WATER | ENERGY | LIFE

CITY OF RIVERSIDE PUBLIC UTILITIES

Water Treatment Surcharge Rate Study

Water Treatment Cost-of-Service Analysis Rate Study Report

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carollo

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Abbreviations

Carollo	Carollo Engineers
CCF	hundred cubic feet
CIP	Capital Improvements Program
City	City of Riverside
COSA	Cost of Service Analysis
EPA	Environmental Protection Agency
FTE	full-time employee
FYE	fiscal year ending
IX	ion exchange
JW North WTP	John W. North Water Treatment Plant
O&M	operations and maintenance
PFAS	per- and polyfluoroalkyl substances
RO	reverse osmosis
RPU	Riverside Public Utility
SAWPA	Santa Ana Watershed Project Authority
SCADA	Supervisory Control and Data Acquisition
WTP	water treatment plant

SECTION 1 INTRODUCTION

The City of Riverside (City) Public Utilities Department (RPU) provides safe and reliable water to approximately 67,000 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 (CIP). Based on those plans, RPU completed a comprehensive cost of service analysis (COSA) in 2023 and adopted rates for fiscal year ending (FYE) 2024 through 2028.

Since the adoption of the rates developed in the 2023 COSA, RPU has identified additional water treatment projects that are necessary to address the per- and polyfluoroalkyl substances (PFAS) present in its groundwater sources.

PFAS are a group of manufactured substances that contaminate soil and drinking water sources after products containing them are applied or spilled onto the ground. Several basins in the RPU service area have PFAS contaminations due to their proximity to contamination sources including air force bases and manufacturing plants. The City has participated in lawsuits against manufacturers and other contaminators regarding the concerning detection level of PFAS in the water systems. For example, RPU is one of the public water systems considered as Phase One class members in the 3M settlement. Others include Dupont, Tyco, and BASF, totaling approximately $39.6 million in settlement reimbursements (after legal fees).

Both the state of California and the federal Environmental Protection Agency (EPA) have set various maximum contaminant levels (MCL), notification levels, and response levels for different PFAS compounds. To meet these criteria and mitigate the public health risks, RPU hired a third-party consultant to estimate costs for adding ion exchange (IX) to two water treatment plants (WTP), Palmyrita and Palm Meadows, and the addition of reverse osmosis (RO) to the John W. North WTP (JW North WTP). RPU contracted Carollo Engineers, Inc. (Carollo) to conduct a Water Treatment Surcharge Rate Study to determine a surcharge assessed to all potable water customers to recover the capital costs of the projects and the operating and maintenance (O&M) costs of the new treatment facilities once they are operational.

Capital and O&M costs associated with PFAS treatment will be integrated into RPU's water enterprise fund and will add to the revenue requirements to be supported by the overall rate base. The proposed mechanism for cost recovery is through a Water Treatment Surcharge. All RPU potable water customers receive water via the Linden-Evans reservoir which is used to blend water produced from RPU's various groundwater sources. The planned PFAS treatment system would treat water produced from specific groundwater basins and the treated product water would be blended with the rest of the wells not subject to treatment at the Linden-Evans reservoir, prior to distribution. This arrangement dictates that all potable water customers will benefit equally from PFAS treatment and thus, it is appropriate to recover the costs proportionally from all users as an incremental rate applied to all potable water usage.

This report outlines the method and calculations behind Carollo's surcharge recommendation for FYE 2027 through 2032.

SECTION 2 INPUTS AND ASSUMPTIONS

2.1 Settlement Revenues

As discussed in the previous section, RPU will receive settlement revenue as a participant in class action against PFAS manufacturers. In total, RPU will receive $39.6 million in net settlement revenues (after legal fees) over the period from FYE 2026 through FYE 2033.

Table 1 Settlement Proceeds

Year	Net Settlement Proceeds
FYE 2026	$23.3
FYE 2027	$8.1
FYE 2028	$2.8
FYE 2029	$1.5
FYE 2030	$1.0
FYE 2031	$1.0
FYE 2032	$0.9
FYE 2033	$0.9
Total	**$39.6**

2.2 Capital Improvement Projects

Due to the concerning traces of PFAS RPU has found in several groundwater basins, RPU has developed three treatment projects as part of a strategic plan targeting PFAS remediation. Two of the projects are IX upgrades at the Palmyrita and Palm Meadows WTPs. This approach was selected based on the following criteria: ability to adapt to future conditions, real estate, constructability, ease of operation, community impacts, and Capital and annual O&M expenses. It further reduces effluent PFAS concentrations from the Palmyrita WTP and, as an additional benefit, IX technology treats another regulated constituent, perchlorate. The two IX projects are planned to come online first, Palmyrita in FYE 2029 and Palm Meadows in FYE 2030. The third project is an RO upgrade at JW North WTP, anticipated to come online FYE 2031. This project is more capital- and energy-intensive but removes a broader spectrum of PFAS and co-contaminants, which is more suitable to the PFAS presence shown in the Waterman transmission main which this plant treats and has the ability to adapt to future conditions and MCL reductions.

The Water Treatment Surcharge is designed to recover the capital costs for these three projects:

- Palmyrita WTP: Modifying the site to include 22 IX vessels, pre-filters, booster pumps, piping, and electrical equipment. This $27.0 million project is anticipated to come online in FYE 2029.
- Palm Meadows WTP: Modifying the site to include 12 IX vessels, pre-filters, booster pumps, piping, and electrical equipment. This $15.0 million project is anticipated to come online in FYE 2030.
- JW North WTP: Adding RO treatment capabilities. This $55.2 million project is anticipated to come online in FYE 2031.

Table 2 summarizes the capital expenditures, capacity, and timing for the treatment projects.

Table 2 PFAS Capital Expenditures

Facility	Capital Expenditure ($ millions)	Million Gallons per Day	Anticipated Online
Palmyrita WTP	$27.0	11.2	FYE 2029
Palm Meadows WTP	$15.0	19.2	FYE 2030
John W. North WTP	$55.2	10.8	FYE 2031
Total	**$97.2**	**41.2**	

Notes:
(1) Totals may not tie due to rounding.

2.3 Capital Funding

The analysis for the proposed surcharges is based on a scenario that assumes a majority of the settlement revenues, approximately $35.75 million, are used to offset capital costs and the remaining costs are covered through using debt proceeds. RPU plans to issue two bonds, described below:

- Palmyrita and Palm Meadows Bond Issuance: $8.0 million principal with payments beginning FYE 2028**.** Without offsetting settlement proceeds, this bond issuance would be $42.0 million and begin repayment in FYE 2027.
- JW North Bond Issuance: $53.5 million principal with payments beginning FYE 2029**.** Without offsetting settlement proceeds, this bond issuance would be $55.2 million and maintain the repayment schedule beginning in FYE 2029.

The estimated debt amortization schedule for both bonds assume a 5.00 percent interest rate and repayment over 30 years. The first year of payments for each bond will consist of a half-year interest payment in the fiscal year issued followed by full payments in the following year. Once both bonds are issued and fully in repayment, debt service for PFAS projects will total just under $4.0 million per year, the debt payment schedule for the duration of the Study period is shown in Table 3.

Table 3 Debt Service Schedule (FYE 2027-2032) ($ millions)

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Principal	-	-	$0.120	$0.931	$0.977	$1.026
Interest	-	$0.200	$1.736	$3.066	$3.020	$2.971
Total	**-**	**$0.200**	**$1.857**	**$3.997**	**$3.997**	**$3.997**

Notes:
(1) Totals may not tie due to rounding.

2.4 Operations and Maintenance

In addition to the capital costs of these projects, each facility's upgrade would incur annual operations and maintenance (O&M) costs to run the treatment processes on a day-to-day basis. The estimated O&M budget is organized by cost centers and includes labor, electricity, chemicals, supplies, incineration disposal for ion exchange processes, and brine disposal via Santa Ana Watershed Project Authority (SAWPA) for RO processes.

2.4.1 Escalation Factors

RPU provided O&M costs in FYE 2025 dollars, Carollo used the following escalation factors shown in Table 4 to adjust O&M costs from 2025 dollars to the escalated dollar value at the time of the project operation beginning for each plant FYE 2029 and to project costs for subsequent years.

- Labor escalation factors are based on expected salary increases.
- Electricity escalation factors are based on expected rate increases for the service providers supplying electricity to the plants.
- Chemicals, Supplies, Incineration Disposal, and SAWPA Disposal are escalated at 3 percent per year to reflect general inflation.
- Capital costs are escalated at 3.2 percent per year based on the long-term average of the Engineering News Record Construction Cost Index (ENR CCI).

Table 4 Cost Escalation (FYE 2026-2032)

Expenditure	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Labor	4.0%	4.0%	4.8%	3.0%	3.0%	3.0%	3.0%
Electricity	7.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Chemicals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Supplies	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Incineration Disposal	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
SAWPA Disposal	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

2.4.2 Additional Staff and Resources

RPU identified eight (8) additional full-time employees (FTE) required to operate the new facilities, including 5 additional employees and an allocated portion of time for 3 current employees:

- Senior Utility Resource Analyst: 100 percent allocation to PFAS Treatment.
- Utility Water System Operator: 100 percent allocation to PFAS Treatment.
- Utility Water Control System Technician: 100 percent allocation to PFAS Treatment.
- Utility Water Maintenance Electrician: 100 percent allocation to PFAS Treatment.
- Utility Water Maintenance Mechanic: 100 percent allocation to PFAS Treatment.
- Utility Water Superintendent: 25 percent allocation to PFAS Treatment.
- Principal Water Resource Analyst: 10 percent allocation to PFAS Treatment.
- Utility Water Systems Operations Manager: 5 percent allocation to PFAS Treatment.

At RPU's direction, Carollo modeled all eight staff onboarding at the same time so the full team will be ready when these components come online. In total, the FYE 2025 fully burdened costs for these positions is $1.4 million. After escalating to FYE 2029, the labor cost is $1.7 million. The labor rates were allocated to

each of the three projects based on factors determined by RPUs consultant. The labor costs for each facility, projected through the Study period ending in FYE 2032, are shown in Table 5.

Table 5 Labor Costs (FYE 2028-2032) ($ millions)

Expenditure	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Palmyrita WTP	-	$0.188	$0.194	$0.199	$0.205
Palm Meadows WTP	-	$0.109	$0.112	$0.115	$0.119
John W. North WTP	-	$1.384	$1.426	$1.468	$1.512
Total	**-**	**$1.680**	**$1.731**	**$1.783**	**$1.836**

Notes:
(1) Totals may not tie due to rounding.

RPU also estimated five (5) new vehicles for these FTEs, totaling $873,000 in FYE 2025 dollars, or $990,000 in FYE 2029 dollars when the vehicles will be purchased. The vehicle costs are allocated to each plant in proportion to the allocated labor costs.

2.4.3 Plant O&M Costs

2.4.3.1 Ion Exchange

In addition to the new staff that will be working on the ion exchange, these plants require other O&M costs detailed below in Table 6 and Table 7. The two most significant expenditures for plants with ion exchange are the cost of media resin (chemical expenditure category) and resin incineration disposal cost (disposal expenditure category). Operating costs are assumed to begin in full when each plant comes online. For example, all of Palmyrita's O&M expenditures begin in FYE 2029 whereas Palm Meadow's begin in FYE 2030 (with the exception of labor and vehicles which all start in FYE 2029).

Table 6 Palmyrita WTP O&M Costs (FYE 2028-2032) ($ millions)

Expenditure	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Labor	-	$0.188	$0.194	$0.199	$0.205
Power	-	$0.001	$0.001	$0.001	$0.001
Chemical/Changeouts	-	$3.072	$3.164	$3.259	$3.356
Filters	-	$0.003	$0.003	$0.004	$0.004
Disposal	-	$0.894	$0.920	$0.948	$0.977
Vehicle Purchases		$0.134			
Vehicle Maintenance and Fuel Costs	-	$0.019	$0.020	$0.021	$0.021
Total	**-**	**$4.311**	**$4.302**	**$4.431**	**$4.564**

Notes:
(1) Totals may not tie due to rounding.

Table 7 Palm Meadows WTP O&M Costs (FYE 2028-2032) ($ millions)

Expenditure	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Labor	-	$0.109	$0.112	$0.115	$0.119
Power	-	-	$0.164	$0.171	$0.177
Chemical/Changeouts	-	-	$1.825	$1.879	$1.936
Filters	-	-	$0.003	$0.004	$0.004
Disposal	-	-	$0.531	$0.547	$0.563
Vehicle Purchases		$0.078			
Vehicle Maintenance and Fuel Costs	-	$0.011	$0.012	$0.012	$0.012
Total	-	**$0.197**	**$2.646**	**$2.727**	**$2.811**

Notes:
(1) Totals may not tie due to rounding.

2.4.3.2 RO at JW North WTP

The RO operations for the JW North WTP are anticipated to come online in FYE 2031, after the labor and vehicles onboarding in FYE 2029.

