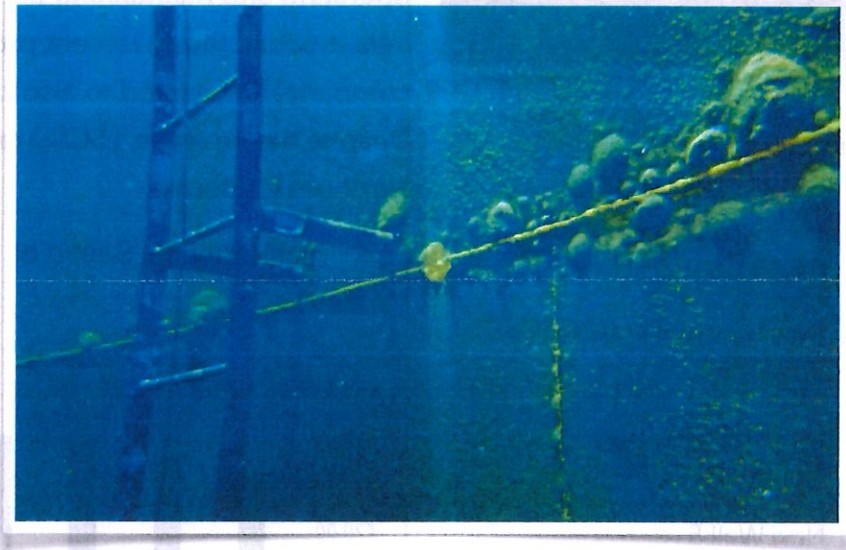


Proposed Water Rate Increase

Projects | Costs | Comparisons

Projects

- Recondition Water Tanks
- Increased Storage Capacity
- Boost Pressure SE Zone
- Permanent Generators for Wells
- Water Supply Redundancy
- Increased efficiency in the billing process



Photos are of corrosion inside Tank No. 1 Juniper Peak

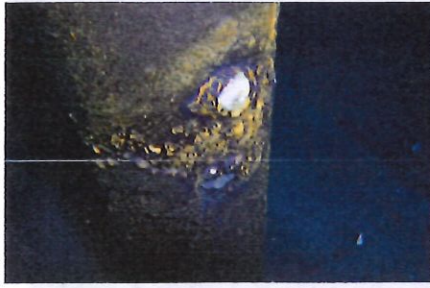
Basis of Increase

These projects were identified and the costs determined in the 2023 Preliminary Engineering Report. The analysis of the rates required to fund these projects, to adequately provide for O&M expenses, and to build an appropriate reserve, is contained in the 2024 Final Rate Study. These documents are available for review at lakeshastina.com

To continue providing our community with high-quality and reliable water services, we must adjust our rates to pay for urgently needed infrastructure repair and upgrade projects. The most expensive of these projects are the result of deferred maintenance that has become critical. There are also projects that are necessary to ensure that our water supply is adequate to the needs of the community, and that water is delivered safely, reliably and efficiently.

Table 10
Lake Shastina CSD Water Rate Study 2023
Rate Option #3 - Balance O&M + All Reserves in Five Years (By June 30, 2029)

Rate Options:	Min Fee Monthly	Usage Rate \$/K-Gal	2023-24 Active Accounts Estimated	2023-24 Predicted Usage K-Gal	Usage Revenue	Min Fee Revenue	Estimated Total Rates Revenue	% Change in Rate	2023-24 Target Budget	(Shortfall) Surplus From Predicted	
Current Rates	16.500	0.520	1,285	213,142	\$110,834	\$254,430	\$365,264		\$353,000	\$12,264	
Option 2 - Bal in 5 Yr 2024-25 Rates	\$38.20	\$0.580	1,285	213,142	\$123,622	\$589,044	\$712,666	95.1%	\$710,236	\$2,430	
% Change 1st Year Adjustment to Min/Usage Ratio	131.5%	11.5%					95.1%		101.2%		
Annual Increases in rates next four years:											
4.10%	2025-26	\$39.770	\$0.600	1,285	213,142	\$127,885	\$613,253	\$741,138	4.0%	\$739,356	\$1,783
4.10%	2026-27	\$41.400	\$0.620	1,285	213,142	\$132,148	\$638,388	\$770,536	4.0%	\$769,669	\$867
4.10%	2027-28	\$43.100	\$0.650	1,285	213,142	\$138,542	\$664,602	\$803,144	4.2%	\$801,226	\$1,918
4.10%	2028-29	\$44.870	\$0.680	1,285	213,142	\$144,936	\$691,895	\$836,832	4.2%	\$834,076	\$2,756



Project Costs

1. Refurbish Storage Tanks
\$1,483,560
2. New Booster Pump Station
\$431,200
3. New Tank 2A
\$706,680
4. New Well 5
\$708,240
5. Permanent Well Generators
\$305,760
6. AMI Meter System
\$461,538

Other projects included in the PER include fire hydrant replacement at a total cost of **\$3,226,080** and SCADA improvements at a total cost of **\$26,520**.

Although the fire hydrants are at the end of their design life, most of them are not necessarily at the end of their useful life. We have a strict inspection and maintenance program and will replace the hydrants as needed. Under the proposed rate schedule, we can accomplish this within our maintenance budget.

We will take the same approach with the SCADA improvements.

The LSCSD monthly base water rate has not increased since 2006, when it increased from \$14.50 to \$16.50. The consumption rate has not increased since 2011, when it increased from \$0.47 per 1,000 gallons to \$0.52. These rates do not cover the current expense of operating and maintaining the water system. Our critical infrastructure improvement projects will require borrowing to complete. Rates need to also cover the cost of debt service. Despite the increase, LSCSD rates will remain among the lowest in Northern California.

Monthly Bill Based on Avg Usage of 13,000 gallons

