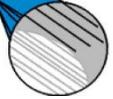


BELLA VISTA WATER DISTRICT

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COST BASED RATE STUDY

ANALYSIS AND RECOMMENDATIONS

February 23, 2026

TABLE OF CONTENTS

1. A BRIEF HISTORY	2
2. PURPOSE AND SCOPE	2
3. PROCESS.....	4
4. ASSUMPTIONS	6
5. METHODOLOGY.....	9
6. EXPENSES	10
7. REVENUES	13
8. CONCLUSIONS, RECOMMENDATIONS, IMPLEMENTATION.....	15
9. TABLES.....	18
10. APPENDICES.....	19
11. GLOSSARY	20
12. REFERENCES.....	21

1. A BRIEF HISTORY

A BRIEF HISTORY OF THE BELLA VISTA WATER DISTRICT (AKA COW CREEK UNIT OF THE CENTRAL VALLEY PROJECT)

The Bella Vista Water District also known as the Cow Creek Unit of the Central Valley Project, was created with the U.S. Bureau of Reclamation’s expansion of the federal CVP with the construction of the Trinity Division. *“Reclamation awarded contracts for the Cow Creek Main and Clear Creek South Main Aqueducts in 1964. Valley Engineers, Inc., the contractor, began construction on the Cow Creek Aqueduct January 14, 1965. Purtzer and Dutton received the contract for Wintu Pumping Plant in 1965, to supply Cow Creek Unit. The contractor completed the pumping plant in 1966. Reclamation dedicated it September 3, 1966.* The history of the Trinity Division and construction of the Cow Creek Unit in 1965 is documented by Eric A. Stene and available online at: <https://www.usbr.gov/projects/pdf.php?id=108>

2. PURPOSE AND SCOPE

State law requires public agencies such as Bella Vista Water District to set rates and charges sufficient to fund operations and maintenance expenses, replacement of capital facilities and long-term debt obligations. The primary objective of the District’s 2026 Water Rate Study Update is to recommend water rates that ensure the future financial health and stability of the District, while minimizing the impact on its customers. To comply with these requirements, the District’s Financial Policy and to achieve a balanced budget over the next five fiscal years, the District is proposing revisions to existing water rates that would take effect on May 1, 2026, and be reflected on bimonthly billings beginning on May 1, 2026. This study covers the water rates for the five-year period from 2026-2027 through 2030-2031 This rate study was prepared and completed by the Provost & Pritchard Consulting Group along with District management staff.

The American Water Works Association Subcommittee on Rates and Charges recommends that the costs of providing water should be recovered from classes of customers in proportion to the cost of serving those customers. In others words, rates should be cost based. The purpose of this rate study was to develop water rates that are fair, equitable and, in fact, cost-based ensuring that each customer class pays their own way based on the cost of providing the service. The basic premise in establishing adequate rate structures that are equitable to different customer classes is that rates should reflect the true cost of providing water service.

Proposition 218, the “Right to Vote on Taxes Act”, was approved by California voters in November 1996 and is codified as Articles XIIC and XIID of the California Constitution. Proposition 218 establishes requirements for imposing any new or increasing any existing property-related fees and charges. Proposition 218 also established substantive requirements that apply to water rates and charges, including:

1. Cost of Service – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. Intended Purpose – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. Proportional Cost Recovery – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.

4. Availability of Service – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.

The proposed water rates have been designed to provide adequate revenue to meet the District's financial obligations including operations and maintenance, extraordinary maintenance and capital replacement, debt-service obligations and to maintain adequate reserves. This rate study analysis determined the appropriate water rates for the various customer classes and determined the revenue requirements to meet expenses. On February 10, 1998, the Bella Vista Water District's Board of Directors adopted a financial policy to assure the financial viability of the District and to make rates equitable. The policy states, in part:

- Rates shall be fair, equitable and cost-based
- The Board of Directors shall review rates annually
- The District shall prepare a cost-based rate study at least every five years to determine rates

The last Rate Study was adopted by the Board of Directors on February 27, 2023, under Resolution 23-02. The last several years have been marked by significant new regulatory requirements, greatly increased rates for raw materials including treatment chemicals, energy, equipment, labor, and water purchased from the federal Central Valley Project (CVP), or transferred. The current rate study model was reviewed by the Board's Finance and Personnel Committee on February 11, 2026, and the Rate study was presented to at the regular Board of Directors meeting on February 23, 2026.

The scope of this study includes an analysis of District expenses and revenues for the development of base (capacity), commodity (volumetric) and unitary (per account) charges as well as fire protection service rates within the District. The analysis does not include a review of Capital Improvement Fees used to expand and improve the water system and to accommodate new growth and development. Capital Improvement Fees are established, in conjunction with the District's adopted Master Plan and those costs are indexed annually by the Engineering News Record's Construction Cost Index (ENR CCI) to reflect changes in construction costs. A successor Master Plan is in progress and expected to be completed in early 2027. This study also does not evaluate or include fees and charges resulting from customer requests for special services or actions such as development plan check fees, fire hydrant installation fees, etc. Fee for service items are included in the District's Policy Manual as "Exhibit A", and are evaluated and revised annually.

Key Objectives

The District had a number of key objectives in developing the comprehensive water rate study, which are as follows:

- Develop the study in a manner that is generally consistent with the principles and methodologies established by the American Water Works Association (AWWA) M1 Manual, Principles of Water Rates, Fees and Charges
- Review and utilize the District's current financial/rate setting policies and practices
- Develop the District's revenue requirement analysis to provide prudent and adequate funding levels for operations and maintenance (O&M) and capital infrastructure (asset management plan)
- Develop a cost allocation methodology that equitably allocates the cost of providing water service to the District's various customer classes
- Review the District's current water rate designs/structures, and provide rate designs that are contemporary, cost-based, defensible and meet the specific rate design objectives of the District

- Develop the proposed water rates and fees to meet legal and statutory requirements (e.g. Proposition 218, etc.)

3. PROCESS

This section details the development of the District’s water rates in accordance with the American Water Works Association M1 (“Principles of Water Rates, Fees, and Charges” AWWA M1) and compliant with the requirements of Proposition 218.

The following is a brief outline of the rate study process:

1. Develop anticipated revenue requirements for the next 5 years
 - a. Collect Expense Data from the past 5 years
 - b. Adjust expenses based on inflation over the 5-year period
 - c. Calculate the 5-year average for each expense category
 - d. Adjust where necessary to reflect extraordinary cost increases
 - e. Review Extraordinary Operations, Maintenance, and Replacement budgeting
 - f. Review Debt Payments requirements
2. Determine revenues available from sources other than water rates
 - a. Fees for the installation of new services, new meters, new hydrants, etc.
 - b. Cross connection control fees, inspection fees, and other miscellaneous fees
 - c. General Fund interest and miscellaneous other income
 - d. Grant Funding
 - e. County Tax Pool and Teeter Funds
 - f. BVWD Special Assessment
3. Calculate revenue required from rates
4. Allocate expenses to three functional cost components
 - a. Per Account
 - b. Capacity
 - c. Volume (water usage)
5. Determine Unit Costs
 - a. Cost per customer account – based on the total of the “Per Account” expenses divided by the number of accounts
 - b. Capacity costs based on meter capacity
 - c. Cost per unit of water delivered (per 100 cubic feet or per acre-foot)
6. Develop Rate Schedules

3.1 Proposed Rates and Bill Impacts

The findings and recommendations presented in this report are based on the best information available at the time of this study gathered from financial statements, budgets, capital improvement plans, and input from staff and the District’s Board of Directors. The cost allocations proposed herein are based on AWWA M1 methodologies. The proposed rates are based on the reasonable cost of providing service and are proportional to the benefits received by each customer. These increases are needed to a) recover the full cost of service, b) maintain the current water system, c) meet debt service obligations, d) meet OPEB and UAL funding obligations, and d) retain prudent fund reserves.

As shown on Table 5, the first rate increase is proposed to go into effect May 1, 2026, with subsequent increases going into effect on May 1 of each year thereafter. The District’s last rate adjustments were implemented in May of 2024.

3.2 Comparison of rates

The following graphs show how the District’s existing and proposed rates compare with other local agencies. Significant rate variations exist between agencies depending on many factors including their source of supply, method of treatment, elevation changes within the service area, etc. Note: the rate comparisons are based on the amount charged per month; however, the District bills on a bimonthly basis.