The most expensive components of RPU's RO operation are energy costs (including feed water and booster pumps and natural gas condensing furnace) and equipment replacement costs, followed by brine disposal via the SAWPA brine line. For power, chemicals, filters, and other incidental costs, RPU determined the O&M cost to operate these components based on the EPA's allocation factor guidelines, then scaled to the plant production required. In addition to the separate calculations for labor and vehicle maintenance, RPU identified the SAWPA-specific cost, based on the purchase of treatment and disposal capacity for 1.5 million gallons per day.

JW North's expenditures also include an "Other" category which captures line-item costs such as membrane materials, replacement, and disposal and cartridge filter replacement and disposal.

Table 8 JW North WTP O&M Costs (FYE 2028-2032) ($ millions)

Expenditure	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Labor	-	$1.384	$1.426	$1.468	$1.512
Power	-	-	-	$4.166	$4.332
Chemical/Changeouts	-	-	-	$1.653	$1.702
Filters	-	-	-	$0.160	$0.165
Disposal (SAWPA)	-	-	-	$1.831	$1.886
Vehicle Purchases		$0.778			
Vehicle Maintenance and Fuel Costs	-	$0.138	$0.142	$0.147	$0.151
Other (1)	-	-	-	$2.490	$2.569
Total	-	**$2.300**	**$1.568**	**$11.914**	**$12.318**

Notes:
(1) Other, including Equipment Replacement Allowance.
(2) Totals may not tie due to rounding.

2.4.3.3 Equipment Replacement Allowance

Carollo calculated an equipment replacement allowance for RPU's long-term financial plan in order to insulate future rate increases for anticipated replacement and repair (R&R) such as valve replacements and Supervisory Control and Data Acquisition replacements. Carollo modeled this as 1.0% of capital costs, beginning in Year 10 of plant operation. As evaluated, equipment replacement costs would not begin until year 9 of each plant's operation and therefore fall outside of this surcharge rate evaluation. The first year in which this expenditure is accounted for RPU's cash flow is FYE 2038.

2.5 Water Demand

The recommended Water Treatment Surcharge will be assessed to all potable customers based on a per hundred cubic feet (CCF) basis. One CCF is equivalent to 748 gallons. RPU provided Carollo with user consumption and an annual growth value of 1.0 percent.

The projected demands that are eligible for the surcharge exclude Gage Canal (Greenbelt Irrigation) and recycled water customers. The Gage Canal and recycled water systems are distinct from the potable water distribution system are not subject to the drinking water standards necessitating the surcharge. All of the water delivered via those systems is used for non-potable purposes. Therefore, these customers are not subject to the Water Treatment Surcharge and their demands are excluded from the surcharge calculation. Table 9 shows the resulting demand forecast subject to the surcharge.

Table 9 Surcharge-Eligible Consumption Forecast (FYE 2028-2032) (CCF)

	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Total RPU Demand	24,090,893	24,327,172	24,570,444	24,816,148	25,064,309
Less: Greenbelt Irrigation	(136,204)	(136,204)	(136,204)	(136,204)	(136,204)
Less: Recycled Water	(73,258)	(73,258)	(73,258)	(73,258)	(73,258)
Total Surcharge-Eligible Demand	**23,881,431**	**24,117,710**	**24,360,982**	**24,606,686**	**24,854,847**

SECTION 3 REVENUE REQUIREMENTS

The revenue requirement forecast is derived from RPU's expenditures summarized in Section 2 and determines how much revenue needs to be recovered from customers via the surcharge rates. As shown in Table 10, surcharge revenue requirements will ramp up over the study period as debt service payments, labor costs, and treatment facility O&M costs come online. Once all three plants are operational in FYE 2031, annual PFAS revenue requirements, net of settlement revenues, will total $22.04 million.

Table 10 Water Treatment Surcharge-Eligible Revenue Requirements Forecast (FYE 2028-2032) ($ millions)

Expenditure	Cost Type	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Labor	Fixed	-	$1.68	$1.73	$1.78	$1.84
Power	Variable	-	$0.00	$0.17	$4.34	$4.51
Chemical/Changeouts	Variable	-	$3.07	$4.99	$6.79	$6.99
Filters	Variable	-	$0.00	$0.01	$0.17	$0.17
Disposal	Variable	-	$0.89	$1.45	$3.33	$3.43
Vehicle Purchases	Fixed	-	$0.99	-	-	-
Vehicle Maintenance and Fuel Costs	Fixed	-	$0.17	$0.17	$0.18	$0.18
Other (1)	Variable	-	-	-	$2.49	$2.57
Debt Service	Fixed	$0.20	$1.86	$4.00	$4.00	$4.00
Less: Ongoing Settlement Payments	Fixed (2)	-	-	$(1.03)	$(1.03)	$(0.91)
Total Surcharge Revenue Requirements		**$0.20**	**$8.66**	**$11.48**	**$22.04**	**$22.78**
Total Fixed Revenue Requirements		*$0.20*	*$4.69*	*$4.87*	*$4.92*	*$5.11*
Total Variable Revenue Requirements		-	*$3.97*	*$6.61*	*$17.11*	*$17.67*

Notes:
(1) Other, including Equipment Replacement Allowance.
(2) Settlement payments offset fixed debt service.
(3) Totals may not tie due to rounding.

3.1 Phased-In Revenue Requirements

Due to the staggered incurrence of costs as debt service payments, labor costs, and each of the facilities' O&M costs come online, rate payer bills would be volatile over the Study period if the surcharge aimed to recover only that year's direct cost revenue requirement. To evaluate this rate volatility, Carollo identified RPU's projected rate revenue without a Water Treatment Surcharge, using RPU's Pro Forma which is based on the adopted rate structure of an annual 6.5 percent rate increase from FYE 2026 through FYE 2028, then assumed 3.0 percent annual rate increase thereafter. After adding the direct PFAS revenue requirement, Table 11 shows the resulting total rate revenue increase with a direct recovery of PFAS costs.

Table 11 Direct Cost Rate Revenues (FYE 2027-2032) ($ millions)

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Rate Revenues *without* Water Treatment Surcharge (1)	$91.20	$97.66	$101.17	$104.80	$108.57	$112.48
Water Treatment Surcharge Rate Revenue	-	$0.20	$8.66	$11.48	$22.04	$22.78
Total Direct Cost Rate Revenues	**$91.20**	**$97.86**	**$109.83**	**$116.28**	**$130.61**	**$135.25**
Total Rate Revenue Increase		*7.3%*	*12.2%*	*5.9%*	*12.3%*	*3.6%*
Increase due to Water Treatment Surcharge	*0.0%*	*0.2%*	*8.6%*	*2.6%*	*9.1%*	*0.6%*

Notes:
(1) Rate Revenue is net of WA-8 Greenbelt Irrigation and WA-10 Recycled Water revenues.
(2) Totals may not tie due to rounding.

To insulate RPU customers from this volatility, Carollo analyzed RPU's expected user revenues and developed a smoothed phased-in PFAS revenue requirement projection, based on how total rate revenues will impact the customer. Table 12 shows the resulting phased-in PFAS revenue requirement.

Table 12 Phased-In Revenue Requirement (FYE 2027-2032) ($ millions)

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Rate Revenues *without* Water Treatment Surcharge (1)	$91.20	$97.66	$101.17	$104.80	$108.57	$112.48
Phased-In Water Treatment Surcharge Rate Revenue	-	$3.42	$7.73	$12.52	$18.44	$23.05
Total Phased-In Rate Revenues	**$91.20**	**$101.08**	**$108.90**	**$117.32**	**$127.01**	**$135.53**
Total Rate Revenue Increase		*10.8%*	*7.7%*	*7.7%*	*8.3%*	*6.7%*
Increase due to Water Treatment Surcharge	***0.0%***	***3.5%***	***4.0%***	***4.0%***	***4.5%***	***3.0%***

Notes:
(1) Rate Revenue is net of WA-8 Greenbelt Irrigation and WA-10 Recycled Water revenues.
(2) Totals may not tie due to rounding.

While the discrepancy between actual revenues recovered from the Water Treatment Surcharge rates and the costs incurred may vary for any given year, the revenues approximately breakeven over the Study period (shown in line "Cumulative Surplus (Deficit)" of Table 13). In years with a Water Treatment Surcharge deficit, costs would be supported by RPU's operational reserves, those reserves would then be replenished in years with Water Treatment Surcharge surplus.

Table 13 Phased-In Breakeven Cash Flow (FYE 2028-2032) ($ millions)

	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Phased-In Water Treatment Surcharge Revenue	$3.42	$7.73	$12.52	$18.44	$23.05
Less: PFAS Costs	$0.20	$8.66	$11.48	$22.04	$22.78
Annual Surplus (Deficit)	**$3.22**	**$(0.94)**	**$1.04**	**$(3.60)**	**$0.27**
Cumulative Surplus (Deficit) (1)	$3.22	$2.28	$3.32	$(0.27)	$(0.00)

Notes:
(1) Calculated by adding that year's Annual Cash Flow to the Cumulative Cash Flow of the prior year.
(2) Totals may not tie due to rounding.

SECTION 4 WATER TREATMENT SURCHARGE CALCULATION

The surcharge calculation step calculates the unit cost, which adequately recovers the phased-in required revenue identified in Table 13.

Carollo allocated the revenue requirements to fixed and variable rate components to consider multiple cost recovery scenarios. For example, debt service, labor, equipment R&R, and vehicle maintenance costs could be recovered through a fixed component as those costs do not vary with the amount of water treated. Carollo calculated fixed and variable surcharges based on those allocations and reviewed the resulting rates and associated single family bill impacts with RPU.

Carollo modeled three scenarios for unit surcharge rates:

- All costs recovered through a variable rate;
- Debt service payments recovered through a fixed charge and all O&M costs recovered through a variable rate;
- Debt service payments, labor, and vehicle costs recovered through a fixed charge and all other O&M costs recovered through a variable rate.

Ultimately, Carollo and RPU determined that a fully volumetric (variable) surcharge per CCF would be the preferred option. The inclusion of a fixed component could help decrease surcharge revenue volatility. However, a fixed surcharge component would lead to higher rate impacts for low demand water users and increase the complexity of surcharge billing and future updates.

Table 14 shows the calculation of the recommended surcharge. The variable Water Treatment Surcharge is calculated by dividing the smoothed revenue requirements in Table 12 by the potable water sales subject to a Water Treatment Surcharge in Table 9.

Table 14 Recommended Water Treatment Surcharge Rate (FYE 2028-2032)

	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Variable Costs Recovered by Rates (1) ($ millions)	$3.42	$7.73	$12.52	$18.44	$23.05
Surcharge-Eligible Demand	24,117,710	24,360,982	24,606,686	24,854,847	25,105,490
Unit Water Treatment Surcharge per CCF	**$0.14**	**$0.32**	**$0.51**	**$0.74**	**$0.92**

Notes:
(1) Phased-In Water Treatment Surcharge Revenue Requirement.
(2) Totals may not tie due to rounding.

Carollo notes that all revenue recovering all costs through a variable rate is subject to risk based on weather conditions, conservation efforts, and other extenuating circumstances that could impact water demands. Therefore, Carollo recommends RPU closely monitor customer demands and update the model accordingly if sustained periods of demand reductions from the levels in Table 9 are realized or expected.

SECTION 5 SINGLE FAMILY BILL IMPACTS

The following figures and tables show the estimated monthly bill impacts for low demand (25th percentile) single family residential (SFR) users averaging 10 CCF per month as well as for a typical user averaging 20 CCF per month. Both bill calculations assume that users have a ¾" water meter. The "Normal Rates (Non-Surcharge" portion of the bill is based on the adopted rates for FYE 2026 through FYE 2028 and assumed 3-percent per year increases thereafter.

5.1 Estimated Impact to Low Demand (10 CCF) User

Figure 1 shows the estimated monthly bills for a low demand SFR user for FYE 2027 through FYE 2032. This user averages approximately 10 CCF per month, 8 CCF per month in winter and 12 CCF per month in summer. Based on the adopted and assumed increases to the normal rates and the recommended Water Treatment Surcharge shown in Table 14, the average monthly bill would increase from $49.24 in FYE 2027 to $68.04 in FYE 2032. By FYE 2032, the average Water Treatment Surcharge for a user at this level of demand would be $8.89 per month, or $7.36 in the winter and $11.04 in the summer.

