its retail customers. This level of demand represents a rebound of approximately 19-percent compared to the lowest year of sales in recent history, FY 2016, which saw deliveries of only 21.9 million CCF. During FY 2016, California was amid a serious drought and had implemented statewide mandatory conservation measures.

Though emergency mandatory conservation targets have been lifted, RPU's demands have not rebounded to pre-drought levels. Permanent conservation resulting from removal of irrigated landscapes or conversion to more efficient planting, use of more water efficient fixtures and appliances, and changes in customer behavior have all led to permanent conservation. Further, water scarcity remains an issue in California and the conservation messaging from the State and other entities continues.

In August 2022, the State published the California Water Supply Strategy (August 2022). The strategy includes, among other actions, “Freeing up 500,000 acre-feet of water through more efficient water use and conservation, helping make up for water lost due to climate change.” Regardless of any mandatory actions imposed on RPU, the messaging and outreach associated with the strategy is likely to lead to further conservation by RPU customers.

At the direction of RPU, Carollo applied a ten percent reduction to a three-year averaged demand (FY 2019 through 2022) to develop the demand projection that is used as the basis for calculating the proposed rate plan. Monthly water usage data for the past three fiscal years was analyzed to develop a reasonable projection of water demands for the extent of this five-year Study (FY 2022/23 through FY 2027/28). The projected ten percent decreases in consumption were applied to each rate class and tier (where applicable). Table 4 below shows the projected sales that serve as the basis of the cost of service analysis.

Table 4 Projected Sales by Class (thousand CCF)

| Class | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|--|---------------|---------------|---------------|---------------|---------------|
| SFR (WA-1A) | 13,476 | 13,568 | 13,663 | 13,760 | 13,861 |
| MFR (WA-1B) | 369 | 371 | 374 | 376 | 379 |
| Flat Rate – Temp. Service (WA-2) | 44 | 44 | 44 | 44 | 44 |
| Riverside Irrigators (WA-4) | 9 | 9 | 9 | 9 | 9 |
| Commercial/Industrial (WA-6) | 7,358 | 7,464 | 7,573 | 7,683 | 7,795 |
| Interruptible Irrigation & Recycled (WA-7 & WA-10) | 807 | 818 | 830 | 842 | 854 |
| Landscape (WA-11) | 759 | 770 | 781 | 793 | 804 |
| Agricultural (WA-12) | 523 | 523 | 523 | 523 | 523 |
| TOTAL CCF | 23,345 | 23,568 | 23,797 | 24,030 | 24,269 |

Notes:

(2) 1 unit of water = 1 CCF (hundred cubic feet) = 748 gallons.

(3) Totals may be off due to rounding.

Figure 6, on the next page, shows these projected sales by major rate category (Residential, Commercial/Industrial, and Other) over the duration of this rate setting period. Landscape irrigation and interruptible City irrigation demands are included in the Commercial/Industrial category. Flat Rate – Temp. Service, Riverside Water Company Irrigators, Recycled Water, and Agricultural demands are included in the Other category.

Figure 7, on the next page, shows the percent of annual consumption from each customer rate code for the projected FY 2023/24. Residential accounts from WA-1 are the primary users of water making up roughly 60 percent of annual water usage. The remaining 40 percent is split between commercial, industrial, irrigation, and other accounts. Riverside Water Company Irrigators (WA-4) account for less than 0.1-percent of total consumption.

Figure 6 Projected Water Sales

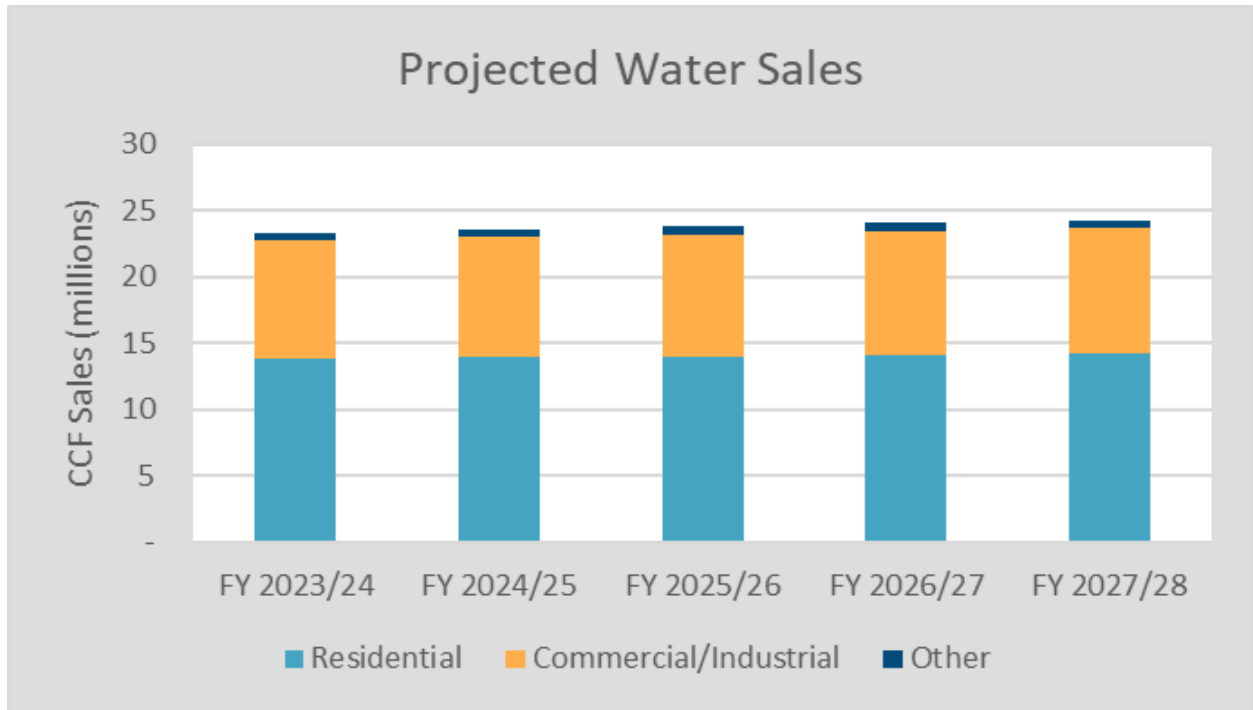
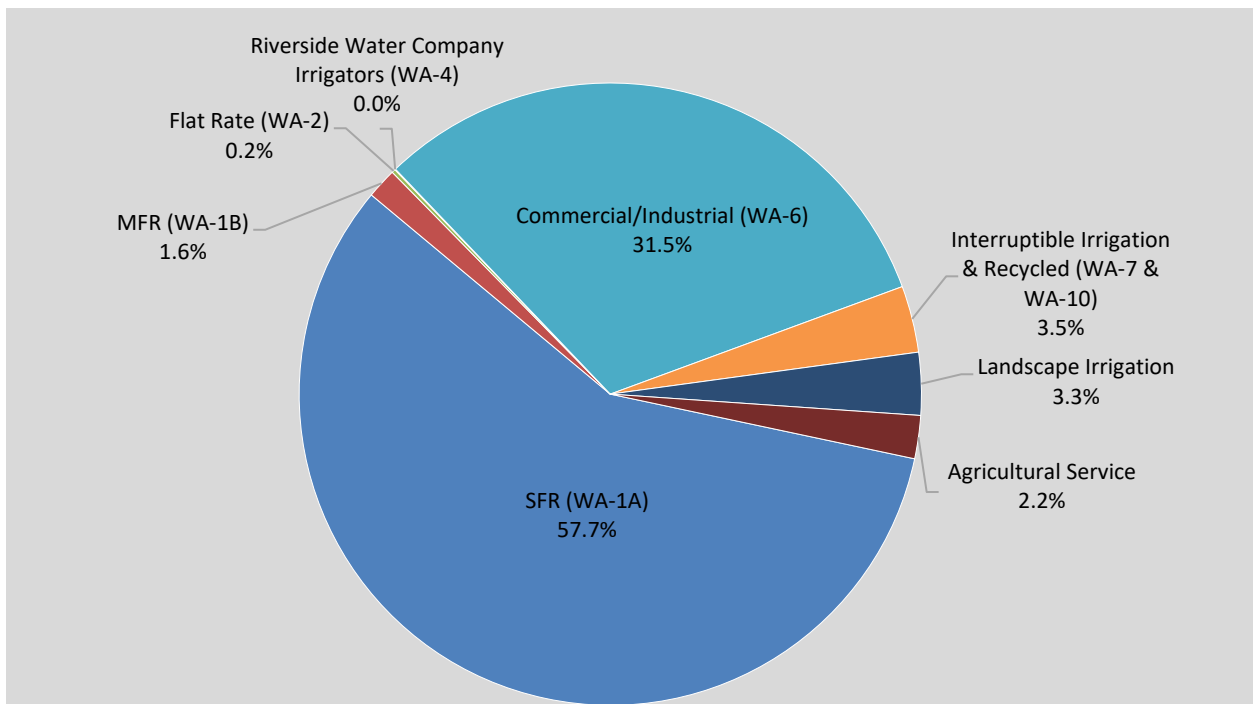


Figure 7 Percent of Projected Consumption per Rate Code (FY 2023/24)



Section 3

REVENUE REQUIREMENTS

3.1 Introduction

The revenue requirement analysis is a test of a utility's fiscal health, which evaluates the adequacy of current revenues and establishes rate revenue needs that are used to develop RPU's rate plan. The analysis accounts for RPU's revenues, expenses, debt, reserve policies, and fiscal policies. If system revenues and reserve balances are insufficient in a given fiscal year, the revenue requirement analysis calculates the needed additional cash flows to meet RPU's funding goals.

The revenue requirement forecast is derived from RPU's financial pro forma, including major cost components: production costs, personnel costs, other operations and maintenance (O&M), debt service requirements; and rate funded capital outlays. Policy requirements are also considered in RPU's financial pro forma and used to derive the revenue requirement. The revenue requirement forecast of the pro forma incorporates RPU's FY 2022/23 and 23/34 adopted budgets with projected adjustments based on actual past performance to projected costs thereafter. Additionally, applicable costs savings have been included based on actual costs in prior years. The relevant financial information for this analysis was provided by RPU including: current reserve ending balances, budgeted capital improvement plan expenditures, other future expenses, other future revenues, and other miscellaneous financial information.

The revenue requirement analysis is comprised of two tests:

- The **cash flow sufficiency test** compares projected system revenues to the cost to operate, maintain, and improve the water system. This test evaluates whether revenues meet expenses; when they do not, this test calculates the amount of rate revenue that must be raised to fund the projected expenditures and to meet RPU's reserve policy.
- The **debt service coverage test** determines if there is sufficient cash flow to meet utility bond issuance stipulations which ensure that the agency can fund annual operating expenses while meeting its debt obligations, as indicated by a debt service coverage ratio (DSCR) which is a percent of issued debt. If cash flow falls below this ratio, this test calculates the additional revenue required.

The revenue requirement analysis determines if RPU must increase system revenues to meet its ongoing obligations. If revenues are found to be insufficient to meet ongoing expenses (cash flow test) and/or debt obligation (debt service coverage test), revenues must be increased to achieve the higher of the two needs.

The cash-flow sufficiency test compares projected cash requirements in each given year necessary to operate, maintain, and improve the utility systems. Cash requirements include O&M expenses, rate-funded capital expenditures, debt service payments, and policy-driven additions to reserves. RPU must maintain certain reserve targets for working capital, rate stabilization, capital emergency, capital system improvements, and debt service as outlined in the reserve policy.

The debt service coverage test measures the ability of the water utility to meet its debt obligations on an annual basis. When a municipality issues a bond, the bond Official Statement defines the financial obligations that must be met in order to remain in legal compliance. As part of the bond covenant as set forth in the Official Statement, the utility must collect a defined amount of annual revenue to illustrate that it has the financial capacity to repay bondholders.

More specifically, annual net revenues, in excess of operations and maintenance, must equal to a minimum of 1.25 times the annual debt service payments for senior lien debt. However, as is the case for RPU's water utility that has maintained a AA+ rating from Standard and Poor's and Fitch Ratings, this coverage factor can be set at a higher level for planning purposes in order to assist in maintain or achieve a higher bond rating. For the purposes of this analysis, the pro forma targets a coverage factor of 2.00 times while maintaining a target minimum coverage factor of 1.75 times for financial planning purposes.

The pro forma recommendations presented within this report were developed by RPU staff based on best known information as of the writing of this report.

3.2 Ongoing Costs and Offsetting Revenues

3.2.1 Operating and Maintenance Costs

O&M costs are expenditures that RPU incurs in the day-to-day operations of its water system - e.g., employee salaries and benefits, fuel, chemicals, power, supplies, and debt service. Other costs in the operating budget include indirect costs for services provided to RPU by other City departments or funds. The water O&M costs projected in the pro forma are the backbone of the revenue requirements analysis.

Table 5 summarizes the projected water O&M costs for FY 2023/24 through FY 2027/28.

Production Costs

Production costs are variable O&M costs incurred by RPU to provide water service. Specific items included in this category are electricity, gas, other utilities, and water production charges associated with each of RPU's groundwater sources.

Electricity costs account for the majority of production costs. In an effort to control production costs, RPU constructed solar power generating facilities used to power wells, pumps, and other equipment at several of the production sites.

Personnel Costs

Personnel costs include all of the direct and overhead costs associated with RPU staff. These costs are considered to be fixed costs, as staffing requirements generally do not change based on fluctuations in water demands.

Other O&M Costs

Other O&M costs include materials, supplies, and services, as well as services from other funds. Some of these costs are offset by services that RPU provides to other funds. In all, Other O&M costs are generally not impacted by water demands and are therefore considered to be fixed.

Additional O&M for CIP and Advanced Technology

Several of the CIP projects will be accompanied by annual O&M costs as projects are completed or programs are initiated. Estimated O&M costs associated with CIP projects were provided by RPU engineering staff and those associated with the Advanced Technology program were provided using estimated project implementation costs from the Strategic Technology Plan. Annual costs for this category are expected to begin at \$1.8 million in FY 2025 to \$2.6 million in FY 2028.

Non-rate Revenue Support for Agricultural Rates and Low-Income Assistance

After the completion of the previous COSA, the City convened an Agricultural Rates Task Force to develop a rate structure to support and maintain agricultural activities within RPU's service area. The WA-12 Agricultural Water Service Rates assigns an agricultural water allotment to each participating user based on the type and amount of irrigated area or acreage of the qualifying crops that they grow or other agricultural activities such as pasture for qualifying livestock. All water usage within the agricultural allotment is billed at the tier 1 rate similar to single family residential (WA-1A). Any use above the allotment is billed at the otherwise applicable rate, WA-1A for users with residences or WA-6 for users without residences.

The difference in the amount of revenues billed under the agricultural water service rates and the otherwise applicable rates is supported using non-rate revenues. Per Council Resolution 23499, the maximum that can be supported with non-rate revenues is \$684,000 per year and once that threshold is reached, the rate class will be closed unless additional sources of non-rate revenues to support the program are identified.

The City's Sharing Households Assist Riverside's Energy program (SHARE) provides water bill assistance to qualifying low-income customers. Customers enrolled in the program currently receive an incentive for water payment assistance of \$3.25 per month, not to exceed \$39.00 per customer over a 12-month period. The annual budget for the program is \$150,000 and non-rate revenues are assigned to cover the costs. The costs for the program are included in the *Other Operating and Maintenance Costs* line in Table 5.

General Fund Transfer

The Riverside City Charter requires RPU to annually transfer to the general fund an amount not to exceed 11.5 percent of the previous year's gross operating revenues (the Water GFT). Riverside voters reaffirmed the Water GFT in June of 2013. Because the Water GFT is based upon revenues, the annual amount fluctuates with water demands.

Table 5 Projected Water O&M and other Ongoing Expenditures (thousand \$)

| Expenditures | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Production Costs | \$7,808 | \$7,964 | \$8,123 | \$8,286 | \$8,602 |
| Personnel Costs | 18,465 | 18,811 | 19,052 | 19,193 | 19,596 |
| Other Operating and Maintenance Costs | 26,071 | 26,377 | 26,629 | 27,155 | 27,693 |
| Additional O&M for CIP and Advanced Tech | - | 1,756 | 2,199 | 2,363 | 2,817 |
| Subtotal: Ongoing Operating Expenses | \$52,344 | \$54,908 | \$56,003 | \$56,997 | \$58,709 |
| General Fund Transfer | 8,114 | 8,583 | 9,192 | 9,846 | 10,563 |
| Use of Non-Rate Revenue for WA-12 | 684 | 684 | 684 | 684 | 684 |
| TOTAL ONGOING EXPENDITURES | \$61,142 | \$64,175 | \$65,879 | \$67,527 | \$69,956 |

Notes:

(1) Totals may be off due to rounding.

3.3 Debt Service

In addition to O&M expenditures, RPU holds several outstanding debt obligations that provided funding for past capital projects and acquisitions. Table 6 shows RPU's outstanding water debt obligations and associated debt service for each year of the projection period. Additional debt that will be required to fund CIP expenditures is discussed in Section 3.3 of this report.

Table 6 Outstanding Water Debt Obligations and Debt Service (thousand \$)

| Debt Issued | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2009B (\$67.790M FIXED BABs) - Net of BABs ⁽¹⁾ | \$5,221 | \$5,215 | \$5,209 | \$5,199 | \$5,189 |
| 2011A (\$59.0M VARIABLE) | 789 | 789 | 789 | 789 | 789 |
| 2019 A Refunding Water Revenue Bonds | 9,379 | 9,365 | 9,345 | 9,328 | 9,314 |
| New Debt Service ⁽²⁾ | 4,579 | 4,496 | 6,698 | 10,277 | 10,193 |
| Subtotal: Bond Payments | \$19,968 | \$19,865 | \$22,042 | \$25,593 | \$25,486 |
| Advance from City – Pension Obligation | 2,282 | 2,420 | 2,429 | 2,307 | 1,646 |
| Capital Lease | 835 | 835 | 835 | 835 | 575 |
| Other Debt Costs ⁽³⁾ | 241 | 245 | 247 | 250 | 253 |
| TOTAL ANNUAL DEBT SERVICE | \$23,325 | \$23,364 | \$25,553 | \$28,984 | \$27,960 |

Notes:

- (1) Net of Treasury credit for Build America Bonds (BABs).
- (2) Debt service associated with new bonds to be issued starting in 2023, discussed further in the next section.
- (3) Fiscal charges and amortization.
- (4) Totals may be off due to rounding.

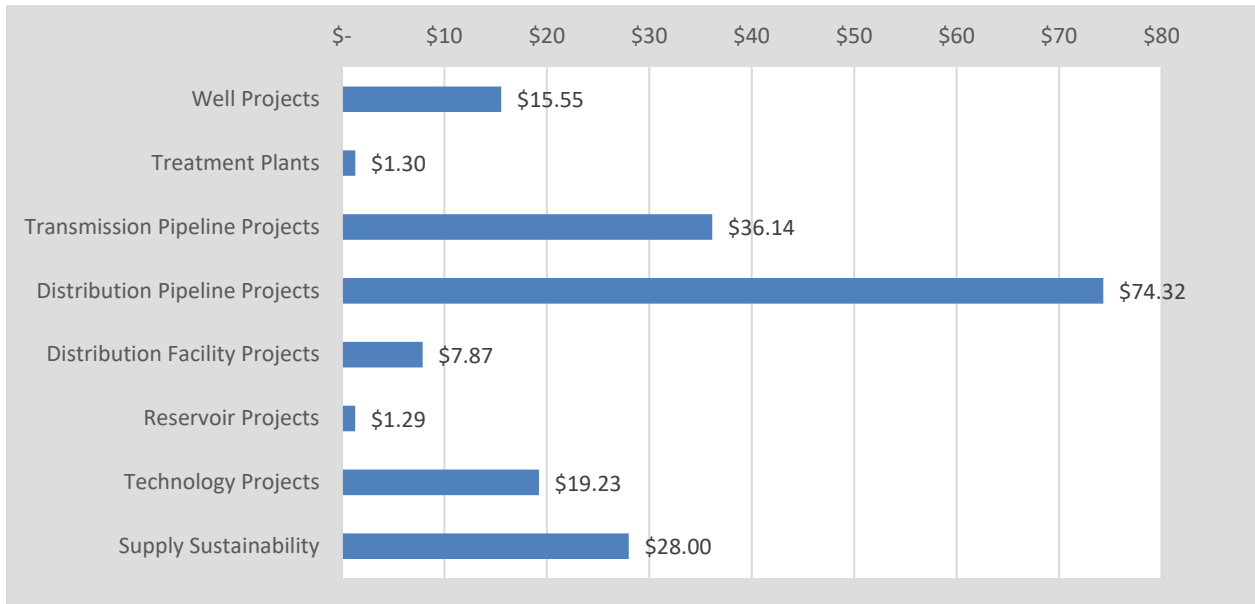
3.4 Capital Improvement Plan

Over the past several years, RPU has undertaken an effort to develop a detailed CIP. Beginning with the Integrated Water Management Plan in 2013, RPU identified necessary improvements related to rehabilitation and replacement of existing infrastructure, enhancements to existing water supply, development of new sources of supply, expansion of the recycled water system, and rollout of new technologies. RPU staff has continued to refine the proposed projects, expenditures, and implementation schedule.

As analyzed, the CIP totals \$183.7 million in projects over the five-year study period. This includes \$119.6 million for transmission and distribution infrastructure including reservoirs and pumps stations, \$16.9 million for wells and treatment, \$19.2 million for technology projects, and \$28.0 million for supply sustainability projects.

The total cost of the CIP for FY 2023/24 through FY 2027/28, with capital costs assumed to escalate at 2.85-percent annually, is \$184 million. Figure 8 shows a full breakdown of the costs by project type.

Figure 8 Five Year CIP Costs



3.4.1 CIP Funding

Completion of the CIP will require RPU to utilize funding from several different sources. The pro forma has been developed to strike a balance between debt financing, use of reserves, and rate funding in order to minimize impacts to ratepayers while promoting financial sustainability. Table 7 shows the funding from each source by fiscal year of the rate projection period as well as the total funding from each source.

Table 7 CIP Funding by Source (millions \$)

| Funding Source | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | Five-Year Total |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Bond Financing | \$20.03 | \$18.83 | \$34.36 | \$41.28 | \$28.94 | \$143.43 |
| Use of Rates and Reserves | 8.90 | 9.74 | 3.46 | 6.41 | 6.74 | 35.26 |
| Developer Contributions | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 5.00 |
| TOTAL ANNUAL CIP FUNDING | \$29.93 | \$29.57 | \$38.82 | \$48.69 | \$36.68 | \$183.69 |

Notes:

(1) Totals may be off due to rounding.

3.4.2 Projected Debt Issuances

As shown in Table 7, RPU anticipates issuing additional debt to fund the capital improvement program over the next 5 years. Based on the pro forma developed for this study, RPU will require a total of \$148.0 million in financing proceeds to fund capital projects from FY 2022/23 through FY 2027/28 with \$143.4 million to be used within the five-year study period (FY 2023/24 through FY 2027/28).

Debt service associated with projected bond issuances has been estimated based on typical financing assumptions and incorporated into the cost of service analysis. Bond issuances are projected to fund capital projects for a three-year period.

The projected bond issuance in FY 2026 is in anticipation of the continuation of the 5-year plan and will fund projected capital projects over a 3-year period from FY 2026 through FY 2028. Table 8 shows the FY 2023 bond issuance (issued November 2022) and anticipated FY 2026 bond issuance and associated debt service.

Table 8 Projected Bond and Short-Term Issuances (thousand \$)

| Fiscal Year of Issuance | Issuance Amount | Annual Debt Service |
|-------------------------|-----------------|---------------------|
| 2023 | \$62,440 | \$3,611 |
| 2026 | 91,425 | 5,947 |

3.5 Reserve Requirements

RPU has a robust reserve policy, which is designed to promote fiscal sustainability, minimize borrowing costs, and providing a source of emergency funds to rapidly respond to market volatility, emergencies, demand reductions, or regulatory changes. The reserve policy guidelines were adopted by City Council on March 22, 2016 and later incorporated into the fiscal policy which was adopted by City Council on July 26, 2016. The policy was subsequently updated in July 2018 and September 2021.

The overall undesignated reserve target is comprised of five risk categories that each have a target based on specific metrics. Table 9 provides a summary of the metrics that are used to calculate the undesignated target minimum and maximum reserve levels for each risk category.

Table 9 Undesignated Reserve Level Metrics

| Component and Description | Minimum Target | Maximum Level |
|--|--|--|
| Operating (Working Capital): maintain sufficient resources to pay budgeted operating and maintenance expenses recognizing the timing differences between payment of expenditures and receipt of revenues. | 60 Days of Operating Expenses | 90 Days of Operating Expenses |
| Rate Stabilization: mitigates rate shock due to temporary and transitional regulatory changes, loss of a major resource, sharp demand reduction, or market volatility. | 7 Percent of Operating Revenues | 15 Percent of Operating Revenues |
| Emergency Capital: provides funds to maintain ability to repair system after an emergency or natural disaster such as a flood, earthquake, or major storm. | 1 Percent of Depreciable Assets | 2 Percent of Depreciable Assets |
| System Improvements Capital: provide funds to maintain continuity of construction over fiscal years to be funded by bond proceeds or other resources. | 6 Months of 3-year average approved CIP ⁽¹⁾ | 9 Months of 3-year average approved CIP ⁽¹⁾ |
| Debt Service: maintain ability to make debt service payments in an extreme event that may impact RPU's ability to provide services, thus impacting revenues at a time critical infrastructure repairs are needed to restore systems. The Debt Service Reserve is intended to prevent an event where RPU would be unable to pay its debt service obligations during such emergencies, or extreme market disruptions. | Maximum Annual Debt Service in Upcoming Fiscal Year | Maximum Annual Debt Service in Upcoming Fiscal Year |

Notes:

(1) Three-year average CIP determined using most recent year's actual costs, the current year budget, and the next year's forecasted budget.

Since its initial adoption, the reserve policy has been updated to include a line of credit (LOC) as available reserves to meet unrestricted undesignated reserve targets. The water utility's portion of RPU's current line of credit is \$25 million and is anticipated to increase to \$28 million in FY 2026.

The reserve levels vary in each year based on the expenditures or revenues used to calculate each component. Table 10 shows the projected target minimum and maximum reserve levels for each year of the five-year rate projection.

Table 10 Projected Undesignated Min & Max Target Reserve Calculations (millions \$)

| Component | Target | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---|--------|----------------|----------------|----------------|----------------|----------------|
| Working Capital | Min | \$8.60 | \$9.03 | \$9.21 | \$9.37 | \$9.65 |
| | Max | 12.91 | 13.54 | 13.81 | 14.05 | 14.48 |
| Rate Stabilization | Min | \$5.93 | \$6.38 | \$6.81 | \$7.27 | \$7.76 |
| | Max | 12.71 | 13.68 | 14.59 | 15.59 | 16.62 |
| Capital - Emergency | Min | \$7.96 | \$8.26 | \$8.65 | \$9.15 | \$9.52 |
| | Max | 15.92 | 16.52 | 17.31 | 18.30 | 19.04 |
| Capital - System Improvements | Min | \$14.05 | \$14.85 | \$16.03 | \$18.77 | \$19.45 |
| | Max | 21.08 | 22.27 | 24.05 | 28.15 | 29.18 |
| Debt Service (Max Annual Debt Service in Upcoming FY) | Min | \$14.41 | \$15.67 | \$18.31 | \$18.48 | \$19.85 |
| | Max | 14.41 | 15.67 | 18.31 | 18.48 | 19.85 |
| Total | Min | \$50.97 | \$54.18 | \$59.01 | \$63.04 | \$66.24 |
| | Max | 77.03 | 81.67 | 88.07 | 94.57 | 99.18 |

Notes:

(1) Totals may be off due to rounding.

3.6 Offsetting Revenues

The rate revenue needs are defined as the amount of revenues that must be recovered through water rates to cover expenditures, less any offsetting revenues. Offsetting revenues include water conveyance revenue, wholesale water sales revenues, interest income, settlement revenues, interest earnings, lease revenues, and other operating and non-operating revenues. Table 11 identifies the projected offsetting revenues for the upcoming five years.

Table 11 Projected Offsetting Revenues (millions \$)

| Offsetting Revenues | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Interest income | \$1.77 | \$1.63 | \$2.23 | \$2.64 | \$2.03 |
| Miscellaneous income | 3.06 | 3.10 | 3.08 | 3.13 | 3.17 |
| Water Conveyance Revenues | 3.51 | 3.64 | 3.77 | 3.92 | 4.06 |
| Settlement reimb - Lockheed/Shell | 2.41 | 2.53 | 2.66 | 2.79 | 2.79 |
| Wholesale Sales | 2.49 | 3.24 | 3.36 | 3.48 | 3.62 |
| Outside City Surcharge | 2.07 | 2.13 | 2.19 | 2.26 | 2.32 |
| Fire Service Charges | 0.62 | 0.62 | 0.62 | 0.62 | 0.62 |
| TOTAL OFFSETTING REVENUES | \$15.94 | \$16.90 | \$17.91 | \$18.84 | \$18.62 |

Notes:

(1) Totals may be off due to rounding.

RPU can take advantage of surplus local water supplies and its production and transmission infrastructure to earn additional revenues from outside agencies to help offset rate increases for RPU retail customers. Water conveyance revenues reflect a wheeling agreement through which RPU conveys water owned by WMWD from the groundwater basin to WMWD and is compensated to do so. Wholesale sales to local water agencies including WMWD and Norco allow RPU to generate revenues through the production and sale of surplus water supplies.

3.7 Revenue Requirement Forecast

Overall, RPU must raise rate revenues in order to meet its debt coverage and reserve targets while continuing to fund the CIP. System average rate revenue increases at 6.5-percent per year will be required in each year of the study period. Table 12 presents a summary financial forecast with the revenues, expenditures, and overall rate revenue increases for the forecast period beginning in FY 2023/24 through FY 2027/28.

Table 12 Results of Revenue Requirement Analysis (millions \$)

| Component | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | | | | | |
| Rate Revenue before annual rate and demand increase ¹ | \$69.54 | \$74.20 | \$79.57 | \$85.33 | \$91.52 |
| Offsetting Revenues | 15.94 | 16.90 | 17.91 | 18.84 | 18.62 |
| TOTAL REVENUES BEFORE INCREASE | \$85.48 | \$91.10 | \$97.48 | \$104.17 | \$110.14 |
| Expenditures | | | | | |
| Production Costs | \$7.81 | \$7.96 | \$8.12 | \$8.29 | \$8.60 |
| Personnel Costs | 18.47 | 18.81 | 19.05 | 19.19 | 19.60 |
| Other Operating and Maintenance Costs | 26.07 | 26.38 | 26.63 | 27.16 | 27.69 |
| Additional O&M for CIP and Advanced Tech | - | 1.76 | 2.20 | 2.36 | 2.82 |
| Debt Service Requirements | 23.33 | 23.36 | 25.55 | 28.98 | 27.96 |
| General Fund Transfer | 8.11 | 8.58 | 9.19 | 9.85 | 10.56 |
| Capital Outlay Financed by Rates | 9.40 | 10.24 | 3.96 | 6.92 | 7.24 |
| Use of Non-Rate Revenue for WA-12 | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 |
| TOTAL EXPENDITURES | \$93.87 | \$97.78 | \$95.39 | \$103.43 | \$105.16 |
| Allocation to (Use of) Reserves Prior to Increases | \$(8.39) | \$(6.68) | \$2.09 | \$0.74 | \$4.98 |
| Demand and Growth Increase | 0.00% | 0.94% | 0.96% | 0.97% | 0.98% |
| Rate Revenue Increase | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% |
| Month of Rate Increase | July | July | July | July | July |
| Revenues from Demand and Rate Increases | \$4.72 | \$5.43 | \$5.83 | \$6.25 | \$6.63 |
| TOTAL REVENUES | \$90.19 | \$96.53 | \$103.31 | \$110.42 | \$116.77 |
| Allocation to (Use of) Reserves After Increases | \$(3.67) | \$(1.25) | \$7.91 | \$6.99 | \$11.61 |
| <i>Unrestricted Undesignated Reserves</i> | <i>\$31.50</i> | <i>\$28.41</i> | <i>\$33.24</i> | <i>\$38.33</i> | <i>\$47.73</i> |
| <i>Line of Credit</i> | <i>25.00</i> | <i>25.00</i> | <i>28.00</i> | <i>28.00</i> | <i>28.00</i> |
| <i>Unrestricted Undesignated Reserves w/ LOC</i> | <i>\$56.50</i> | <i>\$53.41</i> | <i>\$61.24</i> | <i>\$66.33</i> | <i>\$75.73</i> |
| <i>Debt Service Coverage Ratio²</i> | <i>1.69x</i> | <i>1.86x</i> | <i>1.92x</i> | <i>1.91x</i> | <i>2.13x</i> |

Notes:

- (1) Projected revenues prior to each fiscal year's demand and rate increases, includes the impact of increases from previous years.
- (2) Net of BABs treasury credit.
- (3) Totals may be off due to rounding.

The amount of revenue to be collected from user rates is defined by the total revenue requirements less any offsetting revenues. Table 13 presents the revenue required from user rates that provides the basis for the cost of service analysis and rate design.

Table 13 Required Rate Revenue (millions \$)

| | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|--|----------------|----------------|----------------|----------------|----------------|
| Total Expenditures | \$93.87 | \$97.78 | \$95.39 | \$103.43 | \$105.16 |
| Allocation to (Use of) Reserves After Increases | (3.67) | (1.25) | 7.91 | 6.99 | 11.61 |
| Less Offsetting Revenues: | (15.94) | (16.90) | (17.91) | (18.84) | (18.62) |
| Revenue Requirements for Rate Design | \$74.26 | \$79.63 | \$85.39 | \$91.58 | \$98.15 |

Notes:

(1) Totals may be off due to rounding.

Section 4

WATER COST OF SERVICE ANALYSIS

With RPU's water utility's revenue requirements outlined—including needed rate increases—the next step is to link each cost item with a specific service to the system that it supports. This is commonly referred to as the cost of service analysis, or the functional cost allocation, because it connects each cost of the utility with a functional category or purpose that it funds. For instance, expenses related to the billing system are allocated under the umbrella of the customer service function, while costs for operating the distribution system are allocated to the distribution function.

The costs incurred are generally responsive to the specific service requirements or cost drivers imposed on the system and its water resources by its customers. The principal service requirements that drive costs include the annual volume of water consumed, the peak water demands incurred, and the number of customers or meter equivalents in the system. Accordingly, these service requirements are the basis for the selection of the categories utilized in the functional allocation process.

The AWWA M1 Manual outlines the two most widely used methods for allocation of costs—the Base-Extra Capacity Method and the Commodity Demand Method. Both recognize that the cost of serving a customer depends not only on the total volume of water used, but also on the rate of use or peak-demand requirements.

The Base-Extra Capacity Method recognizes that cost of service “depends not only on the total volume of water used, but also on the rate of use, or peak demand requirements.” Costs incurred by RPU are not incurred uniformly, or simply based on the total volume of water used. The cost of service changes based on when water is used. This methodology accounts for this by including an extra capacity category to recover costs associated with capacity that is not used consistently and that impacts operating costs and capital asset related costs to accommodate peak flows.

The proposed rates presented within this report are developed using the Base-Extra Capacity Method. This approach allocates costs among: (1) Base to provide baseline water service or average day demand; (2) Extra Capacity to provide peak demand service, often split into maximum day and maximum hour components; and (3) Customer to provide services that do not vary with water usage, such as customer service and billing. As noted in the AWWA M1 Manual, in detailed rate studies, such as the one performed for this Study, some of these elements might be broken down further into two or more subcomponents.

Based on the City's expenditures and system characteristics, the Customer (or fixed monthly) component was separated into two subcomponents: (1) Customer (accounts) and (2) Capacity (meter equivalents). This bifurcation of the Customer component is done to better identify and allocate costs that vary based on capacity needs (as defined by the size of the meter) from those that should be equally shared by each customer account. Similarly, variable rate component costs were split into base, max day, max hour, supply sustainability and/or the four sources of supply. These are designed to better distinguish that not all demand (and peaking) is equal. Different facilities, such as distribution and storage facilities, and the O&M costs associated with those facilities, are designed to meet the peaking demands of customers. Therefore, these extra capacity costs allocated across base, max day, and max hour include the O&M and capital costs associated with meeting peak customer demand. Further, costs to produce water from each or RPU's supply sources vary, and the costs for most expensive sources of supply can be attributed to the need to serve peak demand.

4.1 Functional Cost Allocation

The objective of this cost of service Study is to develop rate structures that proportionally recover costs from RPU's customers. To do so, the Base-Extra Capacity Method uses a two-part allocation process. First, the functional cost allocation assigns the revenue requirement for the test year by major system function. Then each functional category is allocated to specific rate components, which can easily be assigned to customer classes and rates. RPU groups its operating costs in functional divisions based on the activities that it undertakes to operate and maintain the water system. These functional groups include:

Pumping: RPU operates 41 booster pump stations to move water throughout the system and maintain service pressure. This category includes the capital, engineering, and debt service costs related to RPU's pumping infrastructure. Operating and maintenance costs from the Water Production and Operations division related to pumping are identified as distribution costs based on RPU's Cost of Water Analysis.

Treatment: The water system includes six treatment facilities used to treat groundwater and thus maximize the use of RPU's local resources. This category includes the capital, engineering, and debt service costs related to RPU's treatment infrastructure. Operating and maintenance costs from the Water Production and Operations division related to treatment are identified for each supply source based on RPU's Cost of Water Analysis and therefore allocated to Source of Supply.

Storage: RPU's 16 storage facilities are used to maintain water availability and pressure throughout the system. Additionally, the Linden-Evans reservoir is used to blend water from each of RPU's sources to maintain consistent water quality. This category includes the capital, engineering, and debt service costs related to RPU's storage infrastructure. Operating and maintenance costs from the Water Production and Operations division related to storage are identified as distribution costs based on RPU's Cost of Water Analysis and therefore allocated to Distribution.

Distribution: RPU's distribution system (after the Linden-Evans reservoir) is used to serve water to each of the system's 66,700 customer connections (projected accounts for FY 2023/24). This category includes the costs of operating and maintaining RPU's water distribution infrastructure as well as capital, engineering, and debt service costs related to the distribution system.

Transmission: The transmission system consists of pipeline infrastructure used to convey water from the supply sources to the Linden-Evans reservoir. This category includes the capital, engineering, and debt service costs related to RPU's transmission infrastructure. Operating and maintenance costs from the Water Production and Operations division related to transmission are identified for each supply source based on RPU's Cost of Water Analysis and therefore allocated to Source of Supply.

Source of Supply: RPU owns and operates infrastructure including wells, transmission lines, treatment, and ancillary equipment to produce groundwater from five basins. Currently, potable water is supplied from four of the basins. This category includes the costs of operating and maintaining RPU's water production facilities as well as capital, engineering, and debt service costs related to water supply facilities excluding the costs of supply sustainability projects.

General: This category includes costs related to RPU's service provision, such as buildings and office supplies, that provide a general benefit to PRU and cannot be assigned to a single functional group.

Customer: This category includes the costs of customer service and billing activities.

Meter Services: This category includes the costs of reading, installing, and maintaining water meters.

Admin: This category includes the costs of administration, management, and technical support for the operation of the water Utility.

Fixed Maintenance: This category includes the costs of anticipated and regular maintenance of RPU's facilities and equipment, primarily motor pool costs for Water Field Operations and maintenance and repair of buildings and improvements.

To perform the functional allocation, the cost of service analysis combines information from the pro forma, RPU's detailed operating budget, historical billing data, and additional operational and system information provided by RPU. The allocation to each functional component was calculated based on the detailed budget and cost information and applied to the five-year average revenue requirements calculated in the pro forma for the study period, FY 2023/24 through FY 2027/28. Table 14 and Table 15 present a summary of the functional allocation of O&M by cost center and Debt Service by bond, respectively. A detailed allocation of O&M cost centers, debt service, and the conservation program to functional groups can be found in the Appendix.

The functionalization and allocation of O&M is performed using detailed expenditures from RPU's budget projections from the City's Questica budget system. The pro forma, that serves as the basis of the revenue requirements, utilizes those projections but applies minor adjustments to the summarized projections based on current conditions and other factors that may impact future costs. For example, supplemental personnel costs are added based on staffing plans that are not included in Questica. Due to the adjustments, the detailed O&M that is used for the functionalization and allocation differs slightly from the total O&M costs in the pro forma, however the adjustments do not have any material impact on the percentage allocations.

To develop allocated rate revenue requirements, the allocation percentages determined based on the detailed O&M are applied to the revenue requirements from the pro forma.

Table 14 Allocation Summary of O&M by Cost Center

| O&M Cost Center | 5-Yr Avg Rev. Req. (\$ million) | Pumping | Treatment | Storage | Distribution | Transmission | Source of Supply | Supply Sustainability | General | Customer | Meter Service | Admin | Fixed Maintenance | As All Others |
|---|------------------------------------|---------------|---------------|---------------|----------------|---------------|------------------|--------------------------|---------------|---------------|---------------|---------------|-------------------|---------------|
| Water Production & Operations | \$25.58 | | | | \$7.73 | | \$17.85 | | | | | | | |
| | | | | | 30.2% | | 69.8% | | | | | | | |
| Water Field Operations | \$17.09 | | | | \$6.30 | | | | \$0.21 | \$1.30 | \$0.43 | \$1.83 | \$3.13 | \$3.90 |
| | | | | | 36.9% | | | | 1.2% | 7.6% | 2.5% | 10.7% | 18.3% | 22.8% |
| Water Engineering | 10.48 | 0.21 | \$0.04 | \$0.04 | \$3.15 | \$0.98 | \$1.94 | | | \$0.91 | \$0.53 | \$0.79 | | \$1.90 |
| | | 2.0% | 0.3% | 0.3% | 30.0% | 9.4% | 18.5% | | | 8.7% | 5.0% | 7.6% | | 18.1% |
| Water-Office of Ops Technology | \$1.03 | | | | | | | | | | | | \$0.25 | \$0.78 |
| | | | | | | | | | | | | | 24.0% | 76.0% |
| TOTAL ALLOCATED | \$ 54.18 | \$0.21 | \$0.04 | \$0.04 | \$17.18 | \$0.98 | \$19.79 | | \$0.21 | \$2.21 | \$0.95 | \$2.62 | \$3.38 | \$6.58 |
| TOTAL WITH AS ALL OTHER REALLOCATED (\$) | \$54.18 | \$0.24 | \$0.04 | \$0.04 | \$19.56 | \$1.12 | \$22.53 | - | \$0.23 | \$2.52 | \$1.08 | \$2.98 | \$3.85 | |
| | 100.0% | 0.4% | 0.1% | 0.1% | 36.1% | 2.1% | 41.6% | 0.0% | 0.4% | 4.6% | 2.0% | 5.5% | 7.1% | |

Notes:

(1) Totals may be off due to rounding.

Table 15 Allocation Summary of Debt Service

| | 5-Yr Avg Rev. Req. (\$ million) | Pumping | Treatment | Storage | Distribution | Transmission | Source of Supply | Supply Sustainability | General | Customer | Meter Services | Admin | Fixed Maintenance |
|--|------------------------------------|---------------|---------------|---------------|----------------|---------------|------------------|--------------------------|---------------|-------------|----------------|-------------|-------------------|
| 2009B ISSUE (\$67.790M FIXED BABs) - Net of BABs | \$5.21 | \$0.05 | \$0.04 | | \$2.94 | \$0.71 | \$1.47 | | | | | | |
| | | 1.0% | 0.7% | | 56.4% | 13.6% | 28.3% | | | | | | |
| 2011A ISSUE (\$59.0M VARIABLE) | \$0.79 | \$0.06 | \$0.02 | \$0.12 | \$0.34 | \$0.16 | \$0.08 | | | | \$0.01 | | |
| | | 7.1% | 3.1% | 15.4% | 43.0% | 20.5% | 10.3% | | | | 0.7% | | |
| 2019 A Refunding Water Revenue Bonds | \$9.35 | \$0.44 | \$0.66 | \$0.31 | \$4.05 | \$1.66 | \$2.22 | | | | | | |
| | | 4.7% | 7.1% | 3.3% | 43.3% | 17.8% | 23.8% | | | | | | |
| New Debt Service - Bonds | \$7.25 | \$0.30 | \$0.05 | \$0.05 | \$2.81 | \$1.36 | \$0.59 | \$1.37 | | | \$0.73 | | |
| | | 4.1% | 0.7% | 0.7% | 38.7% | 18.8% | 8.1% | 18.8% | | | 10.1% | | |
| Advance from City - Pension Obligations | \$2.22 | | | | \$0.67 | | \$1.55 | | | | | | |
| | | | | | 30.2% | | 69.8% | | | | | | |
| Capital Lease | \$0.78 | | | | | | | | \$0.78 | | | | |
| | | | | | | | | | 100.0% | | | | |
| Other Interest Expenses | \$0.25 | | | | | | | | \$0.25 | | | | |
| | | | | | | | | | 100.0% | | | | |
| TOTAL | \$25.84 | \$0.85 | \$0.77 | \$0.48 | \$10.80 | \$3.90 | \$5.91 | \$1.37 | \$1.03 | - | \$0.74 | - | - |
| | 100.0% | 3.3% | 3.0% | 1.9% | 41.8% | 15.1% | 22.9% | 5.3% | 4.0% | 0.0% | 2.8% | 0.0% | 0.0% |

Notes:

(1) Totals may be off due to rounding.

4.1.1 Water Production and Operations

The first set of costs to allocate amongst the functional cost components is the Water Production and Operations costs. This allocation defines how RPU's water supply costs, which include the production, purchasing, storage, and distribution of water, are distributed among each of RPU's sources of supply.

Costs within the Water Production and Operations division include the costs to produce, treat, and blend water from each groundwater source as well as distribution costs after Linden-Evans reservoir. As a component of this Study, RPU staff reviewed and reaffirmed the methodology and assumptions used to allocate costs to each supply source and to distribution after Linden-Evans reservoir.

For this COSA study, supply allocations and associated cost allocations have been developed based on an analysis of supply and cost data for FY 2019/20 through FY 2021/22. This methodology provides an accurate representation of the total supply available to RPU retail customers, including both utilized and resilient supply. The allocations developed are then applied to the projected costs for each year of the study period in the cost of service analysis.

4.1.1.1 Water Supply

All potable water produced by RPU is pumped from RPU's five groundwater basins and is treated at one of six treatment facilities, then blended and stored in the Linden-Evans Reservoir. Over the past decade, this system has provided all of RPU's potable water needs. RPU can also take imported water from the Metropolitan Water District along with these local supplies, however imported supplies have not been needed in recent years resulting in a significant portion of RPU's costs being related to the production and distribution of water from its groundwater resources. An allocation has been developed for the "Water Production and Operations division of RPU's operating budget to allocate those costs.

4.1.1.2 Available Supply

RPU pumps groundwater from several groundwater basins that underlie or are nearby the City. The sources are grouped into four distinct supply sources referred to as Gage, Riverside North and South, Waterman, and Flume. The amount of water available from each supply is governed by the adjudicated pumping rights held by RPU. The average production levels by source for FY 2020/21 and FY 2021/22 serve as the basis of supply availability for the cost of service analysis. Because the available supply should reflect the total amount of water that RPU could access in a normal year, FY 2019/20 was excluded from the determination of available supplies. Production in that year was abnormally low due to the impact of the COVID-19 pandemic on water sales as well as higher than average precipitation.

Based on the projected levels of demand, RPU's existing water supplies will continue to meet the demands of RPU's projected customer base. Table 16 shows the total production from each source for FY 2019/2020 through FY 2021/22, water used for purposes other than RPU retail, water losses, and the amount available for RPU retail customers.

Table 16 Water Production by Source

| | Supply 1 Gage | Supply 2 Riverside South/North | Supply 3 Waterman | Supply 4 Flume | Total |
|--|------------------|--------------------------------------|----------------------|-------------------|--------------------------------|
| Potable Production (AF) | | | | | Above Linden- Evans |
| FY 2019/20 | 20,786 | 17,421 | 26,321 | 6,424 | 70,952 |
| FY 2020/21 | 22,032 | 16,577 | 32,533 | 5,472 | 76,613 |
| FY 2021/22 | 20,615 | 15,585 | 31,189 | 5,472 | 72,861 |
| Water Loss Above Linden-Evans (AF) | | | | | |
| FY 2019/20 | (300) | (251) | (379) | (93) | (1,023) |
| FY 2020/21 | - | - | - | - | - |
| FY 2021/22 | - | - | - | - | - |
| Potable Wheeled to WMWD (AF) | | | | | |
| FY 2019/20 | - | - | (5,102) | - | (5,102) |
| FY 2020/21 | - | - | (4,404) | - | (4,404) |
| FY 2021/22 | - | - | (4,910) | - | (4,910) |
| Wholesale to WMWD and NORCO (AF) | | | | | |
| FY 2019/20 | (674) | (565) | (854) | (208) | - |
| FY 2020/21 | (1,037) | (781) | (1,532) | (258) | - |
| FY 2021/22 | (238) | (180) | (360) | (63) | - |
| Water Loss Below Linden-Evans (AF) | | | | | Below Linden- Evans |
| FY 2019/20 | (1,824) | (1,529) | (2,310) | (564) | (6,228) |
| FY 2020/21 | (1,897) | (1,428) | (2,802) | (471) | (6,598) |
| FY 2021/22 | (1,873) | (1,416) | (2,834) | (497) | (6,620) |
| Available For Potable Use (Estimated) (AF) | | | | | |
| FY 2019/20 | 17,988 | 15,076 | 17,676 | 5,559 | 56,299 |
| FY 2020/21 | 19,097 | 14,369 | 23,796 | 4,743 | 62,004 |
| FY 2021/22 | 18,504 | 13,989 | 23,086 | 4,912 | 60,490 |
| Determination of Available Supply for Potable Retail Based on FY 2020/21 and FY 2021/22 | | | | | |
| Average (AF) <i>(FY 2020/21 and 2021/22)</i> | 18,801 | 14,179 | 23,441 | 4,827 | 61,247 |
| Average (CCF) <i>(FY 2020/21 and 2021/22)</i> | 8,189,522 | 6,176,272 | 10,210,739 | 2,102,732 | 26,679,265 |

Notes:

(1) Totals may be off due to rounding.

4.1.1.3 Water Supply and Production Costs

Through the projection period, RPU produced and anticipates continuing to produce all of its water needs locally from the groundwater basins in which it owns pumping and export rights. Each basin has a specific cost associated with water production. Costs associated with water supply are tracked in the Water Production and Operations Division of RPU's water operating budget. Those costs are then allocated to each source of supply as well as distribution by operations and engineering staff based on several factors including pumping charges or dues for each basin, the amount of water produced from each basin, the level of treatment required for water from each basin, and the amount of maintenance required for facilities in each basin. Table 17 below presents a summary of the cost of water allocation for each year and the average of FY 2019/20 through FY 2021/22.

Table 17 Historic Source of Supply Costs

| | Gage Supply 1 | Riverside South/North Supply 2 | Waterman Supply 3 | Flume Supply 4 | Rialto Colton (no potable production) | Distribution (After Linden Reservoir) |
|----------------------------------|-----------------|--------------------------------|-------------------|-----------------|---------------------------------------|---------------------------------------|
| FY 2019/20 | | | | | | |
| Total Allocated Costs (millions) | \$3.596 | \$3.312 | \$4.926 | \$1.214 | \$0.087 | \$6.131 |
| Production (AF) | 26,403 | 22,357 | 26,321 | 6,864 | 458 | 56,299 |
| Unit Cost (per AF) | \$136.19 | \$148.15 | \$187.14 | \$176.86 | \$188.99 | \$108.91 |
| FY 2020/21 | | | | | | |
| Total Allocated Costs (millions) | \$3.880 | \$3.339 | \$5.810 | \$1.252 | \$0.063 | \$6.076 |
| Production (AF) | 28,589 | 22,486 | 32,533 | 5,783 | 62 | 62,107 |
| Unit Cost (per AF) | \$135.70 | \$148.48 | \$178.60 | \$216.58 | \$1,019.41 | \$97.84 |
| FY 2021/22 | | | | | | |
| Total Allocated Costs (millions) | \$3.999 | \$3.846 | \$5.891 | \$1.318 | \$0.067 | \$6.234 |
| Production (AF) | 27,438 | 22,135 | 31,189 | 5,608 | 15 | 60,788 |
| Unit Cost (per AF) | \$145.76 | \$173.74 | \$188.88 | \$235.08 | \$4,437.11 | \$102.55 |
| Three-Year Average | | | | | | |
| Total Allocated Costs (millions) | \$3.825 | \$3.499 | \$5.542 | \$1.262 | \$0.072 | \$6.147 |
| Percent of Costs | 18.8% | 17.2% | 27.2% | 6.2% | 0.4% | 30.2% |

Notes:

(1) Totals may be off due to rounding.

The available water supplies have been prioritized based on unit costs. Water from Gage, the lowest cost source, is considered priority 1 supply (Supply 1), water from Riverside North and South is priority 2 supply (Supply 2), water from Waterman is priority 3 supply (Supply 3), and water from Flume (the most expensive source) is priority 4 supply (Supply 4). Costs for Rialto Colton are not included in the allocations as no potable water is produced from the Rialto Colton basin. Costs associated with distribution (after the Linden-Evans reservoir) are related to water distribution and allocated to the Distribution function.

Based on these proportions, Water Production and Operations costs are functionally allocated to Distribution (30.2 percent) and Source of Supply (69.8 percent). A line-item cost center allocation is provided in the Appendix.

An additional allocation was performed to calculate the breakdown of costs specifically incurred to produce potable water for retail sales between each of the supply sources. To estimate potable production costs from each supply, the unit costs for each supply and fiscal year from Table 17 are multiplied by the potable acre feet for each supply and fiscal year from Table 16. The three-year average cost to produce potable water from each source is then used to allocate projected source of supply costs for each fiscal year to each of the supply sources in the cost of service analysis. Table 18 shows the estimated potable production costs for each supply and resulting allocation percentages.

Table 18 Estimated Potable Retail Supply Costs

| | Supply 1 Gage | Supply 2 Riverside South/North | Supply 3 Waterman | Supply 4 Flume |
|---|------------------|--------------------------------------|----------------------|-------------------|
| AF for Potable Use | | | | |
| FY 2019/20 | 17,988 | 15,076 | 17,676 | 5,559 |
| FY 2020/21 | 19,097 | 14,369 | 23,796 | 4,743 |
| FY 2021/22 | 18,504 | 13,989 | 23,086 | 4,912 |
| Cost for Potable Production (millions) | | | | |
| FY 2019/20 | \$2.450 | \$2.233 | \$3.308 | \$0.983 |
| FY 2020/21 | \$2.591 | \$2.133 | \$4.250 | \$1.027 |
| FY 2021/22 | \$2.697 | \$2.430 | \$4.360 | \$1.155 |
| Average | \$2.579 | \$2.266 | \$3.973 | \$1.055 |
| Total Allocation | 26.1% | 22.9% | 40.2% | 10.7% |

Notes:
(1) Totals may be off due to rounding.

4.1.2 Water Field Operations

The primary role RPU's Water Field Operations division is to perform operations and maintenance activities on the distribution system. Some staff members also perform customer service, meter service, and/or administrative duties as well. Staff costs and costs related to the level of staffing were allocated based on an analysis of estimated staffing costs by position and each position's role in RPU's operations. The staff cost analysis resulted in an allocation of 79.0 percent to Distribution, 10.3 percent to Administration, 5.6 percent to Meter Services, 2.7 percent to General, and 2.5 percent to Customer.

Non-personnel field operations costs are allocated to Fixed Maintenance, Administration or – if they cannot be tied directly to specific functions – As All Others. A line-item cost center allocation is provided in the Appendix.

4.1.3 Water Engineering

Staff in RPU’s water engineering group split their time between supporting the capital program and supporting operations. Engineering staff working on capital projects charge their time directly to those projects, administrative staff costs within the Water Engineering category are budgeted as O&M expenditures. RPU provided the percentage of time that each staff member in the Water Engineering division spends on capital work orders, production/supply, distribution, and administration. Those allocations were then used along with the allocated CIP and estimated staff cost for each position to functionalize the projected Water Engineering Staff costs. The results of the analysis indicate that 45.8 percent of staff time is spent on Distribution tasks, 28.2 percent on Source of Supply, 14.3 percent on Transmission, 7.6 percent on Meter Services, 3.1 percent on Pumping, and the remaining 1 percent split equally between Treatment and Storage.

Non-personnel costs within Water Engineering include consultant services, equipment and software purchases, insurance, and other operational expenses. As most of these costs cannot be directly tied to specific functions within the system, they are allocated to As All Others, which is proportionally redistributed. The calculations used to develop the allocations are provided in the Appendix.

4.1.4 Office of Operations Technology

Cost items in the Office of Operations Technology are either fully allocated to Fixed Maintenance expenses or are considered As All Others and redistributed proportionately to the Operating Expenditures subtotal. The calculations used to develop the allocations are provided in the Appendix.

4.1.5 Debt Service

RPU has five outstanding debt obligations as well as pension obligations and lease agreements that are paid with user rate revenues. An analysis was completed to allocate the existing and new debt service obligations to function based on the types of projects that were funded by each debt issue. The new debt issuance is strictly for CIP and therefore allocated based on those upcoming projects. Based on that analysis, Table 15 from above presents the allocations assigned to each issuance.

4.2 Rate Component Allocation

The second step in the cost of service analysis allocates these functional groups to the rate components of the utility’s primary functions including base demand, peak demand, customer costs (customer and capacity), and water supply costs. These were broken down into the following subcomponents to better identify and allocate costs that may vary based on meter size or demand patterns. Using the five-year average revenue requirements for FY 2023/24 through FY 2027/28, revenue requirements for each functional group were distributed between the following rate components:

Customer: Customer costs are fixed expenditures that relate to the RPU’s support activities, which include utility billing, customer service, and administrative support. These expenditures are common to all customers and uniformly recovered from each customer through the monthly delivery charge.

Capacity: Capacity costs are annual expenditures that RPU will incur each year regardless of the quantity of water sold. Capacity costs are fixed expenditures that include meter- and capacity-related costs, such as meter maintenance, a portion of debt service, and a portion of capital costs that are recovered based on the meter’s hydraulic capacity.

Base: Base costs are operating and capital costs incurred by the water system to provide a basic level of service to each customer. It is assumed that allocated costs benefit all customers uniformly and do not vary based on system peaking. These costs are recovered based on the total water demands.

Max Day: Max day costs are operating, and capital costs incurred by the water system to provide service during peak conditions, specifically maximum day demands (MDD). These costs are assigned to rate codes based on maximum day extra capacity (as calculated using system demands) and recovered based on water use.

Max Hour: Max hour costs are operating, and capital costs incurred by the water system to provide service during peak conditions, specifically maximum hour demands (MHD). These costs are assigned to rate codes based on maximum hour extra capacity (as calculated using system demands) and recovered based on water use.

Supply 1: Operating costs associated with the lowest cost source of potable water supply, Gage.

Supply 2: Operating costs associated with the second lowest cost source of potable water supply, the Riverside North and South basins.

Supply 3: Operating costs associated with the second most expensive cost source of potable water supply, Waterman.

Supply 4: Operating costs associated with the most expensive cost source of potable water supply, Flume.

Supply Sustainability: Debt service costs for new bonds associated with the supply sustainability projects in the CIP.

4.2.1 Max Day and Max Hour Analysis

Allocating functional costs to the Max Day and Max Hour rate components first requires calculating the system demand factors, which indicates the ratio of maximum day and hour peaking compared to average day demand, as shown in Table 19. The analysis utilizes the MDD and MHD ratios from the 2022 RPU Focused water Master Plan. The system Max Day Ratio is the quotient of MDD divided by average day demand (ADD); the system Max Hour Ratio is the quotient of MHD divided by ADD; and the system Max Hour to Max Day Ratio is the quotient of MHD divided by MDD.

Table 19 System Demand Factors Calculation

| Component | Factor |
|---|--------|
| System Max Day Ratio (MDD/ADD) | 1.47 |
| System Max Hour Ratio (MHD/ADD) | 1.75 |
| System Max Hour / Max Day Ratio (MHD/MDD) | 1.19 |

Notes:

(1) FY 2020/21 information provided by RPU based on demand records and peak factors from the 2022 RPU Focused Water Master Plan.

Each peaking factor ratio is then differentiated by Base, Max Day, and Max Hour to establish the extra capacity allocation percentages assigned to functionalized expenditures, as shown in Table 20. Base is defined as 100 percent of average (non-peak) use and is therefore always assigned 1.00 ratio.

For Base on Max Day, the remaining system ratio of 0.47 (1.47 minus 1.00) is assigned to Max Day. This equates to a 68.0 and 32.0 percentage split of Base and Max Day, respectively. The allocation calculation for Base, Max Day, and Max Hour is similarly calculated, with any excess of 1.47 assigned to Max Hour from the 1.75 System Max Hour Ratio. Lastly, any functional expenses that are driven only by peaking demand are allocated based on percentages derived from the calculated Max Day to Average Day Demand (1.47) and Max Hour (0.28).

Table 20 Extra Capacity Allocation Calculations

| Extra Capacity Component | Ratio | Percentage |
|--------------------------------|-------|------------|
| Base on Max Day | | |
| Base | 1.00 | 68.0% |
| Max Day | 0.47 | 32.0% |
| Max Day to Average Day Demand | 1.47 | 100.0% |
| Base, Max Day, and Max Hour | | |
| Base | 1.00 | 57.1% |
| Max Day | 0.47 | 26.9% |
| Max Hour | 0.28 | 16.0% |
| Max Hour to Average Day Demand | 1.75 | 100.0% |
| Max Day and Max Hour | | |
| Max Day | 1.47 | 84.0% |
| Max Hour | 0.28 | 16.0% |
| Max Hour to Average Day Demand | 1.75 | 100.0% |

4.2.2 Rate Component Allocation Results

The allocation to rate components was performed by first allocating the component elements of total revenue requirements, then combining those allocations along with offsetting revenues and other costs to determine the overall allocation.

4.2.2.1 Allocated O&M Costs

Functionalized O&M costs were allocated to rate components Table 21 presents a summary the functional expense allocation factors and Table 22 details the allocation of O&M expenses to rate components. O&M costs for each function are allocated to rate categories as follows:

- Costs in the pumping and treatment functions are allocated to Max Day and Max Hour using the allocation shown in Table 20.
- Treatment costs are allocated to Base and Max Day using the allocation shown in Table 20.
- Distribution and Transmission costs are allocated to Base, Max Day, and Max Hour using the allocation shown in Table 20.
- Source of Supply costs are allocated to each supply using the allocation shown in Table 18.
- General costs are allocated to As All Other, then proportionally redistributed based on the overall allocation for allocable costs.
- Customer costs are allocated entirely to the Customer category.
- Meter Services costs are allocated entirely to the Capacity category.
- Administration costs are allocated to the Customer and Capacity categories.

- Fixed Maintenance costs are allocated to the Capacity component.

4.2.2.2 Allocated Debt Service

Functionalized debt service costs are allocated to rate categories based on the types of projects funded with the debt instruments and how the infrastructure benefits RPU's customers.

- As debt service is a fixed cost, most functions are allocated to the fixed Capacity component since each customer's capacity, as dictated by their meter size, relates to the sizing of infrastructure. Debt service costs in the Pumping, Storage, Distribution, Transmission, and Meter Services.
- Treatment and Source of Supply debt service costs are allocated to Max Day since the need for, and/or sizing of, those facilities is driven largely by peak demands.
- Debt service for Supply Sustainability projects is allocated to the Supply Sustainability category.

The allocation of debt service to rate categories is summarized in Table 23.

4.2.2.3 Allocated CIP

Functionalized CIP costs are allocated to rate categories using the same methodology as that discussed above for debt service. The CIP allocations rely on the project costs prior to adding cost escalation. The allocation of the CIP to rate categories is summarized in Table 24.

4.2.2.4 Revenue Requirements Allocation

Table 25 summarizes the rate component allocation of the Total Rate Revenue Requirement. The resulting percentage allocations are then applied to the revenue requirements for each fiscal year of the study period. All allocations are shown in line-item detail in the Appendix.

4.2.3 Fixed and Variable Cost Recovery

Based on the results of the rate category allocation, the proposed rates would recover 40.4-percent of rate revenue requirements via the fixed charges and the remaining 59.6-percent through variable rates. This split is generally in alignment with the current rates which are expected to generate 39-percent of rate revenues via the fixed charges and 61-percent of rate revenues through variable rates.

Figure 9 compares the fixed and variable revenue collection for the current rates and proposed rates to RPU's actual fixed and variable costs. As shown, RPU's actual costs are 85-percent fixed and 15-percent variable as the only truly variable costs are those related to utilities, consumables, and volumetric fees associated with producing and distributing water. Most water agencies with a similar supply portfolio to RPU's, one not reliant on expensive imported water, show a similar discrepancy between the truly fixed costs and the proposed fixed revenue collection. It is generally not feasible to structure rates to directly match the actual fixed and variable cost split as it can lead to rate shock and removes much of the control that customers have over their water bills.

Though the discrepancy between fixed and variable costs can place RPU at risk of under collecting fixed costs during times of substantial conservation, the other attributes of the rate structure for variable rates has considered potential revenue volatility. Specifically, the incremental charge for tier 3 as compared to tier 2 for SFR customers has moderated leading to reduced potential for volatility. During the previous COSA study, several rate structure modifications to further reduce volatility including the change to non-tiered rates for commercial, industrial and landscape customers and the removal of tier 4 for SFR customers. Those changes have been retained in the proposed rate structure.

Figure 9 Fixed Cost Recovery

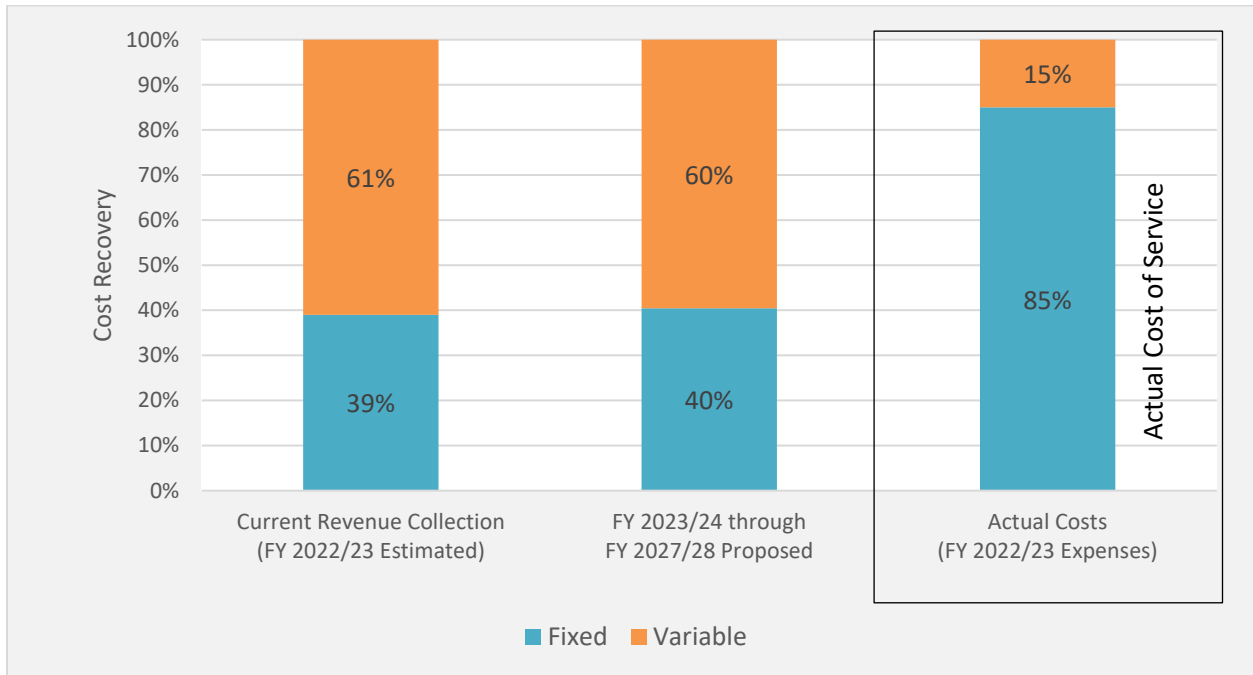


Table 21 O&M Allocation Factors

| Category | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability | As All Others |
|-----------------------|----------|----------|-------|---------|----------|----------|----------|----------|----------|-----------------------|---------------|
| Pumping | - | - | - | 84.0% | 16.0% | - | - | - | - | - | - |
| Treatment | - | - | 68.0% | 32.0% | - | - | - | - | - | - | - |
| Storage | - | - | - | 84.0% | 16.0% | - | - | - | - | - | - |
| Distribution | - | - | 57.1% | 26.9% | 16.0% | - | - | - | - | - | - |
| Transmission | - | - | 57.1% | 26.9% | 16.0% | - | - | - | - | - | - |
| Source of Supply | - | - | - | - | - | 26.1% | 22.9% | 40.2% | 10.7% | - | - |
| Supply Sustainability | - | - | - | - | - | - | - | - | - | 100.0% | - |
| General | - | - | - | - | - | - | - | - | - | - | 100.0% |
| Customer | 100.0% | - | - | - | - | - | - | - | - | - | - |
| Meter Services | - | 100.0% | - | - | - | - | - | - | - | - | - |
| Admin | 25.0% | 75.0% | - | - | - | - | - | - | - | - | - |
| Fixed Maintenance | - | 100.0% | - | - | - | - | - | - | - | - | - |

Table 22 Rate Category Allocation of O&M Expenditures (\$ millions)

| Category | Five-Year Average | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability | As All Others |
|---|-------------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|
| Pumping | \$0.24 | \$- | \$- | \$- | \$0.20 | \$0.04 | \$- | \$- | \$- | \$- | \$- | \$- |
| Treatment | 0.04 | - | - | 0.03 | 0.01 | - | - | - | - | - | - | - |
| Storage | 0.04 | - | - | - | 0.03 | 0.01 | - | - | - | - | - | - |
| Distribution | 19.56 | - | - | 11.17 | 5.25 | 3.13 | - | - | - | - | - | - |
| Transmission | 1.12 | - | - | 0.64 | 0.30 | 0.18 | - | - | - | - | - | - |
| Source Of Supply | 22.53 | - | - | - | - | - | 5.89 | 5.17 | 9.06 | 2.41 | - | - |
| Supply Sustainability | - | - | - | - | - | - | - | - | - | - | - | - |
| General | 0.23 | - | - | - | - | - | - | - | - | - | - | 0.23 |
| Customer | 2.52 | 2.52 | - | - | - | - | - | - | - | - | - | - |
| Meter Services | 1.08 | - | 1.08 | - | - | - | - | - | - | - | - | - |
| Admin | 2.98 | 0.75 | 2.24 | - | - | - | - | - | - | - | - | - |
| Fixed Maintenance | 3.85 | - | 3.85 | - | - | - | - | - | - | - | - | - |
| TOTAL ALLOCATION | \$54.18 | \$3.26 | \$7.17 | \$11.84 | \$5.80 | \$3.35 | \$5.89 | \$5.17 | \$9.06 | \$2.41 | \$- | \$0.23 |
| TOTAL WITH AS ALL OTHER REALLOCATED (\$) | \$54.18 | \$3.28 | \$7.20 | \$11.89 | \$5.83 | \$3.37 | \$5.91 | \$5.19 | \$9.10 | \$2.42 | \$- | \$- |
| TOTAL (%) | 100.0% | 6.0% | 13.3% | 21.9% | 10.8% | 6.2% | 10.9% | 9.6% | 16.8% | 4.5% | - | - |

Notes:

(1) Totals may be off due to rounding.