Figure 3A

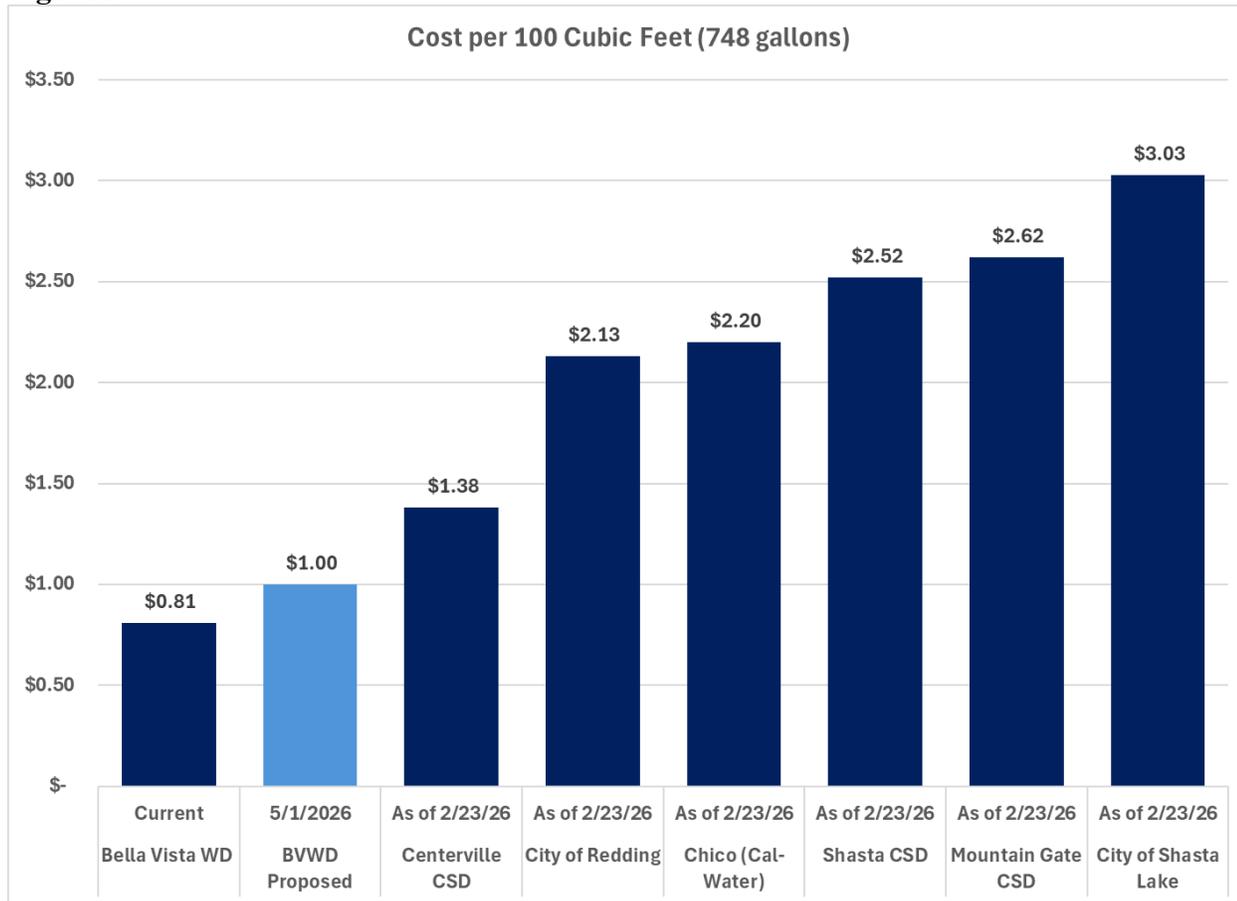
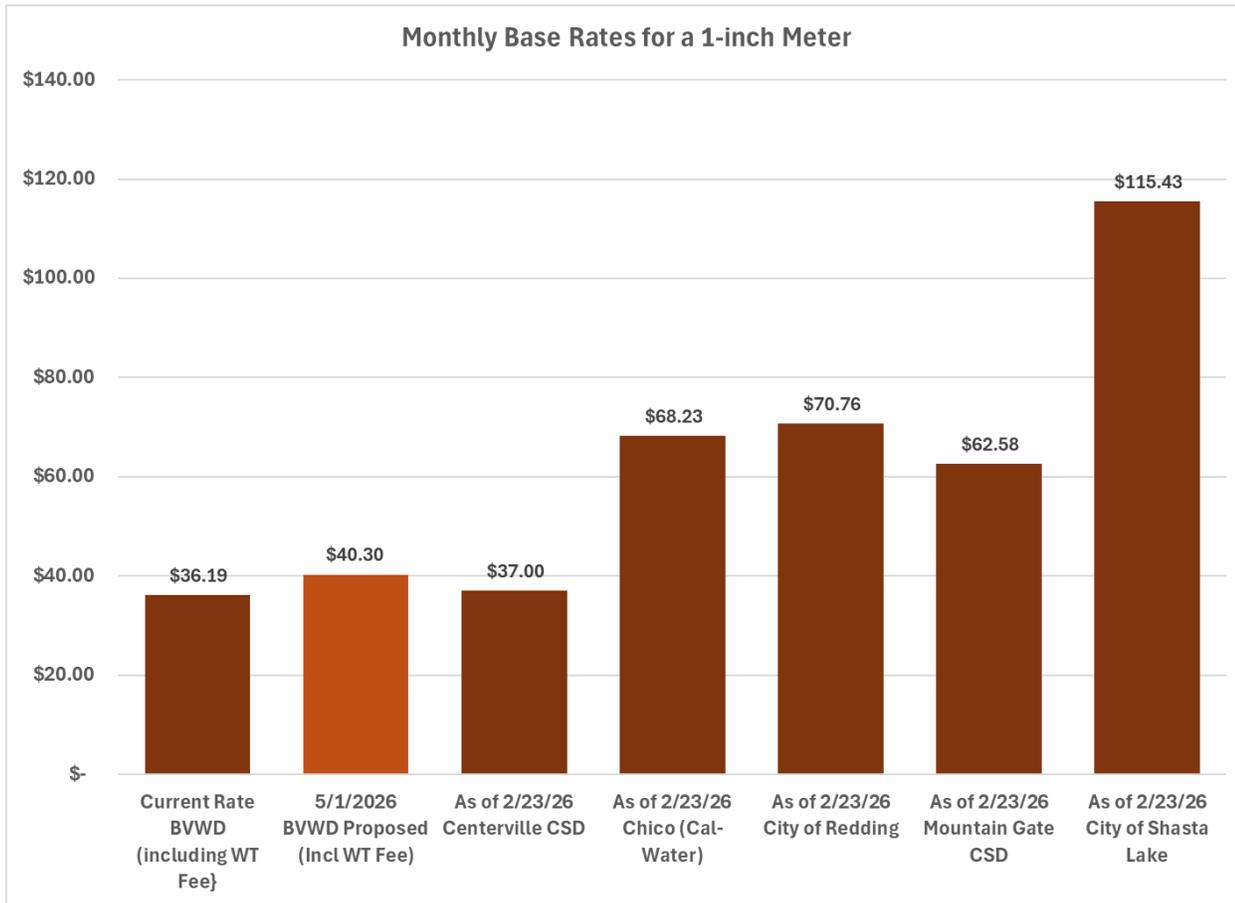


Figure 3B



4. ASSUMPTIONS

The District presently provides service to a 53 square mile service area with 6,509 total connections and serving a population of approximately 20,000 people. The District operates a 52 MGD surface water treatment plant. The distribution system is comprised of 4 storage tanks, 10 pump stations and 10-different pressure zones. Presently, an additional 3-MG Tank and 6 MGD pump station is under construction with completion expected in the first half of 2027. The State Water Resources Control Board – Division of Drinking Water (DDW) has determined that District treatment facilities are considered T-5, and the distribution system is considered D-3. Regulations are often imposed or phased based on population and/or the treatment or distribution system designation. For example, a T-5 Operator of Record is required to oversee the operations of a T-5 treatment system. It is assumed the District’s operational designations of T-5, D-3 will remain for the duration of this rate study.

The analysis of rates requires several assumptions and those fundamental to this study are summarized as follows:

4.1 Key Assumptions

- Use of a five-year time frame for analysis of the District’s water deliveries, revenues and expenses
- Compliance with the District’s existing financial and rate policies
- Continue the Board and District’s prudent financial planning and utility management

4.2 Debt Service Assumptions

- Safe Drinking Water State Revolving Fund (SDWSRF) loan - Payments on the SDWSRF loan will continue through July 2028 at which time the loan from the state will be paid off. However, the \$14 Water Treatment Fee will continue through June of 2031 to repay the District’s General Fund for funds transferred to the Water Treatment Reserve Account during the period of 2017 through June 2027 to maintain the required debt service reserve.
- 3-Million Gallon Tank/Pump Station Loan – Principal and interest payments on this loan are anticipated to begin in fiscal-year 2027-2028 and continue through fiscal-year 2039-2040.
- Debt service coverage – Utilize the District’s financial policies and borrowing covenants to establish minimum coverage requirements.

4.3 Central Valley Project Water Supply

The District has a Central Valley Project Water Service Contract that has been converted to a Repayment Contract for both Irrigation (Agricultural) and Municipal and Industrial (i.e. Residential, Rural, Commercial and Public Institutional) water supplies with a quantity entitlement of 24,578 acre-feet annually, subject to shortage provisions. Reduced water supply allocations from the CVP have occurred in the recent past and are continuing to occur due to many factors including increased statewide demands for water resources, actions related to biological opinions for the operation of the CVP, implementation and compliance with the Endangered Species Act, State Water Board actions for basin plan amendments, Bay-Delta water quality objectives and related regulatory actions. In 2022, the District and other northern CVP Contractors received a zero (0%) water supply allocation for both agricultural and municipal use. The CVP supply has become substantially less reliable with more frequent, severe and perhaps chronic shortages in the future. Therefore, it will likely remain necessary to pursue more expensive supplemental water sources that are available in shortage years in order to augment supply. This analysis assumes water deliveries over the next five years will be similar to the past five years, which includes both severe shortages and unconstrained, full-supply deliveries. In shortage years, due to additional expenses for water supplies to augment the reduced CVP supply, the water rates will need to be adjusted pursuant to Supply Portfolio calculations and in accordance with the District’s then current Water Shortage Contingency Plan.

Rates charged by the U.S. Bureau of Reclamation (USBR) for water purchased directly from the Central Valley Project (CVP) or through the District’s amended Long-Term Transfer Agreement with the Anderson-Cottonwood Irrigation District (ACID) are considered wholesale purchased water costs. USBR’s ratesetting methodology for the CVP is complex and largely beyond the scope of this study with the exception of incorporating the CVP Annual Ratebooks and Schedules herewith by reference, including any annual accumulating operations and maintenance (O&M) deficits. Adjustments to wholesale purchased water costs will be reviewed annually and any increases directly “passed-through” to customers through the annual review and adjustment process.

4.4 Long-Term Water Transfers

The District entered into an agreement for the long-term purchase and transfer of USBR Project Water from the Anderson-Cottonwood Irrigation District (ACID) for 1,536 acre-feet of water annually, subject

to shortage provisions. The agreement was amended in 2021 for an additional 264 acre-feet of water annually, subject to shortage provisions. The water must be purchased annually for the term of the agreement and includes USBR charges plus administrative charges paid to ACID. It is assumed that the entire quantity of water available from ACID will be purchased and delivered for M&I purposes every year and therefore all associated expenses have been allocated to the “M&I only” category. Historically in shortage years, with the exception of 2022, the amount of water available from ACID has been reduced to 75 percent of full entitlement. In 2022, the supply made available to Settlement Contractors including ACID was reduced to 18%. In 2025, the Settlement Contractors including ACID entered into an Drought Prevention Plan Agreement with the U.S. Bureau of Reclamation that reduces their contract shortage provisions from 75% of contract amount to 50% for the subsequent ten years based on certain hydrologic conditions.

