



Water Rate Study

Lost Hills Utility District

ROBERT D. NIEHAUS, INC.

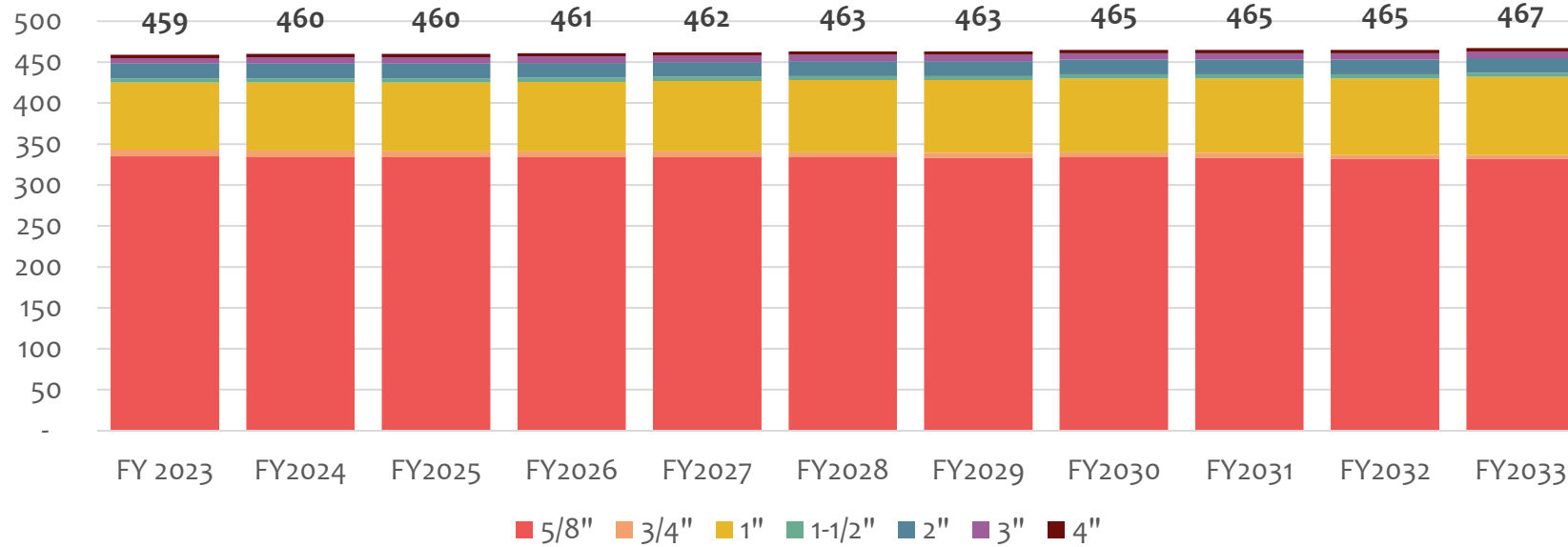
AUGUST 3, 2023

Current Rates

Fixed Charges		
Customer Class	Meter Size	Monthly Fee
Residential	All Meters	\$31.18
Commercial	All Meters	\$57.17
Out of Town	Under 1"	\$83.15
Out of Town	1"	\$109.14
Out of Town	1-1/2"	\$161.11
Out of Town	2"	\$213.08
Out of Town	3"	\$317.01
Out of Town	4"	\$420.95
Out of Town	6"	\$628.83
Fire Suppression	All Meters	\$57.17