Table 23 Rate Category Allocation of Debt Service (\$ millions)

| Division/Category | Five-Year Average | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability | As All Others |
|--|-------------------|------------|----------------|------------|---------------|------------|------------|------------|------------|------------|-----------------------|---------------|
| Pumping | \$0.85 | \$- | \$0.85 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Treatment | 0.77 | - | - | - | 0.77 | - | - | - | - | - | - | - |
| Storage | 0.48 | - | 0.48 | - | - | - | - | - | - | - | - | - |
| Distribution | 10.80 | - | 10.80 | - | - | - | - | - | - | - | - | - |
| Transmission | 3.90 | - | 3.90 | - | - | - | - | - | - | - | - | - |
| Source of Supply | 5.91 | - | - | - | 5.91 | - | - | - | - | - | - | - |
| Conservation | 1.37 | - | - | - | - | - | - | - | - | - | 1.37 | - |
| General | 1.03 | - | - | - | - | - | - | - | - | - | - | 1.03 |
| Customer | - | - | - | - | - | - | - | - | - | - | - | - |
| Meter Services | 0.74 | - | 0.74 | - | - | - | - | - | - | - | - | - |
| Administration | - | - | - | - | - | - | - | - | - | - | - | - |
| Fixed Maintenance | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL ALLOCATION | \$25.84 | \$- | \$16.77 | \$- | \$6.68 | \$- | \$- | \$- | \$- | \$- | \$1.37 | \$1.03 |
| TOTAL - AS ALL OTHER REALLOCATED (\$) | \$25.84 | \$- | \$17.46 | \$- | \$6.95 | \$- | \$- | \$- | \$- | \$- | \$1.42 | \$- |
| TOTAL (%) | 100.0% | - | 67.6% | - | 26.9% | - | - | - | - | - | 5.5% | - |

Notes:

(1) Totals may be off due to rounding.

Table 24 Rate Category Allocation of CIP (\$ millions)

| Division/Category | Five-Year Total | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability | As All Others |
|---|-----------------|------------|----------------|------------|---------------|------------|------------|------------|------------|------------|-----------------------|---------------|
| Pumping | \$6.1 | \$- | \$6.1 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Treatment | 1.0 | - | - | - | 1.0 | - | - | - | - | - | - | - |
| Storage | 1.0 | - | 1.0 | - | - | - | - | - | - | - | - | - |
| Distribution | 57.6 | - | 57.6 | - | - | - | - | - | - | - | - | - |
| Transmission | 27.9 | - | 27.9 | - | - | - | - | - | - | - | - | - |
| Source of Supply | 12.0 | - | - | - | 12.0 | - | - | - | - | - | - | - |
| Conservation | 28.0 | - | - | - | - | - | - | - | - | - | 28.0 | - |
| General | - | - | - | - | - | - | - | - | - | - | - | - |
| Customer | - | - | - | - | - | - | - | - | - | - | - | - |
| Meter Services | 15.0 | - | 15.0 | - | - | - | - | - | - | - | - | - |
| Administration | - | - | - | - | - | - | - | - | - | - | - | - |
| Fixed Maintenance | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL ALLOCATION | \$148.6 | \$- | \$107.6 | \$- | \$13.0 | \$- | \$- | \$- | \$- | \$- | \$28.0 | \$- |
| TOTAL - AS ALL OTHER REALLOCATED (\$) | \$148.6 | \$- | \$107.6 | \$- | \$13.0 | \$- | \$- | \$- | \$- | \$- | \$28.0 | \$- |
| TOTAL (%) | 100.0% | - | 72.4% | - | 8.7% | - | - | - | - | - | 18.8% | - |
| ALLOCATION Without Supply Sustainability | 100.0% | - | 89.2% | - | 10.8% | - | - | - | - | - | - | - |

Notes:

(1) Totals may be off due to rounding.

Table 25 Rate Category Allocation of Total Revenue Requirements (\$ millions)

| | Five-Year Average | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability | As All Others |
|---|-------------------|----------|----------|---------|---------|----------|----------|----------|----------|----------|-----------------------|---------------|
| Requirements | | | | | | | | | | | | |
| Operating Revenue Requirements | \$53.97 | \$3.26 | \$7.17 | \$11.84 | \$5.80 | \$3.35 | \$5.89 | \$5.17 | \$9.07 | \$2.41 | \$- | \$- |
| Additional O&M for CIP and Advanced Tech | 1.83 | 0.11 | 0.24 | 0.40 | 0.20 | 0.11 | 0.20 | 0.18 | 0.31 | 0.08 | - | - |
| Required Reduction in O&M | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt Service Requirements: Bonds, Leases, and Minor Debts | 25.84 | - | 17.46 | - | 6.95 | - | - | - | - | - | 1.42 | - |
| Debt Service Requirements: WIFIA | - | - | - | - | - | - | - | - | - | - | - | - |
| General Fund Transfer | 9.26 | - | - | - | - | - | - | - | - | - | - | 9.26 |
| Capital Outlay Financed by Rates | 7.55 | - | 6.74 | - | 0.81 | - | - | - | - | - | - | - |
| Conservation Program | 1.66 | - | - | - | 1.39 | 0.27 | - | - | - | - | - | - |
| Use of Non-Rate Revenue for WA-12 | 0.68 | - | - | - | - | - | - | - | - | - | - | 0.68 |
| Less: Offsetting Requirements | | | | | | | | | | | | |
| Conservation Surcharge | (1.66) | - | - | - | (1.39) | (0.27) | - | - | - | - | - | - |
| Interest income | (2.06) | - | - | - | - | - | - | - | - | - | - | (2.06) |
| Miscellaneous income | (3.11) | - | - | - | - | - | - | - | - | - | - | (3.11) |
| Water Conveyance Revenues | (3.78) | - | - | - | - | - | - | - | - | - | - | (3.78) |
| Settlement reimb - Lockheed/Shell | (2.64) | - | - | - | - | - | (1.38) | (0.70) | (0.56) | - | - | - |
| Wholesale Sales- WMWD | (2.40) | - | - | - | - | - | - | - | - | - | - | (2.40) |

| | Five-Year Average | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability | As All Others |
|---|-------------------|---------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|-----------------------|-----------------|
| Wholesale sales - Norco | (0.84) | - | - | - | - | - | - | - | - | - | - | (0.84) |
| Outside City Surcharge | (2.19) | - | - | - | - | - | - | - | - | - | - | (2.19) |
| Fire Service Charges | (0.62) | - | - | - | - | - | - | - | - | - | - | (0.62) |
| Projected Cash Flows - (Use of) Contributions to Reserves | \$4.32 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$4.32 |
| Adjustment for Rate Increase Delay | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| TOTAL RATE REVENUE REQUIREMENT | \$85.80 | \$3.37 | \$31.61 | \$12.24 | \$13.77 | \$3.47 | \$4.71 | \$4.65 | \$8.81 | \$2.49 | \$1.42 | \$(0.74) |
| TOTAL - AS ALL OTHER REALLOCATED (\$) | \$85.80 | \$3.34 | \$31.34 | \$12.14 | \$13.65 | \$3.44 | \$4.67 | \$4.61 | \$8.73 | \$2.47 | \$1.41 | \$- |
| Percentage Allocation | 100.0% | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 2.9% | 1.6% | |

Notes:

(1) Totals may be off due to rounding.

The allocation percentages calculated in Table 25 are applied to the baseline rate revenue requirements for each fiscal year of this rate-setting period, as shown in Table 26.

Table 26 Rate Category Allocation of Baseline Rate Revenue Requirements for FY 2023/24 to FY 2027/28 (\$ thousands)

| Category | Revenue Requirement | Customer | Capacity | Base | Max Day | Max Hour | Supply 1 | Supply 2 | Supply 3 | Supply 4 | Supply Sustainability |
|----------------|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------------|
| Allocation (%) | | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 2.9% | 1.6% |
| FY 23/24 | \$74,257 | \$2,895 | \$27,123 | \$10,507 | \$11,814 | \$2,975 | \$4,038 | \$3,990 | \$7,559 | \$2,136 | \$1,221 |
| FY 24/25 | 79,627 | 3,104 | 29,084 | 11,266 | 12,669 | 3,191 | 4,330 | 4,279 | 8,105 | 2,290 | 1,309 |
| FY 25/26 | 85,393 | 3,329 | 31,190 | 12,082 | 13,586 | 3,422 | 4,644 | 4,589 | 8,692 | 2,456 | 1,404 |
| FY 26/27 | 91,583 | 3,570 | 33,451 | 12,958 | 14,571 | 3,670 | 4,980 | 4,921 | 9,322 | 2,634 | 1,505 |
| FY 27/28 | 98,148 | 3,826 | 35,849 | 13,887 | 15,615 | 3,933 | 5,338 | 5,274 | 9,990 | 2,823 | 1,613 |

Notes:

(1) Totals may be off due to rounding.

4.3 Rate Code Allocation

The next step in the cost of service analysis is the allocation of costs to each rate class. This step utilizes the results of the functional allocation and the customer usage and account data, to proportionally allocate costs based on the level of service provided to each rate class.

Carollo analyzed customer billing data for the three-year period FY 2019/20 through FY 2021/22 to understand how different types of customers use the water and wastewater systems, including how COVID-19 has impacted customer usage patterns. This analysis drives the allocation of costs to improve equity among customers.

To allocate costs of service to the different customer rate codes, each rate component must be split and divided appropriately. Each cost component is allocated in proportion to each rate code's share of the total annual service units of the respective component. The rate code allocation uses the five-year average service units for each rate code. Rate component costs are allocated to each rate code shown below, additional detail of the allocation methodology and service units are included in the following sections.

4.3.1.1 Fixed Rate Components

Customer: Allocated based on the number of accounts.

Capacity: Allocated based on the number of meter equivalents.

Note: fixed rate components are included in the rate code allocation to assess the total revenue requirements allocated to each code. However, because the fixed charges do not vary by rate code, fixed charges are calculated using the total revenue requirements allocated to the Customer and Capacity components.

4.3.1.2 Variable Rate Components

Base: Allocated based on each rate code's share of total demands.

Max Day: Allocated based on each rate code's share of max day extra capacity with adjustment for interruptible rates to remove supply related debt service and CIP costs.

Max Hour: Allocated based on each rate code's share of max day extra capacity.

Supply 1: Allocated based on each rate code's share of Supply 1 (Gage) water based on the supply allocation.

Supply 2: Allocated based on each rate code's share of Supply 2 (Riverside North/South) water based on the supply allocation.

Supply 3: Allocated based on each rate code's share of Supply 3 (Waterman) water based on the supply allocation.

Supply 4: Allocated based on each rate code's share of Supply 4 (Flume) water based on the supply allocation.

Supply Sustainability: Allocated based on each rate code's share of max day extra capacity. No Supply Sustainability costs are allocated to interruptible users.

4.3.2 Water Supply Allocation

The supply allocation serves to assign the lower cost sources of supply to cover basic demands and the higher cost sources of supplies to cover peak demands based on supply availability and each class's annual demand pattern. A step-by-step process is used to assign sources of supply to each class starting by assigning the lowest cost source of supply to cover a minimal amount of demands then progressively applying the higher cost sources of supply to greater levels of demand.

This allocation of available supply to each customer class was performed using the four-step process described below:

1. Allocate supply to the first increment of demand to all classes based on annualized three-month minimum usage.

The annualized three-month minimum demand is assumed to represent the basic minimum level of usage for each customer class. This initial step of the supply allocation exhausts all Supply 1 water (8.19 million CCF), all available Supply 2 water (6.18 million CCF), and a portion of Supply 3 water (0.88 million CCF).

2. Allocate supply to the second increment of needed supply based on annualized winter consumption.

Annualized winter demand represents the next increment of demand from each customer class. It represents annual demands associated with usage levels using RPU's seven-month winter (November through May). The supply allocated to each class in step one is subtracted from the annualized winter demand prior to the allocation of remaining supply 3 water. Step 3 of the allocation exhausts 4.63 million CCF of Supply 3 water, leaving 4.70 million CCF of Supply 3 to and all of Supply 4, 2.10 million CCF, to be allocated.

3. Allocate supply to the remaining demand based on total usage.

Step three allocates supplies to cover the remaining demand from each customer class based on total usage. The supply allocated to each class in step one and step two is subtracted from the total annual demand prior to the allocation of remaining Supply 3 water and Supply 4. Step 4 of the allocation exhausts the majority of remaining Supply 3 water (3.47 million CCF). The Supply 3 water remaining after step 4 (1.23 million CCF) and all of the Supply 4 water (2.10 million CCF), is considered resilient supply and is reallocated in step four.

4. Allocate remaining Supply 3 and Supply 4 water to account for supply resiliency.

The remaining Supply 3 water and Supply 4 water is allocated to each customer class based on each's allocation of Supply 3 water. This reallocation is intended to reflect the supply resiliency afforded to each class by the excess Supply 3 and Supply 4 water. Resilient supply is not allocated to the WA-7 and WA-10 class since they are considered to be interruptible and would be cut off in the event that supplies became limited.

Table 27 presents the summary of allocated supply with the resiliency component by CCF and percentage, respectively. A detailed calculation is provided in the Appendix.

Table 27 Supply Allocation by Rate Code (CCF)

| Rate Code | Total | Supply 1 | Supply 2 | Supply 3 | Supply 4 |
|--|-------------------|------------------|------------------|-------------------|------------------|
| Total With Reallocation for Resiliency | | | | | |
| SFR (WA-1A) | 15,073,945 | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 |
| MFR (WA-1B) | 397,834 | 167,693 | 126,469 | 85,254 | 18,418 |
| Flat Rate – Temp. Service (WA-2) | 56,507 | 7,700 | 5,807 | 35,360 | 7,639 |
| Riverside WC (WA-4) | 10,495 | 2,929 | 2,209 | 4,406 | 952 |
| Commercial/Industrial (WA-6) | 8,748,379 | 2,173,028 | 1,638,827 | 4,059,528 | 876,995 |
| Interruptible Irrigation/Recycled (WA-7/WA-10) | 807,384 | 188,118 | 141,873 | 477,393 | - |
| Landscape (WA-11) | 924,468 | 192,397 | 145,100 | 482,693 | 104,278 |
| Agricultural (WA-12) | 660,253 | 97,877 | 73,816 | 401,765 | 86,795 |
| TOTAL | 26,679,265 | 8,189,522 | 6,176,272 | 10,210,739 | 2,102,732 |
| Percentage Allocation | | | | | |
| SFR (WA-1A) | 56.50% | 65.45% | 65.45% | 45.68% | 47.92% |
| MFR (WA-1B) | 1.49% | 2.05% | 2.05% | 0.83% | 0.88% |
| Flat Rate – Temp. Service (WA-2) | 0.21% | 0.09% | 0.09% | 0.35% | 0.36% |
| Riverside WC (WA-4) | 0.04% | 0.04% | 0.04% | 0.04% | 0.05% |
| Commercial/Industrial (WA-6) | 32.79% | 26.53% | 26.53% | 39.76% | 41.71% |
| Interruptible Irrigation/Recycled (WA-7/WA-10) | 3.03% | 2.30% | 2.30% | 4.68% | 0.00% |
| Landscape (WA-11) | 3.47% | 2.35% | 2.35% | 4.73% | 4.96% |
| Agricultural (WA-12) | 2.47% | 1.20% | 1.20% | 3.93% | 4.13% |
| TOTAL | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Notes:
 (1) Totals may be off due to rounding.

4.3.3 Water Demand Characteristics – Units of Service

As discussed previously, costs allocated to the variable functional categories (Base, Max Day, Max Hour, Supplies 1 through 4, and Supply Sustainability) are allocated based on the amount of demand in each of those categories for each rate code. This directly ties the incremental cost of water to each class's consumption and to volumetric rate tiers (where applicable). Every unit of water has an element of Base, Max Day, Max Hour, and Supply costs. Supply Sustainability costs are spread across all units of water for rate codes without tiered rates and from the upper tiers for rate codes with tiered rates.

Costs for each rate component, for each fiscal year, are allocated to each rate code using five-year average units of service for the Study period. The peak factors and calculated max day and max hour extra capacity for each rate code were determined using the detailed customer billing data analysis, demand projections, and the overall system max day and max hour peak factors presented previously in Table 19. Table 28 shows the five-year average units of service for each rate code, additional detail is included for reference in the Appendix.

Table 29 shows the rate component costs allocated to each rate code for FY 2023/24. This allocation is performed for each fiscal year of the study period and the variable costs allocated to each code are then used to calculate rates. Allocated costs for each fiscal year are included in the Appendix.

4.3.4 Interruptible Rates

Along with the exclusion of resilient supply, the allocated costs for interruptible customers are adjusted to remove costs associated with development of supply sources as well as costs in the Supply Sustainability category. These users are not considered to benefit from investments in water supply resiliency because they will be required to stop using water in the event that system wide usage must be curtailed, or if a system failure or other event leads to a decrease in available supplies.

Supply related debt service and capital costs are allocated to the Max Day component thus, the allocation of Max Day costs for interruptible users is adjusted to remove the debt service and capital costs that are associated with developing or enhancing water supply sources. No costs in the Supply Sustainability category are allocated to the interruptible users. No interruptible adjustments are made for the Customer, Capacity, Base, Max Hour, or Supply 1, 2, and 3 allocations.

Table 28 Units of Service

| Rate Class | Total Use (Five-Year Avg.) | | Max Day Extra Capacity (Five-Year Avg.) | | | | Max Hour Extra Capacity (Five-Year Avg.) | | |
|---|----------------------------|---------------|---|---------------|---------------|---------------------------------|--|---------------|---------------|
| | CCF | % | Peak Factor | CCF | % | % with Interruptible Adjustment | Peak Factor | CCF | % |
| SFR (WA-1A) | 13,665,519 | 57.4% | 1.48 | 18,078 | 57.8% | 59.9% | 1.77 | 48,015 | 57.4% |
| MFR (WA-1B) | 373,810 | 1.6% | 1.36 | 373 | 1.2% | 1.2% | 1.62 | 1,290 | 1.5% |
| Flat Rate – Temp. Service (WA-2) | 44,394 | 0.2% | 2.29 | 157 | 0.5% | 0.5% | 2.73 | 175 | 0.2% |
| Riverside WC (WA-4) | 8,986 | 0.04% | 1.69 | 17 | 0.05% | 0.1% | 2.01 | 33 | 0.0% |
| Commercial/Industrial (WA-6) | 7,574,471 | 31.8% | 1.40 | 8,352 | 26.7% | 27.7% | 1.67 | 26,296 | 31.5% |
| Interrupt. Irrigation/Recycled (WA-7/WA-10) | 830,364 | 3.5% | 1.84 | 1,913 | 6.1% | 2.8% | 2.19 | 3,073 | 3.7% |
| Landscape (WA-11) | 781,477 | 3.3% | 1.67 | 1,426 | 4.6% | 4.7% | 1.98 | 2,820 | 3.4% |
| Greenbelt (WA-8) | - | 0.0% | 2.07 | - | 0.0% | 0.0% | 2.47 | - | 0.0% |
| Agricultural (WA-12) | 522,624 | 2.2% | 1.66 | 939 | 3.0% | 3.1% | 1.97 | 1,884 | 2.3% |
| Total | 23,801,644 | 100.0% | | 31,255 | 100.0% | 100.0% | | 83,584 | 100.0% |

Notes:

(1) Totals may be off due to rounding.

Table 29 Rate Code Allocation for FY 2023/24 (thousands \$)

| Category | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE – TEMP. SERVICE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTUR AL (WA-12) | SYSTEM TOTAL |
|--------------------------|-------------------|------------------|---------------------|---|----------------------|---|------------------------|---------------------|--------------------------|-------------------|
| Customer | \$2,554.6 | \$49.0 | \$229.6 | \$24.6 | \$22.2 | \$3.4 | \$1.1 | \$0.4 | \$9.6 | \$2,894.5 |
| Capacity | 18,393.4 | 385.4 | 6,918.0 | 548.0 | 507.7 | 216.2 | 14.0 | - | 140.5 | 27,123.1 |
| Base | 6,032.2 | 165.0 | 3,343.5 | 366.5 | 345.0 | 19.6 | 4.0 | - | 230.7 | 10,506.5 |
| Max Day | 7,073.1 | 145.9 | 3,267.5 | 334.5 | 557.8 | 61.4 | 6.6 | - | 367.5 | 11,814.4 |
| Max Hour | 1,709.2 | 45.9 | 936.0 | 109.4 | 100.4 | 6.2 | 1.2 | - | 67.0 | 2,975.4 |
| Supply 1 | 2,642.9 | 82.7 | 1,071.5 | 92.8 | 94.9 | 3.8 | 1.4 | - | 48.3 | 4,038.3 |
| Supply 2 | 2,611.5 | 81.7 | 1,058.8 | 91.7 | 93.7 | 3.8 | 1.4 | - | 47.7 | 3,990.2 |
| Supply 3 | 3,452.8 | 63.1 | 3,005.1 | 353.4 | 357.3 | 26.2 | 3.3 | - | 297.4 | 7,558.5 |
| Supply 4 | 1,023.6 | 18.7 | 890.8 | - | 105.9 | 7.8 | 1.0 | - | 88.2 | 2,135.9 |
| Supply Sustainability | 752.1 | 15.5 | 347.4 | - | 59.3 | 6.5 | 0.7 | - | 39.1 | 1,220.6 |
| Total | \$46,245.3 | \$1,052.9 | \$21,068.3 | \$1,920.8 | \$2,244.3 | \$354.8 | \$34.6 | \$0.4 | \$1,336.0 | \$74,257.5 |

Notes:

(1) Totals may be off due to rounding.

Section 5

WATER RATE DESIGN

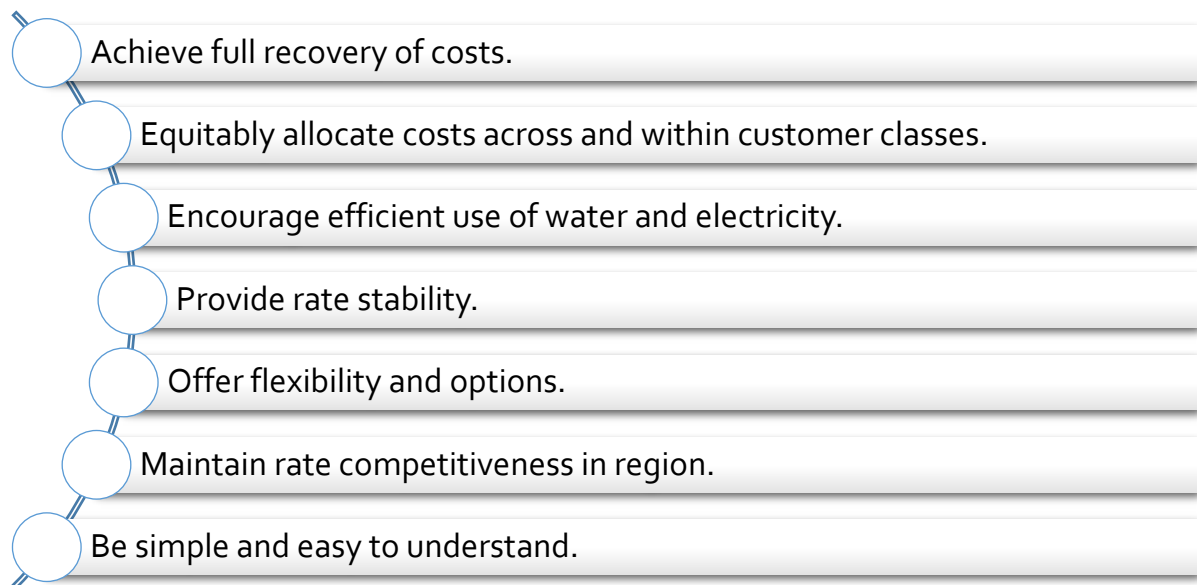
The rate design analysis links the rate code costs identified in Section 4 with the water rates necessary to achieve cost recovery. The focus of this process is to achieve full cost recovery and substantiate that each rate code is paying their fair and proportionate share of system costs.

5.1 Selecting Rate Structures

Once costs have been equitably allocated to each customer class, RPU does have some flexibility in designing the rate structure to meet its policy objectives. In determining the appropriate rate level and structure, Carollo analyzed various rate design alternatives and the corresponding customer and utility implications. Beyond the identified study objectives, Carollo identified additional criteria for considerations and discussed them at length with RPU staff. Listed below are RPU's ratemaking principles:

5.1.1 Ratemaking Principles

RPU rate structures will be designed to provide a transition to rates that align with the transformational changes occurring in the electric and water industries. RPU's rates shall be designed to achieve the following goals:

- 
- Achieve full recovery of costs.
 - Equitably allocate costs across and within customer classes.
 - Encourage efficient use of water and electricity.
 - Provide rate stability.
 - Offer flexibility and options.
 - Maintain rate competitiveness in region.
 - Be simple and easy to understand.

Given the numerous and, at times, competing elements, selection of an appropriate rate structure is complex. There is no single structure that meets all objectives equally, nor are all objectives or elements valued the same by the utility or customers. Each criteria or element has merit and plays an important role in the rates implementation and overall effectiveness. These elements and competing objectives were discussed and evaluated at length throughout the financial and rate study process.

5.1.2 Proposed Water Rate Structure

Based on discussion with RPU staff and careful review of the cost of service analysis, Carollo recommends that RPU implement the following rate design modifications:

- Revise the SFR Tier 1 allotment from 9 CCF to 8 CCF to reflect updated State guidance for indoor water usage, 47 gallons per capita per day (GPCD), and assuming 4 persons per household.
- Revise the MFR Tier 1 allotment from 7 CCF to 6 CCF to reflect updated State guidance for indoor water usage, 47 GPCD, and assuming 4 persons per household.

5.2 Fixed Charges

The fixed charge is intended to provide a stable revenue source that is related to how customers use the system expressed as the system capacity required to serve them. The proposed fixed charge is a combination of the Customer and Capacity functional components. The Customer component recovers costs that apply to all accounts in the system, regardless of usage or the size of the connection to the system. The proposed fixed charge is designed to collect costs associated with capital expenditures (debt service, rate funded capital, and a portion of engineering) as well as maintenance costs based on each customer’s capacity share as measured by Meter Equivalent Units (MEU). The customer share accounts for billing and administrative costs that are independent of each customer’s capacity share and therefore equal for each account.

Table 30 presents the calculation of monthly unit charges for both account and MEU as the first step to determining the fixed charge.

Table 30 Monthly Component Charges

| | Existing | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|----------|----------------|----------------|----------------|----------------|----------------|
| Number of Accounts | 66,694 | 66,879 | 67,064 | 67,250 | 67,436 | 67,623 |
| Customer Revenue to Recover (\$ millions) | | \$2.89 | \$3.10 | \$3.33 | \$3.57 | \$3.83 |
| Monthly Component Charge Per Account | | \$3.61 | \$3.86 | \$4.12 | \$4.41 | \$4.71 |
| Number of MEUs | 95,061 | 95,337 | 95,661 | 95,987 | 96,290 | 96,594 |
| Capacity Revenue to Recover (\$ millions) | | \$27.12 | \$29.08 | \$31.19 | \$33.45 | \$35.85 |
| Monthly Component Charge per MEU | | \$23.71 | \$25.34 | \$27.08 | \$28.95 | \$30.93 |

Notes:

(1) Totals may be off due to rounding.

To determine the fixed charge, the meter unit cost is then multiplied by the meter capacity ratios previously developed by RPU to calculate the meter capacity cost. These ratios are based on ratios identified in the AWWA M6 Manual *Water Meters - Selection, Installation, Testing, and Maintenance* and represent the types of meters used by Riverside. The ratios are calculated using the average of maximum flow for meters of each size. The meter Capacity cost is then added to the Customer cost to calculate the cost based fixed charges, presented in Table 31.

While an increased fixed charge provides a stable source of revenues for the utility, increasing the fixed charge reduces the amount allocated to the commodity rates, and thus has the incidental effect of reducing incentives for conservation. The proposed revenue adjustments, as a percentage, do not equal or necessarily correlate to an equivalent percentage increase to rates or monthly bills. The results of the cost of service analysis and rate redesign will affect users differently based on their meter size and water consumption habits. Table 32 summarizes the proposed monthly fixed charges for the duration of this rate-setting period.

Table 31 Components to Proposed Fixed Charge (FY 2023/24)

| Meter Size | Capacity Ratio | Customer Component | Capacity Component | Total Monthly Charge |
|-------------|----------------|--------------------|--------------------|----------------------|
| 3/4" & 5/8" | 1.00 | \$3.61 | \$23.70 | \$27.31 |
| 1" | 1.67 | 3.61 | 39.59 | 43.20 |
| 1.5" | 3.33 | 3.61 | 78.94 | 82.55 |
| 2" | 5.33 | 3.61 | 126.36 | 129.97 |
| 3" | 10.00 | 3.61 | 237.08 | 240.69 |
| 4" | 16.67 | 3.61 | 395.21 | 398.82 |
| 6" | 36.67 | 3.61 | 869.37 | 872.98 |
| 8" | 60.00 | 3.61 | 1,422.48 | 1,426.09 |
| 10" | 93.33 | 3.61 | 2,212.67 | 2,216.28 |
| 12" | 133.33 | 3.61 | 3,160.99 | 3,164.60 |

Table 32 Proposed Monthly Fixed Charges (FY 2023/24 to FY 2027/28)

| Meter Size | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-------------|----------|------------|------------|------------|------------|------------|
| 3/4" & 5/8" | \$26.00 | \$27.31 | \$29.19 | \$31.20 | \$33.36 | \$35.64 |
| 1" | 41.26 | 43.20 | 46.17 | 49.35 | 52.76 | 56.36 |
| 1.5" | 79.08 | 82.55 | 88.23 | 94.30 | 100.82 | 107.70 |
| 2" | 124.64 | 129.97 | 138.90 | 148.45 | 158.72 | 169.56 |
| 3" | 231.03 | 240.69 | 257.22 | 274.91 | 293.91 | 313.99 |
| 4" | 382.97 | 398.82 | 426.21 | 455.53 | 487.01 | 520.28 |
| 6" | 838.59 | 872.98 | 932.94 | 997.11 | 1,066.02 | 1,138.84 |
| 8" | 1,370.06 | 1,426.09 | 1,524.04 | 1,628.85 | 1,741.43 | 1,860.39 |
| 10" | 2,129.34 | 2,216.28 | 2,368.50 | 2,531.39 | 2,706.35 | 2,891.22 |
| 12" | 3,040.57 | 3,164.60 | 3,381.95 | 3,614.54 | 3,864.36 | 4,128.34 |

5.3 Variable Rates

The variable rates are developed for each rate code and are designed to recover the costs proportionate to water demands. Cost of service-based rates were developed for each rate code based on the principle of maintaining vertical and horizontal customer-class equity. Rate codes, such as single-family residential or commercial, only pay for their assigned share of costs of service, and within each rate code, each account will pay a fair share of the costs assigned to that rate code based on their demands. The water commodity rate for each rate code is calculated based on the rate code's share of revenue requirements and their forecasted water demands.

5.3.1 Seasonally Adjusted Rates

Like RPU's current rate structure, the proposed variable rates for several customer classes will be seasonally adjusted. Rates are increased in the summer months to reflect the increased costs associated with providing water during times of peak usage. The seasonal adjustment also provides the additional benefit of promoting efficient usage throughout the year.

Under the existing rate structure, summer months include June through October and winter months include November through May. Based on current water usage patterns these seasonal definitions were found to be in alignment with customer usage patterns and were therefore maintained for the proposed rates.

The seasonal adjustment to the proposed rates was made by allocating a greater share of Max Day costs to the highest tier summer rate based on the ratio of demands in the average summer months to the demands in the average winter month. For classes with tiered rates (single family, multi-family, and Riverside Water Company Irrigators), seasonal adjustments are applied only to the highest tier. As such, this ratio is calculated for the highest tier of the tiered rate classes, or for the rate code as a whole for Commercial/Industrial WA-6 and Landscape WA-11.

The first step to calculating the seasonal ratio is to sum each season's forecasted usage for FY 2023/24 and divide by the number of months in that season; five summer months and seven winter months. Then, the ratio of summer to winter usage is the seasonal ratio used in rate design. Table 33 presents the summary of these calculations.

Table 33 Seasonal Peak Factors Calculation

| Rate Class | Winter CCF | Summer CCF | Seasonal Ratio |
|---|------------|------------|----------------|
| Number of Months | 7 | 5 | |
| WA-1A SFR (Tier 3) | | | |
| Avg. Seasonal Use | 781,054 | 1,260,772 | |
| Avg. Monthly Use | 111,579 | 252,154 | 2.26 |
| WA-1B MFR (Tier 2) | | | |
| Avg. Seasonal Use | 90,208 | 95,879 | |
| Avg. Monthly Use | 12,887 | 19,176 | 1.49 |
| WA-4 Riverside Irrigators (Tier 3) | | | |
| Avg. Seasonal Use | 392 | 636 | |
| Avg. Monthly Use | 56 | 127 | 2.27 |
| WA-6 Commercial/Industrial (All) | | | |
| Avg. Seasonal Use | 3,814,280 | 3,543,456 | |
| Avg. Monthly Use | 544,897 | 708,691 | 1.30 |
| WA-11 Landscape (All) | | | |
| Avg. Seasonal Use | 337,300 | 421,816 | |
| Avg. Monthly Use | 48,186 | 84,363 | 1.75 |

Notes:

(1) Totals may be off due to rounding.

5.3.2 Single Family Residential Rates

Given the State’s ongoing water resources concerns and calls for conservation, and RPU’s continued investment in supply resiliency, it is important that the proposed water rate structure promotes efficient water usage and passes the true cost of providing water service on to the customers who utilize that service. The study reviewed the appropriateness and applicability of several rate structure alternatives for the Single Family residential customer class. These options included seasonal and non-seasonal rates, various methods to set tier breaks, and various methods to allocate costs to each tier.

5.3.3 Proposed Single Family Rate Structure

The proposed single family rates maintain the fixed and variable tiered structure but reduce the breakpoint from 9 CCF to 8 CCF in Tier 1. The proposed rates have been developed with a three-tiered inclining block structure, with tier three rates that vary seasonally. The CCF allotments for each tier will remain constant throughout the course of the year. The proposed tier allotments have been set based on water needs for each customer and on the actual usage patterns observed in the customer billing data.

Tier 1 Allotment – Indoor Usage: The proposed tier one allotment is 8 CCF per account per month. This allotment was calculated based on an assumed 4 persons per household and 47 gallons per capita per day to reflect state indoor water use guidance.

Tier 2 Allotment – Efficient Outdoor Usage: The tier two allotment is an additional 27 CCF per month above the tier one allotment. This allotment maintains RPU’s existing tier two breakpoint of 35 CCF per month and is in alignment with the 75th percentile user in the maximum month.

Tier 3 – High Usage: Any usage above 35 CCF will be charged the tier three rate.

Seasonal adjustment of the tier three rates helps to reflect the additional cost of seasonal peaking on the system.

5.3.4 Proposed Single Family Rates

Volumetric rates for each tier are calculated by allocating the variable revenue to recover from the SFR rate class (summarized in Table 25) to each tier based on usage per tier and supply available in each tier. Due to the pressure that seasonal variability places on the system, the revenue to recover through volumetric rates for SFR tier three is further allocated to winter and summer proportionate to its seasonal ratio.

5.3.4.1 Base, Max Day, Max Hour, and Supply Sustainability

The first step to developing these component rates is to allocate the calculated revenue to recover by tier based on forecasted use, as shown in Table 32.

Base and Extra Capacity (Max Day and Max Hour) costs are allocated proportionate to the share of usage in each tier for the associated unit of service and are independent of source of supply costs. Base costs are allocated in proportion to average day demands, Max Day costs are allocated in proportion to Max Day extra capacity, and Max hour costs are allocated in proportion to Max Hour extra capacity. SFR's share of Supply Sustainability costs are allocated entirely to Tier 3 since the highest users drive the need to secure additional sources of supply.

Table 34 SFR Proposed Rate Calculation: Base/Extra Capacity by Tier (FY 2023/24)

| | Total | Tier 1 | Tier 2 | Tier 3 |
|--|---------|---------|---------|--------|
| Base/Extra Capacity Use (CCF) | | | | |
| Base (Average Day) | | 13,678 | 17,649 | 5,594 |
| Max Day | | 2,475 | 9,790 | 5,563 |
| Max Hour | | 16,755 | 22,875 | 7,719 |
| Supply Sustainability | | - | - | - |
| Base/Extra Capacity Use (%) | | | | |
| Base | | 37.0% | 47.8% | 15.2% |
| Max Day | | 13.9% | 54.9% | 31.2% |
| Max Hour | | 35.4% | 48.3% | 16.3% |
| Supply Sustainability | | | | 100.0% |
| Revenue to Recover (\$ thousands) | | | | |
| Base | \$6,032 | \$2,235 | \$2,883 | \$914 |
| Max Day | 7,073 | 982 | 3,884 | 2,207 |
| Max Hour | 1,709 | 605 | 826 | 279 |
| Supply Sustainability | 752 | - | - | 752 |

Notes:

(1) Totals may be off due to rounding.

After costs have been allocated to each tier, they are split between winter and summer based upon the projected usage per tier in each season. Table 35 summarizes the seasonal percentages which are applied to the revenue by tier above, resulting in the winter and summer revenue to recover by tier in Table 36.

An additional seasonal rate adjustment for tier three is created by applying the peaking factor calculated in Table 33. A corresponding allocation is made to the allocated winter tier three costs to maintain revenue neutrality over the entire year.

For tier three, which is seasonally adjusted, Base costs are allocated to winter and summer proportional to the use in each season, resulting in 38.3-percent of costs allocated to winter and 61.7-percent of costs allocated to the summer. To account for the increased peak demand burden in the summer season, peak costs in the Max Day and Max Hour categories are allocated using the seasonally weighted allocation. The seasonally weighted allocation applies the 2.26 seasonal ratio, from Table 33, to the summer demands resulting in 21.5-percent of costs allocated to winter and 78.5-percent of costs allocated to summer.

Table 35 SFR Seasonal Allocation Percentage Calculation (FY 2023/24)

| Season | Tier 1 | Tier 2 | Tier 3 ⁽¹⁾ | Tier 3 Seasonally Weighted ⁽²⁾ |
|--------------|-----------|-----------|-----------------------|---|
| Annual (CCF) | 4,992,538 | 6,441,753 | 2,041,826 | n/a |
| Winter (CCF) | 2,848,873 | 3,039,262 | 781,054 | 781,054 |
| Winter (%) | 57.1% | 47.2% | 38.3% | 21.5% |
| Summer (CCF) | 2,143,665 | 3,402,491 | 1,260,772 | 2,849,181 |
| Summer (%) | 42.9% | 52.8% | 61.7% | 78.5% |

Notes:

- (1) Based on projected winter and summer demands, used to allocate Base costs that are not driven by peaking.
- (2) Seasonally weighed summer CCF calculated by multiplying non-weighted CCF of 1,260,772 by tier three seasonal ratio of 2.26. The seasonally adjusted allocation is applied to peak costs in the Max Day and Max Hour categories as peaking is higher in the summer months.
- (3) Totals may be off due to rounding.

Table 36 SFR Proposed Rate Calculation: Base/Extra Capacity Costs by Season (FY 2023/24)

| | Tier 1 | Tier 2 | Tier 3 |
|--|----------------|----------------|----------------|
| Winter Rev. Req. (\$ thousands) | | | |
| Base | \$1,275 | \$1,360 | \$350 |
| Max Day | 560 | 1,832 | 475 |
| Max Hour | 345 | 390 | 60 |
| Supply Sustainability | - | - | 288 |
| Subtotal: Winter | \$2,181 | \$3,583 | \$1,172 |
| Summer Rev. Req. (\$ thousands) | | | |
| Base | \$960 | \$1,523 | \$564 |
| Max Day | 422 | 2,051 | 1,732 |
| Max Hour | 260 | 436 | 219 |
| Supply Sustainability | - | - | 464 |
| Subtotal: Summer | \$1,641 | \$4,011 | \$2,980 |

Notes:

- (1) Totals may be off due to rounding.

5.3.4.2 Sources of Supply

Costs for each priority of supply (Supply 1, Supply 2, Supply 3, and Supply 4) are allocated to each tier based on exhausting the lowest cost source of supply to each tier before allocating costs associated with the next source of supply. Supply cost allocation to each tier were developed based on the five-year average consumption per tier, and the five year average supply allocated to single family residential customers to maintain consistency.

Based on current demand levels, RPU has some available, unused supplies. These supplies provide a critical level of resiliency for the water system and are available to meet high-level, peak demands as other supply sources become restricted. As noted in the report above, RPU is able to sell some of these supplies to offset its operational costs and rate impacts. However, because these supplies provide the greatest level of benefit to high volume users, costs associated with supply resiliency are allocated into tier 3, to reflect the supply available for high volume users and the peak strain that they place on the system. But for the fact that RPU's customers peak on the system, new local supplies and the associated facilities would not have been developed. A direct example of these cost investments is the John W. North Water Treatment Plant.

The resilient supply costs considered in the analysis include only those that will be incurred based on the projected usage, and the fixed costs incurred to maintain access to those supplies. Variable costs associated with resilient supplies such as electricity or chemicals are not included in the analysis. Though the resilient supply allocated into Tier 3 shows an excess of available supply, the costs allocated into each tier reflect only costs that RPU will actually incur.

The source of supply allocations are based on the five-year average to correspond to the allocation of available supplies to each customer class calculated in Table 27. Using the same seasonal allocation calculated in Table 33, the development of the allocation of each supply cost to each tier based on the five-year average consumption over the rate planning period is shown in Table 37 below.

Table 37 SFR Proposed Rate Calculation: Supply by Tier (FY 2023/24)

| | Total | Tier 1 | Tier 2 | Tier 3 |
|--|-----------|-----------|-----------|-----------|
| Available Supply (CCF) | | | | |
| Supply 1 | 5,359,778 | 4,992,538 | 367,240 | - |
| Supply 2 | 4,042,171 | - | 4,042,171 | - |
| Supply 3 | 4,664,340 | - | 2,032,342 | 2,631,999 |
| Supply 4 | 1,007,655 | - | - | 1,007,655 |
| Available Supply (%) | | | | |
| Supply 1 | | 93.1% | 6.9% | 0.0% |
| Supply 2 | | 0.0% | 100.0% | 0.0% |
| Supply 3 | | 0.0% | 43.6% | 56.4% |
| Supply 4 | | 0.0% | 0.0% | 100.0% |
| Revenue to Recover (\$ thousands) | | | | |
| Supply 1 | \$2,643 | \$2,462 | \$181 | \$- |
| Supply 2 | 2,611 | - | 2,611 | - |
| Supply 3 | 3,453 | - | 1,504 | 1,948 |
| Supply 4 | 1,024 | - | - | 1,024 |

Notes:

(1) Totals may be off due to rounding.

Similar to the seasonal allocation calculated for the Base/Extra Capacity components, the supply-related costs per tier are allocated to winter and summer based on its projected usage and percentages calculated in Table 35, resulting in seasonal revenue to recover by tier in Table 38.

Table 38 SFR Proposed Rate Calculation: Supply Costs by Season (FY 2023/24) (\$1,000s)

| | Tier 1 | Tier 2 | Tier 3 |
|---|----------------|----------------|----------------|
| Winter Supply Rev. Req. (\$ thousands) | | | |
| Supply 1 | \$1,405 | \$85 | \$- |
| Supply 2 | - | 1,232 | - |
| Supply 3 | - | 710 | 745 |
| Supply 4 | - | - | 392 |
| Subtotal: Winter | \$1,405 | \$2,027 | \$1,137 |
| Summer Supply Rev. Req. (\$ thousands) | | | |
| Supply 1 | \$1,057 | \$96 | \$- |
| Supply 2 | - | 1,379 | - |
| Supply 3 | - | 795 | 1,203 |
| Supply 4 | - | - | 632 |
| Subtotal: Summer | \$1,057 | \$2,270 | \$1,835 |

Notes:

(1) Totals may be off due to rounding.

5.3.4.3 Proposed Single Family Residential Rates

The costs allocated to each tier in each season are summed and then divided by the projected usage for the corresponding tier and season to calculate the volumetric rates. The SFR rate calculation for FY 2023/24 is shown in Table 39 below.

Table 39 SFR Proposed Rate Calculation (FY 2023/24)

| | Tier 1 | Tier 2 | Tier 3 |
|---|----------------|----------------|----------------|
| Projected Usage (CCF) | | | |
| Winter | 2,848,873 | 3,039,262 | 781,054 |
| Summer | 2,143,665 | 3,402,491 | 1,260,772 |
| Revenue Requirement (\$ thousands) | | | |
| Winter | | | |
| Base, Max Day, Max Hour, and Supply Sustainability (Table 36) | \$2,181 | \$3,583 | \$1,172 |
| Supply Costs (Table 38) | 1,405 | 2,027 | 1,137 |
| Winter Rev. Req. | \$3,585 | \$5,610 | \$2,309 |
| Summer | | | |
| Base, Max Day, Max Hour, and Supply Sustainability (Table 36) | \$1,641 | \$4,011 | \$2,980 |
| Supply Costs (Table 38) | 1,057 | 2,270 | 1,835 |
| Summer Rev. Req. | \$2,698 | \$6,280 | \$4,815 |
| Rate (\$/CCF) | | | |
| Winter | \$1.26 | \$1.85 | \$2.96 |
| Summer | 1.26 | 1.85 | 3.82 |

Notes:

(1) Totals may be off due to rounding.

The calculation is repeated for each year of the analysis based on each years' projected usage and allocated costs to develop the rate presented in Table 40. The Appendix provides additional detail of the SFR rate calculations.

Table 40 Proposed Single Family Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---------------------|----------|------------|------------|------------|------------|------------|
| Winter Rates | | | | | | |
| Tier 1 | \$1.30 | \$1.26 | \$1.34 | \$1.43 | \$1.52 | \$1.62 |
| Tier 2 | 1.64 | 1.85 | 1.97 | 2.09 | 2.23 | 2.37 |
| Tier 3 | 3.01 | 2.96 | 3.15 | 3.35 | 3.57 | 3.80 |
| Summer Rates | | | | | | |
| Tier 1 | \$1.30 | \$1.26 | \$1.34 | \$1.43 | \$1.52 | \$1.62 |
| Tier 2 | 1.64 | 1.85 | 1.97 | 2.09 | 2.23 | 2.37 |
| Tier 3 | 3.66 | 3.82 | 4.07 | 4.33 | 4.61 | 4.91 |

5.3.4.4 Single Family Residential Revenue Volatility

One of the goals of the rate design analysis was to create a rate structure that controls revenue volatility, while conforming to the requirements of Proposition 218, and RPU's other rate setting principles. As a component of the rate analysis, the proposed rates were analyzed along with historical and projected demand patterns to test whether rate structure and pricing changes have an adverse impact on revenue volatility. That analysis showed that the proposed SFR rates recover costs from customers at various usage levels in a manner very similar to the current rates.

Figure 10 and Figure 11 show the results of the volatility analysis. For presentation comparison purposes, estimated revenues and usage from individual customers were grouped into 10-CCF blocks up to 70 CCF, followed by a final block for customers with more than 70 CCF of monthly usage.

Figure 10 shows the percent of customers within each usage block and the projected usage by each block based on the billing data analysis and demand projection. The left axis corresponds to the total annual usage expected to fall within each monthly usage group, presented as bars, and the right axis shows the percent of accounts within each monthly usage group, presented as an orange line. As shown, customer bills with over 70 CCF of monthly usage represent just 2.8-percent of accounts but are responsible for approximately 1.85 million CCF of demands, constituting 13.7-percent of total SFR sales.

Figure 10 SFR Projected Usage

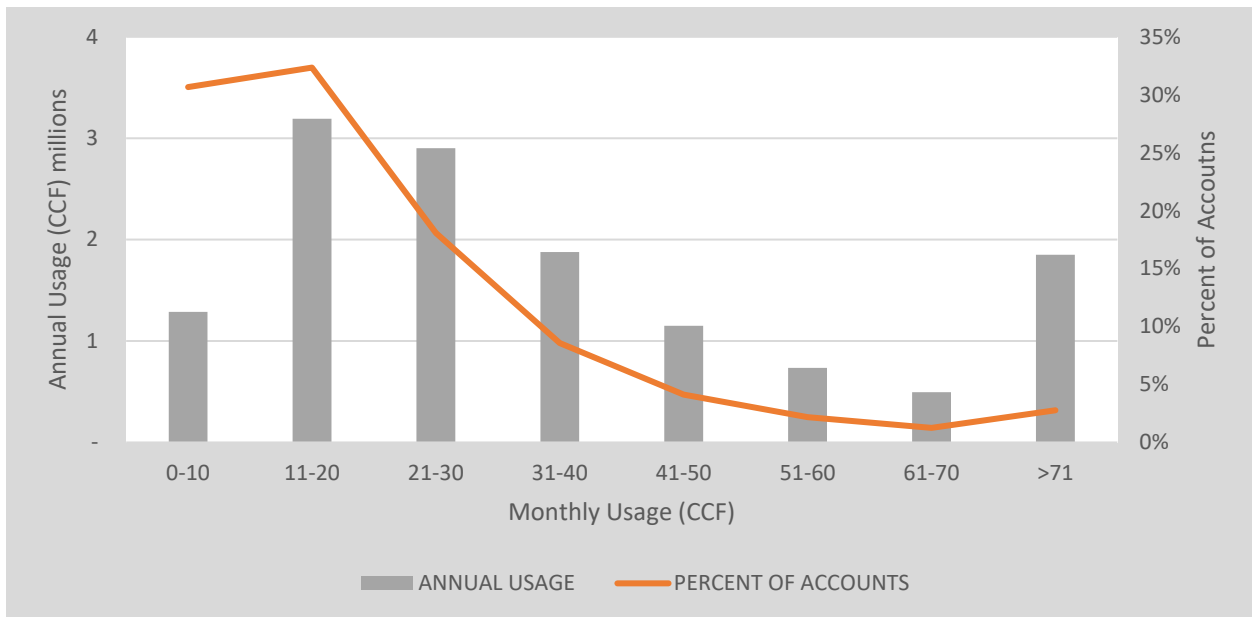
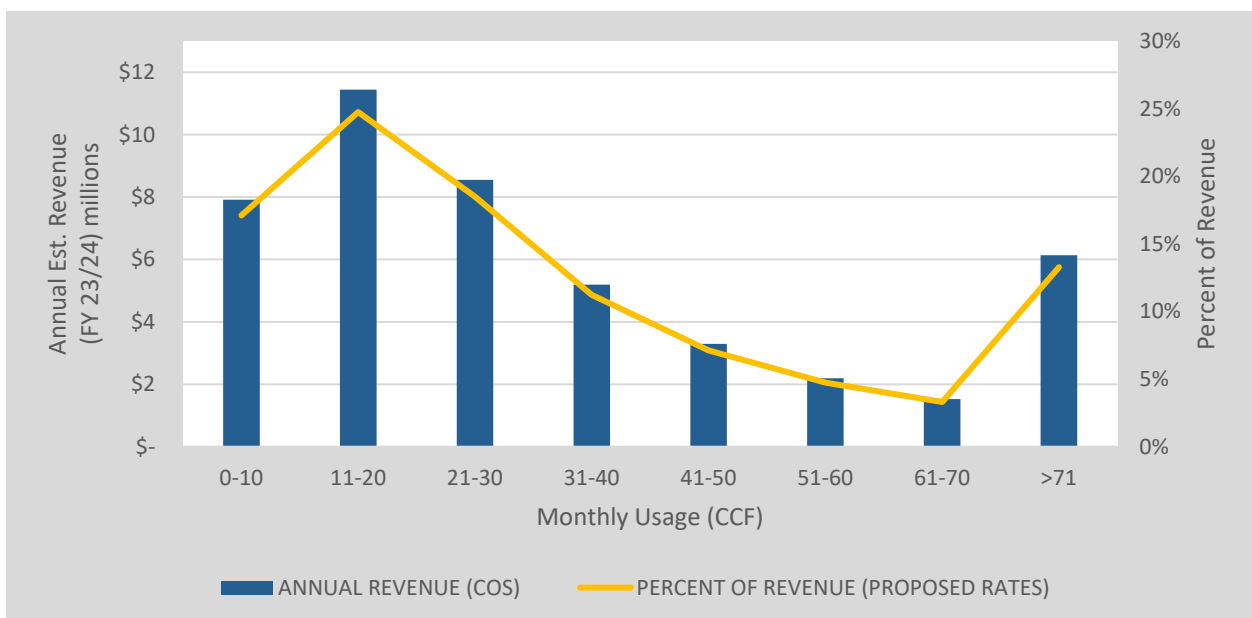


Figure 11 shows the revenue generated by SFR users, in the same 10 CCF blocks, including both fixed and variable revenues for FY 2023/24. The left axis corresponds to the blue bars that show the annual revenue expected from users within each usage group. The right axis corresponds to the orange line that shows the percent of annual revenues from users within each group.

As shown, under the proposed rates customers with monthly use over 70 CCF would pay approximately \$6.1 million in fixed and variable charges, making up approximately 13.3-percent of SFR revenues. This percentage is slightly less than the 13.5-percent of revenues generated by those users under the current rates.

Figure 11 SFR Projected Revenue by Monthly Usage



5.3.4.5 Single Family Bill Impact Analysis

Due to the changes in the rate structure, monthly bill impacts will vary for specific customers based on their level of usage, seasonal peaking, and meter size. The primary rate structure updates, and their impact on customer bills is discussed below. Note that the calculated bills and impacts presented within this report do not include RPU's Water Conservation Surcharge.

An analysis was completed to assess and understand the impact of the rate structure updates across a wide variety of customers with differing usage levels and meter sizes.

Factors influencing SFR bill impacts:

Decreased Tier 1 Allotment: The decrease of the Tier 1 breakpoint from 9 CCF to 8 CCF will impact customers whose usage typically falls above 8 CCF per month. Due to the lowered breakpoint, more of their usage will be charged at the higher Tier 2 rate rather than the Tier 1 rate. A portion of this increase will be offset by the change in the Tier 1 rate, which will drop to \$1.26 in FY 2023/24 from the current rate of \$1.30.

Tier 2 and 3 Pricing: Unit costs for each supply source have come together since the previous study leading to less incremental increase from Tier 2 to Tier 3. Less overall costs allocated to supply resiliency capital, O&M, and debt service as compared to the previous COSA. These changes result in a larger increase to the Tier 2 rate and a relatively smaller increase in the Tier 3 Summer rate and a small reduction in the Tier 3 Winter Rate. These changes result in year 1 bill impacts slightly higher than the systemwide increases for bills with demands between approximately 20 and 60 CCF.

Along with an analysis of bills at all monthly consumption levels between 0 CCF and 500 CCF, bill impacts were calculated for various winter and summer percentiles, defined as the levels of consumption at which a given percentage of customers fall at or below. For example, the 10th percentile corresponds to monthly usage of 5 CCF or below in the winter and 6 CCF or below in the summer. The customer attributes for each percentile are shown below in Table 41.

Table 41 Single Family Test Customers

| Percentile | Assumed Meter Size | Winter CCF | Summer CCF | Average Annual Use |
|---------------|--------------------|------------|------------|--------------------|
| 10th | 3/4" & 5/8" | 5 | 6 | 6 |
| 20th | 3/4" & 5/8" | 8 | 12 | 10 |
| 50th (Median) | 3/4" & 5/8" | 13 | 20 | 17 |
| 75th | 1" | 22 | 32 | 27 |
| 90th | 1" | 34 | 49 | 42 |

Figure 12 demonstrates seasonal consumption by number of accounts (left axis) and the cumulative percent of accounts (right axis). As shown, the usage distribution varies based on the season with more accounts at higher levels of monthly consumption in the summer, and more accounts at lower levels of consumption in the winter.

Figure 12 SFR Monthly Usage Distribution

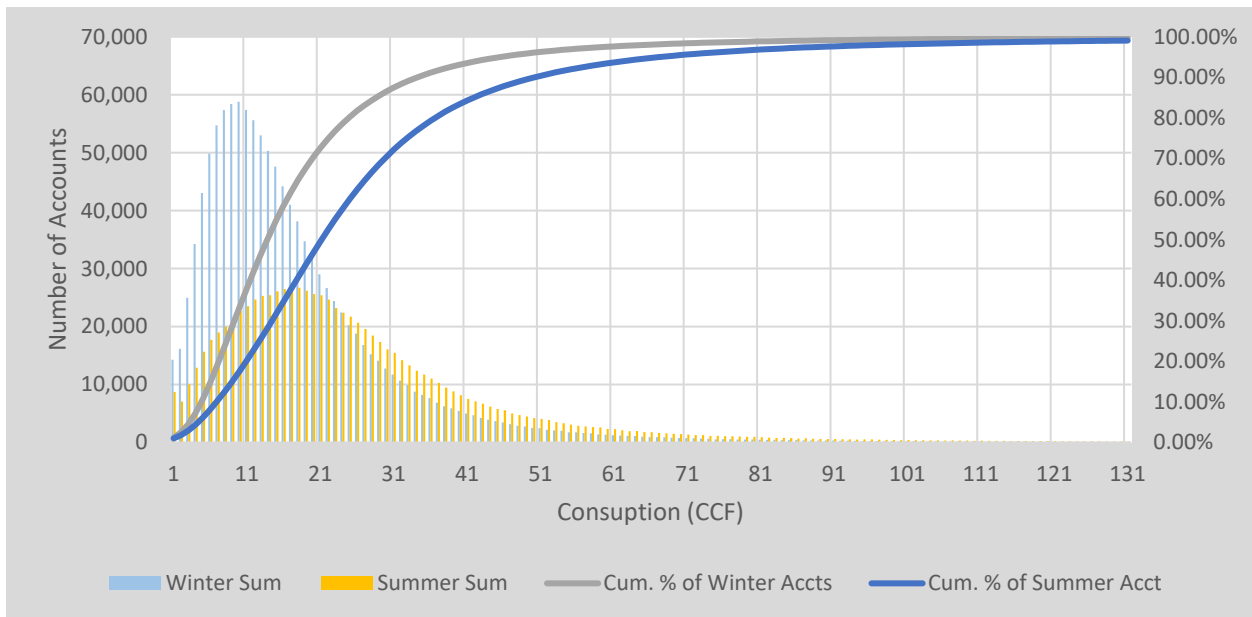


Figure 13 below shows the average demands of customer accounts at each usage level with their corresponding average monthly bill currently and forecasted for beginning and end of this rate-setting period. On an annual average basis, the majority of customers, about 90 percent, use less than 34 CCF per month in the winter and 49 CCF per month in the summer.

Figure 13 SFR Average Monthly Bill by Usage Percentile

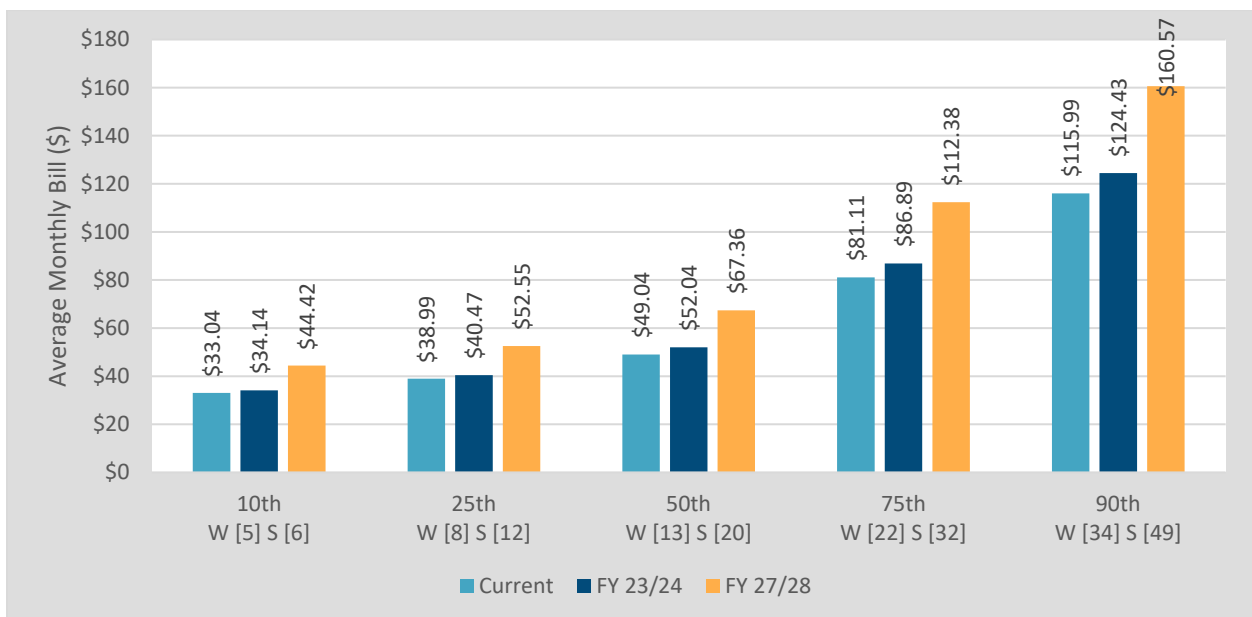


Figure 14 and Figure 15 present this bill impact as a dollars-per-month forecasted change and annual bill percentage change, respectively. In FY 2023/24 (Year 1), the average monthly bill for a 50th percentile (median) customer will increase by \$3.00 per month in FY 2023/24 (Year 1) and an average of \$3.83 per month in FY 2024/25 to FY 2027/28 (Years 2 to 5).

The annual bill change for FY 2023/24 (Year 1) is highest for customers using above the 50th percentile due to the Tier 2 and Tier 3 rate increases. However, the annual bill change for FY 2024/25 to FY 2027/28 (Years 2 to 5) remains nearly constant.

Figure 14 SFR Increase in Average Monthly Bill

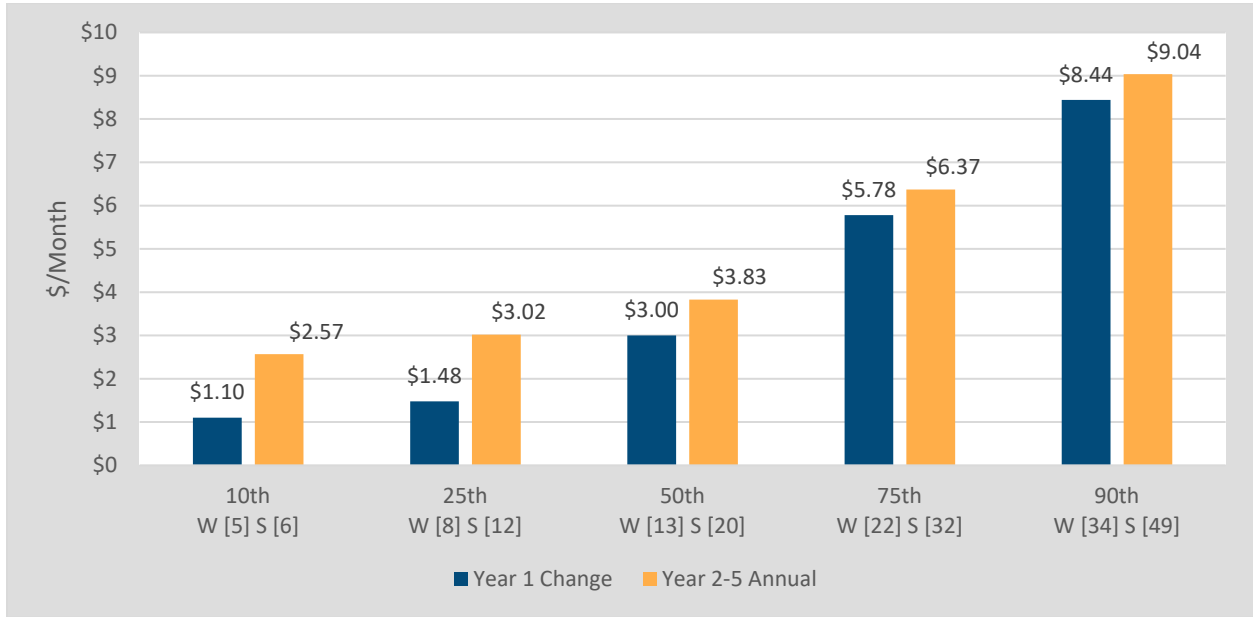


Figure 15 SFR Annual Bill Increase

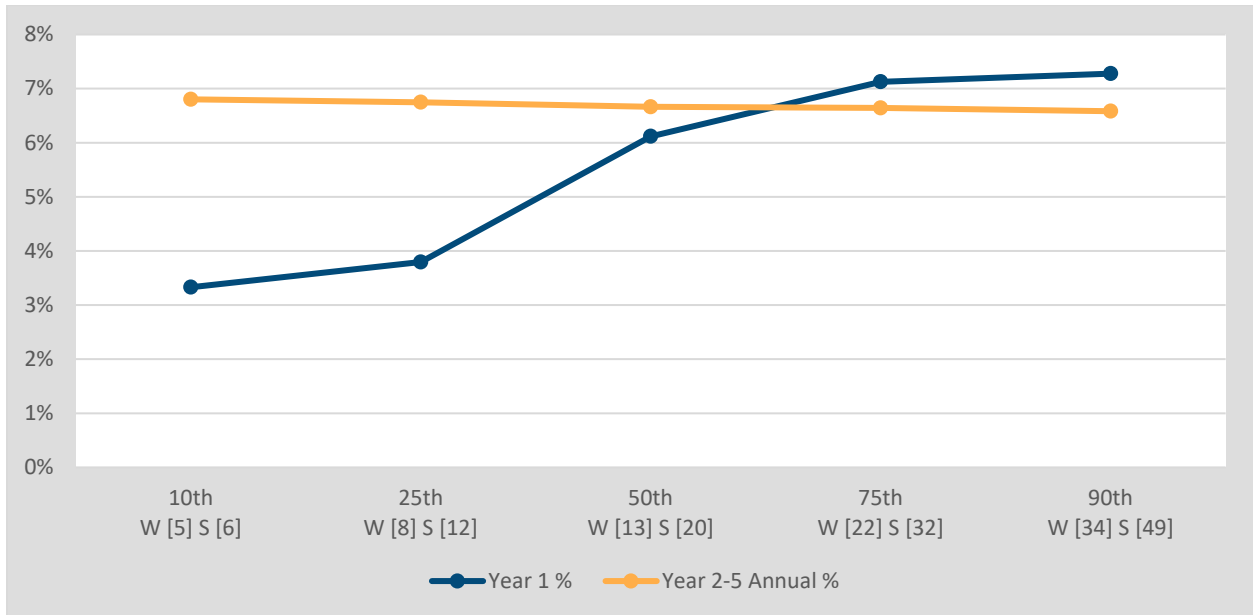


Table 42 presents the average monthly bills for each user under the current rates and under the proposed rates in FY 2023/24 (Year 1) and in FY 2027/28 (Year 5). Also shown are the percentage increases in Year 1 and the average percentage increases for Years 2 through 5.