4.5 Special Assessment Revenue

Future revenues have been estimated based on the Special Assessment revenues received in FY 2024-2025. Assessed (land only) valuations in Shasta County have increased at an annual rate of approximately 4.0% over the past five years. It is believed that revenues from the District’s special assessment revenues will continue to increase at a similar rate over the term of this study.

4.6 County Tax Pool Revenue

This revenue has been estimated based on the FY 2024-2025 revenues. In FY 2024-2025 revenues from the County Tax Pool increased by 3.65%. It is believed that revenues from the County Tax Pool will continue to increase at a similar rate over the term of this study.

4.7 Staffing

The District’s management team consists of the General Manager and four supervisory managers, each responsible for one of the District’s four operational departments. Of the current 27 positions, 22 are represented by IBEW Local 1245 and are covered under a collective bargaining agreement governing wages and benefits. Employer pension costs are currently funded on a pay-as-you-go basis and are expected to continue under this approach during the study period, and the District is taking steps to address its underfunded Other Post Employment Benefits (OPEB) liability by making annual placements as determined by a GASB/actuarial analysis. This rate study reflects the District’s authorized staffing level of 27 full-time equivalent positions necessary to support operations; although five positions are currently vacant and undergoing ongoing recruitment. The study assumes these positions will be filled, along with the addition of two full-time positions to meet increasing operational and regulatory requirements. Notably, the District had 28 full-time employees in 2009, so the addition of two staff members under this study represents only a modest increase in staffing, despite significant growth in the number of customers served, service connections, facilities, and additional regulatory compliance requirements.

For the fiscal ending June 30, 2026, the District will contribute \$618,000 to the CalPERS OPEB Plan (the Plan). As of June 30, 2025, the actuarial accrued liability (Total OPEB Liability) for benefits was \$8,801,101, and the actuarial value of assets (Fiduciary Net Position) was \$1,791,638, resulting in a net unfunded actuarial accrued liability (Net OPEB Liability) of \$7,009,463. The funded status of the plan was approximately 20%. The covered payroll (annual payroll of active employees covered by the plan) was \$1,922,292, and the ratio of the net OPEB liability to covered payroll was approximately 361.8%. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the District’s actuarially determined contributions

are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future (GASB 75 Actuarial Report by MacLeod Watts, measured as of June 30, 2025)

4.8 Extraordinary Operations, Maintenance and Replacement (EOMR)

In order to address aging infrastructure and implement asset management and replacement principles, the District has planned for major maintenance and replacement projects using a 20-year planning horizon to develop an average annualized expense for the general categories “facilities,” “pipelines,” “vehicles and equipment.” This has allowed the District to plan and accomplish large maintenance and replacement projects with reduced volatility to the annual routine operations and maintenance budget. It is anticipated that some years will require borrowing from contingency reserves or financing whenever the cumulative expenses exceed the fund balance. These projections are based on present value expense projections and do not include an inflation factor, expenses for financing or forgone interest earnings (See Tables 2a, 2b and 2c). In order to reduce the required rate increases over the first and subsequent years of the rate study, the District has decided to phase in the amount of funds collected for placement into the EOMR – Pipelines reserve fund. Instead of placing \$427,000 into EOMR-Pipelines in FY2026/2027 and subsequent years, the District will be suspending the entire placement in the first year and reducing the placement to \$400,000 for FY2027-28.

Placements for “facilities” and “pipelines” will be indexed annually based on the Engineering News Record Construction Cost Index (ENR CCI). Placements for vehicles and equipment will be indexed annually based on the Bureau of Labor Statistics Consumer Price Index for New Vehicles.

4.9 Charges for Special Services

Charges for items such as the installation of a fire hydrant, plan check review and for connection or reconnection are directly charged to the customers requesting special services at rates intended to fully recover the District’s expenses. Such charges are considered a “fee for service,” are listed in Appendix A of the Policy Manual and reviewed annually and revised as necessary, and are not included within the scope of this rate study.

5. METHODOLOGY

This rate study is generally based on the “commodity-demand method” described in the American Water Works Association “Principles of Water Rates, Fees, and Charges-- M1 Manual of Water Supply Practices.” The analysis utilizes the averages for the prior five years of revenues and expenses. All expenses are grouped into Major Expense Categories (see Table 3). Booster pump station power expenses are aggregated and excluded from the general expense allocation as they are offset entirely utilizing non-operating revenues. All water treatment expenses are aggregated and excluded from the expense allocation and allocated separately through a water treatment expense allocation. Similarly, all expenses for the District’s wells are aggregated and excluded from the expense allocation and allocated separately through a well expense allocation. All remaining expenses are allocated to one of the following three customer categories allocation: “All”, “Ag” or “M&I”. The majority of costs are allocated to “All”. Specific costs attributable to only one customer class are assigned accordingly. For example, costs for Irrigation water purchased from the USBR are assigned to the Agricultural customer class only. Similarly, costs for M&I water are assigned to the M&I customer classes only. Water treatment costs are assigned primarily to M&I users with Agricultural customers being charged in proportion to the benefit received

for the treatment of water used for domestic purposes (approximately 670 gallons per day or 3/4 of an acre-foot per year).

Expenses are further assigned among three categories: volume, capacity, and unitary (per account). Expenses allocated to volume include most operating expenses such as the operation of the District's water sources, water treatment facilities, pumping stations, and water distribution facilities. Capacity allocated expenses include most of the District's maintenance expenses including the cost to maintain all of the District's facilities, pipelines, water services, meters, vehicles, tools, and equipment. Most of the District's administrative costs including billing, customer service, regulatory compliance, and safety programs are assigned on a unitary or per-account basis. The resulting revenue requirement must be derived from rates.

The resulting Volume expense totals are divided by the projected amount of water delivered to determine the cost per unit of water. Capacity expenses are divided by the total number of meter class equivalents (MCE) units to determine the cost per MCE. Unitary expenses are divided by the number of accounts to determine the per account cost.

Charges for fire protection services are designed to recover the District's costs for reading the meter, billing, maintenance of the service and providing the water delivery capacity required for the fire service. Recognizing that these services are normally used infrequently, the base rate for Fire Service Meters is set at 85% of the bimonthly "Capacity Component" of the base rate for an M&I meter class of a similar capacity. The 85% ratio is unchanged from the previous rate study.

6. EXPENSES

6.1 Water Supply

The District obtains the majority of its water supply through a Central Valley Project (CVP) Contract for up to 24,578 acre-feet of Irrigation and M&I Water annually, subject to shortage provisions. A long-term transfer of CVP Project Water from ACID augments the District's M&I water supply. District groundwater wells provide another source of water supply. Surface water from the CVP is purchased from the USBR in accordance with their ratesetting process and policies.

6.2 O&M Deficits

Annually, on a federal fiscal year basis, USBR performs an accounting to determine each contractor's net financial position for the recently ended fiscal year. This process accounts for each contractor recorded water revenues against costs and applicable interest allocated to the contractor based on their respective water deliveries. The outcome of the annual accounting process is the contractor's final Net Results of Operations for the year end. These annual accountings provide financial information necessary to determine the contractor payment status, which is then used in calculating water rates for the forthcoming water year. In the event that actual expenses exceed projections, or if actual water deliveries are less than projected, interest-bearing O&M deficits may result. In general, deficits are likely in shortage years since less water is delivered throughout the CVP service area.

6.3 M&I Rate Stabilization Fund

M&I customer class rates include a \$0.04 per 100 cubic feet (HCF) charge to fund an M&I Rate Stabilization Fund to address annual O&M deficits and to stabilize rates. It is anticipated that funds to be collected along with the funds currently in the M&I Rate Stabilization Fund will be adequate to address likely O&M deficits that may occur during the term of this study. As determined by the Board of Directors annually, this placement may be reduced or suspended.

6.4 Irrigation Deficit Reserve

The previous Rate Study recommended the establishment of a rate component to proactively address anticipated O&M deficits for Irrigation Water by creating an Irrigation Deficit Reserve. Deficits can be expected to occur in shortage years and must be systematically paid down to avoid compounding interest and increased rates in the future. As a result, a rate component of \$10.00 per acre-foot of Agricultural Water will be charged to fund payment of future deficits. This rate is unchanged from the previous rate study.

6.5 Expense Categories

The District's routine operations and maintenance expenses are based on averaged annual expenses that include non-shortage years with full supplies in addition to drought years that included severe shortages. Additionally, expenses for extraordinary operations, maintenance, and replacement (EOMR) items, projected over a 20-year planning horizon, have been added on an averaged, annualized basis. Expense categories in the general expense allocation include:

- Source of Supply – Operation and Maintenance (O&M)
- Pumping – O&M
- Transmission & Distribution – O&M
- Cross Connection
- Customer Service
- Water Conservation
- Administration
- General Plant
- Safety
- Transportation & Shop
- Transfers and Annual Reserve Placements

With the exception of power, treatment and well expense allocations, as previously discussed, expenses have been allocated based on one of the following three methods:

- Volume (\$/volume unit)
- Capacity = Meter Class Equivalents (\$/MCE)
- Accounts/Unitary (\$/account)

The Volumetric allocation is based on a five-year average water deliveries for each customer class.

6.6 Meter Class Equivalents

The Capacity allocation is based on the potential demand that a metered service can place on the District's water system and is expressed in Meter Class Equivalent (MCE) units. The potential demand that a meter

can place on the system is proportional to the maximum intermittent flow that the meter can deliver which is proportional to the cross-sectional area of the meter for meters of the same design. However, a careful review of maintenance costs associated with the repair and replacement costs of water system components such as meters, pipelines, and pumping facilities showed that the maintenance costs are generally proportional to the diameter of the meter or pipeline rather than the cross-sectional area. Therefore, for the allocation of capacity charges a factor of the Meter Class to the 0.45 power was used to calculate the Meter Class Equivalents. Calculation of the capacity charges is arrived at by utilizing the number of meters and MCE thereof. The MCE factors are based on the meter class, with a Class 30 meter being equal to 1.0 MCE. (See Table 4).

6.7 Unitary Expenses

Unitary expenses are allocated on a per account basis independent of the customer class. The total costs borne by any single customer class would be based on the percentage of the number of customers in each rate class. For example, 6,198 M&I accounts out of 6,332 total accounts represent 97.9% of the total accounts.