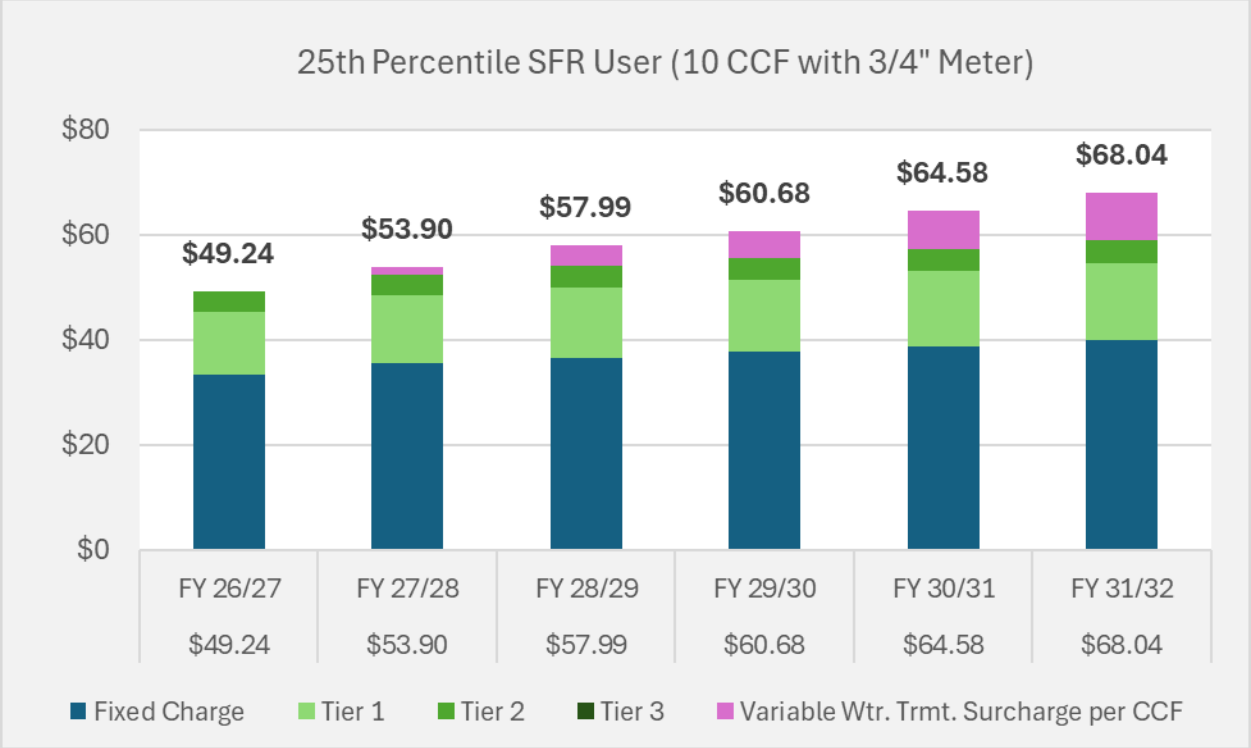

Figure 1 Estimated Low Demand SFR User Average Monthly Bill

Table 15 shows the estimated monthly bill and bill impacts for the low demand user. As shown, the cumulative increase in this customer's bill driven by the Water Treatment Surcharge would be 17.6-percent over the study period, an annualized increase of 3.3-percent over per year over five years.

Table 15 Estimated Low Demand SFR User Bill Impacts – 10 CCF per Month, ¾-inch Water Meter

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Normal Rates (Non-Surcharge)	$49.24	$52.55	$54.13	$55.75	$57.42	$59.15
Water Treatment Surcharge	$0.00	$1.35	$3.09	$4.93	$7.15	$8.89
Total Customer Bill	**$49.24**	**$53.90**	**$57.22**	**$60.68**	**$64.58**	**$68.04**
Total Bill Increase	***$3.11***	***$4.67***	***$3.32***	***$3.46***	***$3.90***	***$3.46***
Total Bill Increase %	*6.8%*	*9.5%*	*6.2%*	*6.0%*	*6.4%*	*5.4%*
Normal Rates Increase	***$3.11***	***$3.31***	***$1.58***	***$1.62***	***$1.67***	***$1.72***
Normal Rates Increase %	*6.8%*	*6.7%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Surcharge Increase	***$0.00***	***$1.35***	***$1.74***	***$1.84***	***$2.22***	***$1.74***
Surcharge Increase %	*0.0%*	*2.7%*	*3.3%*	*3.4%*	*4.0%*	*3.0%*
Surcharge Increase Cumulative %	*0.0%*	*2.7%*	*6.2%*	*9.8%*	*14.1%*	*17.6%*
Annualized Water Treatment Surcharge Increase (FYE 2027 through FYE 2032)						***3.3%***

5.2 Estimated Impact to Typical Demand (20 CCF) User

Figure 2 shows the estimated monthly bills for a typical demand SFR user for FYE 2027 through FYE 2032. This user averages approximately 20 CCF per month, 16 CCF per month in winter and 25 CCF per month in summer. Based on the adopted and assumed increases to the normal rates and the recommended Water Treatment Surcharge shown in Table 14, the average monthly bill would increase from $71.01 in FYE 2027 to $103.37 in FYE 2032. By FYE 2032, the average Water Treatment Surcharge for a user at this level of demand would be $18.17 per month, or $14.72 in the winter and $23.00 in the summer.

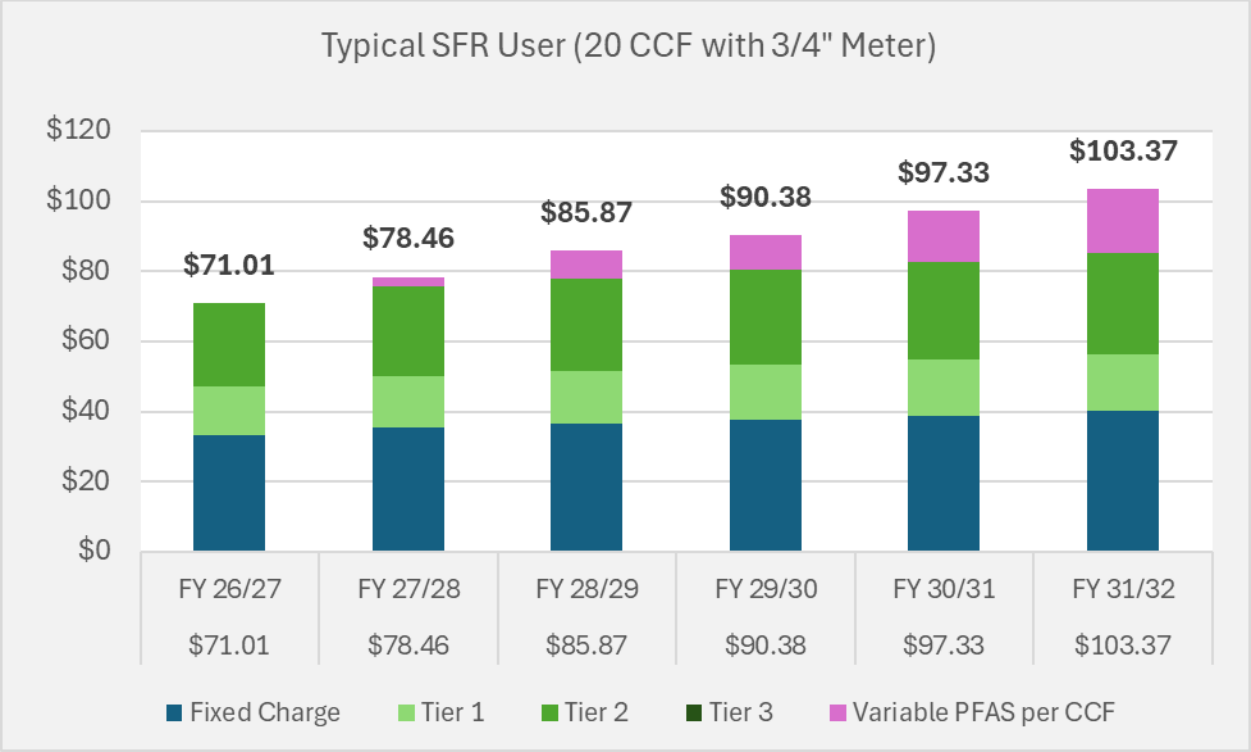

Figure 2 Estimated Typical Demand SFR User Average Monthly Bill

Table 16 shows the estimated monthly bill and bill impacts for the typical demand user. As shown, the cumulative increase in this customer's bill driven by the Water Treatment Surcharge would be 25.6-percent over the study period, an annualized increase of 4.7-percent over per year over five years. Compared to the low demand user, this typical user would see a higher percentage increase due to the Water Treatment Surcharge. This is due to the amount of usage and therefore variable Water Treatment Surcharge being higher for this customer but the fixed charging remaining the same as the low demand user since both assume a ¾-inch water meter.

Table 16 Estimated Typical Demand SFR User Bill Impacts – 20 CCF per Month, ¾-inch Water Meter

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Normal Rates (Non-Surcharge)	$71.01	$75.70	$77.97	$80.31	$82.72	$85.20
Water Treatment Surcharge	$0.00	$2.77	$6.32	$10.07	$14.62	$18.17
Total Customer Bill	**$71.01**	**$78.46**	**$84.29**	**$90.38**	**$97.33**	**$103.37**
Total Bill Increase	***$4.48***	***$7.45***	***$5.83***	***$6.09***	***$6.95***	***$6.04***
Total Bill Increase %	*6.7%*	*10.5%*	*7.4%*	*7.2%*	*7.7%*	*6.2%*
Normal Rates Increase	***$4.48***	***$4.69***	***$2.27***	***$2.34***	***$2.41***	***$2.48***
Normal Rates Increase %	*6.7%*	*6.6%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Surcharge Increase	***$0.00***	***$2.77***	***$3.56***	***$3.75***	***$4.54***	***$3.56***
Surcharge Increase %	*0.0%*	*3.9%*	*4.7%*	*4.8%*	*5.7%*	*4.3%*
Surcharge Increase Cumulative %	*0.0%*	*3.9%*	*8.8%*	*14.0%*	*20.5%*	*25.6%*
Annualized Water Treatment Surcharge Increase (FYE 2027 through FYE 2032)						***4.7%***

SECTION 6 ALTERNATIVE ANALYSIS

The recommendation discussed thus far in the report is calculated under the assumption that RPU uses some of the PFAS settlement proceeds to offset the capital costs. Carollo additionally determined the direct cost and phased-in revenue requirements, and resulting unit cost surcharge rate, under a scenario where the settlement proceeds do not reduce the initial debt issuance required for Palmyrita and Palm Meadows from $42.0 million to $8.0 million, nor would further settlement proceeds through FYE 2033 would be used to offset debt service payments.

6.1 Alternative Analysis Revenue Requirements

Table 17 shows the Water Treatment Surcharge revenue requirements for the alternative analysis. As compared to the previously discussed revenue requirements, debt service costs would begin one year earlier (in FYE 2027) and total debt service once both bonds have been issued would be higher at $6.32 million per year. Further, ongoing settlement payments would no longer be applied as an offsetting revenue starting in FYE 2030, which increases the revenue required by approximately $1 million per year as compared to the recommended analysis.

Table 17 Alternative Surcharge-Eligible Revenue Requirements Forecast (FYE 2027-2032) ($ millions)

Expenditure	Cost Type	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Labor	Fixed	-	-	$1.68	$1.73	$1.78	$1.84
Power	Variable	-	-	-	$0.17	$4.34	$4.51
Chemical/Changeouts	Variable	-	-	$3.07	$4.99	$6.79	$6.99
Filters	Variable	-	-	-	$0.01	$0.17	$0.17
Disposal	Variable	-	-	$0.89	$1.45	$3.33	$3.43
Vehicle Purchases	Fixed	-	-	$0.99	-	-	-
Vehicle Maintenance and Fuel Costs	Fixed	-	-	$0.17	$0.17	$0.18	$0.18
Other[1]	Variable	-	-	-	-	$2.49	$2.57
Debt Service	Fixed	$1.05	$2.73	$4.11	$6.32	$6.32	$6.32
Total Surcharge Revenue Requirements		**$1.05**	**$2.73**	**$10.92**	**$14.84**	**$25.40**	**$26.02**
Total Fixed Revenue Requirements		*$1.05*	*$2.73*	*$5.96*	*$8.23*	*$8.28*	*$8.34*
Total Variable Revenue Requirements		-	-	*$3.97*	$6.95	*$17.11*	*$17.67*

Notes:
(1) Other, including Equipment Replacement Allowance.
(2) Totals may not tie due to rounding.

Table 18 presents the rate revenue collected to annually cover direct PFAS costs and the resulting total rate increase impact to customers for the alternative analysis.

Table 18 Alternative Direct Cost Rate Revenues (FYE 2027-2032) ($ millions)

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Rate Revenues *without* Water Treatment Surcharge	$91.20	$97.66	$101.17	$104.80	$108.57	$112.48
Water Treatment Surcharge Rate Revenue	$1.05	$2.73	$10.92	$14.84	$25.40	$26.02
Total Direct Cost Rate Revenues	**$92.25**	**$100.39**	**$112.09**	**$119.64**	**$133.97**	**$138.49**
Total Rate Revenue Increase		*8.8%*	*11.7%*	*6.7%*	*12.0%*	*3.4%*
Increase due to Water Treatment Surcharge	*1.2%*	*1.8%*	*8.2%*	*3.5%*	*8.8%*	*0.5%*

Notes:
(1) Totals may not tie due to rounding.

Carollo applied the same approach to phase-in revenue requirements for the alternative analysis. As shown in Table 19, RPU's rate revenues without the Water Treatment Surcharge remain the same, but a smoothed Water Treatment Surcharge rate increase is applied, which minimizes the total rate increase volatility.