Table 42 Single Family Monthly Bill Impacts

| Customer Size | CCF Usage Win Sum | Avg Monthly (Current) | Avg Monthly (Year 1) | Annual Avg % (Year 1) | Avg Monthly (Year 5) | Annual Avg % (Year 2-5) | 5-Year Annualized Increase |
|---------------|------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-------------------------------|----------------------------------|
| 10th | 5 6 | \$33.04 | \$34.14 | ↑3.3% | \$44.42 | ↑6.8% | \$2.28 |
| 25th | 8 12 | 38.99 | 40.47 | ↑3.8% | 52.55 | ↑6.7% | \$2.71 |
| 50th (Median) | 13 20 | 49.04 | 52.04 | ↑6.1% | 67.36 | ↑6.7% | \$3.66 |
| 75th | 22 32 | 81.11 | 86.89 | ↑7.1% | 112.38 | ↑6.6% | \$6.25 |
| 90th | 34 49 | 115.99 | 124.43 | ↑7.3% | 160.57 | ↑6.6% | \$8.92 |

5.3.5 Multi-Family Residential Rates

Due to the high variance in account characteristics among individual customers, traditional tiered rate structures are often not a good fit for multi-family accounts. While multi-family usage is relatively homogeneous per dwelling unit, the number of units per complex varies widely. Relying only on account total information to develop and impose rates would penalize large complexes rather than excessive use or peaking. Therefore, tiered rate structures for multi-family accounts are typically developed based on allotments per dwelling unit rather than allotments per account.

RPU’s multi-family rates are applied to residential users with two, three, or four dwelling units served by a common meter. Multi-family connections with more than four dwelling units are grouped into the WA-6 Commercial rate code and charged based on those rates.

5.3.5.1 Proposed Multi-Family Rates

The proposed rates have been developed within the existing two-tiered inclining block structure, with rates that vary seasonally. The per dwelling unit CCF allotments will remain constant throughout the year. The proposed tier allotments have been set based on water needs for each customer and on the actual usage patterns observed in the customer billing data. Setting tier allotments on a per dwelling unit basis helps to place all accounts on an even playing field and enables tiered rates to appropriately standardize multi-family accounts to target efficiency and peaking, rather than demand alone.

- Tier 1 Allotment – Indoor Usage: The proposed tier one allotment is 6 CCF per account per month. This allotment was calculated based on an assumed 3 persons per household and 47 gallons per capita per day.
- Tier 2: Any usage above 6 CCF per dwelling unit will be charged the tier two rate.

Similar to SFR rates, seasonal adjustment of the tier two rates helps to promote year-round efficient water usage. The seasonal adjustment to the rates was made by allocating a greater share of costs to the tier three summer rate based on the annualized summer to annual average usage peak factor.

The rate calculation for the multi-family rates follows a process nearly identical to that outlined for the SFR rates above, but with only two tiers rather than three. Detailed calculations for the multi-family rates are included for reference in the Appendix. Table 43 below shows the proposed multi-family rates.

Table 43 Proposed Multi-Family Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---------------------|----------|------------|------------|------------|------------|------------|
| Winter Rates | | | | | | |
| Tier 1 | \$1.30 | \$1.26 | \$1.34 | \$1.43 | \$1.52 | \$1.62 |
| Tier 2 | 1.87 | 1.94 | 2.07 | 2.20 | 2.34 | 2.49 |
| Summer Rates | | | | | | |
| Tier 1 | \$1.30 | \$1.26 | \$1.34 | \$1.43 | \$1.52 | \$1.62 |
| Tier 2 | 2.12 | 2.23 | 2.37 | 2.52 | 2.69 | 2.86 |

5.3.5.2 Multi-Family Bill Impact Analysis

Monthly bill impacts will vary for specific customers based on their level of usage, seasonal peaking, and meter size. An analysis was completed in order to assess and understand the impact of the rate structure updates across a wide variety of customers with differing usage levels and meter sizes. Bill impacts were calculated for various winter and summer percentiles, defined as the levels of consumption at which a given percentage of customers fall at or below. For example, the 10th percentile corresponds to monthly usage of 9 CCF or below in the winter and 12 CCF or below in the summer. The customer attributes for each percentile are shown below in Table 44.

Table 44 Multi-Family Test Customers

| Percentile | Assumed Meter Size | Assumed Dwelling Units | Winter CCF | Summer CCF | Average Annual Use |
|---------------|--------------------|------------------------|------------|------------|--------------------|
| 10th | 3/4" & 5/8" | 2 | 9 | 12 | 11 |
| 20th | 3/4" & 5/8" | 2 | 14 | 18 | 16 |
| 50th (Median) | 3/4" & 5/8" | 3 | 22 | 28 | 25 |
| 75th | 1" | 3 | 34 | 42 | 38 |
| 90th | 1" | 4 | 48 | 61 | 55 |

Figure 16 below shows the average demands of customer accounts at each usage level with their corresponding average monthly bill currently and forecasted for beginning and end of this rate-setting period. On an annual average basis, the majority of customers, about 90 percent, use less than 48 CCF per month in the winter and 61 CCF per month in the summer.

Figure 16 MFR Average Monthly Bill by Usage Percentile

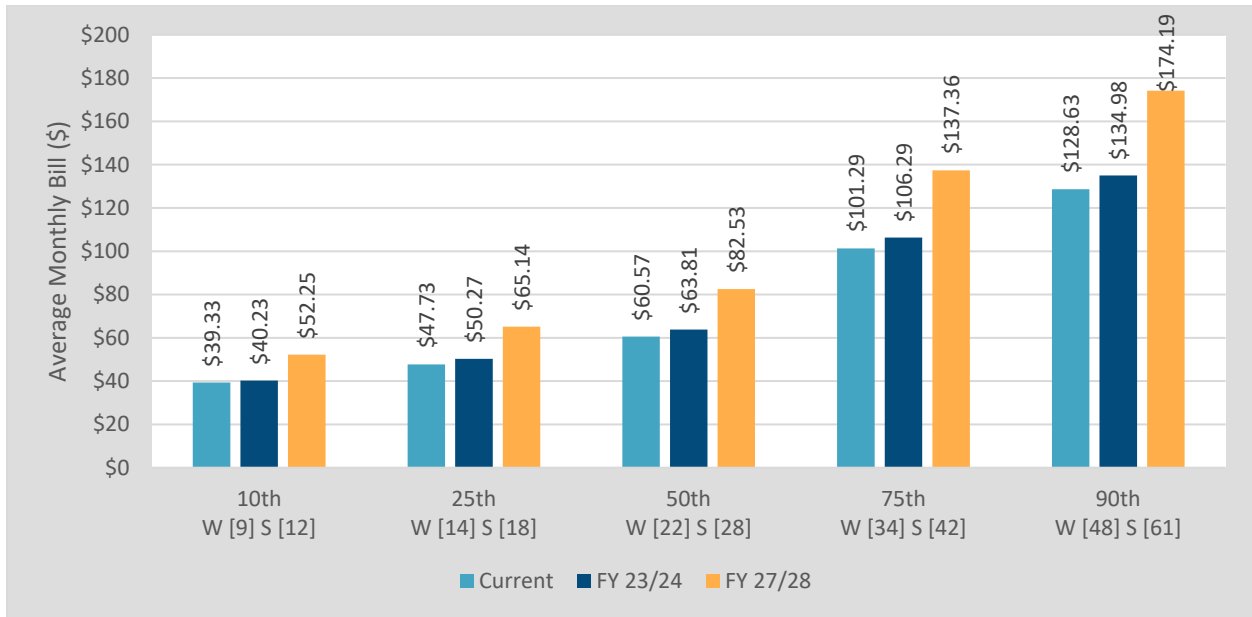


Figure 17 and Figure 18 present this bill impact as a dollars-per-month forecasted change and annual bill percentage change, respectively. In FY 2023/24 (Year 1), the average monthly bill for a 50th percentile (median) customer will increase by \$3.24 per month in FY 2023/24 (Year 1) and an average of \$4.68 per month in FY 2024/25 to FY 2027/28 (Years 2 to 5).

Figure 17 MFR Increase in Average Monthly Bill

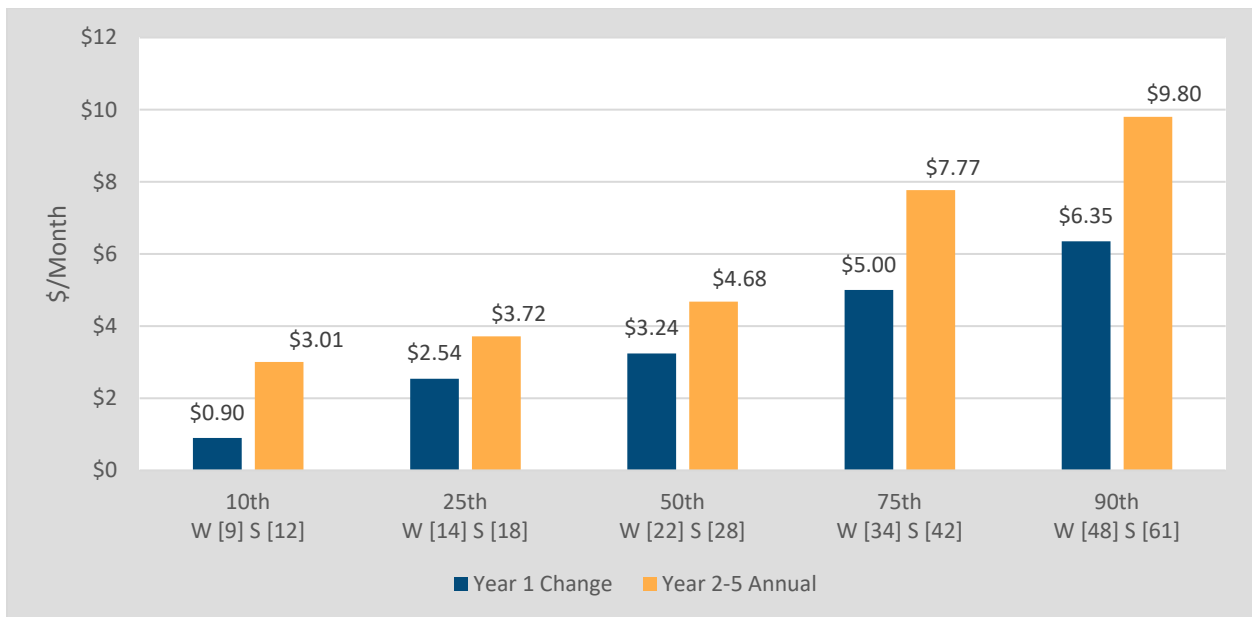


Figure 18 MFR Annual Bill Increase

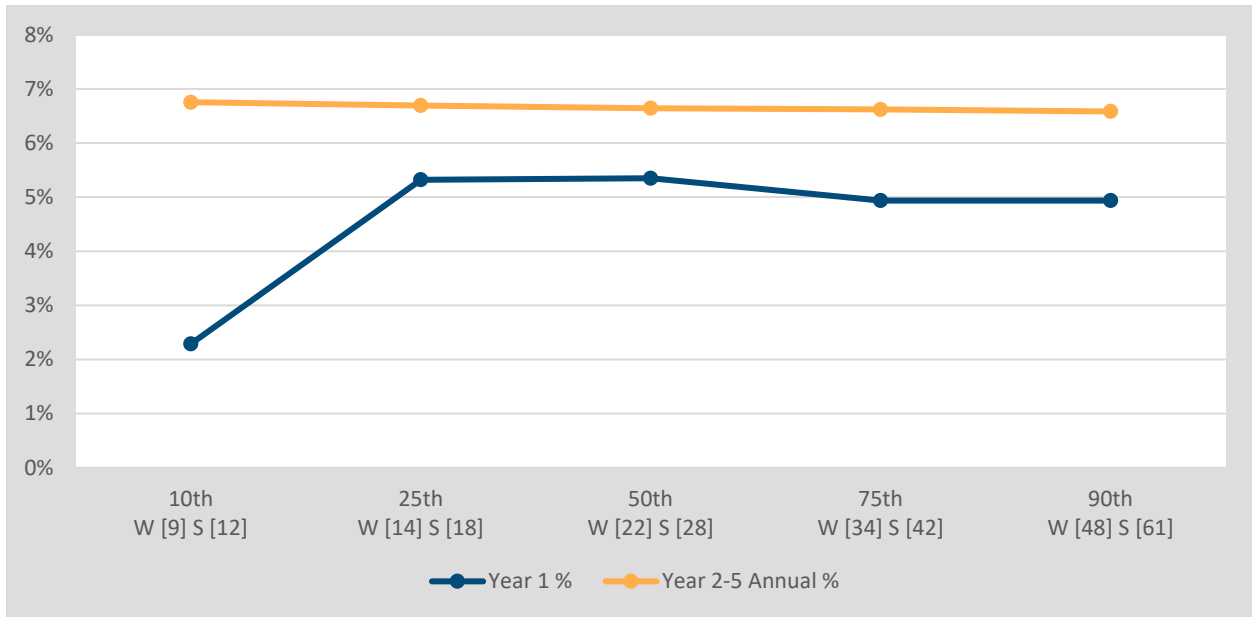


Table 45 below presents the average monthly bills for each user under the current rates and under the proposed rates in FY 2023/24 (Year 1) and in FY 2027/28 (Year 5). Also shown are the percentage increases in Year 1 and the average percentage increases for Years 2 through 5.

Table 45 Multi-Family Monthly Bill Impacts

| Customer Size | CCF Usage Win Sum | Dwelling Units | Avg Monthly (Current) | Avg Monthly (Year 1) | Annual Avg % (Year 1) | Avg Monthly (Year 5) | Annual Avg % (Year 2-5) | 5-Year Annualized Increase |
|---------------|---------------------|----------------|-----------------------|----------------------|-----------------------|----------------------|-------------------------|----------------------------|
| 10th | 9 12 | 2 | \$39.33 | \$40.23 | ↑2.3% | \$52.25 | ↑6.8% | \$2.58 |
| 25th | 14 18 | 2 | 47.73 | 50.27 | ↑5.3% | 65.14 | ↑6.7% | \$3.48 |
| 50th (Median) | 22 28 | 3 | 60.57 | 63.81 | ↑5.3% | 82.53 | ↑6.6% | \$4.39 |
| 75th | 34 42 | 3 | 101.29 | 106.29 | ↑4.9% | 137.36 | ↑6.6% | \$7.21 |
| 90th | 48 61 | 4 | 128.63 | 134.98 | ↑4.9% | 174.19 | ↑6.6% | \$9.11 |

5.3.6 Commercial and Industrial Rates

Commercial and industrial users are charges using a seasonally adjusted uniform rate. Due to the large degree of demand variability between non-residential users, tiered rate structures are typically not applicable to commercial and industrial rate codes. The proposed rates maintain the current structure with a seasonally adjusted uniform rate with an adjustment to the calculation determining the seasonal adjustment consistent with the calculation for SFR and MFR.

5.3.6.1 Proposed Commercial and Industrial Rates

The proposed Commercial and Industrial rates are calculated in a manner similar to the SFR rates shown above, however the calculation can be simplified because the proposed rates are uniform rather than tiered. As an example, Table 46 below shows the calculation of the Commercial and Industrial rates for FY 2023/24. Detailed calculations of the Commercial and Industrial rates are provided for reference in the Appendix.

Table 46 Commercial and Industrial Rate Calculation (FY 2023/24)

| | Total | Winter | Summer |
|--|------------------|------------------|------------------|
| Seasonal Factor (For Max Day and Max Hour) | | 1.00 | 1.30 |
| Allocated Rev. Req. (\$ thousands) | | | |
| Base | \$3,344 | \$1,733 | \$1,610 |
| Max Day | 3,268 | 1,480 | 1,788 |
| Max Hour | 936 | 424 | 512 |
| Supply 1 | 1,072 | 555 | 516 |
| Supply 2 | 1,059 | 549 | 510 |
| Supply 3 | 3,005 | 1,558 | 1,447 |
| Supply 4 | 891 | 462 | 429 |
| Supply Sustainability | 347 | 180 | 167 |
| Total Rev. Req. | \$13,921 | \$6,941 | \$6,980 |
| Projected Usage (CCF) | 7,357,736 | 3,814,280 | 3,543,456 |
| Rate | | \$1.82 | \$1.97 |

Notes:

(1) Totals may be off due to rounding.

Table 47 below shows the proposed Commercial and Industrial rates for each year of the rate plan. Detailed calculations for other years are included for reference in the Appendix.

Table 47 Proposed Commercial and Industrial Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---------------------|----------|------------|------------|------------|------------|------------|
| Winter Rates | | | | | | |
| All Usage | \$1.58 | \$1.82 | \$1.92 | \$2.03 | \$2.15 | \$2.27 |
| Summer Rates | | | | | | |
| All Usage | \$1.84 | \$1.97 | \$2.08 | \$2.20 | \$2.33 | \$2.46 |

Notes:

(1) Totals may be off due to rounding.

5.3.6.2 Commercial and Industrial Bill Impact Analysis

An analysis was completed in order to assess and understand the impact of the rate structure updates across a wide variety of customers with differing usage levels and meter sizes. Bill impacts were calculated for various winter and summer percentiles, defined as the levels of consumption at which a given percentage of customers fall at or below. For example, the 10th percentile corresponds to monthly usage of 2 CCF or below in the winter and 3 CCF or below in the summer. The customer attributes for each percentile are shown below in Table 48.

Table 48 Commercial and Industrial Test Customers

| Percentile | Assumed Meter Size | Winter CCF | Summer CCF | Average Annual Use |
|---------------|--------------------|------------|------------|--------------------|
| 10th | 3/4" & 5/8" | 2 | 3 | 3 |
| 20th | 3/4" & 5/8" | 9 | 11 | 10 |
| 50th (Median) | 1" | 33 | 41 | 37 |
| 75th | 2" | 102 | 133 | 118 |
| 90th | 3" | 285 | 360 | 323 |

Figure 19 below shows the average demands of customer accounts at each usage level with their corresponding average monthly bill currently and forecasted for beginning and end of this rate-setting period. On an annual average basis, the majority of customers, about 90 percent, use less than 285 CCF per month in the winter and 360 CCF per month in the summer.

Figure 19 Commercial/Industrial Average Monthly Bill by Usage Percentile

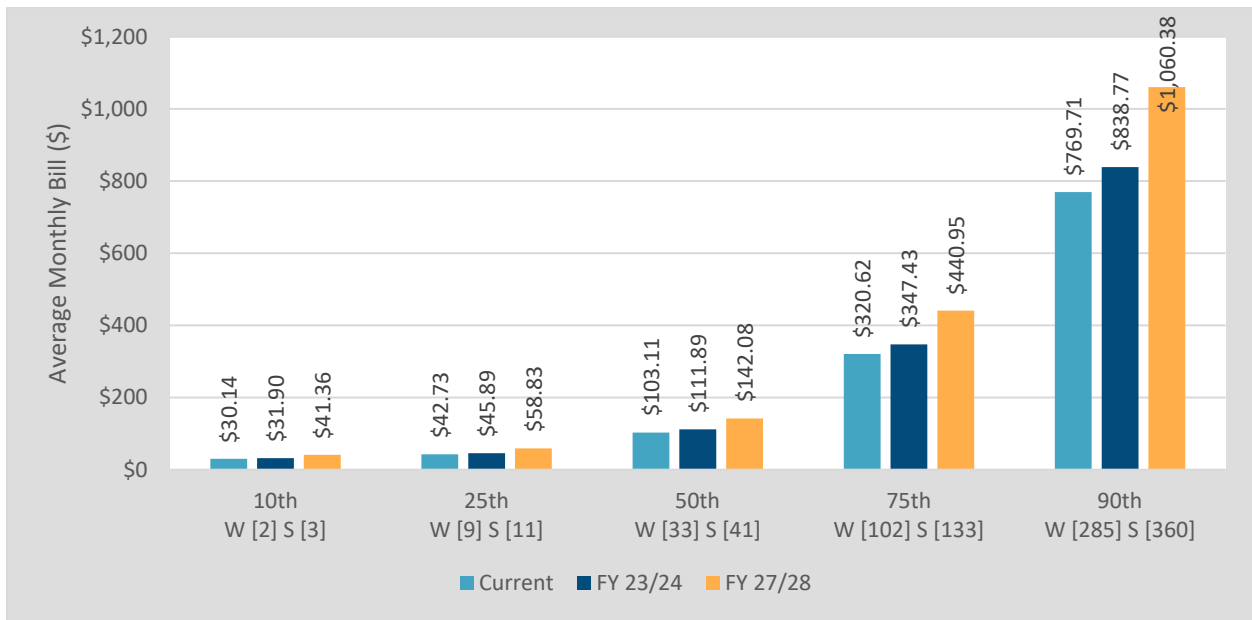


Figure 20 and Figure 21 present this bill impact as a dollars-per-month forecasted change and annual bill percentage change, respectively. In FY 2023/24 (Year 1), the average monthly bill for a 50th percentile (median) customer will increase by \$8.78 per month in FY 2023/24 (Year 1) and an average of \$7.55 per month in FY 2024/25 to FY 2027/28 (Years 2 to 5).

Figure 20 Commercial/Industrial Increase in Average Monthly Bill

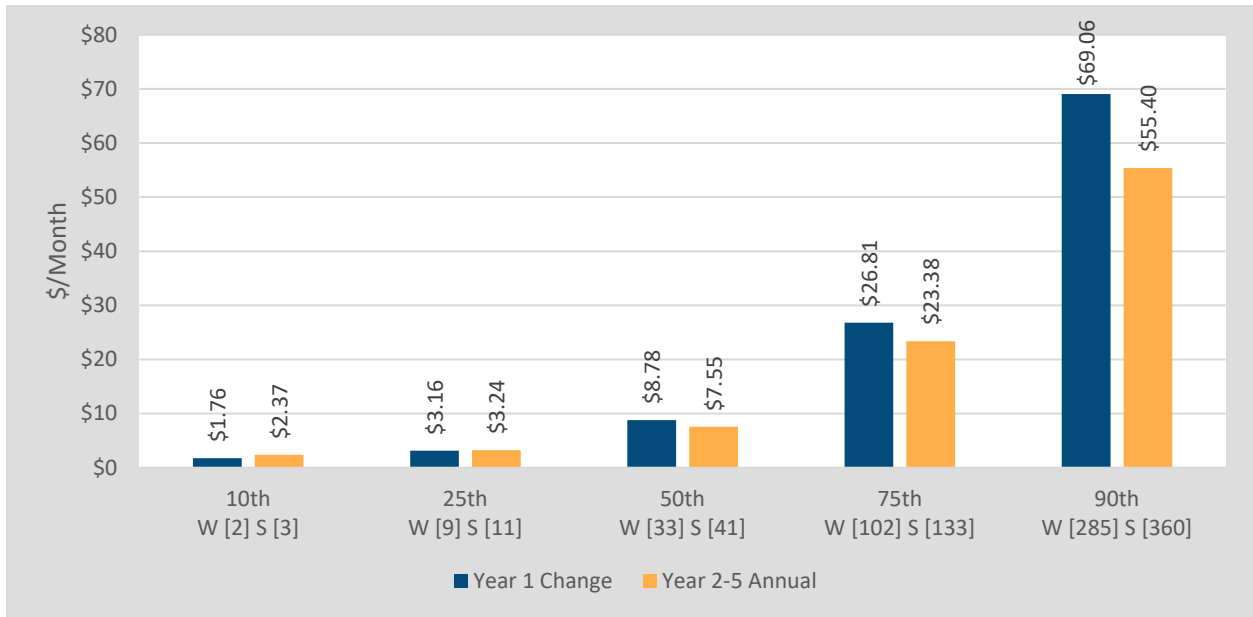


Figure 21 Commercial/Industrial Annual Bill Increase

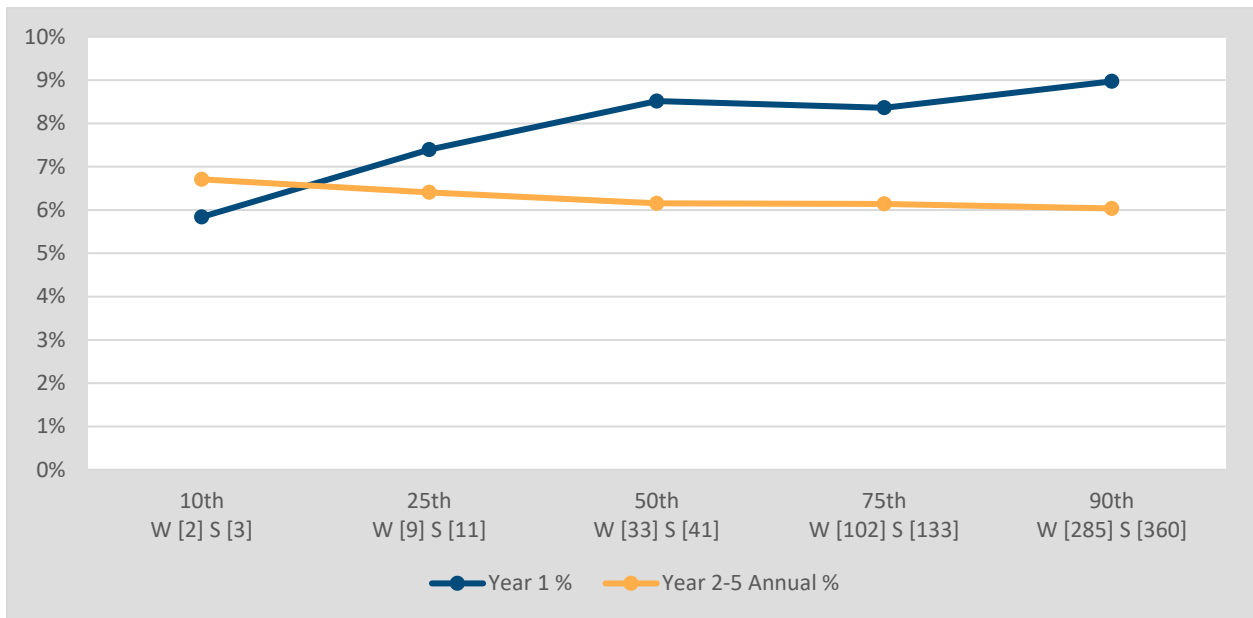


Table 49 below presents the average monthly bills for each user under the current rates and under the proposed rates in FY 2023/24 (Year 1) and in FY 2027/28 (Year 5). Also shown are the percentage increases in Year 1 and the average percentage increases for Years 2 through 5.

Table 49 Commercial/Industrial Monthly Bill Impacts

| Customer Size | CCF Usage Win Sum | Avg Monthly (Current) | Avg Monthly (Year 1) | Annual Avg % (Year 1) | Avg Monthly (Year 5) | Annual Avg % (Year 2-5) | 5-Year Annualized Increase |
|---------------|------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-------------------------------|----------------------------------|
| 10th | 2 3 | \$30.14 | \$31.90 | ↑5.8% | \$41.36 | ↑6.7% | \$2.24 |
| 25th | 9 11 | 42.73 | 45.89 | ↑7.4% | 58.83 | ↑6.4% | \$3.22 |
| 50th (Median) | 33 41 | 103.11 | 111.89 | ↑8.5% | 142.08 | ↑6.2% | \$7.79 |
| 75th | 102 133 | 320.62 | 347.43 | ↑8.4% | 440.95 | ↑6.1% | \$24.07 |
| 90th | 285 360 | 769.71 | 838.77 | ↑9.0% | 1,060.38 | ↑6.0% | \$58.13 |

5.3.7 Landscape Irrigation Rates

Under the existing rate structure, landscape irrigation users are placed into varying rate classes. Most users fall into the Commercial/Industrial rate class (WA-6) but there are a small number of users flagged as Landscape irrigation accounts previously within the WA-1 (Residential) class. Landscape users typically place a higher peak burden on the water system as they use water heavily in the hottest and driest summer months, with significantly less usage in the winter. Thus, the previous Study appropriately separated Landscape users into a unique rate class that reflects the increased burden that they place on the system.

5.3.7.1 Proposed Landscape Rates

Similar to the seasonal calculation for Commercial/Industrial WA-6, the proposed landscape rates distinguish a winter and summer rate due to their heavy demand during dry months. Table 50 below shows the calculation of the Landscape rates for FY 2023/24. The total volumetric costs allocated to the landscape customers are split between summer and winter based on the annualized summer to annualized winter peak factor. Those seasonal costs are then divided by the projected consumption for each season to calculate the volumetric rates. Detailed calculations of the Landscape rates are provided for reference in the Appendix.

Table 50 Landscape Rate Calculation (FY 2023/24)

| | FY 2023/24 Total | Winter | Summer |
|--|------------------|----------------|----------------|
| Seasonal Factor (For Max Day and Max Hour) | | 1.00 | 1.75 |
| Allocated Rev. Req. (\$ thousands) | | | |
| Base | \$345 | \$153 | \$192 |
| Max Day | 558 | 175 | 383 |
| Max Hour | 100 | 31 | 69 |
| Supply 1 | 95 | 42 | 53 |
| Supply 2 | 94 | 42 | 52 |
| Supply 3 | 357 | 159 | 199 |
| Supply 4 | 106 | 47 | 59 |
| Supply Sustainability | 59 | 26 | 33 |
| Total Rev. Req. | \$1,714 | \$676 | \$1,039 |
| Projected Usage (CCF) | 759,116 | 337,300 | 421,816 |
| Rate | | \$2.00 | \$2.46 |

Notes:

(1) Totals may be off due to rounding.

Table 51 below shows the proposed Landscape rates for each year of the rate plan. Existing rates are included for reference in the Appendix.

Table 51 Proposed Landscape Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---------------------|----------|------------|------------|------------|------------|------------|
| Winter Rates | | | | | | |
| All Usage | \$1.67 | \$2.00 | \$2.11 | \$2.23 | \$2.36 | \$2.49 |
| Summer Rates | | | | | | |
| All Usage | \$2.14 | \$2.46 | \$2.60 | \$2.74 | \$2.90 | \$3.06 |

5.3.7.2 Landscape Irrigation Bill Impact Analysis

Monthly bill impacts will vary for specific customers based on their level of usage, seasonal peaking, and meter size. An analysis was completed in order to assess and understand the impact of the rate structure updates across a wide variety of customers with differing usage levels and meter sizes. Bill impacts were calculated for various winter and summer percentiles, defined as the levels of consumption at which a given percentage of customers fall at or below. For example, the 10th percentile corresponds to monthly usage of 9 CCF or below in the winter and 15 CCF or below in the summer. The customer attributes for each percentile are shown below in Table 52.

Table 52 Landscape Test Customers

| Percentile | Assumed Meter Size | Winter CCF | Summer CCF | Average Annual Use |
|---------------|--------------------|------------|------------|--------------------|
| 10th | 3/4" | 9 | 15 | 12 |
| 20th | 3/4" | 26 | 43 | 35 |
| 50th (Median) | 1.5" | 76 | 130 | 103 |
| 75th | 2" | 175 | 297 | 236 |
| 90th | 3" | 366 | 567 | 466 |

Figure 22 shows the average demands of customer accounts at each usage level with their corresponding average monthly bill currently and forecasted for beginning and end of this rate-setting period. On an annual average basis, the majority of customers, about 90 percent, use less than 366 CCF per month in the winter and 567 CCF per month in the summer.

Figure 22 Landscape Average Monthly Bill by Usage Percentile

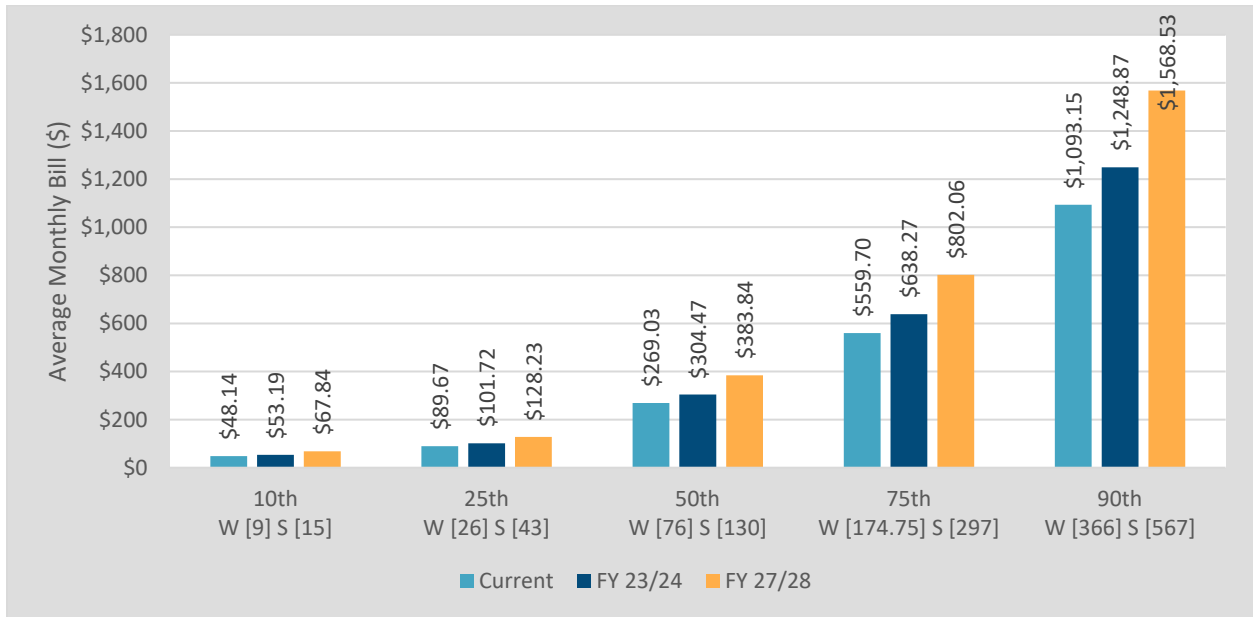


Figure 23 and Figure 24 present this bill impact as a dollars-per-month forecasted change and annual bill percentage change, respectively. In FY 2023/24 (Year 1), the average monthly bill for a 50th percentile (median) customer will increase by \$35.44 per month in FY 2023/24 (Year 1) and an average of \$19.84 per month in FY 2024/25 to FY 2027/28 (Years 2 to 5).

Figure 23 Landscape Increase in Average Monthly Bill

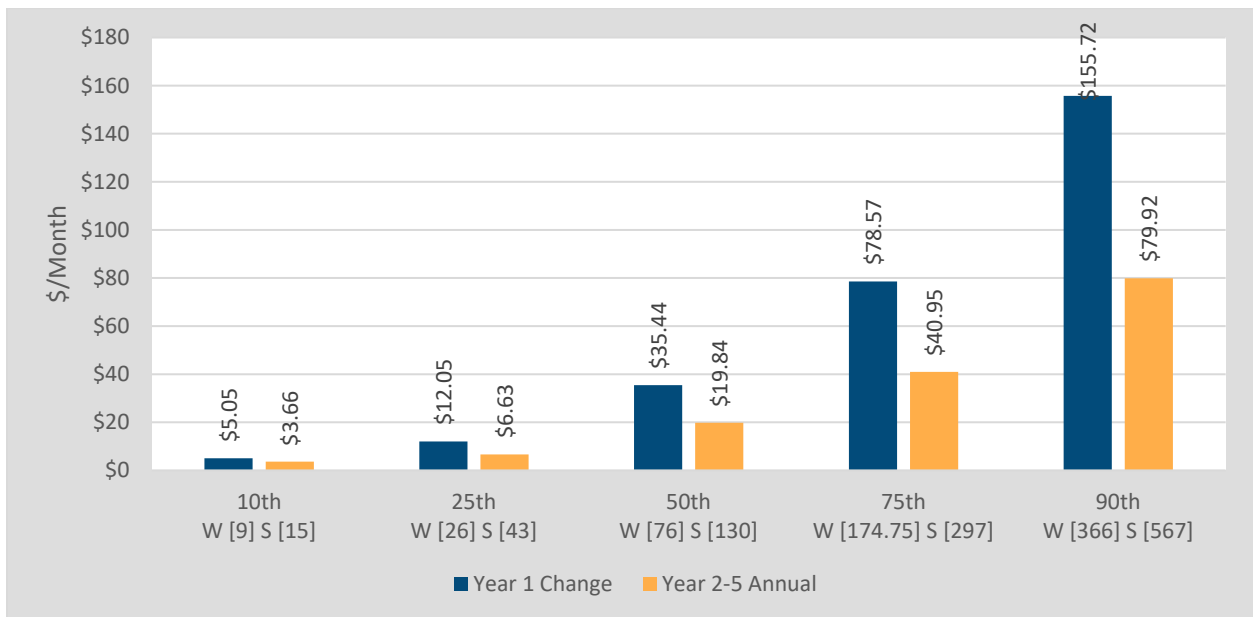


Figure 24 Landscape Annual Bill Increase

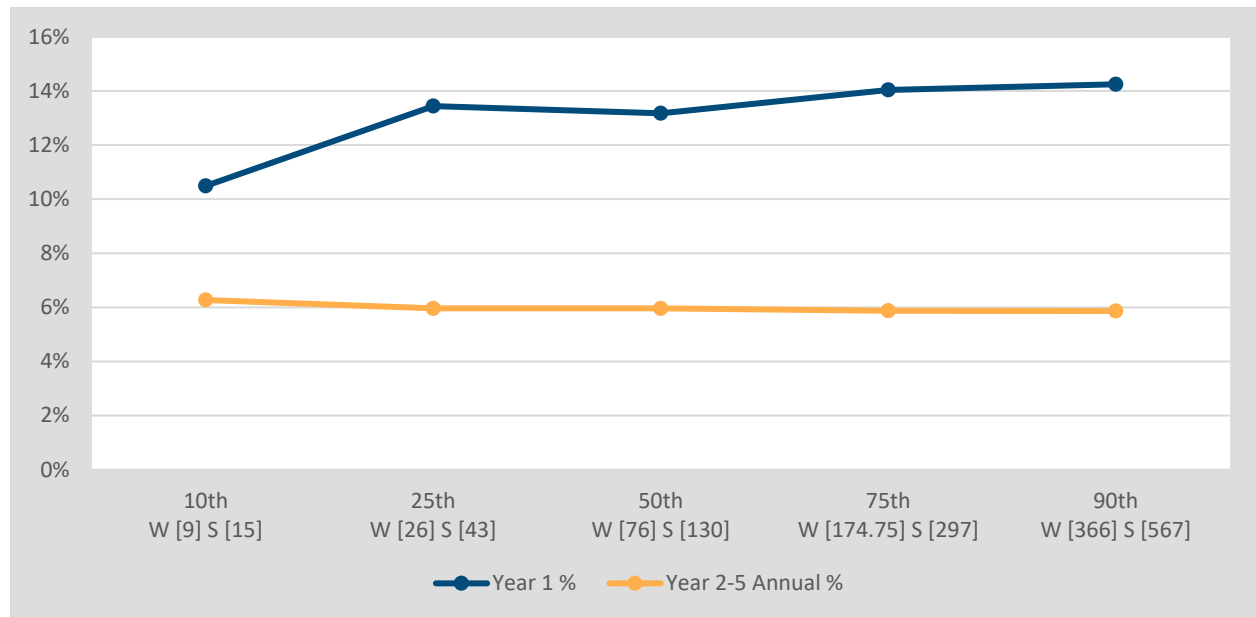


Table 53 below presents the average monthly bills for each user under the current rates and under the proposed rates in FY 2023/24 (Year 1) and in FY 2027/28 (Year 5). Also shown are the percentage increases in Year 1 and the average percentage increases for Years 2 through 5.

Table 53 Landscape Monthly Bill Impacts

| Customer Size | CCF Usage Win Sum | Avg Monthly (Current) | Avg Monthly (Year 1) | Annual Avg % (Year 1) | Avg Monthly (Year 5) | Annual Avg % (Year 2-5) | 5-Year Annualized Increase |
|---------------|---------------------|-----------------------|----------------------|-----------------------|----------------------|-------------------------|----------------------------|
| 10th | 9 15 | \$48.14 | \$53.19 | ↑10.5% | \$67.84 | ↑6.3% | \$3.94 |
| 25th | 26 43 | 89.67 | 101.72 | ↑13.4% | 128.23 | ↑6.0% | \$7.71 |
| 50th (Median) | 76 130 | 269.03 | 304.47 | ↑13.2% | 383.84 | ↑6.0% | \$22.96 |
| 75th | 175 297 | 559.70 | 638.27 | ↑14.0% | 802.06 | ↑5.9% | \$48.47 |
| 90th | 366 567 | 1,093.15 | 1,248.87 | ↑14.2% | 1,568.53 | ↑5.9% | \$95.08 |

5.3.8 Temporary Service Rates

The Temporary Service WA-2 rate class is primarily used by developers or contractors to provide water service for construction sites. The current rate structure consists of a daily meter rental fee of \$13.90 per day, with a maximum rental charge of \$416.87 per month. The rate for all usage is \$2.39 per CCF, there is no monthly fixed charge. Under the proposed rate structure, Temporary Service users would continue to pay a meter rental fee and volumetric charge.

5.3.8.1 Fees and Charges for Fire Hydrant Meters

Temporary service customers at construction sites are served via a metered connection to a fire hydrant. The daily rental fee that they pay includes a component to cover the cost of the 3-inch meter and backflow prevention unit that is connected to serve each customer, as well as a daily fixed service charge component based on the proposed fixed service charges.

The meter cost component is calculated by dividing the annualized cost of the meter by the estimated annual days in service, then applying an adjustment to account for the 11.5 percent general fund transfer. The meter cost component is escalated annually based on the capital escalation factor of 2.85 percent per year. The daily fixed service charge component is calculated by multiplying the proposed monthly charge for a 3-inch meter by 12 and dividing by 360.

Table 54 below shows the calculation of the daily rental fee for FY 2023/24. The maximum monthly charge is calculated by adding 30 days of the daily meter cost with the general fund transfer to the proposed monthly fixed service charge for a 3-inch meter.

Table 54 Temporary Service Daily Rental Fee Calculation (FY 2023/24)

| Daily Rental Fee | FY 2023/24 |
|---|----------------|
| Meter Cost | \$2,603 |
| Depreciable Life (Years) | 5 |
| Annualized Cost | \$521 |
| Utilization | 25% |
| Annual Days in Service | 90 |
| Daily Meter Cost | \$5.78 |
| General Fund Transfer (GFT) | 11.50% |
| Daily Meter Cost with GFT | \$6.45 |
| 3" Meter Charge | \$240.69 |
| Daily Fixed Charge | \$8.02 |
| Total Daily Rental Fee (Sum of Daily Meter Cost with GFT and Daily Fixed Charge) | \$14.47 |
| Maximum Monthly Charge | \$434.14 |

Notes:

(1) Totals may be off due to rounding.

Table 55 below shows the proposed daily rental fees and maximum monthly charges for each year of the rate plan. Detailed calculations of the daily rental fee and maximum monthly charge are included for reference in the Appendix.

Table 55 Proposed Temporary Service Daily Rental Fees and Maximum Monthly Charges

| | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|------------------------|----------|------------|------------|------------|------------|------------|
| Daily Rental Fee | \$13.90 | \$14.47 | \$15.21 | \$15.99 | \$16.81 | \$17.68 |
| Maximum Monthly Charge | 416.87 | 434.14 | 456.19 | 479.55 | 504.39 | 530.47 |

5.3.8.2 Proposed Temporary Service Rates

The proposed Temporary Service rates are calculated using a simplified methodology of the Commercial and Industrial rates above, which is modified because the rates are not seasonally adjusted. As an example, Table 56 below shows the calculation of the Temporary Service rates for FY 2023/24. Detailed calculations of the Temporary Service rates are provided for reference in the Appendix.

Table 56 Temporary Service Rate Calculation (FY 2023/24)

| | FY 2023/24 |
|---|---------------|
| Allocated Rev. Req. (\$ thousands) | |
| Base | \$20 |
| Max Day | 61 |
| Max Hour | 6 |
| Supply 1 | 4 |
| Supply 2 | 4 |
| Supply 3 | 26 |
| Supply 4 | 8 |
| Supply Sustainability | 7 |
| Total Rev. Req. | \$135 |
| Projected Usage (CCF) | 44,394 |
| Rate | \$3.05 |

Notes:

(1) Totals may be off due to rounding.

Table 57 below shows the proposed Temporary Service rates for each year of the rate plan. Though the volumetric charge represents a decrease as compared to the existing rates, imposition of a prorated daily fixed charge will result in an increase overall for most Temporary Service Users.

Table 57 Proposed Temporary Service Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-----------|----------|------------|------------|------------|------------|------------|
| All Usage | \$2.39 | \$3.05 | \$3.27 | \$3.50 | \$3.76 | \$4.03 |

5.3.9 Riverside Water Company Irrigators Rates

The Irrigation metered service WA-4 rates provide service to primarily residential customers located in a specific region of RPU's service area who were shareholders in the Riverside Water Company. When RPU acquired Riverside Water Company and as a condition of acquisition, these customers transferred water rights from the Riverside Water Company to RPU. This rate class is closed to new users and RPU intends to phase it out in accord with the acquisition agreement. The current rate structure is a three-tiered volumetric rate with a tier one allotment of 15 CCF per month, and a tier two allotment of 70 CCF per month. All usage over 70 CCF per month is charges at the tier three rate. The rates are seasonally adjusted.

5.3.9.1 Proposed Riverside Water Company Irrigators Rates

The proposed rates maintain the current structure and update the volumetric rates based on the cost of service analysis. Volumetric rates for each tier are calculated using the same methodology as that used to calculate the SFR rates described previously. Detailed calculations for the rates are included for reference in the Appendix. Table 58 below shows the proposed Riverside Water Company Irrigators rates.

Table 58 Proposed Riverside Water Company Irrigators Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---------------------|----------|------------|------------|------------|------------|------------|
| Winter Rates | | | | | | |
| Tier 1 | \$1.32 | \$1.40 | \$1.50 | \$1.60 | \$1.72 | \$1.84 |
| Tier 2 | 1.54 | 2.14 | 2.30 | 2.47 | 2.65 | 2.83 |
| Tier 3 | 2.46 | 4.13 | 4.43 | 4.75 | 5.10 | 5.46 |
| Summer Rates | | | | | | |
| Tier 1 | \$1.32 | \$1.40 | \$1.50 | \$1.60 | \$1.72 | \$1.84 |
| Tier 2 | 1.58 | 2.14 | 2.30 | 2.47 | 2.65 | 2.83 |
| Tier 3 | 3.17 | 5.30 | 5.69 | 6.10 | 6.54 | 7.01 |

5.3.10 Interruptible City Irrigation and Recycled Water Rates

In general, interruptible service and rates are most appropriate for customers whose service can be reliably curtailed or service can be shut off without implication for public health and safety. For RPU the accounts that fall into that category are the City irrigation accounts, primarily those for parks and medians irrigation, and recycled water accounts, because the water consumed is used exclusively for irrigation. Equally as important, because the City is the customer, RPU has certainty that service can be shut off on demand for extended periods of time without breaching service requirements or agreements.

After the previous Study, Recycled water users WA-10 combined with Interruptible WA-7 users because of their similarities in usage patterns, customer characteristics, and the level of service provided.

The rates for WA-7 and WA-10 users are developed to reflect the interruptible nature of the service, and therefore do not include costs associated with supply resiliency. In the event that system wide usage must be curtailed, or if a system failure or other event leads to a decrease in available supplies, the interruptible accounts can be shut off, leaving their share of supply available to serve other users.

5.3.10.1 Proposed Interruptible City Irrigation and Recycled Water Rates

The proposed Interruptible WA-7 and WA-10 rates are calculated using the same methodology as that discussed above for Temporary Service WA-2. As an example, Table 59 below shows the calculation of the Interruptible WA-7 rates for FY 2023/24.

Table 59 Interruptible City Irrigation and Recycled Water Rate Calculation (FY 2023/24)

| | FY 23/24 |
|---|----------------|
| Allocated Rev. Req. (\$ thousands) | |
| Base | \$367 |
| Max Day | 335 |
| Max Hour | 109 |
| Supply 1 | 93 |
| Supply 2 | 92 |
| Supply 3 | 353 |
| Supply 4 | - |
| Supply Sustainability | - |
| Total Rev. Req. | \$1,348 |
| Projected Usage (CCF) | 807,384 |
| Rate | \$1.67 |

Notes:

(1) Totals may be off due to rounding.

Table 60 presents the rates for each year of the rate plan. Detailed calculations of the Interruptible and Recycled WA-7/WA-10 rates are provided for reference in the Appendix.

Table 60 Proposed Interruptible City Irrigation and Recycled Water Rates

| Tier | Existing | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-----------|----------|------------|------------|------------|------------|------------|
| All Usage | \$1.57 | \$1.67 | \$1.77 | \$1.87 | \$1.97 | \$2.09 |

5.3.10.2 Interruptible City Irrigation and Recycled Water Bill Impact Analysis

Monthly bill impacts will vary for specific customers based on their level of usage, seasonal peaking, and meter size. An analysis was completed in order to assess and understand the impact of the rate structure updates across a wide variety of customers with differing usage levels and meter sizes. Bill impacts were calculated for various winter and summer percentiles, defined as the levels of consumption at which a given percentage of customers fall at or below. For example, the 10th percentile corresponds to monthly usage of 5 CCF or below in the winter and 8 CCF or below in the summer. The customer attributes for each percentile are shown in Table 61.

Table 61 Interruptible Irrigation and Recycled Water Test Customers

| Percentile | Assumed Meter Size | Winter CCF | Summer CCF | Average Annual Use |
|---------------|--------------------|------------|------------|--------------------|
| 10th | 3/4" | 5 | 8 | 7 |
| 20th | 3/4" | 15 | 21 | 18 |
| 50th (Median) | 1" | 45 | 66 | 55 |
| 75th | 2" | 134 | 231 | 183 |
| 90th | 3" | 398 | 762 | 580 |

Figure 25 below shows the average demands of customer accounts at each usage level with their corresponding average monthly bill currently and forecasted for beginning and end of this rate-setting period. On an annual average basis, the majority of customers, about 90 percent, use less than 398 CCF per month in the winter and 762 CCF per month in the summer.

Figure 25 Interruptible Irrigation and Recycled Water Average Monthly Bill by Usage Percentile

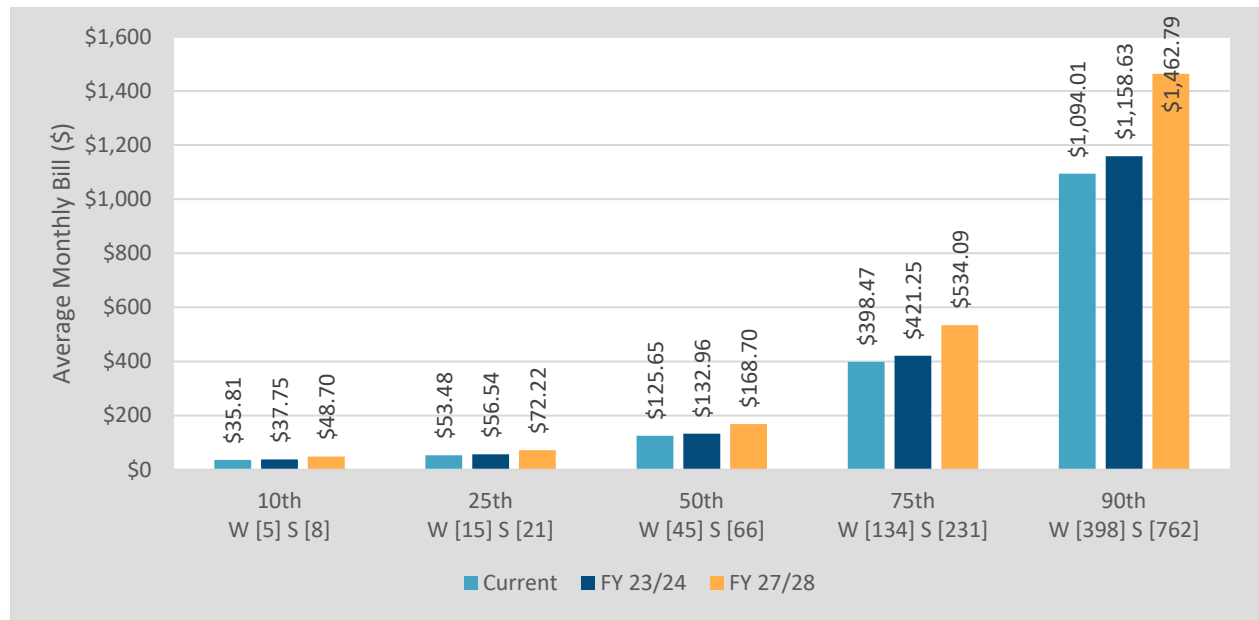


Figure 26 and Figure 27 present this bill impact as a dollars-per-month forecasted change and annual bill percentage change, respectively. In FY 2023/24 (Year 1), the average monthly bill for a 50th percentile (median) customer will increase by \$7.31 per month in FY 2023/24 (Year 1) and an average of \$8.94 per month in FY 2024/25 to FY 2027/28 (Years 2 to 5).

Figure 26 Interruptible Irrigation and Recycled Water Increase in Average Monthly Bill

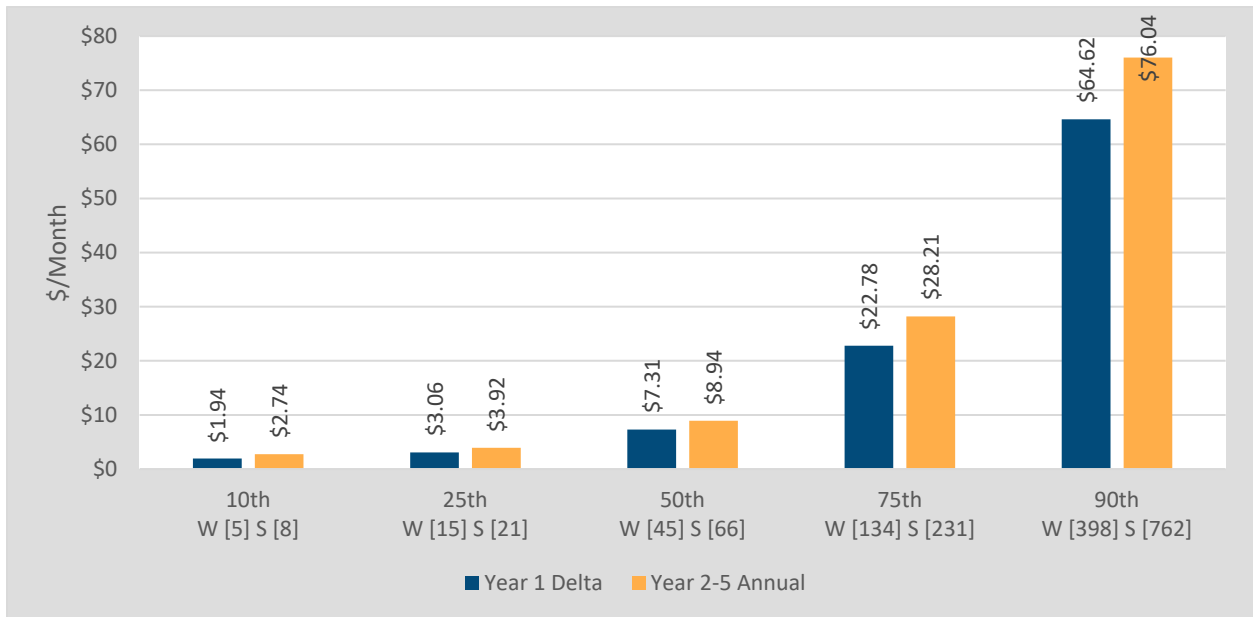


Figure 27 Interruptible Irrigation and Recycled Water Annual Bill Increase

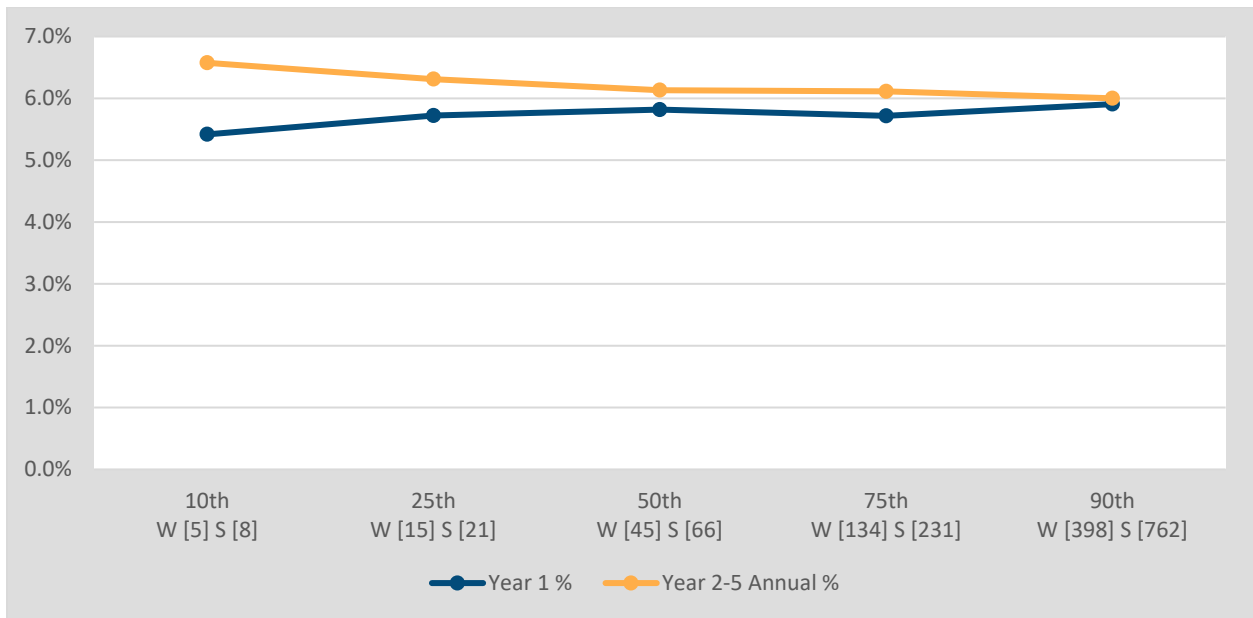


Table 62 presents the average monthly bills for each user under the current rates and under the proposed rates in FY 2023/24 (Year 1) and in FY 2027/28 (Year 5). Also shown are the percentage increases in Year 1 and the average percentage increases for Years 2 through 5.

Table 62 Interruptible Irrigation and Recycled Water Monthly Bill Impacts

| Customer Size | CCF Usage Win Sum | Avg Monthly (Current) | Avg Monthly (Year 1) | Annual Avg % (Year 1) | Avg Monthly (Year 5) | Annual Avg % (Year 2-5) | 5-Year Annualized Increase |
|---------------|------------------------|--------------------------|-------------------------|--------------------------|-------------------------|----------------------------|----------------------------|
| 10th | 5 8 | \$35.81 | \$37.75 | ↑5.4% | \$48.70 | ↑6.6% | \$2.58 |
| 25th | 15 21 | 53.48 | 56.54 | ↑5.7% | 72.22 | ↑6.3% | 3.75 |
| 50th (Median) | 45 66 | 125.65 | 132.96 | ↑5.8% | 168.70 | ↑6.1% | 8.61 |
| 75th | 134 231 | 398.47 | 421.25 | ↑5.7% | 534.09 | ↑6.1% | 27.12 |
| 90th | 398 762 | 1,094.01 | 1,158.63 | ↑5.9% | 1,462.79 | ↑6.0% | 73.76 |

5.4 Outside City Surcharge

Along with customers within the City of Riverside, RPU provides water service to about 4,000 residential, commercial, industrial, and landscape accounts that are located outside of City limits. Because these customers are located outside City limits, RPU incurs additional capital and operating costs to provide them with water service. To recover those costs, the rates charged to outside City users include a percentage surcharge based on the incremental capital and operational costs that they require. The current Outside City Surcharge is 47 percent, thus users pay 1.47 times the In-City rate for comparable service.

5.4.1.1 Proposed Outside City Surcharge

The Outside City Surcharge was updated as a component of the cost of service analysis. The calculation of the updated surcharge includes three main steps: (1) determine the incremental costs associated with providing service to outside City users, (2) determine the amount of revenue generated by outside City users without applying the surcharge, and (3) divide the incremental costs (step 1) by the revenue without the surcharge (step 2) to determine the required Outside City Surcharge. The calculations are completed using the five-year total incremental costs and revenues to provide rate stability.

5.4.1.2 Incremental Costs

The incremental capital and O&M costs were determined based on information provided by RPU’s engineering and operations departments. The Outside City user’s share of capital assets (facilities and pipelines), energy needs, and flow was evaluated based on RPU’s hydraulic model and system schematic. Capital costs are annualized based on accounting depreciation assuming a 50 year life for pipelines and a 30 year life for facilities. The annual cost was then escalated at 2.85 percent per year, consistent with the capital escalation factor used throughout the pro forma and cost of service analysis.

Energy costs are estimated based on the amount of energy required to serve outside City users annually (kWh) and an assumed energy cost. Energy costs are escalated at 2.8 percent per year consistent with the escalation factors in the pro forma. Table 63 summarizes the costs associated with serving outside City users. Detailed calculations of the capital and energy costs are included for reference in the Appendix.

Table 63 Projected Outside City Costs (\$ thousands)

| Outside City Costs | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | Five-Year Total |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Capital Costs | \$2,002 | \$2,059 | \$2,118 | \$2,178 | \$2,240 | \$10,598 |
| Energy Costs | 70 | 72 | 75 | 78 | 81 | 375 |
| Total Outside City Costs | \$2,072 | \$2,131 | \$2,193 | \$2,256 | \$2,321 | \$10,973 |

Notes:

(1) Totals may be off due to rounding.

5.4.1.3 Revenues without Surcharge

The estimated revenues from outside City users without the surcharge were calculated by applying the proposed inside City volumetric rates presented within this report to the projected outside City usage, and adding the expected fixed revenues based on the number of accounts by meter size. Table 64 below summarizes the projected revenues, detailed calculations are included for reference in the Appendix.

5.4.1.4 Surcharge Calculation

The proposed outside City surcharge of 50 percent has been calculated by dividing the total incremental costs for FY 2023/24 through FY 2027/28 by the projected revenues without the surcharge for the same period. Using this five year approach mitigates year-over-year changes to the surcharge, while recovering cost equitably from outside City users. Table 65 below presents the calculation of the proposed Outside City Surcharge, detailed calculations are included for reference in the Appendix.

Table 64 Outside City Revenues Without Surcharge

| Outside City Revenues | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | Five-Year Total |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|
| Total Variable Revenue without Surcharge | \$2,069 | \$2,285 | \$2,462 | \$2,639 | \$2,889 | \$12,344 |
| Total Fixed Revenue without Surcharge | 1,610 | 1,762 | 1,926 | 2,105 | 2,298 | 9,702 |
| Total Outside City Without Surcharge | \$3,680 | \$4,046 | \$4,388 | \$4,744 | \$5,187 | \$22,046 |

Notes:

(1) Totals may be off due to rounding.

Table 65 Outside City Surcharge Calculation

| Outside City Costs | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | Five-Year Total |
|--------------------------------------|------------|------------|------------|------------|------------|-----------------|
| Total Revenues Without Surcharge | \$3,680 | \$4,046 | \$4,388 | \$4,744 | \$5,187 | \$22,046 |
| Surcharge Costs to Collect | \$2,072 | \$2,131 | \$2,193 | \$2,256 | \$2,321 | 10,973 |
| Required Percentage Surcharge | | | | | | 50% |

Notes:

(1) Totals may be off due to rounding.

5.5 Demand Reduction Rates

Due to the variability of water demand and need for financial resiliency, the COSA developed demand reduction rates. The demand reduction rates are an alternate set of monthly fixed charges and variable rates that may be imposed by RPU during levels of extreme water demand reductions, taking the place of the normal rate structure. The objective of these rates is to provide cost recovery to the agency if customers' potable water usage declines as a result of expanded or future water shortage conditions. As discussed previously, many of RPU's costs are fixed, in that they do not fluctuate with changes in water demands.

The demand reduction rates would be adopted by the City Council along with the normal rates through the Proposition 218 process but would not be charged to customers automatically. Rather, the rates would be approved and available for implementation by the Council if needed. When the Council implements the WSCP or when it reviews or changes the WSCP stage, they could optionally implement the corresponding drought rates to mitigate potential revenue shortfalls.

Based on an extreme water curtailment period, the RPU estimated three potential demand reduction scenarios. Because the ongoing drought has led to projected water usage that is much lower than historic norms, additional cutbacks in the drought scenarios have been capped to 30 percent.

Demand Reduction Stage 1 would equate to a slight reduction in demands (15 percent).

Demand Reduction Stage 2 would equate to a larger reduction in demands (20 percent).

Demand Reduction Stage 3 would equate to the maximum expected reduction in demands (30 percent).

The demand reductions for each stage are set to relate to historic levels of demand based on the average demands for FY 2019/20 through FY 2021/22. Since the overall analysis includes an assumed 10-percent reduction from that level as a baseline assumption, the projected demands for each demand reduction stage are adjusted accordingly. For example, the projected demands for Demand Reduction Stage 1 are calculated assuming an additional 5-percent reduction to the baseline analysis, for a total reduction from historic demands of 15-percent.

To safeguard against these significant financial implications, RPU is proposing to implement the following Demand Reduction Surcharge rates. Once in effect, these surcharges will help to provide revenues needed to continue to meet RPU's expenditures and debt obligations, despite significant reductions in demand/sales.

5.5.1.1 Proposed Demand Reduction Rates

The Proposed Demand Reduction rates are designed to recover revenues through both RPU's fixed monthly service charge and the water commodity charges. For example, in Stage 1 (15 percent usage reduction), 10 percent of the forecasted revenue shortfall would be funded through a fixed surcharge on a meter equivalent basis. The remaining costs would be collected by increases to the volumetric rates. This approach recovers a portion of RPU's fixed expenditures in proportion to each customer's reserved capacity within the system and the remaining portion based on each customer's usage of the system and water purchases.

The tables below present the proposed Demand Reduction rates for each reduction scenario. The rates presented are for the specified usage reduction. Additionally, the rate calculations are based on assumed water demand reductions by customer class and class tier. Because it is not possible to exactly predict how customer demands might change across customer classes and tiers, it is important for RPU to monitor revenues and adjust if and as necessary. The usage reductions by tier are reasonable, based on usage pattern changes, but cannot be guaranteed.

5.5.1.2 Stage 1 Demand Reduction: 15 percent

The Stage 1 demand reduction rates have been calculated assuming a 15 percent departure from historical demand levels. Ten percent of the reduction in revenues will be recovered through the fixed service charge on a per MEU basis, the remaining 90 percent will be recovered through increases to the volumetric rates.

Table 66 Fixed Service Charges for Reduction Stage 1: 15 Percent

| Meter Size | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-------------|------------|------------|------------|------------|------------|
| 3/4" & 5/8" | \$27.53 | \$29.43 | \$31.45 | \$33.63 | \$35.93 |
| 1" | 43.57 | 46.56 | 49.76 | 53.21 | 56.84 |
| 1.5" | 83.28 | 89.01 | 95.13 | 101.71 | 108.66 |
| 2" | 131.14 | 140.15 | 149.79 | 160.15 | 171.09 |
| 3" | 242.88 | 259.57 | 277.42 | 296.60 | 316.86 |
| 4" | 402.48 | 430.12 | 459.71 | 491.48 | 525.06 |
| 6" | 881.02 | 941.54 | 1,006.29 | 1,075.85 | 1,149.35 |
| 8" | 1,439.25 | 1,538.11 | 1,643.89 | 1,757.52 | 1,877.58 |
| 10" | 2,236.75 | 2,390.39 | 2,554.78 | 2,731.37 | 2,917.95 |
| 12" | 3,193.85 | 3,413.23 | 3,647.95 | 3,900.10 | 4,166.53 |

Table 67 Volumetric Rates for Reduction Stage 1: 15 Percent

| Class and Tier | CCF | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|----------------------------------|---------|------------|------------|------------|------------|------------|
| Single Family Residential | | | | | | |
| Winter Tier 1 | First 8 | \$1.29 | \$1.37 | \$1.46 | \$1.56 | \$1.66 |
| Winter Tier 2 | 8-35 | 1.87 | 1.99 | 2.12 | 2.26 | 2.40 |
| Winter Tier 3 | >35 | 3.27 | 3.48 | 3.71 | 3.95 | 4.21 |
| Summer Tier 1 | First 8 | 1.29 | 1.37 | 1.46 | 1.56 | 1.66 |
| Summer Tier 2 | 8-35 | 1.87 | 1.99 | 2.12 | 2.26 | 2.40 |
| Summer Tier 3 | >35 | 4.15 | 4.42 | 4.71 | 5.02 | 5.34 |
| Multi-Family Residential | | | | | | |
| Winter Tier 1 | First 6 | \$1.29 | \$1.37 | \$1.46 | \$1.56 | \$1.66 |
| Winter Tier 2 | >7 | 2.08 | 2.21 | 2.36 | 2.51 | 2.67 |
| Summer Tier 1 | First 6 | 1.29 | 1.37 | 1.46 | 1.56 | 1.66 |
| Summer Tier 2 | >7 | 2.38 | 2.54 | 2.70 | 2.88 | 3.06 |
| Commercial/Industrial | | | | | | |
| Winter | All | \$1.93 | \$2.04 | \$2.15 | \$2.28 | \$2.41 |
| Summer | All | 2.09 | 2.21 | 2.33 | 2.47 | 2.61 |

| Class and Tier | CCF | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-------------------------------|----------|------------|------------|------------|------------|------------|
| Landscape | | | | | | |
| Winter | All | \$2.16 | \$2.29 | \$2.42 | \$2.56 | \$2.70 |
| Summer | All | 2.64 | 2.79 | 2.95 | 3.12 | 3.30 |
| Interruptible/Recycled | | | | | | |
| Non-Seasonal | All | \$1.78 | \$1.88 | \$1.99 | \$2.11 | \$2.23 |
| Flat Temporary Service | | | | | | |
| Non-Seasonal | All | \$3.17 | \$3.40 | \$3.64 | \$3.91 | \$4.19 |
| Riverside Irrigators | | | | | | |
| Winter Tier 1 | First 15 | \$1.43 | \$1.53 | \$1.64 | \$1.76 | \$1.89 |
| Winter Tier 2 | 16-70 | 2.20 | 2.36 | 2.53 | 2.71 | 2.91 |
| Winter Tier 3 | >70 | 4.68 | 5.02 | 5.38 | 5.78 | 6.19 |
| Summer Tier 1 | First 15 | 1.43 | 1.53 | 1.64 | 1.76 | 1.89 |
| Summer Tier 2 | 16-70 | 2.20 | 2.36 | 2.53 | 2.71 | 2.91 |
| Summer Tier 3 | >70 | 5.90 | 6.33 | 6.79 | 7.28 | 7.81 |

5.5.1.3 Stage 2 Demand Reduction: 20 Percent

The Stage 2 demand reduction rates have been calculated assuming a 20 percent departure from historical demands. Ten percent of the reduction in revenues will be recovered through the fixed service charge on a per MEU basis, the remaining 90 percent will be recovered through increases to the volumetric rates.