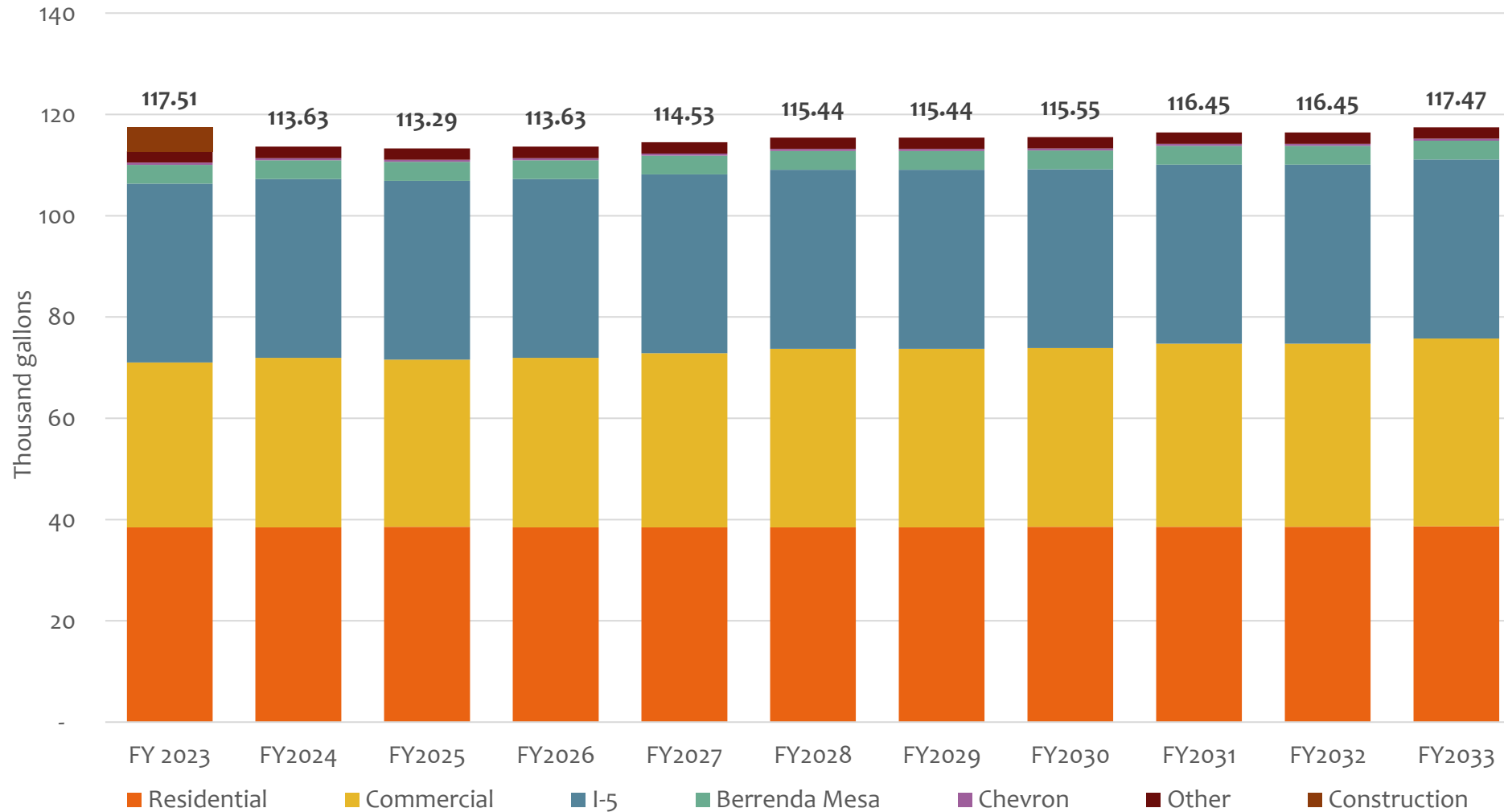
Variable Charges		
Customer Class	Tier - Width	Unit Cost
Residential	All Use	\$3.86
Commercial	All Use	\$6.07
I-5	All Use	\$7.17
Chevron	All Use	\$11.05
Berrenda Mesa	All Use	\$21.86
Construction	All Use	\$14.83