6.8 Power for Pumping

All water deliveries within the District are pumped at least once and some locations require two additional pumped lifts resulting in ten separate pressure zones. In 2018, the District received a WaterSMART cost-share grant from the US Bureau of Reclamation to construct photovoltaic solar facilities to reduce the District's reliance on energy supplied by PG&E and the Redding Electric Utility (REU). Solar generation offsets PG&E energy costs at number of District facilities under the RES-BCT program. Due to substantial increases in PG&E power costs since the installation, the return on investment has exceeded expectations. Additionally, the District installed solar systems at the District's Water Treatment Plant location within the Redding Electric Utility service area that directly reduces power use through net energy metering (NEM). Remaining pumping power expenses are entirely offset with non-operating revenues for the term of this analysis.

6.9 Treatment Cost Allocation

District water treatment related expenses were historically allocated exclusively to the M&I customer classes since the benefits of domestic water were not considered to be directly benefiting the Agricultural customer class. However, in recognition that most of today's Agricultural customers also receive water service for their primary residence and indeed benefit from the provision of domestic water, it was determined appropriate to allocate a portion of water treatment expenses based on the following assumptions:

- The average household (i.e., non-irrigation) treated water demand = 670 gpd per household
- Approximate number of households = 6,270
- Water sales = 1,024 AF of Irrigation and 7,165 AF of M&I
- Irrigation accounts should contribute to treatment costs on the first 670 gpd of water deliveries. The approximate number of Irrigation accounts with houses is 124

The resultant Water Treatment expense allocation follows:

- The average annual household treated surface water demand = $670 \times 365 = 164,250$ gallons = 0.75 acre-feet
- The total annual treated surface water demand for Irrigation accounts = $124 \times 0.75 = 93$ acre-feet
- The total annual treated surface water demand for all customers = 7,258 acre-feet
- Based on total treatment costs of approximately \$1,072,000 and 7,258 acre-feet of treated water deliveries, the cost per acre-foot = \$149.55
- Including the cost for 0.75 acre-feet of M&I and the credit for 0.75 acre-feet of Irrigation water brings the annual cost to \$146.61 for 0.75 A.F. or \$24.43 bimonthly per Irrigation account
- The total treatment cost paid by the approximately 144 Irrigation accounts = $124 \times \$24.43 \times 6 = \$18,176$.
- The Irrigation share of treatment expenses = $93 \text{ AF} \div 7,258 \text{ AF} = 1.28\%$
- The M&I share of treatment expenses = $100.00\% - 1.28\% = 98.72\%$
- Irrigation properties that are solely dedicated to commercial agriculture purposes with no residence or domestic water use whatsoever will receive a “non-domestic use (NDU) credit” of \$24.43 bimonthly (the cost of the 0.75 AF of treated M&I water that is included in the Ag base rate).

7. REVENUES

Revenue sources include non-operating revenues comprised of the District’s Special Assessment, a share of the County tax pool, interest earned, miscellaneous revenue and operating revenues comprised of water rates (i.e. base rates and commodity charges).

7.1 Special Assessment

Special Assessment revenue is generated by an Ad Valorem property assessment based solely on the value of land (not on any improvements made to the property). It was established pursuant to Section 37203 of the California Water Code, upon a vote of the District's property owners soon after the District was formed. It allows the District to compel Shasta County to levy and collect this assessment on all lands within the District sufficient to raise revenue to provide for the following purposes:

- Purchase Water
- Operate and Maintain the District
- Maintain a Contingency Reserve

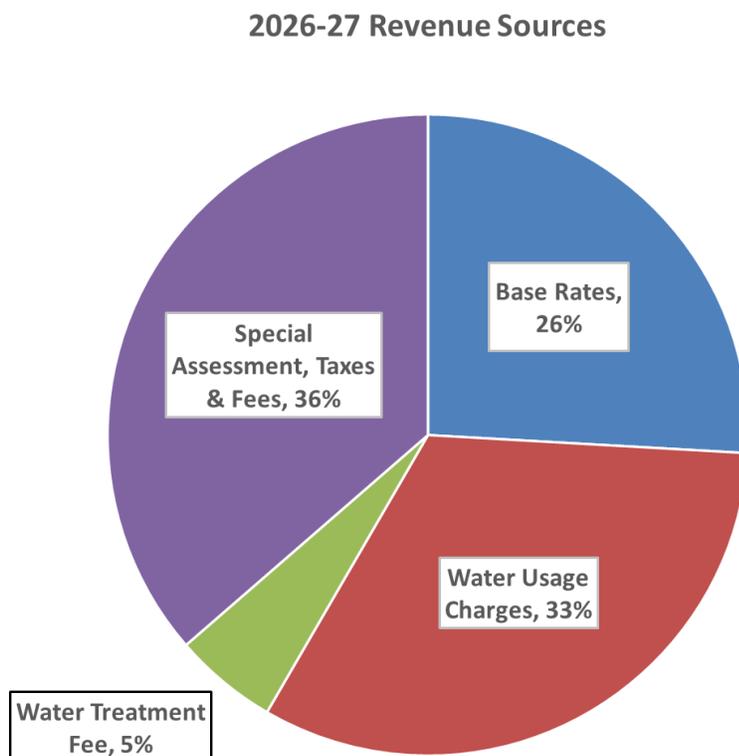
The Special Assessment is not subject to Proposition 13 restrictions and as stated above is based solely on the value of land only and not improvements. This assessment is reflected on each individual property owner’s biannual tax statement from the County of Shasta and is shown as “BVWD Land Only”. The Special Assessment revenues were estimated using the Shasta County Assessor rolls and was used to offset a portion of the volumetric, capacity and per account charges.

7.2 County Tax Pool and Teeter Fund

County tax pool monies are based on an apportionment factor and come from the 1% county-wide property tax. This apportionment factor comes from the Revenue and Taxation Code Section 95-99, which

established a permanent formula for determining property tax revenue to be received by local agencies and schools. The county tax pool monies are not restricted and, therefore, can be utilized for any authorized purpose. In the study, a portion of these tax pool dollars were allocated first to offset power costs, pay down a portion of the District's OPEB liability, pay a portion of the District's UAL, and to fund a portion of the District's semiannual Safe Drinking Water State Revolving Loan payments. The remainder, combined with the Special Assessment revenues, was used to offset a portion of the volumetric, capacity and per account charges.

Figure 7A



7.3 Rates

District water rates are comprised of the following components:

1. Base Rates - comprised of the following expense allocations
 - Charges that are related to the Number of Accounts
 - Charges that are related to the Meter Capacity (i.e. Size)
 - Baseline domestic use charge for Irrigation Accounts (\$24.43/bimonthly)
2. Usage (Volume/Consumption) Rates
Charges related to the volume of water used, measured in HFC's (Hundred Cubic Feet) for M&I customers or Acre-Feet (AF) for Irrigation customers.
3. Fire Service Rates

4. Water Treatment Improvement Project Debt Service
5. Other Charges (where applicable) include:
 - Backflow (Cross Connection) testing charge
 - Drought Penalty Charges, when necessary, as as authorized by the CA Water Code

8. CONCLUSIONS, RECOMMENDATIONS, IMPLEMENTATION

Utilizing the methodology and figures described above, the current and resultant commodity and base rates after offsetting expenses as well as the projected rates for the subsequent four years for all M&I Customer Classes are reflected in (Table 5). Similarly, the current and resultant commodity and base rates for all Agricultural Customers as well as the projected rates for the subsequent four years are shown. The proposed bimonthly rates for private fire protection systems are shown in (Table 6).

8.1 Proposition 218 and Water Rate Setting

Proposition 218 is also known as the Right to Vote on Taxes Act. Proposition 218 places both procedural and substantive limitations on property-related fees or charges, including water utility rates. Procedurally, a government-owned utility, such as the District, must adopt rates through a public hearing process and give voters/customers the opportunity to formally protest. Under Proposition 218, utility rates must be set so that revenues do not exceed the funds required to provide the service, and the fee or charge imposed on any ratepayer must not exceed the proportional cost of the service attributable to that ratepayer. The development of this study meets the legal and technical requirements of Proposition 218.

8.2 Pass-Through of Wholesale Water Purchases

The wholesale cost of water purchased from USBR includes the following cost components, which are revised annually based on CVP ratesetting policies. (Storage, Conveyance, Direct Pumping, etc.). Additional charges include the Restoration Fund charges. The District also has a long-term transfer (LTT) agreement with the Anderson-Cottonwood Irrigation District that supplements its CVP Contract M&I supplies. The cost for the ACID LTT water is based on CVP rates plus an administrative fee that is paid to ACID. It is recommended that all wholesale water rate increases be passed through to the commodity water rates for both Irrigation and M&I customer classes on a volumetric basis.

8.3 Annual Rate Adjustments

The District must anticipate increasing expenses and therefore, rates should be adjusted annually. Historically, the primary cost categories for the District such as energy, chemicals and materials have exceeded the Consumer Price Index. In order to reduce the initial impact of recommended rate increases, it is proposed that discretionary costs and reserves be utilized and increases phased in annually. Annually, the District's Board of Directors will review the increase in operating expenses and determine whether or not to reduce the amount of the annual increase. The proposed projected rates are shown in Table 5.

8.4 Water Supply Portfolio

Depending on hydrology, the District has access to various sources of supply, all with varying costs. The supply portfolio consists of water from the following sources:

- Central Valley Project (CVP) Water Service Contract water allocations

- Anderson-Cottonwood Irrigation District Long-Term Transfers (ACID-LTT)
- Groundwater produced by the District’s five wells
- Water Transfers from other entities
- City of Redding Groundwater Transfer and Facilities Cost-Sharing Agreement

Due to potential variability in water supply availability, rates must be reviewed and adjusted annually based on the “water supply portfolio” that is available to the District. Each year the quantities of water supplied from each of these sources (multiplied by their respective unit prices) will be used to calculate the annual water supply portfolio costs. Wholesale water cost increases exceeding 7.5 percent annually will be passed through to customers rates in accordance with proposition 218. The M&I water supply portfolio used for this Rate Study is shown in (Table 7). During shortage years, when CVP and ACID-LTT are reduced, rates will be determined on the basis of the weighted average of the quantities and costs of the available supplies. Any overall increases in supply portfolio costs will be passed through to M&I commodity rates on a volumetric basis.