Table 68 Fixed Service Charges for Reduction Stage 2: 20 Percent

| Meter Size | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-------------|------------|------------|------------|------------|------------|
| 3/4" & 5/8" | \$27.75 | \$29.66 | \$31.70 | \$33.90 | \$36.22 |
| 1" | 43.93 | 46.95 | 50.18 | 53.65 | 57.32 |
| 1.5" | 84.02 | 89.79 | 95.97 | 102.60 | 109.61 |
| 2" | 132.31 | 141.40 | 151.13 | 161.57 | 172.61 |
| 3" | 245.08 | 261.91 | 279.92 | 299.28 | 319.72 |
| 4" | 406.14 | 434.03 | 463.88 | 495.95 | 529.83 |
| 6" | 889.08 | 950.14 | 1,015.48 | 1,085.68 | 1,159.84 |
| 8" | 1,452.42 | 1,552.18 | 1,658.92 | 1,773.60 | 1,894.76 |
| 10" | 2,257.24 | 2,412.28 | 2,578.15 | 2,756.38 | 2,944.67 |
| 12" | 3,223.12 | 3,444.50 | 3,681.35 | 3,935.83 | 4,204.70 |

Table 69 Volumetric Rates for Reduction Stage 2: 20 Percent

| Class and Tier | CCF | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|----------------------------------|---------|------------|------------|------------|------------|------------|
| Single Family Residential | | | | | | |
| Winter Tier 1 | First 8 | \$1.32 | \$1.41 | \$1.50 | \$1.60 | \$1.71 |
| Winter Tier 2 | 8-35 | 1.89 | 2.02 | 2.15 | 2.29 | 2.44 |
| Winter Tier 3 | >35 | 3.61 | 3.85 | 4.10 | 4.37 | 4.65 |
| Summer Tier 1 | First 8 | 1.32 | 1.41 | 1.50 | 1.60 | 1.71 |
| Summer Tier 2 | 8-35 | 1.89 | 2.02 | 2.15 | 2.29 | 2.44 |
| Summer Tier 3 | >35 | 4.51 | 4.81 | 5.12 | 5.46 | 5.81 |
| Multi-Family Residential | | | | | | |
| Winter Tier 1 | First 6 | \$1.32 | \$1.41 | \$1.50 | \$1.60 | \$1.70 |
| Winter Tier 2 | >7 | 2.24 | 2.39 | 2.55 | 2.71 | 2.89 |
| Summer Tier 1 | First 6 | 1.32 | 1.41 | 1.50 | 1.60 | 1.70 |
| Summer Tier 2 | >7 | 2.56 | 2.73 | 2.91 | 3.10 | 3.30 |
| Commercial/Industrial | | | | | | |
| Winter | All | \$2.05 | \$2.17 | \$2.29 | \$2.43 | \$2.56 |
| Summer | All | 2.22 | 2.35 | 2.48 | 2.63 | 2.78 |
| Landscape | | | | | | |
| Winter | All | \$2.34 | \$2.48 | \$2.62 | \$2.77 | \$2.93 |

| Class and Tier | CCF | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-------------------------------|----------|------------|------------|------------|------------|------------|
| Summer | All | 2.87 | 3.03 | 3.21 | 3.39 | 3.58 |
| Interruptible/Recycled | | | | | | |
| Non-Seasonal | All | \$1.91 | \$2.02 | \$2.14 | \$2.26 | \$2.39 |
| Flat Temporary Service | | | | | | |
| Non-Seasonal | All | \$3.30 | \$3.54 | \$3.80 | \$4.08 | \$4.37 |
| Riverside Irrigators | | | | | | |
| Winter Tier 1 | First 15 | \$1.49 | \$1.60 | \$1.71 | \$1.84 | \$1.97 |
| Winter Tier 2 | 16-70 | 2.24 | 2.40 | 2.58 | 2.76 | 2.96 |
| Winter Tier 3 | >70 | 5.34 | 5.73 | 6.15 | 6.60 | 7.07 |
| Summer Tier 1 | First 15 | 1.49 | 1.60 | 1.71 | 1.84 | 1.97 |
| Summer Tier 2 | 16-70 | 2.24 | 2.40 | 2.58 | 2.76 | 2.96 |
| Summer Tier 3 | >70 | 6.58 | 7.07 | 7.58 | 8.14 | 8.73 |

5.5.1.4 Stage 3 Demand Reduction: 30 Percent

The Stage 3 demand reduction rates have been calculated assuming a 30 percent departure from historical demands. Ten percent of the reduction in revenues will be recovered through the fixed service charge on a per MEU basis, the remaining 90 percent will be recovered through increases to the volumetric rates.

Table 70 Fixed Service Charges for Reduction Stage 3: 30 Percent

| Meter Size | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|-------------|------------|------------|------------|------------|------------|
| 3/4" & 5/8" | \$28.24 | \$30.19 | \$32.26 | \$34.50 | \$36.85 |
| 1" | 44.75 | 47.83 | 51.12 | 54.65 | 58.39 |
| 1.5" | 85.65 | 91.53 | 97.83 | 104.59 | 111.74 |
| 2" | 134.92 | 144.19 | 154.11 | 164.76 | 176.02 |
| 3" | 249.98 | 267.15 | 285.52 | 305.26 | 326.12 |
| 4" | 414.32 | 442.77 | 473.21 | 505.93 | 540.49 |
| 6" | 907.07 | 969.36 | 1,035.99 | 1,107.63 | 1,183.30 |
| 8" | 1,481.86 | 1,583.63 | 1,692.48 | 1,809.52 | 1,933.13 |
| 10" | 2,303.03 | 2,461.19 | 2,630.36 | 2,812.25 | 3,004.36 |
| 12" | 3,288.54 | 3,514.37 | 3,755.92 | 4,015.66 | 4,289.97 |

Table 71 Volumetric Rates for Reduction Stage 3: 30 Percent

| Class and Tier | CCF | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|----------------------------------|----------|------------|------------|------------|------------|------------|
| Single Family Residential | | | | | | |
| Winter Tier 1 | First 8 | \$1.46 | \$1.56 | \$1.66 | \$1.77 | \$1.89 |
| Winter Tier 2 | 8-35 | 2.01 | 2.15 | 2.29 | 2.44 | 2.60 |
| Winter Tier 3 | >35 | 4.66 | 4.97 | 5.30 | 5.66 | 6.03 |
| Summer Tier 1 | First 8 | 1.46 | 1.56 | 1.66 | 1.77 | 1.89 |
| Summer Tier 2 | 8-35 | 2.01 | 2.15 | 2.29 | 2.44 | 2.60 |
| Summer Tier 3 | >35 | 5.54 | 5.91 | 6.30 | 6.72 | 7.16 |
| Multi-Family Residential | | | | | | |
| Winter Tier 1 | First 6 | \$1.44 | \$1.54 | \$1.64 | \$1.75 | \$1.86 |
| Winter Tier 2 | >7 | 2.64 | 2.82 | 3.01 | 3.21 | 3.42 |
| Summer Tier 1 | First 6 | 1.44 | 1.54 | 1.64 | 1.75 | 1.86 |
| Summer Tier 2 | >7 | 3.01 | 3.21 | 3.42 | 3.65 | 3.89 |
| Commercial/Industrial | | | | | | |
| Winter | All | \$2.36 | \$2.50 | \$2.65 | \$2.81 | \$2.97 |
| Summer | All | 2.56 | 2.71 | 2.87 | 3.04 | 3.22 |
| Landscape | | | | | | |
| Winter | All | \$2.82 | \$2.98 | \$3.16 | \$3.34 | \$3.54 |
| Summer | All | 3.49 | 3.69 | 3.91 | 4.14 | 4.37 |
| Interruptible/Recycled | | | | | | |
| Non-Seasonal | All | \$2.24 | \$2.38 | \$2.52 | \$2.67 | \$2.82 |
| Flat Temporary Service | | | | | | |
| Non-Seasonal | All | \$3.61 | \$3.88 | \$4.17 | \$4.47 | \$4.80 |
| Riverside Irrigators | | | | | | |
| Winter Tier 1 | First 15 | \$1.71 | \$1.84 | \$1.97 | \$2.12 | \$2.27 |
| Winter Tier 2 | 16-70 | 2.33 | 2.50 | 2.68 | 2.88 | 3.09 |
| Winter Tier 3 | >70 | 6.76 | 7.27 | 7.81 | 8.39 | 9.00 |
| Summer Tier 1 | First 15 | 1.71 | 1.84 | 1.97 | 2.12 | 2.27 |
| Summer Tier 2 | 16-70 | 2.33 | 2.50 | 2.68 | 2.88 | 3.09 |
| Summer Tier 3 | >70 | 8.06 | 8.66 | 9.31 | 10.00 | 10.73 |

Section 6

LEGAL REQUIREMENTS

6.1 Introduction

Carollo's analysis provides the record illustrating how RPU develops rates in conformance with cost of service principles. The discussion below sets forth the legal framework under which Carollo evaluated RPU's rates.

RPU's water rates and rate setting process must adhere to California constitutional and statutory requirements. Procedural requirements apply to the rate-setting process. The principal substantive requirements governing the rates are that revenues recovered through the rates do not exceed costs, and that the costs recovered from users do not exceed the cost for such service. The cost of service principles used for this analysis include these substantive requirements.

RPU's water rate structure includes tiered rates for some customer classes. The use of tiered water rates has been determined to be consistent with constitutional requirements pertaining to reasonable cost of service. The 2015 opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* ("San Juan") upheld tiered water rates under California Constitution Article XIII D (enacted by Proposition 218), noting that the tiers must correspond to the actual cost of furnishing service at a given level of usage. However, the San Juan Court held that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. In reaching its conclusions, the San Juan Court treated all of the tiers as property-related services subject to Article XIII D, as interpreted by the California Supreme Court in its 2006 decision in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) ("Bighorn"), that charges for domestic water delivery are charges for a property related service. On the facts and arguments presented in San Juan, the Court found no basis for altering its application of Article XIII D in either Article XIII C ("Proposition 26") or Article X, Section 2 ("Article X").

Further judicial and legislative interpretation may provide additional guidance in the use of tiered water rates, including the application of Proposition 26's provisions concerning levies, charges and exactions other than property-related fees and the application of Article X. For the purposes of this cost of service analysis, it has been assumed that RPU's tiered water and recycled water rate structures are to be analyzed under the requirements of Article XIII D and implementing statutory provisions, described below.

6.2 Article XIII D

In November 1996, California voters approved Proposition 218, which amended the California Constitution by adding Article XIII C and Article XIII D. Article XIII D placed substantive limitations on the use of the revenue collected from property-related fees and on the amount of the fee that may be imposed on each parcel. The substantive requirements, contained in Article XIII D, Section 6, include that the amount of a fee "shall not exceed the proportional cost of the service attributable to the parcel," and that revenues from the rates "shall not exceed the funds required to provide the service" and "shall not be used for any purpose other than that for which the fee was imposed." Additionally, Proposition 218 established procedural requirements for imposing new, or increasing existing, property-related fees.

Following the passage of Proposition 218, there have been a number of court rulings interpreting and applying its language, and implementing statutes have also been enacted. In *City of Palmdale v. Palmdale Water District*, the court recognized that California Constitution Article X, Section 2 may be harmonized with Article XIII D, section 6 to allow for budget based and tiered rates that promote water conservation, provided conservation is attained in a manner that “shall not exceed the proportional cost of the service attributable to the parcel”. As noted in *San Juan*, the 2011 Palmdale decision recognized that budget based water rates on their own do not violate Proposition 218. In Palmdale, the district failed to demonstrate a basis for the more restrictive tiered budgets and progression through the tiers in the irrigation customer class as compared to the other customer classes.

The *San Juan* decision rejected the argument that for purposes of the proportional cost allocation required by Article XIII D, the agency’s calculation is a matter within legislative or quasi-legislative discretion shielded from judicial review. It did recognize some degree of latitude in making such calculations. The *San Juan* Court notes, for example, that it is not necessary to figure a rate for each parcel and it is permissible to allocate cost within tiers, as long as tiers are based on costs at various levels of usage. The opinion also explains that the time frame for the calculation of true water cost, particularly capital cost, may be long and calculation on a billing-cycle by billing-cycle basis is not required.

Cost and revenue projections are necessarily based on the best available information, and demand and consumption will be affected by weather and other factors that cannot be predicted. See *San Juan*, fn 11 (acknowledging projections of Metropolitan Water District rates as included in rate-setting process). Projections such as this may result in operating surplus and carryover, maintaining cost of service standards on a year over year basis through the inclusion of these amounts in subsequent years’ budget processes.

6.3 California Assembly Bill 2882

Among the legislative enactments implementing Proposition 218 is California Assembly Bill (AB) 2882, which became law at the beginning of 2009. AB 2882 (Sections 370-374 of the California Water Code) defined the elements of allocation-based conservation pricing under Proposition 218, including the appropriate property characteristics (i.e., number of occupants, land use, irrigable area, and local climate data) to establish a reasonable basic use allocation. While rates for all water used within the basic allocation must be established following cost causation principles, AB 2882 provides authority for higher charges on increments of water used in excess of the basic use allocation.

This statute creates a framework under which water agencies may establish cost of service based rates while simultaneously allowing for the deterrence of wasteful water use. Under AB 2882, the elements of an allocation-based conservation water rate structure compliant with the mandates of both Article X and Proposition 218 are:

1. Water bills must be based on metered water use.
2. A water allocation of “basic use” must be established, providing a reasonable amount of water for each customer’s basic needs based on property characteristics. Allocation factors may include, but are not limited to, number of occupants, type of land use, size of irrigated area, and local climate data.
3. All water used within the basic use allocation must be a basic volumetric unit rate that is established following cost causation principles for the cost of water service.
4. A “conservation charge” can be imposed on all increments of water use in excess of the basic use allocation. The conservation charge must also be a volumetric charge and should be designed to encourage water conservation and efficiency.

The cost of service analysis of RPU's water rate structures is performed within the requirements of Article XIII D. While RPU is not recommending a water budget-based rate structure at this time, the cost of service allocation as presented within this report does consider the framework of AB 2882, allowing the City to more easily transition to that type of rate structure in the future as and if desired. RPU's water rates are designed to both recover costs proportionally from system users as well as encourage conservation. RPU's cost of service approach thereby conforms to the requirements of Article XIII D.

6.4 Article XIII C

The application of Proposition 26 in the structuring of water rates is presently undetermined. The San Juan decision briefly touched upon one aspect of the Article XIII C provisions enacted by Proposition 26, finding that tiered water charges would not appropriately be characterized as penalties. Other aspects of the application of Proposition 26 to tiered rate structures may be addressed in future judicial decisions and legislative enactments.

The voters in the State approved Proposition 26 on November 2, 2010. Proposition 26 amended Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" with listed exceptions. By means of these exceptions, Article XIII C classifies several types of charges, in addition to property-related charges, that are not taxes, such as charges for specific services or benefits, regulatory charges and penalties.

Article XIII C's definition of "tax" lists the following exceptions: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Proposition 26 also provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. Like the proportionality requirements of Article XIII D, assessment of rates under these requirements, if applicable, would be supported by the cost of service approach.

6.5 Article X

Article X, enacted as an amendment to the California Constitution in 1928 pursuant to an electoral initiative, provides that:

“It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.”

Article X conveys further that the right to water does not “extend to the waste or unreasonable use” of water. California Water Code Section 100 restates the policy that the waste of water shall be prevented. As indicated above, judicial interpretation in the Palmdale and San Juan decisions analyzed tiered water rates as property-related charges and, as such, found them to be compliant with Article XIII D provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. Pricing signal was assumed to result from this manner of design. The use of tiered structures in compliance with Article XIII D restrictions was found to work in harmony with Article X. Further refinement through judicial and legislative interpretation may provide more specific guidance in this area, such as on the use of pricing signals.

Appendix A

REVENUE REQUIREMENT AND FINANCIAL INFORMATION

City of Riverside - Water Utility

PROJECTED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the Fiscal Years Ending

| | Projected 2024 | Projected 2025 | Projected 2026 | Projected 2027 | Projected 2028 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | (In Thousands) | (In Thousands) | (In Thousands) | (In Thousands) | (In Thousands) |
| Operating revenues: | | | | | |
| Water Sales | \$ 76,265 | \$ 81,694 | \$ 87,521 | \$ 93,775 | \$ 100,405 |
| Water Conveyance | 3,509 | 3,639 | 3,773 | 3,917 | 4,064 |
| Water Conservation | 1,144 | 1,225 | 1,313 | 1,407 | 1,506 |
| Other | 5,212 | 6,085 | 6,262 | 6,516 | 6,660 |
| Total operating revenues | 86,130 | 92,643 | 98,870 | 105,614 | 112,634 |
| Reserve for uncollectible | (229) | (245) | (263) | (281) | (301) |
| Total operating revenue, net of allowance | 85,901 | 92,398 | 98,607 | 105,333 | 112,333 |
| Operating expenses: | | | | | |
| Production costs | 7,808 | 7,964 | 8,123 | 8,286 | 8,602 |
| Personnel expense, excluding PERS | 22,906 | 23,280 | 23,591 | 23,826 | 24,302 |
| Personnel - PERS | 3,115 | 3,163 | 3,246 | 3,308 | 3,394 |
| Supplies & services | 15,371 | 15,547 | 15,869 | 16,205 | 16,529 |
| Special projects | 227 | 232 | 237 | 241 | 241 |
| Service from other funds | 10,473 | 10,598 | 10,523 | 10,709 | 10,923 |
| Less charges to other | (7,555) | (7,632) | (7,785) | (7,941) | (8,100) |
| Additional O&M for CIP/Advanced Tech/Low Income | 0 | 1,756 | 2,199 | 2,363 | 2,817 |
| Water Conservation Programs | 1,645 | 1,678 | 1,711 | 1,746 | 1,506 |
| Depreciation | 16,714 | 17,343 | 18,173 | 19,213 | 19,996 |
| Total operating expenses | 70,704 | 73,929 | 75,888 | 77,955 | 80,211 |
| Operating income | 15,197 | 18,469 | 22,719 | 27,378 | 32,122 |
| Non-operating revenues (expenses): | | | | | |
| Interest income | 1,770 | 1,632 | 2,225 | 2,641 | 2,034 |
| Interest expense (inc amort) | (10,275) | (9,990) | (11,580) | (13,301) | (12,886) |
| Line of Credit | - | - | - | - | - |
| Gain on sale of capital assets | 120 | 120 | 120 | 120 | 120 |
| Other (misc. income) | 3,298 | 3,390 | 3,483 | 3,581 | 3,667 |
| Non-operating revenues(expenses) | (5,087) | (4,848) | (5,752) | (6,959) | (7,065) |
| Income before CIA and operating transfers | 10,110 | 13,621 | 16,967 | 20,419 | 25,057 |
| General fund contribution | (8,114) | (8,583) | (9,192) | (9,846) | (10,563) |
| Transfer In | 0 | 0 | 0 | 0 | 0 |
| Contributions in aid of construction-Cash | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Contributions in aid of construction-Non Cash | 0 | 0 | 0 | 0 | 0 |
| Special Item | 0 | 0 | 0 | 0 | 0 |
| Net income (Loss) | 3,996 | 7,038 | 9,775 | 12,573 | 16,494 |
| Net position, July 1, As Previously Reported | 313,795 | 317,791 | 324,829 | 334,604 | 347,177 |
| Cumulative Effect of Change in Accounting Principle | 0 | 0 | 0 | 0 | 0 |
| Net position, July 1, As Restated | 313,795 | 317,791 | 324,829 | 334,604 | 347,177 |
| Net position, June 30 | \$317,791 | \$324,829 | \$334,604 | \$347,177 | \$ 363,671 |

Cash Balances

| Fiscal Year | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|------------------|------------------|-------------------|------------------|------------------|
| Unrestricted cash and reserves: | (In Thousands) | (In Thousands) | (In Thousands) | (In Thousands) | (In Thousands) |
| Undesignated reserves | \$ 31,499 | \$ 28,410 | \$ 33,235 | 38,326 | 47,733 |
| Water property reserve | 5,203 | 5,203 | 5,203 | 5,203 | 5,203 |
| Operating cash reserve | - | - | - | - | - |
| Cash reserved for recycled water project | 1,097 | 1,097 | 1,097 | 1,097 | 1,097 |
| Customer deposits reserve | 770 | 770 | 770 | 770 | 770 |
| Capital repair/replacement reserve | 2,340 | 2,340 | 2,340 | 2,340 | 2,340 |
| Cash reserved for Purchased Water | - | - | - | - | - |
| Legally restricted cash and cash equivalents: | | | | | |
| Reserved for debt service - monthly set aside | 9,229 | 9,965 | 11,746 | 11,966 | 12,796 |
| Reserved for equipment lease | - | - | - | - | - |
| Reserved for bond construction | 25,153 | 6,482 | 69,777 | 28,993 | 5,454 |
| Reserved for short term financing construction | - | - | - | - | - |
| Reserve for Water Conservation | 1,532 | 1,079 | 680 | 342 | 342 |
| Restricted cash and investment at fiscal agent: | | | | | |
| Reserved for debt service (Fiscal Agent) | - | - | - | - | - |
| Total | \$ 76,823 | \$ 55,346 | \$ 124,849 | \$ 89,037 | \$ 75,735 |
| | TRUE | TRUE | TRUE | TRUE | TRUE |

Revenue Requirements

| Fiscal Year | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|------------------|------------------|------------------|-------------------|-------------------|
| Production costs | \$ 7,808 | \$ 7,964 | \$ 8,123 | \$ 8,286 | \$ 8,602 |
| Personnel costs | 18,465 | 18,811 | 19,052 | 19,193 | 19,596 |
| Other operating and maintenance costs | ① 26,071 | 26,377 | 26,629 | 27,155 | 27,693 |
| Additional O&M for CIP and Advanced Tech | ② - | 1,756 | 2,199 | 2,363 | 2,817 |
| Required Reduction in O&M | ③ - | - | - | - | - |
| Debt service requirements | 23,325 | 23,364 | 25,553 | 28,984 | 27,960 |
| General fund transfer | 8,114 | 8,583 | 9,192 | 9,846 | 10,563 |
| Capital outlay financed by rates | 9,399 | 10,241 | 3,961 | 6,915 | 7,243 |
| Total Revenue Requirements | \$ 93,183 | \$ 97,096 | \$ 94,709 | \$ 102,741 | \$ 104,475 |
| | TRUE | TRUE | TRUE | TRUE | TRUE |
| O&M Subtotal for Chart Below | ①+②+③ \$ 26,071 | \$ 28,133 | \$ 28,828 | \$ 29,518 | \$ 30,511 |

Available Revenues

| Fiscal Year | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Revenue at current rates | \$ 71,548 | \$ 76,265 | \$ 81,694 | \$ 87,521 | \$ 93,775 |
| Current year increase | 4,716 | 5,430 | 5,827 | 6,253 | 6,630 |
| Interest income | 1,770 | 1,632 | 2,225 | 2,641 | 2,034 |
| Miscellaneous income | 11,474 | 12,521 | 12,876 | 13,321 | 13,645 |
| Total Available Revenues | \$ 89,509 | \$ 95,847 | \$ 102,622 | \$ 109,736 | \$ 116,084 |
| Use of/(Contributions to) Reserves | \$ 3,674 | \$ 1,249 | \$ (7,913) | \$ (6,995) | \$ (11,609) |
| | TRUE | TRUE | TRUE | TRUE | TRUE |

City of Riverside Water Utility

Minimum Cash Reserve

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| | |
|-----------------------|-------|
| LOC Applicable factor | 70% |
| 1 month Libor | 0.52% |
| Applicable Spread | 0.40% |

| | Fiscal Year End | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| | (In Thousands) | (In Thousands) | (In Thousands) | (In Thousands) | (In Thousands) |
| <u>Working Capital</u> | | | | | |
| Operating Expenses (exc Deprec & Wtr Cons.) | \$ 52,344 | \$ 54,908 | \$ 56,003 | \$ 56,997 | \$ 58,709 |
| Per day (365 Days) | \$ 143 | \$ 150 | \$ 153 | \$ 156 | \$ 161 |
| 60 Days of Operating Expenses | \$ 8,605 | \$ 9,026 | \$ 9,206 | \$ 9,369 | \$ 9,651 |
| 90 Days of Operating Expenses | \$ 12,907 | \$ 13,539 | \$ 13,809 | \$ 14,054 | \$ 14,476 |
| <u>Rate Stabilization</u> | | | | | |
| Operating Revenues (exc Wtr Cons.) | \$ 84,757 | \$ 91,173 | \$ 97,294 | \$ 103,926 | \$ 110,827 |
| 7% | \$ 5,933 | \$ 6,382 | \$ 6,811 | \$ 7,275 | \$ 7,758 |
| 15% | \$ 12,714 | \$ 13,676 | \$ 14,594 | \$ 15,589 | \$ 16,624 |
| <u>Capital- Emergency</u> | | | | | |
| Depreciable Assets | \$ 795,893 | \$ 825,860 | \$ 865,382 | \$ 914,925 | \$ 952,204 |
| 1% | \$ 7,959 | \$ 8,259 | \$ 8,654 | \$ 9,149 | \$ 9,522 |
| 2% | \$ 15,918 | \$ 16,517 | \$ 17,308 | \$ 18,299 | \$ 19,044 |
| <u>Capital- System Improvements</u> | | | | | |
| Annual CIP for Following Year- Use Budget when Available | \$ 29,931 | \$ 29,569 | \$ 24,823 | \$ 34,691 | \$ 36,679 |
| FY Actual CIP Expenses | | | | | |
| Budgeted CIP | | | | | |
| Less Designated Reserve Funding (Recycled Wtr/Property) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revised Annual CIP for Following Year | \$ 29,931 | \$ 29,569 | \$ 24,823 | \$ 34,691 | \$ 36,679 |
| 6 Months of Annual CIP | \$ 14,054 | \$ 14,847 | \$ 16,032 | \$ 18,766 | \$ 19,451 |
| 9 Months of Annual CIP | \$ 21,081 | \$ 22,271 | \$ 24,048 | \$ 28,149 | \$ 29,176 |
| 0.5 | 0.300% | 0.300% | 0.300% | 0.300% | 0.300% |
| 0.75 | | | \$ 28,000 | \$ 28,000 | \$ 28,000 |
| | \$ 87.53 | \$ 87.53 | \$ 87.53 | \$ 87.53 | \$ 87.53 |
| <u>Debt Service (Max Annual D/S in upcoming FY)</u> | | | | | |
| Principal | \$ 9,622 | \$ 9,957 | \$ 11,687 | \$ 12,126 | \$ 12,578 |
| Semi-Annual Interest | \$ 9,454 | \$ 11,296 | \$ 13,116 | \$ 12,570 | \$ 14,421 |
| /2 | \$ 4,727 | \$ 5,648 | \$ 6,558 | \$ 6,285 | \$ 7,210 |
| Monthly Interest | \$ 789 | \$ 789 | \$ 789 | \$ 789 | \$ 789 |
| /12 | \$ 66 | \$ 66 | \$ 66 | \$ 66 | \$ 66 |
| Total (Includes New Proposed Debt) | \$ 14,415 | \$ 15,671 | \$ 18,311 | \$ 18,477 | \$ 19,854 |
| Minimum Reserve Requirement | \$ 50,965 | \$ 54,185 | \$ 59,013 | \$ 63,036 | \$ 66,236 |
| Maximum Reserve Requirement | \$ 77,034 | \$ 81,674 | \$ 88,070 | \$ 94,567 | \$ 99,175 |

Appendix B

FUNCTIONALIZATION OF COSTS

Appendix B, Functionalization of Costs, presents the allocation of O&M, capital, debt service, and other costs by system function. The dollar value of each expense and each revenue is associated with a certain process or function of the system. To provide rate stability over the cost of service study period, the functionalization is completed using the 5-year average of costs for FY 2023/24 through FY 2027/28.

WATER-OFFICE OF OPS TECHNOLOGY

| | |
|-------------------------------------|---------------------|
| NON-PERSONNEL SUBTOTAL | \$ 1,008,508 |
| Prof Svcs/RPU-OTO-AMI/NCS/MDMS | 181,921 |
| Software Maintenance/Support | 761,160 |
| Citywide IT Projects | 65,427 |
| CHARGES FROM OTHERS SUBTOTAL | 23,836 |
| General Fund Allocation Chgs | 23,836 |
| Utilization Chgs from 101 Fund | - |
| Utilization Chgs from 510 Fund | - |

| | | | | | | | | | | | | | |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|--------|
| Fixed Maintenance | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| As All Others | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Fixed Maintenance | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| As All Others | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| As All Others | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| As All Others | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | |
|--------|--------|
| 0.0% | 100.0% |
| 100.0% | 100.0% |
| 0.0% | 100.0% |
| 100.0% | 100.0% |
| 100.0% | 100.0% |
| 100.0% | 100.0% |

| | | | | | | | | | | | | | | | |
|---------------|------|------------|-----------|-----------|---------------|------------|---------------|------|------------|--------------|------------|--------------|--------------|--------------|---------------|
| \$ 54,184,837 | \$ - | \$ 214,149 | \$ 35,106 | \$ 35,106 | \$ 17,180,418 | \$ 981,223 | \$ 19,789,155 | \$ - | \$ 205,800 | \$ 2,211,055 | \$ 950,640 | \$ 2,618,536 | \$ 3,381,069 | \$ 6,582,580 | \$ 54,184,837 |
|---------------|------|------------|-----------|-----------|---------------|------------|---------------|------|------------|--------------|------------|--------------|--------------|--------------|---------------|

| | | | | | | | | | | | | | | | |
|--|-----------|----------|----------|--------------|------------|--------------|------|-----------|------------|------------|------------|------------|------|--|--|
| | \$ 29,613 | \$ 4,855 | \$ 4,855 | \$ 2,375,759 | \$ 135,686 | \$ 2,736,503 | \$ - | \$ 28,459 | \$ 305,751 | \$ 131,457 | \$ 362,099 | \$ 467,544 | TRUE | | |
|--|-----------|----------|----------|--------------|------------|--------------|------|-----------|------------|------------|------------|------------|------|--|--|

| | | | | | | | | | | | | | | | |
|---------------|------------|-----------|-----------|---------------|--------------|---------------|------|------------|--------------|--------------|--------------|--------------|---|--|--|
| \$ 54,184,837 | \$ 243,762 | \$ 39,961 | \$ 39,961 | \$ 19,556,177 | \$ 1,116,909 | \$ 22,525,658 | \$ - | \$ 234,259 | \$ 2,516,806 | \$ 1,082,097 | \$ 2,980,635 | \$ 3,848,613 | # | | |
|---------------|------------|-----------|-----------|---------------|--------------|---------------|------|------------|--------------|--------------|--------------|--------------|---|--|--|

| | | | | | | | | | | | | | |
|----------------------|-----------------|-------|-------|-------|--------|-------|--------|-------|-------|-------|-------|-------|-------|
| Resulting Allocation | TRUE 100.00% | 0.45% | 0.07% | 0.07% | 36.09% | 2.06% | 41.57% | 0.00% | 0.43% | 4.64% | 2.00% | 5.50% | 7.10% |
|----------------------|-----------------|-------|-------|-------|--------|-------|--------|-------|-------|-------|-------|-------|-------|

| | |
|------------------|---------------|
| CHECK | |
| Total From Above | \$ 54,184,837 |
| Total Allocated | \$ 54,184,837 |
| | \$ - |
| | OKAY |

d

ALLOCATION OF DEBT SERVICE

| Bonds, Leases, and Minor Debt | 5-YEAR AVERAGE | ALLOCATION BASIS | PUMPING | TREATMENT | STORAGE | DISTRIBUTION | TRANSMISSION | SOURCE OF SUPPLY | SUPPLY SUSTAINABILITY | GENERAL | CUSTOMER | METER SERVICES | ADMIN | FIXED MAINTENANCE | AS ALL OTHERS | TOTAL |
|--|----------------|--|------------|------------|---------------|--------------|--------------|------------------|-----------------------|---------|------------|----------------|-------|-------------------|---------------|---------------|
| 2008B ISSUE (\$58.235M FIXED) | - | 2008B ISSUE (\$58.235M FIXED) | 1.6% | 15.6% | 0.0% | 41.3% | 2.7% | 38.8% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| 2009A ISSUE (\$31.895M FIXED) | - | 2009A ISSUE (\$31.895M FIXED) | 3.1% | 0.5% | 29.1% | 28.8% | 27.1% | 11.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| 2009B ISSUE (\$67.790M FIXED BABs) - Net of BABs | 5,206,613 | 2009B ISSUE (\$67.790M FIXED BABs) Net of BABs | 1.0% | 0.7% | 0.0% | 56.4% | 13.6% | 28.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| 2011A ISSUE (\$59.0M VARIABLE) | 789,330 | 2011A ISSUE (\$59.0M VARIABLE) | 7.1% | 3.1% | 15.4% | 43.0% | 20.5% | 10.3% | 0.0% | 0.0% | 0.0% | 0.7% | 0.0% | 0.0% | 0.0% | 100.0% |
| 2019 A Refunding Water Revenue Bonds | 9,346,201 | 2019 A Refunding Water Revenue Bonds | 4.7% | 7.1% | 3.3% | 43.3% | 17.8% | 23.8% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| New Debt Service - Bonds | 7,248,497 | CIP - 5-Year | 4.1% | 0.7% | 0.7% | 38.7% | 18.8% | 8.1% | 18.8% | 0.0% | 0.0% | 10.1% | 0.0% | 0.0% | 0.0% | 100.0% |
| Advance from City - Pension Obligation (\$) | 2,216,784 | Source of Supply (Cost of Water) | 0.0% | 0.0% | 0.0% | 30.2% | 0.0% | 69.8% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| Capital Lease (\$) | 782,547 | General | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| Other Interest Expenses (inc. Capitalized Interest, Amortiz) | 247,145 | General | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| \$ 25,837,116 | \$ 25,837,116 | \$ 847,638 | \$ 770,423 | \$ 483,635 | \$ 10,800,970 | \$ 3,897,887 | \$ 5,905,766 | \$ 1,365,837 | \$ 1,029,692 | \$ - | \$ 735,269 | \$ - | \$ - | \$ - | \$ - | \$ 25,837,116 |
| | | | 3.28% | 2.98% | 1.87% | 41.80% | 15.09% | 22.86% | 5.29% | 3.99% | 0.00% | 2.85% | 0.00% | 0.00% | | |

Appendix C

COST OF SERVICE ALLOCATION

Appendix C, Cost of Service Allocation, presents the allocation of the functionalized expenses and offsetting revenues to each rate component. The dollar value of each functionalized expense and revenue is associated with a certain process of the system. This process is, in turn, associated with the water system's ability to provide services in each component category: Customer, Capacity, Base, Max Day, Max Hour, Supply 1, Supply 2, Supply 3, Supply 4, and Supply Sustainability. The dollar value of any expense or revenue is allocated to each of these cost components in the same proportion that it's related process or program is allocated.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

COST OF SERVICE ALLOCATION

| FUNCTION CATEGORIES | | CUSTOMER | CAPACITY | BASE | MAX DAY | MAX HOUR | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | SUPPLY SUSTAINABILITY | AS ALL OTHERS | TOTAL | | |
|--|--|----------|----------|-------|---------|----------|----------|----------|----------|-----------------------|-----------------------|---------------|--------|--------|-------|
| | | | | | | | | | | | | | | Fixed | Fixed |
| | | | | | | Gage | | | | Riverside South/North | | Waterman | | Flume | |
| Customer Only | Applies to customer service related functions. | 100.0% | | | | | | | | | | | 0.0% | 100.0% | |
| Capacity Only | Applies to service related functions. | | 100.0% | | | | | | | | | | 0.0% | 100.0% | |
| Customer and Meter Service | 25% to Customer Functions, 75% related to Meter Size | 25.0% | 75.0% | | | | | | | | | | 0.0% | 100.0% | |
| Max Day | Applies to high demand water functions. | | | | 100.0% | | | | | | | | 0.0% | 100.0% | |
| Base/Max Day | Resulting allocation from system demand factor analysis. | | | 68.0% | 32.0% | | | | | | | | 0.0% | 100.0% | |
| Base/Max Day/Max Hour | Resulting allocation from system demand factor analysis. | | | 57.1% | 26.9% | 16.0% | | | | | | | 0.0% | 100.0% | |
| Max Day/Max Hour | Split 50-50 between Max Day and Max Hour. | | | | 84.0% | 16.0% | | | | | | | 0.0% | 100.0% | |
| Supplies | Based on the cost of water | | | | | | 26.1% | 22.9% | 40.2% | 10.7% | | | 0.0% | 100.0% | |
| Supply Sustainability | All costs allocated to Supply Sustainability. | | | | | | | | | | 100.0% | | | | |
| Settlement reimb - Lockheed/Shell (345457) | Based on reimbursements assigned to each supply based on RPU cost of water analysis. | | | | | | 52.3% | 26.4% | 21.4% | 0.0% | | | | | |
| As All Others | Applies total allocation to remaining line items. | | | | | | | | | | | 100.0% | 100.0% | | |

| FUNCTIONALIZED O&M EXPENDITURES | 5-YEAR AVERAGE | ALLOCATION | CUSTOMER | CAPACITY | BASE | MAX DAY | MAX HOUR | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | SUPPLY SUSTAINABILITY | AS ALL OTHERS | TOTAL |
|--|----------------------|----------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-------------------|----------------------|
| PUMPING | \$ 243,762 | Max Day/Max Hour | \$ - | \$ - | \$ - | \$ 204,760 | \$ 39,002 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 243,762 |
| TREATMENT | 39,961 | Base/Max Day | - | - | 27,184 | 12,777 | - | - | - | - | - | - | - | 39,961 |
| STORAGE | 39,961 | Max Day/Max Hour | - | - | - | 33,567 | 6,394 | - | - | - | - | - | - | 39,961 |
| DISTRIBUTION | 19,556,177 | Base/Max Day/Max Hour | - | - | 11,174,958 | 5,252,230 | 3,128,988 | - | - | - | - | - | - | 19,556,177 |
| TRANSMISSION | 1,116,909 | Base/Max Day/Max Hour | - | - | 638,234 | 299,970 | 178,705 | - | - | - | - | - | - | 1,116,909 |
| SOURCE OF SUPPLY | 22,525,658 | Supplies | - | - | - | - | - | 5,885,255 | 5,169,498 | 9,063,836 | 2,407,069 | - | - | 22,525,658 |
| SUPPLY SUSTAINABILITY | - | Supply Sustainability | - | - | - | - | - | - | - | - | - | - | - | - |
| GENERAL | 234,259 | As All Others | - | - | - | - | - | - | - | - | - | - | 234,259 | 234,259 |
| CUSTOMER | 2,516,806 | Customer Only | 2,516,806 | - | - | - | - | - | - | - | - | - | - | 2,516,806 |
| METER SERVICES | 1,082,097 | Capacity Only | - | 1,082,097 | - | - | - | - | - | - | - | - | - | 1,082,097 |
| ADMIN | 2,980,635 | Customer and Meter Service | 745,159 | 2,235,476 | - | - | - | - | - | - | - | - | - | 2,980,635 |
| FIXED MAINTENANCE | 3,848,613 | Capacity Only | - | 3,848,613 | - | - | - | - | - | - | - | - | - | 3,848,613 |
| OPERATING EXPENDITURES SUBTOTAL | \$ 54,184,837 | | \$ 3,261,964 | \$ 7,166,186 | \$ 11,840,376 | \$ 5,803,304 | \$ 3,353,089 | \$ 5,885,255 | \$ 5,169,498 | \$ 9,063,836 | \$ 2,407,069 | \$ - | \$ 234,259 | \$ 54,184,837 |
| <i>Reallocation of "As All Others"</i> | | | \$ 14,164 | \$ 31,116 | \$ 51,412 | \$ 25,199 | \$ 14,559 | \$ 25,554 | \$ 22,446 | \$ 39,356 | \$ 10,452 | \$ - | TRUE | |
| O&M ALLOCATION | | | \$ 3,276,128 | \$ 7,197,303 | \$ 11,891,788 | \$ 5,828,503 | \$ 3,367,649 | \$ 5,910,810 | \$ 5,191,944 | \$ 9,103,192 | \$ 2,417,521 | \$ - | | |
| Resulting O&M Allocation | | | 100.00% | | | | | | | | | | | |
| | | | 6.05% | 13.28% | 21.95% | 10.76% | 6.22% | 10.91% | 9.58% | 16.80% | 4.46% | 0.00% | | |

| FUNCTIONALIZED DEBT SERVICE: Bonds, Leases, and Minor Debt | 5-YEAR AVERAGE | ALLOCATION | CUSTOMER | CAPACITY | BASE | MAX DAY | MAX HOUR | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | SUPPLY SUSTAINABILITY | AS ALL OTHERS | TOTAL |
|--|----------------------|-----------------------|-------------|----------------------|-------------|---------------------|-------------|-------------|-------------|-------------|-------------|-----------------------|---------------------|----------------------|
| PUMPING | \$ 847,638 | Capacity Only | \$ - | \$ 847,638 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 847,638 |
| TREATMENT | 770,423 | Max Day | - | - | - | 770,423 | - | - | - | - | - | - | - | 770,423 |
| STORAGE | 483,635 | Capacity Only | - | 483,635 | - | - | - | - | - | - | - | - | - | 483,635 |
| DISTRIBUTION | 10,800,970 | Capacity Only | - | 10,800,970 | - | - | - | - | - | - | - | - | - | 10,800,970 |
| TRANSMISSION | 3,897,887 | Capacity Only | - | 3,897,887 | - | - | - | - | - | - | - | - | - | 3,897,887 |
| SOURCE OF SUPPLY | 5,905,766 | Max Day | - | - | - | 5,905,766 | - | - | - | - | - | - | - | 5,905,766 |
| SUPPLY SUSTAINABILITY | 1,365,837 | Supply Sustainability | - | - | - | - | - | - | - | - | - | 1,365,837 | - | 1,365,837 |
| GENERAL | 1,029,692 | As All Others | - | - | - | - | - | - | - | - | - | - | 1,029,692 | 1,029,692 |
| CUSTOMER | - | Customer Only | - | - | - | - | - | - | - | - | - | - | - | - |
| METER SERVICES | 735,269 | Capacity Only | - | 735,269 | - | - | - | - | - | - | - | - | - | 735,269 |
| ADMIN | - | Capacity Only | - | - | - | - | - | - | - | - | - | - | - | - |
| FIXED MAINTENANCE | - | Capacity Only | - | - | - | - | - | - | - | - | - | - | - | - |
| DEBT SERVICE SUBTOTAL | \$ 25,837,116 | | \$ - | \$ 16,765,399 | \$ - | \$ 6,676,189 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,365,837 | \$ 1,029,692 | \$ 25,837,116 |
| <i>Reallocation of "As All Others"</i> | | | \$ - | \$ 695,888 | \$ - | \$ 277,111 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 56,692 | | |
| DEBT SERVICE ALLOCATION | | | \$ - | \$ 17,461,287 | \$ - | \$ 6,953,300 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,422,529 | | |
| Resulting Debt Service Allocation | | | 100.00% | | | | | | | | | | | |
| | | | 0.00% | 67.58% | 0.00% | 26.91% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 5.51% | | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

COST OF SERVICE ALLOCATION

| FUNCTIONALIZED CIP | Five Year Total FY 2023/24 thru FY 2027/28 | ALLOCATION | CUSTOMER | CAPACITY | BASE | MAX DAY | MAX HOUR | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | SUPPLY SUSTAINABILITY | AS ALL OTHERS | TOTAL | | | | | | | | | | |
|--|--|----------------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|---------------------|-----------------------|-------|-------|----------|-----------------------|----------|----------|----------|----------|----------|----------|
| | | | | | | | | | | | | | | | Fixed | Fixed | Variable | Variable | Variable | Variable | Variable | Variable | Variable | Variable |
| | | | | | | | | | | | | | | | | | Gage | Riverside South/North | Waterman | Flume | | | | |
| FUNCTIONALIZED ASSETS | RCNLD | ALLOCATION | CUSTOMER | CAPACITY | BASE | MAX DAY | MAX HOUR | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | SUPPLY SUSTAINABILITY | AS ALL OTHERS | TOTAL | | | | | | | | | | |
| PUMPING | \$ 27,604,310 | Max Day/Max Hour | \$ - | \$ - | \$ - | 23,187,620 | 4,416,690 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 27,604,310 | | | | | | | | | | |
| TREATMENT | 40,513,781 | Base/Max Day | - | - | 27,560,395 | 12,953,386 | - | - | - | - | - | - | - | 40,513,781 | | | | | | | | | | |
| STORAGE | 58,534,765 | Max Day/Max Hour | - | - | - | 49,169,202 | 9,365,562 | - | - | - | - | - | - | 58,534,765 | | | | | | | | | | |
| DISTRIBUTION | 349,970,110 | Base/Max Day/Max Hour | - | - | 199,982,920 | 93,991,972 | 55,995,218 | - | - | - | - | - | - | 349,970,110 | | | | | | | | | | |
| TRANSMISSION | - | Base/Max Day/Max Hour | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | |
| SOURCE OF SUPPLY | 74,703,397 | Supplies | - | - | - | - | - | 19,517,679 | 17,143,962 | 30,059,026 | 7,982,730 | - | - | 74,703,397 | | | | | | | | | | |
| SUPPLY SUSTAINABILITY | - | Customer and Meter Service | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | |
| GENERAL | 2,692,406 | As All Others | - | - | - | - | - | - | - | - | - | - | 2,692,406 | 2,692,406 | | | | | | | | | | |
| CUSTOMER | 22,108,517 | Customer Only | 22,108,517 | - | - | - | - | - | - | - | - | - | - | 22,108,517 | | | | | | | | | | |
| METER SERVICES | 73,278,397 | Customer and Meter Service | 18,319,599 | 54,958,798 | - | - | - | - | - | - | - | - | - | 73,278,397 | | | | | | | | | | |
| ADMIN | 791,208 | Customer and Meter Service | 197,802 | 593,406 | - | - | - | - | - | - | - | - | - | 791,208 | | | | | | | | | | |
| FIXED MAINTENANCE | - | Customer and Meter Service | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | |
| AS ALL OTHERS | \$ 45,078 | As All Others | - | - | - | - | - | - | - | - | - | - | 45,078 | 45,078 | | | | | | | | | | |
| ASSETS SUBTOTAL | \$ 650,241,970 | | \$ 40,625,919 | \$ 55,552,204 | \$ 227,543,315 | \$ 179,302,181 | \$ 69,777,470 | \$ 19,517,679 | \$ 17,143,962 | \$ 30,059,026 | \$ 7,982,730 | \$ - | \$ 2,737,484 | \$ 650,241,970 | | | | | | | | | | |
| <i>Reallocation of "As All Others"</i> | | | \$ 171,756 | \$ 234,861 | \$ 961,995 | \$ 758,044 | \$ 295,001 | \$ 82,516 | \$ 72,480 | \$ 127,082 | \$ 33,749 | \$ - | \$ - | \$ - | | | | | | | | | | |
| ASSET ALLOCATION | \$ 650,241,970 | | \$ 40,797,675 | \$ 55,787,065 | \$ 228,505,310 | \$ 180,060,225 | \$ 70,072,471 | \$ 19,600,194 | \$ 17,216,442 | \$ 30,186,108 | \$ 8,016,479 | \$ - | \$ - | \$ - | | | | | | | | | | |
| Resulting Asset Allocation | 100.00% | | 6.27% | 8.58% | 35.14% | 27.69% | 10.78% | 3.01% | 2.65% | 4.64% | 1.23% | 0.00% | - | - | | | | | | | | | | |
| TOTAL ALLOCATION | \$ 878,859,922 | | \$ 44,073,803 | \$ 188,041,654 | \$ 240,397,099 | \$ 205,842,027 | \$ 73,440,120 | \$ 25,511,004 | \$ 22,408,386 | \$ 39,289,300 | \$ 10,434,000 | \$ 29,422,529 | \$ - | \$ - | | | | | | | | | | |
| Total Resulting Allocation | 100.00% | | 5.01% | 21.40% | 27.35% | 23.42% | 8.36% | 2.90% | 2.55% | 4.47% | 1.19% | 3.35% | - | - | | | | | | | | | | |

Appendix D

CUSTOMER CLASS ALLOCATION

Appendix D, Customer Class Allocation, allocates the total rate revenue requirements for each fiscal year to each rate component based on the overall allocations as determined in the Cost of Service Allocation (Appendix C).

Additionally, within this appendix each of the cost components is allocated amongst the various customer categories in direct proportion with that category's share of whichever unit (number of accounts, number of MEUs, level of consumption) is associated with each cost component.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

MULTI-YEAR FUNCTIONAL COST ALLOCATION AND CUSTOMER CLASS ALLOCATION

| | | CUSTOMER | CAPACITY | BASE | MAX DAY | MAX HOUR | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY SUSTAINABILITY |
|--|---------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|-----------------------|
| Allocation (Proposed COS Results) | 100.0% | 3.90% | 36.53% | 14.15% | 15.91% | 4.01% | 5.44% | 5.37% | 10.18% | 1.64% |
| Starting Allocation | 98.3% | 3.8% | 35.6% | 14.0% | 15.8% | 4.0% | 5.4% | 5.3% | 10.1% | 1.6% |

| | | | <i>Year(s) to implement adjustment to Cost of Service based allocation</i> | | | | | | | | |
|---|----------|----------|--|-------|-------|-------|------|------|------|-------|------|
| | | 1 | | | | | | | | | |
| 0 | FY 23/24 | 100.0% | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 1.6% |
| 1 | FY 24/25 | 100.0% | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 1.6% |
| 2 | FY 25/26 | 100.0% | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 1.6% |
| 3 | FY 26/27 | 100.0% | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 1.6% |
| 4 | FY 27/28 | 100.0% | 3.9% | 36.5% | 14.1% | 15.9% | 4.0% | 5.4% | 5.4% | 10.2% | 1.6% |

AMOUNT ALLOCABLE TO CONSTITUENT

| | | | | | | | | | | | |
|---|----------|---------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| 1 | FY 23/24 | \$ 74,257,469 | \$ 2,894,502 | \$ 27,123,103 | \$ 10,506,549 | \$ 11,814,420 | \$ 2,975,361 | \$ 4,038,289 | \$ 3,990,203 | \$ 7,558,515 | \$ 1,220,615 |
| 2 | FY 24/25 | \$ 79,627,363 | 3,103,816 | 29,084,497 | 11,266,325 | 12,668,774 | 3,190,523 | 4,330,316 | 4,278,752 | 8,105,106 | 1,308,883 |
| 3 | FY 25/26 | \$ 85,393,118 | 3,328,561 | 31,190,483 | 12,082,111 | 13,586,111 | 3,421,547 | 4,643,871 | 4,588,573 | 8,691,990 | 1,403,658 |
| 4 | FY 26/27 | \$ 91,583,093 | 3,569,842 | 33,451,419 | 12,957,919 | 14,570,940 | 3,669,568 | 4,980,496 | 4,921,190 | 9,322,055 | 1,505,406 |
| 5 | FY 27/28 | \$ 98,148,236 | 3,825,746 | 35,849,387 | 13,886,809 | 15,615,460 | 3,932,621 | 5,337,524 | 5,273,966 | 9,990,308 | 1,613,321 |

ALLOCATION ADJUSTMENT for Interruptible Rates

| | | | | | | | | | | |
|--|--|------|------|------|--------|------|------|------|------|---------|
| | | 0.0% | 0.0% | 0.0% | -53.7% | 0.0% | 0.0% | 0.0% | 0.0% | -100.0% |
|--|--|------|------|------|--------|------|------|------|------|---------|

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

MULTI-YEAR FUNCTIONAL COST ALLOCATION AND CUSTOMER CLASS ALLOCATION

| CUSTOMER CLASS ALLOCATION | 5-YEAR AVERAGE | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|----------------------|--------------------|--------------------|-------------------------|--|--------------------------|-------------------------|----------------------------|-------------------------|-----------------------------|
| CUSTOMER | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
| Baseline Allocation | | 88.26% | 1.69% | 7.93% | 0.85% | 0.77% | 0.12% | 0.04% | 0.02% | 0.33% |
| Interruptible | | No | No | No | No | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 88.26% | 1.69% | 7.93% | 0.85% | 0.77% | 0.12% | 0.04% | 0.02% | 0.33% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 88.26% | 1.69% | 7.93% | 0.85% | 0.77% | 0.12% | 0.04% | 0.02% | 0.33% |
| FY 23/24 | \$ 2,894,502 | \$ 2,554,570 | \$ 49,037 | \$ 229,617 | \$ 24,576 | \$ 22,209 | \$ 3,361 | \$ 1,091 | \$ 437 | \$ 9,604 |
| FY 24/25 | 3,103,816 | 2,739,302 | 52,583 | 246,221 | 26,353 | 23,815 | 3,604 | 1,170 | 468 | 10,298 |
| FY 25/26 | 3,328,561 | 2,937,653 | 56,391 | 264,050 | 28,261 | 25,540 | 3,865 | 1,255 | 502 | 11,044 |
| FY 26/27 | 3,569,842 | 3,150,597 | 60,478 | 283,191 | 30,310 | 27,391 | 4,146 | 1,346 | 538 | 11,845 |
| FY 27/28 | 3,825,746 | 3,376,448 | 64,814 | 303,491 | 32,483 | 29,355 | 4,443 | 1,442 | 577 | 12,694 |
| CAPACITY | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
| Baseline Allocation | | 67.81% | 1.42% | 25.51% | 2.02% | 1.87% | 0.80% | 0.05% | 0.00% | 0.52% |
| Interruptible | | No | No | No | No | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 67.81% | 1.42% | 25.51% | 2.02% | 1.87% | 0.80% | 0.05% | 0.00% | 0.52% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 67.81% | 1.42% | 25.51% | 2.02% | 1.87% | 0.80% | 0.05% | 0.00% | 0.52% |
| FY 23/24 | \$ 27,123,103 | \$ 18,393,423 | \$ 385,357 | \$ 6,918,015 | \$ 547,972 | \$ 507,682 | \$ 216,176 | \$ 13,969 | \$ - | \$ 140,508 |
| FY 24/25 | 29,084,497 | 19,723,535 | 413,224 | 7,418,288 | 587,599 | 544,395 | 231,808 | 14,979 | - | 150,669 |
| FY 25/26 | 31,190,483 | 21,151,701 | 443,146 | 7,955,440 | 630,146 | 583,814 | 248,593 | 16,064 | - | 161,579 |
| FY 26/27 | 33,451,419 | 22,684,945 | 475,268 | 8,532,114 | 675,824 | 626,134 | 266,613 | 17,228 | - | 173,291 |
| FY 27/28 | 35,849,387 | 24,311,118 | 509,338 | 9,143,739 | 724,271 | 671,018 | 285,726 | 18,463 | - | 185,714 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

MULTI-YEAR FUNCTIONAL COST ALLOCATION AND CUSTOMER CLASS ALLOCATION

| BASE | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|----------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 57.41% | 1.57% | 31.82% | 3.49% | 3.28% | 0.19% | 0.04% | 0.00% | 2.20% |
| Interruptible | | No | No | No | No | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 57.41% | 1.57% | 31.82% | 3.49% | 3.28% | 0.19% | 0.04% | 0.00% | 2.20% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 57.41% | 1.57% | 31.82% | 3.49% | 3.28% | 0.19% | 0.04% | 0.00% | 2.20% |
| FY 23/24 | \$ 10,506,549 | \$ 6,032,249 | \$ 165,008 | \$ 3,343,532 | \$ 366,540 | \$ 344,960 | \$ 19,596 | \$ 3,966 | \$ - | \$ 230,697 |
| FY 24/25 | 11,266,325 | 6,468,468 | 176,940 | 3,585,318 | 393,046 | 369,906 | 21,014 | 4,253 | - | 247,380 |
| FY 25/26 | 12,082,111 | 6,936,845 | 189,752 | 3,844,928 | 421,507 | 396,691 | 22,535 | 4,561 | - | 265,292 |
| FY 26/27 | 12,957,919 | 7,439,683 | 203,507 | 4,123,639 | 452,061 | 425,446 | 24,169 | 4,892 | - | 284,523 |
| FY 27/28 | 13,886,809 | 7,972,997 | 218,096 | 4,419,242 | 484,467 | 455,944 | 25,901 | 5,243 | - | 304,919 |

| MAX DAY | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|----------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 57.84% | 1.19% | 26.72% | 6.12% | 4.56% | 0.50% | 0.05% | 0.00% | 3.01% |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | -53.75% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | -3.29% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 57.84% | 1.19% | 26.72% | 2.83% | 4.56% | 0.50% | 0.05% | 0.00% | 3.01% |
| Reallocation to Non-Interruptible | | 2.03% | 0.04% | 0.94% | 0.00% | 0.16% | 0.02% | 0.00% | 0.00% | 0.11% |
| Total Allocation | | 59.87% | 1.23% | 27.66% | 2.83% | 4.72% | 0.52% | 0.06% | 0.00% | 3.11% |
| FY 23/24 | \$ 11,814,420 | \$ 7,073,092 | \$ 145,859 | \$ 3,267,511 | \$ 334,531 | \$ 557,849 | \$ 61,416 | \$ 6,633 | \$ - | \$ 367,530 |
| FY 24/25 | 12,668,774 | 7,584,579 | 156,407 | 3,503,800 | 358,722 | 598,189 | 65,857 | 7,112 | - | 394,108 |
| FY 25/26 | 13,586,111 | 8,133,772 | 167,732 | 3,757,507 | 384,697 | 641,504 | 70,626 | 7,627 | - | 422,645 |
| FY 26/27 | 14,570,940 | 8,723,373 | 179,891 | 4,029,881 | 412,583 | 688,005 | 75,745 | 8,180 | - | 453,281 |
| FY 27/28 | 15,615,460 | 9,348,709 | 192,786 | 4,318,764 | 442,159 | 737,325 | 81,175 | 8,767 | - | 485,775 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

MULTI-YEAR FUNCTIONAL COST ALLOCATION AND CUSTOMER CLASS ALLOCATION

| MAX HOUR | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|---------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 57.44% | 1.54% | 31.46% | 3.68% | 3.37% | 0.21% | 0.04% | 0.00% | 2.25% |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 57.44% | 1.54% | 31.46% | 3.68% | 3.37% | 0.21% | 0.04% | 0.00% | 2.25% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 57.44% | 1.54% | 31.46% | 3.68% | 3.37% | 0.21% | 0.04% | 0.00% | 2.25% |
| FY 23/24 | \$ 2,975,361 | \$ 1,709,184 | \$ 45,928 | \$ 936,044 | \$ 109,381 | \$ 100,399 | \$ 6,219 | \$ 1,158 | \$ - | \$ 67,047 |
| FY 24/25 | 3,190,523 | 1,832,783 | 49,250 | 1,003,734 | 117,291 | 107,660 | 6,668 | 1,242 | - | 71,896 |
| FY 25/26 | 3,421,547 | 1,965,494 | 52,816 | 1,076,414 | 125,784 | 115,455 | 7,151 | 1,332 | - | 77,102 |
| FY 26/27 | 3,669,568 | 2,107,968 | 56,644 | 1,154,441 | 134,901 | 123,824 | 7,670 | 1,428 | - | 82,691 |
| FY 27/28 | 3,932,621 | 2,259,078 | 60,705 | 1,237,197 | 144,572 | 132,701 | 8,219 | 1,531 | - | 88,619 |

| SUPPLY 1 | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|---------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 65.45% | 2.05% | 26.53% | 2.30% | 2.35% | 0.09% | 0.04% | 0.00% | 1.20% |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 65.45% | 2.05% | 26.53% | 2.30% | 2.35% | 0.09% | 0.04% | 0.00% | 1.20% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 65.45% | 2.05% | 26.53% | 2.30% | 2.35% | 0.09% | 0.04% | 0.00% | 1.20% |
| FY 23/24 | \$ 4,038,289 | \$ 2,642,930 | \$ 82,690 | \$ 1,071,530 | \$ 92,762 | \$ 94,872 | \$ 3,797 | \$ 1,444 | \$ - | \$ 48,264 |
| FY 24/25 | 4,330,316 | 2,834,053 | 88,670 | 1,149,017 | 99,470 | 101,733 | 4,072 | 1,549 | - | 51,754 |
| FY 25/26 | 4,643,871 | 3,039,264 | 95,091 | 1,232,216 | 106,673 | 109,099 | 4,366 | 1,661 | - | 55,501 |
| FY 26/27 | 4,980,496 | 3,259,574 | 101,984 | 1,321,537 | 114,405 | 117,007 | 4,683 | 1,781 | - | 59,525 |
| FY 27/28 | 5,337,524 | 3,493,237 | 109,294 | 1,416,272 | 122,606 | 125,395 | 5,019 | 1,909 | - | 63,792 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

MULTI-YEAR FUNCTIONAL COST ALLOCATION AND CUSTOMER CLASS ALLOCATION

| SUPPLY 2 | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|---------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 65.45% | 2.05% | 26.53% | 2.30% | 2.35% | 0.09% | 0.04% | 0.00% | 1.20% |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 65.45% | 2.05% | 26.53% | 2.30% | 2.35% | 0.09% | 0.04% | 0.00% | 1.20% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 65.45% | 2.05% | 26.53% | 2.30% | 2.35% | 0.09% | 0.04% | 0.00% | 1.20% |
| FY 23/24 | \$ 3,990,203 | \$ 2,611,459 | \$ 81,706 | \$ 1,058,770 | \$ 91,657 | \$ 93,742 | \$ 3,752 | \$ 1,427 | \$ - | \$ 47,689 |
| FY 24/25 | 4,278,752 | 2,800,305 | 87,614 | 1,135,335 | 98,286 | 100,521 | 4,023 | 1,530 | - | 51,138 |
| FY 25/26 | 4,588,573 | 3,003,073 | 93,958 | 1,217,543 | 105,402 | 107,800 | 4,314 | 1,641 | - | 54,841 |
| FY 26/27 | 4,921,190 | 3,220,760 | 100,769 | 1,305,801 | 113,043 | 115,614 | 4,627 | 1,760 | - | 58,816 |
| FY 27/28 | 5,273,966 | 3,451,641 | 107,993 | 1,399,407 | 121,146 | 123,902 | 4,959 | 1,886 | - | 63,032 |

| SUPPLY 3 | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|---------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 45.68% | 0.83% | 39.76% | 4.68% | 4.73% | 0.35% | 0.04% | 0.00% | 3.93% |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 45.68% | 0.83% | 39.76% | 4.68% | 4.73% | 0.35% | 0.04% | 0.00% | 3.93% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 45.68% | 0.83% | 39.76% | 4.68% | 4.73% | 0.35% | 0.04% | 0.00% | 3.93% |
| FY 23/24 | \$ 7,558,515 | \$ 3,452,785 | \$ 63,110 | \$ 3,005,072 | \$ 353,391 | \$ 357,314 | \$ 26,176 | \$ 3,261 | \$ - | \$ 297,407 |
| FY 24/25 | 8,105,106 | 3,702,472 | 67,673 | 3,222,382 | 378,946 | 383,153 | 28,068 | 3,497 | - | 318,914 |
| FY 25/26 | 8,691,990 | 3,970,565 | 72,573 | 3,455,713 | 406,385 | 410,897 | 30,101 | 3,750 | - | 342,006 |
| FY 26/27 | 9,322,055 | 4,258,383 | 77,834 | 3,706,210 | 435,843 | 440,682 | 32,283 | 4,022 | - | 366,798 |
| FY 27/28 | 9,990,308 | 4,563,646 | 83,414 | 3,971,890 | 467,087 | 472,272 | 34,597 | 4,310 | - | 393,091 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

MULTI-YEAR FUNCTIONAL COST ALLOCATION AND CUSTOMER CLASS ALLOCATION

| SUPPLY 4 | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|---------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 47.92% | 0.88% | 41.71% | 0.00% | 4.96% | 0.36% | 0.05% | 0.00% | 4.13% |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 47.92% | 0.88% | 41.71% | 0.00% | 4.96% | 0.36% | 0.05% | 0.00% | 4.13% |
| Reallocation to Non-Interruptible | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Allocation | | 47.92% | 0.88% | 41.71% | 0.00% | 4.96% | 0.36% | 0.05% | 0.00% | 4.13% |
| FY 23/24 | \$ 2,135,911 | \$ 1,023,555 | \$ 18,708 | \$ 890,834 | \$ - | \$ 105,923 | \$ 7,760 | \$ 967 | \$ - | \$ 88,164 |
| FY 24/25 | 2,290,369 | 1,097,573 | 20,061 | 955,254 | - | 113,583 | 8,321 | 1,037 | - | 94,540 |
| FY 25/26 | 2,456,212 | 1,177,048 | 21,514 | 1,024,423 | - | 121,808 | 8,923 | 1,112 | - | 101,385 |
| FY 26/27 | 2,634,258 | 1,262,369 | 23,073 | 1,098,681 | - | 130,637 | 9,570 | 1,192 | - | 108,735 |
| FY 27/28 | 2,823,095 | 1,352,862 | 24,727 | 1,177,440 | - | 140,002 | 10,256 | 1,278 | - | 116,529 |

| SUPPLY SUSTAINABILITY | | SFR (WA-1A) | MFR (WA-1B) | COMM/INDU (WA-6) | INTERRUPT. IRR / RECYC (WA-7/WA-10) | LANDSCAPE (WA-11) | FLAT RATE (WA-2) | RIVERSIDE WC (WA-4) | GREENBELT (WA-8) | AGRICULTURAL (WA-12) |
|--|---------------------|---------------|--------------|------------------|-------------------------------------|-------------------|------------------|---------------------|------------------|----------------------|
| Baseline Allocation | | 57.84% | 1.19% | 26.72% | 6.12% | 4.56% | 0.50% | 0.05% | 0.00% | 3.01% |
| No Allocated Costs | | No | No | No | Yes | No | No | No | No | No |
| Interruptible | | No | No | No | Yes | No | No | No | No | No |
| Interruptible Adjustment | | 0.00% | 0.00% | 0.00% | -100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Effective Allocation Adjustment | | 0.00% | 0.00% | 0.00% | -6.12% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Baseline Allocation With Adjustment | | 57.84% | 1.19% | 26.72% | 0.00% | 4.56% | 0.50% | 0.05% | 0.00% | 3.01% |
| Reallocation to Non-Interruptible | | 3.77% | 0.08% | 1.74% | 0.00% | 0.30% | 0.03% | 0.00% | 0.00% | 0.20% |
| Total Allocation | | 61.61% | 1.27% | 28.46% | 0.00% | 4.86% | 0.53% | 0.06% | 0.00% | 3.20% |
| FY 23/24 | \$ 1,220,615 | \$ 752,056 | \$ 15,509 | \$ 347,422 | \$ - | \$ 59,314 | \$ 6,530 | \$ 705 | \$ - | \$ 39,078 |
| FY 24/25 | 1,308,883 | 806,440 | 16,630 | 372,546 | - | 63,603 | 7,002 | 756 | - | 41,904 |
| FY 25/26 | 1,403,658 | 864,834 | 17,834 | 399,522 | - | 68,209 | 7,509 | 811 | - | 44,938 |
| FY 26/27 | 1,505,406 | 927,524 | 19,127 | 428,483 | - | 73,153 | 8,054 | 870 | - | 48,196 |
| FY 27/28 | 1,613,321 | 994,014 | 20,498 | 459,198 | - | 78,397 | 8,631 | 932 | - | 51,651 |

Appendix E

COST OF WATER ANALYSIS

Appendix E, *Cost of Water Allocation*, summarizes all of the costs associated with supplying any of the four sources of water. Included in the summary are purchase costs, distribution costs, and other costs. The costs associated with each of the four sources are then summarized. In conjunction with the total quantity of water, CCF, to be provided by each source, the unique unit cost of providing water from each source is determined. The percentage of costs for potable water production from each source are then applied to RPU's forecast water production costs to determine projected costs for each source.