Table 19 Alternative Phased-In Revenue Requirement (FYE 2027-2032) ($ millions)

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Rate Revenues *without* Water Treatment Surcharge	$91.20	$97.66	$101.17	$104.80	$108.57	$112.48
Phased-In Water Treatment Surcharge Rate Revenue	-	$4.39	$9.84	$15.94	$22.77	$26.99
Total Phased-In Rate Revenues	**$91.20**	**$102.06**	**$111.01**	**$120.75**	**$131.34**	**$139.47**
Total Rate Revenue Increase		*11.9%*	*8.8%*	*8.8%*	*8.8%*	*6.2%*
Increase due to Water Treatment Surcharge	*0.0%*	*4.5%*	*5.0%*	*5.0%*	*5.0%*	*2.5%*

Notes:
(1) Totals may not tie due to rounding.

Under the phased-in Water Treatment Surcharge revenue requirement, the study period the Cumulative Surplus (Deficit) approximately breaks even over the Study period, as shown in Table 20.

Table 20 Alternative Phased-In Breakeven Cash Flow (FYE 2027-2032) ($ millions)

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Phased-In Water Treatment Surcharge Revenue	-	$4.39	$9.84	$15.94	$22.77	$26.99
Less: PFAS Costs	$1.05	$2.73	$10.92	$14.84	$25.40	$26.02
Annual Surplus (Deficit)	**$(1.05)**	**$1.66**	**$(1.08)**	**$1.10**	**$(2.63)**	**$0.97**
Cumulative Surplus (Deficit) (1)	$(1.05)	$0.61	$(0.47)	$0.63	$(1.99)	$(1.02)

Notes:
(1) Calculated by adding that year's Annual Cash Flow to the Cumulative Cash Flow of the prior year.
(2) Totals may not tie due to rounding.

6.2 Alternative Analysis Surcharge Calculation

Lastly, Carollo calculated the Water Treatment Surcharge unit cost under the alternative scenario using the same formula which divides the phased-in variable revenue requirements by the demand subject to a Water Treatment Surcharge, as shown in Table 21.

Table 21 Alternative Water Treatment Surcharge Rate (FYE 2028-2032)

	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Variable Costs Recovered by Rates (1) ($ millions)	$4.39	$9.84	$15.94	$22.77	$26.99
Surcharge-Eligible Demand	24,117,710	24,360,982	24,606,686	24,854,847	25,105,490
Unit Surcharge per CCF	**$0.18**	**$0.40**	**$0.65**	**$0.92**	**$1.08**

Notes:
(1) Phased-In Water Treatment Surcharge Revenue Requirement.
(2) Totals may not tie due to rounding.

6.3 Single Family Bill Impacts for Alternative Analysis

The following figures and tables show the estimated monthly bill impacts for low demand (25th percentile) single family residential (SFR) users averaging 10 CCF per month as well as for a typical user averaging 20 CCF per month. Both bill calculations assume that users have a ¾-inch water meter. The "Normal Rates (Non-Surcharge)" portion of the bill is based on the adopted rates for FYE 2026 through FYE 2028 and assumed 3-percent per year increases thereafter.

6.3.1 Estimated Impact to Low Demand (10 CCF) User

Figure 3 shows the estimated monthly bills for a low demand SFR user for FYE 2027 through FYE 2032. This user averages approximately 10 CCF per month, 8 CCF per month in winter and 12 CCF per month in summer. Based on the adopted and assumed increases to the normal rates and the recommended Water Treatment Surcharge shown in Table 21, the average monthly bill would increase from $49.24 in FYE 2027 to $69.59 in FYE 2032. By FYE 2032, the average Water Treatment Surcharge for a user at this level of demand would be $10.44 per month, or $8.64 in the winter and $12.96 in the summer.

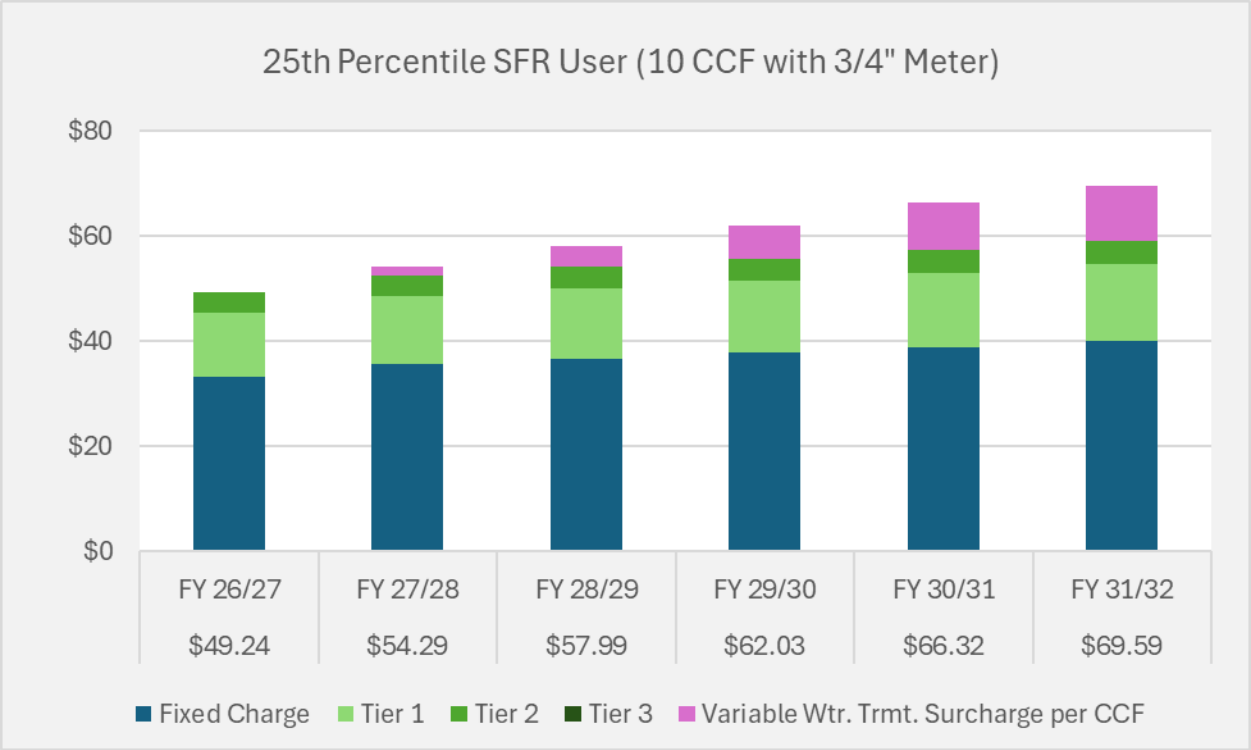

Figure 3 Estimated Low Demand SFR User Average Monthly Bill

Table 22 shows the estimated monthly bill and bill impacts for the low demand user. As shown, the cumulative increase in this customer's bill driven by the Water Treatment Surcharge would be 21.0-percent over the study period, an annualized increase of 3.9-percent over per year over five years.

Table 22 Alt. Estimated Low Demand SFR User Bill Impacts – 10 CCF per month, ¾-inch water meter

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Normal Rates (Non-Surcharge)	$49.24	$52.55	$54.13	$55.75	$57.42	$59.15
Water Treatment Surcharge	$0.00	$1.74	$3.87	$6.28	$8.89	$10.44
Total Customer Bill	**$49.24**	**$54.29**	**$57.99**	**$62.03**	**$66.32**	**$69.59**
Total Bill Increase	***$3.11***	***$5.05***	***$3.70***	***$4.04***	***$4.28***	***$3.27***
Total Bill Increase %	*6.8%*	*10.3%*	*6.8%*	*7.0%*	*6.9%*	*4.9%*
Normal Rates Increase	***$3.11***	***$3.31***	***$1.58***	***$1.62***	***$1.67***	***$1.72***
Normal Rates Increase %	*6.8%*	*6.7%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Surcharge Increase	***$0.00***	***$1.74***	***$2.13***	***$2.42***	***$2.61***	***$1.55***
Surcharge Increase %	*0.0%*	*3.5%*	*4.0%*	*4.5%*	*4.7%*	*2.7%*
Surcharge Increase Cumulative %	*0.0%*	*3.5%*	*7.7%*	*12.5%*	*17.8%*	*21.0%*
Annualized Water Treatment Surcharge Increase (FYE 2027 through FYE 2032)						***3.9%***

6.3.2 Estimated Impact to Typical Demand (20 CCF) User

Figure 4 shows the estimated monthly bills for a typical demand SFR user for FYE 2027 through FYE 2032. This user averages approximately 20 CCF per month, 16 CCF per month in winter and 25 CCF per month in summer. Based on the adopted and assumed increases to the normal rates and the recommended Water Treatment Surcharge shown in Table 21, the average monthly bill would increase from $71.01 in FYE 2027 to $106.53 in FYE 2032. By FYE 2032, the average Water Treatment Surcharge for a user at this level of demand would be $21.33 per month, or $17.28 in the winter and $27.00 in the summer.

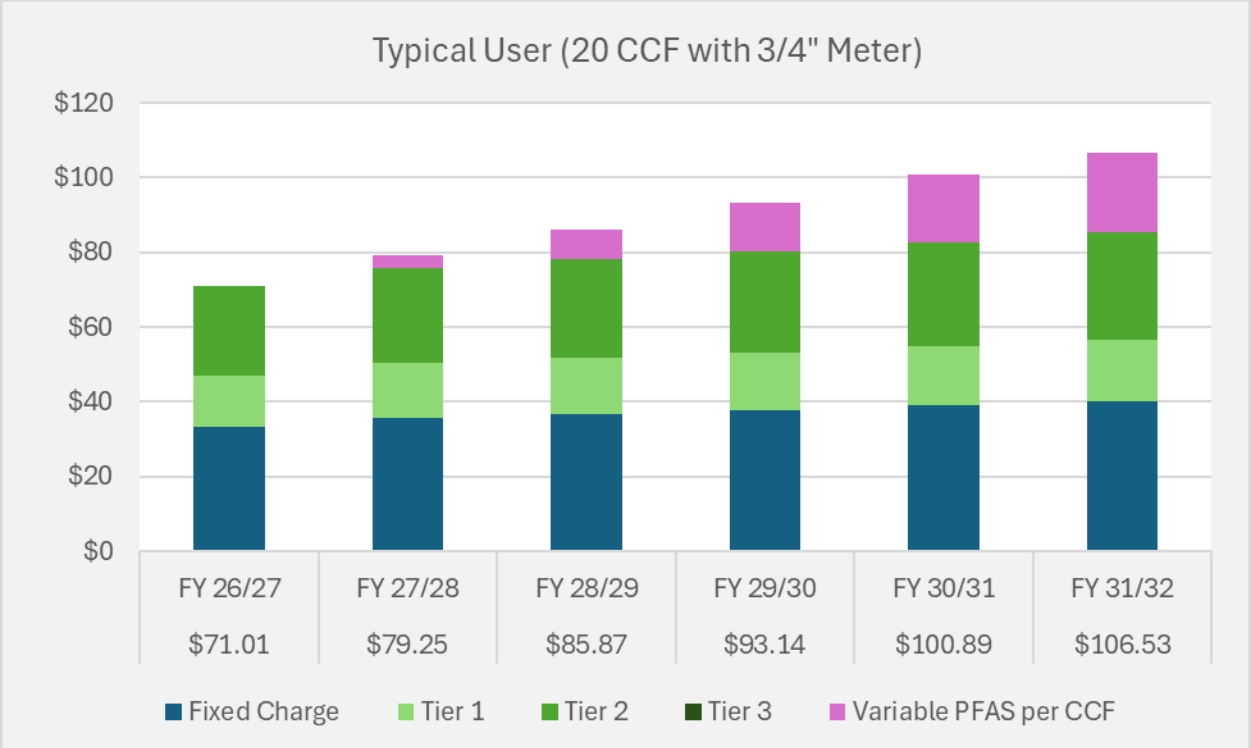

Figure 4 Estimated Typical Demand SFR User Average Monthly Bill

Table 23 shows the estimated monthly bill and bill impacts for the typical demand user. As shown, the cumulative increase in this customer's bill driven by the Water Treatment Surcharge would be 30.7-percent over the study period, an annualized increase of 5.5-percent over per year over five years. Compared to the low demand user, this typical user would see a higher percentage increase due to the Water Treatment Surcharge. This is due to the amount of usage and therefore variable Water Treatment Surcharge being higher for this customer but the fixed charging remaining the same as the low demand user since both assume a ¾-inch water meter.