8.5 O&M Deficits

The District purchases most of its water from the CVP, when available. Each year the USBR projects the water use and determines the wholesale rates to the District. After the end of the federal fiscal year, the accounts are reconciled and each contractor is assigned either a surplus or a deficit for both Irrigation and M&I. Deficits occur as a result of USBR overestimating revenue, underestimating expenses, or both. Deficits are due and payable in 30 days, or they accrue interest. All accumulated deficits and interest must be paid by the year 2030. Separate reserves should be maintained for Irrigation and M&I to address annual deficits. Presently, the M&I rate stabilization reserve, along with the annual placements included in this study, should be adequate to address anticipated O&M deficits for M&I water deliveries for the term of this study. In order to address the accumulated USBR O&M Deficit the proposed usage rates for M&I water service for 2026 through 2031 include \$0.04 per HCF for placement in the District’s M&I Rate Stabilization fund to help offset the need for rate increases due to reduced water supplies during water shortage years. For Agricultural water service for 2026 through 2031 includes \$10.00 per acre-foot to be used for current and past accumulated O&M Deficits for Irrigation Water.

8.6 WTP Debt Service

As a result of the promulgation of the Interim Enhanced Surface Water Treatment Rule in December 1998 and a Particle Removal Demonstration Study (conducted in 2001-2002), the District was required to construct improvements to its facilities at the Wintu Pump Station and Water Treatment Plant. Based on the results of that study, the Division of Drinking Water (DDW) determined that the existing inline, high-rate filtration process should be converted into a direct filtration facility through operational and physical improvements to the treatment process. The District entered into a low-interest rate loan under the Safe Drinking Water State Revolving Fund to fund the construction of the improvements required to enable the District to meet state and federal drinking water standards. In order to repay the loan, a bimonthly fee of \$14.00 was created and charged to each account, which amount is then transferred monthly to a restricted bank account. The anticipated growth in the number of new customers that were used to establish the \$14.00 bimonthly charge has not happened as anticipated, and therefore, a shortfall has occurred. In hindsight, the established initial rate should have been set higher. In order to maintain the required minimum reserve in the restricted account, an annual placement of approximately \$113,000 annually will be required and will be paid from monies received from the County Tax Pool and Miscellaneous revenues.

8.7 Extraordinary Operations Maintenance and Replacement (EOMR) Adjustments and Placements

The amounts of the annual placements into each of the three EOMR reserve funds (Facilities, Vehicles and Pipelines) as shown in Table 2a, 2b and 2c, will be adjusted annually, using the consumer price index (CPI-U) for “facilities,” the 12-month increase in the Engineering News Record – Construction Cost Index ENR-CCI) for “pipelines” and the current California Statewide Contracts for Fleet Vehicles for “vehicles and equipment.”

8.8 Other Post Employment Benefit (OPEB) Placement

The District has established a Retiree Healthcare Plan under the CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) and participates in a multiple-employer defined benefit retiree healthcare plan. The plan provides healthcare insurance for eligible employees and their eligible family members through the District's group health insurance plan, which covers both active and retired members. In order to reduce the growth in the unfunded liability for OPEB expenses, an annual placement of approximately \$618,000 will be made from monies received from the County Tax Pool and Miscellaneous revenues. The placement amount may be adjusted annually in accordance with the actuarial valuation.

8.9 Employee CalPERS Pension Unfunded Actuarial Liability (UAL) Placement

The CalPERS unfunded accrued liability (UAL) is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and members entitled to deferred benefits as of the valuation date. In order to reduce the growth in the unfunded liability, there will be an annual placement of approximately \$306,000. The placement amount may be adjusted annually in accordance with the actuarial study prepared by the actuarial valuation.

8.10 Capital Improvements Fund Placement

This fund was established to deposit capital improvement fees charged for new connections for use towards the construction and improvements of District facilities primarily to develop additional capacity in order to serve new growth and development as evaluated and established by the District's Master Plan. However, some identified improvements are necessary to benefit existing customers and are unrelated to new growth and development but are needed for improved water quality, capacity and regulatory compliance purposes. The placement will average \$270,000.00 Capital Improvements Fund over the next five years.

8.11 Rate Study Term

It is recommended that this cost-based study be reviewed annually and comprehensively in three to five years depending on continuing supply chain issues, inflation and potential volatility in expenses in addition to considerable uncertainty related to CVP water supply. A revised successor rate study will need to be completed within of five years to comply with Proposition 218 rate setting requirements.

9. TABLES

Table 1	Active Accounts and Meter Class Equivalents
Table 2a	Extraordinary Operations, Maintenance and Replacement 20-Year Projection – Facilities
Table 2b	Extraordinary Operations, Maintenance and Replacement 20-Year Projection – Pipelines
Table 2c	Maintenance and Replacement 20-Year Projection - Vehicles and Equipment
Table 3	Major Expense Categories
Table 4	Class 30 Meter Equivalents
Table 5	Proposed Rates
Table 6	Proposed Fire Service Rates
Table 7	M&I Water Supply Portfolio

Table 1

Active Accounts and Meter Class Equivalents

M&I Meters		Class 30 Equivalents	Total Class 30 Equivalents
Class	Active		
20	593	0.82	484.18
30	3,193	1.00	3,193.00
50	1,297	1.29	1,674.42
100	516	1.83	942.08
160	493	2.31	1,138.53
200	15	2.58	38.73
300	13	3.16	41.11
450	31	3.87	120.06
900	17	5.48	93.11
1200	4	6.32	25.30
1500	2	7.07	14.14
2000	8	8.16	65.32
2500	3	9.13	27.39
3300	0	10.49	0.00
4500	13	12.25	159.22
6000	0	14.14	0.00
Totals =	6,198		8,016.60

AG Meters		Class 30 Equivalents	Total Class 30 Equivalents
Class	Active		
20	0	0.82	0.00
30	0	1.00	0.00
50	7	1.29	9.04
100	27	1.83	49.30
160	46	2.31	106.23
200	1	2.58	2.58
300	15	3.16	47.43
450	11	3.87	42.60
900	8	5.48	43.82
1200	3	6.32	18.97
1500	0	7.07	0.00
2000	6	8.16	48.99
2500	3	9.13	27.39
3300	3	10.49	31.46
4500	4	12.25	48.99
6000	0	14.14	0.00
Totals =	134		476.80

**Table 2a
Extraordinary Operation, Maintenance & Replacement 20-Year Projection Facilities**

DESCRIPTION	Current	Useful Life	Next	Proj/Act	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20		
	Install/Rehab	(yrs)	Rehab	Cost (\$)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	
	(yrs)	(yrs)	(yr)	Cost (\$)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2046	
DISTRICT																											
Telemetry Upgrade (Incl. programming)		15	2033	70,000	-	-	-	-	-	-	-	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
SCADA Upgrade		15	2036	373,000	-	-	-	-	-	-	-	-	-	-	373,000	-	-	-	-	-	-	-	-	-	-	-	
Solar System 690 kw - Reg Station (PG&E) /3	2018	30	2048	1,465,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,367,333	
Computer Server, SQL, UPS, etc.		8	2033	60,000	-	-	-	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000	-	-	-	-	-	-	
CS/UB Software Upgrade (Impressa/Financial)		12	2027	91,000	-	91,000	-	-	-	-	-	-	-	-	-	-	-	91,000	-	-	-	-	-	-	-	-	
STORAGE/TANKS																											
Surge Tank - R&R exterior coatings		20	2036	334,000	-	-	-	-	-	-	-	-	-	-	334,000	-	-	-	-	-	-	-	-	-	-	-	
4 MG Tank - R&R interior & exterior coating	2016	20	2038	1,819,000	-	-	-	-	-	-	-	-	-	-	-	-	1,819,000	-	-	-	-	-	-	-	-	-	
OOT Tank - R&R interior & exterior coating		20	2032	400,000	-	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cow Creek 2 R&R interior & exterior coating		20	2031	318,000	-	-	-	-	-	318,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Regulating Station & Tank rehabilitation		50	2029	295,000	-	-	-	295,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
WINTU PUMP STATION																											
Wintu PS - SN B7560 Motor overhaul (15 years)	2019	20	2040	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,000	-	-	-	-	-	-	-	
Wintu PS - Unit 1 1000 HP pump overhaul (30 years)	2013	30	2044	117,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,000	-	-	-	
Wintu PS - SN B7561 Motor overhaul (15 years)	2013	20	2033	64,000	-	-	-	-	-	-	-	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - Unit 2 1000 HP pump overhaul (30 years)	2009	30	2040	109,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109,000	-	-	-	-	-	-	-	
Wintu PS - SN B7562 Motor overhaul (15 years)	2014	20	2035	64,000	-	-	-	-	-	-	-	-	-	64,000	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - Unit 3 1000 HP pump overhaul (30 years)	2012	30	2043	117,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,000	-	-	-	-	
Wintu PS - Spare Unit pump overhaul (30 years)		30	2038	109,000	-	-	-	-	-	-	-	-	-	-	-	-	109,000	-	-	-	-	-	-	-	-	-	
Wintu PS - SN B7563 motor overhaul (30 yrs)	2013	30	2034	128,000	-	-	-	-	-	-	-	-	128,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - Primary 60KV Transformer		45			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - Spare 60KV Transformer /5		45		2,300,000	-	-	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	
Wintu PS - VFD's Unit 4		15	2040	186,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186,000	-	-	-	-	-	-	-	
Wintu PS - VFD's Unit 5		15	2042	186,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186,000	-	-	-	-	-	
Wintu PS - Unit 4 600 HP motor overhaul (8 yrs)	2024	8	2033	27,000	-	-	-	-	-	-	-	-	27,000	-	-	-	-	-	-	-	27,000	-	-	-	-	-	
Wintu PS - Unit 4 600 HP pump overhaul (16 years)	2024	16	2041	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,000	-	66,000	-	-	-	-	
Wintu PS - Unit 5 600 HP motor overhaul (8 years)		8	2026	27,000	26,000	-	-	-	-	-	-	-	27,000	-	-	-	-	-	-	-	-	27,000	-	-	-	-	
Wintu PS - Unit 5 600 HP pump overhaul (16 years)		16	2026	66,000	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,000	-	-	-	-	-	
Wintu PS - Motor Control Center	2006	20	2029	152,000	-	-	-	152,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - 2200 kw Diesel Generator	2006	30	2036	1,030,534	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - HVAC Units	2006	20	2030	452,000	-	-	-	-	452,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
WATER TREATMENT PLANT																											
Add Anthracite to top of filters		10	2028	70,000	-	-	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electric Valve Actuator Replacements		20		52,000	50,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	
Inspect & Rehab one filter incl. replacing media		20	2031	100,000	-	-	-	-	-	-	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rehab filters 1-5 and replace all media		20	2033	179,000	-	-	-	-	-	-	-	179,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rehab filters 6-10 and replace all media		20	2032	179,000	-	-	-	-	-	-	179,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rehab filters 11-16 and replace all media		20	2034	209,000	-	-	-	-	-	-	-	-	209,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Solar System 127 kW - WTP (REU) /3	2018	30	2048	305,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284,667	
Filter Recoating - Exterior All		20	2027	166,000	-	166,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Filter Recoating - Interior -11-16		20	2034	166,000	-	-	-	-	-	-	-	166,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
WELLS																											
Well #1 Rehab	2006	20	2027	140,000	-	140,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Well #2 Rehab	2008	20	2029	140,000	-	-	-	140,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Well #3 Rehab	2010	20	2031	207,000	-	-	-	-	-	207,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Well #4 Rehab	2020	20	2041	140,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Well #6 Rehab	2014	20	2035	140,000	-	-	-	-	-	-	-	-	-	140,000	-	-	-	-	-	-	-	-	-	-	-	-	
BOOSTER PUMP STATIONS																											
Cow Creek 1 PS - 150 kw Propane Generator	2019	30	2046	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,000	
Regulating Station - 50 kw Propane Generator	2019	30	2046	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,000	
BUILDINGS / ROADS																											
Distribution Storage Bldg	2018	50		154,164	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution Mechanic's Shop	2009	50		223,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Main Office/Boardroom Bldg	1965/1992	50			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replace 4 (1998) Office HVAC Units	1992	20	2028	72,000	-	-	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water Treatment Plant	1972/2006	50			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wintu PS - Access Road			2029	123,000	-	-	-	123,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Totals - Projected Expenditures					\$140,000	\$449,000	\$364,000	\$932,000	\$674,000	\$847,000	\$801,000	\$622,000	\$752,000	\$426,000	\$1,959,534	\$222,000	\$2,150,000	\$313,000	\$581,000	\$515,000	\$501,000	\$405,000	\$339,000	\$222,000	\$1,959,000		
Annual Budget Placement Required (Prior Rate Study - \$379,758)					\$438,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000	\$616,000		
Annual surplus or (deficit)					\$298,000	\$167,000	\$252,000	(\$316,000)	(\$58,000)	(\$231,000)	(\$185,000)	(\$6,000)	(\$136,000)	\$190,00													