Customer Growth

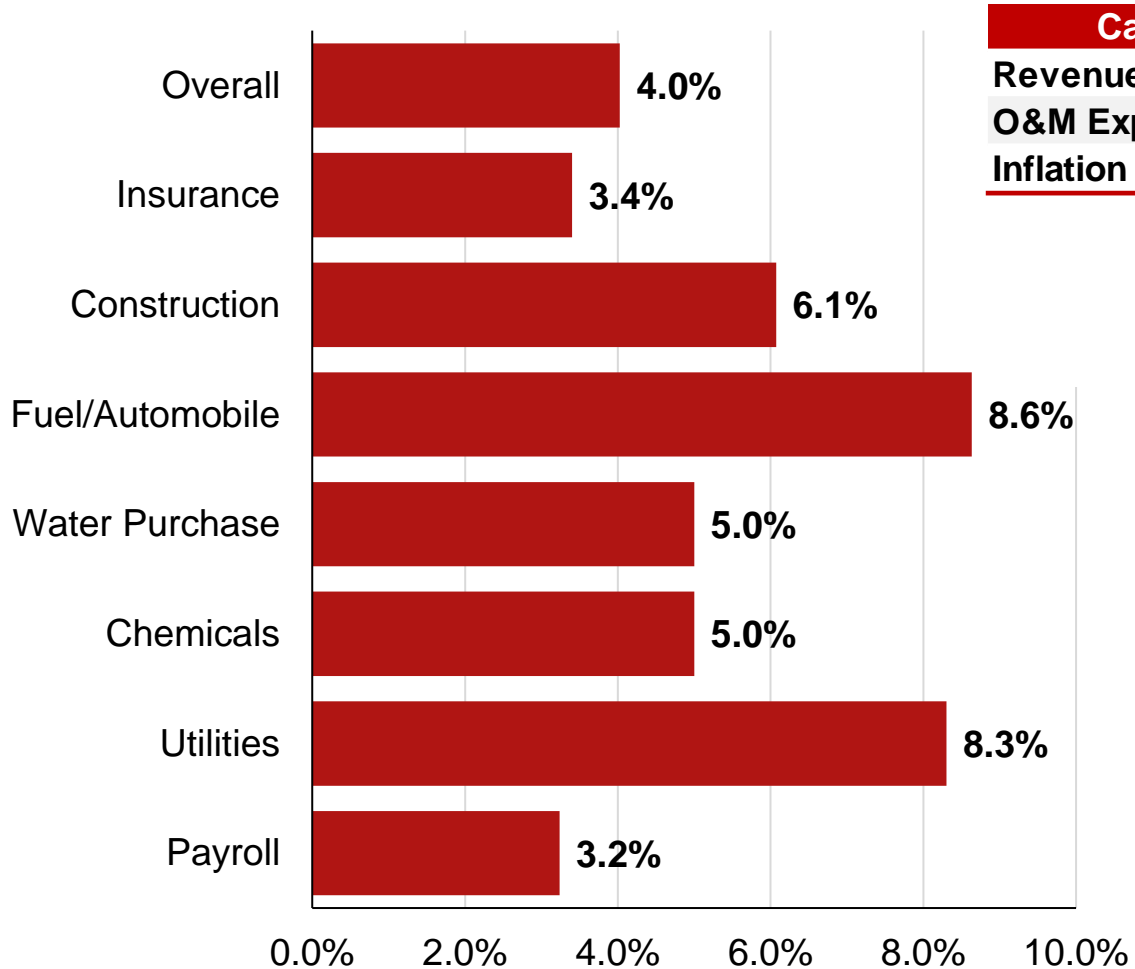


Meter Size	FY 2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
5/8"	335	334	334	334	334	334	333	334	333	332	332
3/4"	8	8	7	7	7	6	6	6	6	5	5
1"	82	83	84	85	86	88	89	90	91	93	95
1-1/2"	5	5	5	5	5	5	5	5	5	5	5
2"	18	18	18	18	18	18	18	18	18	18	18
3"	7	8	8	8	8	8	8	8	8	8	8
4"	4	4	4	4	4	4	4	4	4	4	4
Total	459	460	460	461	462	463	463	465	465	465	467

Usage Projection



O&M Expenses and CIP



Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$1,069,718	\$1,007,704	\$1,005,250	\$1,008,078	\$1,014,258	\$1,019,814
O&M Expense	\$832,238	\$911,915	\$992,362	\$1,030,929	\$1,065,417	\$1,100,905
Inflation		9.6%	8.8%	3.9%	3.3%	3.3%
		FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
		\$1,019,814	\$1,020,986	\$1,026,168	\$1,026,168	\$1,033,146
		\$1,137,641	\$1,175,671	\$1,215,043	\$1,255,806	\$1,298,014
		3.3%	3.3%	3.3%	3.4%	3.4%

Capital Improvement Spending	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Service Truck and Tool Box	\$115,000	\$0	\$0	\$0	\$0
LHUD Cost Share for New Well	\$250,000	\$0	\$0	\$0	\$0
CIP Budget	\$59,282	\$63,097	\$66,551	\$69,523	\$72,445
Total CIP	\$424,282	\$63,097	\$66,551	\$69,523	\$72,445

Other Financial

Debt Service Payments

Annual Payment ~ \$180,000

Chevron Loan, Certificate of Participation, and Arsenic Loan

Reserve Policy:

Required to hold reserves equal to annual debt service expense

Most recent balance ~ \$163,709 Demand Deposits

~ \$1.9 Million External Cash Pool – Kern Co.