Table 23 Alt. Estimated Typical Demand SFR User Bill Impacts – 20 CCF per month, ¾-inch water meter

	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Normal Rates (Non-Surcharge)	$71.01	$75.70	$77.97	$80.31	$82.72	$85.20
Water Treatment Surcharge	$0.00	$3.56	$7.90	$12.84	$18.17	$21.33
Total Customer Bill	**$71.01**	**$79.25**	**$85.87**	**$93.14**	**$100.89**	**$106.53**
Total Bill Increase	***$4.48***	***$8.24***	***$6.62***	***$7.28***	***$7.74***	***$5.64***
Total Bill Increase %	*6.7%*	*11.6%*	*8.3%*	*8.5%*	*8.3%*	*5.6%*
Normal Rates Increase	***$4.48***	***$4.69***	***$2.27***	***$2.34***	***$2.41***	***$2.48***
Normal Rates Increase %	*6.7%*	*6.6%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Surcharge Increase	***$0.00***	***$3.56***	***$4.35***	***$4.94***	***$5.33***	***$3.16***
Surcharge Increase %	*0.0%*	*5.0%*	*5.7%*	*6.3%*	*6.6%*	*3.8%*
Surcharge Increase Cumulative %	*0.0%*	*5.0%*	*11.0%*	*18.1%*	*25.9%*	*30.7%*
Annualized Water Treatment Surcharge Increase (FYE 2027 through FYE 2032)						***5.5%***

SECTION 7 LEGAL REQUIREMENTS

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.

7.1 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.

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 decision, 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.

7.2 Article XIII C

The application of Proposition 26 in the structuring of water rates is presently undetermined.

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.

APPENDIX A

DETAILED CALCULATIONS FOR RECCOMMENDED RATES

Riverside Public Utilities

PFAS Surcharge Rate

Projected Revenue Requirements and Rates: ***Recommended Option***

Rate Option: Phase-In Phase-In increases input on "Overall Impact" tab.

Projected O&M Costs	O&M Start Year	Escalation Factor	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Cost Type: Fixed	Cost Type: Variable
Palmyrita (IX)																
Labor	2029	Labor				$187,881	$193,518	$199,323	$205,303	$211,462	$217,806	$224,340	$231,070	$238,003	100%	0%
Power	2029	Electricity				$1,204	$1,252	$1,302	$1,354	$1,408	$1,464	$1,523	$1,584	$1,647	0%	100%
Chemical/Changeouts	2029	Chemicals				$3,071,514	$3,163,659	$3,258,569	$3,356,326	$3,457,016	$3,560,726	$3,667,548	$3,777,574	$3,890,901	0%	100%
Filters	2029	Supplies				$3,377	$3,478	$3,582	$3,690	$3,800	$3,914	$4,032	$4,153	$4,277	0%	100%
Disposal	2029	Incineration Disposal				$893,654	$920,464	$948,078	$976,520	$1,005,815	$1,035,990	$1,067,070	$1,099,082	$1,132,054	0%	100%
Equipment Replacement Allowance	2029	Capital		*Vehicle Purchase in FYE 2029*		$134,018									100%	0%
Vehicle Maintenance and Fuel Cost	2029	Capital				$19,284	$19,901	$20,538	$21,195	$21,873	$22,573	$23,295	$24,041	$24,810	100%	0%
Other	2029	Capital					$0	$0	$0	$0	$0	$0	$0	$0	0%	100%
Subtotal: Palmyrita (IX)			**$0**	**$0**	**$0**	**$4,310,930**	**$4,302,271**	**$4,431,391**	**$4,564,387**	**$4,701,375**	**$4,842,474**	**$4,987,808**	**$5,137,504**	**$5,291,693**		
Palm Meadows (IX)																
Labor	2030	Labor				$108,528	$111,784	$115,137	$118,591	$122,149	$125,813	$129,588	$133,475	$137,480	100%	0%
Power	2030	Electricity					$163,979	$170,538	$177,360	$184,454	$191,832	$199,506	$207,486	$215,785	0%	100%
Chemical/Changeouts	2030	Chemicals					$1,824,697	$1,879,438	$1,935,821	$1,993,896	$2,053,713	$2,115,324	$2,178,784	$2,244,148	0%	100%
Filters	2030	Supplies					$3,478	$3,582	$3,690	$3,800	$3,914	$4,032	$4,153	$4,277	0%	100%
Disposal	2030	Incineration Disposal					$530,948	$546,876	$563,282	$580,181	$597,586	$615,514	$633,979	$652,998	0%	100%
Equipment Replacement Allowance	2030	Capital		*Vehicle Purchase in FYE 2029*		$77,661									100%	0%
Vehicle Maintenance and Fuel Cost	2030	Capital				$11,175	$11,532	$11,901	$12,282	$12,675	$13,081	$13,499	$13,931	$14,377	100%	0%
Other	2030	Capital						$0	$0	$0	$0	$0	$0	$0	0%	100%
Subtotal: Palm Meadows (IX)			**$0**	**$0**	**$0**	**$197,364**	**$2,646,418**	**$2,727,473**	**$2,811,026**	**$2,897,155**	**$2,985,940**	**$3,077,463**	**$3,171,809**	**$3,269,066**		
John W. North (RO)																
Labor	2031	Labor				$1,384,021	$1,425,541	$1,468,308	$1,512,357	$1,557,728	$1,604,459	$1,652,593	$1,702,171	$1,753,236	100%	0%
Power	2031	Electricity						$4,165,820	$4,332,452	$4,505,750	$4,685,980	$4,873,420	$5,068,356	$5,271,091	0%	100%
Chemical/Changeouts	2031	Chemicals						$1,652,568	$1,702,145	$1,753,210	$1,805,806	$1,859,980	$1,915,780	$1,973,253	0%	100%
Filters	2031	Supplies						$160,088	$164,890	$169,837	$174,932	$180,180	$185,586	$191,153	0%	100%
Disposal (SAWPA)	2031	SAWPA Disposal						$1,830,659	$1,885,579	$1,942,146	$2,000,411	$2,060,423	$2,122,236	$2,185,903	0%	100%
Equipment Replacement Allowance	2031	Capital		*Vehicle Purchase in FYE 2029*		$777,989									100%	0%
Vehicle Maintenance and Fuel Cost	2031	Capital				$137,657	$142,062	$146,608	$151,299	$156,141	$161,137	$166,293	$171,615	$177,106	100%	0%
Other, Including Equipment Replac	2031	Capital						$2,489,735	$2,569,407	$2,651,628	$2,736,480	$2,824,047	$2,914,417	$3,007,678	0%	100%
Subtotal: John W. North (RO)			**$0**	**$0**	**$0**	**$2,299,666**	**$1,567,603**	**$11,913,785**	**$12,318,130**	**$12,736,440**	**$13,169,206**	**$13,616,937**	**$14,080,160**	**$14,559,421**		

All Plants Combined	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Labor	$0	$0	$0	$1,680,430	$1,730,843	$1,782,768	$1,836,251	$1,891,339	$1,948,079	$2,006,521	$2,066,717	$2,128,718
Power	0	0	0	1,204	165,231	4,337,660	4,511,166	4,691,613	4,879,277	5,074,448	5,277,426	5,488,523
Chemical/Changeouts	0	0	0	3,071,514	4,988,356	6,790,575	6,994,293	7,204,121	7,420,245	7,642,852	7,872,138	8,108,302
Filters	0	0	0	3,377	6,956	167,252	172,270	177,438	182,761	188,244	193,891	199,708
Disposal	0	0	0	893,654	1,451,411	3,325,613	3,425,381	3,528,142	3,633,987	3,743,006	3,855,297	3,970,955
Equipment Replacement Allowance	0	0	0	989,668	0	0	0	0	0	0	0	0
Vehicle Maintenance and Fuel Costs	0	0	0	168,115	173,495	179,047	184,776	190,689	196,791	203,088	209,587	216,294
Other, Including Equipment Replacement Allowance	0	0	0	0	0	2,489,735	2,569,407	2,651,628	2,736,480	2,824,047	2,914,417	3,007,678
All Plants Combined	**$0**	**$0**	**$0**	**$6,807,961**	**$8,516,292**	**$19,072,650**	**$19,693,543**	**$20,334,970**	**$20,997,620**	**$21,682,208**	**$22,389,472**	**$23,120,179**

Allocation by Cost Type	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Fixed O&M	*$0*	*$0*	*$0*	*$2,838,213*	*$1,904,338*	*$1,961,815*	*$2,021,027*	*$2,082,028*	*$2,144,870*	*$2,209,610*	*$2,276,304*	*$2,345,012*
Variable O&M	*0*	*0*	*0*	*3,969,748*	*6,611,954*	*17,110,835*	*17,672,516*	*18,252,942*	*18,852,750*	*19,472,598*	*20,113,169*	*20,775,167*
R&R	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total O&M	***$0***	***$0***	***$0***	***$6,807,961***	***$8,516,292***	***$19,072,650***	***$19,693,543***	***$20,334,970***	***$20,997,620***	***$21,682,208***	***$22,389,472***	***$23,120,179***
Check			*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*

Riverside Public Utilities

PFAS Surcharge Rate

Projected Revenue Requirements and Rates: ***Recommended Option***

Rate Option: Phase-In Phase-In increases input on "Overall Impact" tab.

		FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Cost Type Fixed	Cost Type Variable
Debt Service - 100% Bond Funding		**FYE 2026**	**FYE 2027**	**FYE 2028**	**FYE 2029**	**FYE 2030**	**FYE 2031**	**FYE 2032**	**FYE 2033**	**FYE 2034**	**FYE 2035**	**FYE 2036**	**FYE 2037**	**Fixed**	**Variable**
Bond 1															
#	Principal	$0	$0	$0	$120,411	$126,432	$132,754	$139,391	$146,361	$153,679	$161,363	$169,431	$177,903	0%	100%
	Interest	$0	$0	$200,000	$400,000	$393,979	$387,658	$381,020	$374,051	$366,733	$359,049	$350,980	$342,509	0%	100%
	Subtotal: Bond 1	**$0**	**$0**	**$200,000**	**$520,411**	**$520,411**	**$520,411**	**$520,411**	**$520,411**	**$520,411**	**$520,411**	**$520,411**	**$520,411**		
Bond 2															
	Principal	$0	$0	$0	$0	$804,499	$844,724	$886,960	$931,308	$977,874	$1,026,768	$1,078,106	$1,132,011	0%	100%
	Interest	$0	$0	$0	$1,336,250	$2,672,500	$2,632,275	$2,590,039	$2,545,691	$2,499,125	$2,450,232	$2,398,893	$2,344,988	0%	100%
	Subtotal: Bond 2	**$0**	**$0**	**$0**	**$1,336,250**	**$3,476,999**	**$3,476,999**	**$3,476,999**	**$3,476,999**	**$3,476,999**	**$3,476,999**	**$3,476,999**	**$3,476,999**		
Bond 3															
	Principal													0%	100%
	Interest													0%	100%
	Subtotal: Bond 3	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
All Bonds Combined														**Cost Type**	
	Principal	$0	$0	$0	$120,411	$930,931	$977,478	$1,026,352	$1,077,669	$1,131,553	$1,188,130	$1,247,537	$1,309,914	0%	100%
	Interest	0	0	200,000	1,736,250	3,066,479	3,019,933	2,971,059	2,919,741	2,865,858	2,809,280	2,749,874	2,687,497	0%	100%
	All Bonds Combined	**$0**	**$0**	**$200,000**	**$1,856,661**	**$3,997,411**	**$3,997,411**	**$3,997,411**	**$3,997,411**	**$3,997,411**	**$3,997,411**	**$3,997,411**	**$3,997,411**		
	Debt Coverage ***Include starting in FYE 2033 after rates have bee***	***$0***	***$0***	***$100,000***	***$928,331***	***$1,998,705***	***$1,998,705***	***$1,998,705***	***$1,998,705***	***$1,998,705***	***$1,998,705***	***$1,998,705***	***$1,998,705***		

Offsetting Revenues From WMWD Conveyance	**FYE 2026**	**FYE 2027**	**FYE 2028**	**FYE 2029**	**FYE 2030**	**FYE 2031**	**FYE 2032**	**FYE 2033**	**FYE 2034**	**FYE 2035**	**FYE 2036**	**FYE 2037**	**Fixed**	**Variable**
Fixed Offsetting Revenues - WMWD Conv.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Variable Offsetting Revenues - WMWD Conv.	0	0	0	0	0	0	0	0	0	0	0	0		
Total WMWD Conveyance Offsetting Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		

Riverside Public Utilities

PFAS Surcharge Rate

Projected Revenue Requirements and Rates: ***Recommended Option***

Rate Option: Phase-In — Phase-In increases input on "Overall Impact" tab.