**Table 2b
Extraordinary Operations, Maintenance and Replacement 20-Year Projection - Pipelines**

DESCRIPTION	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY												
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
DISTRIBUTION SYSTEM																						
Old Indian Trail 2,600 LF C900	-	-	140,000	559,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salmon Creek/Lassen Canyon 550LF 8"C900	-	-	-	44,000	166,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tarcy Way 1,200 lf 8" C900	-	-	-	-	66,000	166,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Easy Street 4,440 lf 8" PVC	-	-	-	-	-	112,000	508,000	508,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Putt Putt Lane- 2550LF 8"C900	-	-	-	-	-	-	-	80,000	663,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Los Robles Way-1000 LF 8"C900	-	-	-	-	-	-	-	-	46,000	342,000	-	-	-	-	-	-	-	-	-	-	-	-
Pipeline Condition Assessment/Replacement Study	-	-	-	-	-	-	-	-	-	285,000	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Annual Replacement/Rehab /4	-	-	-	-	-	-	-	-	-	-	549,000	549,000	549,000	549,000	549,000	549,000	549,000	549,000	549,000	549,000	549,000	
Totals - Projected Expenditures	\$0	\$0	\$140,000	\$603,000	\$232,000	\$278,000	\$508,000	\$588,000	\$709,000	\$627,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	\$549,000	
Annual Budget Placement per Rate Study	\$313,133	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000	
Annual surplus or (deficit)	\$313,133	\$427,000	\$287,000	(\$176,000)	\$195,000	\$149,000	(\$81,000)	(\$161,000)	(\$282,000)	(\$200,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	(\$122,000)	
Fiscal Year Beginning Balance Adjusted to reflect transfer out to 3MG Tank	\$796,637	\$1,190,062	\$1,190,062	\$1,450,062	\$1,247,062	\$1,415,062	\$1,537,062	\$1,491,062	\$1,365,062	\$1,118,062	\$953,062	\$866,062	\$779,062	\$692,062	\$605,062	\$518,062	\$431,062	\$344,062	\$257,062	\$170,062	\$83,062	
Annual Budget Placement per Rate Study	\$393,425	\$0	\$400,000	\$400,000	\$400,000	\$400,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	\$462,000	
Actual/Projected Expenditures for the FY	\$0	\$0	(\$140,000)	(\$603,000)	(\$232,000)	(\$278,000)	(\$508,000)	(\$588,000)	(\$709,000)	(\$627,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	(\$549,000)	
Fiscal Year Ending Balance [Cumulative surplus or (deficit)]	\$1,190,062	\$1,190,062	\$1,450,062	\$1,247,062	\$1,415,062	\$1,537,062	\$1,491,062	\$1,365,062	\$1,118,062	\$953,062	\$866,062	\$779,062	\$692,062	\$605,062	\$518,062	\$431,062	\$344,062	\$257,062	\$170,062	\$83,062	(\$3,938)	
Required Annual Placement = (Total Projected Expenditures for Year 1 through Year 20 minus the Fiscal Year Beginning Balance for Year 1) divided by 20																						
Required Annual Placement =	\$9,724,000	-	\$1,190,062	=	\$8,533,938	/	20	=	\$426,697	Rounded to	\$427,000	\$462,000 Required starting in year 6 due to phase-in of placement to get to \$0 balance at the end of 20 years										
Notes: District Engineer/Project Mgr to index to current (Last Update 12/01/2025)																						
1. Capitalized improvements or replacements >= \$25,000																						
2. Costs include 20% for Design and Services During Construction and 15% Contingency																						
3. Indexed by PACE Engineering Projects Summary																						
4. Estimated Yearly Replacement Based on 2,500 LF of 8-inch piping on annual bases + 20% Engineering/CMS																						

Table 3
Major Expense Categories

Description	Allocation Among User Classes			Allocation Method					
	All	Ag Only	M&I Only	Volume	Capacity	# of Accounts	Water Treatment	Wells	
65 Labor Costs - SoS (Wintu) - Subtotal	X			X					
65 Purchased water (USBR) IRR		X		X					
65 Purchased water (USBR) M&I*			X	X					
Purchased water IRR									
65 Other Water Costs - M&I - Subtotal			X	X					
65 Source of Supply - Operations - Subtotal	X			X					
66 Source of Supply - Maint. - Labor - Subtotal	X				X				
Maintenance Costs (Wintu) - Subtotal	X				X				
68 Pumping - Power Costs	X			X					
69 Pumping - Maint. - Subtotal	X				X				
74 Trans. & Distribution - Operatn's - Subtotal	X			X					
75 Trans. & Distribut'n - Maintenance - Subtotal	X				X				
77 Cross-Connection - Subtotal	X					X			
79 Customer Service - Subtotal	X					X			
81 Water Conservation - Subtotal	X			X					
83 Administration - Subtotal	X					X			
85 General Plant - Subtotal	X				X				
87 Safety - Subtotal	X					X			
89 Transportation & Shop - Subtotal	X				X				
Bureau Reserve Placement	X				X				
M & I Reserve Placement			X	X					
Irrigation Reserve Placement		X		X					
EOMR Placement - Facilities	X				X				
EOMR Placement - Vehicles	X				X				
EOMR Placement - Pipelines	X				X				
OPEB Funding	Funded with non-rate revenues								
UAL Funding	Funded with non-rate revenues								
SDWSRF Loan Placement	Funded with non-rate revenues								
Capital Improvement Fund Placement	X			X					
65 Source of Supply (Wells) Labor	(Included in Well Costs)							---	X
Purchased water M&I - Subtotal	(Included in Well Costs)							---	X
Purchased Power (Wells)	(Included in Well Costs)								X
65 Operations Costs (Wells)	(Included in Well Costs)								X
66 Maintenance Costs (Wells) - Subtotal	See Detail on Well Costs spreadsheet							---	X
71 & 72 Treatment Costs - Subtotal	See Detail on Treatment Costs spreadsheet							X	---
2007 SDWSRF Loan - Wintu & WTP	Partially Funded by \$14.00 Bimonthly WT Charge							---	---

Table 4
Class 30 Meter Equivalents

Size	Type	Class	Class 30 Meter Equivalents
5/8"	Disc	20	0.82
3/4"	Disc	30	1.00
1"	Disc	50	1.29
1 1/2"	Disc	100	1.83
2"	Disc	160	2.31
2"	Compound	200	2.58
2"	Turbine or Mag	300	3.16
3"	Compound	450	3.87
3"	Turbine	450	3.87
3"	Mag	900	5.48
4"	Compound	900	5.48
4"	Turbine	1200	6.32
4"	Mag	1500	7.07
6"	Compound	2000	8.16
6"	Turbine	2500	9.13
6"	Mag	3300	10.49
8"	Compound	4500	12.25
8"	Turbine	4500	12.25
8"	Mag	6000	14.14

Table 5

PROPOSED RATES

Rates for M&I Water customers (Residential, Commercial, Rural and Public/Institutional Service)
Water Usage Charges (for all M&I Customer Classifications) per 100 cubic feet (HCF)

Current Rate	Proposed Water Usage Charges (\$/HCF)				
	2026-27	2027-28	2028-29	2029-30	2030-31
\$0.81	\$1.00	\$1.08	\$1.16	\$1.24	\$1.34