RIVERSIDE PUBLIC UTILITIES

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COST OF WATER

| | <u>Supply 1</u> | <u>Supply 2</u> | <u>Supply 3</u> | <u>Supply 4</u> | <u>N/A</u> | |
|---------------------------|----------------------|--------------------------|----------------------|---------------------|---------------------|--------------------------|
| | Gage | Riverside South/North | Waterman | Flume | Rialto/Colton Basin | Distribution |
| Production | | | | | | Sum RPU Retail |
| FY 2019/20 | 26,403 | 22,357 | 26,321 | 6,864 | 458 | 56,299 |
| FY 2020/21 | 28,589 | 22,486 | 32,533 | 5,783 | 62 | 62,107 |
| FY 2021/22 | 27,438 | 22,135 | 31,189 | 5,608 | 15 | 60,788 |
| 3-Year Sum | 82,430 | 66,978 | 90,043 | 18,255 | 535 | 179,194 |
| Costs | | | | | | |
| | | | Supply Costs | | | Distribution Cost |
| FY 2019/20 | \$ 3,595,811 | \$ 3,312,176 | \$ 4,925,630 | \$ 1,213,962 | \$ 86,556 | \$ 6,131,487 |
| FY 2020/21 | 3,879,520 | 3,338,714 | 5,810,403 | 1,252,467 | 63,204 | 6,076,303 |
| FY 2021/22 | 3,999,491 | 3,845,700 | 5,890,833 | 1,318,338 | 66,557 | 6,234,063 |
| 3-Year Sum | \$ 11,474,822 | \$ 10,496,590 | \$ 16,626,866 | \$ 3,784,767 | \$ 216,316 | \$ 18,441,854 |
| Total Allocation | 18.8% | 17.2% | 27.2% | 6.2% | 0.4% | 30.2% |
| Supply Only | 26.9% | 24.6% | 39.0% | 8.9% | 0.5% | |
| Unit Cost per AF | | | Supply Costs | | | Distribution Cost |
| FY 2019/20 | \$136.19 | \$148.15 | \$187.14 | \$176.86 | \$188.99 | \$108.91 |
| FY 2020/21 | 135.70 | 148.48 | 178.60 | 216.58 | 1,019.41 | 97.84 |
| FY 2021/22 | 145.76 | 173.74 | 188.88 | 235.08 | 4,437.11 | 102.55 |
| 3-Year Average | \$139.21 | \$156.72 | \$184.65 | \$207.33 | \$404.33 | \$102.92 |
| Potable Production | | | | | | Total |
| FY 2019/20 | 20,786 | 17,421 | 26,321 | 6,424 | - | 70,952 |
| FY 2020/21 | 22,032 | 16,577 | 32,533 | 5,472 | - | 76,613 |
| FY 2021/22 | 20,615 | 15,585 | 31,189 | 5,472 | - | 72,861 |
| 3-Year Sum | 63,433 | 49,583 | 90,043 | 17,368 | - | 220,427 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

COST OF WATER

| POTABLE ADJUSTMENTS | Supply 1 | Supply 2 | Supply 3 | Supply 4 | N/A | Total |
|--|----------------|--------------------------|-----------------|----------------|---------------------|-----------------|
| | Gage | Riverside South/North | Waterman | Flume | Rialto/Colton Basin | |
| Water Loss Above Linden-Evans | | | | | | Total |
| FY 2019/20 | (300) | (251) | (379) | (93) | - | (1,023) |
| FY 2020/21 | - | - | - | - | - | - |
| FY 2021/22 | - | - | - | - | - | - |
| 3-Year Sum | (300) | (251) | (379) | (93) | - | (1,023) |
| Potable Wheeled to WMWD | | | | | | Total |
| FY 2019/20 | | | (5,102) | | | (5,102) |
| FY 2020/21 | | | (4,404) | | | (4,404) |
| FY 2021/22 | | | (4,910) | | | (4,910) |
| 3-Year Sum | - | - | (14,416) | - | - | (14,416) |
| Wholesale to WMWD | | | | | | Total |
| FY 2019/20 | (640) | (536) | (810) | (198) | - | (2,184) |
| FY 2020/21 | (909) | (684) | (1,343) | (226) | - | (3,163) |
| FY 2021/22 | (238) | (180) | (360) | (63) | - | (841) |
| 3-Year Sum | (1,787) | (1,400) | (2,513) | (487) | - | (6,188) |
| NORCO Surplus | | | | | | Total |
| FY 2019/20 | (34) | (29) | (43) | (11) | - | (117) |
| FY 2020/21 | (128) | (96) | (189) | (32) | - | (445) |
| FY 2021/22 | - | - | - | - | - | - |
| 3-Year Sum | (162) | (125) | (232) | (42) | - | (562) |
| Delivered to UCR | | | | | | Total |
| FY 2019/20 | | | - | | | - |
| FY 2020/21 | | | - | | | - |
| FY 2021/22 | | | - | | | - |
| 3-Year Sum | - | - | - | - | - | - |
| Water Loss Below Linden-Evans | | | | | | Total |
| FY 2019/20 | (1,824) | (1,529) | (2,310) | (564) | - | (6,228) |
| FY 2020/21 | (1,897) | (1,428) | (2,802) | (471) | - | (6,598) |
| FY 2021/22 | (1,873) | (1,416) | (2,834) | (497) | - | (6,620) |
| 3-Year Sum | (5,595) | (4,373) | (7,946) | (1,532) | - | (19,446) |
| Available For Potable Use (Estimated) | | | | | | Total |
| FY 2019/20 | 17,988 | 15,076 | 17,676 | 5,559 | - | 56,299 |
| FY 2020/21 | 19,097 | 14,369 | 23,796 | 4,743 | - | 62,004 |
| FY 2021/22 | 18,504 | 13,989 | 23,086 | 4,912 | - | 60,490 |
| 3-Year Sum | 55,589 | 43,433 | 64,557 | 15,214 | - | 178,793 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

COST OF WATER

| CALCULATED POTABLE COSTS | <u>Supply 1</u> | <u>Supply 2</u> | <u>Supply 3</u> | <u>Supply 4</u> | <u>N/A</u> | |
|-----------------------------|---------------------------------|--------------------------|----------------------|---------------------|---------------------|------|
| | Gage | Riverside South/North | Waterman | Flume | Rialto/Colton Basin | |
| Potable Supply Costs | | | | | | |
| FY 2019/20 | \$ 2,449,773 | \$ 2,233,471 | \$ 3,307,757 | \$ 983,226 | \$ - | |
| FY 2020/21 | 2,591,433 | 2,133,432 | 4,249,902 | 1,027,208 | - | |
| FY 2021/22 | 2,697,273 | 2,430,431 | 4,360,312 | 1,154,604 | - | |
| 3-Year Sum | \$ 7,738,478 | \$ 6,797,334 | \$ 11,917,971 | \$ 3,165,038 | \$ - | |
| | <i>Supply Only</i> | 26.1% | 22.9% | 40.2% | 10.7% | 0.0% |
| Distribution Costs | | | | | | |
| FY 2019/20 | \$ 1,959,067 | \$ 1,641,903 | \$ 1,925,047 | \$ 605,470 | \$ - | |
| FY 2020/21 | 1,868,355 | 1,405,757 | 2,328,066 | 464,028 | - | |
| FY 2021/22 | 1,897,695 | 1,434,635 | 2,367,534 | 503,696 | - | |
| 3-Year Sum | \$ 5,725,118 | \$ 4,482,295 | \$ 6,620,647 | \$ 1,573,193 | \$ - | |
| Total Potable Costs | | | | | | |
| FY 2019/20 | \$ 4,408,840 | \$ 3,875,374 | \$ 5,232,805 | \$ 1,588,695 | \$ - | |
| FY 2020/21 | 4,459,788 | 3,539,189 | 6,577,967 | 1,491,236 | - | |
| FY 2021/22 | 4,594,968 | 3,865,066 | 6,727,846 | 1,658,299 | - | |
| 3-Year Sum | \$ 13,463,597 | \$ 11,279,629 | \$ 18,538,618 | \$ 4,738,231 | \$ - | |
| | <i>Supply With Distribution</i> | 28.0% | 23.5% | 38.6% | 9.9% | 0.0% |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

COST OF WATER

| | <u>Supply 1</u> | <u>Supply 2</u> | <u>Supply 3</u> | <u>Supply 4</u> | <u>N/A</u> |
|--|-----------------|-----------------------|-----------------|-----------------|---------------------|
| THREE YEAR AVG | Gage | Riverside South/North | Waterman | Flume | Rialto/Colton Basin |
| Three Year Average Cost \$ | 2,579,493 | \$ 2,265,778 | \$ 3,972,657 | \$ 1,055,013 | \$ - |
| Average Available AF | 18,530 | 14,478 | 21,519 | 5,071 | - |
| Average Available CCF | 8,071,535 | 6,306,521 | 9,373,657 | 2,209,041 | - |
| Overall Unit Cost (\$/AF) | \$139.21 | \$156.50 | \$184.61 | \$208.04 | |
| Percent of Supply | 31% | 24% | 36% | 9% | 0% |
| Percent of Potable Supply Costs | 26% | 23% | 40% | 11% | 0% |
| Incremental Increase in Costs Above Supply 1 | 0% | 12% | 33% | 49% | |

| | <u>Supply 1</u> | <u>Supply 2</u> | <u>Supply 3</u> | <u>Supply 4</u> | <u>N/A</u> |
|----------------------------------|-----------------|-----------------------|-----------------|-----------------|---------------------|
| TWO YEAR AVG | Gage | Riverside South/North | Waterman | Flume | Rialto/Colton Basin |
| Two Year Average Cost \$ | 2,644,353 | \$ 2,281,932 | \$ 4,305,107 | \$ 1,090,906 | \$ - |
| Average Available AF | 18,801 | 14,179 | 23,441 | 4,827 | - |
| Average Available CCF | 8,189,522 | 6,176,272 | 10,210,739 | 2,102,732 | - |
| Overall Unit Cost (\$/AF) | \$140.65 | \$160.94 | \$183.66 | \$225.99 | |
| Percent of Supply | 31% | 23% | 38% | 8% | 0% |
| Percent of Supply Costs | 26% | 22% | 42% | 11% | 0% |

Appendix F

SUPPLY ALLOCATION

Appendix F, Supply Allocation, presents an estimate of the percent of each water supply that is used by each customer class. This distribution of the water supplies amongst the customer class also incorporates an allocation between each customer class's tiers, where applicable. The cheapest of the water sources is allocated first to the lower tiers, while each progressively more expensive source is allocated as needed to meet the demands associated with each tier. The distribution of each water source's capacity is later used to calculate the value of water demanded by each tier within each customer class as shown in Appendix H.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

SUPPLY ALLOCATION

| CLASS ALLOCATION | FY 23/24 ACCOUNTS | FY 23/24 MEU | INDOOR USAGE MONTHLY CCF | GAGE | RIVERSIDE SOUTH/NORTH | WATERMAN | FLUME | TOTAL | FY 23/24 Forecasted Usage |
|---------------------------------------|----------------------|-----------------|-----------------------------|------------------|--------------------------|-------------------|------------------|-------------------|------------------------------|
| | | | | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | | |
| Percent of Supplies | | | | 31% | 24% | 36% | 9% | 100% | |
| Total Available for RPU Retail | | | | 8,189,522 | 6,176,272 | 10,210,739 | 2,102,732 | 26,679,265 | 23,344,985 |

Step 1: allocate supply based on annualized 3-month min

| ANNUALIZED 3-MONTH MINIMUM | ANNUALIZED 3 MONTH MIN | LESS DEDICATED ALLOCATION | REMAINING | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | TOTAL | SUBTOTAL ALLOCATED |
|--|---------------------------|------------------------------|-------------------|------------------|------------------|-------------------|------------------|-------------------|-----------------------|
| Remaining Available Before Allocation | | | | 8,189,522 | 6,176,272 | 10,210,739 | 2,102,732 | 26,679,265 | |
| Amount to be Allocated | | | | 8,189,522 | 6,176,272 | 882,052 | 0 | | |
| SFR (WA-1A) | 9,979,224 | - | 9,979,224 | 5,359,778 | 4,042,171 | 577,274 | - | 9,979,224 | 9,979,224 |
| MFR (WA-1B) | 312,224 | - | 312,224 | 167,693 | 126,469 | 18,061 | - | 312,224 | 312,224 |
| FLAT RATE (WA-2) | 14,337 | - | 14,337 | 7,700 | 5,807 | 829 | - | 14,337 | 14,337 |
| RIVERSIDE WC (WA-4) | 5,453 | - | 5,453 | 2,929 | 2,209 | 315 | - | 5,453 | 5,453 |
| COMM/INDU (WA-6) | 4,045,901 | - | 4,045,901 | 2,173,028 | 1,638,827 | 234,046 | - | 4,045,901 | 4,045,901 |
| INTERRUPT. IRR / RECYC (WA-7/WA-10) | 350,252 | - | 350,252 | 188,118 | 141,873 | 20,261 | - | 350,252 | 350,252 |
| LANDSCAPE (WA-11) | 358,219 | - | 358,219 | 192,397 | 145,100 | 20,722 | - | 358,219 | 358,219 |
| AGRICULTURAL (WA-12) | 182,235 | - | 182,235 | 97,877 | 73,816 | 10,542 | - | 182,235 | 182,235 |
| Total: | 15,247,845 | - | 15,247,845 | 8,189,522 | 6,176,272 | 882,052 | - | 15,247,845 | 15,247,845 |

Remaining to Allocate **0** **0** **9,328,687** **2,102,732** **11,431,419**

Step 2: allocate supply based on annualized winter

| ANNUALIZED WINTER | ANNUALIZED WINTER | LESS DEDICATED ALLOCATION | REMAINING | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | TOTAL | SUBTOTAL ALLOCATED |
|--|----------------------|------------------------------|------------------|----------|----------|------------------|------------------|-------------------|-----------------------|
| Remaining Available Before Allocation | | | | 0 | 0 | 9,328,687 | 2,102,732 | 11,431,419 | |
| Amount to be Allocated | | | | 0 | 0 | 4,630,122 | 0 | | |
| SFR (WA-1A) | 11,432,895 | (9,979,224) | 1,453,672 | - | - | 1,453,672 | - | 1,453,672 | 11,432,895 |
| MFR (WA-1B) | 334,390 | (312,224) | 22,166 | - | - | 22,166 | - | 22,166 | 334,390 |
| FLAT RATE (WA-2) | 30,758 | (14,337) | 16,421 | - | - | 16,421 | - | 16,421 | 30,758 |
| RIVERSIDE WC (WA-4) | 6,955 | (5,453) | 1,502 | - | - | 1,502 | - | 1,502 | 6,955 |
| COMM/INDU (WA-6) | 6,538,766 | (4,045,901) | 2,492,865 | - | - | 2,492,865 | - | 2,492,865 | 6,538,766 |
| INTERRUPT. IRR / RECYC (WA-7/WA-10) | 564,447 | (350,252) | 214,195 | - | - | 214,195 | - | 214,195 | 564,447 |
| LANDSCAPE (WA-11) | 578,229 | (358,219) | 220,009 | - | - | 220,009 | - | 220,009 | 578,229 |
| AGRICULTURAL (WA-12) | 391,527 | (182,235) | 209,292 | - | - | 209,292 | - | 209,292 | 391,527 |
| Total: | 19,877,967 | (15,247,845) | 4,630,122 | - | - | 4,630,122 | - | 4,630,122 | 19,877,967 |

Remaining to Allocate **0** **0** **4,698,565** **2,102,732** **6,801,297**

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

SUPPLY ALLOCATION

| | | | | GAGE | RIVERSIDE SOUTH/NORTH | WATERMAN | FLUME | | |
|--|-------------------|------------------------------|------------------|----------|--------------------------|------------------|------------------|------------------|-----------------------|
| REMAINING USAGE | TOTAL USAGE | LESS PREVIOUSLY ALLOCATED | REMAINING | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | TOTAL | SUBTOTAL ALLOCATED |
| Remaining Available Before Allocation | | | | 0 | 0 | 4,698,565 | 2,102,732 | 6,801,297 | |
| Amount to be Allocated | | | | 0 | 0 | 3,467,018 | 0 | | |
| SFR (WA-1A) | 13,476,117 | (11,432,895) | 2,043,221 | - | - | 2,043,221 | - | 2,043,221 | 13,476,117 |
| MFR (WA-1B) | 368,630 | (334,390) | 34,239 | - | - | 34,239 | - | 34,239 | 368,630 |
| FLAT RATE (WA-2) | 44,394 | (30,758) | 13,636 | - | - | 13,636 | - | 13,636 | 44,394 |
| RIVERSIDE WC (WA-4) | 8,986 | (6,955) | 2,031 | - | - | 2,031 | - | 2,031 | 8,986 |
| COMM/INDU (WA-6) | 7,357,736 | (6,538,766) | 818,971 | - | - | 818,971 | - | 818,971 | 7,357,736 |
| INTERRUPT. IRR / RECYC (WA-7/WA-10) | 807,384 | (564,447) | 242,936 | - | - | 242,936 | - | 242,936 | 807,384 |
| LANDSCAPE (WA-11) | 759,116 | (578,229) | 180,887 | - | - | 180,887 | - | 180,887 | 759,116 |
| AGRICULTURAL (WA-12) | 522,624 | (391,527) | 131,096 | - | - | 131,096 | - | 131,096 | 522,624 |
| Total: | 23,344,985 | (19,877,967) | 3,467,018 | - | - | 3,467,018 | - | 3,467,018 | 23,344,985 |

Remaining to Allocate **0** **0** **1,231,548** **2,102,732** **3,334,279** *TRUE*

Step 4: summarize

| REMAINING USAGE | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | TOTAL |
|-------------------------------------|------------------|------------------|------------------|----------|-------------------|
| SFR (WA-1A) | 5,359,778 | 4,042,171 | 4,074,168 | - | 13,476,117 |
| MFR (WA-1B) | 167,693 | 126,469 | 74,467 | - | 368,630 |
| FLAT RATE (WA-2) | 7,700 | 5,807 | 30,886 | - | 44,394 |
| RIVERSIDE WC (WA-4) | 2,929 | 2,209 | 3,848 | - | 8,986 |
| COMM/INDU (WA-6) | 2,173,028 | 1,638,827 | 3,545,882 | - | 7,357,736 |
| INTERRUPT. IRR / RECYC (WA-7/WA-10) | 188,118 | 141,873 | 477,393 | - | 807,384 |
| LANDSCAPE (WA-11) | 192,397 | 145,100 | 421,618 | - | 759,116 |
| AGRICULTURAL (WA-12) | 97,877 | 73,816 | 350,930 | - | 522,624 |
| Total: | 8,189,522 | 6,176,272 | 8,979,192 | - | 23,344,985 |

check: Sum of steps 1 to 3 above. 8,189,522 6,176,272 8,979,192 - 23,344,985

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

SUPPLY ALLOCATION

Step 5: reallocate remaining supply

| | GAGE | RIVERSIDE SOUTH/NORTH | WATERMAN | FLUME | |
|---|---|--------------------------|-------------------|-------------------|-------------------|
| | WITH RESILIENCY COMPONENT | | | | |
| TOTAL w/ REALLOCATION of REMAINING SUPPLY 4 | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | TOTAL |
| SFR (WA-1A) | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| MFR (WA-1B) | 167,693 | 126,469 | 85,254 | 18,418 | 397,834 |
| FLAT RATE (WA-2) | 7,700 | 5,807 | 35,360 | 7,639 | 56,507 |
| RIVERSIDE WC (WA-4) | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| COMM/INDU (WA-6) | 2,173,028 | 1,638,827 | 4,059,528 | 876,995 | 8,748,379 |
| INTERRUPT. IRR / RECYC (WA-7/WA-10) | 188,118 | 141,873 | 477,393 | - | 807,384 |
| LANDSCAPE (WA-11) | 192,397 | 145,100 | 482,693 | 104,278 | 924,468 |
| AGRICULTURAL (WA-12) | 97,877 | 73,816 | 401,765 | 86,795 | 660,253 |
| Total: | 8,189,522 | 6,176,272 | 10,210,739 | 2,102,732 | 26,679,265 |
| | <i>check: Total available for RPU retail.</i> | <i>8,189,522</i> | <i>6,176,272</i> | <i>10,210,739</i> | <i>2,102,732</i> |

| PERCENT BY SUPPLY | SUPPLY 1 | SUPPLY 2 | SUPPLY 3 | SUPPLY 4 | TOTAL |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| SFR (WA-1A) | 65.45% | 65.45% | 45.68% | 47.92% | 56.50% |
| MFR (WA-1B) | 2.05% | 2.05% | 0.83% | 0.88% | 1.49% |
| FLAT RATE (WA-2) | 0.09% | 0.09% | 0.35% | 0.36% | 0.21% |
| RIVERSIDE WC (WA-4) | 0.04% | 0.04% | 0.04% | 0.05% | 0.04% |
| COMM/INDU (WA-6) | 26.53% | 26.53% | 39.76% | 41.71% | 32.79% |
| INTERRUPT. IRR / RECYC (WA-7/WA-10) | 2.30% | 2.30% | 4.68% | 0.00% | 3.03% |
| LANDSCAPE (WA-11) | 2.35% | 2.35% | 4.73% | 4.96% | 3.47% |
| AGRICULTURAL (WA-12) | 1.20% | 1.20% | 3.93% | 4.13% | 2.47% |
| Total: | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Appendix G

CUSTOMER DATA AND PROJECTIONS

Appendix G, Customer Data and Projections, shows the projected customer demands by class, season, and tier (where applicable). Appendix G also presents the calculation of Max Day and Max Hour peak factors and extra capacity for each customer class based on their projected monthly demands and the overall system Peak Hour and Peak Day factors for the master plan. This projected demand data and associated analysis are basis of the many of the cost of service allocation and used within the rate analyses.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNITS OF SERVICE

| | Summer | Summer | Summer | Summer | Winter | Winter | Winter | Winter | Winter | Winter | Winter | Summer | Projected Annual Use |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| FORECASTED USAGE (FY 23/24) - Input from Customer Data Analysis.xlsx | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | |
| RESIDENTIAL | | | | | | | | | | | | | |
| WA-1A Single Family Residential | 1,350,819 | 1,459,380 | 1,433,518 | 1,320,574 | 1,184,713 | 968,804 | 786,362 | 824,567 | 883,877 | 921,661 | 1,099,205 | 1,242,637 | 13,476,117 |
| Tier 1 | 429,029 | 430,573 | 430,132 | 427,442 | 422,074 | 409,668 | 390,518 | 397,471 | 404,750 | 405,699 | 418,693 | 426,489 | 4,992,538 |
| Tier 2 | 678,112 | 731,394 | 718,599 | 658,844 | 582,274 | 448,382 | 325,046 | 351,919 | 394,675 | 409,234 | 527,732 | 615,542 | 6,441,753 |
| Tier 3 | 243,678 | 297,413 | 284,786 | 234,288 | 180,365 | 110,754 | 70,798 | 75,177 | 84,452 | 106,728 | 152,780 | 200,606 | 2,041,826 |
| WA-1B Multi-Family Residential | 34,140 | 36,721 | 36,220 | 33,932 | 31,380 | 28,883 | 26,182 | 25,369 | 26,505 | 27,389 | 29,353 | 32,555 | 368,630 |
| Tier 1 | 15,526 | 15,612 | 15,578 | 15,437 | 15,189 | 14,971 | 14,632 | 14,674 | 14,998 | 15,082 | 15,306 | 15,537 | 182,542 |
| Tier 2 | 18,615 | 21,109 | 20,642 | 18,495 | 16,191 | 13,912 | 11,550 | 10,695 | 11,507 | 12,307 | 14,047 | 17,018 | 186,087 |
| COMMERICAL/INDUSTRIAL | | | | | | | | | | | | | |
| WA-6 Commercial and Industrial | 686,857 | 740,785 | 753,585 | 711,905 | 661,571 | 575,519 | 480,757 | 487,227 | 523,355 | 513,553 | 572,297 | 650,325 | 7,357,736 |
| WA-7 & 10 Interruptible Irrigation & Recycled | 92,075 | 108,554 | 104,292 | 89,238 | 70,376 | 51,004 | 29,817 | 35,553 | 43,939 | 41,315 | 57,256 | 83,964 | 807,384 |
| WA-11 Landscape Irrigation | 84,324 | 89,581 | 92,358 | 79,443 | 68,700 | 51,528 | 31,999 | 35,970 | 42,890 | 44,897 | 61,315 | 76,111 | 759,116 |
| OTHER | | | | | | | | | | | | | |
| WA-4 Riverside Water Company Irrigators | 990 | 1,069 | 1,108 | 943 | 908 | 608 | 432 | 452 | 528 | 479 | 649 | 818 | 8,986 |
| Tier 1 | 310 | 298 | 308 | 318 | 311 | 270 | 224 | 238 | 242 | 245 | 272 | 299 | 3,334 |
| Tier 2 | 554 | 598 | 617 | 541 | 453 | 257 | 163 | 197 | 250 | 226 | 317 | 450 | 4,623 |
| Tier 3 | 127 | 174 | 183 | 84 | 145 | 81 | 45 | 17 | 36 | 8 | 61 | 69 | 1,028 |
| WA-2 Flat Rate - Temp Service | 3,773 | 7,090 | 7,426 | 4,602 | 3,556 | 2,752 | 1,289 | 1,401 | 2,175 | 3,083 | 3,686 | 3,561 | 44,394 |
| WA-5 Fire Protection Services & Hydrant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-8 Greenbelt Irrigation Service | 10,217 | 8,731 | 5,909 | 10,588 | 3,026 | 8,008 | 5,328 | 2,397 | 2,568 | 4,677 | 5,307 | 3,154 | 69,909 |
| WA-12 Agricultural Service | 58,112 | 61,774 | 63,207 | 54,402 | 43,533 | 28,646 | 22,305 | 25,603 | 31,412 | 33,440 | 43,452 | 56,737 | 522,624 |
| WA-7 Interruptible Irrigation | 82,724 | 97,926 | 94,854 | 82,070 | 64,239 | 46,913 | 27,949 | 32,756 | 40,513 | 38,207 | 53,841 | 77,651 | 739,645 |
| WA-10 Recycled Water Service | 9,351 | 10,628 | 9,438 | 7,168 | 6,137 | 4,091 | 3,868 | 2,797 | 3,426 | 3,108 | 3,414 | 6,312 | 67,739 |
| TOTAL USAGE | 2,321,307 | 2,513,686 | 2,497,623 | 2,305,627 | 2,067,763 | 1,715,753 | 1,384,471 | 1,438,539 | 1,557,251 | 1,590,494 | 1,872,521 | 2,149,861 | 23,414,894 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNITS OF SERVICE

Based on Updated Tier Breaks

| AVERAGE MONTHLY USAGE in PERCENTAGE | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | Line Total |
|---|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|--------|------------|
| RESIDENTIAL | | | | | | | | | | | | | |
| WA-1A Single Family Residential | 10.02% | 10.83% | 10.64% | 9.80% | 8.79% | 7.19% | 5.84% | 6.12% | 6.56% | 6.84% | 8.16% | 9.22% | 100% |
| Tier 1 | 8.59% | 8.62% | 8.62% | 8.56% | 8.45% | 8.21% | 7.82% | 7.96% | 8.11% | 8.13% | 8.39% | 8.54% | 100% |
| Tier 2 | 10.53% | 11.35% | 11.16% | 10.23% | 9.04% | 6.96% | 5.05% | 5.46% | 6.13% | 6.35% | 8.19% | 9.56% | 100% |
| Tier 3 | 11.93% | 14.57% | 13.95% | 11.47% | 8.83% | 5.42% | 3.47% | 3.68% | 4.14% | 5.23% | 7.48% | 9.82% | 100% |
| WA-1B Multi-Family Residential | 9.26% | 9.96% | 9.83% | 9.21% | 8.51% | 7.84% | 7.10% | 6.88% | 7.19% | 7.43% | 7.96% | 8.83% | 100% |
| Tier 1 | 8.51% | 8.55% | 8.53% | 8.46% | 8.32% | 8.20% | 8.02% | 8.04% | 8.22% | 8.26% | 8.38% | 8.51% | 100% |
| Tier 2 | 10.00% | 11.34% | 11.09% | 9.94% | 8.70% | 7.48% | 6.21% | 5.75% | 6.18% | 6.61% | 7.55% | 9.14% | 100% |
| COMMERICAL/INDUSTRIAL | | | | | | | | | | | | | |
| WA-6 Commercial and Industrial | 9.34% | 10.07% | 10.24% | 9.68% | 8.99% | 7.82% | 6.53% | 6.62% | 7.11% | 6.98% | 7.78% | 8.84% | 100% |
| WA-7 Interruptible Irrigation | 11.18% | 13.24% | 12.82% | 11.10% | 8.69% | 6.34% | 3.78% | 4.43% | 5.48% | 5.17% | 7.28% | 10.50% | 100% |
| WA-11 Landscape Irrigation | 11.11% | 11.80% | 12.17% | 10.47% | 9.05% | 6.79% | 4.22% | 4.74% | 5.65% | 5.91% | 8.08% | 10.03% | 100% |
| OTHER | | | | | | | | | | | | | |
| WA-4 Riverside Water Company Irrigators | 11.02% | 11.90% | 12.33% | 10.49% | 10.11% | 6.77% | 4.81% | 5.03% | 5.88% | 5.33% | 7.22% | 9.11% | 100% |
| Tier 1 | 9.29% | 8.94% | 9.24% | 9.54% | 9.31% | 8.08% | 6.72% | 7.14% | 7.27% | 7.36% | 8.14% | 8.97% | 100% |
| Tier 2 | 11.98% | 12.93% | 13.35% | 11.70% | 9.80% | 5.57% | 3.53% | 4.26% | 5.41% | 4.88% | 6.85% | 9.74% | 100% |
| Tier 3 | 12.32% | 16.88% | 17.78% | 8.14% | 14.06% | 7.92% | 4.36% | 1.64% | 3.47% | 0.81% | 5.90% | 6.71% | 100% |
| WA-2 Flat Rate - Temp Service | 8.50% | 15.97% | 16.73% | 10.37% | 8.01% | 6.20% | 2.90% | 3.15% | 4.90% | 6.94% | 8.30% | 8.02% | 100% |
| WA-5 Fire Protection Services & Hydrant | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0% |
| WA-8 Greenbelt Irrigation Service | 14.61% | 12.49% | 8.45% | 15.15% | 4.33% | 11.46% | 7.62% | 3.43% | 3.67% | 6.69% | 7.59% | 4.51% | 100% |
| WA-10 Recycled Water Service | 13.80% | 15.69% | 13.93% | 10.58% | 9.06% | 6.04% | 2.76% | 4.13% | 5.06% | 4.59% | 5.04% | 9.32% | 100% |
| WA-12 Agricultural Service | 11.12% | 11.82% | 12.09% | 10.41% | 8.33% | 5.48% | 4.27% | 4.90% | 6.01% | 6.40% | 8.31% | 10.86% | 100% |

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| FORECASTED USAGE (FY 23/24) - Input from Customer Data Analysis.xlsx | PROJECTIONS (MATCHED TO PRO FORMA) | | | | | | | | | 7 months | 5 months | Ratio |
|--|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|-----------|-------|
| | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 | FY 30/31 | FY 31/32 | Winter | Summer | |
| RESIDENTIAL | | | | | | | | | | | | |
| WA-1A Single Family Residential | 13,476,117 | 13,567,968 | 13,662,795 | 13,760,195 | 13,860,518 | 13,961,573 | 14,060,743 | 14,161,425 | 14,263,314 | 952,741 | 1,361,386 | 1.43 |
| Tier 1 | 4,992,538 | 5,026,567 | 5,061,697 | 5,097,782 | 5,134,949 | 5,172,387 | 5,209,126 | 5,246,426 | 5,284,174 | 406,982 | 428,733 | 1.05 |
| Tier 2 | 6,441,753 | 6,485,659 | 6,530,987 | 6,577,546 | 6,625,502 | 6,673,807 | 6,721,211 | 6,769,339 | 6,818,043 | 434,180 | 680,498 | 1.57 |
| Tier 3 | 2,041,826 | 2,055,742 | 2,070,110 | 2,084,868 | 2,100,068 | 2,115,379 | 2,130,405 | 2,145,660 | 2,161,097 | 111,579 | 252,154 | 2.26 |
| WA-1B Multi-Family Residential | 368,630 | 371,142 | 373,736 | 376,400 | 379,145 | 381,909 | 384,622 | 387,376 | 390,163 | 27,866 | 34,714 | 1.25 |
| Tier 1 | 182,542 | 183,787 | 185,071 | 186,390 | 187,749 | 189,118 | 190,462 | 191,825 | 193,206 | 14,979 | 15,538 | 1.04 |
| Tier 2 | 186,087 | 187,355 | 188,665 | 190,010 | 191,395 | 192,791 | 194,160 | 195,550 | 196,957 | 12,887 | 19,176 | 1.49 |
| COMMERICAL/INDUSTRIAL | | | | | | | | | | | | |
| WA-6 Commercial and Industrial | 7,357,736 | 7,464,359 | 7,572,724 | 7,682,792 | 7,794,744 | 7,908,327 | 8,023,566 | 8,140,484 | 8,259,105 | 544,897 | 708,691 | 1.30 |
| WA-7 & 10 Interruptible Irrigation & Recycled | 807,384 | 818,102 | 829,979 | 842,043 | 854,313 | 866,761 | 879,392 | 892,206 | 905,207 | 47,037 | 95,625 | 2.03 |
| WA-11 Landscape Irrigation | 759,116 | 770,116 | 781,296 | 792,652 | 804,203 | 815,921 | 827,811 | 839,873 | 852,112 | 48,186 | 84,363 | 1.75 |
| OTHER | | | | | | | | | | | | |
| WA-4 Riverside Water Company Irrigators | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 580 | 986 | 1.70 |
| Tier 1 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 257 | 307 | 1.19 |
| Tier 2 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 266 | 552 | 2.07 |
| Tier 3 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 56 | 127 | 2.27 |
| WA-2 Flat Rate - Temp Service | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 2,563 | 5,290 | 2.06 |
| WA-5 Fire Protection Services & Hydrant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| WA-8 Greenbelt Irrigation Service | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 4,473 | 7,720 | 1.73 |
| WA-12 Agricultural Service | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 32,627 | 58,847 | 1.80 |
| TOTAL USAGE | 23,414,894 | 23,637,599 | 23,866,442 | 24,099,994 | 24,338,834 | 24,580,403 | 24,822,044 | 25,067,276 | 25,315,813 | | | |

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UNITS OF SERVICE

| FORECASTED USAGE (FY 23/24) - Input from Customer Data Analysis.xlsx | FY 2024 | | | FY 2025 | | | FY 2026 | | | FY 2027 | | | FY 2028 | | |
|--|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | Winter | Summer | Avg | Winter | Summer | Avg | Winter | Summer | Avg | Winter | Summer | Avg | Winter | Summer | Avg |
| RESIDENTIAL | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 | 4 |
| WA-1A Single Family Residential | 6,669,189 | 6,806,928 | 1,123,010 | 6,714,645 | 6,853,323 | 1,130,664 | 6,761,574 | 6,901,221 | 1,138,566 | 6,809,776 | 6,950,419 | 1,146,683 | 6,859,425 | 7,001,093 | 1,155,043 |
| Tier 1 | 2,848,873 | 2,143,665 | 416,045 | 2,868,290 | 2,158,276 | 418,881 | 2,888,337 | 2,173,360 | 421,808 | 2,908,928 | 2,188,854 | 424,815 | 2,930,136 | 2,204,813 | 427,912 |
| Tier 2 | 3,039,262 | 3,402,491 | 536,813 | 3,059,977 | 3,425,682 | 540,472 | 3,081,363 | 3,449,624 | 544,249 | 3,103,330 | 3,474,216 | 548,129 | 3,125,956 | 3,499,546 | 552,125 |
| Tier 3 | 781,054 | 1,260,772 | 170,152 | 786,378 | 1,269,365 | 171,312 | 791,874 | 1,278,236 | 172,509 | 797,519 | 1,287,349 | 173,739 | 803,333 | 1,296,735 | 175,006 |
| WA-1B Multi-Family Residential | 195,061 | 173,568 | 30,719 | 196,391 | 174,751 | 30,929 | 197,763 | 175,973 | 31,145 | 199,173 | 177,227 | 31,367 | 200,625 | 178,519 | 31,595 |
| Tier 1 | 104,853 | 77,690 | 15,212 | 105,567 | 78,219 | 15,316 | 106,305 | 78,766 | 15,423 | 107,063 | 79,327 | 15,533 | 107,844 | 79,906 | 15,646 |
| Tier 2 | 90,208 | 95,879 | 15,507 | 90,823 | 96,532 | 15,613 | 91,458 | 97,207 | 15,722 | 92,110 | 97,900 | 15,834 | 92,781 | 98,614 | 15,950 |
| COMMERICAL/INDUSTRIAL | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-6 Commercial and Industrial | 3,814,280 | 3,543,456 | 613,145 | 3,869,554 | 3,594,805 | 622,030 | 3,925,731 | 3,646,993 | 631,060 | 3,982,790 | 3,700,001 | 640,233 | 4,040,827 | 3,753,917 | 649,562 |
| WA-7 & 10 Interruptible Irrigation & Recycled | 329,261 | 478,123 | 67,282 | 333,632 | 484,470 | 68,175 | 338,476 | 491,503 | 69,165 | 343,395 | 498,647 | 70,170 | 348,399 | 505,913 | 71,193 |
| WA-11 Landscape Irrigation | 337,300 | 421,816 | 63,260 | 342,188 | 427,928 | 64,176 | 347,155 | 434,141 | 65,108 | 352,201 | 440,451 | 66,054 | 357,333 | 446,869 | 67,017 |
| OTHER | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-4 Riverside Water Company Irrigators | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 |
| Tier 1 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 |
| Tier 2 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 |
| Tier 3 | 392 | 636 | 86 | 392 | 636 | 86 | 392 | 636 | 86 | 392 | 636 | 86 | 392 | 636 | 86 |
| WA-2 Flat Rate - Temp Service | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 |
| WA-5 Fire Protection Services & Hydrant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-8 Greenbelt Irrigation Service | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 |
| WA-12 Agricultural Service | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 |
| TOTAL USAGE | 11,626,792 | 11,788,103 | 1,951,243 | 11,738,111 | 11,899,489 | 1,969,801 | 11,852,400 | 12,014,043 | 1,988,871 | 11,969,036 | 12,130,957 | 2,008,334 | 12,088,310 | 12,250,523 | 2,028,237 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNITS OF SERVICE

| Units of Service | FY 23/24 ANNUAL USE | 365 days in a year | | | | 30.42 days in a month | | | MAX HOUR | | | MM/AVG |
|---|---------------------|--------------------|------------------|------------------|---------------|-----------------------|--------------------|----------------|--------------------|--------------------|----------------|----------------|
| | | AVG DAY | MAX MONTH | AVG MONTH | ADD of MM | MDD PEAKING FACTOR | TOTAL MDD CAPACITY | EXTRA CAPACITY | MDD PEAKING FACTOR | TOTAL MDD CAPACITY | EXTRA CAPACITY | For Comparison |
| RESIDENTIAL | | | | | | | | | | | | |
| WA-1A Single Family Residential | 13,476,117 | 36,921 | 1,459,380 | 1,123,010 | 47,974 | 1.48 | 54,749 | 17,828 | 1.77 | 65,177 | 47,349 | 1.30 |
| Tier 1 | 4,992,538 | 13,678 | 430,573 | 416,045 | 14,154 | 1.18 | 16,153 | 2,475 | 1.41 | 19,230 | 16,755 | |
| Tier 2 | 6,441,753 | 17,649 | 731,394 | 536,813 | 24,043 | 1.55 | 27,438 | 9,790 | 1.85 | 32,665 | 22,875 | |
| Tier 3 | 2,041,826 | 5,594 | 297,413 | 170,152 | 9,777 | 1.99 | 11,157 | 5,563 | 2.37 | 13,283 | 7,719 | |
| WA-1B Multi-Family Residential | 368,630 | 1,010 | 36,721 | 30,719 | 1,207 | 1.36 | 1,378 | 368 | 1.62 | 1,640 | 1,272 | 1.20 |
| Tier 1 | 182,542 | 500 | 15,612 | 15,212 | 513 | 1.17 | 586 | 86 | 1.39 | 697 | 612 | |
| Tier 2 | 186,087 | 510 | 21,109 | 15,507 | 694 | 1.55 | 792 | 282 | 1.85 | 943 | 661 | |
| COMMERICAL/INDUSTRIAL | | | | | | | | | | | | |
| WA-6 Commercial and Industrial | 7,357,736 | 20,158 | 753,585 | 613,145 | 24,773 | 1.40 | 28,271 | 8,113 | 1.67 | 33,656 | 25,543 | 1.23 |
| WA-7 & 10 Interruptible Irrigation & Recycled | 807,384 | 2,212 | 108,554 | 67,282 | 3,569 | 1.84 | 4,072 | 1,860 | 2.19 | 4,848 | 2,988 | 1.61 |
| WA-11 Landscape Irrigation | 759,116 | 2,080 | 92,358 | 63,260 | 3,036 | 1.67 | 3,465 | 1,385 | 1.98 | 4,125 | 2,740 | 1.46 |
| OTHER | | | | | | | | | | | | |
| WA-4 Riverside Water Company Irrigators | 8,986 | 25 | 1,108 | 749 | 36 | 1.69 | 42 | 17 | 2.01 | 49 | 33 | 1.48 |
| Tier 1 | 3,334 | 9 | 318 | 278 | 10 | 1.31 | 12 | 3 | 1.55 | 14 | 11 | |
| Tier 2 | 4,623 | 13 | 617 | 385 | 20 | 1.83 | 23 | 10 | 2.18 | 28 | 17 | |
| Tier 3 | 1,028 | 3 | 183 | 86 | 6 | 2.44 | 7 | 4 | 2.90 | 8 | 4 | |
| WA-2 Flat Rate - Temp Service | 44,394 | 122 | 7,426 | 3,700 | 244 | 2.29 | 279 | 157 | 2.73 | 332 | 175 | 2.01 |
| WA-5 Fire Protection Services & Hydrant | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 | - | - | |
| WA-8 Greenbelt Irrigation Service | 69,909 | 192 | 10,588 | 5,826 | 348 | 2.07 | 397 | 206 | 2.47 | 473 | 267 | 1.82 |
| WA-12 Agricultural Service | 522,624 | 1,432 | 63,207 | 43,552 | 2,078 | 1.66 | 2,371 | 939 | 1.97 | 2,823 | 1,884 | 1.45 |
| TOTAL USAGE | 23,414,894 | 64,150 | 2,532,928 | 1,951,241 | 83,265 | 1.48 | 95,023 | 30,873 | 1.76 | 113,123 | 82,250 | 1.30 |

| SYSTEM DEMAND FACTORS | CCF | NOTES |
|---------------------------------------|-----------|---|
| Max Month Demand | MMD | 2,513,686 <i>based on FY 23/24 projection above</i> |
| Average Day Demand | ADD | 64,150 <i>based on FY 23/24 projection above</i> |
| Max Day Demand (FY 2021) | MDD | 94,301 |
| Max Hour Demand (FY 2021) | MHD | 112,263 |
| Average Day of Max Month | ADD of MM | 82,633 |
| System Max Day Ratio | MDD/ADD | 1.47 <i>based on FY 20/21 MDD/ADD</i> |
| System Max Hour Ratio | MHD/ADD | 1.75 <i>based on FY 20/21 MHD/ADD</i> |
| System Max Hour / Max Day Ratio | MHD/MDD | 1.19 |
| System Max Day / Avg Day in Max Month | MDD/MMD | 1.14 |

RIVERSIDE PUBLIC UTILITIES

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UNITS OF SERVICE

| | |
|----------------------------|-------|
| EXTRA CAPACITY ALLOCATIONS | NOTES |
|----------------------------|-------|

BASED ON MAX DAY

| | | |
|----------------|-------------|---------------|
| Base | 1.00 | 68.0% |
| Max Day | 0.47 | 32.0% |
| MDD/ADD | 1.47 | 100.0% |

BASE, MAX DAY, and MAX HOUR

| | | |
|------------------|-------------|---------------|
| Base | 1.00 | 57.1% |
| Max Day | 0.47 | 26.9% |
| Max Hour | 0.28 | 16.0% |
| MHD / ADD | 1.75 | 100.0% |

MAX DAY and MAX HOUR

| | | |
|------------------|-------------|---------------|
| Max Day | 1.47 | 84.0% |
| Max Hour | 0.28 | 16.0% |
| MHD / ADD | 1.75 | 100.0% |

| FISCAL YEAR | Retail (AF) | Retail (MG) | AVG DAY DEMAND | MAX DAY DEMAND | PEAK HOUR DEMAND |
|-------------|-------------|-------------|----------------|----------------|------------------|
| FY 18/19 | 55,451 | 18,070 | 34,380 | 50,538 | 60,164 |
| FY 19/20 | 56,297 | 18,346 | 34,904 | 51,309 | 61,082 |
| FY 20/21 | 57,656 | 18,788 | 35,747 | 52,548 | 62,557 |
| | | | 1.47 | 1.75 | |

Footnotes:

- (1) Fiscal Year Retail Water Use from "Schem summary-Fiscal" tabs, on this spreadsheet
- (2) = (AF *43,560*7.481)/1,000,000
- (3) = MG*1,000,000/(365*24*60)
- (4) = Average Day Demand (ADD) * 1.47; where the 1.47 peak factor is from the 2022 RPU Focused Water Master Plan
- (5) = Average Day Demand (MDD) *1.75; where the 1.75 peak factor is from the 2022 RPU Focused Water Master Plan;
Peak Hour Demand is also known as Maximum Hour Demand

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2023 RPU Water Rate Model

UNITS OF SERVICE

| FORECASTED USAGE (FY 23/24) - Input from Customer Data Analysis.xlsx | PROJECTIONS (MATCHED TO PRO FORMA) | | | | | | | | | 7 months | 5 months | Ratio |
|--|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|-----------|-------|
| | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 | FY 30/31 | FY 31/32 | Winter | Summer | |
| RESIDENTIAL | | | | | | | | | | | | |
| WA-1A Single Family Residential | 13,476,117 | 13,567,968 | 13,662,795 | 13,760,195 | 13,860,518 | 13,961,573 | 14,060,743 | 14,161,425 | 14,263,314 | 952,741 | 1,361,386 | 1.43 |
| Tier 1 | 4,992,538 | 5,026,567 | 5,061,697 | 5,097,782 | 5,134,949 | 5,172,387 | 5,209,126 | 5,246,426 | 5,284,174 | 406,982 | 428,733 | 1.05 |
| Tier 2 | 6,441,753 | 6,485,659 | 6,530,987 | 6,577,546 | 6,625,502 | 6,673,807 | 6,721,211 | 6,769,339 | 6,818,043 | 434,180 | 680,498 | 1.57 |
| Tier 3 | 2,041,826 | 2,055,742 | 2,070,110 | 2,084,868 | 2,100,068 | 2,115,379 | 2,130,405 | 2,145,660 | 2,161,097 | 111,579 | 252,154 | 2.26 |
| WA-1B Multi-Family Residential | 368,630 | 371,142 | 373,736 | 376,400 | 379,145 | 381,909 | 384,622 | 387,376 | 390,163 | 27,866 | 34,714 | 1.25 |
| Tier 1 | 182,542 | 183,787 | 185,071 | 186,390 | 187,749 | 189,118 | 190,462 | 191,825 | 193,206 | 14,979 | 15,538 | 1.04 |
| Tier 2 | 186,087 | 187,355 | 188,665 | 190,010 | 191,395 | 192,791 | 194,160 | 195,550 | 196,957 | 12,887 | 19,176 | 1.49 |
| COMMERICAL/INDUSTRIAL | | | | | | | | | | | | |
| WA-6 Commercial and Industrial | 7,357,736 | 7,464,359 | 7,572,724 | 7,682,792 | 7,794,744 | 7,908,327 | 8,023,566 | 8,140,484 | 8,259,105 | 544,897 | 708,691 | 1.30 |
| WA-7 & 10 Interruptible Irrigation & Recycled | 807,384 | 818,102 | 829,979 | 842,043 | 854,313 | 866,761 | 879,392 | 892,206 | 905,207 | 47,037 | 95,625 | 2.03 |
| WA-11 Landscape Irrigation | 759,116 | 770,116 | 781,296 | 792,652 | 804,203 | 815,921 | 827,811 | 839,873 | 852,112 | 48,186 | 84,363 | 1.75 |
| OTHER | | | | | | | | | | | | |
| WA-4 Riverside Water Company Irrigators | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 | 580 | 986 | 1.70 |
| Tier 1 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 257 | 307 | 1.19 |
| Tier 2 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 | 266 | 552 | 2.07 |
| Tier 3 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 | 56 | 127 | 2.27 |
| WA-2 Flat Rate - Temp Service | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 2,563 | 5,290 | 2.06 |
| WA-5 Fire Protection Services & Hydrant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| WA-8 Greenbelt Irrigation Service | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 69,909 | 4,473 | 7,720 | 1.73 |
| WA-12 Agricultural Service | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 522,624 | 32,627 | 58,847 | 1.80 |
| TOTAL USAGE | 23,414,894 | 23,637,599 | 23,866,442 | 24,099,994 | 24,338,834 | 24,580,403 | 24,822,044 | 25,067,276 | 25,315,813 | | | |

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| FORECASTED USAGE (FY 23/24) - Input from Customer Data Analysis.xlsx | FY 2024 | | | FY 2025 | | | FY 2026 | | | FY 2027 | | | FY 2028 | | |
|--|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | Winter | Summer | Avg | Winter | Summer | Avg | Winter | Summer | Avg | Winter | Summer | Avg | Winter | Summer | Avg |
| RESIDENTIAL | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 | 4 |
| WA-1A Single Family Residential | 6,669,189 | 6,806,928 | 1,123,010 | 6,714,645 | 6,853,323 | 1,130,664 | 6,761,574 | 6,901,221 | 1,138,566 | 6,809,776 | 6,950,419 | 1,146,683 | 6,859,425 | 7,001,093 | 1,155,043 |
| Tier 1 | 2,848,873 | 2,143,665 | 416,045 | 2,868,290 | 2,158,276 | 418,881 | 2,888,337 | 2,173,360 | 421,808 | 2,908,928 | 2,188,854 | 424,815 | 2,930,136 | 2,204,813 | 427,912 |
| Tier 2 | 3,039,262 | 3,402,491 | 536,813 | 3,059,977 | 3,425,682 | 540,472 | 3,081,363 | 3,449,624 | 544,249 | 3,103,330 | 3,474,216 | 548,129 | 3,125,956 | 3,499,546 | 552,125 |
| Tier 3 | 781,054 | 1,260,772 | 170,152 | 786,378 | 1,269,365 | 171,312 | 791,874 | 1,278,236 | 172,509 | 797,519 | 1,287,349 | 173,739 | 803,333 | 1,296,735 | 175,006 |
| WA-1B Multi-Family Residential | 195,061 | 173,568 | 30,719 | 196,391 | 174,751 | 30,929 | 197,763 | 175,973 | 31,145 | 199,173 | 177,227 | 31,367 | 200,625 | 178,519 | 31,595 |
| Tier 1 | 104,853 | 77,690 | 15,212 | 105,567 | 78,219 | 15,316 | 106,305 | 78,766 | 15,423 | 107,063 | 79,327 | 15,533 | 107,844 | 79,906 | 15,646 |
| Tier 2 | 90,208 | 95,879 | 15,507 | 90,823 | 96,532 | 15,613 | 91,458 | 97,207 | 15,722 | 92,110 | 97,900 | 15,834 | 92,781 | 98,614 | 15,950 |
| COMMERICAL/INDUSTRIAL | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-6 Commercial and Industrial | 3,814,280 | 3,543,456 | 613,145 | 3,869,554 | 3,594,805 | 622,030 | 3,925,731 | 3,646,993 | 631,060 | 3,982,790 | 3,700,001 | 640,233 | 4,040,827 | 3,753,917 | 649,562 |
| WA-7 & 10 Interruptible Irrigation & Recycled | 329,261 | 478,123 | 67,282 | 333,632 | 484,470 | 68,175 | 338,476 | 491,503 | 69,165 | 343,395 | 498,647 | 70,170 | 348,399 | 505,913 | 71,193 |
| WA-11 Landscape Irrigation | 337,300 | 421,816 | 63,260 | 342,188 | 427,928 | 64,176 | 347,155 | 434,141 | 65,108 | 352,201 | 440,451 | 66,054 | 357,333 | 446,869 | 67,017 |
| OTHER | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-4 Riverside Water Company Irrigators | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 | 4,057 | 4,929 | 749 |
| Tier 1 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 | 1,801 | 1,533 | 278 |
| Tier 2 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 | 1,863 | 2,760 | 385 |
| Tier 3 | 392 | 636 | 86 | 392 | 636 | 86 | 392 | 636 | 86 | 392 | 636 | 86 | 392 | 636 | 86 |
| WA-2 Flat Rate - Temp Service | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 | 17,942 | 26,452 | 3,700 |
| WA-5 Fire Protection Services & Hydrant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WA-8 Greenbelt Irrigation Service | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 | 31,311 | 38,598 | 5,826 |
| WA-12 Agricultural Service | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 | 228,391 | 294,233 | 43,552 |
| TOTAL USAGE | 11,626,792 | 11,788,103 | 1,951,243 | 11,738,111 | 11,899,489 | 1,969,801 | 11,852,400 | 12,014,043 | 1,988,871 | 11,969,036 | 12,130,957 | 2,008,334 | 12,088,310 | 12,250,523 | 2,028,237 |

Appendix H

RATE CALCULATIONS

Uniform Fixed Rates

Appendix H, Uniform Fixed Rates details the final calculation of the fixed monthly rates that are charged to all customers in relation to their meter size. The appendix shows the allocated costs related to providing service to customers regardless of meter size or customer class as well as the costs related to providing system capacity. The number of accounts and the number of MEUs as projected by the financial model are included.

The revenues to recover from the customer and capacity components are divided by the number of accounts and the number of MEU's, respectively, to determine monthly component charge per account and per MEU.

Customer related expenses are evenly recovered over each account. Capacity related expenses are recovered over each MEU, thereby allocating more in costs to those customers with larger meters and thus requiring more system capacity. Appendix H Uniform Fixed Rates presents the resulting fixed charge per meter size over the course of the next five fiscal years (2023/24 – 2027/28).

SFR

Appendix H, SFR details the final calculation of the winter and summer rates to be charged to any customers designated as Single-Family Residences (SFR) using the projections calculated within the financial model for the number of accounts, water usage, and allocated revenue requirements. Appendix H, SFR presents the calculated rates for each of the next five fiscal years (2023/24 – 2027/28).

The rate structure for customers designated as SFR includes three tiers. Based on the projected demands by tier and season (from Appendix G, and included in Appendix H), the seasonal peak adjustment ratio for Tier 3, and the supply allocation, the costs associated with serving SFR customers are allocated between the seasons and tiers. These costs are recovered over each CCF of consumption within each season and tier.

MFR

Appendix H, MFR details the final calculation of the winter and summer rates to be charged to any customers designated as Multi-Family Residences (MFR) using the projections calculated within the financial model for the number of accounts, water usage, and allocated revenue requirements. Appendix H, MFR presents the calculated rates for each of the next five fiscal years (2023/24 – 2027/28).

The rate structure for customers designated as MFR includes two tiers. Based on the projected demands by tier and season (from Appendix G, and included in Appendix H), the seasonal peak adjustment ratio for Tier 2, and the supply allocation, the costs associated with serving MFR customers are allocated between the seasons and tiers. These costs are recovered over each CCF of consumption within each season and tier.

WA-4

Appendix H, WA-4 details the final calculation of the winter and summer rates to be charged to any customers designated as Riverside Water Company Irrigators (WA-4) using the projections calculated within the financial model for the number of accounts, water usage, and allocated revenue requirements. Appendix H, WA-4 presents the calculated rates for each of the next five fiscal years (2023/24 – 2027/28).

The rate structure for customers designated as WA-4 includes three tiers. Based on the projected demands by tier and season (from Appendix G, and included in Appendix H), the seasonal peak adjustment ratio for Tier 3, and the supply allocation, the costs associated with serving WA-4 customers are allocated between the seasons and tiers. These costs are recovered over each CCF of consumption within each season and tier.

Variable Rates – No Tier

Appendix H, Variable Rates – No Tier details the final calculation of the winter and summer rates to be charged to any customers designated as Commercial/Industrial, Landscape, Temporary Service (WA-2) and Interruptible Irrigation (WA-7 & WA-10). Appendix H, Variable Rates – No Tier presents the calculated rates for each of the next five fiscal years (2023/24 – 2027/28).

Commercial/Industrial

The rate structure for customers designated as Commercial/Industrial does not include any tier breaks. However, rates vary between the winter and summer. As a result, the costs associated with serving Landscape customers are allocated over the projected seasonal consumption separately. Once split between the seasons the sum of costs for each season is divided by the corresponding seasonal usage to determine the summer or winter rate for each year within the projection.

Landscape

The rate structure for customers designated as Landscape does not include any tier breaks. However, rates vary between the winter and summer. As a result, the costs associated with serving Landscape customers are allocated over the projected seasonal consumption separately. Once split between the seasons the sum of costs for each season is divided by the corresponding seasonal usage to determine the summer or winter rate for each year within the projection.

Temporary Service (WA-2)

The rate structure for customers designated as WA-2 does not include any tier breaks and rates do not vary between the winter and summer. These customers are charged based on a uniform, non-seasonally adjusted rate. Rates are calculated for each year of the projection by dividing the costs to be recovered by the projected usage.

Interruptible Rates (WA-7 & WA-10)

The rate structure for customers designated as WA-7 and WA-10 does not include any tier breaks and rates do not vary between the winter and summer. These customers are charged based on a uniform, non-seasonally adjusted rate. Rates are calculated for each year of the projection by dividing the costs to be recovered by the projected usage.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNIFORM FIXED RATES

Appendix H
Rate Calculations
Fixed

| | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|----------|----------|---------------|---------------|---------------|---------------|---------------|
| Number of Accounts | | 66,694 | 66,879 | 67,064 | 67,250 | 67,436 | 67,623 |
| Number of MEUs | | 95,061 | 95,337 | 95,661 | 95,987 | 96,290 | 96,594 |
| Customer Revenue to Recover | | | \$ 2,894,502 | \$ 3,103,816 | \$ 3,328,561 | \$ 3,569,842 | \$ 3,825,746 |
| Capacity Revenue to Recover | | | \$ 27,123,103 | \$ 29,084,497 | \$ 31,190,483 | \$ 33,451,419 | \$ 35,849,387 |
| Monthly Component Charge per Account | | | \$ 3.61 | \$ 3.86 | \$ 4.12 | \$ 4.41 | \$ 4.71 |
| Monthly Component Charge per MEU | | | \$ 23.71 | \$ 25.34 | \$ 27.08 | \$ 28.95 | \$ 30.93 |

| METER SIZE | METER EQUIVALENTS | MONTHLY FIXED CHARGES | | | | | | | |
|------------|-------------------|-----------------------|----------|----------|----------|----------|----------|----------|--|
| 0.625 | 1.00 | \$ 23.08 | \$ 26.00 | \$ 27.31 | \$ 29.19 | \$ 31.20 | \$ 33.36 | \$ 35.64 | |
| 0.75 | 1.00 | 23.08 | 26.00 | 27.31 | 29.19 | 31.20 | 33.36 | 35.64 | |
| 1 | 1.67 | 36.63 | 41.26 | 43.20 | 46.17 | 49.35 | 52.76 | 56.36 | |
| 1.5 | 3.33 | 70.22 | 79.08 | 82.55 | 88.23 | 94.30 | 100.82 | 107.70 | |
| 2 | 5.33 | 110.68 | 124.64 | 129.97 | 138.90 | 148.45 | 158.72 | 169.56 | |
| 3 | 10.00 | 205.16 | 231.03 | 240.69 | 257.22 | 274.91 | 293.91 | 313.99 | |
| 4 | 16.67 | 340.10 | 382.97 | 398.82 | 426.21 | 455.53 | 487.01 | 520.28 | |
| 6 | 36.67 | 744.72 | 838.59 | 872.98 | 932.94 | 997.11 | 1,066.02 | 1,138.84 | |
| 8 | 60.00 | 1,216.71 | 1,370.06 | 1,426.09 | 1,524.04 | 1,628.85 | 1,741.43 | 1,860.39 | |
| 10 | 93.33 | 1,891.02 | 2,129.34 | 2,216.28 | 2,368.50 | 2,531.39 | 2,706.35 | 2,891.22 | |
| 12 | 133.33 | 2,700.26 | 3,040.57 | 3,164.60 | 3,381.95 | 3,614.54 | 3,864.36 | 4,128.34 | |

| METER SIZE | METER EQUIVALENTS | FY 21/22 REVENUE | FY 22/23 REVENUE | FY 23/24 REVENUE | FY 24/25 REVENUE | FY 25/26 REVENUE | FY 26/27 REVENUE | FY 27/28 REVENUE |
|-----------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 0.625 | 1 | \$ 1,760,671 | \$ 1,989,403 | \$ 2,094,831 | \$ 2,244,568 | \$ 2,405,054 | \$ 2,577,924 | \$ 2,760,933 |
| 0.75 | 1 | 13,048,066 | 14,746,035 | 15,528,000 | 16,638,446 | 17,828,649 | 19,110,751 | 20,468,103 |
| 1 | 1.67 | 4,226,060 | 4,793,098 | 5,034,176 | 5,396,835 | 5,786,321 | 6,205,397 | 6,649,464 |
| 1.5 | 3.33 | 1,039,449 | 1,201,335 | 1,262,441 | 1,357,972 | 1,460,725 | 1,571,993 | 1,690,315 |
| 2 | 5.33 | 2,000,372 | 2,315,867 | 2,431,842 | 2,616,407 | 2,815,110 | 3,030,594 | 3,259,877 |
| 3 | 10 | 630,918 | 724,900 | 755,757 | 810,555 | 869,398 | 931,486 | 997,272 |
| 4 | 16.67 | 534,583 | 613,882 | 639,689 | 686,807 | 737,463 | 790,500 | 846,726 |
| 6 | 36.67 | 634,610 | 728,395 | 758,504 | 814,439 | 874,560 | 937,344 | 1,003,885 |
| 8 | 60 | 1,036,637 | 1,189,315 | 1,237,954 | 1,329,107 | 1,427,057 | 1,529,189 | 1,637,397 |
| 10 | 93.33 | 226,922 | 260,342 | 270,972 | 290,923 | 312,364 | 334,719 | 358,404 |
| 12 | 133.33 | - | - | - | - | - | - | - |
| Total Calculated Revenues* | | \$ 25,138,288 | \$ 28,562,572 | \$ 30,014,166 | \$ 32,186,060 | \$ 34,516,702 | \$ 37,019,898 | \$ 39,672,377 |

*Note: Total calculated revenues vary slightly from the sum of allocated Customer and Capacity revenue requirements due to rounding of rates to the nearest \$0.01.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (SFR)

Appendix H

Rate Calculations

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1A - SFR

REVENUE TO RECOVER

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Base Revenue to Recover | \$ 6,032,249 | \$ 6,468,468 | \$ 6,936,845 | \$ 7,439,683 | \$ 7,972,997 |
| Max Day Revenue to Recover | 7,073,092 | 7,584,579 | 8,133,772 | 8,723,373 | 9,348,709 |
| Max Hour Revenue to Recover | 1,709,184 | 1,832,783 | 1,965,494 | 2,107,968 | 2,259,078 |
| Supply 1 Revenue to Recover | 2,642,930 | 2,834,053 | 3,039,264 | 3,259,574 | 3,493,237 |
| Supply 2 Revenue to Recover | 2,611,459 | 2,800,305 | 3,003,073 | 3,220,760 | 3,451,641 |
| Supply 3 Revenue to Recover | 3,452,785 | 3,702,472 | 3,970,565 | 4,258,383 | 4,563,646 |
| Supply 4 Revenue to Recover | 1,023,555 | 1,097,573 | 1,177,048 | 1,262,369 | 1,352,862 |
| Supply Sustainability Revenue to Recover | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |
| Total Allocated Costs | \$ 25,297,311 | \$ 27,126,674 | \$ 29,090,895 | \$ 31,199,635 | \$ 33,436,184 |

REVENUE TO RECOVER - BY TIER

| Base | Use per Tier | | | | | |
|------------------------------|---|--------------|--------------|--------------|--------------|--------------|
| Tier 1 | 37.0% | \$ 2,234,786 | \$ 2,396,393 | \$ 2,569,914 | \$ 2,756,202 | \$ 2,953,781 |
| Tier 2 | 47.8% | 2,883,491 | 3,092,009 | 3,315,899 | 3,556,262 | 3,811,193 |
| Tier 3 | 15.2% | 913,973 | 980,066 | 1,051,032 | 1,127,219 | 1,208,024 |
| Max Day | Max Day Extra Capacity per Tier | | | | | |
| Tier 1 | 13.9% | \$ 981,855 | \$ 1,052,857 | \$ 1,129,094 | \$ 1,210,940 | \$ 1,297,746 |
| Tier 2 | 54.9% | 3,883,984 | 4,164,852 | 4,466,426 | 4,790,188 | 5,133,573 |
| Tier 3 | 31.2% | 2,207,253 | 2,366,869 | 2,538,252 | 2,722,245 | 2,917,389 |
| Max Hour | Max Hour Extra Capacity per Tier | | | | | |
| Tier 1 | 35.4% | \$ 604,810 | \$ 648,547 | \$ 695,508 | \$ 745,924 | \$ 799,395 |
| Tier 2 | 48.3% | 825,728 | 885,440 | 949,554 | 1,018,385 | 1,091,388 |
| Tier 3 | 16.3% | 278,646 | 298,796 | 320,432 | 343,659 | 368,294 |
| Supply 1 | SFR Supply 1 Allocation by Tier | | | | | |
| Tier 1 | 93.1% | \$ 2,461,843 | \$ 2,639,870 | \$ 2,831,021 | \$ 3,036,236 | \$ 3,253,888 |
| Tier 2 | 6.9% | 181,088 | 194,183 | 208,244 | 223,339 | 239,349 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 2 | SFR Supply 2 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 100.0% | 2,611,459 | 2,800,305 | 3,003,073 | 3,220,760 | 3,451,641 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 3 | SFR Supply 3 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 43.6% | 1,504,444 | 1,613,237 | 1,730,051 | 1,855,459 | 1,988,467 |
| Tier 3 | 56.4% | 1,948,341 | 2,089,234 | 2,240,514 | 2,402,925 | 2,575,178 |
| Supply 4 | SFR Supply 4 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 1,023,555 | 1,097,573 | 1,177,048 | 1,262,369 | 1,352,862 |
| Supply Sustainability | All to Tier 3 | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |

PROJECTED USAGE (HFC)

| | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual | 13,476,117 | 13,567,968 | 13,662,795 | 13,760,195 | 13,860,518 |
| Tier 1 | 4,992,538 | 5,026,567 | 5,061,697 | 5,097,782 | 5,134,949 |
| Tier 2 | 6,441,753 | 6,485,659 | 6,530,987 | 6,577,546 | 6,625,502 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (SFR)

Appendix H
Rate Calculations
SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---------------|----------|-----------|-----------|-----------|-----------|-----------|
| Tier 3 | | 2,041,826 | 2,055,742 | 2,070,110 | 2,084,868 | 2,100,068 |
| Winter | | | | | | |
| Tier 1 | | 2,848,873 | 2,868,290 | 2,888,337 | 2,908,928 | 2,930,136 |
| Tier 2 | | 3,039,262 | 3,059,977 | 3,081,363 | 3,103,330 | 3,125,956 |
| Tier 3 | | 781,054 | 786,378 | 791,874 | 797,519 | 803,333 |
| Summer | | | | | | |
| Tier 1 | | 2,143,665 | 2,158,276 | 2,173,360 | 2,188,854 | 2,204,813 |
| Tier 2 | | 3,402,491 | 3,425,682 | 3,449,624 | 3,474,216 | 3,499,546 |
| Tier 3 | | 1,260,772 | 1,269,365 | 1,278,236 | 1,287,349 | 1,296,735 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| | | | | | Resilient Supply | 1,597,828 |
| Tier 1 | 4,992,538 | 4,992,538 | | | | |
| Tier 2 | 6,441,753 | 367,240 | 4,042,171 | 2,032,342 | - | |
| Tier 3 | 2,041,826 | | | 2,631,999 | 1,007,655 | |
| | 13,476,117 | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| Tier 1 | | 93.1% | 0.0% | 0.0% | 0.0% | |
| Tier 2 | | 6.9% | 100.0% | 43.6% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 56.4% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (SFR)

Appendix H
Rate Calculations
SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Winter | | | | | | |
| Base Rate | | | | | | |
| Tier 1 | \$ 1,275,227 | \$ 1,367,445 | \$ 1,466,460 | \$ 1,572,761 | \$ 1,685,505 | |
| Tier 2 | \$ 1,360,450 | \$ 1,458,830 | \$ 1,564,463 | \$ 1,677,868 | \$ 1,798,146 | |
| Tier 3 | \$ 349,619 | \$ 374,902 | \$ 402,049 | \$ 431,192 | \$ 462,102 | |
| Max Day Rate | | | | | | |
| | Seasonality Factor | | | | | |
| Tier 1 | | \$ 560,272 | \$ 600,788 | \$ 644,291 | \$ 690,994 | \$ 740,528 |
| Tier 2 | | \$ 1,832,490 | \$ 1,965,005 | \$ 2,107,289 | \$ 2,260,043 | \$ 2,422,054 |
| Tier 3 | 1.00 | 474,896 | 509,238 | 546,112 | 585,698 | 627,683 |
| Max Hour Rate | | | | | | |
| | Seasonality Factor | | | | | |
| Tier 1 | | \$ 345,121 | \$ 370,078 | \$ 396,875 | \$ 425,644 | \$ 456,156 |
| Tier 2 | | \$ 389,584 | \$ 417,757 | \$ 448,006 | \$ 480,481 | \$ 514,924 |
| Tier 3 | 1.00 | 59,951 | 64,287 | 68,942 | 73,939 | 79,239 |
| Supply 1 Rate | | | | | | |
| Tier 1 | \$ 1,404,792 | \$ 1,506,378 | \$ 1,615,454 | \$ 1,732,556 | \$ 1,856,754 | |
| Tier 2 | \$ 85,438 | \$ 91,617 | \$ 98,251 | \$ 105,373 | \$ 112,926 | |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Supply 2 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ 1,232,104 | \$ 1,321,203 | \$ 1,416,870 | \$ 1,519,576 | \$ 1,628,507 | |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Supply 3 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ 709,807 | \$ 761,136 | \$ 816,249 | \$ 875,418 | \$ 938,172 | |
| Tier 3 | \$ 745,294 | \$ 799,190 | \$ 857,058 | \$ 919,184 | \$ 985,076 | |
| Supply 4 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 3 | \$ 391,538 | \$ 419,852 | \$ 450,253 | \$ 482,891 | \$ 517,507 | |
| Supply Sustainability Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 3 | \$ 287,682 | \$ 308,486 | \$ 330,823 | \$ 354,803 | \$ 380,237 | |
| Combined Winter Revenue Requirements by Tier | | | | | | |
| Tier 1 | \$ 3,585,412 | \$ 3,844,689 | \$ 4,123,080 | \$ 4,421,954 | \$ 4,738,942 | |
| Tier 2 | \$ 5,609,873 | \$ 6,015,548 | \$ 6,451,128 | \$ 6,918,758 | \$ 7,414,731 | |
| Tier 3 | \$ 2,308,980 | \$ 2,475,954 | \$ 2,655,236 | \$ 2,847,708 | \$ 3,051,844 | |
| Tier 1 Winter Rate | \$ 1.30 | \$ 1.26 | \$ 1.34 | \$ 1.43 | \$ 1.52 | \$ 1.62 |
| Tier 2 Winter Rate | \$ 1.64 | \$ 1.85 | \$ 1.97 | \$ 2.09 | \$ 2.23 | \$ 2.37 |
| Tier 3 Winter Rate | \$ 3.01 | \$ 2.96 | \$ 3.15 | \$ 3.35 | \$ 3.57 | \$ 3.80 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (SFR)