Rate Option 1 - All Variable

Surcharge Rate Revenue Requirements	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Cost Type: Fixed	Cost Type: Variable	Rate Component: MEUs	Rate Component: CCF
Fixed O&M	$0	$0	$0	$2,838,213	$1,904,338	$1,961,815	$2,021,027	$2,082,028	$2,144,870	$2,209,610	$2,276,304	$2,345,012			0%	100%
Variable O&M	0	0	0	3,969,748	6,611,954	17,110,835	17,672,516	18,252,942	18,852,750	19,472,598	20,113,169	20,775,167			0%	100%
R&R	0	0	0	0	0	0	0	0	0	0	0	0			0%	100%
Debt Service - 100% Bond Funding	$0	$0	$200,000	$1,856,661	$3,997,411	$3,997,411	$3,997,411	$3,997,411	$3,997,411	$3,997,411	$3,997,411	$3,997,411			0%	100%
Debt Coverage — Include starting in FYE 2033 after rates have been phased in.								$1,998,705	$1,998,705	$1,998,705	$1,998,705	$1,998,705			0%	100%
Total Surcharge Rate Revenue Requirements	**$0**	**$0**	**$200,000**	**$8,664,622**	**$12,513,702**	**$23,070,060**	**$23,690,954**	**$26,331,086**	**$26,993,736**	**$27,678,324**	**$28,385,589**	**$29,116,295**				
Revenue Requirements By Rate Component																
MEUs Fixed	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*				
CCF Variable	*0*	*0*	*200,000*	*8,664,622*	*12,513,702*	*23,070,060*	*23,690,954*	*26,331,086*	*26,993,736*	*27,678,324*	*28,385,589*	*29,116,295*				
Total Revenue Requirements	***$0***	***$0***	***$200,000***	***$8,664,622***	***$12,513,702***	***$23,070,060***	***$23,690,954***	***$26,331,086***	***$26,993,736***	***$27,678,324***	***$28,385,589***	***$29,116,295***				
Check		*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*				

Offsetting Revenues for Ongoing Costs - Amount applied to O&M and Debt Service	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Fixed	Variable
Fixed Offsetting Revenues - WMWD Conv.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Variable Offsetting Revenues - WMWD Conv.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Input: Offsetting Revenues Applied to Fixed Charge														
Input: Offsetting Revenues Applied to Variable Rate					($1,034,412)	($1,034,412)	($912,717)	($851,869)						
Offsetting Revenues Applied to Fixed Charge	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Offsetting Revenues Applied to Variable Rate	$0	$0	$0	$0	($1,034,412)	($1,034,412)	($912,717)	($851,869)	$0	$0	$0	$0		
Total Offsetting Revenues Applied ot Ongoing Costs	**$0**	**$0**	**$0**	**$0**	**($1,034,412)**	**($1,034,412)**	**($912,717)**	**($851,869)**	**$0**	**$0**	**$0**	**$0**		

Unit Surcharge Rates		FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	MEUs	CCF
Fixed Monthly Cost per MEU															
MEU Costs to Recover		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Offsetting Revenues Applied to Fixed Charge		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Fixed Revenue Requirements	**Direct Costs**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
Fixed Revenue Requirements	**Phase-In**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
Projected MEUs		95,029	95,213	95,399	95,586	95,774	95,963	96,153	96,344	96,537	96,731	96,926	97,122		
Monthly Unit Cost per MEU		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
Variable Cost per CCF															
Variable Costs to Recover		$0	$0	$200,000	$8,664,622	$12,513,702	$23,070,060	$23,690,954	$26,331,086	$26,993,736	$27,678,324	$28,385,589	$29,116,295		
Offsetting Revenues Applied to Variable Rate		$0	$0	$0	$0	($1,034,412)	($1,034,412)	($912,717)	($851,869)	$0	$0	$0	$0		
Variable Revenue Requirements	**Direct Costs**	**$0**	**$0**	**$200,000**	**$8,664,622**	**$11,479,290**	**$22,035,648**	**$22,778,237**	**$25,479,217**	**$26,993,736**	**$27,678,324**	**$28,385,589**	**$29,116,295**		
Variable Revenue Requirements	**Phase-In**	**$0**	**$0**	**$3,418,115**	**$9,838,613**	**$12,519,424**	**$18,438,818**	**$23,049,285**	**$26,335,583**	**$27,653,476**	**$27,728,031**	**$28,385,589**	**$29,116,295**		
Projected Demands		23,650,396	23,881,431	24,117,710	24,360,982	24,606,686	24,854,847	25,105,490	25,358,640	25,542,709	25,674,103	25,932,939	26,194,363		
Unit Cost per CCF		**$0.00**	**$0.00**	**$0.14**	**$0.40**	**$0.51**	**$0.74**	**$0.92**	**$1.04**	**$1.08**	**$1.08**	**$1.09**	**$1.11**		

Riverside Public Utilities

PFAS Surcharge Rate

Overall Impacts and Smoothed Revenue Requirements: ***Recommended Option***

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Rate Revenues Without PFAS	**(Thousands)**											
Input from: Water 10 Yr Pro Forma - No PFAS.xlsm,	Rate increases for 2028/29 onward assumed at 3%											
Residential	$56,429	$60,392	$64,576	$66,781	$69,061	$71,419	$73,857	$76,379	$78,987	$81,684	$84,473	$87,007
Commercial and Industrial	$28,158	$30,450	$32,746	$34,057	$35,421	$36,839	$38,315	$39,849	$41,445	$43,105	$44,831	$46,176
Other sales	$2,743	$2,881	$3,028	$3,101	$3,175	$3,252	$3,331	$3,412	$3,496	$3,582	$3,671	$3,781
Water Conveyance												
Wholesale Sales												
Less Outside City Surcharge	($2,161)	($2,311)	($2,461)	($2,535)	($2,611)	($2,689)	($2,770)	($2,853)	($2,939)	($3,027)	($3,118)	($3,211)
Less WA-8 and WA-10	($200)	($214)	($228)	($235)	($242)	($250)	($257)	($265)	($273)	($281)	($289)	($298)
Total Rate Reveunues with Increases - No PFAS	**$84,969**	**$91,198**	**$97,660**	**$101,168**	**$104,804**	**$108,571**	**$112,476**	**$116,523**	**$120,717**	**$125,063**	**$129,568**	**$133,455**
System Rate Increase	6.50%	6.50%	6.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Adopted	Adopted	Adopted	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed
Total Revenue Increase		**$6,229**	**$6,463**	**$3,508**	**$3,635**	**$3,768**	**$3,905**	**$4,047**	**$4,194**	**$4,347**	**$4,505**	**$3,887**
Increase due to Growth		$706	$535	$578	$600	$623	$648	$672	$698	$725	$753	$0
Increase due to Rate Increase		$5,523	$5,928	$2,930	$3,035	$3,144	$3,257	$3,374	$3,496	$3,621	$3,752	$3,887
Rate Revenue Increase due to Growth and Rate Increases		**7.33%**	**7.09%**	**3.59%**	**3.59%**	**3.59%**	**3.60%**	**3.60%**	**3.60%**	**3.60%**	**3.60%**	**3.00%**
Increase due to Growth		0.83%	0.59%	0.59%	0.59%	0.59%	0.60%	0.60%	0.60%	0.60%	0.60%	0.00%
Increase due to Rate Increase		6.50%	6.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate Revenues With PFAS												
Total Rate Reveunues with Increases - No PFAS	$84,969	$91,198	$97,660	$101,168	$104,804	$108,571	$112,476	$116,523	$120,717	$125,063	$129,568	$133,455
Revenues from PFAS Rate	$0	$0	$200	$8,665	$11,479	$22,036	$22,778	$23,481	$24,995	$25,680	$26,387	$27,118
Total Rate Reveunues with PFAS	**$84,969**	**$91,198**	**$97,860**	**$109,833**	**$116,283**	**$130,607**	**$135,254**	**$140,003**	**$145,712**	**$150,743**	**$155,955**	**$160,573**
Total Revenue Increase		**$6,229**	**$6,663**	**$11,972**	**$6,450**	**$14,324**	**$4,647**	**$4,749**	**$5,708**	**$5,031**	**$5,212**	**$4,618**
Increase Due to Growth and Rate Increases		$6,229	$6,463	$3,508	$3,635	$3,768	$3,905	$4,047	$4,194	$4,347	$4,505	$3,887
Increase due to PFAS		$0	$200	$8,465	$2,815	$10,556	$743	$702	$1,515	$685	$707	$731
Total Revenue Increase		**7.33%**	**7.31%**	**12.23%**	**5.87%**	**12.32%**	**3.56%**	**3.51%**	**4.08%**	**3.45%**	**3.46%**	**2.96%**
Increase Due to Growth and Rate Increases		7.33%	7.09%	3.58%	3.31%	3.24%	2.99%	2.99%	3.00%	2.98%	2.99%	2.49%
Increase due to PFAS		**0.00%**	**0.22%**	**8.65%**	**2.56%**	**9.08%**	**0.57%**	**0.52%**	**1.08%**	**0.47%**	**0.47%**	**0.47%**
Cumulative Increase due to PFAS		0.00%	0.22%	8.89%	11.68%	**21.82%**	22.51%	23.15%	24.48%	25.06%	25.65%	26.24%

Riverside Public Utilities

PFAS Surcharge Rate

Overall Impacts and Smoothed Revenue Requirements: ***Recommended Option***

Phase-In based on Overall Increase

Settlement revenues run out after FYE 2033.

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Phased Rate Increases for PFAS		0.00%	3.50%	4.00%	4.00%	4.50%	3.00%	1.75%	0.25%	0.0%	0.0%	0.0%
Cumulative Phased Increase	0.00%	0.00%	3.50%	7.64%	11.95%	16.98%	20.49%	22.60%	22.91%	22.91%	22.91%	22.91%
						3.2%						
Total Rate Reveunues with Increases - No PFAS	$84,969	$91,198	$97,660	$101,168	$104,804	$108,571	$112,476	$116,523	$120,717	$125,063	$129,568	$133,455
PFAS Increase												
FYE 2026	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FYE 2027		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FYE 2028			$3,418	$3,541	$3,668	$3,800	$3,937	$4,078	$4,225	$4,377	$4,535	$4,671
FYE 2029				$4,188	$4,339	$4,495	$4,657	$4,824	$4,998	$5,178	$5,364	$5,525
FYE 2030					$4,512	$4,675	$4,843	$5,017	$5,198	$5,385	$5,579	$5,746
FYE 2031						$5,469	$5,666	$5,870	$6,081	$6,300	$6,527	$6,723
FYE 2032							$3,947	$4,089	$4,237	$4,389	$4,547	$4,684
FYE 2033								$2,457	$2,545	$2,637	$2,732	$2,814
FYE 2034									$370	$383	$397	$409
FYE 2035										$0	$0	$0
FYE 2036											$0	$0
Revenues for PFAS Rate Based on Phase-In	**$0**	**$0**	**$3,418**	**$7,729**	**$12,519**	**$18,439**	**$23,049**	**$26,336**	**$27,653**	**$27,728**	**$28,386**	**$29,116**
										Set at max of full cost recovery with coverage or flat surcharge starting in FYE 2035.		
Projected PFAS Rev Req Net of Settlement Revneue	$0	$0	$200	$8,665	$11,479	$22,036	$22,778	$23,481	$24,995	$25,680	$26,387	$27,118
Difference: Phased minus Costs	**$0**	**$0**	**$3,218**	**($935)**	**$1,040**	**($3,597)**	**$271**	**$2,855**	**$2,658**	**$2,048**	**$1,999**	**$1,999**
Cumulative Surplus (Deficit)	$0	*$0*	*$3,218*	*$2,283*	*$3,323*	*($274)*	***($3)***	*$2,852*	*$5,511*	*$7,559*	***$9,558***	***$11,556***
Debt Coverage (start after phase-in)	$0	$0	$100	$928	$1,999	$1,999	$1,999	$1,999	$1,999	$1,999	$1,999	$1,999
Addition to Meet Minimum Balance												
PFAS Revenue Requirement with Debt Coverage	$0	$0	$300	$9,593	$13,478	$24,034	$24,777	$25,479	$26,994	**$27,678**	**$28,386**	**$29,116**
			3.50%	4.00%	4.00%	4.50%	3.00%	1.75%	0.25%	**-0.04%**	**0.24%**	**0.27%**

Riverside Public Utilities

PFAS Surcharge Rate

Overall Impacts and Smoothed Revenue Requirements: ***Recommended Option***

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
PFAS Minimum Reserve Target												
O&M - Working Capital	$0	$0	$0	$1,119	$1,400	$3,135	$3,237	$3,343	$3,452	$3,564	$3,680	$3,801
Rate Stabilization	$0	$0	$239	$541	$876	$1,291	$1,613	$1,843	$1,936	$1,941	$1,987	$2,038
Capital Emergency	$972	$972	$972	$972	$972	$972	$972	$972	$972	$972	$972	$972
Debt Service	$0	$0	$200	$1,857	$3,997	$3,997	$3,997	$3,997	$3,997	$3,997	$3,997	$3,997
Total Minimum Target	**$972**	**$972**	**$1,411**	**$4,489**	**$7,246**	**$9,395**	**$9,820**	**$10,156**	**$10,357**	**$10,475**	**$10,637**	**$10,808**
PFAS Maximum Reserve Target												
O&M - Working Capital	$0	$0	$0	$1,679	$2,100	$4,703	$4,856	$5,014	$5,177	$5,346	$5,521	$5,701
Rate Stabilization	$0	$0	$513	$1,159	$1,878	$2,766	$3,457	$3,950	$4,148	$4,159	$4,258	$4,367
Capital Emergency	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944
Debt Service	$0	$0	$200	$1,857	$3,997	$3,997	$3,997	$3,997	$3,997	$3,997	$3,997	$3,997
Total Maximum Target	**$1,944**	**$1,944**	**$2,657**	**$6,639**	**$9,919**	**$13,410**	**$14,255**	**$14,906**	**$15,267**	**$15,447**	**$15,720**	**$16,010**

Rate Option 1 - All Variable	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Allocated Fixed Revenue Requirements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Allocated Variable Revenue Requirements	$0	$0	$200	$8,665	$11,479	$22,036	$22,778	$25,479	$26,994	$27,678	$28,386	$29,116
Phased Fixed Revenue Requirements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Phased Variable Revenue Requirements	$0	$0	$3,418	$7,729	$12,519	$18,439	$23,049	$26,336	$27,653	$27,728	$28,386	$29,116
Total PFAS Revenue	**$0**	**$0**	**$3,418**	**$7,729**	**$12,519**	**$18,439**	**$23,049**	**$26,336**	**$27,653**	**$27,728**	**$28,386**	**$29,116**
Check to Phase-In Revenue	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*

APPENDIX B

DETAILED CALCULATIONS FOR ALTERNATIVE RATES

Riverside Public Utilities

PFAS Surcharge Rate

Projected Revenue Requirements and Rates: ***Alternative Option***

Rate Option: Phase-In — Phase-In increases input on "Overall Impact" tab.