Bimonthly Base Rates

Meter Class	Current Rate	Proposed Bimonthly Base Rates				
		2026-27	2027-28	2028-29	2029-30	2030-31
20	\$49.48	\$56.24	\$60.46	\$64.99	\$69.87	\$75.11
30	\$52.93	\$60.25	\$64.77	\$69.63	\$74.85	\$80.46
50	\$58.38	\$66.60	\$71.60	\$76.96	\$82.74	\$88.94
100	\$68.41	\$78.27	\$84.14	\$90.45	\$97.23	\$104.53
160	\$77.47	\$88.83	\$95.49	\$102.65	\$110.35	\$118.63
200	\$82.59	\$94.79	\$101.90	\$109.54	\$117.76	\$126.59
300	\$93.48	\$107.46	\$115.52	\$124.18	\$133.50	\$143.51
450	\$106.80	\$122.97	\$132.19	\$142.11	\$152.77	\$164.22
900	\$136.88	\$158.00	\$169.85	\$182.59	\$196.28	\$211.00
1200	\$152.77	\$176.50	\$189.74	\$203.97	\$219.27	\$235.71
1500	\$166.77	\$192.80	\$207.26	\$222.80	\$239.51	\$257.48
2000	\$187.28	\$216.68	\$232.93	\$250.40	\$269.18	\$289.37
2500	\$205.36	\$237.72	\$255.55	\$274.72	\$295.32	\$317.47
3300	\$230.84	\$267.40	\$287.46	\$309.01	\$332.19	\$357.10
4500	\$263.84	\$305.82	\$328.76	\$353.41	\$379.92	\$408.41
6000	\$299.36	\$347.18	\$373.22	\$401.21	\$431.30	\$463.65

Rates for Irrigation Water Customers (Agriculture Service)

Water Usage Charges (for all Agricultural Customers) per Acre-Foot (AF)

Current Rate	Proposed Water Usage Charges (\$/AF)				
	2026-27	2027-28	2028-29	2029-30	2030-31
\$115.67	\$138.40	\$148.78	\$159.94	\$171.93	\$184.83

Bimonthly Base Rates:

Meter Class	Current Rate	Proposed Bimonthly Base Rates				
		2026-27	2027-28	2028-29	2029-30	2030-31
50	\$82.31	\$105.80	\$113.74	\$122.27	\$131.44	\$141.29
100	\$93.33	\$119.31	\$128.26	\$137.88	\$148.22	\$159.33
160	\$103.30	\$131.53	\$141.39	\$152.00	\$163.40	\$175.65
200	\$108.92	\$138.41	\$148.79	\$159.95	\$171.95	\$184.84
300	\$120.88	\$153.07	\$164.55	\$176.89	\$190.16	\$204.42
450	\$135.52	\$171.02	\$183.85	\$197.63	\$212.46	\$228.39
900	\$168.06	\$211.55	\$227.42	\$244.47	\$262.81	\$282.52
1200	\$186.06	\$232.95	\$250.42	\$269.20	\$289.39	\$311.10
1500	\$201.44	\$251.81	\$270.70	\$291.00	\$312.82	\$336.28
2000	\$223.98	\$279.44	\$300.40	\$322.93	\$347.15	\$373.18
2500	\$243.85	\$303.79	\$326.57	\$351.07	\$377.40	\$405.70
3300	\$271.87	\$338.13	\$363.49	\$390.75	\$420.06	\$451.56
4500	\$308.14	\$382.57	\$411.26	\$442.11	\$475.27	\$510.91
6000	\$347.18	\$430.43	\$462.71	\$497.42	\$534.72	\$574.83

The agricultural base rates on the preceding page include the costs for the purchase and treatment of 0.75 acre-foot of M&I water per year. Agricultural accounts that have no domestic use (NDU) will receive a \$24.43 “NDU Credit” bimonthly to offset the inclusion of these costs in their base rate.

PRIVATE FIRE PROTECTION SYSTEMS – Bimonthly Charge

Size of Fire Service Line	Current Rate	Proposed Bimonthly Fire Service Rates				
		2026-27	2027-28	2028-29	2029-30	2030-31
2	\$58.00	\$67.00	\$72.00	\$77.00	\$83.00	\$89.00
3	\$70.00	\$81.00	\$87.00	\$93.00	\$100.00	\$108.00
4	\$91.00	\$105.00	\$112.00	\$121.00	\$130.00	\$140.00
6	\$116.00	\$134.00	\$144.00	\$155.00	\$167.00	\$179.00
8	\$142.00	\$164.00	\$176.00	\$189.00	\$204.00	\$219.00
10	\$175.00	\$202.00	\$217.00	\$234.00	\$251.00	\$270.00

WATER TREATMENT PLANT IMPROVEMENT LOAN REPAYMENT – The charge per account will remain at \$14.00 bimonthly for all customers through June 30, 2031, at which time it will end.

Table 6
Fire Service Rates

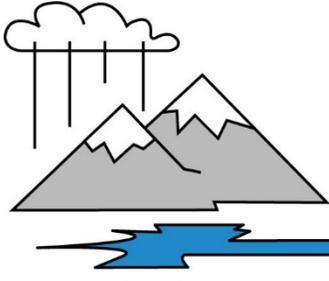
Size (inches)	Meter Class Equivalent	Fire Services - Bimonthly Rates					
		Current	2026-27	2027-28	2028-29	2029-30	2030-31
2	100	\$58.00	\$67.00	\$72.00	\$77.00	\$83.00	\$89.00
3	200	\$70.00	\$81.00	\$87.00	\$93.00	\$100.00	\$108.00
4	450	\$91.00	\$105.00	\$112.00	\$121.00	\$130.00	\$140.00
6	900	\$116.00	\$134.00	\$144.00	\$155.00	\$167.00	\$179.00
8	1500	\$142.00	\$164.00	\$176.00	\$189.00	\$204.00	\$219.00
10	2500	\$175.00	\$202.00	\$217.00	\$234.00	\$251.00	\$270.00

Table 7
M&I Water Supply Portfolio

M&I Water - Average Raw Water Unit Costs			
Water Supplies	Cost	Quantity	Cost x Quantity
Project Water	\$79.45	5,889	\$467,841
Contract Transfer	\$195.83	1,800	\$352,500
Well Water	\$206.25	200	\$41,250
Totals		7,889	\$861,591
Average Unit Cost =			\$109.22

10. APPENDICES

A. Notice Concerning Proposed Water Rate Increase and Public Hearing



BELLA VISTA WATER DISTRICT

11368 E. STILLWATER WAY • REDDING, CALIFORNIA 96003-9510
TELEPHONE (530) 241-1085 • FAX (530) 241-8354

NOTICE CONCERNING PROPOSED WATER RATE ADJUSTMENTS AND PUBLIC HEARING

Date: April 27, 2026
Location: Shasta College, Room 1425, 11555 Old Oregon Trail, Redding, CA 96003
Time: 5:30 PM

NOTICE IS HEREBY GIVEN that on April 27, 2026, or as soon thereafter as the business of the District permits, a public hearing will be held at Shasta College, 11555 Old Oregon Trail, Room 1425, Redding, California 96003 to consider proposed adjustments in the District's water rates and charges. If approved by the Board of Directors, the proposed rate increases will be effective for the billing commencing on or after May 1, 2026.

PUBLIC HEARING AND PROTEST PROCEEDINGS

Pursuant to State law, protests may be provided by any District customer, or owner of property subject to the proposed rate changes, against any or all of the proposed rate changes described in this Notice. Written protests may be submitted in person to the Board of Directors at the Public Hearing. Written notices may also be submitted by mail or delivered in person to Bella Vista Water District 11368 E. Stillwater Way, Redding, CA 96003. **Written protests must be received before the close of the public hearing on April 27, 2026.** Each written protest must clearly identify the property or account (by assessor's parcel number or street address), reference the proposed water rate increases, and must include the signatures of the property owner or customer, as applicable. Due to the inability to verify the authenticity of each individual protest, protests received by telephone, electronic mail (e-mail), or via social media sites, including, but not limited to, Facebook or Twitter or through the District's website or oral comments on the proposed rate increase referenced herein shall **NOT** be accepted. Oral comments made at the public hearing will qualify as formal protests of the proposed rate increases only if accompanied by a written protest form setting forth the required information (as set forth above). If written protests are submitted by a majority of the affected property owners or customers, the proposed increase(s) will not be imposed.

WHY IS THE DISTRICT PROPOSING RATE INCREASES?

Bella Vista Water District is subject to the California Water Code and Proposition 218 and therefore is required by law to charge its customers only what is necessary to provide water services. The District is dedicated to keeping rates low by maintaining lean staffing levels and using financial reserves when necessary. However, like other utilities the costs involved to purchase, pump, treat, and deliver water; comply with regulatory requirements, and revised drinking water standards as well as maintaining and replacing water system infrastructure, continue to rise.

We are an equal opportunity employer and provider.

The District is proposing rate adjustments due to increasing costs of operating, maintaining and replacing the District's public water system, increasing costs of purchasing, treating and delivering safe and reliable water. The District's cost to provide water service includes: (1) operations and maintenance; (2) repair and rehabilitation of the water system; and (3) purchased water supply expenses. Water supply expenses are based on the District's main suppliers of water: the Central Valley Project (Converted Repayment Contract), the Anderson-Cottonwood Irrigation District (long-term transfer agreement), and operating costs for the District's groundwater wells. Additionally, the statewide drought and mandatory water use restrictions have altered customer water demands.

For the past several months, the District has engaged in extensive analysis of its water costs, revenues and rates. The consulting firm of Provost and Pritchard along with staff conducted a lengthy analysis to determine the true cost of water service and their corresponding impact to customers. This analysis identified a number of key drivers that resulted in the proposed rates. The District is proposing water rate and charge adjustments because:

1. The District's most recent rate adjustments were implemented in May of 2024. The proposed rates reflect District expenses and revenue experienced over the most recent five years and in some cases on specific quantities rather than historical, as we are faced with unforeseen inflationary factors.
2. Changes to existing rates and charges are needed to cover the water system's fixed costs which do not vary with water sales.
3. Major components of the District's water system are now more than 50 years old and approaching the end of their original design life. Proposed rates fund the extraordinary operations, maintenance and replacement (EOMR) program to rehabilitate and replace aging infrastructure required to maintain service reliability and water quality.
4. The higher rates fund prudent contingency reserves to avoid large rate increases.
5. The District's wholesale water costs continue to rise.

EXPLANATION OF PROPOSED WATER RATE INCREASE

The District is proposing an increase in the total revenue it receives from customers through its water service charges and rates over the next five years. The Cost Based Rate Study is available on the District's website including how to calculate your bimonthly water bill utilizing the proposed water rates.