Appendix H
Rate Calculations
SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Summer | | | | | | |
| Base Rate | | | | | | |
| Tier 1 | \$ 959,558 | \$ 1,028,949 | \$ 1,103,454 | \$ 1,183,441 | \$ 1,268,276 | \$ 1,268,276 |
| Tier 2 | 1,523,041 | 1,633,179 | 1,751,436 | 1,878,394 | 2,013,047 | 2,013,047 |
| Tier 3 | 564,353 | 605,164 | 648,983 | 696,027 | 745,922 | 745,922 |
| Max Day Rate | | | | | | |
| | Seasonality Factor | | | | | |
| Tier 1 | \$ 421,583 | \$ 452,069 | \$ 484,803 | \$ 519,946 | \$ 557,218 | \$ 557,218 |
| Tier 2 | 2,051,494 | 2,199,847 | 2,359,137 | 2,530,146 | 2,711,519 | 2,711,519 |
| Tier 3 | 2.26 | 1,732,357 | 1,857,631 | 1,992,141 | 2,136,547 | 2,289,706 |
| Max Hour Rate | | | | | | |
| | Seasonality Factor | | | | | |
| Tier 1 | \$ 259,690 | \$ 278,469 | \$ 298,633 | \$ 320,280 | \$ 343,239 | \$ 343,239 |
| Tier 2 | 436,144 | 467,684 | 501,548 | 537,904 | 576,464 | 576,464 |
| Tier 3 | 2.26 | 218,695 | 234,509 | 251,490 | 269,720 | 289,055 |
| Supply 1 Rate | | | | | | |
| Tier 1 | \$ 1,057,051 | \$ 1,133,491 | \$ 1,215,566 | \$ 1,303,680 | \$ 1,397,135 | \$ 1,397,135 |
| Tier 2 | 95,649 | 102,566 | 109,993 | 117,966 | 126,422 | 126,422 |
| Tier 3 | - | - | - | - | - | - |
| Supply 2 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 1,379,355 | 1,479,103 | 1,586,203 | 1,701,184 | 1,823,134 | 1,823,134 |
| Tier 3 | - | - | - | - | - | - |
| Supply 3 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 794,637 | 852,101 | 913,801 | 980,041 | 1,050,295 | 1,050,295 |
| Tier 3 | 1,203,048 | 1,290,045 | 1,383,456 | 1,483,740 | 1,590,103 | 1,590,103 |
| Supply 4 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | - | - | - | - | - | - |
| Tier 3 | 632,018 | 677,722 | 726,794 | 779,479 | 835,356 | 835,356 |
| Supply Sustainability Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | - | - | - | - | - | - |
| Tier 3 | 464,374 | 497,955 | 534,011 | 572,721 | 613,777 | 613,777 |
| Combined Summer Revenue Requirements by Tier | | | | | | |
| Tier 1 | \$ 2,697,882 | \$ 2,892,978 | \$ 3,102,456 | \$ 3,327,347 | \$ 3,565,869 | \$ 3,565,869 |
| Tier 2 | \$ 6,280,321 | \$ 6,734,480 | \$ 7,222,118 | \$ 7,745,635 | \$ 8,300,882 | \$ 8,300,882 |
| Tier 3 | \$ 4,814,844 | \$ 5,163,027 | \$ 5,536,875 | \$ 5,938,234 | \$ 6,363,918 | \$ 6,363,918 |
| Tier 1 Summer Rate | \$ 1.30 | \$ 1.26 | \$ 1.34 | \$ 1.43 | \$ 1.52 | \$ 1.62 |
| Tier 2 Summer Rate | \$ 1.64 | \$ 1.85 | \$ 1.97 | \$ 2.09 | \$ 2.23 | \$ 2.37 |
| Tier 3 Summer Rate | \$ 3.66 | \$ 3.82 | \$ 4.07 | \$ 4.33 | \$ 4.61 | \$ 4.91 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

Appendix H
Rate Calculations
MFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1B - MFR

REVENUE TO RECOVER

| | | | | | | | | | | |
|--|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
| Base Revenue to Recover | \$ | 165,008 | \$ | 176,940 | \$ | 189,752 | \$ | 203,507 | \$ | 218,096 |
| Max Day Revenue to Recover | | 145,859 | | 156,407 | | 167,732 | | 179,891 | | 192,786 |
| Max Hour Revenue to Recover | | 45,928 | | 49,250 | | 52,816 | | 56,644 | | 60,705 |
| Supply 1 Revenue to Recover | | 82,690 | | 88,670 | | 95,091 | | 101,984 | | 109,294 |
| Supply 2 Revenue to Recover | | 81,706 | | 87,614 | | 93,958 | | 100,769 | | 107,993 |
| Supply 3 Revenue to Recover | | 63,110 | | 67,673 | | 72,573 | | 77,834 | | 83,414 |
| Supply 4 Revenue to Recover | | 18,708 | | 20,061 | | 21,514 | | 23,073 | | 24,727 |
| Supply Sustainability Revenue to Recover | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |
| Total Allocated Costs | \$ | 618,518 | \$ | 663,246 | \$ | 711,271 | \$ | 762,830 | \$ | 817,513 |

REVENUE TO RECOVER - BY TIER

Base

Use per Tier

| | | | | | | | | | | | |
|--------|-------|----|--------|----|--------|----|--------|----|---------|----|---------|
| Tier 1 | 49.5% | \$ | 81,711 | \$ | 87,619 | \$ | 93,964 | \$ | 100,775 | \$ | 107,999 |
| Tier 2 | 50.5% | | 83,297 | | 89,321 | | 95,789 | | 102,732 | | 110,096 |

Max Day

Max Day Extra Capacity per Tier

| | | | | | | | | | | | |
|--------|-------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | 23.3% | \$ | 33,943 | \$ | 36,398 | \$ | 39,034 | \$ | 41,863 | \$ | 44,864 |
| Tier 2 | 76.7% | | 111,916 | | 120,009 | | 128,699 | | 138,028 | | 147,922 |

Max Hour

Max Hour Extra Capacity per Tier

| | | | | | | | | | | | |
|--------|-------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 48.1% | \$ | 22,080 | \$ | 23,677 | \$ | 25,391 | \$ | 27,231 | \$ | 29,184 |
| Tier 2 | 51.9% | | 23,848 | | 25,573 | | 27,425 | | 29,413 | | 31,521 |

Supply 1

SFR Supply 1 Allocation by Tier

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|---------|----|---------|
| Tier 1 | 100.0% | \$ | 82,690 | \$ | 88,670 | \$ | 95,091 | \$ | 101,984 | \$ | 109,294 |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |

Supply 2

SFR Supply 2 Allocation by Tier

| | | | | | | | | | | | |
|--------|-------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 11.7% | \$ | 9,593 | \$ | 10,287 | \$ | 11,032 | \$ | 11,832 | \$ | 12,680 |
| Tier 2 | 88.3% | | 72,112 | | 77,327 | | 82,926 | | 88,938 | | 95,313 |

Supply 3

SFR Supply 3 Allocation by Tier

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 63,110 | | 67,673 | | 72,573 | | 77,834 | | 83,414 |

Supply 4

SFR Supply 4 Allocation by Tier

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 18,708 | | 20,061 | | 21,514 | | 23,073 | | 24,727 |

Supply Sustainability

All to Tier 3

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

Appendix H
Rate Calculations
MFR

PROJECTED USAGE (HFC)

| | 368,630 | 371,142 | 373,736 | 376,400 | 379,145 |
|---------------|----------------|----------------|----------------|----------------|----------------|
| Annual | | | | | |
| Tier 1 | 182,542 | 183,787 | 185,071 | 186,390 | 187,749 |
| Tier 2 | 186,087 | 187,355 | 188,665 | 190,010 | 191,395 |
| Winter | | | | | |
| Tier 1 | 104,853 | 105,567 | 106,305 | 107,063 | 107,844 |
| Tier 2 | 90,208 | 90,823 | 91,458 | 92,110 | 92,781 |
| Summer | | | | | |
| Tier 1 | 77,690 | 78,219 | 78,766 | 79,327 | 79,906 |
| Tier 2 | 95,879 | 96,532 | 97,207 | 97,900 | 98,614 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|----------------|
| | | 167,693 | 126,469 | 85,254 | 18,418 | 397,834 |
| | | | | | Resilient Supply | 29,205 |
| Tier 1 | 182,542 | 167,693 | 14,849 | | | |
| Tier 2 | 186,087 | - | 111,620 | 85,254 | 18,418 | |
| | 368,630 | 167,693 | 126,469 | 85,254 | 18,418 | 397,834 |
| Tier 1 | | 100.0% | 11.7% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 88.3% | 100.0% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

Appendix H
Rate Calculations
MFR

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 46,935 | \$ | 50,329 | \$ | 53,973 | \$ | 57,885 | \$ | 62,035 |
| Tier 2 | | 40,379 | | 43,299 | | 46,435 | | 49,801 | | 53,370 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 19,497 | \$ | 20,907 | \$ | 22,421 | \$ | 24,046 | \$ | 25,770 |
| Tier 2 | | 43,352 | | 46,487 | | 49,853 | | 53,467 | | 57,300 |

1.00

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 12,683 | \$ | 13,600 | \$ | 14,585 | \$ | 15,642 | \$ | 16,763 |
| Tier 2 | | 9,238 | | 9,906 | | 10,623 | | 11,393 | | 12,210 |

1.00

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 47,498 | \$ | 50,932 | \$ | 54,620 | \$ | 58,580 | \$ | 62,779 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 5,510 | \$ | 5,909 | \$ | 6,337 | \$ | 6,796 | \$ | 7,283 |
| Tier 2 | | 34,957 | | 37,485 | | 40,200 | | 43,114 | | 46,204 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 30,593 | | 32,806 | | 35,181 | | 37,731 | | 40,436 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 9,069 | | 9,725 | | 10,429 | | 11,185 | | 11,987 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,518 | | 8,062 | | 8,645 | | 9,272 | | 9,937 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 132,123 | \$ | 141,676 | \$ | 151,935 | \$ | 162,949 | \$ | 174,631 |
| Tier 2 | \$ | 175,107 | \$ | 187,770 | \$ | 201,367 | \$ | 215,964 | \$ | 231,444 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.30 | \$ | 1.26 | \$ | 1.34 | \$ | 1.43 | \$ | 1.52 | \$ | 1.62 |
| Tier 2 Winter Rate | \$ | 1.87 | \$ | 1.94 | \$ | 2.07 | \$ | 2.20 | \$ | 2.34 | \$ | 2.49 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

Appendix H
Rate Calculations
MFR

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 34,776 | \$ | 37,291 | \$ | 39,991 | \$ | 42,889 | \$ | 45,964 |
| Tier 2 | | 42,918 | | 46,021 | | 49,354 | | 52,931 | | 56,726 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 14,446 | \$ | 15,491 | \$ | 16,613 | \$ | 17,817 | \$ | 19,094 |
| Tier 2 | | 68,564 | | 73,522 | | 78,845 | | 84,561 | | 90,623 |

1.49

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 9,397 | \$ | 10,077 | \$ | 10,806 | \$ | 11,590 | \$ | 12,420 |
| Tier 2 | | 14,610 | | 15,667 | | 16,801 | | 18,019 | | 19,311 |

1.49

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 35,193 | \$ | 37,738 | \$ | 40,470 | \$ | 43,404 | \$ | 46,516 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 4,083 | \$ | 4,378 | \$ | 4,695 | \$ | 5,035 | \$ | 5,396 |
| Tier 2 | | 37,155 | | 39,842 | | 42,727 | | 45,824 | | 49,109 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 32,516 | | 34,868 | | 37,392 | | 40,103 | | 42,978 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 9,639 | | 10,336 | | 11,085 | | 11,888 | | 12,741 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,991 | | 8,568 | | 9,189 | | 9,855 | | 10,561 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 97,895 | \$ | 104,974 | \$ | 112,575 | \$ | 120,735 | \$ | 129,391 |
| Tier 2 | \$ | 213,393 | \$ | 228,824 | \$ | 245,393 | \$ | 263,182 | \$ | 282,048 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Summer Rate | \$ | 1.30 | \$ | 1.26 | \$ | 1.34 | \$ | 1.43 | \$ | 1.52 | \$ | 1.62 |
| Tier 2 Summer Rate | \$ | 2.12 | \$ | 2.23 | \$ | 2.37 | \$ | 2.52 | \$ | 2.69 | \$ | 2.86 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (WA4)

Appendix H

Rate Calculations

WA4: Riverside Water Company

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | | | |
|--|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| WA4 - Riverside Irrigators | | | | | | | | | | |
| REVENUE TO RECOVER | | | | | | | | | | |
| Base Revenue to Recover | \$ | 3,966 | \$ | 4,253 | \$ | 4,561 | \$ | 4,892 | \$ | 5,243 |
| Max Day Revenue to Recover | | 6,633 | | 7,112 | | 7,627 | | 8,180 | | 8,767 |
| Max Hour Revenue to Recover | | 1,158 | | 1,242 | | 1,332 | | 1,428 | | 1,531 |
| Supply 1 Revenue to Recover | | 1,444 | | 1,549 | | 1,661 | | 1,781 | | 1,909 |
| Supply 2 Revenue to Recover | | 1,427 | | 1,530 | | 1,641 | | 1,760 | | 1,886 |
| Supply 3 Revenue to Recover | | 3,261 | | 3,497 | | 3,750 | | 4,022 | | 4,310 |
| Supply 4 Revenue to Recover | | 967 | | 1,037 | | 1,112 | | 1,192 | | 1,278 |
| Supply Sustainability Revenue To Recover | | 705 | | 756 | | 811 | | 870 | | 932 |
| Total Allocated Costs | \$ | 19,562 | \$ | 20,976 | \$ | 22,495 | \$ | 24,126 | \$ | 25,855 |

| REVENUE TO RECOVER - BY TIER | | | | | | | | | | | |
|-------------------------------------|--------|---|-------|----|-------|----|-------|----|-------|----|-------|
| Base Rate | | | | | | | | | | | |
| | | <u>Use per Tier</u> | | | | | | | | | |
| Tier 1 | 37.1% | \$ | 1,472 | \$ | 1,578 | \$ | 1,692 | \$ | 1,815 | \$ | 1,945 |
| Tier 2 | 51.5% | | 2,041 | | 2,188 | | 2,347 | | 2,517 | | 2,697 |
| Tier 3 | 11.4% | | 454 | | 487 | | 522 | | 560 | | 600 |
| Max Day Rate | | | | | | | | | | | |
| | | <u>Max Day Extra Capacity per Tier</u> | | | | | | | | | |
| Tier 1 | 16.1% | \$ | 1,069 | \$ | 1,147 | \$ | 1,230 | \$ | 1,319 | \$ | 1,413 |
| Tier 2 | 60.5% | | 4,015 | | 4,306 | | 4,617 | | 4,952 | | 5,307 |
| Tier 3 | 23.3% | | 1,548 | | 1,660 | | 1,780 | | 1,909 | | 2,046 |
| Max Hour Rate | | | | | | | | | | | |
| | | <u>Max Hour Extra Capacity per Tier</u> | | | | | | | | | |
| Tier 1 | 35.0% | \$ | 405 | \$ | 434 | \$ | 466 | \$ | 500 | \$ | 536 |
| Tier 2 | 52.4% | | 607 | | 650 | | 698 | | 748 | | 802 |
| Tier 3 | 12.6% | | 146 | | 157 | | 168 | | 181 | | 194 |
| Supply 1 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 1 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 100.0% | \$ | 1,444 | \$ | 1,549 | \$ | 1,661 | \$ | 1,781 | \$ | 1,909 |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 0.0% | | - | | - | | - | | - | | - |
| Supply 2 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 2 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 18.4% | \$ | 262 | \$ | 281 | \$ | 301 | \$ | 323 | \$ | 346 |
| Tier 2 | 81.6% | | 1,165 | | 1,249 | | 1,340 | | 1,437 | | 1,540 |
| Tier 3 | 0.0% | | - | | - | | - | | - | | - |
| Supply 3 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 3 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 64.0% | | 2,087 | | 2,238 | | 2,400 | | 2,574 | | 2,759 |
| Tier 3 | 36.0% | | 1,174 | | 1,259 | | 1,350 | | 1,448 | | 1,551 |
| Supply 4 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 4 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 100.0% | | 967 | | 1,037 | | 1,112 | | 1,192 | | 1,278 |
| Supply Sustainability | | | | | | | | | | | |
| | | <u>All to Tier 3</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 100.0% | | 705 | | 756 | | 811 | | 870 | | 932 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (WA4)

Appendix H

Rate Calculations

WA4: Riverside Water Company

PROJECTED USAGE (HFC)

| | 8,986 | 8,986 | 8,986 | 8,986 | 8,986 |
|---------------|-------|-------|-------|-------|-------|
| Annual | | | | | |
| Tier 1 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 |
| Tier 2 | 4,623 | 4,623 | 4,623 | 4,623 | 4,623 |
| Tier 3 | 1,028 | 1,028 | 1,028 | 1,028 | 1,028 |
| Winter | | | | | |
| Tier 1 | 1,801 | 1,801 | 1,801 | 1,801 | 1,801 |
| Tier 2 | 1,863 | 1,863 | 1,863 | 1,863 | 1,863 |
| Tier 3 | 392 | 392 | 392 | 392 | 392 |
| Summer | | | | | |
| Tier 1 | 1,533 | 1,533 | 1,533 | 1,533 | 1,533 |
| Tier 2 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 |
| Tier 3 | 636 | 636 | 636 | 636 | 636 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|--------|
| | | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| | | | | | Resilient Supply | 1,509 |
| Tier 1 | 3,334 | 2,929 | 405 | | | |
| Tier 2 | 4,623 | | 1,803 | 2,820 | - | |
| Tier 3 | 1,028 | | | 1,586 | 952 | |
| | 8,986 | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| Tier 1 | | 100.0% | 18.4% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 81.6% | 64.0% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 36.0% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (WA4)

Appendix H

Rate Calculations

WA4: Riverside Water Company

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-------|----|-------|
| Tier 1 | \$ | 795 | \$ | 852 | \$ | 914 | \$ | 980 | \$ | 1,051 |
| Tier 2 | | 822 | | 882 | | 946 | | 1,014 | | 1,087 |
| Tier 3 | | 173 | | 186 | | 199 | | 213 | | 229 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 578 | \$ | 619 | \$ | 664 | \$ | 712 | \$ | 763 |
| Tier 2 | | 1,618 | | 1,735 | | 1,861 | | 1,996 | | 2,139 |
| Tier 3 | | 330 | | 354 | | 380 | | 407 | | 437 |

1.00

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 219 | \$ | 235 | \$ | 252 | \$ | 270 | \$ | 289 |
| Tier 2 | | 244 | | 262 | | 281 | | 301 | | 323 |
| Tier 3 | | 31 | | 34 | | 36 | | 39 | | 41 |

1.00

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-------|
| Tier 1 | \$ | 780 | \$ | 836 | \$ | 897 | \$ | 962 | \$ | 1,031 |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 141 | \$ | 152 | \$ | 163 | \$ | 175 | \$ | 187 |
| Tier 2 | | 469 | | 503 | | 540 | | 579 | | 621 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 841 | | 902 | | 967 | | 1,037 | | 1,112 |
| Tier 3 | | 447 | | 480 | | 515 | | 552 | | 591 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 369 | | 395 | | 424 | | 455 | | 487 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 269 | | 288 | | 309 | | 332 | | 355 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 2,513 | \$ | 2,695 | \$ | 2,890 | \$ | 3,099 | \$ | 3,322 |
| Tier 2 | \$ | 3,995 | \$ | 4,284 | \$ | 4,595 | \$ | 4,928 | \$ | 5,281 |
| Tier 3 | \$ | 1,620 | \$ | 1,737 | \$ | 1,862 | \$ | 1,997 | \$ | 2,141 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.32 | \$ | 1.40 | \$ | 1.50 | \$ | 1.60 | \$ | 1.72 | \$ | 1.84 |
| Tier 2 Winter Rate | \$ | 1.54 | \$ | 2.14 | \$ | 2.30 | \$ | 2.47 | \$ | 2.65 | \$ | 2.83 |
| Tier 3 Winter Rate | \$ | 2.46 | \$ | 4.13 | \$ | 4.43 | \$ | 4.75 | \$ | 5.10 | \$ | 5.46 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (WA4)

Appendix H

Rate Calculations

WA4: Riverside Water Company

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 677 | \$ | 726 | \$ | 778 | \$ | 835 | \$ | 894 |
| Tier 2 | | 1,218 | | 1,306 | | 1,401 | | 1,503 | | 1,610 |
| Tier 3 | | 281 | | 301 | | 323 | | 346 | | 371 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 492 | \$ | 527 | \$ | 565 | \$ | 606 | \$ | 650 |
| Tier 2 | | 2,397 | | 2,570 | | 2,757 | | 2,956 | | 3,168 |
| Tier 3 | | 2.27 | | 1,218 | | 1,306 | | 1,400 | | 1,502 |

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|------|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 186 | \$ | 200 | \$ | 214 | \$ | 230 | \$ | 246 |
| Tier 2 | | 362 | | 388 | | 416 | | 447 | | 479 |
| Tier 3 | | 2.27 | | 115 | | 124 | | 132 | | 142 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 664 | \$ | 712 | \$ | 764 | \$ | 819 | \$ | 878 |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 120 | \$ | 129 | \$ | 138 | \$ | 149 | \$ | 159 |
| Tier 2 | | 696 | | 746 | | 800 | | 858 | | 919 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 1,246 | | 1,336 | | 1,433 | | 1,537 | | 1,647 |
| Tier 3 | | 726 | | 779 | | 835 | | 895 | | 960 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 598 | | 641 | | 688 | | 737 | | 790 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 436 | | 468 | | 502 | | 538 | | 577 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 2,139 | \$ | 2,294 | \$ | 2,460 | \$ | 2,638 | \$ | 2,827 |
| Tier 2 | \$ | 5,919 | \$ | 6,347 | \$ | 6,807 | \$ | 7,300 | \$ | 7,824 |
| Tier 3 | \$ | 3,374 | \$ | 3,618 | \$ | 3,880 | \$ | 4,161 | \$ | 4,459 |

| | | | | | | | | | | | |
|---------------------------|---------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Tier 1 Summer Rate | \$1.32 | \$ | 1.40 | \$ | 1.50 | \$ | 1.60 | \$ | 1.72 | \$ | 1.84 |
| Tier 2 Summer Rate | \$1.58 | \$ | 2.14 | \$ | 2.30 | \$ | 2.47 | \$ | 2.65 | \$ | 2.83 |
| Tier 3 Summer Rate | \$3.17 | \$ | 5.30 | \$ | 5.69 | \$ | 6.10 | \$ | 6.54 | \$ | 7.01 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix H
Rate Calculations
Non-Tiered Rates

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| WA6 - Commercial/Industrial | | | | | | |
| REVENUE TO RECOVER | | | | | | |
| Base Revenue to Recover | \$ 3,343,532 | \$ 3,585,318 | \$ 3,844,928 | \$ 4,123,639 | \$ 4,419,242 | |
| Max Day Revenue to Recover | 3,267,511 | 3,503,800 | 3,757,507 | 4,029,881 | 4,318,764 | |
| Max Hour Revenue to Recover | 936,044 | 1,003,734 | 1,076,414 | 1,154,441 | 1,237,197 | |
| Supply 1 Revenue to Recover | 1,071,530 | 1,149,017 | 1,232,216 | 1,321,537 | 1,416,272 | |
| Supply 2 Revenue to Recover | 1,058,770 | 1,135,335 | 1,217,543 | 1,305,801 | 1,399,407 | |
| Supply 3 Revenue to Recover | 3,005,072 | 3,222,382 | 3,455,713 | 3,706,210 | 3,971,890 | |
| Supply 4 Revenue to Recover | 890,834 | 955,254 | 1,024,423 | 1,098,681 | 1,177,440 | |
| Supply Sustainability Revenue to Recover | 347,422 | 372,546 | 399,522 | 428,483 | 459,198 | |
| Total Allocated Costs | \$ 13,920,716 | \$ 14,927,386 | \$ 16,008,266 | \$ 17,168,673 | \$ 18,399,411 | |
| PROJECTED USAGE (HFC) | | | | | | |
| Projected Annual Usage (HCF) | 7,357,736 | 7,464,359 | 7,572,724 | 7,682,792 | 7,794,744 | |
| Projected Winter Usage (HCF) | 3,814,280 | 3,869,554 | 3,925,731 | 3,982,790 | 4,040,827 | |
| Projected Summer Usage (HCF) | 3,543,456 | 3,594,805 | 3,646,993 | 3,700,002 | 3,753,917 | |
| Winter | | | | | | |
| | Seasonality Factor | | | | | |
| Base Revenue to Recover | | \$1,733,300.26 | \$1,858,643.29 | \$1,993,226.27 | \$2,137,710.94 | \$2,290,953.28 |
| Max Day Revenue to Recover | 1.00 | 1,479,683.19 | 1,586,686.01 | 1,701,576.77 | 1,824,920.37 | 1,955,740.28 |
| Max Hour Revenue to Recover | 1.00 | 423,885.07 | 454,538.18 | 487,450.96 | 522,785.22 | 560,261.22 |
| Supply 1 Revenue to Recover | | 555,485.25 | 595,654.98 | 638,785.92 | 685,090.13 | 734,200.98 |
| Supply 2 Revenue to Recover | | 548,870.68 | 588,562.08 | 631,179.42 | 676,932.26 | 725,458.31 |
| Supply 3 Revenue to Recover | | 1,557,841.41 | 1,670,496.18 | 1,791,455.58 | 1,921,314.33 | 2,059,044.22 |
| Supply 4 Revenue to Recover | | 461,811.70 | 495,207.46 | 531,065.07 | 569,560.83 | 610,389.94 |
| Supply Sustainability Revenue to Recover | | 180,105.21 | 193,129.46 | 207,113.82 | 222,127.05 | 238,050.29 |
| Winter Rate | \$ 1.58 | \$ 1.82 | \$ 1.92 | \$ 2.03 | \$ 2.15 | \$ 2.27 |
| Summer | | | | | | |
| | Seasonality Factor | | | | | |
| Base Revenue to Recover | | \$1,610,231.56 | \$1,726,674.45 | \$1,851,701.54 | \$1,985,927.92 | \$2,128,289.02 |
| Max Day Revenue to Recover | 1.30 | 1,787,828.19 | 1,917,113.90 | 2,055,930.57 | 2,204,961.09 | 2,363,023.61 |
| Max Hour Revenue to Recover | 1.30 | 512,159.41 | 549,195.91 | 588,962.74 | 631,655.54 | 676,935.73 |
| Supply 1 Revenue to Recover | | 516,044.39 | 553,361.82 | 593,430.30 | 636,446.95 | 682,070.61 |
| Supply 2 Revenue to Recover | | 509,899.47 | 546,772.53 | 586,363.89 | 628,868.31 | 673,948.69 |
| Supply 3 Revenue to Recover | | 1,447,230.73 | 1,551,886.31 | 1,664,257.14 | 1,784,896.03 | 1,912,846.17 |
| Supply 4 Revenue to Recover | | 429,021.90 | 460,046.35 | 493,357.94 | 529,120.53 | 567,050.50 |
| Supply Sustainability Revenue to Recover | | 167,317.28 | 179,416.73 | 192,408.15 | 206,355.46 | 221,148.03 |
| Summer Rate | \$ 1.84 | \$ 1.97 | \$ 2.08 | \$ 2.20 | \$ 2.33 | \$ 2.46 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix H
Rate Calculations
Non-Tiered Rates

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA11 - Landscape

REVENUE TO RECOVER

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 344,960 | \$ 369,906 | \$ 396,691 | \$ 425,446 | \$ 455,944 |
| Max Day Revenue to Recover | 557,849 | 598,189 | 641,504 | 688,005 | 737,325 |
| Max Hour Revenue to Recover | 100,399 | 107,660 | 115,455 | 123,824 | 132,701 |
| Supply 1 Revenue to Recover | 94,872 | 101,733 | 109,099 | 117,007 | 125,395 |
| Supply 2 Revenue to Recover | 93,742 | 100,521 | 107,800 | 115,614 | 123,902 |
| Supply 3 Revenue to Recover | 357,314 | 383,153 | 410,897 | 440,682 | 472,272 |
| Supply 4 Revenue to Recover | 105,923 | 113,583 | 121,808 | 130,637 | 140,002 |
| Supply Sustainability Revenue to Recover | 59,314 | 63,603 | 68,209 | 73,153 | 78,397 |
| Total Allocated Costs | \$ 1,714,374 | \$ 1,838,348 | \$ 1,971,462 | \$ 2,114,369 | \$ 2,265,938 |

PROJECTED USAGE (HFC)

| | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| Projected Annual Usage (HCF) | 759,116 | 770,116 | 781,296 | 792,652 | 804,203 |
| Projected Winter Usage (HCF) | 337,300 | 333,632 | 338,476 | 343,395 | 348,399 |
| Projected Summer Usage (HCF) | 421,816 | 436,484 | 442,820 | 449,257 | 455,804 |

Winter

| | Seasonality Factor | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | | \$ 153,277.20 | \$ 160,251.77 | \$ 171,855.70 | \$ 184,312.82 | \$ 197,525.37 | |
| Max Day Revenue to Recover | 1.00 | 174,902.76 | 181,791.37 | 194,955.06 | 209,086.46 | 224,074.94 | |
| Max Hour Revenue to Recover | 1.00 | 31,478.28 | 32,718.06 | 35,087.21 | 37,630.52 | 40,328.09 | |
| Supply 1 Revenue to Recover | | 42,154.75 | 44,072.92 | 47,264.26 | 50,690.26 | 54,324.01 | |
| Supply 2 Revenue to Recover | | 41,652.78 | 43,548.11 | 46,701.45 | 50,086.65 | 53,677.14 | |
| Supply 3 Revenue to Recover | | 158,766.39 | 165,990.73 | 178,010.22 | 190,913.46 | 204,599.17 | |
| Supply 4 Revenue to Recover | | 47,065.24 | 49,206.85 | 52,769.94 | 56,595.02 | 60,652.06 | |
| Supply Sustainability Revenue to Recover | | 26,355.17 | 27,554.41 | 29,549.64 | 31,691.57 | 33,963.40 | |
| Winter Rate | | \$ 1.67 | \$ 2.00 | \$ 2.11 | \$ 2.23 | \$ 2.36 | \$ 2.49 |

Summer

| | Seasonality Factor | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | | \$ 191,683.10 | \$ 209,654.17 | \$ 224,834.84 | \$ 241,133.02 | \$ 258,418.60 | |
| Max Day Revenue to Recover | 1.75 | 382,946.10 | 416,398.06 | 446,548.80 | 478,918.72 | 513,249.96 | |
| Max Hour Revenue to Recover | 1.75 | 68,921.06 | 74,941.61 | 80,368.02 | 86,193.82 | 92,372.62 | |
| Supply 1 Revenue to Recover | | 52,717.25 | 57,659.71 | 61,834.75 | 66,317.12 | 71,071.05 | |
| Supply 2 Revenue to Recover | | 52,089.51 | 56,973.12 | 61,098.43 | 65,527.43 | 70,224.75 | |
| Supply 3 Revenue to Recover | | 198,547.68 | 217,162.34 | 232,886.66 | 249,768.52 | 267,673.13 | |
| Supply 4 Revenue to Recover | | 58,858.14 | 64,376.33 | 69,037.70 | 74,042.21 | 79,349.91 | |
| Supply Sustainability Revenue to Recover | | 32,958.85 | 36,048.88 | 38,659.11 | 41,461.49 | 44,433.65 | |
| Summer Rate | | \$ 2.14 | \$ 2.46 | \$ 2.60 | \$ 2.74 | \$ 2.90 | \$ 3.06 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix H
Rate Calculations
Non-Tiered Rates

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA2 - Flat Rate

REVENUE TO RECOVER

| | | | | | | | | | | |
|--|----|--------|----|--------|----|--------|----|--------|----|--------|
| Base Revenue to Recover | \$ | 19,596 | \$ | 21,014 | \$ | 22,535 | \$ | 24,169 | \$ | 25,901 |
| Max Day Revenue to Recover | | 61,416 | | 65,857 | | 70,626 | | 75,745 | | 81,175 |
| Max Hour Revenue to Recover | | 6,219 | | 6,668 | | 7,151 | | 7,670 | | 8,219 |
| Supply 1 Revenue to Recover | | 3,797 | | 4,072 | | 4,366 | | 4,683 | | 5,019 |
| Supply 2 Revenue to Recover | | 3,752 | | 4,023 | | 4,314 | | 4,627 | | 4,959 |
| Supply 3 Revenue to Recover | | 26,176 | | 28,068 | | 30,101 | | 32,283 | | 34,597 |
| Supply 4 Revenue to Recover | | 7,760 | | 8,321 | | 8,923 | | 9,570 | | 10,256 |
| Supply Sustainability Revenue to Recover | | 6,530 | | 7,002 | | 7,509 | | 8,054 | | 8,631 |

| | | | | | | | | | | |
|------------------------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
| Total Allocated Costs | \$ | 135,245 | \$ | 145,025 | \$ | 155,526 | \$ | 166,800 | \$ | 178,757 |
|------------------------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|

PROJECTED USAGE (HFC)

| | | | | | | | | | | |
|------------------------------|--|--------|--|--------|--|--------|--|--------|--|--------|
| Projected Annual Usage (HCF) | | 44,394 | | 44,394 | | 44,394 | | 44,394 | | 44,394 |
| Projected Winter Usage (HCF) | | 17,942 | | 17,942 | | 17,942 | | 17,942 | | 17,942 |
| Projected Summer Usage (HCF) | | 26,452 | | 26,452 | | 26,452 | | 26,452 | | 26,452 |

| | | | | | | | | | | | | |
|--------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Non-Seasonal Rate | \$ | 2.39 | \$ | 3.05 | \$ | 3.27 | \$ | 3.50 | \$ | 3.76 | \$ | 4.03 |
|--------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA7 & 10 - Interruptable

REVENUE TO RECOVER

| | | | | | | | | | | |
|--|----|---------|----|---------|----|---------|----|---------|----|---------|
| Base Revenue to Recover | \$ | 366,540 | \$ | 393,046 | \$ | 421,507 | \$ | 452,061 | \$ | 484,467 |
| Max Day Revenue to Recover | | 334,531 | | 358,722 | | 384,697 | | 412,583 | | 442,159 |
| Max Hour Revenue to Recover | | 109,381 | | 117,291 | | 125,784 | | 134,901 | | 144,572 |
| Supply 1 Revenue to Recover | | 92,762 | | 99,470 | | 106,673 | | 114,405 | | 122,606 |
| Supply 2 Revenue to Recover | | 91,657 | | 98,286 | | 105,402 | | 113,043 | | 121,146 |
| Supply 3 Revenue to Recover | | 353,391 | | 378,946 | | 406,385 | | 435,843 | | 467,087 |
| Supply 4 Revenue to Recover | | - | | - | | - | | - | | - |
| Supply Sustainability Revenue to Recover | | - | | - | | - | | - | | - |

| | | | | | | | | | | |
|------------------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| Total Allocated Costs | \$ | 1,348,262 | \$ | 1,445,761 | \$ | 1,550,447 | \$ | 1,662,836 | \$ | 1,782,037 |
|------------------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|

PROJECTED USAGE (HFC)

| | | | | | | | | | | |
|------------------------------|--|---------|--|---------|--|---------|--|---------|--|---------|
| Projected Annual Usage (HCF) | | 807,384 | | 818,102 | | 829,979 | | 842,043 | | 854,313 |
| Projected Winter Usage (HCF) | | 329,261 | | 333,632 | | 338,476 | | 343,395 | | 348,399 |
| Projected Summer Usage (HCF) | | 478,123 | | 484,470 | | 491,503 | | 498,648 | | 505,914 |

| | | | | | | | | | | | | |
|--------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Non-Seasonal Rate | \$ | 1.57 | \$ | 1.67 | \$ | 1.77 | \$ | 1.87 | \$ | 1.97 | \$ | 2.09 |
|--------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|

Appendix I

OUTSIDE CITY SURCHARGE CALCULATION

Appendix I, Outside City Surcharge Calculation, presents a summary of all costs associated with providing service to customers with accounts outside of the City's standard service area boundaries and the calculation of the required surcharge to recover those costs. The costs summarized within the appendix include pipeline capital costs, other facility capital costs, water distribution costs, and energy costs.

The surcharge is calculated the overall percent increase in rates to be charged to customers residing outside of the City's standard service area boundaries. The calculation is based on the five-year sum of revenues without the surcharge and outside city costs to provide a surcharge that is stable of each year of the cost of service study period.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

OUTSIDE CITY COSTS

| Active Interconnections | Praed 1400 Zone | University City 1600 Zone | Homegardens 925 Zone | Highgrove Zones | University City 1650 Zone | Van Buren 1200 Zone | Victoria 1100 Zone | Heustis 1400 Zone | Total |
|---|----------------------|---------------------------|----------------------|---------------------|---------------------------|---------------------|---------------------|-------------------|----------------------|
| Number of Services | 333 | 115 | 1,601 | 949 | 73 | 238 | 740 | 727 | 4,776 |
| Estimated Flows to Customers (gpm)¹ | 394 | 110 | 1020 | 444 | 10 | 83 | 536 | 5 | 2,601 |
| Pipeline Associated Capital Costs² | \$13,289,826 | \$2,923,399 | \$33,423,551 | \$22,402,394 | \$1,431,786 | \$7,694,388 | \$16,394,627 | \$12,203 | \$97,572,175 |
| Inside City Transmission | \$1,674,463 | \$410,834 | \$4,353,850 | \$696,231 | \$36,043 | \$232,957 | \$916,280 | \$11,185 | \$8,331,842 |
| Outside City Distribution | \$11,615,364 | \$2,512,565 | \$29,069,701 | \$21,706,162 | \$1,395,743 | \$7,461,431 | \$15,478,348 | \$1,018 | \$89,240,332 |
| Facility Associated Capital Costs² | \$5,448,628 | \$2,593,501 | \$13,431 | \$2,796,990 | \$333,741 | \$683,932 | \$209,004 | \$1,843 | \$12,081,070 |
| Inside City Pump/PRV & Reservoir Capital Cost | \$3,252,777 | \$2,385,530 | \$13,431 | \$2,173,076 | \$125,770 | \$683,932 | \$209,004 | \$1,843 | \$8,845,363 |
| Outside City Pump/PRV Capital Cost | \$2,195,851 | \$207,971 | \$0 | \$623,913 | \$207,971 | \$0 | \$0 | \$0 | \$3,235,707 |
| Total Capital Cost | \$18,738,454 | \$5,516,901 | \$33,436,982 | \$25,199,383 | \$1,765,527 | \$8,378,320 | \$16,603,631 | \$14,047 | \$109,653,245 |
| <u>Total Capital Cost for Outside City Customers</u> | \$109,653,245 | | | | | | | | |
| Notes: | | | | | | | | | |
| 1. Delivered flows to Customers obtained from 2013 Draft IWMP and Hydraulic Water Model | | | | | | | | | |
| 2. Capital cost of water facilities is charged to Customer based on proportion of Customer flow rates. Unit costs obtained from 2013 IWMP construction costs with 50% Markup for Engineering, Contract Administration, & Contingency. | | | | | | | | | |
| O&M Costs (from RPU's FY 20-21 Financial Statement) | | | | | | | | | |
| | Operations | | \$32,037,000 | | | | | | |
| | Maintenance | | \$6,301,000 | | | | | | |
| | Production (AF) | | 72,215 | | | | | | |
| | Production (CCF) | | 31,456,773 | | | | | | |
| | O&M/AF | | \$530.89 | | | | | | |
| | O&M/CCF | | \$1.22 | | | | | | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

OUTSIDE CITY COSTS

| Amortized Capital Costs | Total | Applicable to Surcharge | Notes: | Applicable Capital Costs | Annual Cost Calculation |
|---|----------------------|---------------------------|-------------------------------|---------------------------------------|-------------------------|
| Number of Services | 4,776 | | | | |
| Estimated Flows to Customers (gpm)¹ | 2601 | | | | |
| | | | | Amortization | Annualized Cost |
| Pipeline Associated Capital Costs² | \$97,572,175 | | | | |
| Inside City Transmission | \$8,331,842 | 0% | Included in Base Rates | \$0 | (Years) |
| Outside City Distribution | \$89,240,332 | 100% | All for Outside City | \$89,240,332 | (2022 Dollars) |
| | | | Total Pipeline Costs | \$89,240,332 | 50.00 |
| Facility Associated Capital Costs² | \$12,081,070 | | | | |
| Inside City Pump/PRV & Reservoir Capital Cost | \$8,845,363 | 0% | Included in Base Rates | \$0 | |
| Outside City Pump/PRV Capital Cost | \$3,235,707 | 100% | All for Outside City | \$3,235,707 | |
| | | | Total Facilities Costs | \$3,235,707 | 30.00 |
| Total Capital Cost | \$109,653,245 | | | | |
| | | | | Total Annualized Capital Costs | \$1,892,664 |
| | FY Ending | Capital Escalation | Annual Capital Cost | | |
| | 2022 | | \$1,892,664 | | |
| | 2023 | 2.85% | \$1,946,604 | | |
| | 2024 | 2.85% | \$2,002,083 | | |
| | 2025 | 2.85% | \$2,059,142 | | |
| | 2026 | 2.85% | \$2,117,828 | | |
| | 2027 | 2.85% | \$2,178,186 | | |
| | 2028 | 2.85% | \$2,240,264 | | |
| | 2029 | 2.85% | \$2,304,111 | | |
| | 2030 | 2.85% | \$2,369,779 | | |
| | 2031 | 2.85% | \$2,437,317 | | |
| | 2032 | 2.85% | \$2,506,781 | | |
| | 2033 | 2.85% | \$2,578,224 | | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

OUTSIDE CITY COSTS

| Estimated Energy Costs | | | | | | |
|------------------------------|---|-----------------------|--------------------|--------------|--------------------------------|------------------------|
| | Estimated Flows to Customers (gpm) ¹ | Energy Required (kWh) | | | | |
| Praed 1400 Zone | 394 | 408,286 | | | | |
| University City 1600 Zone | 110 | 164,869 | | | | |
| Homegardens 925 Zone | 1020 | - | | | | |
| Highgrove Zones | 444 | 226,504 | | | | |
| University City 1650 Zone | 10 | 15,600 | | | | |
| Van Buren 1200 Zone | 83 | 44,399 | | | | |
| Victoria 1100 Zone | 536 | 148,896 | | | | |
| Heustis 1400 Zone | 5 | - | | | | |
| Total | 2601 | 1,008,553 | | | | |
| | 1,000 CCF | Adjustment From 2013 | Power Cost Escal | Cost per kWh | Adjusted Energy Required (kWh) | Calculated Energy Cost |
| RPU Total Water Sales | | | | | | |
| 2013 Total Sales | 27,977 | | (Production Costs) | | 1,008,553 | |
| FY 22/23 | 23,415 | -16% | 2.80% | \$ 0.0802 | 844,092 | \$67,717 |
| FY 23/24 | 23,415 | -16% | 2.80% | \$ 0.0825 | 844,092 | \$69,613 |
| FY 24/25 | 23,636 | -16% | 2.80% | \$ 0.0848 | 852,067 | \$72,238 |
| FY 25/26 | 23,862 | -15% | 2.80% | \$ 0.0872 | 860,227 | \$74,972 |
| FY 26/27 | 24,094 | -14% | 2.80% | \$ 0.0896 | 868,556 | \$77,817 |
| FY 27/28 | 24,330 | -13% | 2.80% | \$ 0.0921 | 877,074 | \$80,781 |
| FY 28/29 | 24,569 | -12% | 2.80% | \$ 0.0947 | 885,689 | \$83,858 |
| FY 29/30 | 24,808 | -11% | 2.80% | \$ 0.0973 | 894,305 | \$87,045 |
| FY 30/31 | 25,050 | -10% | 2.80% | \$ 0.1001 | 903,049 | \$90,357 |
| FY 31/32 | 25,296 | -10% | 2.80% | \$ 0.1029 | 911,910 | \$93,798 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

OUTSIDE CITY SURCHARGE CALCULATION

| Projected Outside City Costs Summary | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Capital Costs | \$2,002,083 | \$2,059,142 | \$2,117,828 | \$2,178,186 | \$2,240,264 |
| Energy Costs | \$69,613 | \$72,238 | \$74,972 | \$77,817 | \$80,781 |
| Total Outside City Costs | \$2,071,695 | \$2,131,380 | \$2,192,799 | \$2,256,003 | \$2,321,044 |

| Surcharge Calculation | | Detailed Calculations Below | | | | |
|--|-----------|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Variable Revenue Without Surcharge | \$ | 2,069,251 | \$ 2,284,698 | \$ 2,462,428 | \$ 2,638,968 | \$ 2,888,601 |
| Annual Fixed Revenue Without Surcharge | | 1,610,451 | 1,761,582 | 1,925,966 | 2,105,292 | 2,298,329 |
| Total Revenue Without Surcharge | \$ | 3,679,702 | \$ 4,046,280 | \$ 4,388,394 | \$ 4,744,260 | \$ 5,186,930 |
| Surcharge Costs to Collect | | \$2,071,695 | \$2,131,380 | \$2,192,799 | \$2,256,003 | \$2,321,044 |
| Required Percentage Surcharge | | 56% | 53% | 50% | 48% | 45% |

Five Year Combined Surcharge Calculation

| | | | |
|---------------------------------|-------------------------------|----|------------|
| Total Revenue Without Surcharge | FY 2023/24 through FY 2027/28 | \$ | 22,045,566 |
| Surcharge Costs to Collect | FY 2023/24 through FY 2027/28 | \$ | 10,972,922 |

| | |
|--------------------------------------|------------|
| Required Percentage Surcharge | 50% |
|--------------------------------------|------------|

Outside City Usage

Outside City Percent of Consumption

| Month | FY 2019/20 and 2020/21 Avg |
|-------------------|----------------------------|
| Landscape | 8.7% |
| MFR | 1.2% |
| SFR | 6.7% |
| WA-4 | 4.0% |
| WA-6.1 and WA-6.2 | 2.0% |
| WA-12 | 2.4% |

Source: Customer Data Analysis Summary.xlsx, 2015-2021 Billing Details tab

Projected Usage - Usage From Rate Design X Outside City Percent of Consumption

| Landscape | | Projected Usage - Usage From Rate Design X Outside City Percent of Consumption | | | | |
|------------------|--------|---|-----------------|-----------------|-----------------|-----------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | 29,480 | 29,159 | 29,583 | 30,013 | 30,450 |
| Winter | Tier 2 | - | - | - | - | - |
| Winter | Tier 3 | - | - | - | - | - |
| Winter | Tier 4 | - | - | - | - | - |
| Summer | Tier 1 | 36,867 | 38,149 | 38,702 | 39,265 | 39,837 |
| Summer | Tier 2 | - | - | - | - | - |
| Summer | Tier 3 | - | - | - | - | - |
| Summer | Tier 4 | - | - | - | - | - |

| MFR | | Projected Usage - Usage From Rate Design X Outside City Percent of Consumption | | | | |
|------------|--------|---|-----------------|-----------------|-----------------|-----------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | 1,299 | 1,308 | 1,317 | 1,327 | 1,336 |
| Winter | Tier 2 | 1,118 | 1,125 | 1,133 | 1,141 | 1,150 |
| Winter | Tier 3 | | | | | |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | 963 | 969 | 976 | 983 | 990 |
| Summer | Tier 2 | 1,188 | 1,196 | 1,204 | 1,213 | 1,222 |
| Summer | Tier 3 | | | | | |
| Summer | Tier 4 | | | | | |

| SFR | | Projected Usage - Usage From Rate Design X Outside City Percent of Consumption | | | | |
|------------|--------|---|-----------------|-----------------|-----------------|-----------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | 189,763 | 191,057 | 192,392 | 193,764 | 195,176 |
| Winter | Tier 2 | 202,445 | 203,825 | 205,250 | 206,713 | 208,220 |
| Winter | Tier 3 | 52,026 | 52,381 | 52,747 | 53,123 | 53,510 |
| Winter | Tier 4 | - | - | - | - | - |
| Summer | Tier 1 | 142,790 | 143,763 | 144,768 | 145,800 | 146,863 |
| Summer | Tier 2 | 226,640 | 228,185 | 229,779 | 231,418 | 233,105 |
| Summer | Tier 3 | 83,980 | 84,552 | 85,143 | 85,750 | 86,376 |
| Summer | Tier 4 | - | - | - | - | - |

| WA-4 | | Projected Usage - Usage From Rate Design X Outside City Percent of Consumption | | | | |
|--------------------------|--------|---|-----------------|-----------------|-----------------|-----------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | 1,801 | 1,801 | 1,801 | 1,801 | 1,801 |
| Winter | Tier 2 | 1,863 | 1,863 | 1,863 | 1,863 | 1,863 |
| Winter | Tier 3 | 392 | 392 | 392 | 392 | 392 |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | 1,533 | 1,533 | 1,533 | 1,533 | 1,533 |
| Summer | Tier 2 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 |
| Summer | Tier 3 | 636 | 636 | 636 | 636 | 636 |
| Summer | Tier 4 | | | | | |
| WA-6.1 and WA-6.2 | | Projected Usage - Usage From Rate Design X Outside City Percent of Consumption | | | | |
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | 74,645 | 110,006 | 110,323 | 110,621 | 110,882 |
| Winter | Tier 2 | | | | | |
| Winter | Tier 3 | | | | | |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | 69,345 | 70,350 | 71,372 | 72,409 | 73,464 |
| Summer | Tier 2 | | | | | |
| Summer | Tier 3 | | | | | |
| Summer | Tier 4 | | | | | |
| WA 12 | | | | | | |
| Winter | Tier 1 | 2,602 | 2,606 | 6,791 | 6,435 | 15,191 |
| Winter | Tier 2 | 2,776 | 2,806 | 8,280 | 7,983 | 19,428 |
| Winter | Tier 3 | 713 | 732 | 2,495 | 2,431 | 6,092 |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | 1,958 | 6,122 | 1,543 | 6,066 | 6,070 |
| Summer | Tier 2 | 3,108 | 8,341 | 2,199 | 7,723 | 7,483 |
| Summer | Tier 3 | 1,151 | 2,775 | 740 | 2,409 | 2,277 |
| Summer | Tier 4 | | | | | |

Revenue Under Proposed Rates

Landscape Revenue Under Proposed Rates

| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--------|--------|----------|----------|-----------|-----------|-----------|
| Winter | Tier 1 | \$58,960 | \$61,526 | \$65,970 | \$70,830 | \$75,821 |
| Winter | Tier 2 | | | | | |
| Winter | Tier 3 | | | | | |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | \$90,692 | \$99,187 | \$106,045 | \$113,869 | \$121,902 |
| Summer | Tier 2 | | | | | |
| Summer | Tier 3 | | | | | |
| Summer | Tier 4 | | | | | |

MFR Revenue Under Proposed Rates

| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--------|--------|----------|----------|----------|----------|----------|
| Winter | Tier 1 | \$1,637 | \$1,753 | \$1,883 | \$2,016 | \$2,165 |
| Winter | Tier 2 | \$2,168 | \$2,329 | \$2,493 | \$2,671 | \$2,862 |
| Winter | Tier 3 | | | | | |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | \$1,213 | \$1,299 | \$1,396 | \$1,494 | \$1,604 |
| Summer | Tier 2 | \$2,649 | \$2,835 | \$3,035 | \$3,263 | \$3,494 |
| Summer | Tier 3 | | | | | |
| Summer | Tier 4 | | | | | |

SFR Revenue Under Proposed Rates

| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--------|--------|-----------|-----------|-----------|-----------|-----------|
| Winter | Tier 1 | \$239,102 | \$256,016 | \$275,121 | \$294,521 | \$316,186 |
| Winter | Tier 2 | \$374,524 | \$401,535 | \$428,972 | \$460,970 | \$493,481 |
| Winter | Tier 3 | \$153,997 | \$164,999 | \$176,702 | \$189,648 | \$203,338 |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | \$179,915 | \$192,642 | \$207,018 | \$221,615 | \$237,917 |
| Summer | Tier 2 | \$419,284 | \$449,524 | \$480,239 | \$516,061 | \$552,458 |
| Summer | Tier 3 | \$320,804 | \$344,128 | \$368,670 | \$395,309 | \$424,104 |
| Summer | Tier 4 | | | | | |

| WA-4 | | Revenue Under Proposed Rates | | | | |
|-------------|--------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | \$2,521 | \$2,702 | \$2,882 | \$3,098 | \$3,314 |
| Winter | Tier 2 | \$3,987 | \$4,285 | \$4,602 | \$4,937 | \$5,272 |
| Winter | Tier 3 | \$1,619 | \$1,737 | \$1,862 | \$1,999 | \$2,140 |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | \$2,146 | \$2,300 | \$2,453 | \$2,637 | \$2,821 |
| Summer | Tier 2 | \$5,906 | \$6,348 | \$6,817 | \$7,314 | \$7,811 |
| Summer | Tier 3 | \$3,371 | \$3,619 | \$3,880 | \$4,159 | \$4,458 |
| Summer | Tier 4 | | | | | |

| WA-6.1 and WA-6.2 | | Revenue Under Proposed Rates | | | | |
|--------------------------|--------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Winter | Tier 1 | \$135,855 | \$211,211 | \$223,955 | \$237,836 | \$251,703 |
| Winter | Tier 2 | | | | | |
| Winter | Tier 3 | | | | | |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | \$136,611 | \$146,329 | \$157,018 | \$168,713 | \$180,722 |
| Summer | Tier 2 | | | | | |
| Summer | Tier 3 | | | | | |
| Summer | Tier 4 | | | | | |

| WA-12 | | Revenue Under Proposed Rates | | | | |
|--------------|--------|-------------------------------------|---------|----------|----------|----------|
| Winter | Tier 1 | \$3,643 | \$3,909 | \$10,866 | \$11,068 | \$27,952 |
| Winter | Tier 2 | \$5,940 | \$6,454 | \$20,451 | \$21,155 | \$54,982 |
| Winter | Tier 3 | \$2,946 | \$3,242 | \$11,854 | \$12,397 | \$33,261 |
| Winter | Tier 4 | | | | | |
| Summer | Tier 1 | \$1,398 | \$4,081 | \$964 | \$3,527 | \$3,299 |
| Summer | Tier 2 | \$1,452 | \$3,627 | \$890 | \$2,914 | \$2,644 |
| Summer | Tier 3 | \$217 | \$488 | \$121 | \$368 | \$325 |
| Summer | Tier 4 | | | | | |

| Variable Revenue Under Proposed Rates - Without Surcharge | | | | | | |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Landscape | | \$ 66,347 | \$ 67,308 | \$ 68,285 | \$ 69,278 | \$ 70,287 |
| MFR | | 7,667 | 8,215 | 8,807 | 9,444 | 10,125 |
| SFR | | 1,687,625 | 1,808,845 | 1,936,721 | 2,078,124 | 2,227,484 |
| WA-4 | | 19,551 | 20,989 | 22,495 | 24,144 | 25,816 |
| WA-6.1 and WA-6.2 | | 272,465 | 357,540 | 380,973 | 406,549 | 432,425 |
| WA-12 | | 15,597 | 21,800 | 45,147 | 51,430 | 122,463 |
| Total Variable Revenue Without Surcharge | | \$ 2,069,251 | \$ 2,284,698 | \$ 2,462,428 | \$ 2,638,968 | \$ 2,888,601 |

| Fixed Revenue Under Proposed Rates - Without Surcharge | | | | | | | | | | |
|---|--|------------------|-----------------|------------------|-----------------|------------------|-----------|------------------|-----------|------------------|
| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | | | |
| Outside City Accounts | | | | | | | | | | |
| Meter Size | Projected Outside City Accounts | | | | | | | | | |
| 5/8" | 240 | 243 | 246 | 249 | 252 | 255 | | | | |
| 3/4" | 2,870 | 2,880 | 2,890 | 2,900 | 2,910 | 2,920 | | | | |
| 1" | 711 | 716 | 721 | 726 | 731 | 736 | | | | |
| 1.5" | 83 | 86 | 89 | 92 | 95 | 98 | | | | |
| 2" | 31 | 33 | 35 | 37 | 39 | 41 | | | | |
| 3" | 2 | 3 | 4 | 5 | 6 | 7 | | | | |
| 4" | 3 | 4 | 5 | 6 | 7 | 8 | | | | |
| 6" | - | - | - | - | - | - | | | | |
| 8" | 2 | 3 | 4 | 5 | 6 | 7 | | | | |
| 10" | - | - | - | - | - | - | | | | |
| Total | | 3,968 | 3,994 | 4,020 | 4,046 | 4,072 | | | | |
| Proposed Rates | | | | | | | | | | |
| Meter Size | | | | | | | | | | |
| 5/8" | \$ | 27.31 | \$ | 29.19 | \$ | 31.20 | \$ | 33.36 | \$ | 35.64 |
| 3/4" | | 27.31 | | 29.19 | | 31.20 | | 33.36 | | 35.64 |
| 1" | | 43.20 | | 46.17 | | 49.35 | | 52.76 | | 56.36 |
| 1.5" | | 82.55 | | 88.23 | | 94.30 | | 100.82 | | 107.70 |
| 2" | | 129.97 | | 138.90 | | 148.45 | | 158.72 | | 169.56 |
| 3" | | 240.69 | | 257.22 | | 274.91 | | 293.91 | | 313.99 |
| 4" | | 398.82 | | 426.21 | | 455.53 | | 487.01 | | 520.28 |
| 6" | | 872.98 | | 932.94 | | 997.11 | | 1,066.02 | | 1,138.84 |
| 8" | | 1,426.09 | | 1,524.04 | | 1,628.85 | | 1,741.43 | | 1,860.39 |
| 10" | | 2,216.28 | | 2,368.50 | | 2,531.39 | | 2,706.35 | | 2,891.22 |
| Total Annual Fixed Revenue Without Surcharge | \$ | 1,610,451 | \$ | 1,761,582 | \$ | 1,925,966 | \$ | 2,105,292 | \$ | 2,298,329 |

| Surcharge Calculation | | | | | |
|---|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
| Variable Revenue Without Surcharge | \$ 2,069,251 | \$ 2,284,698 | \$ 2,462,428 | \$ 2,638,968 | \$ 2,888,601 |
| Annual Fixed Revenue Without Surcharge | 1,610,451 | 1,761,582 | 1,925,966 | 2,105,292 | 2,298,329 |
| Sustainability Charge - Fixed | - | - | - | - | - |
| Sustainability Charge - Variable | - | - | - | - | - |
| Total Revenue Without Surcharge | \$ 3,679,702 | \$ 4,046,280 | \$ 4,388,394 | \$ 4,744,260 | \$ 5,186,930 |
| Surcharge Costs to Collect | \$2,071,695 | \$2,131,380 | \$2,192,799 | \$2,256,003 | \$2,321,044 |
| Required Percentage Surcharge | 56% | 53% | 50% | 48% | 45% |
| Five Year Combined Surcharge Calculation | | | | | |
| | \$2,069,251 | \$2,284,698 | \$2,462,428 | \$2,638,968 | \$2,888,601 |
| Total Revenue Without Surcharge | FY 2023/24 through FY 2027/28 | | \$ 22,045,566 | | |
| Surcharge Costs to Collect | FY 2023/24 through FY 2027/28 | | \$10,972,922 | | |
| Required Percentage Surcharge | | | 50% | | |

Appendix J

DEMAND REDUCTION RATES

Appendix J, Demand Reduction Rates, details the calculations used to determine the demand reduction rates for each level of demand reduction (15%, 20% and 30%). The calculations follow the same steps as those shown for each rate class in Appendix H, but the projected revenue requirements and demands are adjusted to reflect each level of overall demand reduction.

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

DEMAND REDUCTION RATE CALCULATIONS FOR 15% REDUCTION

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNIFORM FIXED RATES

DEMAND REDUCTION RATES FOR 15% REDUCTION

Appendix J

Demand Reduction Rates

Fixed

| | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--------------------------------------|----------|----------|--------------|--------------|--------------|--------------|--------------|
| Number of Accounts | | 66,694 | 66,879 | 67,064 | 67,250 | 67,436 | 67,623 |
| Number of MEUs | | 95,061 | 95,337 | 95,661 | 95,987 | 96,290 | 96,594 |
| Customer Revenue to Recover | | | \$ 2,894,502 | \$ 3,103,816 | \$ 3,328,561 | \$ 3,569,842 | \$ 3,825,746 |
| Capacity Revenue to Recover | | | 27,374,025 | 29,353,805 | 31,479,087 | 33,761,189 | 36,181,405 |
| Monthly Component Charge per Account | | | \$ 3.61 | \$ 3.86 | \$ 4.12 | \$ 4.41 | \$ 4.71 |
| Monthly Component Charge per MEU | | | 23.93 | 25.57 | 27.33 | 29.22 | 31.21 |

| METER SIZE | METER EQUIVALENTS | MONTHLY FIXED CHARGES | | | | | | | |
|------------|-------------------|-----------------------|----------|----------|----------|----------|----------|----------|--|
| 0.625 | 1.00 | \$ 23.08 | \$ 26.00 | \$ 27.53 | \$ 29.43 | \$ 31.45 | \$ 33.63 | \$ 35.93 | |
| 0.75 | 1.00 | 23.08 | 26.00 | 27.53 | 29.43 | 31.45 | 33.63 | 35.93 | |
| 1 | 1.67 | 36.63 | 41.26 | 43.57 | 46.56 | 49.76 | 53.21 | 56.84 | |
| 1.5 | 3.33 | 70.22 | 79.08 | 83.28 | 89.01 | 95.13 | 101.71 | 108.66 | |
| 2 | 5.33 | 110.68 | 124.64 | 131.14 | 140.15 | 149.79 | 160.15 | 171.09 | |
| 3 | 10.00 | 205.16 | 231.03 | 242.88 | 259.57 | 277.42 | 296.60 | 316.86 | |
| 4 | 16.67 | 340.10 | 382.97 | 402.48 | 430.12 | 459.71 | 491.48 | 525.06 | |
| 6 | 36.67 | 744.72 | 838.59 | 881.02 | 941.54 | 1,006.29 | 1,075.85 | 1,149.35 | |
| 8 | 60.00 | 1,216.71 | 1,370.06 | 1,439.25 | 1,538.11 | 1,643.89 | 1,757.52 | 1,877.58 | |
| 10 | 93.33 | 1,891.02 | 2,129.34 | 2,236.75 | 2,390.39 | 2,554.78 | 2,731.37 | 2,917.95 | |
| 12 | 133.33 | 2,700.26 | 3,040.57 | 3,193.85 | 3,413.23 | 3,647.95 | 3,900.10 | 4,166.53 | |

| METER SIZE | METER EQUIVALENTS | FY 21/22 REVENUE | FY 22/23 REVENUE | FY 23/24 REVENUE | FY 24/25 REVENUE | FY 25/26 REVENUE | FY 26/27 REVENUE | FY 27/28 REVENUE |
|-----------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 0.625 | 1 | \$ 1,760,671 | \$ 1,989,403 | \$ 2,111,706 | \$ 2,263,023 | \$ 2,424,326 | \$ 2,598,789 | \$ 2,783,399 |
| 0.75 | 1 | 13,048,066 | 14,746,035 | 15,653,088 | 16,775,248 | 17,971,507 | 19,265,424 | 20,634,650 |
| 1 | 1.67 | 4,226,060 | 4,793,098 | 5,077,293 | 5,442,423 | 5,834,394 | 6,258,324 | 6,706,095 |
| 1.5 | 3.33 | 1,039,449 | 1,201,335 | 1,273,605 | 1,369,977 | 1,473,582 | 1,585,869 | 1,705,382 |
| 2 | 5.33 | 2,000,372 | 2,315,867 | 2,453,734 | 2,639,953 | 2,840,521 | 3,057,898 | 3,289,292 |
| 3 | 10 | 630,918 | 724,900 | 762,634 | 817,961 | 877,336 | 940,012 | 1,006,388 |
| 4 | 16.67 | 534,583 | 613,882 | 645,559 | 693,108 | 744,230 | 797,755 | 854,505 |
| 6 | 36.67 | 634,610 | 728,395 | 765,490 | 821,946 | 882,612 | 945,988 | 1,013,150 |
| 8 | 60 | 1,036,637 | 1,189,315 | 1,249,378 | 1,341,377 | 1,440,234 | 1,543,318 | 1,652,527 |
| 10 | 93.33 | 226,922 | 260,342 | 273,474 | 293,612 | 315,250 | 337,814 | 361,718 |
| 12 | 133.33 | - | - | - | - | - | - | - |
| Total Calculated Revenues* | | \$ 25,138,288 | \$ 28,562,572 | \$ 30,265,961 | \$ 32,458,627 | \$ 34,803,991 | \$ 37,331,192 | \$ 40,007,106 |

*Note: Total calculated revenues vary slightly from the sum of allocated Customer and Capacity revenue requirements due to rounding of rates to the nearest \$0.01.