Projected O&M Costs	O&M Start Year	Escalation Factor	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Cost Type: Fixed	Cost Type: Variable
Palmyrita (IX)																
Labor	2029	Labor				$187,881	$193,518	$199,323	$205,303	$211,462	$217,806	$224,340	$231,070	$238,003	100%	0%
Power	2029	Electricity				$1,204	$1,252	$1,302	$1,354	$1,408	$1,464	$1,523	$1,584	$1,647	0%	100%
Chemical/Changeouts	2029	Chemicals				$3,071,514	$3,163,659	$3,258,569	$3,356,326	$3,457,016	$3,560,726	$3,667,548	$3,777,574	$3,890,901	0%	100%
Filters	2029	Supplies				$3,377	$3,478	$3,582	$3,690	$3,800	$3,914	$4,032	$4,153	$4,277	0%	100%
Disposal	2029	Incineration Disposal				$893,654	$920,464	$948,078	$976,520	$1,005,815	$1,035,990	$1,067,070	$1,099,082	$1,132,054	0%	100%
Equipment Replacement Allowance	2029	Capital		*Vehicle Purchase in FYE 2029*		$134,018									100%	0%
Vehicle Maintenance and Fuel Cost	2029	Capital				$19,284	$19,901	$20,538	$21,195	$21,873	$22,573	$23,295	$24,041	$24,810	100%	0%
Other	2029	Capital					$0	$0	$0	$0	$0	$0	$0	$0	0%	100%
Subtotal: Palmyrita (IX)			**$0**	**$0**	**$0**	**$4,310,930**	**$4,302,271**	**$4,431,391**	**$4,564,387**	**$4,701,375**	**$4,842,474**	**$4,987,808**	**$5,137,504**	**$5,291,693**		
Palm Meadows (IX)																
Labor	2030	Labor				$108,528	$111,784	$115,137	$118,591	$122,149	$125,813	$129,588	$133,475	$137,480	100%	0%
Power	2030	Electricity					$163,979	$170,538	$177,360	$184,454	$191,832	$199,506	$207,486	$215,785	0%	100%
Chemical/Changeouts	2030	Chemicals					$1,824,697	$1,879,438	$1,935,821	$1,993,896	$2,053,713	$2,115,324	$2,178,784	$2,244,148	0%	100%
Filters	2030	Supplies					$3,478	$3,582	$3,690	$3,800	$3,914	$4,032	$4,153	$4,277	0%	100%
Disposal	2030	Incineration Disposal					$530,948	$546,876	$563,282	$580,181	$597,586	$615,514	$633,979	$652,998	0%	100%
Equipment Replacement Allowance	2030	Capital		*Vehicle Purchase in FYE 2029*		$77,661									100%	0%
Vehicle Maintenance and Fuel Cost	2030	Capital				$11,175	$11,532	$11,901	$12,282	$12,675	$13,081	$13,499	$13,931	$14,377	100%	0%
Other	2030	Capital						$0	$0	$0	$0	$0	$0	$0	0%	100%
Subtotal: Palm Meadows (IX)			**$0**	**$0**	**$0**	**$197,364**	**$2,646,418**	**$2,727,473**	**$2,811,026**	**$2,897,155**	**$2,985,940**	**$3,077,463**	**$3,171,809**	**$3,269,066**		
John W. North (RO)																
Labor	2031	Labor				$1,384,021	$1,425,541	$1,468,308	$1,512,357	$1,557,728	$1,604,459	$1,652,593	$1,702,171	$1,753,236	100%	0%
Power	2031	Electricity						$4,165,820	$4,332,452	$4,505,750	$4,685,980	$4,873,420	$5,068,356	$5,271,091	0%	100%
Chemical/Changeouts	2031	Chemicals						$1,652,568	$1,702,145	$1,753,210	$1,805,806	$1,859,980	$1,915,780	$1,973,253	0%	100%
Filters	2031	Supplies						$160,088	$164,890	$169,837	$174,932	$180,180	$185,586	$191,153	0%	100%
Disposal (SAWPA)	2031	SAWPA Disposal						$1,830,659	$1,885,579	$1,942,146	$2,000,411	$2,060,423	$2,122,236	$2,185,903	0%	100%
Equipment Replacement Allowance	2031	Capital	**included in Other**	*Vehicle Purchase in FYE 2029*		$777,989									100%	0%
Vehicle Maintenance and Fuel Cost	2031	Capital				$137,657	$142,062	$146,608	$151,299	$156,141	$161,137	$166,293	$171,615	$177,106	100%	0%
Other, Including Equipment Replac	2031	Capital						$2,489,735	$2,569,407	$2,651,628	$2,736,480	$2,824,047	$2,914,417	$3,007,678	0%	100%
Subtotal: John W. North (RO)			**$0**	**$0**	**$0**	**$2,299,666**	**$1,567,603**	**$11,913,785**	**$12,318,130**	**$12,736,440**	**$13,169,206**	**$13,616,937**	**$14,080,160**	**$14,559,421**		

All Plants Combined	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Labor	$0	$0	$0	$1,680,430	$1,730,843	$1,782,768	$1,836,251	$1,891,339	$1,948,079	$2,006,521	$2,066,717	$2,128,718
Power	0	0	0	1,204	165,231	4,337,660	$4,511,166	4,691,613	4,879,277	5,074,448	5,277,426	5,488,523
Chemical/Changeouts	0	0	0	3,071,514	4,988,356	6,790,575	$6,994,293	7,204,121	7,420,245	7,642,852	7,872,138	8,108,302
Filters	0	0	0	3,377	6,956	167,252	$172,270	177,438	182,761	188,244	193,891	199,708
Disposal	0	0	0	893,654	1,451,411	3,325,613	$3,425,381	3,528,142	3,633,987	3,743,006	3,855,297	3,970,955
Equipment Replacement Allowance	0	0	0	989,668	0	0	$0	0	0	0	0	0
Vehicle Maintenance and Fuel Costs	0	0	0	168,115	173,495	179,047	$184,776	190,689	196,791	203,088	209,587	216,294
Other, Including Equipment Replacement Allowance	0	0	0	0	0	2,489,735	$2,569,407	2,651,628	2,736,480	2,824,047	2,914,417	3,007,678
All Plants Combined	**$0**	**$0**	**$0**	**$6,807,961**	**$8,516,292**	**$19,072,650**	**$19,693,543**	**$20,334,970**	**$20,997,620**	**$21,682,208**	**$22,389,472**	**$23,120,179**

Allocation by Cost Type												
Fixed O&M	*$0*	*$0*	*$0*	*$2,838,213*	*$1,904,338*	*$1,961,815*	*$2,021,027*	*$2,082,028*	*$2,144,870*	*$2,209,610*	*$2,276,304*	*$2,345,012*
Variable O&M	*0*	*0*	*0*	*3,969,748*	*6,611,954*	*17,110,835*	*17,672,516*	*18,252,942*	*18,852,750*	*19,472,598*	*20,113,169*	*20,775,167*
R&R	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total O&M	***$0***	***$0***	***$0***	***$6,807,961***	***$8,516,292***	***$19,072,650***	***$19,693,543***	***$20,334,970***	***$20,997,620***	***$21,682,208***	***$22,389,472***	***$23,120,179***
Check			*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*

Riverside Public Utilities

PFAS Surcharge Rate

Projected Revenue Requirements and Rates: ***Alternative Option***

Rate Option: Phase-In Phase-In increases input on "Overall Impact" tab.

		FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Cost Type: Fixed	Cost Type: Variable
Debt Service - 100% Bond Funding		**FYE 2026**	**FYE 2027**	**FYE 2028**	**FYE 2029**	**FYE 2030**	**FYE 2031**	**FYE 2032**	**FYE 2033**	**FYE 2034**	**FYE 2035**	**FYE 2036**	**FYE 2037**	**Fixed**	**Variable**
Bond 1															
#	Principal	$0	$0	$632,160	$663,768	$696,957	$731,805	$768,395	$806,815	$847,155	$889,513	$933,989	$980,688	0%	100%
	Interest	$0	$1,050,000	$2,100,000	$2,068,392	$2,035,204	$2,000,356	$1,963,766	$1,925,346	$1,885,005	$1,842,647	$1,798,172	$1,751,472	0%	100%
	Subtotal: Bond 1	**$0**	**$1,050,000**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**	**$2,732,160**		
Bond 2															
	Principal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0%	100%
	Interest	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0%	100%
	Subtotal: Bond 2	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
Bond 3															
	Principal	$0	$0	$0	$0	$830,839	$872,381	$916,000	$961,800	$1,009,890	$1,060,385	$1,113,404	$1,169,074	0%	100%
	Interest	$0	$0	$0	$1,380,000	$2,760,000	$2,718,458	$2,674,839	$2,629,039	$2,580,949	$2,530,454	$2,477,435	$2,421,765	0%	100%
	Subtotal: Bond 3	**$0**	**$0**	**$0**	**$1,380,000**	**$3,590,839**	**$3,590,839**	**$3,590,839**	**$3,590,839**	**$3,590,839**	**$3,590,839**	**$3,590,839**	**$3,590,839**		
All Bonds Combined														**Cost Type**	
	Principal	$0	$0	$632,160	$663,768	$1,527,796	$1,604,186	$1,684,395	$1,768,615	$1,857,045	$1,949,898	$2,047,393	$2,149,762	0%	100%
	Interest	0	1,050,000	2,100,000	3,448,392	4,795,204	4,718,814	4,638,604	4,554,385	4,465,954	4,373,102	4,275,607	4,173,237	0%	100%
	All Bonds Combined	**$0**	**$1,050,000**	**$2,732,160**	**$4,112,160**	**$6,322,999**	**$6,322,999**	**$6,322,999**	**$6,322,999**	**$6,322,999**	**$6,322,999**	**$6,322,999**	**$6,322,999**		
	Debt Coverage ***Include starting in FYE 2033 after rates have bee***	***$0***	***$525,000***	***$1,366,080***	***$2,056,080***	***$3,161,500***	***$3,161,500***	***$3,161,500***	***$3,161,500***	***$3,161,500***	***$3,161,500***	***$3,161,500***	***$3,161,500***		

Offsetting Revenues From WMWD Conveyance	**FYE 2026**	**FYE 2027**	**FYE 2028**	**FYE 2029**	**FYE 2030**	**FYE 2031**	**FYE 2032**	**FYE 2033**	**FYE 2034**	**FYE 2035**	**FYE 2036**	**FYE 2037**	**Fixed**	**Variable**
Fixed Offsetting Revenues - WMWD Conv.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Variable Offsetting Revenues - WMWD Conv.	0	0	0	0	0	0	0	0	0	0	0	0		
Total WMWD Conveyance Offsetting Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		

Riverside Public Utilities

PFAS Surcharge Rate

Projected Revenue Requirements and Rates: ***Alternative Option***

Rate Option: Phase-In Phase-In increases input on "Overall Impact" tab.