The total revenue increase per year results in the rate increases shown in the enclosed tables. The District's water rate structure has three components: (1) the bimonthly service charge, (2) the consumption rate, and (3) the Water Treatment Fee which repays a portion of the required debt service. The following tables show both the proposed service charges and consumption rates for the next five fiscal years. The rates were developed using the cost-of-service principles as set forth in the American Water Works Association M1 Manual - Principles of Water Rates, Fees, and Charges.

The proposed rates are set forth on the Tables enclosed herewith.

PROPOSED WATER RATES

1. Rates for M&I Water customers (Residential, Commercial, Rural and Public/Institutional Service)

a. Water Usage Charges (for all M&I Customer Classifications) per 100 cubic feet (HCF):

Current Rate	Proposed Water Usage Charges (\$/HCF)				
	2026-27	2027-28	2028-29	2029-30	2030-31
\$0.81	\$1.00	\$1.08	\$1.16	\$1.24	\$1.34

b. Bimonthly Base Rates:

Meter Class	Current Rate	Proposed Bimonthly Base Rates				
		2026-27	2027-28	2028-29	2029-30	2030-31
20	\$49.48	\$56.24	\$60.46	\$64.99	\$69.87	\$75.11
30	\$52.93	\$60.25	\$64.77	\$69.63	\$74.85	\$80.46
50	\$58.38	\$66.60	\$71.60	\$76.96	\$82.74	\$88.94
100	\$68.41	\$78.27	\$84.14	\$90.45	\$97.23	\$104.53
160	\$77.47	\$88.83	\$95.49	\$102.65	\$110.35	\$118.63
200	\$82.59	\$94.79	\$101.90	\$109.54	\$117.76	\$126.59
300	\$93.48	\$107.46	\$115.52	\$124.18	\$133.50	\$143.51
450	\$106.80	\$122.97	\$132.19	\$142.11	\$152.77	\$164.22
900	\$136.88	\$158.00	\$169.85	\$182.59	\$196.28	\$211.00
1200	\$152.77	\$176.50	\$189.74	\$203.97	\$219.27	\$235.71
1500	\$166.77	\$192.80	\$207.26	\$222.80	\$239.51	\$257.48
2000	\$187.28	\$216.68	\$232.93	\$250.40	\$269.18	\$289.37
2500	\$205.36	\$237.72	\$255.55	\$274.72	\$295.32	\$317.47
3300	\$230.84	\$267.40	\$287.46	\$309.01	\$332.19	\$357.10
4500	\$263.84	\$305.82	\$328.76	\$353.41	\$379.92	\$408.41
6000	\$299.36	\$347.18	\$373.22	\$401.21	\$431.30	\$463.65

2. Rates for Irrigation Water Customers (Agriculture Service)

a. Water Usage Charges (for all Agricultural Customers) per Acre-Foot (AF):

Current Rate	Proposed Water Usage Charges (\$/AF)				
	2026-27	2027-28	2028-29	2029-30	2030-31
\$115.67	\$138.40	\$148.78	\$159.94	\$171.93	\$184.83

b. Bimonthly Base Rates:

Meter Class	Current Rate	Proposed Bimonthly Base Rates				
		2026-27	2027-28	2028-29	2029-30	2030-31
50	\$82.31	\$105.80	\$113.74	\$122.27	\$131.44	\$141.29
100	\$93.33	\$119.31	\$128.26	\$137.88	\$148.22	\$159.33
160	\$103.30	\$131.53	\$141.39	\$152.00	\$163.40	\$175.65
200	\$108.92	\$138.41	\$148.79	\$159.95	\$171.95	\$184.84
300	\$120.88	\$153.07	\$164.55	\$176.89	\$190.16	\$204.42
450	\$135.52	\$171.02	\$183.85	\$197.63	\$212.46	\$228.39
900	\$168.06	\$211.55	\$227.42	\$244.47	\$262.81	\$282.52
1200	\$186.06	\$232.95	\$250.42	\$269.20	\$289.39	\$311.10
1500	\$201.44	\$251.81	\$270.70	\$291.00	\$312.82	\$336.28
2000	\$223.98	\$279.44	\$300.40	\$322.93	\$347.15	\$373.18
2500	\$243.85	\$303.79	\$326.57	\$351.07	\$377.40	\$405.70
3300	\$271.87	\$338.13	\$363.49	\$390.75	\$420.06	\$451.56
4500	\$308.14	\$382.57	\$411.26	\$442.11	\$475.27	\$510.91
6000	\$347.18	\$430.43	\$462.71	\$497.42	\$534.72	\$574.83

c. The agricultural base rates on the preceding page include the costs for the purchase and treatment of 0.75 acre-foot of M&I water per year. Agricultural accounts that have no domestic use (NDU) will receive a \$24.43 “NDU Credit” bimonthly to offset the inclusion of these costs in their base rate.

3. PRIVATE FIRE PROTECTION SYSTEMS – Bimonthly Charge

Size of Fire Service Line	Current Rate	Proposed Bimonthly Fire Service Rates				
		2026-27	2027-28	2028-29	2029-30	2030-31
2	\$58.00	\$67.00	\$72.00	\$77.00	\$83.00	\$89.00
3	\$70.00	\$81.00	\$87.00	\$93.00	\$100.00	\$108.00
4	\$91.00	\$105.00	\$112.00	\$121.00	\$130.00	\$140.00
6	\$116.00	\$134.00	\$144.00	\$155.00	\$167.00	\$179.00
8	\$142.00	\$164.00	\$176.00	\$189.00	\$204.00	\$219.00
10	\$175.00	\$202.00	\$217.00	\$234.00	\$251.00	\$270.00

4. WATER TREATMENT PLANT IMPROVEMENT LOAN REPAYMENT – The charge per account will remain at \$14.00 bimonthly for all customers through June 30, 2031, at which time it will end.

5. ANNUAL ADJUSTMENTS TO WATER RATES

- a. The water usage charges shown above reflect an annual increase of 7.5%; however, the actual rate may be adjusted to pass through annual changes in the wholesale water charges under the District’s contracts for municipal and industrial (M&I) water.
- b. Annually, upon notice from the wholesale water suppliers regarding the water supply allocation that is available under their respective contracts pursuant to supply shortage provisions, the District will compare the standard water supply portfolio costs compared to the current years' supply portfolio costs. Should the resulting increases in overall supply portfolio costs exceed 7.5% the amount of the increase that exceeds 7.5% will be passed through in the water rate.
- c. On or after March 1st annually, the Base Rates, Usage Charges (excluding wholesale water costs), and Fire Service Charges shall be increased by 7.5%. The above tables of proposed base rates and fire service rates reflect an annual adjustment of 7.5%.
- d. The proposed usage rates for M&I water service for 2026 through 2031 include \$0.04 per HCF for placement in the District’s M&I Rate Stabilization fund to help offset the need for rate increases due to reduced water supplies during water shortage years.
- e. The proposed usage rates for Agriculture water service for 2026 through 2031 include \$10.00 per acre-foot (AF) to pay towards accumulated USBR O&M Deficit for Irrigation water, as well as any USBR O&M Deficits incurred during the 2024 through 2026 water years.
- f. These rates will be reviewed annually by the District’s Board of Directors.

Note: There is a 120-day statute of limitations for challenging any new, increased or extended fee or charge. The 120-day period begins on the effective date of the fee or charge or on the final passage or adoption of the fee or charge, whichever is later.

Water Rate Comparison by Agency

Provider	BVWD Proposed (Incl WT Fee)	Centerville CSD	Chico (Cal-Water)	City of Redding	Mountain Gate CSD	City of Shasta Lake
Base Rates – Shown Monthly for Comparison Purposes Base Rates by Agency – for May 1, 2026						
Meter Size						
5/8-inch	\$35.12	\$36.50	\$27.29	\$31.66	\$46.65	\$46.95
3/4-inch	\$37.13	\$36.75	\$40.94	\$44.70	\$46.65	NA
1-inch	\$40.30	\$37.00	\$68.23	\$70.76	\$62.58	\$115.43
1 1/2-inch	\$46.14	\$57.00	\$136.46	\$135.91	\$121.26	\$229.55
2-inch	\$51.42	\$97.50	\$218.34	\$214.08	\$138.19	\$366.50
3-inch	\$68.49		\$409.39	\$422.56	\$189.40	\$686.07
4-inch	\$95.25		\$682.32	\$657.10	\$247.74	\$1,142.57
6-inch	\$125.86		\$1,364.65	\$1,308.58		\$2,283.85
8-inch	\$159.91		\$2,183.43	\$2,090.37		\$3,653.37
10-inch	\$180.59		\$3,138.68	\$5,478.10		\$6,620.66
M&I Usage Rates by Agency – for May 1, 2026						
Per HCF	\$1.00	\$1.38	\$2.20	\$2.13	\$2.62	\$3.03

11. GLOSSARY

Term	Description
ACID	Anderson-Cottonwood Irrigation District
ACID - LTT	Anderson-Cottonwood Irrigation District Long-Term Transfer
AF	acre-foot (1 AF = 43,560 CF or 435.6 HCF)
AG	Agricultural
AWWA	American Water Works Association
CalPERS	California Public Employees Retirement System
CII	Commercial / Industrial / Institutional
CIP	Capital Improvement Projects
COS	Cost of Service
CPI	Consumer Price Index
CVP	Central Valley Project (federal)
CY	Calendar Year
District	Bella Vista Water District
ENR CCI	Engineering News Record - Construction Cost Index
EOMR	Extraordinary Operations Maintenance and Replacement (20-year forward projection)
FY	Fiscal Year (July 1 – June 30)
GPM	Gallons per minute
GPCD	Gallons per capita per day
HCF	Hundred cubic feet (1 HCF = 100 cf)
M&I	Municipal and Industrial
MC	Meter Class (maximum safe operating capacity of the meter, expressed in gpm)
MCE	Meter Capacity Equivalents (The MCE factors are based on the meter class, with a Class 30 meter being equal to 1.0 MCE)
O&M	Operations and Maintenance
OPEB	Other Post Employment Benefits
RES-BCT	Renewable Energy Self-Generation Bill Credit Transfer
UAL	Unfunded actuarial liability
USBR	U.S. Bureau of Reclamation

12. REFERENCES

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