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1A - SFR - 15% Reduction

REVENUE TO RECOVER

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Base Revenue to Recover | \$ 5,958,273 | \$ 6,391,139 | \$ 6,856,021 | \$ 7,355,081 | \$ 7,883,706 |
| Max Day Revenue to Recover | 7,012,605 | 7,520,685 | 8,066,314 | 8,652,033 | 9,272,933 |
| Max Hour Revenue to Recover | 1,688,347 | 1,810,998 | 1,942,720 | 2,084,127 | 2,233,913 |
| Supply 1 Revenue to Recover | 2,581,061 | 2,770,125 | 2,973,205 | 3,191,245 | 3,421,661 |
| Supply 2 Revenue to Recover | 2,555,407 | 2,742,322 | 2,943,087 | 3,158,637 | 3,386,515 |
| Supply 3 Revenue to Recover | 3,382,677 | 3,629,890 | 3,895,416 | 4,180,493 | 4,481,947 |
| Supply 4 Revenue to Recover | 1,003,661 | 1,076,963 | 1,155,695 | 1,240,222 | 1,329,622 |
| Supply Sustainability Revenue to Recover | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |
| Total Allocated Costs | \$ 24,934,086 | \$ 26,748,562 | \$ 28,697,293 | \$ 30,789,362 | \$ 33,004,311 |

REVENUE TO RECOVER - BY TIER

Base

Use per Tier

| | | | | | | |
|--------|-------|--------------|--------------|--------------|--------------|--------------|
| Tier 1 | 36.9% | \$ 2,200,971 | \$ 2,360,871 | \$ 2,532,597 | \$ 2,716,948 | \$ 2,912,221 |
| Tier 2 | 48.1% | 2,867,069 | 3,075,361 | 3,299,057 | 3,539,201 | 3,793,570 |
| Tier 3 | 14.9% | 890,233 | 954,908 | 1,024,367 | 1,098,932 | 1,177,915 |

Max Day

Max Day Extra Capacity per Tier

| | | | | | | |
|--------|-------|--------------|--------------|--------------|--------------|--------------|
| Tier 1 | 14.7% | \$ 1,027,418 | \$ 1,101,857 | \$ 1,181,797 | \$ 1,267,611 | \$ 1,358,579 |
| Tier 2 | 55.5% | 3,895,195 | 4,177,411 | 4,480,485 | 4,805,826 | 5,150,708 |
| Tier 3 | 29.8% | 2,089,992 | 2,241,416 | 2,404,032 | 2,578,596 | 2,763,645 |

Max Hour

Max Hour Extra Capacity per Tier

| | | | | | | |
|--------|-------|------------|------------|------------|------------|------------|
| Tier 1 | 35.3% | \$ 596,717 | \$ 640,066 | \$ 686,621 | \$ 736,599 | \$ 789,538 |
| Tier 2 | 48.7% | 821,399 | 881,070 | 945,154 | 1,013,950 | 1,086,823 |
| Tier 3 | 16.0% | 270,231 | 289,862 | 310,945 | 333,578 | 357,553 |

Supply 1

SFR Supply 1 Allocation by Tier

| | | | | | | |
|--------|-------|--------------|--------------|--------------|--------------|--------------|
| Tier 1 | 88.5% | \$ 2,284,002 | \$ 2,451,306 | \$ 2,631,013 | \$ 2,823,959 | \$ 3,027,856 |
| Tier 2 | 11.5% | 297,059 | 318,819 | 342,192 | 367,286 | 393,805 |
| Tier 3 | 0.0% | - | - | - | - | - |

Supply 2

SFR Supply 2 Allocation by Tier

| | | | | | | |
|--------|--------|-----------|-----------|-----------|-----------|-----------|
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 100.0% | 2,555,407 | 2,742,322 | 2,943,087 | 3,158,637 | 3,386,515 |
| Tier 3 | 0.0% | - | - | - | - | - |

Supply 3

SFR Supply 3 Allocation by Tier

| | | | | | | |
|--------|-------|-----------|-----------|-----------|-----------|-----------|
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 32.6% | 1,101,799 | 1,182,321 | 1,268,808 | 1,361,662 | 1,459,851 |
| Tier 3 | 67.4% | 2,280,878 | 2,447,569 | 2,626,609 | 2,818,830 | 3,022,096 |

Supply 4

SFR Supply 4 Allocation by Tier

| | | | | | | |
|--------|--------|-----------|-----------|-----------|-----------|-----------|
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 1,003,661 | 1,076,963 | 1,155,695 | 1,240,222 | 1,329,622 |

Supply Sustainability

All to Tier 3

| | | | | | | |
|--------|--------|---------|---------|---------|---------|---------|
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |

PROJECTED USAGE (HFC)

| | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual | 12,839,589 | 12,927,101 | 13,017,449 | 13,110,249 | 13,205,833 |
| Tier 1 | 4,742,911 | 4,775,238 | 4,808,612 | 4,842,893 | 4,878,201 |
| Tier 2 | 6,178,298 | 6,220,408 | 6,263,883 | 6,308,537 | 6,354,532 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---------------|----------|-----------|-----------|-----------|-----------|-----------|
| Tier 3 | | 1,918,379 | 1,931,455 | 1,944,954 | 1,958,819 | 1,973,100 |
| Winter | | | | | | |
| Tier 1 | | 2,706,429 | 2,724,876 | 2,743,920 | 2,763,481 | 2,783,629 |
| Tier 2 | | 2,939,228 | 2,959,261 | 2,979,943 | 3,001,187 | 3,023,068 |
| Tier 3 | | 763,328 | 768,531 | 773,902 | 779,419 | 785,102 |
| Summer | | | | | | |
| Tier 1 | | 2,036,482 | 2,050,362 | 2,064,692 | 2,079,411 | 2,094,572 |
| Tier 2 | | 3,239,070 | 3,261,147 | 3,283,940 | 3,307,350 | 3,331,464 |
| Tier 3 | | 1,155,051 | 1,162,924 | 1,171,052 | 1,179,400 | 1,187,999 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| | | | | | Resilient Supply | 2,234,356 |
| Tier 1 | 4,742,911 | 4,742,911 | - | | | |
| Tier 2 | 6,178,298 | 616,867 | 4,042,171 | 1,519,260 | - | |
| Tier 3 | 1,918,379 | | | 3,145,080 | 1,007,655 | |
| | 12,839,589 | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| Tier 1 | | 88.5% | 0.0% | 0.0% | 0.0% | |
| Tier 2 | | 11.5% | 100.0% | 32.6% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 67.4% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Winter | | | | | | |
| Base Rate | | | | | | |
| Tier 1 | \$ 1,255,931 | \$ 1,347,175 | \$ 1,445,166 | \$ 1,550,362 | \$ 1,661,789 | \$ 1,661,789 |
| Tier 2 | \$ 1,363,963 | \$ 1,463,054 | \$ 1,569,474 | \$ 1,683,719 | \$ 1,804,731 | \$ 1,804,731 |
| Tier 3 | \$ 354,226 | \$ 379,961 | \$ 407,598 | \$ 437,268 | \$ 468,695 | \$ 468,695 |
| Max Day Rate | | | | | | |
| Tier 1 | \$ 586,272 | \$ 628,748 | \$ 674,364 | \$ 723,332 | \$ 775,241 | \$ 775,241 |
| Tier 2 | \$ 1,853,078 | \$ 1,987,337 | \$ 2,131,520 | \$ 2,286,296 | \$ 2,450,368 | \$ 2,450,368 |
| Tier 3 | 472,893 | 507,155 | 543,949 | 583,447 | 625,318 | 625,318 |
| Max Hour Rate | | | | | | |
| Tier 1 | \$ 340,502 | \$ 365,238 | \$ 391,804 | \$ 420,323 | \$ 450,531 | \$ 450,531 |
| Tier 2 | \$ 390,767 | \$ 419,155 | \$ 449,642 | \$ 482,371 | \$ 517,039 | \$ 517,039 |
| Tier 3 | 61,144 | 65,586 | 70,356 | 75,477 | 80,902 | 80,902 |
| Supply 1 Rate | | | | | | |
| Tier 1 | \$ 1,303,311 | \$ 1,398,780 | \$ 1,501,325 | \$ 1,611,425 | \$ 1,727,774 | \$ 1,727,774 |
| Tier 2 | \$ 141,321 | \$ 151,673 | \$ 162,792 | \$ 174,731 | \$ 187,347 | \$ 187,347 |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supply 2 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | \$ 1,215,695 | \$ 1,304,616 | \$ 1,400,127 | \$ 1,502,672 | \$ 1,611,081 | \$ 1,611,081 |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supply 3 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | \$ 524,164 | \$ 562,470 | \$ 603,615 | \$ 647,789 | \$ 694,501 | \$ 694,501 |
| Tier 3 | \$ 907,567 | \$ 973,894 | \$ 1,045,134 | \$ 1,121,620 | \$ 1,202,500 | \$ 1,202,500 |
| Supply 4 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 3 | \$ 399,359 | \$ 428,526 | \$ 459,854 | \$ 493,488 | \$ 529,060 | \$ 529,060 |
| Supply Sustainability Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 3 | \$ 299,245 | \$ 320,885 | \$ 344,120 | \$ 369,064 | \$ 395,521 | \$ 395,521 |
| Combined Winter Revenue Requirements by Tier | | | | | | |
| Tier 1 | \$ 3,486,016 | \$ 3,739,941 | \$ 4,012,659 | \$ 4,305,441 | \$ 4,615,335 | \$ 4,615,335 |
| Tier 2 | \$ 5,488,988 | \$ 5,888,307 | \$ 6,317,170 | \$ 6,777,577 | \$ 7,265,067 | \$ 7,265,067 |
| Tier 3 | \$ 2,494,434 | \$ 2,676,007 | \$ 2,871,012 | \$ 3,080,364 | \$ 3,301,996 | \$ 3,301,996 |
| Tier 1 Winter Rate | \$ 1.30 | \$ 1.29 | \$ 1.37 | \$ 1.46 | \$ 1.56 | \$ 1.66 |
| Tier 2 Winter Rate | \$ 1.64 | \$ 1.87 | \$ 1.99 | \$ 2.12 | \$ 2.26 | \$ 2.40 |
| Tier 3 Winter Rate | \$ 3.01 | \$ 3.27 | \$ 3.48 | \$ 3.71 | \$ 3.95 | \$ 4.21 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | | | | | |
|---|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Summer | | | | | | | | | | | | |
| Base Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 945,039 | \$ | 1,013,696 | \$ | 1,087,431 | \$ | 1,166,586 | \$ | 1,250,431 | | |
| Tier 2 | | 1,503,106 | | 1,612,306 | | 1,729,583 | | 1,855,482 | | 1,988,839 | | |
| Tier 3 | | 536,007 | | 574,948 | | 616,769 | | 661,664 | | 709,219 | | |
| Max Day Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 441,146 | \$ | 473,109 | \$ | 507,433 | \$ | 544,279 | \$ | 583,338 | | |
| Tier 2 | | 2,042,117 | | 2,190,074 | | 2,348,965 | | 2,519,530 | | 2,700,341 | | |
| Tier 3 | | 1,617,098 | | 1,734,261 | | 1,860,083 | | 1,995,149 | | 2,138,328 | | |
| Max Hour Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 256,215 | \$ | 274,828 | \$ | 294,817 | \$ | 316,276 | \$ | 339,007 | | |
| Tier 2 | | 430,631 | | 461,915 | | 495,512 | | 531,579 | | 569,784 | | |
| Tier 3 | | 209,087 | | 224,276 | | 240,589 | | 258,101 | | 276,651 | | |
| Supply 1 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 980,690 | \$ | 1,052,527 | \$ | 1,129,688 | \$ | 1,212,534 | \$ | 1,300,082 | | |
| Tier 2 | | 155,738 | | 167,146 | | 179,399 | | 192,556 | | 206,459 | | |
| Tier 3 | | - | | - | | - | | - | | - | | |
| Supply 2 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | 1,339,712 | | 1,437,705 | | 1,542,960 | | 1,655,965 | | 1,775,434 | | |
| Tier 3 | | - | | - | | - | | - | | - | | |
| Supply 3 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | 577,636 | | 619,850 | | 665,193 | | 713,873 | | 765,350 | | |
| Tier 3 | | 1,373,310 | | 1,473,675 | | 1,581,475 | | 1,697,211 | | 1,819,597 | | |
| Supply 4 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | - | | - | | - | | - | | - | | |
| Tier 3 | | 604,301 | | 648,437 | | 695,841 | | 746,735 | | 800,562 | | |
| Supply Sustainability Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | - | | - | | - | | - | | - | | |
| Tier 3 | | 452,811 | | 485,556 | | 520,715 | | 558,460 | | 598,493 | | |
| Combined Summer Revenue Requirements by Tier | | | | | | | | | | | | |
| Tier 1 | \$ | 2,623,091 | \$ | 2,814,159 | \$ | 3,019,369 | \$ | 3,239,675 | \$ | 3,472,859 | | |
| Tier 2 | \$ | 6,048,941 | \$ | 6,488,996 | \$ | 6,961,613 | \$ | 7,468,984 | \$ | 8,006,207 | | |
| Tier 3 | \$ | 4,792,615 | \$ | 5,141,153 | \$ | 5,515,471 | \$ | 5,917,319 | \$ | 6,342,850 | | |
| Tier 1 Summer Rate | \$ | 1.30 | \$ | 1.29 | \$ | 1.37 | \$ | 1.46 | \$ | 1.56 | \$ | 1.66 |
| Tier 2 Summer Rate | \$ | 1.64 | \$ | 1.87 | \$ | 1.99 | \$ | 2.12 | \$ | 2.26 | \$ | 2.40 |
| Tier 3 Summer Rate | \$ | 3.66 | \$ | 4.15 | \$ | 4.42 | \$ | 4.71 | \$ | 5.02 | \$ | 5.34 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

Appendix J

Demand Reduction Rates

MFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1B - MFR - 15% Reduction

REVENUE TO RECOVER

| | | | | | | | | | | |
|--|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
| Base Revenue to Recover | \$ | 162,984 | \$ | 174,825 | \$ | 187,542 | \$ | 201,193 | \$ | 215,653 |
| Max Day Revenue to Recover | | 144,612 | | 155,089 | | 166,341 | | 178,420 | | 191,224 |
| Max Hour Revenue to Recover | | 45,368 | | 48,664 | | 52,204 | | 56,003 | | 60,028 |
| Supply 1 Revenue to Recover | | 80,755 | | 86,670 | | 93,024 | | 99,846 | | 107,055 |
| Supply 2 Revenue to Recover | | 79,952 | | 85,800 | | 92,082 | | 98,825 | | 105,955 |
| Supply 3 Revenue to Recover | | 61,828 | | 66,347 | | 71,200 | | 76,410 | | 81,920 |
| Supply 4 Revenue to Recover | | 18,345 | | 19,685 | | 21,124 | | 22,669 | | 24,303 |
| Supply Sustainability Revenue to Recover | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |
| Total Allocated Costs | \$ | 609,353 | \$ | 653,710 | \$ | 701,350 | \$ | 752,494 | \$ | 806,637 |

REVENUE TO RECOVER - BY TIER

Base Rate

Use per Tier

| | | | | | | | | | | | |
|--------|-------|----|--------|----|--------|----|--------|----|---------|----|---------|
| Tier 1 | 52.1% | \$ | 84,956 | \$ | 91,128 | \$ | 97,757 | \$ | 104,873 | \$ | 112,410 |
| Tier 2 | 47.9% | | 78,028 | | 83,697 | | 89,785 | | 96,320 | | 103,243 |

Max Day Rate

Max Day Extra Capacity per Tier

| | | | | | | | | | | | |
|--------|-------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | 25.8% | \$ | 37,352 | \$ | 40,058 | \$ | 42,964 | \$ | 46,084 | \$ | 49,391 |
| Tier 2 | 74.2% | | 107,260 | | 115,031 | | 123,377 | | 132,336 | | 141,833 |

Max Hour Rate

Max Hour Extra Capacity per Tier

| | | | | | | | | | | | |
|--------|-------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 50.7% | \$ | 22,989 | \$ | 24,659 | \$ | 26,452 | \$ | 28,378 | \$ | 30,417 |
| Tier 2 | 49.3% | | 22,380 | | 24,005 | | 25,751 | | 27,626 | | 29,611 |

Supply 1 Rate

SFR Supply 1 Allocation by Tier

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|---------|
| Tier 1 | 100.0% | \$ | 80,755 | \$ | 86,670 | \$ | 93,024 | \$ | 99,846 | \$ | 107,055 |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |

Supply 2 Rate

SFR Supply 2 Allocation by Tier

| | | | | | | | | | | | |
|--------|-------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 11.1% | \$ | 8,910 | \$ | 9,561 | \$ | 10,261 | \$ | 11,013 | \$ | 11,808 |
| Tier 2 | 88.9% | | 71,042 | | 76,239 | | 81,820 | | 87,812 | | 94,148 |

Supply 3 Rate

SFR Supply 3 Allocation by Tier

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 61,828 | | 66,347 | | 71,200 | | 76,410 | | 81,920 |

Supply 4 Rate

SFR Supply 4 Allocation by Tier

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 18,345 | | 19,685 | | 21,124 | | 22,669 | | 24,303 |

Supply Sustainability

All to Tier 3

| | | | | | | | | | | | |
|--------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

MFR

PROJECTED USAGE (HFC)

| | 350,198 | 352,585 | 355,049 | 357,580 | 360,187 |
|---------------|---------|---------|---------|---------|---------|
| Annual | | | | | |
| Tier 1 | 182,542 | 183,787 | 185,071 | 186,390 | 187,749 |
| Tier 2 | 167,656 | 168,798 | 169,978 | 171,190 | 172,438 |
| Winter | | | | | |
| Tier 1 | 104,853 | 105,567 | 106,305 | 107,063 | 107,844 |
| Tier 2 | 81,273 | 81,827 | 82,399 | 82,987 | 83,592 |
| Summer | | | | | |
| Tier 1 | 77,690 | 78,219 | 78,766 | 79,327 | 79,906 |
| Tier 2 | 86,382 | 86,971 | 87,579 | 88,203 | 88,846 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|----------------|
| | | 168,390 | 126,994 | 73,894 | 15,881 | 385,160 |
| | | | | | Resilient Supply | 34,962 |
| Tier 1 | 182,542 | 168,390 | 14,152 | | | |
| Tier 2 | 167,656 | - | 112,842 | 73,894 | 15,881 | |
| | 350,198 | 168,390 | 126,994 | 73,894 | 15,881 | 385,160 |
| Tier 1 | | 100.0% | 11.1% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 88.9% | 100.0% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

MFR

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 48,799 | \$ | 52,344 | \$ | 56,152 | \$ | 60,239 | \$ | 64,569 |
| Tier 2 | | 37,825 | | 40,573 | | 43,524 | | 46,693 | | 50,049 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 21,455 | \$ | 23,009 | \$ | 24,679 | \$ | 26,471 | \$ | 28,370 |
| Tier 2 | | 41,549 | | 44,559 | | 47,792 | | 51,262 | | 54,941 |

1.00

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 13,205 | \$ | 14,164 | \$ | 15,194 | \$ | 16,300 | \$ | 17,472 |
| Tier 2 | | 8,669 | | 9,299 | | 9,975 | | 10,701 | | 11,470 |

1.00

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 46,386 | \$ | 49,783 | \$ | 53,433 | \$ | 57,352 | \$ | 61,493 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 5,118 | \$ | 5,492 | \$ | 5,894 | \$ | 6,326 | \$ | 6,782 |
| Tier 2 | | 34,439 | | 36,958 | | 39,663 | | 42,569 | | 45,640 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 29,972 | | 32,162 | | 34,515 | | 37,041 | | 39,712 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 8,893 | | 9,542 | | 10,240 | | 10,989 | | 11,781 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,518 | | 8,062 | | 8,645 | | 9,272 | | 9,937 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 134,962 | \$ | 144,793 | \$ | 155,352 | \$ | 166,687 | \$ | 178,686 |
| Tier 2 | \$ | 168,864 | \$ | 181,155 | \$ | 194,355 | \$ | 208,527 | \$ | 223,530 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.30 | \$ | 1.29 | \$ | 1.37 | \$ | 1.46 | \$ | 1.56 | \$ | 1.66 |
| Tier 2 Winter Rate | \$ | 1.87 | \$ | 2.08 | \$ | 2.21 | \$ | 2.36 | \$ | 2.51 | \$ | 2.67 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 15% REDUCTION

Appendix J

Demand Reduction Rates

MFR

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 36,157 | \$ | 38,784 | \$ | 41,605 | \$ | 44,633 | \$ | 47,842 |
| Tier 2 | | 40,203 | | 43,124 | | 46,260 | | 49,628 | | 53,194 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 15,897 | \$ | 17,049 | \$ | 18,285 | \$ | 19,613 | \$ | 21,021 |
| Tier 2 | | 65,711 | | 70,472 | | 75,585 | | 81,073 | | 86,892 |

1.49

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 9,784 | \$ | 10,495 | \$ | 11,258 | \$ | 12,077 | \$ | 12,945 |
| Tier 2 | | 13,711 | | 14,707 | | 15,776 | | 16,925 | | 18,141 |

1.49

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 34,369 | \$ | 36,886 | \$ | 39,591 | \$ | 42,494 | \$ | 45,562 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 3,792 | \$ | 4,069 | \$ | 4,367 | \$ | 4,687 | \$ | 5,025 |
| Tier 2 | | 36,603 | | 39,281 | | 42,157 | | 45,244 | | 48,508 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 31,856 | | 34,184 | | 36,685 | | 39,369 | | 42,208 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 9,452 | | 10,142 | | 10,884 | | 11,680 | | 12,522 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,991 | | 8,568 | | 9,189 | | 9,855 | | 10,561 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 99,999 | \$ | 107,283 | \$ | 115,107 | \$ | 123,505 | \$ | 132,396 |
| Tier 2 | \$ | 205,527 | \$ | 220,478 | \$ | 236,536 | \$ | 253,774 | \$ | 272,026 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Summer Rate | \$ | 1.30 | \$ | 1.29 | \$ | 1.37 | \$ | 1.46 | \$ | 1.56 | \$ | 1.66 |
| Tier 2 Summer Rate | \$ | 2.12 | \$ | 2.38 | \$ | 2.54 | \$ | 2.70 | \$ | 2.88 | \$ | 3.06 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 15% REDUCTION

WA4: Riverside Water Company

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|------------------|------------------|------------------|------------------|------------------|----------|
| WA4 - Riverside Irrigators - 15% Reduction | | | | | | |
| REVENUE TO RECOVER | | | | | | |
| Base Revenue to Recover | \$ 3,918 | \$ 4,202 | \$ 4,508 | \$ 4,836 | \$ 5,184 | |
| Max Day Revenue to Recover | 6,576 | 7,052 | 7,564 | 8,113 | 8,696 | |
| Max Hour Revenue to Recover | 1,144 | 1,227 | 1,316 | 1,412 | 1,514 | |
| Supply 1 Revenue to Recover | 1,410 | 1,514 | 1,625 | 1,744 | 1,870 | |
| Supply 2 Revenue to Recover | 1,396 | 1,498 | 1,608 | 1,726 | 1,850 | |
| Supply 3 Revenue to Recover | 3,195 | 3,428 | 3,679 | 3,949 | 4,233 | |
| Supply 4 Revenue to Recover | 948 | 1,017 | 1,092 | 1,171 | 1,256 | |
| Supply Sustainability Revenue To Recover | 705 | 756 | 811 | 870 | 932 | |
| Total Allocated Costs | \$ 19,293 | \$ 20,696 | \$ 22,203 | \$ 23,821 | \$ 25,535 | |

| REVENUE TO RECOVER - BY TIER | | | | | | |
|-------------------------------------|---|----------|----------|----------|----------|----------|
| Base Rate | | | | | | |
| | <u>Use per Tier</u> | | | | | |
| Tier 1 | 37.3% | \$ 1,461 | \$ 1,567 | \$ 1,681 | \$ 1,804 | \$ 1,933 |
| Tier 2 | 51.5% | 2,016 | 2,162 | 2,319 | 2,488 | 2,667 |
| Tier 3 | 11.3% | 441 | 473 | 507 | 544 | 584 |
| Max Day Rate | | | | | | |
| | <u>Max Day Extra Capacity per Tier</u> | | | | | |
| Tier 1 | 16.7% | \$ 1,099 | \$ 1,178 | \$ 1,264 | \$ 1,356 | \$ 1,453 |
| Tier 2 | 60.6% | 3,988 | 4,277 | 4,587 | 4,920 | 5,273 |
| Tier 3 | 22.6% | 1,489 | 1,597 | 1,713 | 1,838 | 1,969 |
| Max Hour Rate | | | | | | |
| | <u>Max Hour Extra Capacity per Tier</u> | | | | | |
| Tier 1 | 35.2% | \$ 402 | \$ 432 | \$ 463 | \$ 497 | \$ 532 |
| Tier 2 | 52.4% | 599 | 643 | 690 | 740 | 793 |
| Tier 3 | 12.4% | 142 | 153 | 164 | 176 | 188 |
| Supply 1 Rate | | | | | | |
| | <u>SFR Supply 1 Allocation by Tier</u> | | | | | |
| Tier 1 | 100.0% | \$ 1,410 | \$ 1,514 | \$ 1,625 | \$ 1,744 | \$ 1,870 |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 2 Rate | | | | | | |
| | <u>SFR Supply 2 Allocation by Tier</u> | | | | | |
| Tier 1 | 10.7% | \$ 149 | \$ 160 | \$ 172 | \$ 184 | \$ 198 |
| Tier 2 | 89.3% | 1,247 | 1,338 | 1,436 | 1,542 | 1,653 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 3 Rate | | | | | | |
| | <u>SFR Supply 3 Allocation by Tier</u> | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 54.3% | 1,736 | 1,863 | 1,999 | 2,145 | 2,300 |
| Tier 3 | 45.7% | 1,459 | 1,566 | 1,680 | 1,803 | 1,933 |
| Supply 4 Rate | | | | | | |
| | <u>SFR Supply 4 Allocation by Tier</u> | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 948 | 1,017 | 1,092 | 1,171 | 1,256 |
| Supply Sustainability | | | | | | |
| | <u>All to Tier 3</u> | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 705 | 756 | 811 | 870 | 932 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 15% REDUCTION

WA4: Riverside Water Company

PROJECTED USAGE (HFC)

| | 8,486 | 8,486 | 8,486 | 8,486 | 8,486 |
|---------------|-------|-------|-------|-------|-------|
| Annual | | | | | |
| Tier 1 | 3,165 | 3,165 | 3,165 | 3,165 | 3,165 |
| Tier 2 | 4,366 | 4,366 | 4,366 | 4,366 | 4,366 |
| Tier 3 | 955 | 955 | 955 | 955 | 955 |
| Winter | | | | | |
| Tier 1 | 1,756 | 1,756 | 1,756 | 1,756 | 1,756 |
| Tier 2 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 |
| Tier 3 | 368 | 368 | 368 | 368 | 368 |
| Summer | | | | | |
| Tier 1 | 1,409 | 1,409 | 1,409 | 1,409 | 1,409 |
| Tier 2 | 2,607 | 2,607 | 2,607 | 2,607 | 2,607 |
| Tier 3 | 587 | 587 | 587 | 587 | 587 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|--------|
| | | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| | | | | | Resilient Supply | 2,008 |
| Tier 1 | 3,165 | 2,929 | 236 | | | |
| Tier 2 | 4,366 | | 1,973 | 2,394 | - | |
| Tier 3 | 955 | | | 2,012 | 952 | |
| | 8,486 | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| Tier 1 | | 100.0% | 10.7% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 89.3% | 54.3% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 45.7% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 15% REDUCTION

WA4: Riverside Water Company

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-------|----|-------|
| Tier 1 | \$ | 811 | \$ | 870 | \$ | 933 | \$ | 1,001 | \$ | 1,073 |
| Tier 2 | | 813 | | 872 | | 935 | | 1,003 | | 1,075 |
| Tier 3 | | 170 | | 182 | | 195 | | 210 | | 225 |

Max Day Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 610 | \$ | 654 | \$ | 701 | \$ | 752 | \$ | 806 |
| Tier 2 | | 1,607 | | 1,724 | | 1,849 | | 1,983 | | 2,126 |
| Tier 3 | | 322 | | 345 | | 371 | | 397 | | 426 |

Max Hour Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 223 | \$ | 240 | \$ | 257 | \$ | 276 | \$ | 295 |
| Tier 2 | | 242 | | 259 | | 278 | | 298 | | 320 |
| Tier 3 | | 31 | | 33 | | 35 | | 38 | | 41 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-------|
| Tier 1 | \$ | 783 | \$ | 840 | \$ | 901 | \$ | 968 | \$ | 1,037 |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 83 | \$ | 89 | \$ | 95 | \$ | 102 | \$ | 110 |
| Tier 2 | | 503 | | 539 | | 579 | | 621 | | 666 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 700 | | 751 | | 806 | | 865 | | 927 |
| Tier 3 | | 562 | | 603 | | 647 | | 695 | | 745 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 365 | | 392 | | 420 | | 451 | | 484 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 272 | | 291 | | 312 | | 335 | | 359 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 2,509 | \$ | 2,692 | \$ | 2,888 | \$ | 3,098 | \$ | 3,321 |
| Tier 2 | \$ | 3,864 | \$ | 4,145 | \$ | 4,447 | \$ | 4,771 | \$ | 5,114 |
| Tier 3 | \$ | 1,722 | \$ | 1,847 | \$ | 1,982 | \$ | 2,126 | \$ | 2,279 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.32 | \$ | 1.43 | \$ | 1.53 | \$ | 1.64 | \$ | 1.76 | \$ | 1.89 |
| Tier 2 Winter Rate | \$ | 1.54 | \$ | 2.20 | \$ | 2.36 | \$ | 2.53 | \$ | 2.71 | \$ | 2.91 |
| Tier 3 Winter Rate | \$ | 2.46 | \$ | 4.68 | \$ | 5.02 | \$ | 5.38 | \$ | 5.78 | \$ | 6.19 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 15% REDUCTION

WA4: Riverside Water Company

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 650 | \$ | 698 | \$ | 748 | \$ | 803 | \$ | 861 |
| Tier 2 | | 1,204 | | 1,291 | | 1,385 | | 1,486 | | 1,592 |
| Tier 3 | | 271 | | 291 | | 312 | | 335 | | 359 |

Max Day Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 489 | \$ | 525 | \$ | 563 | \$ | 604 | \$ | 647 |
| Tier 2 | | 2,381 | | 2,553 | | 2,739 | | 2,938 | | 3,148 |
| Tier 3 | | 1,167 | | 1,252 | | 1,343 | | 1,440 | | 1,543 |

Max Hour Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 179 | \$ | 192 | \$ | 206 | \$ | 221 | \$ | 237 |
| Tier 2 | | 358 | | 384 | | 412 | | 442 | | 474 |
| Tier 3 | | 111 | | 120 | | 128 | | 138 | | 147 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 628 | \$ | 674 | \$ | 723 | \$ | 776 | \$ | 832 |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 66 | \$ | 71 | \$ | 77 | \$ | 82 | \$ | 88 |
| Tier 2 | | 745 | | 799 | | 858 | | 920 | | 987 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 1,036 | | 1,112 | | 1,194 | | 1,281 | | 1,373 |
| Tier 3 | | 897 | | 962 | | 1,032 | | 1,108 | | 1,188 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 582 | | 625 | | 671 | | 720 | | 772 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 433 | | 465 | | 498 | | 534 | | 573 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 2,013 | \$ | 2,160 | \$ | 2,317 | \$ | 2,486 | \$ | 2,665 |
| Tier 2 | \$ | 5,723 | \$ | 6,140 | \$ | 6,587 | \$ | 7,066 | \$ | 7,574 |
| Tier 3 | \$ | 3,462 | \$ | 3,714 | \$ | 3,984 | \$ | 4,274 | \$ | 4,582 |

| | | | | | | | | | | | |
|---------------------------|---------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Summer Rate | \$1.32 | \$ | 1.43 | \$ | 1.53 | \$ | 1.64 | \$ | 1.76 | \$ | 1.89 |
| Tier 2 Summer Rate | \$1.58 | \$ | 2.20 | \$ | 2.36 | \$ | 2.53 | \$ | 2.71 | \$ | 2.91 |
| Tier 3 Summer Rate | \$3.17 | \$ | 5.90 | \$ | 6.33 | \$ | 6.79 | \$ | 7.28 | \$ | 7.81 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 15% REDUCTION

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| WA6 - Commercial/Industrial | | | | | | |
| REVENUE TO RECOVER | | | | | | |
| Base Revenue to Recover | \$ 3,302,529 | \$ 3,542,456 | \$ 3,800,129 | \$ 4,076,746 | \$ 4,369,750 | |
| Max Day Revenue to Recover | 3,239,569 | 3,474,283 | 3,726,344 | 3,996,925 | 4,283,758 | |
| Max Hour Revenue to Recover | 924,633 | 991,803 | 1,063,942 | 1,141,384 | 1,223,415 | |
| Supply 1 Revenue to Recover | 1,046,446 | 1,123,099 | 1,205,434 | 1,293,834 | 1,387,252 | |
| Supply 2 Revenue to Recover | 1,036,045 | 1,111,826 | 1,193,223 | 1,280,614 | 1,373,003 | |
| Supply 3 Revenue to Recover | 2,944,055 | 3,159,212 | 3,390,308 | 3,638,420 | 3,900,786 | |
| Supply 4 Revenue to Recover | 873,519 | 937,316 | 1,005,839 | 1,079,406 | 1,157,214 | |
| Supply Sustainability Revenue to Recover | 347,422 | 372,546 | 399,522 | 428,483 | 459,198 | |
| Total Allocated Costs | \$ 13,714,217 | \$ 14,712,542 | \$ 15,784,741 | \$ 16,935,811 | \$ 18,154,376 | |
| PROJECTED USAGE (HFC) | | | | | | |
| Projected Annual Usage (HCF) | 6,850,847 | 6,950,124 | 7,051,024 | 7,153,509 | 7,257,748 | |
| Projected Winter Usage (HCF) | 3,584,395 | 3,636,337 | 3,689,128 | 3,742,749 | 3,797,287 | |
| Projected Summer Usage (HCF) | 3,266,452 | 3,313,787 | 3,361,896 | 3,410,760 | 3,460,461 | |
| Winter | | | | | | |
| Base Revenue to Recover | \$1,727,898.32 | \$1,853,429.34 | \$1,988,244.78 | \$2,132,972.32 | \$2,286,273.11 | |
| Max Day Revenue to Recover | 1,482,483.45 | 1,589,892.84 | 1,705,240.35 | 1,829,063.13 | 1,960,322.65 | |
| Max Hour Revenue to Recover | 423,128.13 | 453,866.57 | 486,878.42 | 522,317.41 | 559,856.24 | |
| Supply 1 Revenue to Recover | 547,505.20 | 587,610.35 | 630,688.49 | 676,940.10 | 725,816.78 | |
| Supply 2 Revenue to Recover | 542,063.47 | 581,712.58 | 624,299.71 | 670,023.07 | 718,361.36 | |
| Supply 3 Revenue to Recover | 1,540,343.01 | 1,652,914.17 | 1,773,824.93 | 1,903,638.06 | 2,040,908.78 | |
| Supply 4 Revenue to Recover | 457,029.06 | 490,408.12 | 526,259.55 | 564,750.23 | 605,459.60 | |
| Supply Sustainability Revenue to Recover | 181,773.06 | 194,917.88 | 209,031.72 | 224,184.04 | 240,254.66 | |
| Winter Rate | \$ 1.58 | \$ 1.93 | \$ 2.04 | \$ 2.15 | \$ 2.28 | \$ 2.41 |
| Summer | | | | | | |
| Base Revenue to Recover | \$1,574,630.44 | \$1,689,026.80 | \$1,811,883.97 | \$1,943,773.43 | \$2,083,476.82 | |
| Max Day Revenue to Recover | 1,757,085.20 | 1,884,390.34 | 2,021,103.91 | 2,167,861.97 | 2,323,435.56 | |
| Max Hour Revenue to Recover | 501,504.54 | 537,936.74 | 577,063.46 | 619,066.69 | 663,559.09 | |
| Supply 1 Revenue to Recover | 498,940.45 | 535,488.25 | 574,745.31 | 616,894.17 | 661,435.61 | |
| Supply 2 Revenue to Recover | 493,981.40 | 530,113.62 | 568,923.23 | 610,590.69 | 654,641.50 | |
| Supply 3 Revenue to Recover | 1,403,711.64 | 1,506,297.69 | 1,616,483.55 | 1,734,781.57 | 1,859,876.72 | |
| Supply 4 Revenue to Recover | 416,489.71 | 446,908.03 | 479,579.41 | 514,655.76 | 551,754.31 | |
| Supply Sustainability Revenue to Recover | 165,649.44 | 177,628.31 | 190,490.24 | 204,298.47 | 218,943.66 | |
| Summer Rate | \$ 1.84 | \$ 2.09 | \$ 2.21 | \$ 2.33 | \$ 2.47 | \$ 2.61 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 15% REDUCTION

WA11 - Landscape

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 340,730 | \$ 365,484 | \$ 392,069 | \$ 420,608 | \$ 450,838 |
| Max Day Revenue to Recover | 553,078 | 593,150 | 636,184 | 682,379 | 731,349 |
| Max Hour Revenue to Recover | 99,175 | 106,380 | 114,118 | 122,424 | 131,222 |
| Supply 1 Revenue to Recover | 92,651 | 99,438 | 106,728 | 114,555 | 122,826 |
| Supply 2 Revenue to Recover | 91,730 | 98,440 | 105,647 | 113,384 | 121,564 |
| Supply 3 Revenue to Recover | 350,059 | 375,642 | 403,120 | 432,621 | 463,818 |
| Supply 4 Revenue to Recover | 103,865 | 111,450 | 119,598 | 128,345 | 137,597 |
| Supply Sustainability Revenue to Recover | 59,314 | 63,603 | 68,209 | 73,153 | 78,397 |
| | \$ 1,690,602 | \$ 1,813,587 | \$ 1,945,671 | \$ 2,087,469 | \$ 2,237,610 |

| | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| Projected Annual Usage (HCF) | 697,508 | 707,616 | 717,889 | 728,323 | 738,936 |
| Projected Winter Usage (HCF) | 316,599 | 321,187 | 325,850 | 330,586 | 335,404 |
| Projected Summer Usage (HCF) | 380,909 | 386,429 | 392,039 | 397,737 | 403,532 |

Winter

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | \$ 154,657.40 | \$ 165,893.25 | \$ 177,960.12 | \$ 190,914.02 | \$ 204,635.87 |
| Max Day Revenue to Recover | 178,043.27 | 190,943.01 | 204,796.12 | 219,666.85 | 235,431.56 |
| Max Hour Revenue to Recover | 36,053.36 | 38,672.48 | 41,485.32 | 44,504.95 | 47,703.52 |
| Supply 1 Revenue to Recover | 42,054.36 | 45,134.89 | 48,443.78 | 51,996.38 | 55,750.77 |
| Supply 2 Revenue to Recover | 41,636.37 | 44,681.87 | 47,953.05 | 51,465.07 | 55,178.11 |
| Supply 3 Revenue to Recover | 158,891.81 | 170,503.99 | 182,976.44 | 196,367.02 | 210,527.49 |
| Supply 4 Revenue to Recover | 47,144.16 | 50,587.35 | 54,285.57 | 58,255.99 | 62,455.46 |
| Supply Sustainability Revenue to Recover | 26,922.65 | 28,869.56 | 30,959.99 | 33,204.20 | 35,584.53 |
| Winter Rate | \$ 1.67 | \$ 2.16 | \$ 2.29 | \$ 2.42 | \$ 2.56 |

Summer

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | \$ 186,072.52 | \$ 199,590.56 | \$ 214,108.39 | \$ 229,693.75 | \$ 246,201.84 |
| Max Day Revenue to Recover | 375,035.04 | 402,207.15 | 431,387.40 | 462,711.83 | 495,916.96 |
| Max Hour Revenue to Recover | 63,121.96 | 67,707.50 | 72,632.19 | 77,918.95 | 83,518.98 |
| Supply 1 Revenue to Recover | 50,596.74 | 54,302.98 | 58,283.95 | 62,558.23 | 67,074.96 |
| Supply 2 Revenue to Recover | 50,093.85 | 53,757.94 | 57,693.54 | 61,919.00 | 66,385.98 |
| Supply 3 Revenue to Recover | 191,167.05 | 205,137.86 | 220,143.65 | 236,254.39 | 253,290.18 |
| Supply 4 Revenue to Recover | 56,720.42 | 60,862.97 | 65,312.36 | 70,089.33 | 75,141.51 |
| Supply Sustainability Revenue to Recover | 32,391.37 | 34,733.73 | 37,248.76 | 39,948.86 | 42,812.52 |
| Summer Rate | \$ 2.14 | \$ 2.64 | \$ 2.79 | \$ 2.95 | \$ 3.12 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 15% REDUCTION

WA2 - Flat Rate

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Base Revenue to Recover | \$ 19,356 | \$ 20,762 | \$ 22,273 | \$ 23,894 | \$ 25,611 |
| Max Day Revenue to Recover | 60,891 | 65,302 | 70,040 | 75,126 | 80,517 |
| Max Hour Revenue to Recover | 6,143 | 6,589 | 7,068 | 7,583 | 8,128 |
| Supply 1 Revenue to Recover | 3,708 | 3,980 | 4,272 | 4,585 | 4,916 |
| Supply 2 Revenue to Recover | 3,671 | 3,940 | 4,228 | 4,538 | 4,865 |
| Supply 3 Revenue to Recover | 25,644 | 27,518 | 29,531 | 31,692 | 33,978 |
| Supply 4 Revenue to Recover | 7,609 | 8,164 | 8,761 | 9,402 | 10,080 |
| Supply Sustainability Revenue to Recover | 6,530 | 7,002 | 7,509 | 8,054 | 8,631 |
| | \$ 133,552 | \$ 143,258 | \$ 153,683 | \$ 164,873 | \$ 176,726 |

| | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Projected Annual Usage (HCF) | 42,174 | 42,174 | 42,174 | 42,174 | 42,174 |
| Projected Winter Usage (HCF) | 17,045 | 17,045 | 17,045 | 17,045 | 17,045 |
| Projected Summer Usage (HCF) | 25,129 | 25,129 | 25,129 | 25,129 | 25,129 |
| | \$ 3.17 | \$ 3.40 | \$ 3.64 | \$ 3.91 | \$ 4.19 |

WA7 & 10 - Interruptable

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 362,045 | \$ 388,348 | \$ 416,595 | \$ 446,920 | \$ 479,041 |
| Max Day Revenue to Recover | 331,670 | 355,700 | 381,507 | 409,209 | 438,575 |
| Max Hour Revenue to Recover | 108,047 | 115,896 | 124,326 | 133,376 | 142,961 |
| Supply 1 Revenue to Recover | 90,590 | 97,226 | 104,354 | 112,007 | 120,094 |
| Supply 2 Revenue to Recover | 89,690 | 96,250 | 103,297 | 110,862 | 118,860 |
| Supply 3 Revenue to Recover | 346,215 | 371,517 | 398,694 | 427,871 | 458,725 |
| Supply 4 Revenue to Recover | - | - | - | - | - |
| Supply Sustainability Revenue to Recover | - | - | - | - | - |
| | \$ 1,328,258 | \$ 1,424,939 | \$ 1,528,773 | \$ 1,640,245 | \$ 1,758,257 |

| | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Projected Annual Usage (HCF) | 746,727 | 756,566 | 767,550 | 778,706 | 790,053 |
| Projected Winter Usage (HCF) | 305,164 | 309,185 | 313,674 | 318,233 | 322,871 |
| Projected Summer Usage (HCF) | 441,563 | 447,381 | 453,876 | 460,473 | 467,182 |
| | \$ 1.78 | \$ 1.88 | \$ 1.99 | \$ 2.11 | \$ 2.23 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

DEMAND REDUCTION RATE CALCULATIONS FOR 20% REDUCTION

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNIFORM FIXED RATES

DEMAND REDUCTION RATES FOR 20% REDUCTION

Appendix J

Demand Reduction Rates

Fixed

| | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--------------------------------------|----------|----------|--------------|--------------|--------------|--------------|--------------|
| Number of Accounts | | 66,694 | 66,879 | 67,064 | 67,250 | 67,436 | 67,623 |
| Number of MEUs | | 95,061 | 95,337 | 95,661 | 95,987 | 96,290 | 96,594 |
| Customer Revenue to Recover | | | \$ 2,894,502 | \$ 3,103,816 | \$ 3,328,561 | \$ 3,569,842 | \$ 3,825,746 |
| Capacity Revenue to Recover | | | 27,625,234 | 29,623,000 | 31,767,575 | 34,070,835 | 36,513,289 |
| Monthly Component Charge per Account | | | \$ 3.61 | \$ 3.86 | \$ 4.12 | \$ 4.41 | \$ 4.71 |
| Monthly Component Charge per MEU | | | 24.15 | 25.81 | 27.58 | 29.49 | 31.50 |

| METER SIZE | METER EQUIVALENTS | MONTHLY FIXED CHARGES | | | | | | | |
|------------|-------------------|-----------------------|----------|----------|----------|----------|----------|----------|--|
| 0.625 | 1.00 | \$ 23.08 | \$ 26.00 | \$ 27.75 | \$ 29.66 | \$ 31.70 | \$ 33.90 | \$ 36.22 | |
| 0.75 | 1.00 | 23.08 | 26.00 | 27.75 | 29.66 | 31.70 | 33.90 | 36.22 | |
| 1 | 1.67 | 36.63 | 41.26 | 43.93 | 46.95 | 50.18 | 53.65 | 57.32 | |
| 1.5 | 3.33 | 70.22 | 79.08 | 84.02 | 89.79 | 95.97 | 102.60 | 109.61 | |
| 2 | 5.33 | 110.68 | 124.64 | 132.31 | 141.40 | 151.13 | 161.57 | 172.61 | |
| 3 | 10.00 | 205.16 | 231.03 | 245.08 | 261.91 | 279.92 | 299.28 | 319.72 | |
| 4 | 16.67 | 340.10 | 382.97 | 406.14 | 434.03 | 463.88 | 495.95 | 529.83 | |
| 6 | 36.67 | 744.72 | 838.59 | 889.08 | 950.14 | 1,015.48 | 1,085.68 | 1,159.84 | |
| 8 | 60.00 | 1,216.71 | 1,370.06 | 1,452.42 | 1,552.18 | 1,658.92 | 1,773.60 | 1,894.76 | |
| 10 | 93.33 | 1,891.02 | 2,129.34 | 2,257.24 | 2,412.28 | 2,578.15 | 2,756.38 | 2,944.67 | |
| 12 | 133.33 | 2,700.26 | 3,040.57 | 3,223.12 | 3,444.50 | 3,681.35 | 3,935.83 | 4,204.70 | |

| METER SIZE | METER EQUIVALENTS | FY 21/22 REVENUE | FY 22/23 REVENUE | FY 23/24 REVENUE | FY 24/25 REVENUE | FY 25/26 REVENUE | FY 26/27 REVENUE | FY 27/28 REVENUE |
|-----------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 0.625 | 1 | \$ 1,760,671 | \$ 1,989,403 | \$ 2,128,581 | \$ 2,280,708 | \$ 2,443,597 | \$ 2,619,653 | \$ 2,805,864 |
| 0.75 | 1 | 13,048,066 | 14,746,035 | 15,778,177 | 16,906,349 | 18,114,365 | 19,420,097 | 20,801,198 |
| 1 | 1.67 | 4,226,060 | 4,793,098 | 5,119,244 | 5,488,010 | 5,883,640 | 6,310,075 | 6,762,727 |
| 1.5 | 3.33 | 1,039,449 | 1,201,335 | 1,284,922 | 1,381,983 | 1,486,594 | 1,599,746 | 1,720,292 |
| 2 | 5.33 | 2,000,372 | 2,315,867 | 2,475,625 | 2,663,499 | 2,865,932 | 3,085,012 | 3,318,515 |
| 3 | 10 | 630,918 | 724,900 | 769,542 | 825,335 | 885,242 | 948,506 | 1,015,471 |
| 4 | 16.67 | 534,583 | 613,882 | 651,430 | 699,409 | 750,981 | 805,011 | 862,268 |
| 6 | 36.67 | 634,610 | 728,395 | 772,493 | 829,454 | 890,673 | 954,631 | 1,022,397 |
| 8 | 60 | 1,036,637 | 1,189,315 | 1,260,810 | 1,353,647 | 1,453,402 | 1,557,438 | 1,667,648 |
| 10 | 93.33 | 226,922 | 260,342 | 275,980 | 296,301 | 318,134 | 340,907 | 365,030 |
| 12 | 133.33 | - | - | - | - | - | - | - |
| Total Calculated Revenues* | | \$ 25,138,288 | \$ 28,562,572 | \$ 30,516,804 | \$ 32,724,694 | \$ 35,092,558 | \$ 37,641,077 | \$ 40,341,409 |

*Note: Total calculated revenues vary slightly from the sum of allocated Customer and Capacity revenue requirements due to rounding of rates to the nearest \$0.01.

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1A - SFR - 20% Reduction

REVENUE TO RECOVER

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Base Revenue to Recover | \$ 5,884,065 | \$ 6,313,630 | \$ 6,775,013 | \$ 7,270,292 | \$ 7,794,221 |
| Max Day Revenue to Recover | 6,951,528 | 7,456,257 | 7,998,313 | 8,580,141 | 9,196,584 |
| Max Hour Revenue to Recover | 1,667,442 | 1,789,160 | 1,919,894 | 2,060,232 | 2,208,692 |
| Supply 1 Revenue to Recover | 2,519,445 | 2,706,481 | 2,907,435 | 3,123,211 | 3,350,391 |
| Supply 2 Revenue to Recover | 2,499,544 | 2,684,556 | 2,883,322 | 3,096,740 | 3,321,624 |
| Supply 3 Revenue to Recover | 3,312,771 | 3,557,546 | 3,820,510 | 4,102,850 | 4,400,506 |
| Supply 4 Revenue to Recover | 983,815 | 1,056,413 | 1,134,403 | 1,218,137 | 1,306,447 |
| Supply Sustainability Revenue to Recover | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |
| Total Allocated Costs | \$ 24,570,666 | \$ 26,370,482 | \$ 28,303,723 | \$ 30,379,126 | \$ 32,572,479 |

REVENUE TO RECOVER - BY TIER

| Base | Use per Tier | | | | | |
|------------------------------|---|--------------|--------------|--------------|--------------|--------------|
| Tier 1 | 36.8% | \$ 2,166,569 | \$ 2,324,739 | \$ 2,494,625 | \$ 2,676,992 | \$ 2,869,907 |
| Tier 2 | 48.5% | 2,852,016 | 3,060,227 | 3,283,860 | 3,523,922 | 3,777,872 |
| Tier 3 | 14.7% | 865,480 | 928,664 | 996,528 | 1,069,378 | 1,146,442 |
| Max Day | Max Day Extra Capacity per Tier | | | | | |
| Tier 1 | 15.5% | \$ 1,079,038 | \$ 1,157,383 | \$ 1,241,523 | \$ 1,331,836 | \$ 1,427,522 |
| Tier 2 | 56.3% | 3,911,693 | 4,195,709 | 4,500,729 | 4,828,129 | 5,175,008 |
| Tier 3 | 28.2% | 1,960,797 | 2,103,165 | 2,256,061 | 2,420,175 | 2,594,054 |
| Max Hour | Max Hour Extra Capacity per Tier | | | | | |
| Tier 1 | 35.3% | \$ 588,554 | \$ 631,517 | \$ 677,662 | \$ 727,197 | \$ 779,599 |
| Tier 2 | 49.0% | 817,520 | 877,196 | 941,293 | 1,010,098 | 1,082,886 |
| Tier 3 | 15.7% | 261,368 | 280,447 | 300,939 | 322,937 | 346,208 |
| Supply 1 | SFR Supply 1 Allocation by Tier | | | | | |
| Tier 1 | 83.8% | \$ 2,112,136 | \$ 2,268,935 | \$ 2,437,401 | \$ 2,618,294 | \$ 2,808,747 |
| Tier 2 | 16.2% | 407,309 | 437,546 | 470,033 | 504,917 | 541,644 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 2 | SFR Supply 2 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | - | - | - | - | - |
| Tier 2 | 100.0% | \$ 2,499,544 | \$ 2,684,556 | \$ 2,883,322 | \$ 3,096,740 | \$ 3,321,624 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 3 | SFR Supply 3 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | - | - | - | - | - |
| Tier 2 | 21.6% | 714,622 | 767,424 | 824,150 | 885,055 | 949,265 |
| Tier 3 | 78.4% | \$ 2,598,149 | \$ 2,790,122 | \$ 2,996,361 | \$ 3,217,795 | \$ 3,451,241 |
| Supply 4 | SFR Supply 4 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 983,815 | 1,056,413 | 1,134,403 | 1,218,137 | 1,306,447 |
| Supply Sustainability | All to Tier 3 | | | | | |
| Tier 1 | 0.0% | - | - | - | - | - |
| Tier 2 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 3 | 100.0% | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |

PROJECTED USAGE (HFC)

| | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual | 12,203,060 | 12,286,235 | 12,372,103 | 12,460,303 | 12,551,148 |
| Tier 1 | 4,493,284 | 4,523,910 | 4,555,528 | 4,588,004 | 4,621,454 |
| Tier 2 | 5,914,843 | 5,955,158 | 5,996,778 | 6,039,529 | 6,083,562 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---------------|----------|-----------|-----------|-----------|-----------|-----------|
| Tier 3 | | 1,794,933 | 1,807,167 | 1,819,797 | 1,832,770 | 1,846,133 |
| Winter | | | | | | |
| Tier 1 | | 2,563,986 | 2,581,461 | 2,599,503 | 2,618,035 | 2,637,122 |
| Tier 2 | | 2,839,194 | 2,858,545 | 2,878,524 | 2,899,044 | 2,920,181 |
| Tier 3 | | 745,602 | 750,684 | 755,931 | 761,320 | 766,870 |
| Summer | | | | | | |
| Tier 1 | | 1,929,299 | 1,942,449 | 1,956,024 | 1,969,969 | 1,984,331 |
| Tier 2 | | 3,075,649 | 3,096,613 | 3,118,255 | 3,140,485 | 3,163,381 |
| Tier 3 | | 1,049,331 | 1,056,483 | 1,063,867 | 1,071,451 | 1,079,263 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| | | | | | Resilient Supply | 2,870,884 |
| Tier 1 | 4,493,284 | 4,493,284 | | | | |
| Tier 2 | 5,914,843 | 866,494 | 4,042,171 | 1,006,178 | - | |
| Tier 3 | 1,794,933 | | | 3,658,162 | 1,007,655 | |
| | 12,203,060 | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| Tier 1 | | 83.8% | 0.0% | 0.0% | 0.0% | |
| Tier 2 | | 16.2% | 100.0% | 21.6% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 78.4% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Winter | | | | | | |
| Base Rate | | | | | | |
| Tier 1 | \$ 1,236,301 | \$ 1,326,557 | \$ 1,423,498 | \$ 1,527,562 | \$ 1,637,644 | |
| Tier 2 | \$ 1,369,001 | \$ 1,468,944 | \$ 1,576,291 | \$ 1,691,524 | \$ 1,813,423 | |
| Tier 3 | \$ 359,514 | \$ 385,760 | \$ 413,951 | \$ 444,212 | \$ 476,224 | |
| Max Day Rate | | | | | | |
| Tier 1 | \$ 615,727 | \$ 660,433 | \$ 708,445 | \$ 759,981 | \$ 814,582 | |
| Tier 2 | \$ 1,877,658 | \$ 2,013,989 | \$ 2,160,403 | \$ 2,317,558 | \$ 2,484,065 | |
| Tier 3 | 469,039 | 503,095 | 539,669 | 578,927 | 620,520 | |
| Max Hour Rate | | | | | | |
| Tier 1 | \$ 335,844 | \$ 360,360 | \$ 386,691 | \$ 414,957 | \$ 444,859 | |
| Tier 2 | \$ 392,419 | \$ 421,064 | \$ 451,832 | \$ 484,859 | \$ 519,798 | |
| Tier 3 | 62,521 | 67,085 | 71,987 | 77,249 | 82,816 | |
| Supply 1 Rate | | | | | | |
| Tier 1 | \$ 1,205,240 | \$ 1,294,714 | \$ 1,390,845 | \$ 1,494,067 | \$ 1,602,744 | |
| Tier 2 | \$ 195,513 | \$ 210,027 | \$ 225,622 | \$ 242,366 | \$ 259,996 | |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Supply 2 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ 1,199,811 | \$ 1,288,618 | \$ 1,384,028 | \$ 1,486,471 | \$ 1,594,418 | |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Supply 3 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ 343,027 | \$ 368,372 | \$ 395,601 | \$ 424,837 | \$ 455,658 | |
| Tier 3 | \$ 1,079,252 | \$ 1,158,996 | \$ 1,244,667 | \$ 1,336,649 | \$ 1,433,620 | |
| Supply 4 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 3 | \$ 408,670 | \$ 438,826 | \$ 471,223 | \$ 506,006 | \$ 542,688 | |
| Supply Sustainability Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 3 | \$ 312,398 | \$ 334,989 | \$ 359,246 | \$ 385,287 | \$ 412,906 | |
| Combined Winter Revenue Requirements by Tier | | | | | | |
| Tier 1 | \$ 3,393,113 | \$ 3,642,064 | \$ 3,909,480 | \$ 4,196,567 | \$ 4,499,829 | |
| Tier 2 | \$ 5,377,429 | \$ 5,771,015 | \$ 6,193,777 | \$ 6,647,615 | \$ 7,127,357 | |
| Tier 3 | \$ 2,691,395 | \$ 2,888,752 | \$ 3,100,743 | \$ 3,328,330 | \$ 3,568,774 | |
| Tier 1 Winter Rate | \$ 1.30 | \$ 1.32 | \$ 1.41 | \$ 1.50 | \$ 1.60 | \$ 1.71 |
| Tier 2 Winter Rate | \$ 1.64 | \$ 1.89 | \$ 2.02 | \$ 2.15 | \$ 2.29 | \$ 2.44 |
| Tier 3 Winter Rate | \$ 3.01 | \$ 3.61 | \$ 3.85 | \$ 4.10 | \$ 4.37 | \$ 4.65 |

RIVERSIDE PUBLIC UTILITIES

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2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | | | | | |
|---|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Summer | | | | | | | | | | | | |
| Base Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 930,268 | \$ | 998,183 | \$ | 1,071,126 | \$ | 1,149,430 | \$ | 1,232,263 | | |
| Tier 2 | | 1,483,015 | | 1,591,282 | | 1,707,569 | | 1,832,399 | | 1,964,449 | | |
| Tier 3 | | 505,966 | | 542,904 | | 582,578 | | 625,166 | | 670,219 | | |
| Max Day Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 463,311 | \$ | 496,950 | \$ | 533,077 | \$ | 571,856 | \$ | 612,941 | | |
| Tier 2 | | 2,034,034 | | 2,181,720 | | 2,340,327 | | 2,510,571 | | 2,690,944 | | |
| Tier 3 | | 1,491,758 | | 1,600,070 | | 1,716,392 | | 1,841,248 | | 1,973,534 | | |
| Max Hour Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 252,710 | \$ | 271,157 | \$ | 290,970 | \$ | 312,239 | \$ | 334,739 | | |
| Tier 2 | | 425,101 | | 456,132 | | 489,461 | | 525,239 | | 563,088 | | |
| Tier 3 | | 198,846 | | 213,362 | | 228,952 | | 245,687 | | 263,392 | | |
| Supply 1 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | 906,896 | \$ | 974,222 | \$ | 1,046,556 | \$ | 1,124,227 | \$ | 1,206,002 | | |
| Tier 2 | | 211,796 | | 227,519 | | 244,412 | | 262,551 | | 281,649 | | |
| Tier 3 | | - | | - | | - | | - | | - | | |
| Supply 2 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | 1,299,734 | | 1,395,938 | | 1,499,294 | | 1,610,269 | | 1,727,205 | | |
| Tier 3 | | - | | - | | - | | - | | - | | |
| Supply 3 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | 371,595 | | 399,051 | | 428,548 | | 460,218 | | 493,607 | | |
| Tier 3 | | 1,518,897 | | 1,631,126 | | 1,751,695 | | 1,881,146 | | 2,017,621 | | |
| Supply 4 Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | - | | - | | - | | - | | - | | |
| Tier 3 | | 575,146 | | 617,586 | | 663,180 | | 712,132 | | 763,759 | | |
| Supply Sustainability Rate | | | | | | | | | | | | |
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Tier 2 | | - | | - | | - | | - | | - | | |
| Tier 3 | | 439,657 | | 471,451 | | 505,588 | | 542,237 | | 581,108 | | |
| Combined Summer Revenue Requirements by Tier | | | | | | | | | | | | |
| Tier 1 | \$ | 2,553,185 | \$ | 2,740,511 | \$ | 2,941,730 | \$ | 3,157,752 | \$ | 3,385,945 | | |
| Tier 2 | \$ | 5,825,274 | \$ | 6,251,642 | \$ | 6,709,611 | \$ | 7,201,248 | \$ | 7,720,942 | | |
| Tier 3 | \$ | 4,730,270 | \$ | 5,076,498 | \$ | 5,448,384 | \$ | 5,847,618 | \$ | 6,269,632 | | |
| Tier 1 Summer Rate | \$ | 1.30 | \$ | 1.32 | \$ | 1.41 | \$ | 1.50 | \$ | 1.60 | \$ | 1.71 |
| Tier 2 Summer Rate | \$ | 1.64 | \$ | 1.89 | \$ | 2.02 | \$ | 2.15 | \$ | 2.29 | \$ | 2.44 |
| Tier 3 Summer Rate | \$ | 3.66 | \$ | 4.51 | \$ | 4.81 | \$ | 5.12 | \$ | 5.46 | \$ | 5.81 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

Appendix J

Demand Reduction Rates

MFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1B - MFR - 20% Reduction

REVENUE TO RECOVER

| | | | | | | | | | | |
|--|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
| Base Revenue to Recover | \$ | 160,954 | \$ | 172,705 | \$ | 185,326 | \$ | 198,874 | \$ | 213,205 |
| Max Day Revenue to Recover | | 143,352 | | 153,761 | | 164,939 | | 176,937 | | 189,649 |
| Max Hour Revenue to Recover | | 44,807 | | 48,077 | | 51,590 | | 55,361 | | 59,351 |
| Supply 1 Revenue to Recover | | 78,827 | | 84,679 | | 90,966 | | 97,717 | | 104,825 |
| Supply 2 Revenue to Recover | | 78,204 | | 83,993 | | 90,212 | | 96,889 | | 103,925 |
| Supply 3 Revenue to Recover | | 60,550 | | 65,024 | | 69,831 | | 74,991 | | 80,432 |
| Supply 4 Revenue to Recover | | 17,982 | | 19,309 | | 20,734 | | 22,265 | | 23,879 |
| Supply Sustainability Revenue to Recover | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |
| Total Allocated Costs | \$ | 600,185 | \$ | 644,178 | \$ | 691,432 | \$ | 742,162 | \$ | 795,764 |

REVENUE TO RECOVER - BY TIER

Base Rate

| | Use per Tier | | | | | | | | | | |
|--------|--------------|----|--------|----|--------|----|---------|----|---------|----|---------|
| Tier 1 | 55.0% | \$ | 88,559 | \$ | 95,025 | \$ | 101,969 | \$ | 109,423 | \$ | 117,308 |
| Tier 2 | 45.0% | | 72,395 | | 77,680 | | 83,357 | | 89,451 | | 95,897 |

Max Day Rate

| | Max Day Extra Capacity per Tier | | | | | | | | | | |
|--------|---------------------------------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | 28.8% | \$ | 41,353 | \$ | 44,356 | \$ | 47,580 | \$ | 51,041 | \$ | 54,708 |
| Tier 2 | 71.2% | | 101,999 | | 109,405 | | 117,359 | | 125,896 | | 134,941 |

Max Hour Rate

| | Max Hour Extra Capacity per Tier | | | | | | | | | | |
|--------|----------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 53.6% | \$ | 24,001 | \$ | 25,753 | \$ | 27,634 | \$ | 29,654 | \$ | 31,791 |
| Tier 2 | 46.4% | | 20,806 | | 22,325 | | 23,956 | | 25,707 | | 27,559 |

Supply 1 Rate

| | SFR Supply 1 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|---------|
| Tier 1 | 100.0% | \$ | 78,827 | \$ | 84,679 | \$ | 90,966 | \$ | 97,717 | \$ | 104,825 |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |

Supply 2 Rate

| | SFR Supply 2 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 10.5% | \$ | 8,242 | \$ | 8,852 | \$ | 9,507 | \$ | 10,211 | \$ | 10,952 |
| Tier 2 | 89.5% | | 69,963 | | 75,141 | | 80,705 | | 86,678 | | 92,973 |

Supply 3 Rate

| | SFR Supply 3 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 60,550 | | 65,024 | | 69,831 | | 74,991 | | 80,432 |

Supply 4 Rate

| | SFR Supply 4 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 17,982 | | 19,309 | | 20,734 | | 22,265 | | 23,879 |

Supply Sustainability

| | All to Tier 3 | | | | | | | | | | |
|--------|---------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

MFR

PROJECTED USAGE (HFC)

| | 331,767 | 334,028 | 336,362 | 338,760 | 341,230 |
|---------------|---------|---------|---------|---------|---------|
| Annual | | | | | |
| Tier 1 | 182,542 | 183,787 | 185,071 | 186,390 | 187,749 |
| Tier 2 | 149,224 | 150,241 | 151,291 | 152,370 | 153,481 |
| Winter | | | | | |
| Tier 1 | 104,853 | 105,567 | 106,305 | 107,063 | 107,844 |
| Tier 2 | 72,338 | 72,832 | 73,341 | 73,863 | 74,402 |
| Summer | | | | | |
| Tier 1 | 77,690 | 78,219 | 78,766 | 79,327 | 79,906 |
| Tier 2 | 76,886 | 77,410 | 77,951 | 78,506 | 79,079 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|----------------|
| | | 169,159 | 126,994 | 73,894 | 15,881 | 385,929 |
| | | | | | Resilient Supply | 54,162 |
| Tier 1 | 182,542 | 169,159 | 13,383 | | | |
| Tier 2 | 149,224 | - | 113,611 | 73,894 | 15,881 | |
| | 331,767 | 169,159 | 126,994 | 73,894 | 15,881 | 385,929 |
| Tier 1 | | 100.0% | 10.5% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 89.5% | 100.0% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

Appendix J

Demand Reduction Rates

MFR

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 50,869 | \$ | 54,582 | \$ | 58,571 | \$ | 62,853 | \$ | 67,382 |
| Tier 2 | | 35,094 | | 37,657 | | 40,409 | | 43,362 | | 46,487 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 23,753 | \$ | 25,478 | \$ | 27,330 | \$ | 29,318 | \$ | 31,425 |
| Tier 2 | | 39,511 | | 42,380 | | 45,461 | | 48,768 | | 52,271 |

1.00

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 13,786 | \$ | 14,792 | \$ | 15,873 | \$ | 17,034 | \$ | 18,261 |
| Tier 2 | | 8,059 | | 8,648 | | 9,280 | | 9,958 | | 10,676 |

1.00

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 45,278 | \$ | 48,639 | \$ | 52,251 | \$ | 56,129 | \$ | 60,212 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 4,734 | \$ | 5,084 | \$ | 5,461 | \$ | 5,865 | \$ | 6,291 |
| Tier 2 | | 33,915 | | 36,426 | | 39,123 | | 42,018 | | 45,070 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 29,352 | | 31,522 | | 33,852 | | 36,353 | | 38,991 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 8,717 | | 9,360 | | 10,051 | | 10,793 | | 11,576 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,518 | | 8,062 | | 8,646 | | 9,272 | | 9,937 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 138,421 | \$ | 148,576 | \$ | 159,486 | \$ | 171,198 | \$ | 183,571 |
| Tier 2 | \$ | 162,167 | \$ | 174,054 | \$ | 186,820 | \$ | 200,524 | \$ | 215,007 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.30 | \$ | 1.32 | \$ | 1.41 | \$ | 1.50 | \$ | 1.60 | \$ | 1.70 |
| Tier 2 Winter Rate | \$ | 1.87 | \$ | 2.24 | \$ | 2.39 | \$ | 2.55 | \$ | 2.71 | \$ | 2.89 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 20% REDUCTION

MFR

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 37,691 | \$ | 40,442 | \$ | 43,398 | \$ | 46,570 | \$ | 49,926 |
| Tier 2 | | 37,301 | | 40,024 | | 42,949 | | 46,088 | | 49,410 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 17,600 | \$ | 18,878 | \$ | 20,250 | \$ | 21,723 | \$ | 23,284 |
| Tier 2 | | 62,489 | | 67,025 | | 71,898 | | 77,128 | | 82,670 |

1.49

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 10,215 | \$ | 10,960 | \$ | 11,761 | \$ | 12,621 | \$ | 13,530 |
| Tier 2 | | 12,746 | | 13,677 | | 14,676 | | 15,749 | | 16,884 |

1.49

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 33,549 | \$ | 36,039 | \$ | 38,715 | \$ | 41,588 | \$ | 44,613 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 3,508 | \$ | 3,767 | \$ | 4,046 | \$ | 4,346 | \$ | 4,661 |
| Tier 2 | | 36,047 | | 38,716 | | 41,582 | | 44,660 | | 47,903 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 31,198 | | 33,503 | | 35,979 | | 38,638 | | 41,442 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 9,265 | | 9,949 | | 10,683 | | 11,472 | | 12,303 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,991 | | 8,569 | | 9,189 | | 9,855 | | 10,561 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 102,562 | \$ | 110,086 | \$ | 118,170 | \$ | 126,847 | \$ | 136,015 |
| Tier 2 | \$ | 197,037 | \$ | 211,462 | \$ | 226,957 | \$ | 243,589 | \$ | 261,173 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Summer Rate | \$ | 1.30 | \$ | 1.32 | \$ | 1.41 | \$ | 1.50 | \$ | 1.60 | \$ | 1.70 |
| Tier 2 Summer Rate | \$ | 2.12 | \$ | 2.56 | \$ | 2.73 | \$ | 2.91 | \$ | 3.10 | \$ | 3.30 |

RIVERSIDE PUBLIC UTILITIES

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2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 20% REDUCTION

WA4: Riverside Water Company

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | | | |
|---|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| WA4 - Riverside Irrigators - 20% Reduction | | | | | | | | | | |
| REVENUE TO RECOVER | | | | | | | | | | |
| Base Revenue to Recover | \$ | 3,869 | \$ | 4,151 | \$ | 4,455 | \$ | 4,780 | \$ | 5,125 |
| Max Day Revenue to Recover | | 6,519 | | 6,992 | | 7,500 | | 8,046 | | 8,624 |
| Max Hour Revenue to Recover | | 1,130 | | 1,212 | | 1,301 | | 1,396 | | 1,497 |
| Supply 1 Revenue to Recover | | 1,377 | | 1,479 | | 1,589 | | 1,707 | | 1,831 |
| Supply 2 Revenue to Recover | | 1,366 | | 1,467 | | 1,576 | | 1,692 | | 1,815 |
| Supply 3 Revenue to Recover | | 3,129 | | 3,360 | | 3,609 | | 3,875 | | 4,156 |
| Supply 4 Revenue to Recover | | 929 | | 998 | | 1,071 | | 1,151 | | 1,234 |
| Supply Sustainability Revenue To Recover | | 705 | | 756 | | 811 | | 870 | | 932 |
| Total Allocated Costs | \$ | 19,024 | \$ | 20,416 | \$ | 21,911 | \$ | 23,517 | \$ | 25,214 |

| REVENUE TO RECOVER - BY TIER | | | | | | | | | | | |
|-------------------------------------|--------|---|-------|----|-------|----|-------|----|-------|----|-------|
| Base Rate | | | | | | | | | | | |
| | | <u>Use per Tier</u> | | | | | | | | | |
| Tier 1 | 37.5% | \$ | 1,451 | \$ | 1,557 | \$ | 1,671 | \$ | 1,793 | \$ | 1,922 |
| Tier 2 | 51.5% | | 1,991 | | 2,136 | | 2,292 | | 2,460 | | 2,637 |
| Tier 3 | 11.0% | | 427 | | 459 | | 492 | | 528 | | 566 |
| Max Day Rate | | | | | | | | | | | |
| | | <u>Max Day Extra Capacity per Tier</u> | | | | | | | | | |
| Tier 1 | 18.8% | \$ | 1,226 | \$ | 1,315 | \$ | 1,411 | \$ | 1,513 | \$ | 1,622 |
| Tier 2 | 59.7% | | 3,891 | | 4,174 | | 4,477 | | 4,803 | | 5,148 |
| Tier 3 | 21.5% | | 1,401 | | 1,503 | | 1,612 | | 1,730 | | 1,854 |
| Max Hour Rate | | | | | | | | | | | |
| | | <u>Max Hour Extra Capacity per Tier</u> | | | | | | | | | |
| Tier 1 | 35.5% | \$ | 401 | \$ | 431 | \$ | 462 | \$ | 496 | \$ | 532 |
| Tier 2 | 52.3% | | 591 | | 634 | | 681 | | 731 | | 783 |
| Tier 3 | 12.2% | | 137 | | 147 | | 158 | | 170 | | 182 |
| Supply 1 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 1 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 100.0% | \$ | 1,377 | \$ | 1,479 | \$ | 1,589 | \$ | 1,707 | \$ | 1,831 |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 0.0% | | - | | - | | - | | - | | - |
| Supply 2 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 2 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 1,366 | | 1,467 | | 1,576 | | 1,692 | | 1,815 |
| Tier 3 | 0.0% | | - | | - | | - | | - | | - |
| Supply 3 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 3 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 43.1% | | 1,350 | | 1,450 | | 1,557 | | 1,672 | | 1,793 |
| Tier 3 | 56.9% | | 1,779 | | 1,910 | | 2,052 | | 2,203 | | 2,363 |
| Supply 4 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 4 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 100.0% | | 929 | | 998 | | 1,071 | | 1,151 | | 1,234 |
| Supply Sustainability | | | | | | | | | | | |
| | | <u>All to Tier 3</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 100.0% | | 705 | | 756 | | 811 | | 870 | | 932 |