Rate Option 1 - All Variable

Surcharge Rate Revenue Requirements	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Cost Type: Fixed	Cost Type: Variable
Fixed O&M	$0	$0	$0	$2,838,213	$1,904,338	$1,961,815	$2,021,027	$2,082,028	$2,144,870	$2,209,610	$2,276,304	$2,345,012	0%	100%
Variable O&M	0	0	0	3,969,748	6,611,954	17,110,835	17,672,516	18,252,942	18,852,750	19,472,598	20,113,169	20,775,167	0%	100%
R&R	0	0	0	0	0	0	0	0	0	0	0	0	0%	100%
Debt Service - 100% Bond Funding	$0	$1,050,000	$2,732,160	$4,112,160	$6,322,999	$6,322,999	$6,322,999	$6,322,999	$6,322,999	$6,322,999	$6,322,999	$6,322,999	0%	100%
Debt Coverage Include starting in FYE 2033 after rates have been phased in.								$3,161,500	$3,161,500	$3,161,500	$3,161,500	$3,161,500	0%	100%
Total Surcharge Rate Revenue Requirements	**$0**	**$1,050,000**	**$2,732,160**	**$10,920,121**	**$14,839,291**	**$25,395,649**	**$26,016,543**	**$29,819,469**	**$30,482,119**	**$31,166,707**	**$31,873,972**	**$32,604,678**		

Revenue Requirements By Rate Component		FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
MEUs	Fixed	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
CCF	Variable	*0*	*1,050,000*	*2,732,160*	*10,920,121*	*14,839,291*	*25,395,649*	*26,016,543*	*29,819,469*	*30,482,119*	*31,166,707*	*31,873,972*	*32,604,678*
Total Revenue Requirements		***$0***	***$1,050,000***	***$2,732,160***	***$10,920,121***	***$14,839,291***	***$25,395,649***	***$26,016,543***	***$29,819,469***	***$30,482,119***	***$31,166,707***	***$31,873,972***	***$32,604,678***
Check			*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*

Offsetting Revenues for Ongoing Costs - Amount applied to O&M and Debt Service	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	Fixed	Variable
Fixed Offsetting Revenues - WMWD Conv.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Variable Offsetting Revenues - WMWD Conv.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Input: Offsetting Revenues Applied to Fixed Charge														
Input: Offsetting Revenues Applied to Variable Rate														
Offsetting Revenues Applied to Fixed Charge	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Offsetting Revenues Applied to Variable Rate	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Total Offsetting Revenues Applied ot Ongoing Costs	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		

Unit Surcharge Rates		FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	MEUs	CCF
Fixed Monthly Cost per MEU															
MEU Costs to Recover		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Offsetting Revenues Applied to Fixed Charge		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Fixed Revenue Requirements	**Direct Costs**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
Fixed Revenue Requirements	**Phase-In**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
Projected MEUs		95,029	95,213	95,399	95,586	95,774	95,963	96,153	96,344	96,537	96,731	96,926	97,122		
Monthly Unit Cost per MEU		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
Variable Cost per CCF															
Variable Costs to Recover		$0	$1,050,000	$2,732,160	$10,920,121	$14,839,291	$25,395,649	$26,016,543	$29,819,469	$30,482,119	$31,166,707	$31,873,972	$32,604,678		
Offsetting Revenues Applied to Variable Rate		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Variable Revenue Requirements	**Direct Costs**	**$0**	**$1,050,000**	**$2,732,160**	**$10,920,121**	**$14,839,291**	**$25,395,649**	**$26,016,543**	**$29,819,469**	**$30,482,119**	**$31,166,707**	**$31,873,972**	**$32,604,678**		
Variable Revenue Requirements	**Phase-In**	**$0**	**$0**	**$4,394,719**	**$9,838,613**	**$15,941,944**	**$22,769,356**	**$26,989,833**	**$30,850,557**	**$31,162,105**	**$31,322,406**	**$31,873,972**	**$32,604,678**		
Projected Demands		23,650,396	23,881,431	24,117,710	24,360,982	24,606,686	24,854,847	25,105,490	25,358,640	25,542,709	25,674,103	25,932,939	26,194,363		
Unit Cost per CCF		**$0.00**	**$0.00**	**$0.18**	**$0.40**	**$0.65**	**$0.92**	**$1.08**	**$1.22**	**$1.22**	**$1.22**	**$1.23**	**$1.24**		

Riverside Public Utilities

PFAS Surcharge Rate

Overall Impacts and Smoothed Revenue Requirements: ***Alternative Option***

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Rate Revenues Without PFAS	**(Thousands)**											
Input from: Water 10 Yr Pro Forma - No PFAS.xlsm	Rate increases for 2028/29 onward assumed at 3%											
Residential	$56,429	$60,392	$64,576	$66,781	$69,061	$71,419	$73,857	$76,379	$78,987	$81,684	$84,473	$87,007
Commercial and Industrial	$28,158	$30,450	$32,746	$34,057	$35,421	$36,839	$38,315	$39,849	$41,445	$43,105	$44,831	$46,176
Other sales	$2,743	$2,881	$3,028	$3,101	$3,175	$3,252	$3,331	$3,412	$3,496	$3,582	$3,671	$3,781
Water Conveyance												$0
Wholesale Sales												$0
Less Outside City Surcharge	($2,161)	($2,311)	($2,461)	($2,535)	($2,611)	($2,689)	($2,770)	($2,853)	($2,939)	($3,027)	($3,118)	($3,211)
Less WA-8 and WA-10	($200)	($214)	($228)	($235)	($242)	($250)	($257)	($265)	($273)	($281)	($289)	($298)
Total Rate Revenues with Increases - No PFAS	**$84,969**	**$91,198**	**$97,660**	**$101,168**	**$104,804**	**$108,571**	**$112,476**	**$116,523**	**$120,717**	**$125,063**	**$129,568**	**$133,455**
System Rate Increase	6.50%	6.50%	6.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Adopted	Adopted	Adopted	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed
Total Revenue Increase		**$6,229**	**$6,463**	**$3,508**	**$3,635**	**$3,768**	**$3,905**	**$4,047**	**$4,194**	**$4,347**	**$4,505**	**$3,887**
Increase due to Growth		$706	$535	$578	$600	$623	$648	$672	$698	$725	$753	$0
Increase due to Rate Increase		$5,523	$5,928	$2,930	$3,035	$3,144	$3,257	$3,374	$3,496	$3,621	$3,752	$3,887
Rate Revenue Increase due to Growth and Rate Increases		**7.33%**	**7.09%**	**3.59%**	**3.59%**	**3.59%**	**3.60%**	**3.60%**	**3.60%**	**3.60%**	**3.60%**	**3.00%**
Increase due to Growth		0.83%	0.59%	0.59%	0.59%	0.59%	0.60%	0.60%	0.60%	0.60%	0.60%	0.00%
Increase due to Rate Increase		6.50%	6.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate Revenues With PFAS												
Total Rate Revenues with Increases - No PFAS	$84,969	$91,198	$97,660	$101,168	$104,804	$108,571	$112,476	$116,523	$120,717	$125,063	$129,568	$133,455
Revenues from PFAS Rate	$0	$1,050	$2,732	$10,920	$14,839	$25,396	$26,017	$26,658	$27,321	$28,005	$28,712	$29,443
Total Rate Revenues with PFAS	**$84,969**	**$92,248**	**$100,393**	**$112,088**	**$119,643**	**$133,967**	**$138,492**	**$143,181**	**$148,037**	**$153,068**	**$158,281**	**$162,898**
Total Revenue Increase		**$7,279**	**$8,145**	**$11,696**	**$7,555**	**$14,324**	**$4,526**	**$4,688**	**$4,857**	**$5,031**	**$5,212**	**$4,618**
Increase Due to Growth and Rate Increases		$6,229	$6,463	$3,508	$3,635	$3,768	$3,905	$4,047	$4,194	$4,347	$4,505	$3,887
Increase due to PFAS		$1,050	$1,682	$8,188	$3,919	$10,556	$621	$641	$663	$685	$707	$731
Total Revenue Increase		**8.57%**	**8.83%**	**11.65%**	**6.74%**	**11.97%**	**3.38%**	**3.39%**	**3.39%**	**3.40%**	**3.41%**	**2.92%**
Increase Due to Growth and Rate Increases		7.33%	7.01%	3.49%	3.24%	3.15%	2.91%	2.92%	2.93%	2.94%	2.94%	2.46%
Increase due to PFAS		**1.24%**	**1.82%**	**8.16%**	**3.50%**	**8.82%**	**0.46%**	**0.46%**	**0.46%**	**0.46%**	**0.46%**	**0.46%**
Cumulative Increase due to PFAS		1.24%	3.08%	11.49%	15.39%	**25.57%**	26.15%	26.73%	27.32%	27.91%	28.50%	29.09%

Riverside Public Utilities

PFAS Surcharge Rate

Overall Impacts and Smoothed Revenue Requirements: ***Alternative Option***

Phase-In based on Overall Increase

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Phased Rate Increases for PFAS		0.00%	4.50%	5.00%	5.00%	5.00%	2.50%	2.0%				
Cumulative Phased Increase	0.00%	0.00%	4.50%	9.73%	15.21%	20.97%	24.00%	26.48%	26.48%	26.48%	26.48%	26.48%
						3.9%						
Total Rate Revenues with Increases - No PFAS	$84,969	$91,198	$97,660	$101,168	$104,804	$108,571	$112,476	$116,523	$120,717	$125,063	$129,568	$133,455
PFAS Increase												
FYE 2026	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FYE 2027		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FYE 2028			$4,395	$4,553	$4,716	$4,886	$5,061	$5,244	$5,432	$5,628	$5,831	$6,005
FYE 2029				$5,286	$5,476	$5,673	$5,877	$6,088	$6,307	$6,535	$6,770	$6,973
FYE 2030					$5,750	$5,956	$6,171	$6,393	$6,623	$6,861	$7,108	$7,322
FYE 2031						$6,254	$6,479	$6,712	$6,954	$7,204	$7,464	$7,688
FYE 2032							$3,402	$3,524	$3,651	$3,782	$3,919	$4,036
FYE 2033								$2,890	$2,994	$3,101	$3,213	$3,310
FYE 2034									$0	$0	$0	$0
FYE 2035										$0	$0	$0
FYE 2036											$0	$0
Revenues for PFAS Rate Based on Phase-In	**$0**	**$0**	**$4,395**	**$9,839**	**$15,942**	**$22,769**	**$26,990**	**$30,851**	**$31,162**	**$31,322**	**$31,874**	**$32,605**
									Set at full cost recovery with coverage starting in FYE 2034			
Projected PFAS Rev Req	$0	$1,050	$2,732	$10,920	$14,839	$25,396	$26,017	$26,658	$27,321	$28,005	$28,712	$29,443
Difference: Phased minus Costs	**$0**	**($1,050)**	**$1,663**	**($1,082)**	**$1,103**	**($2,626)**	**$973**	**$4,193**	**$3,841**	**$3,317**	**$3,161**	**$3,161**
Cumulative Surplus (Deficit)	$0	*($1,050)*	*$613*	*($469)*	*$634*	*($1,993)*	***($1,019)***	*$3,173*	*$7,015*	*$10,332*	***$13,493***	***$16,655***
Debt Coverage (start after phase-in)	$0	$525	$1,366	$2,056	$3,161	$3,161	$3,161	$3,161	$3,161	$3,161	$3,161	$3,161
Addition to Meet Minimum Balance												
PFAS Revenue Requirement with Debt Coverage	$0	$1,575	$4,098	$12,976	$18,001	$28,557	$29,178	$29,819	**$30,482**	**$31,167**	**$31,874**	**$32,605**
			4.50%	5.00%	5.00%	5.00%	2.50%	2.00%	**0.06%**	**0.00%**	**0.15%**	**0.25%**

Riverside Public Utilities

PFAS Surcharge Rate

Overall Impacts and Smoothed Revenue Requirements: ***Alternative Option***

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
PFAS Minimum Reserve Target												
O&M - Working Capital	$0	$0	$0	$1,119	$1,400	$3,135	$3,237	$3,343	$3,452	$3,564	$3,680	$3,801
Rate Stabilization	$0	$0	$308	$689	$1,116	$1,594	$1,889	$2,160	$2,181	$2,193	$2,231	$2,282
Capital Emergency	$972	$972	$972	$972	$972	$972	$972	$972	$972	$972	$972	$972
Debt Service	$0	$1,050	$2,732	$4,112	$6,323	$6,323	$6,323	$6,323	$6,323	$6,323	$6,323	$6,323
Total Minimum Target	**$972**	**$2,022**	**$4,012**	**$6,892**	**$9,811**	**$12,024**	**$12,422**	**$12,797**	**$12,928**	**$13,052**	**$13,207**	**$13,378**
PFAS Maximum Reserve Target												
O&M - Working Capital	$0	$0	$0	$1,679	$2,100	$4,703	$4,856	$5,014	$5,177	$5,346	$5,521	$5,701
Rate Stabilization	$0	$0	$659	$1,476	$2,391	$3,415	$4,048	$4,628	$4,674	$4,698	$4,781	$4,891
Capital Emergency	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944	$1,944
Debt Service	$0	$1,050	$2,732	$4,112	$6,323	$6,323	$6,323	$6,323	$6,323	$6,323	$6,323	$6,323
Total Maximum Target	**$1,944**	**$2,994**	**$5,335**	**$9,211**	**$12,758**	**$16,385**	**$17,171**	**$17,909**	**$18,119**	**$18,312**	**$18,569**	**$18,859**

Rate Option 1 - All Variable	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Allocated Fixed Revenue Requirements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Allocated Variable Revenue Requirements	$0	$1,050	$2,732	$10,920	$14,839	$25,396	$26,017	$29,819	$30,482	$31,167	$31,874	$32,605
Phased Fixed Revenue Requirements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Phased Variable Revenue Requirements	$0	$0	$4,395	$9,839	$15,942	$22,769	$26,990	$30,851	$31,162	$31,322	$31,874	$32,605
Total PFAS Revenue	**$0**	**$0**	**$4,395**	**$9,839**	**$15,942**	**$22,769**	**$26,990**	**$30,851**	**$31,162**	**$31,322**	**$31,874**	**$32,605**