RIVERSIDE PUBLIC UTILITIES

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2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 20% REDUCTION

WA4: Riverside Water Company

PROJECTED USAGE (HCF)

| | 7,987 | 7,987 | 7,987 | 7,987 | 7,987 |
|---------------|-------|-------|-------|-------|-------|
| Annual | | | | | |
| Tier 1 | 2,995 | 2,995 | 2,995 | 2,995 | 2,995 |
| Tier 2 | 4,109 | 4,109 | 4,109 | 4,109 | 4,109 |
| Tier 3 | 882 | 882 | 882 | 882 | 882 |
| Winter | | | | | |
| Tier 1 | 1,710 | 1,710 | 1,710 | 1,710 | 1,710 |
| Tier 2 | 1,656 | 1,656 | 1,656 | 1,656 | 1,656 |
| Tier 3 | 344 | 344 | 344 | 344 | 344 |
| Summer | | | | | |
| Tier 1 | 1,285 | 1,285 | 1,285 | 1,285 | 1,285 |
| Tier 2 | 2,453 | 2,453 | 2,453 | 2,453 | 2,453 |
| Tier 3 | 538 | 538 | 538 | 538 | 538 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|--------|
| | | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| | | | | | Resilient Supply | 2,508 |
| Tier 1 | 2,995 | 2,929 | | | | |
| Tier 2 | 4,109 | - | 2,209 | 1,901 | - | |
| Tier 3 | 882 | | | 2,505 | 952 | |
| | 7,987 | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| Tier 1 | | 100.0% | 0.0% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 100.0% | 43.1% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 56.9% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 20% REDUCTION

WA4: Riverside Water Company

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-------|----|-------|
| Tier 1 | \$ | 828 | \$ | 889 | \$ | 954 | \$ | 1,023 | \$ | 1,097 |
| Tier 2 | | 802 | | 861 | | 924 | | 991 | | 1,063 |
| Tier 3 | | 167 | | 179 | | 192 | | 206 | | 221 |

Max Day Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 700 | \$ | 751 | \$ | 805 | \$ | 864 | \$ | 926 |
| Tier 2 | | 1,568 | | 1,682 | | 1,804 | | 1,935 | | 2,074 |
| Tier 3 | | 308 | | 330 | | 354 | | 380 | | 407 |

Max Hour Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 229 | \$ | 246 | \$ | 264 | \$ | 283 | \$ | 303 |
| Tier 2 | | 238 | | 256 | | 274 | | 294 | | 316 |
| Tier 3 | | 30 | | 32 | | 35 | | 37 | | 40 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-------|
| Tier 1 | \$ | 786 | \$ | 844 | \$ | 907 | \$ | 974 | \$ | 1,045 |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 550 | | 591 | | 635 | | 682 | | 731 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 544 | | 584 | | 627 | | 674 | | 723 |
| Tier 3 | | 693 | | 745 | | 800 | | 859 | | 921 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 362 | | 389 | | 418 | | 449 | | 481 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 275 | | 295 | | 316 | | 339 | | 363 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 2,543 | \$ | 2,730 | \$ | 2,930 | \$ | 3,145 | \$ | 3,372 |
| Tier 2 | \$ | 3,703 | \$ | 3,974 | \$ | 4,264 | \$ | 4,577 | \$ | 4,907 |
| Tier 3 | \$ | 1,835 | \$ | 1,970 | \$ | 2,114 | \$ | 2,270 | \$ | 2,434 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.32 | \$ | 1.49 | \$ | 1.60 | \$ | 1.71 | \$ | 1.84 | \$ | 1.97 |
| Tier 2 Winter Rate | \$ | 1.54 | \$ | 2.24 | \$ | 2.40 | \$ | 2.58 | \$ | 2.76 | \$ | 2.96 |
| Tier 3 Winter Rate | \$ | 2.46 | \$ | 5.34 | \$ | 5.73 | \$ | 6.15 | \$ | 6.60 | \$ | 7.07 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 20% REDUCTION

WA4: Riverside Water Company

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 622 | \$ | 668 | \$ | 717 | \$ | 769 | \$ | 825 |
| Tier 2 | | 1,188 | | 1,275 | | 1,368 | | 1,468 | | 1,574 |
| Tier 3 | | 261 | | 280 | | 300 | | 322 | | 345 |

Max Day Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 526 | \$ | 564 | \$ | 605 | \$ | 649 | \$ | 696 |
| Tier 2 | | 2,323 | | 2,491 | | 2,672 | | 2,867 | | 3,073 |
| Tier 3 | | 1,094 | | 1,173 | | 1,258 | | 1,350 | | 1,447 |

Max Hour Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 172 | \$ | 185 | \$ | 198 | \$ | 213 | \$ | 228 |
| Tier 2 | | 353 | | 379 | | 406 | | 436 | | 467 |
| Tier 3 | | 107 | | 115 | | 123 | | 132 | | 142 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 591 | \$ | 634 | \$ | 682 | \$ | 732 | \$ | 785 |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 815 | | 876 | | 940 | | 1,010 | | 1,083 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 806 | | 865 | | 929 | | 998 | | 1,070 |
| Tier 3 | | 1,085 | | 1,165 | | 1,251 | | 1,343 | | 1,441 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 567 | | 608 | | 653 | | 701 | | 752 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 430 | | 461 | | 494 | | 530 | | 568 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 1,911 | \$ | 2,051 | \$ | 2,202 | \$ | 2,363 | \$ | 2,534 |
| Tier 2 | \$ | 5,485 | \$ | 5,886 | \$ | 6,317 | \$ | 6,779 | \$ | 7,268 |
| Tier 3 | \$ | 3,542 | \$ | 3,802 | \$ | 4,080 | \$ | 4,379 | \$ | 4,695 |

| | | | | | | | | | | | |
|---------------------------|---------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Summer Rate | \$1.32 | \$ | 1.49 | \$ | 1.60 | \$ | 1.71 | \$ | 1.84 | \$ | 1.97 |
| Tier 2 Summer Rate | \$1.58 | \$ | 2.24 | \$ | 2.40 | \$ | 2.58 | \$ | 2.76 | \$ | 2.96 |
| Tier 3 Summer Rate | \$3.17 | \$ | 6.58 | \$ | 7.07 | \$ | 7.58 | \$ | 8.14 | \$ | 8.73 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 20% REDUCTION

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| WA6 - Commercial/Industrial | | | | | | |
| REVENUE TO RECOVER | | | | | | |
| Base Revenue to Recover | \$ 3,261,397 | \$ 3,499,495 | \$ 3,755,228 | \$ 4,029,750 | \$ 4,320,151 | |
| Max Day Revenue to Recover | 3,211,353 | 3,444,520 | 3,694,930 | 3,963,713 | 4,248,488 | |
| Max Hour Revenue to Recover | 913,184 | 979,844 | 1,051,441 | 1,128,298 | 1,209,603 | |
| Supply 1 Revenue to Recover | 1,021,465 | 1,097,295 | 1,178,768 | 1,266,251 | 1,358,357 | |
| Supply 2 Revenue to Recover | 1,013,396 | 1,088,406 | 1,168,992 | 1,255,519 | 1,346,694 | |
| Supply 3 Revenue to Recover | 2,883,213 | 3,096,248 | 3,325,115 | 3,570,845 | 3,829,905 | |
| Supply 4 Revenue to Recover | 856,247 | 919,430 | 987,308 | 1,060,185 | 1,137,044 | |
| Supply Sustainability Revenue to Recover | 347,422 | 372,546 | 399,522 | 428,483 | 459,198 | |
| Total Allocated Costs | \$ 13,507,677 | \$ 14,497,784 | \$ 15,561,304 | \$ 16,703,042 | \$ 17,909,439 | |
| PROJECTED USAGE (HFC) | | | | | | |
| Projected Annual Usage (HCF) | 6,343,958 | 6,435,890 | 6,529,324 | 6,624,226 | 6,720,753 | |
| Projected Winter Usage (HCF) | 3,354,509 | 3,403,120 | 3,452,526 | 3,502,707 | 3,553,748 | |
| Projected Summer Usage (HCF) | 2,989,449 | 3,032,770 | 3,076,798 | 3,121,519 | 3,167,005 | |
| Winter | | | | | | |
| Base Revenue to Recover | \$1,724,536.06 | \$1,850,435.71 | \$1,985,660.80 | \$2,130,819.87 | \$2,284,376.22 | |
| Max Day Revenue to Recover | 1,487,387.18 | 1,595,381.79 | 1,711,363.50 | 1,835,854.23 | 1,967,752.05 | |
| Max Hour Revenue to Recover | 422,955.02 | 453,829.55 | 486,990.90 | 522,588.29 | 560,246.10 | |
| Supply 1 Revenue to Recover | 540,122.09 | 580,219.25 | 623,300.06 | 669,558.31 | 718,261.63 | |
| Supply 2 Revenue to Recover | 535,855.86 | 575,518.85 | 618,130.80 | 663,883.42 | 712,094.45 | |
| Supply 3 Revenue to Recover | 1,524,563.01 | 1,637,210.31 | 1,758,229.03 | 1,888,163.62 | 2,025,147.55 | |
| Supply 4 Revenue to Recover | 452,759.51 | 486,169.30 | 522,061.07 | 560,596.28 | 601,237.16 | |
| Supply Sustainability Revenue to Recover | 183,707.37 | 196,992.09 | 211,256.18 | 226,569.67 | 242,811.36 | |
| Winter Rate | \$ 1.58 | \$ 2.05 | \$ 2.17 | \$ 2.29 | \$ 2.43 | \$ 2.56 |
| Summer | | | | | | |
| Base Revenue to Recover | \$1,536,860.64 | \$1,649,058.92 | \$1,769,567.19 | \$1,898,929.72 | \$2,035,774.72 | |
| Max Day Revenue to Recover | 1,723,966.22 | 1,849,137.95 | 1,983,566.53 | 2,127,859.06 | 2,280,735.76 | |
| Max Hour Revenue to Recover | 490,228.89 | 526,014.18 | 564,449.84 | 605,709.43 | 649,356.87 | |
| Supply 1 Revenue to Recover | 481,342.43 | 517,075.91 | 555,468.16 | 596,692.47 | 640,095.47 | |
| Supply 2 Revenue to Recover | 477,540.49 | 512,887.04 | 550,861.45 | 591,635.16 | 634,599.44 | |
| Supply 3 Revenue to Recover | 1,358,649.98 | 1,459,038.13 | 1,566,886.16 | 1,682,680.95 | 1,804,757.10 | |
| Supply 4 Revenue to Recover | 403,487.23 | 433,261.11 | 465,246.70 | 499,588.42 | 535,806.41 | |
| Supply Sustainability Revenue to Recover | 163,715.12 | 175,554.10 | 188,265.79 | 201,912.84 | 216,386.96 | |
| Summer Rate | \$ 1.84 | \$ 2.22 | \$ 2.35 | \$ 2.48 | \$ 2.63 | \$ 2.78 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 20% REDUCTION

WA11 - Landscape

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 336,486 | \$ 361,051 | \$ 387,436 | \$ 415,759 | \$ 445,720 |
| Max Day Revenue to Recover | 548,261 | 588,069 | 630,820 | 676,709 | 725,327 |
| Max Hour Revenue to Recover | 97,947 | 105,097 | 112,777 | 121,020 | 129,741 |
| Supply 1 Revenue to Recover | 90,439 | 97,153 | 104,367 | 112,112 | 120,267 |
| Supply 2 Revenue to Recover | 89,725 | 96,366 | 103,501 | 111,162 | 119,235 |
| Supply 3 Revenue to Recover | 342,825 | 368,155 | 395,368 | 424,586 | 455,390 |
| Supply 4 Revenue to Recover | 101,811 | 109,324 | 117,395 | 126,060 | 135,199 |
| Supply Sustainability Revenue to Recover | 59,314 | 63,603 | 68,209 | 73,153 | 78,397 |
| | \$ 1,666,809 | \$ 1,788,819 | \$ 1,919,873 | \$ 2,060,562 | \$ 2,209,276 |

| | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| Projected Annual Usage (HCF) | 635,900 | 645,115 | 654,481 | 663,993 | 673,669 |
| Projected Winter Usage (HCF) | 295,899 | 300,187 | 304,545 | 308,971 | 313,474 |
| Projected Summer Usage (HCF) | 340,001 | 344,928 | 349,936 | 355,022 | 360,195 |

Winter

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | \$ 156,574.80 | \$ 168,005.56 | \$ 180,282.93 | \$ 193,462.01 | \$ 207,404.21 |
| Max Day Revenue to Recover | 182,041.42 | 195,258.93 | 209,453.89 | 224,689.92 | 240,833.56 |
| Max Hour Revenue to Recover | 35,606.95 | 38,206.15 | 40,997.87 | 43,994.69 | 47,164.95 |
| Supply 1 Revenue to Recover | 42,083.49 | 45,207.66 | 48,564.28 | 52,168.41 | 55,963.24 |
| Supply 2 Revenue to Recover | 41,751.09 | 44,841.43 | 48,161.52 | 51,726.25 | 55,482.72 |
| Supply 3 Revenue to Recover | 159,524.18 | 171,311.17 | 183,974.05 | 197,569.61 | 211,903.52 |
| Supply 4 Revenue to Recover | 47,374.94 | 50,870.82 | 54,626.38 | 58,658.47 | 62,911.10 |
| Supply Sustainability Revenue to Recover | 27,600.18 | 29,596.08 | 31,739.11 | 34,039.76 | 36,479.99 |
| Winter Rate | \$ 1.58 | \$ 2.34 | \$ 2.48 | \$ 2.62 | \$ 2.77 |

Summer

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | \$ 179,911.43 | \$ 193,045.80 | \$ 207,153.06 | \$ 222,297.05 | \$ 238,316.26 |
| Max Day Revenue to Recover | 366,219.82 | 392,809.84 | 421,366.41 | 452,018.64 | 484,493.39 |
| Max Hour Revenue to Recover | 62,340.39 | 66,891.06 | 71,778.78 | 77,025.58 | 82,576.05 |
| Supply 1 Revenue to Recover | 48,355.81 | 51,945.60 | 55,802.51 | 59,943.98 | 64,304.14 |
| Supply 2 Revenue to Recover | 47,973.86 | 51,524.78 | 55,339.71 | 59,435.92 | 63,752.01 |
| Supply 3 Revenue to Recover | 183,300.40 | 196,844.10 | 211,394.32 | 227,016.88 | 243,486.16 |
| Supply 4 Revenue to Recover | 54,435.93 | 58,452.82 | 62,768.13 | 67,401.37 | 72,287.54 |
| Supply Sustainability Revenue to Recover | 31,713.84 | 34,007.20 | 36,469.64 | 39,113.31 | 41,917.06 |
| Summer Rate | \$ 1.84 | \$ 2.87 | \$ 3.03 | \$ 3.21 | \$ 3.39 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 20% REDUCTION

WA2 - Flat Rate

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Base Revenue to Recover | \$ 19,115 | \$ 20,511 | \$ 22,009 | \$ 23,618 | \$ 25,320 |
| Max Day Revenue to Recover | 60,360 | 64,743 | 69,450 | 74,502 | 79,854 |
| Max Hour Revenue to Recover | 6,067 | 6,510 | 6,985 | 7,496 | 8,036 |
| Supply 1 Revenue to Recover | 3,620 | 3,888 | 4,177 | 4,487 | 4,813 |
| Supply 2 Revenue to Recover | 3,591 | 3,857 | 4,142 | 4,449 | 4,772 |
| Supply 3 Revenue to Recover | 25,114 | 26,970 | 28,963 | 31,104 | 33,360 |
| Supply 4 Revenue to Recover | 7,458 | 8,009 | 8,600 | 9,235 | 9,904 |
| Supply Sustainability Revenue to Recover | 6,530 | 7,002 | 7,509 | 8,054 | 8,631 |
| | \$ 131,855 | \$ 141,489 | \$ 151,836 | \$ 162,944 | \$ 174,692 |

| | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Projected Annual Usage (HCF) | 39,955 | 39,955 | 39,955 | 39,955 | 39,955 |
| Projected Winter Usage (HCF) | 16,148 | 16,148 | 16,148 | 16,148 | 16,148 |
| Projected Summer Usage (HCF) | 23,807 | 23,807 | 23,807 | 23,807 | 23,807 |
| | \$ 3.30 | \$ 3.54 | \$ 3.80 | \$ 4.08 | \$ 4.37 |

WA7 & 10 - Interruptable

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 357,536 | \$ 383,638 | \$ 411,673 | \$ 441,768 | \$ 473,604 |
| Max Day Revenue to Recover | 328,781 | 352,653 | 378,291 | 405,809 | 434,964 |
| Max Hour Revenue to Recover | 106,709 | 114,499 | 122,865 | 131,846 | 141,347 |
| Supply 1 Revenue to Recover | 88,428 | 94,993 | 102,046 | 109,619 | 117,593 |
| Supply 2 Revenue to Recover | 87,729 | 94,223 | 101,199 | 108,690 | 116,583 |
| Supply 3 Revenue to Recover | 339,060 | 364,113 | 391,027 | 419,924 | 450,389 |
| Supply 4 Revenue to Recover | - | - | - | - | - |
| Supply Sustainability Revenue to Recover | - | - | - | - | - |
| | \$ 1,308,244 | \$ 1,404,118 | \$ 1,507,101 | \$ 1,617,656 | \$ 1,734,480 |

| | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Projected Annual Usage (HCF) | 686,070 | 695,030 | 705,120 | 715,369 | 725,793 |
| Projected Winter Usage (HCF) | 281,068 | 284,739 | 288,872 | 293,071 | 297,342 |
| Projected Summer Usage (HCF) | 405,002 | 410,291 | 416,248 | 422,298 | 428,451 |
| | \$ 1.91 | \$ 2.02 | \$ 2.14 | \$ 2.26 | \$ 2.39 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

DEMAND REDUCTION RATE CALCULATIONS FOR 30% REDUCTION

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

UNIFORM FIXED RATES

DEMAND REDUCTION RATES FOR 30% REDUCTION

Appendix J
Demand Reduction Rates
Fixed

| | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--------------------------------------|----------|----------|--------------|--------------|--------------|--------------|--------------|
| Number of Accounts | | 66,694 | 66,879 | 67,064 | 67,250 | 67,436 | 67,623 |
| Number of MEUs | | 95,061 | 95,337 | 95,661 | 95,987 | 96,290 | 96,594 |
| Customer Revenue to Recover | | | \$ 2,894,502 | \$ 3,103,816 | \$ 3,328,561 | \$ 3,569,842 | \$ 3,825,746 |
| Capacity Revenue to Recover | | | 28,186,521 | 30,224,618 | 32,411,864 | 34,762,601 | 37,254,572 |
| Monthly Component Charge per Account | | | \$ 3.61 | \$ 3.86 | \$ 4.12 | \$ 4.41 | \$ 4.71 |
| Monthly Component Charge per MEU | | | 24.64 | 26.33 | 28.14 | 30.09 | 32.14 |

| METER SIZE | METER EQUIVALENTS | MONTHLY FIXED CHARGES | | | | | | | |
|------------|-------------------|-----------------------|----------|----------|----------|----------|----------|----------|--|
| 0.625 | 1.00 | \$ 23.08 | \$ 26.00 | \$ 28.24 | \$ 30.19 | \$ 32.26 | \$ 34.50 | \$ 36.85 | |
| 0.75 | 1.00 | 23.08 | 26.00 | 28.24 | 30.19 | 32.26 | 34.50 | 36.85 | |
| 1 | 1.67 | 36.63 | 41.26 | 44.75 | 47.83 | 51.12 | 54.65 | 58.39 | |
| 1.5 | 3.33 | 70.22 | 79.08 | 85.65 | 91.53 | 97.83 | 104.59 | 111.74 | |
| 2 | 5.33 | 110.68 | 124.64 | 134.92 | 144.19 | 154.11 | 164.76 | 176.02 | |
| 3 | 10.00 | 205.16 | 231.03 | 249.98 | 267.15 | 285.52 | 305.26 | 326.12 | |
| 4 | 16.67 | 340.10 | 382.97 | 414.32 | 442.77 | 473.21 | 505.93 | 540.49 | |
| 6 | 36.67 | 744.72 | 838.59 | 907.07 | 969.36 | 1,035.99 | 1,107.63 | 1,183.30 | |
| 8 | 60.00 | 1,216.71 | 1,370.06 | 1,481.86 | 1,583.63 | 1,692.48 | 1,809.52 | 1,933.13 | |
| 10 | 93.33 | 1,891.02 | 2,129.34 | 2,303.03 | 2,461.19 | 2,630.36 | 2,812.25 | 3,004.36 | |
| 12 | 133.33 | 2,700.26 | 3,040.57 | 3,288.54 | 3,514.37 | 3,755.92 | 4,015.66 | 4,289.97 | |

| METER SIZE | METER EQUIVALENTS | FY 21/22 REVENUE | FY 22/23 REVENUE | FY 23/24 REVENUE | FY 24/25 REVENUE | FY 25/26 REVENUE | FY 26/27 REVENUE | FY 27/28 REVENUE |
|-----------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 0.625 | 1 | \$ 1,760,671 | \$ 1,989,403 | \$ 2,166,167 | \$ 2,321,463 | \$ 2,486,765 | \$ 2,666,019 | \$ 2,854,668 |
| 0.75 | 1 | 13,048,066 | 14,746,035 | 16,056,782 | 17,208,451 | 18,434,366 | 19,763,816 | 21,163,008 |
| 1 | 1.67 | 4,226,060 | 4,793,098 | 5,214,800 | 5,590,874 | 5,993,855 | 6,427,691 | 6,888,967 |
| 1.5 | 3.33 | 1,039,449 | 1,201,335 | 1,309,850 | 1,408,764 | 1,515,406 | 1,630,775 | 1,753,722 |
| 2 | 5.33 | 2,000,372 | 2,315,867 | 2,524,460 | 2,716,053 | 2,922,442 | 3,145,921 | 3,384,074 |
| 3 | 10 | 630,918 | 724,900 | 784,928 | 841,847 | 902,952 | 967,458 | 1,035,799 |
| 4 | 16.67 | 534,583 | 613,882 | 664,550 | 713,492 | 766,085 | 821,210 | 879,616 |
| 6 | 36.67 | 634,610 | 728,395 | 788,124 | 846,233 | 908,662 | 973,932 | 1,043,076 |
| 8 | 60 | 1,036,637 | 1,189,315 | 1,286,366 | 1,381,075 | 1,482,804 | 1,588,980 | 1,701,419 |
| 10 | 93.33 | 226,922 | 260,342 | 281,578 | 302,308 | 324,576 | 347,817 | 372,429 |
| 12 | 133.33 | - | - | - | - | - | - | - |
| Total Calculated Revenues* | | \$ 25,138,288 | \$ 28,562,572 | \$ 31,077,606 | \$ 33,330,559 | \$ 35,737,913 | \$ 38,333,619 | \$ 41,076,779 |

*Note: Total calculated revenues vary slightly from the sum of allocated Customer and Capacity revenue requirements due to rounding of rates to the nearest \$0.01.

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1A - SFR - 30% Reduction

REVENUE TO RECOVER

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Base Revenue to Recover | \$ 5,726,702 | \$ 6,149,044 | \$ 6,602,845 | \$ 7,089,827 | \$ 7,603,631 |
| Max Day Revenue to Recover | 6,817,749 | 7,315,026 | 7,849,233 | 8,422,392 | 9,029,021 |
| Max Hour Revenue to Recover | 1,623,092 | 1,742,768 | 1,871,359 | 2,009,351 | 2,154,952 |
| Supply 1 Revenue to Recover | 2,393,569 | 2,576,297 | 2,772,762 | 2,983,711 | 3,204,148 |
| Supply 2 Revenue to Recover | 2,384,987 | 2,565,939 | 2,760,471 | 2,969,325 | 3,187,944 |
| Supply 3 Revenue to Recover | 3,169,040 | 3,408,603 | 3,666,128 | 3,942,596 | 4,232,282 |
| Supply 4 Revenue to Recover | 942,925 | 1,014,011 | 1,090,424 | 1,172,454 | 1,258,470 |
| Supply Sustainability Revenue to Recover | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |
| Total Allocated Costs | \$ 23,810,119 | \$ 25,578,128 | \$ 27,478,057 | \$ 29,517,180 | \$ 31,664,461 |

REVENUE TO RECOVER - BY TIER

| Base | Use per Tier | | | | | |
|------------------------------|---|--------------|--------------|--------------|--------------|--------------|
| Tier 1 | 41.1% | \$ 2,354,226 | \$ 2,527,849 | \$ 2,714,405 | \$ 2,914,602 | \$ 3,125,825 |
| Tier 2 | 46.2% | 2,644,852 | 2,839,908 | 3,049,495 | 3,274,405 | 3,511,703 |
| Tier 3 | 12.7% | 727,624 | 781,286 | 838,945 | 900,820 | 966,103 |
| Max Day | Max Day Extra Capacity per Tier | | | | | |
| Tier 1 | 22.7% | \$ 1,546,890 | \$ 1,659,718 | \$ 1,780,925 | \$ 1,910,970 | \$ 2,048,609 |
| Tier 2 | 57.2% | 3,897,160 | 4,181,414 | 4,486,778 | 4,814,407 | 5,161,168 |
| Tier 3 | 20.1% | 1,373,698 | 1,473,894 | 1,581,530 | 1,697,015 | 1,819,244 |
| Max Hour | Max Hour Extra Capacity per Tier | | | | | |
| Tier 1 | 39.8% | \$ 646,604 | \$ 694,281 | \$ 745,508 | \$ 800,481 | \$ 858,486 |
| Tier 2 | 46.9% | 761,919 | 818,099 | 878,462 | 943,239 | 1,011,588 |
| Tier 3 | 13.2% | 214,568 | 230,389 | 247,388 | 265,630 | 284,878 |
| Supply 1 | SFR Supply 1 Allocation by Tier | | | | | |
| Tier 1 | 83.8% | \$ 2,006,610 | \$ 2,159,798 | \$ 2,324,501 | \$ 2,501,347 | \$ 2,686,146 |
| Tier 2 | 16.2% | 386,959 | 416,500 | 448,261 | 482,365 | 518,002 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 2 | SFR Supply 2 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 100.0% | 2,384,987 | 2,565,939 | 2,760,471 | 2,969,325 | 3,187,944 |
| Tier 3 | 0.0% | - | - | - | - | - |
| Supply 3 | SFR Supply 3 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 3.0% | 94,649 | 101,804 | 109,495 | 117,753 | 126,405 |
| Tier 3 | 97.0% | 3,074,391 | 3,306,799 | 3,556,633 | 3,824,843 | 4,105,877 |
| Supply 4 | SFR Supply 4 Allocation by Tier | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 942,925 | 1,014,011 | 1,090,424 | 1,172,454 | 1,258,470 |
| Supply Sustainability | All to Tier 3 | | | | | |
| Tier 1 | 0.0% | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tier 2 | 0.0% | - | - | - | - | - |
| Tier 3 | 100.0% | 752,056 | 806,440 | 864,834 | 927,524 | 994,014 |

PROJECTED USAGE (HFC)

| | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual | 10,930,004 | 11,004,501 | 11,081,412 | 11,160,410 | 11,241,779 |
| Tier 1 | 4,493,284 | 4,523,910 | 4,555,528 | 4,588,004 | 4,621,454 |
| Tier 2 | 5,047,973 | 5,082,380 | 5,117,901 | 5,154,386 | 5,191,965 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---------------|----------|-----------|-----------|-----------|-----------|-----------|
| Tier 3 | | 1,388,746 | 1,398,212 | 1,407,984 | 1,418,021 | 1,428,360 |
| Winter | | | | | | |
| Tier 1 | | 2,563,986 | 2,581,461 | 2,599,503 | 2,618,035 | 2,637,122 |
| Tier 2 | | 2,510,043 | 2,527,151 | 2,544,813 | 2,562,955 | 2,581,641 |
| Tier 3 | | 687,277 | 691,961 | 696,797 | 701,765 | 706,881 |
| Summer | | | | | | |
| Tier 1 | | 1,929,299 | 1,942,449 | 1,956,024 | 1,969,969 | 1,984,331 |
| Tier 2 | | 2,537,931 | 2,555,229 | 2,573,087 | 2,591,431 | 2,610,324 |
| Tier 3 | | 701,470 | 706,251 | 711,187 | 716,257 | 721,479 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| | | | | | Resilient Supply | 4,143,941 |
| Tier 1 | 4,493,284 | 4,493,284 | | | | |
| Tier 2 | 5,047,973 | 866,494 | 4,042,171 | 139,309 | - | |
| Tier 3 | 1,388,746 | | | 4,525,032 | 1,007,655 | |
| | 10,930,004 | 5,359,778 | 4,042,171 | 4,664,340 | 1,007,655 | 15,073,945 |
| Tier 1 | | 83.8% | 0.0% | 0.0% | 0.0% | |
| Tier 2 | | 16.2% | 100.0% | 3.0% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 97.0% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Winter | | | | | | |
| Base Rate | | | | | | |
| Tier 1 | \$ 1,343,383 | \$ 1,442,457 | \$ 1,548,911 | \$ 1,663,148 | \$ 1,783,677 | |
| Tier 2 | \$ 1,315,120 | \$ 1,412,110 | \$ 1,516,324 | \$ 1,628,158 | \$ 1,746,151 | |
| Tier 3 | \$ 360,094 | \$ 386,651 | \$ 415,186 | \$ 445,807 | \$ 478,115 | |
| Max Day Rate | | | | | | |
| Tier 1 | \$ 882,696 | \$ 947,079 | \$ 1,016,243 | \$ 1,090,450 | \$ 1,168,990 | |
| Tier 2 | \$ 1,937,815 | \$ 2,079,157 | \$ 2,230,995 | \$ 2,393,905 | \$ 2,566,327 | |
| Tier 3 | 415,449 | 445,751 | 478,304 | 513,230 | 550,196 | |
| Max Hour Rate | | | | | | |
| Tier 1 | \$ 368,969 | \$ 396,175 | \$ 425,406 | \$ 456,776 | \$ 489,874 | |
| Tier 2 | \$ 378,855 | \$ 406,789 | \$ 436,804 | \$ 469,014 | \$ 503,000 | |
| Tier 3 | 64,892 | 69,677 | 74,818 | 80,335 | 86,156 | |
| Supply 1 Rate | | | | | | |
| Tier 1 | \$ 1,145,024 | \$ 1,232,437 | \$ 1,326,421 | \$ 1,427,334 | \$ 1,532,785 | |
| Tier 2 | \$ 192,410 | \$ 207,099 | \$ 222,892 | \$ 239,850 | \$ 257,570 | |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Supply 2 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ 1,185,906 | \$ 1,275,881 | \$ 1,372,610 | \$ 1,476,460 | \$ 1,585,166 | |
| Tier 3 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Supply 3 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ 47,063 | \$ 50,621 | \$ 54,445 | \$ 58,551 | \$ 62,853 | |
| Tier 3 | \$ 1,521,486 | \$ 1,636,502 | \$ 1,760,142 | \$ 1,892,878 | \$ 2,031,957 | |
| Supply 4 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 3 | \$ 466,644 | \$ 501,824 | \$ 539,640 | \$ 580,236 | \$ 622,804 | |
| Supply Sustainability Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 3 | \$ 372,185 | \$ 399,099 | \$ 427,998 | \$ 459,023 | \$ 491,928 | |
| Combined Winter Revenue Requirements by Tier | | | | | | |
| Tier 1 | \$ 3,740,073 | \$ 4,018,147 | \$ 4,316,980 | \$ 4,637,707 | \$ 4,975,326 | |
| Tier 2 | \$ 5,057,170 | \$ 5,431,658 | \$ 5,834,071 | \$ 6,265,938 | \$ 6,721,067 | |
| Tier 3 | \$ 3,200,751 | \$ 3,439,503 | \$ 3,696,086 | \$ 3,971,509 | \$ 4,261,156 | |
| Tier 1 Winter Rate | \$ 1.30 | \$ 1.46 | \$ 1.56 | \$ 1.66 | \$ 1.77 | \$ 1.89 |
| Tier 2 Winter Rate | \$ 1.64 | \$ 2.01 | \$ 2.15 | \$ 2.29 | \$ 2.44 | \$ 2.60 |
| Tier 3 Winter Rate | \$ 3.01 | \$ 4.66 | \$ 4.97 | \$ 5.30 | \$ 5.66 | \$ 6.03 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (SFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

Appendix J

Demand Reduction Rates

SFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Summer | | | | | | |
| Base Rate | | | | | | |
| Tier 1 | \$ 1,010,843 | \$ 1,085,393 | \$ 1,165,494 | \$ 1,251,454 | \$ 1,342,147 | |
| Tier 2 | 1,329,732 | 1,427,799 | 1,533,171 | 1,646,247 | 1,765,552 | |
| Tier 3 | 367,530 | 394,636 | 423,760 | 455,014 | 487,989 | |
| Max Day Rate | | | | | | |
| Tier 1 | \$ 664,194 | \$ 712,640 | \$ 764,683 | \$ 820,521 | \$ 879,619 | |
| Tier 2 | 1,959,346 | 2,102,257 | 2,255,782 | 2,420,502 | 2,594,840 | |
| Tier 3 | 958,249 | 1,028,143 | 1,103,227 | 1,183,785 | 1,269,048 | |
| Max Hour Rate | | | | | | |
| Tier 1 | \$ 277,635 | \$ 298,106 | \$ 320,102 | \$ 343,706 | \$ 368,611 | |
| Tier 2 | 383,064 | 411,309 | 441,658 | 474,225 | 508,588 | |
| Tier 3 | 149,676 | 160,712 | 172,570 | 185,295 | 198,722 | |
| Supply 1 Rate | | | | | | |
| Tier 1 | \$ 861,586 | \$ 927,361 | \$ 998,080 | \$ 1,074,013 | \$ 1,153,361 | |
| Tier 2 | 194,548 | 209,400 | 225,369 | 242,515 | 260,432 | |
| Tier 3 | - | - | - | - | - | |
| Supply 2 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | 1,199,082 | 1,290,057 | 1,387,861 | 1,492,865 | 1,602,778 | |
| Tier 3 | - | - | - | - | - | |
| Supply 3 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | 47,586 | 51,183 | 55,050 | 59,202 | 63,551 | |
| Tier 3 | 1,552,907 | 1,670,298 | 1,796,491 | 1,931,967 | 2,073,920 | |
| Supply 4 Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | - | - | - | - | - | |
| Tier 3 | 476,281 | 512,187 | 550,784 | 592,218 | 635,666 | |
| Supply Sustainability Rate | | | | | | |
| Tier 1 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Tier 2 | - | - | - | - | - | |
| Tier 3 | 379,871 | 407,341 | 436,837 | 468,502 | 502,086 | |
| Combined Summer Revenue Requirements by Tier | | | | | | |
| Tier 1 | \$ 2,814,258 | \$ 3,023,499 | \$ 3,248,358 | \$ 3,489,694 | \$ 3,743,738 | |
| Tier 2 | \$ 5,113,358 | \$ 5,492,006 | \$ 5,898,890 | \$ 6,335,556 | \$ 6,795,741 | |
| Tier 3 | \$ 3,884,514 | \$ 4,173,317 | \$ 4,483,669 | \$ 4,816,781 | \$ 5,167,432 | |
| Tier 1 Summer Rate | \$ 1.30 | \$ 1.46 | \$ 1.56 | \$ 1.66 | \$ 1.77 | \$ 1.89 |
| Tier 2 Summer Rate | \$ 1.64 | \$ 2.01 | \$ 2.15 | \$ 2.29 | \$ 2.44 | \$ 2.60 |
| Tier 3 Summer Rate | \$ 3.66 | \$ 5.54 | \$ 5.91 | \$ 6.30 | \$ 6.72 | \$ 7.16 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

Appendix J

Demand Reduction Rates

MFR

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------|----------|----------|----------|----------|----------|
|--|----------|----------|----------|----------|----------|----------|

WA1B - MFR - 30% Reduction

REVENUE TO RECOVER

| | | | | | | | | | | |
|--|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
| Base Revenue to Recover | \$ | 156,650 | \$ | 168,203 | \$ | 180,616 | \$ | 193,937 | \$ | 207,992 |
| Max Day Revenue to Recover | | 140,594 | | 150,848 | | 161,865 | | 173,684 | | 186,194 |
| Max Hour Revenue to Recover | | 43,615 | | 46,831 | | 50,286 | | 53,994 | | 57,907 |
| Supply 1 Revenue to Recover | | 74,889 | | 80,606 | | 86,752 | | 93,353 | | 100,249 |
| Supply 2 Revenue to Recover | | 74,620 | | 80,282 | | 86,368 | | 92,902 | | 99,742 |
| Supply 3 Revenue to Recover | | 57,923 | | 62,302 | | 67,009 | | 72,062 | | 77,357 |
| Supply 4 Revenue to Recover | | 17,235 | | 18,534 | | 19,931 | | 21,430 | | 23,002 |
| Supply Sustainability Revenue to Recover | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |
| Total Allocated Costs | \$ | 581,033 | \$ | 624,235 | \$ | 670,661 | \$ | 720,490 | \$ | 772,942 |

REVENUE TO RECOVER - BY TIER

Base Rate

| | Use per Tier | | | | | | | | | | |
|--------|--------------|----|--------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | 61.9% | \$ | 96,965 | \$ | 104,116 | \$ | 111,800 | \$ | 120,045 | \$ | 128,745 |
| Tier 2 | 38.1% | | 59,685 | | 64,087 | | 68,817 | | 73,892 | | 79,247 |

Max Day Rate

| | Max Day Extra Capacity per Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|---------|----|---------|----|---------|
| Tier 1 | 37.9% | \$ | 53,350 | \$ | 57,241 | \$ | 61,422 | \$ | 65,907 | \$ | 70,654 |
| Tier 2 | 62.1% | | 87,244 | | 93,607 | | 100,443 | | 107,778 | | 115,540 |

Max Hour Rate

| | Max Hour Extra Capacity per Tier | | | | | | | | | | |
|--------|----------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 60.5% | \$ | 26,368 | \$ | 28,313 | \$ | 30,402 | \$ | 32,644 | \$ | 35,009 |
| Tier 2 | 39.5% | | 17,246 | | 18,518 | | 19,884 | | 21,351 | | 22,898 |

Supply 1 Rate

| | SFR Supply 1 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|---------|
| Tier 1 | 100.0% | \$ | 74,889 | \$ | 80,606 | \$ | 86,752 | \$ | 93,353 | \$ | 100,249 |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |

Supply 2 Rate

| | SFR Supply 2 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 15.5% | \$ | 11,566 | \$ | 12,443 | \$ | 13,387 | \$ | 14,399 | \$ | 15,460 |
| Tier 2 | 84.5% | | 63,054 | | 67,838 | | 72,981 | | 78,503 | | 84,283 |

Supply 3 Rate

| | SFR Supply 3 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 57,923 | | 62,302 | | 67,009 | | 72,062 | | 77,357 |

Supply 4 Rate

| | SFR Supply 4 Allocation by Tier | | | | | | | | | | |
|--------|---------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 17,235 | | 18,534 | | 19,931 | | 21,430 | | 23,002 |

Supply Sustainability

| | All to Tier 3 | | | | | | | | | | |
|--------|---------------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 15,509 | | 16,630 | | 17,834 | | 19,127 | | 20,498 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

MFR

PROJECTED USAGE (HFC)

| | 294,904 | 296,914 | 298,989 | 301,120 | 303,316 |
|---------------|---------|---------|---------|---------|---------|
| Annual | | | | | |
| Tier 1 | 182,542 | 183,787 | 185,071 | 186,390 | 187,749 |
| Tier 2 | 112,361 | 113,127 | 113,918 | 114,730 | 115,566 |
| Winter | | | | | |
| Tier 1 | 104,853 | 105,567 | 106,305 | 107,063 | 107,844 |
| Tier 2 | 54,469 | 54,840 | 55,223 | 55,617 | 56,022 |
| Summer | | | | | |
| Tier 1 | 77,690 | 78,219 | 78,766 | 79,327 | 79,906 |
| Tier 2 | 57,893 | 58,287 | 58,694 | 59,113 | 59,544 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|----------------|----------------|
| | | 167,343 | 98,064 | 82,750 | 17,467 | 365,623 |
| | | | | | | 70,720 |
| Tier 1 | 182,542 | 167,343 | 15,199 | | | |
| Tier 2 | 112,361 | - | 82,864 | 82,750 | 17,467 | |
| | 294,904 | 167,343 | 98,064 | 82,750 | 17,467 | 365,623 |
| Tier 1 | | 100.0% | 15.5% | 0.0% | 0.0% | |
| Tier 2 | | 0.0% | 84.5% | 100.0% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

MFR

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 55,697 | \$ | 59,804 | \$ | 64,218 | \$ | 68,954 | \$ | 73,952 |
| Tier 2 | | 28,933 | | 31,067 | | 33,360 | | 35,820 | | 38,416 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 30,644 | \$ | 32,879 | \$ | 35,281 | \$ | 37,857 | \$ | 40,584 |
| Tier 2 | | 33,795 | | 36,260 | | 38,908 | | 41,749 | | 44,756 |

1.00

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 15,146 | \$ | 16,263 | \$ | 17,463 | \$ | 18,750 | \$ | 20,109 |
| Tier 2 | | 6,681 | | 7,173 | | 7,703 | | 8,270 | | 8,870 |

1.00

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 43,016 | \$ | 46,300 | \$ | 49,831 | \$ | 53,622 | \$ | 57,584 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 6,643 | \$ | 7,147 | \$ | 7,689 | \$ | 8,271 | \$ | 8,880 |
| Tier 2 | | 30,567 | | 32,886 | | 35,379 | | 38,056 | | 40,857 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 28,079 | | 30,202 | | 32,483 | | 34,933 | | 37,500 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 8,355 | | 8,985 | | 9,662 | | 10,388 | | 11,151 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,518 | | 8,062 | | 8,645 | | 9,272 | | 9,937 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 151,147 | \$ | 162,394 | \$ | 174,481 | \$ | 187,454 | \$ | 201,108 |
| Tier 2 | \$ | 143,928 | \$ | 154,634 | \$ | 166,139 | \$ | 178,489 | \$ | 191,486 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.30 | \$ | 1.44 | \$ | 1.54 | \$ | 1.64 | \$ | 1.75 | \$ | 1.86 |
| Tier 2 Winter Rate | \$ | 1.87 | \$ | 2.64 | \$ | 2.82 | \$ | 3.01 | \$ | 3.21 | \$ | 3.42 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

Demand Reduction Rates

VARIABLE RATES - TIER (MFR)

DEMAND REDUCTION RATES FOR 30% REDUCTION

MFR

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 41,268 | \$ | 44,311 | \$ | 47,582 | \$ | 51,091 | \$ | 54,794 |
| Tier 2 | | 30,752 | | 33,020 | | 35,456 | | 38,072 | | 40,831 |

Max Day Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 22,706 | \$ | 24,362 | \$ | 26,141 | \$ | 28,050 | \$ | 30,070 |
| Tier 2 | | 53,449 | | 57,347 | | 61,535 | | 66,028 | | 70,784 |

1.49

Max Hour Rate

Seasonality Factor

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 11,222 | \$ | 12,050 | \$ | 12,939 | \$ | 13,893 | \$ | 14,900 |
| Tier 2 | | 10,566 | | 11,345 | | 12,182 | | 13,080 | | 14,028 |

1.49

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 31,873 | \$ | 34,305 | \$ | 36,922 | \$ | 39,730 | \$ | 42,666 |
| Tier 2 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | 4,922 | \$ | 5,296 | \$ | 5,697 | \$ | 6,128 | \$ | 6,580 |
| Tier 2 | | 32,488 | | 34,953 | | 37,602 | | 40,448 | | 43,426 |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 29,844 | | 32,100 | | 34,525 | | 37,129 | | 39,857 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|--------|----|--------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 8,880 | | 9,549 | | 10,269 | | 11,042 | | 11,852 |

Supply Sustainability

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|--------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 7,991 | | 8,568 | | 9,189 | | 9,855 | | 10,561 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Tier 1 | \$ | 111,991 | \$ | 120,324 | \$ | 129,281 | \$ | 138,892 | \$ | 149,009 |
| Tier 2 | \$ | 173,970 | \$ | 186,882 | \$ | 200,758 | \$ | 215,654 | \$ | 231,339 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Summer Rate | \$ | 1.30 | \$ | 1.44 | \$ | 1.54 | \$ | 1.64 | \$ | 1.75 | \$ | 1.86 |
| Tier 2 Summer Rate | \$ | 2.12 | \$ | 3.01 | \$ | 3.21 | \$ | 3.42 | \$ | 3.65 | \$ | 3.89 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 30% REDUCTION

WA4: Riverside Water Company

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | | | | |
|---|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| WA4 - Riverside Irrigators - 30% Reduction | | | | | | | | | | |
| REVENUE TO RECOVER | | | | | | | | | | |
| Base Revenue to Recover | \$ | 3,766 | \$ | 4,043 | \$ | 4,342 | \$ | 4,662 | \$ | 5,000 |
| Max Day Revenue to Recover | | 6,393 | | 6,860 | | 7,360 | | 7,898 | | 8,467 |
| Max Hour Revenue to Recover | | 1,100 | | 1,181 | | 1,268 | | 1,362 | | 1,460 |
| Supply 1 Revenue to Recover | | 1,308 | | 1,408 | | 1,515 | | 1,630 | | 1,751 |
| Supply 2 Revenue to Recover | | 1,303 | | 1,402 | | 1,508 | | 1,623 | | 1,742 |
| Supply 3 Revenue to Recover | | 2,993 | | 3,219 | | 3,463 | | 3,724 | | 3,997 |
| Supply 4 Revenue to Recover | | 891 | | 958 | | 1,030 | | 1,107 | | 1,189 |
| Supply Sustainability Revenue To Recover | | 705 | | 756 | | 811 | | 870 | | 932 |
| Total Allocated Costs | \$ | 18,459 | \$ | 19,827 | \$ | 21,297 | \$ | 22,875 | \$ | 24,538 |

| REVENUE TO RECOVER - BY TIER | | | | | | | | | | | |
|-------------------------------------|--------|---|-------|----|-------|----|-------|----|-------|----|-------|
| Base Rate | | | | | | | | | | | |
| | | <u>Use per Tier</u> | | | | | | | | | |
| Tier 1 | 38.0% | \$ | 1,431 | \$ | 1,537 | \$ | 1,650 | \$ | 1,772 | \$ | 1,900 |
| Tier 2 | 51.5% | | 1,937 | | 2,080 | | 2,234 | | 2,399 | | 2,572 |
| Tier 3 | 10.5% | | 397 | | 426 | | 458 | | 491 | | 527 |
| Max Day Rate | | | | | | | | | | | |
| | | <u>Max Day Extra Capacity per Tier</u> | | | | | | | | | |
| Tier 1 | 23.8% | \$ | 1,522 | \$ | 1,633 | \$ | 1,752 | \$ | 1,880 | \$ | 2,015 |
| Tier 2 | 57.5% | | 3,673 | | 3,941 | | 4,229 | | 4,538 | | 4,865 |
| Tier 3 | 18.7% | | 1,198 | | 1,286 | | 1,379 | | 1,480 | | 1,587 |
| Max Hour Rate | | | | | | | | | | | |
| | | <u>Max Hour Extra Capacity per Tier</u> | | | | | | | | | |
| Tier 1 | 36.3% | \$ | 399 | \$ | 429 | \$ | 461 | \$ | 494 | \$ | 530 |
| Tier 2 | 52.2% | | 574 | | 616 | | 662 | | 710 | | 762 |
| Tier 3 | 11.5% | | 127 | | 136 | | 146 | | 157 | | 168 |
| Supply 1 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 1 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 90.7% | \$ | 1,186 | \$ | 1,277 | \$ | 1,374 | \$ | 1,479 | \$ | 1,588 |
| Tier 2 | 9.3% | | 122 | | 131 | | 141 | | 152 | | 163 |
| Tier 3 | 0.0% | | - | | - | | - | | - | | - |
| Supply 2 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 2 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 100.0% | | 1,303 | | 1,402 | | 1,508 | | 1,623 | | 1,742 |
| Tier 3 | 0.0% | | - | | - | | - | | - | | - |
| Supply 3 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 3 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 25.3% | | 757 | | 815 | | 876 | | 942 | | 1,011 |
| Tier 3 | 74.7% | | 2,236 | | 2,405 | | 2,587 | | 2,782 | | 2,986 |
| Supply 4 Rate | | | | | | | | | | | |
| | | <u>SFR Supply 4 Allocation by Tier</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 100.0% | | 891 | | 958 | | 1,030 | | 1,107 | | 1,189 |
| Supply Sustainability | | | | | | | | | | | |
| | | <u>All to Tier 3</u> | | | | | | | | | |
| Tier 1 | 0.0% | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | 0.0% | | - | | - | | - | | - | | - |
| Tier 3 | 100.0% | | 705 | | 756 | | 811 | | 870 | | 932 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 30% REDUCTION

WA4: Riverside Water Company

PROJECTED USAGE (HFC)

| | 6,989 | 6,989 | 6,989 | 6,989 | 6,989 |
|---------------|-------|-------|-------|-------|-------|
| Annual | | | | | |
| Tier 1 | 2,656 | 2,656 | 2,656 | 2,656 | 2,656 |
| Tier 2 | 3,596 | 3,596 | 3,596 | 3,596 | 3,596 |
| Tier 3 | 737 | 737 | 737 | 737 | 737 |
| Winter | | | | | |
| Tier 1 | 1,618 | 1,618 | 1,618 | 1,618 | 1,618 |
| Tier 2 | 1,449 | 1,449 | 1,449 | 1,449 | 1,449 |
| Tier 3 | 296 | 296 | 296 | 296 | 296 |
| Summer | | | | | |
| Tier 1 | 1,038 | 1,038 | 1,038 | 1,038 | 1,038 |
| Tier 2 | 2,147 | 2,147 | 2,147 | 2,147 | 2,147 |
| Tier 3 | 440 | 440 | 440 | 440 | 440 |

SUPPLY TIER USAGE (HCF)

| | Tier Usage (HCF) | Supply 1 (HCF) | Supply 2 (HCF) | Supply 3 (HCF) | Supply 4 (HCF) | |
|--------|------------------|----------------|----------------|----------------|------------------|--------|
| | | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| | | | | | Resilient Supply | 3,506 |
| Tier 1 | 2,656 | 2,656 | | | | |
| Tier 2 | 3,596 | 272 | 2,209 | 1,115 | - | |
| Tier 3 | 737 | | | 3,291 | 952 | |
| | 6,989 | 2,929 | 2,209 | 4,406 | 952 | 10,495 |
| Tier 1 | | 90.7% | 0.0% | 0.0% | 0.0% | |
| Tier 2 | | 9.3% | 100.0% | 25.3% | 0.0% | |
| Tier 3 | | 0.0% | 0.0% | 74.7% | 100.0% | |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 30% REDUCTION

WA4: Riverside Water Company

Winter

Base Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 872 | \$ | 936 | \$ | 1,005 | \$ | 1,079 | \$ | 1,157 |
| Tier 2 | | 781 | | 838 | | 900 | | 967 | | 1,037 |
| Tier 3 | | 159 | | 171 | | 184 | | 197 | | 212 |

Max Day Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 927 | \$ | 995 | \$ | 1,067 | \$ | 1,145 | \$ | 1,228 |
| Tier 2 | | 1,480 | | 1,588 | | 1,704 | | 1,829 | | 1,960 |
| Tier 3 | | 274 | | 294 | | 315 | | 338 | | 363 |

Max Hour Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 243 | \$ | 261 | \$ | 281 | \$ | 301 | \$ | 323 |
| Tier 2 | | 231 | | 248 | | 267 | | 286 | | 307 |
| Tier 3 | | 29 | | 31 | | 33 | | 36 | | 38 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 723 | \$ | 778 | \$ | 837 | \$ | 901 | \$ | 967 |
| Tier 2 | | 49 | | 53 | | 57 | | 61 | | 66 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 525 | | 565 | | 608 | | 654 | | 702 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 305 | | 328 | | 353 | | 380 | | 408 |
| Tier 3 | | 898 | | 966 | | 1,039 | | 1,118 | | 1,200 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 358 | | 385 | | 414 | | 445 | | 478 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 283 | | 304 | | 326 | | 349 | | 375 |

Winter Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 2,765 | \$ | 2,970 | \$ | 3,190 | \$ | 3,426 | \$ | 3,675 |
| Tier 2 | \$ | 3,371 | \$ | 3,621 | \$ | 3,889 | \$ | 4,176 | \$ | 4,479 |
| Tier 3 | \$ | 2,002 | \$ | 2,151 | \$ | 2,311 | \$ | 2,484 | \$ | 2,665 |

| | | | | | | | | | | | | |
|---------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Tier 1 Winter Rate | \$ | 1.32 | \$ | 1.71 | \$ | 1.84 | \$ | 1.97 | \$ | 2.12 | \$ | 2.27 |
| Tier 2 Winter Rate | \$ | 1.54 | \$ | 2.33 | \$ | 2.50 | \$ | 2.68 | \$ | 2.88 | \$ | 3.09 |
| Tier 3 Winter Rate | \$ | 2.46 | \$ | 6.76 | \$ | 7.27 | \$ | 7.81 | \$ | 8.39 | \$ | 9.00 |

RIVERSIDE PUBLIC UTILITIES

Appendix J

2023 RPU Water Rate Model

DEMAND REDUCTION RATES

VARIABLE RATES - TIER (WA4)

DEMAND REDUCTION RATES FOR 30% REDUCTION

WA4: Riverside Water Company

Summer

Base Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 559 | \$ | 601 | \$ | 645 | \$ | 692 | \$ | 743 |
| Tier 2 | | 1,157 | | 1,242 | | 1,334 | | 1,432 | | 1,536 |
| Tier 3 | | 237 | | 255 | | 273 | | 293 | | 315 |

Max Day Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 595 | \$ | 638 | \$ | 685 | \$ | 735 | \$ | 788 |
| Tier 2 | | 2,193 | | 2,353 | | 2,525 | | 2,709 | | 2,905 |
| Tier 3 | | 924 | | 992 | | 1,064 | | 1,142 | | 1,224 |

Max Hour Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 156 | \$ | 168 | \$ | 180 | \$ | 193 | \$ | 207 |
| Tier 2 | | 343 | | 368 | | 395 | | 424 | | 455 |
| Tier 3 | | 98 | | 105 | | 113 | | 121 | | 130 |

Supply 1 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | 464 | \$ | 499 | \$ | 537 | \$ | 578 | \$ | 621 |
| Tier 2 | | 73 | | 78 | | 84 | | 91 | | 97 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 2 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 778 | | 837 | | 901 | | 969 | | 1,040 |
| Tier 3 | | - | | - | | - | | - | | - |

Supply 3 Rate

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | 452 | | 486 | | 523 | | 563 | | 604 |
| Tier 3 | | 1,335 | | 1,436 | | 1,545 | | 1,661 | | 1,784 |

Supply 4 Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 532 | | 572 | | 615 | | 661 | | 710 |

Supply Sustainability Rate

| | | | | | | | | | | |
|--------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Tier 1 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Tier 2 | | - | | - | | - | | - | | - |
| Tier 3 | | 421 | | 452 | | 484 | | 520 | | 557 |

Summer Revenue Requirement By Tier

| | | | | | | | | | | |
|--------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Tier 1 | \$ | 1,774 | \$ | 1,905 | \$ | 2,046 | \$ | 2,198 | \$ | 2,358 |
| Tier 2 | \$ | 4,996 | \$ | 5,365 | \$ | 5,762 | \$ | 6,188 | \$ | 6,637 |
| Tier 3 | \$ | 3,548 | \$ | 3,811 | \$ | 4,095 | \$ | 4,399 | \$ | 4,719 |

| | | | | | | | | | | | |
|---------------------------|---------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|--------------|-----------|--------------|
| Tier 1 Summer Rate | \$1.32 | \$ | 1.71 | \$ | 1.84 | \$ | 1.97 | \$ | 2.12 | \$ | 2.27 |
| Tier 2 Summer Rate | \$1.58 | \$ | 2.33 | \$ | 2.50 | \$ | 2.68 | \$ | 2.88 | \$ | 3.09 |
| Tier 3 Summer Rate | \$3.17 | \$ | 8.06 | \$ | 8.66 | \$ | 9.31 | \$ | 10.00 | \$ | 10.73 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 30% REDUCTION

| | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| WA6 - Commercial/Industrial | | | | | | |
| REVENUE TO RECOVER | | | | | | |
| Base Revenue to Recover | \$ 3,174,174 | \$ 3,408,268 | \$ 3,659,800 | \$ 3,929,722 | \$ 4,214,511 | |
| Max Day Revenue to Recover | 3,149,552 | 3,379,276 | 3,626,061 | 3,890,839 | 4,171,080 | |
| Max Hour Revenue to Recover | 888,895 | 954,437 | 1,024,860 | 1,100,432 | 1,180,172 | |
| Supply 1 Revenue to Recover | 970,430 | 1,044,514 | 1,124,168 | 1,209,693 | 1,299,066 | |
| Supply 2 Revenue to Recover | 966,951 | 1,040,315 | 1,119,184 | 1,203,861 | 1,292,496 | |
| Supply 3 Revenue to Recover | 2,758,120 | 2,966,619 | 3,190,752 | 3,431,370 | 3,683,493 | |
| Supply 4 Revenue to Recover | 820,658 | 882,527 | 949,032 | 1,020,425 | 1,095,288 | |
| Supply Sustainability Revenue to Recover | 347,422 | 372,546 | 399,522 | 428,483 | 459,198 | |
| Total Allocated Costs | \$ 13,076,204 | \$ 14,048,503 | \$ 15,093,378 | \$ 16,214,825 | \$ 17,395,303 | |
| PROJECTED USAGE (HFC) | | | | | | |
| Projected Annual Usage (HCF) | 5,330,180 | 5,407,421 | 5,485,924 | 5,565,660 | 5,646,762 | |
| Projected Winter Usage (HCF) | 2,894,739 | 2,936,687 | 2,979,321 | 3,022,624 | 3,066,669 | |
| Projected Summer Usage (HCF) | 2,435,441 | 2,470,734 | 2,506,603 | 2,543,036 | 2,580,093 | |
| Winter | | | | | | |
| Base Revenue to Recover | \$1,723,845.42 | \$1,850,978.10 | \$1,987,581.07 | \$2,134,171.17 | \$2,288,835.86 | |
| Max Day Revenue to Recover | 1,503,915.22 | 1,613,608.57 | 1,731,448.55 | 1,857,880.23 | 1,991,695.23 | |
| Max Hour Revenue to Recover | 424,448.70 | 455,744.79 | 489,372.05 | 525,457.66 | 563,533.32 | |
| Supply 1 Revenue to Recover | 527,025.89 | 567,259.73 | 610,518.22 | 656,965.76 | 705,502.41 | |
| Supply 2 Revenue to Recover | 525,136.29 | 564,978.90 | 607,811.94 | 653,798.05 | 701,934.40 | |
| Supply 3 Revenue to Recover | 1,497,892.55 | 1,611,125.08 | 1,732,848.24 | 1,863,524.08 | 2,000,448.26 | |
| Supply 4 Revenue to Recover | 445,686.95 | 479,286.96 | 515,404.64 | 554,177.04 | 594,834.00 | |
| Supply Sustainability Revenue to Recover | 188,679.83 | 202,324.11 | 216,974.25 | 232,702.23 | 249,383.50 | |
| Winter Rate | \$ 1.58 | \$ 2.36 | \$ 2.50 | \$ 2.65 | \$ 2.81 | \$ 2.97 |
| Summer | | | | | | |
| Base Revenue to Recover | \$1,450,328.86 | \$1,557,290.12 | \$1,672,218.58 | \$1,795,550.63 | \$1,925,675.39 | |
| Max Day Revenue to Recover | 1,645,636.97 | 1,765,667.61 | 1,894,612.04 | 2,032,959.05 | 2,179,384.33 | |
| Max Hour Revenue to Recover | 464,446.70 | 498,692.08 | 535,488.15 | 574,974.58 | 616,638.36 | |
| Supply 1 Revenue to Recover | 443,404.53 | 477,254.69 | 513,649.44 | 552,727.59 | 593,563.15 | |
| Supply 2 Revenue to Recover | 441,814.74 | 475,335.75 | 511,372.56 | 550,062.49 | 590,561.27 | |
| Supply 3 Revenue to Recover | 1,260,227.15 | 1,355,493.71 | 1,457,903.31 | 1,567,846.05 | 1,683,045.10 | |
| Supply 4 Revenue to Recover | 374,971.35 | 403,240.24 | 433,627.21 | 466,247.95 | 500,454.06 | |
| Supply Sustainability Revenue to Recover | 158,742.66 | 170,222.08 | 182,547.71 | 195,780.28 | 209,814.82 | |
| Summer Rate | \$ 1.84 | \$ 2.56 | \$ 2.71 | \$ 2.87 | \$ 3.04 | \$ 3.22 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 30% REDUCTION

WA11 - Landscape

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 327,487 | \$ 351,639 | \$ 377,590 | \$ 405,439 | \$ 434,821 |
| Max Day Revenue to Recover | 537,710 | 576,930 | 619,062 | 664,267 | 712,111 |
| Max Hour Revenue to Recover | 95,342 | 102,372 | 109,926 | 118,031 | 126,584 |
| Supply 1 Revenue to Recover | 85,921 | 92,480 | 99,533 | 107,105 | 115,018 |
| Supply 2 Revenue to Recover | 85,613 | 92,108 | 99,091 | 106,588 | 114,436 |
| Supply 3 Revenue to Recover | 327,951 | 352,742 | 379,392 | 408,002 | 437,981 |
| Supply 4 Revenue to Recover | 97,579 | 104,936 | 112,843 | 121,332 | 130,234 |
| Supply Sustainability Revenue to Recover | 59,314 | 63,603 | 68,209 | 73,153 | 78,397 |
| | \$ 1,616,917 | \$ 1,736,811 | \$ 1,865,647 | \$ 2,003,919 | \$ 2,149,582 |

| | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| Projected Annual Usage (HCF) | 512,685 | 520,114 | 527,665 | 535,334 | 543,135 |
| Projected Winter Usage (HCF) | 254,498 | 258,186 | 261,934 | 265,742 | 269,614 |
| Projected Summer Usage (HCF) | 258,187 | 261,928 | 265,731 | 269,592 | 273,521 |

Winter

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | \$ 162,565.51 | \$ 174,554.65 | \$ 187,436.66 | \$ 201,261.38 | \$ 215,846.64 |
| Max Day Revenue to Recover | 193,687.82 | 207,815.17 | 222,991.38 | 239,275.41 | 256,508.97 |
| Max Hour Revenue to Recover | 34,659.89 | 37,215.49 | 39,961.44 | 42,908.15 | 46,017.36 |
| Supply 1 Revenue to Recover | 42,651.30 | 45,907.36 | 49,408.15 | 53,167.24 | 57,095.17 |
| Supply 2 Revenue to Recover | 42,498.38 | 45,722.78 | 49,189.13 | 52,910.89 | 56,806.42 |
| Supply 3 Revenue to Recover | 162,795.46 | 175,101.94 | 188,330.99 | 202,533.91 | 217,415.02 |
| Supply 4 Revenue to Recover | 48,438.60 | 52,090.36 | 56,015.68 | 60,229.78 | 64,648.43 |
| Supply Sustainability Revenue to Recover | 29,443.63 | 31,572.83 | 33,858.97 | 36,313.45 | 38,916.53 |
| Winter Rate | \$ 1.58 | \$ 2.82 | \$ 2.98 | \$ 3.16 | \$ 3.34 |

Summer

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Base Revenue to Recover | \$ 164,921.77 | \$ 177,084.66 | \$ 190,153.76 | \$ 204,177.57 | \$ 218,974.72 |
| Max Day Revenue to Recover | 344,022.34 | 369,114.84 | 396,071.12 | 424,991.67 | 455,602.38 |
| Max Hour Revenue to Recover | 60,682.28 | 65,156.61 | 69,964.20 | 75,123.28 | 80,566.86 |
| Supply 1 Revenue to Recover | 43,269.50 | 46,572.75 | 50,124.37 | 53,937.62 | 57,922.60 |
| Supply 2 Revenue to Recover | 43,114.36 | 46,385.49 | 49,902.18 | 53,677.54 | 57,629.66 |
| Supply 3 Revenue to Recover | 165,155.06 | 177,639.89 | 191,061.05 | 205,468.55 | 220,565.82 |
| Supply 4 Revenue to Recover | 49,140.68 | 52,845.36 | 56,827.68 | 61,102.48 | 65,585.33 |
| Supply Sustainability Revenue to Recover | 29,870.39 | 32,030.45 | 34,349.79 | 36,839.62 | 39,480.52 |
| Summer Rate | \$ 1.84 | \$ 3.49 | \$ 3.69 | \$ 3.91 | \$ 4.14 |

RIVERSIDE PUBLIC UTILITIES

2023 RPU Water Rate Model

VARIABLE RATES - NO TIER (Comm/Ind, Landscape, WA2, WA7)

Appendix J

Demand Reduction Rates

Non-Tiered Rates

DEMAND REDUCTION RATES FOR 30% REDUCTION

WA2 - Flat Rate

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Base Revenue to Recover | \$ 18,604 | \$ 19,976 | \$ 21,450 | \$ 23,032 | \$ 24,701 |
| Max Day Revenue to Recover | 59,199 | 63,517 | 68,155 | 73,132 | 78,399 |
| Max Hour Revenue to Recover | 5,905 | 6,341 | 6,809 | 7,311 | 7,840 |
| Supply 1 Revenue to Recover | 3,439 | 3,701 | 3,984 | 4,287 | 4,603 |
| Supply 2 Revenue to Recover | 3,426 | 3,686 | 3,966 | 4,266 | 4,580 |
| Supply 3 Revenue to Recover | 24,025 | 25,841 | 27,793 | 29,889 | 32,085 |
| Supply 4 Revenue to Recover | 7,148 | 7,687 | 8,267 | 8,888 | 9,540 |
| Supply Sustainability Revenue to Recover | 6,530 | 7,002 | 7,509 | 8,054 | 8,631 |
| | \$ 128,276 | \$ 137,751 | \$ 147,932 | \$ 158,858 | \$ 170,381 |

| | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Projected Annual Usage (HCF) | 35,515 | 35,515 | 35,515 | 35,515 | 35,515 |
| Projected Winter Usage (HCF) | 14,354 | 14,354 | 14,354 | 14,354 | 14,354 |
| Projected Summer Usage (HCF) | 21,161 | 21,161 | 21,161 | 21,161 | 21,161 |
| | \$ 3.61 | \$ 3.88 | \$ 4.17 | \$ 4.47 | \$ 4.80 |

WA7 & 10 - Interruptable

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Base Revenue to Recover | \$ 347,974 | \$ 373,637 | \$ 401,212 | \$ 430,802 | \$ 462,023 |
| Max Day Revenue to Recover | 322,454 | 345,974 | 371,240 | 398,348 | 427,039 |
| Max Hour Revenue to Recover | 103,871 | 111,530 | 119,759 | 128,590 | 137,908 |
| Supply 1 Revenue to Recover | 84,010 | 90,423 | 97,319 | 104,723 | 112,460 |
| Supply 2 Revenue to Recover | 83,709 | 90,060 | 96,887 | 104,218 | 111,891 |
| Supply 3 Revenue to Recover | 324,349 | 348,869 | 375,226 | 403,522 | 433,172 |
| Supply 4 Revenue to Recover | - | - | - | - | - |
| Supply Sustainability Revenue to Recover | - | - | - | - | - |
| | \$ 1,266,368 | \$ 1,360,492 | \$ 1,461,643 | \$ 1,570,203 | \$ 1,684,492 |

| | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Projected Annual Usage (HCF) | 564,756 | 571,958 | 580,262 | 588,696 | 597,274 |
| Projected Winter Usage (HCF) | 232,874 | 331,882 | 47,063 | 235,844 | 336,114 |
| Projected Summer Usage (HCF) | 331,882 | 240,076 | 533,199 | 352,852 | 261,160 |
| | \$ 2.24 | \$ 2.38 | \$ 2.52 | \$ 2.67 | \$ 2.82 |