~ \$100 Cash on Hand

Debt Service Coverage Ratio:

Current DSCR: 0.52

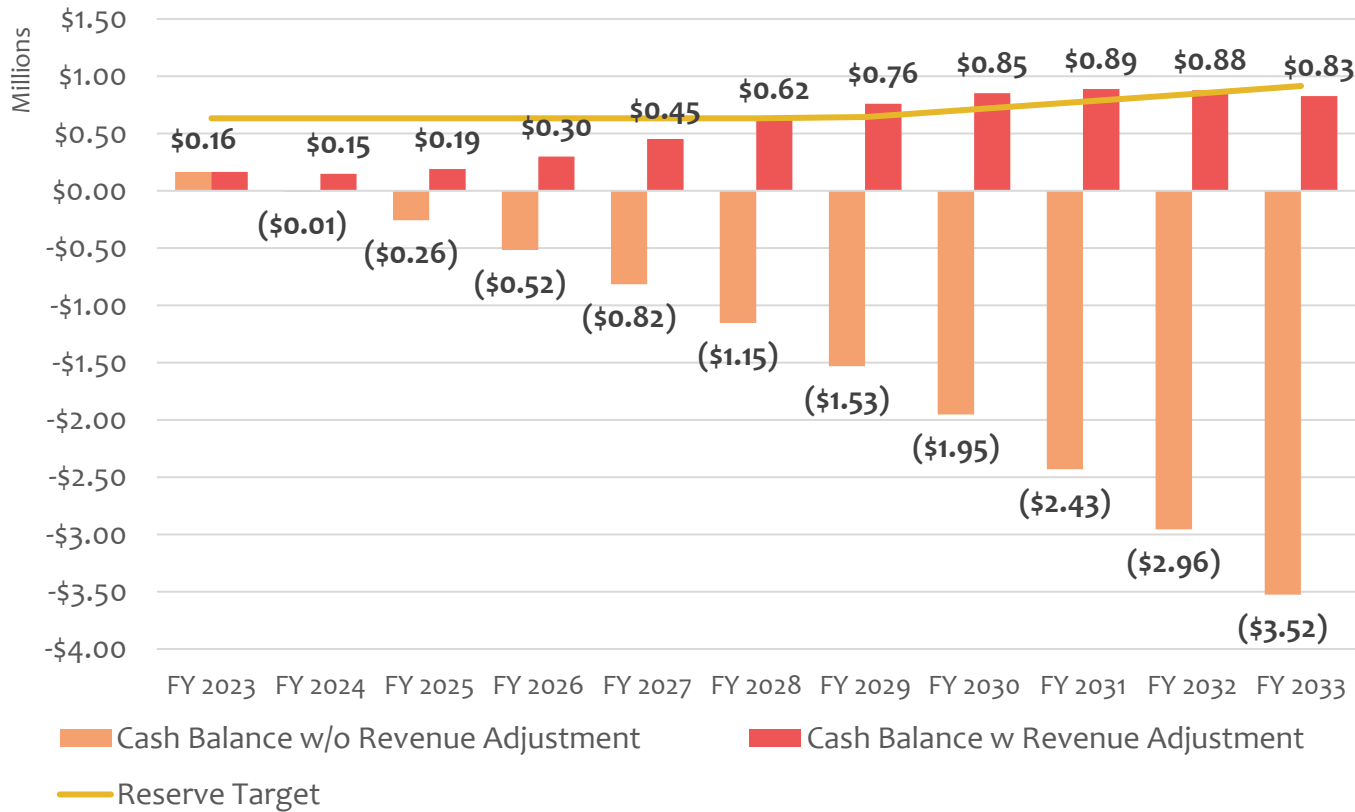
Bond Covenant requires DSCR of 1.25

Status Quo Proforma

Revenue Adjustment	0.0%		0.0%		0.0%	
Rate Month Implemented	July		July		July	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Position Opening Balance	\$ 133,961	\$ 163,810	\$ (10,271)	\$ (257,892)	\$ (518,004)	\$ (815,853)
Revenues						
Rate Revenue	\$ 1,044,718	\$ 982,704	\$ 980,250	\$ 983,078	\$ 989,258	\$ 994,814
Other Operating Revenue	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Non-Operating Revenue	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Revenues	\$ 1,069,718	\$ 1,007,704	\$ 1,005,250	\$ 1,008,078	\$ 1,014,258	\$ 1,019,814
Operating Expenses	\$ 832,238	\$ 911,915	\$ 992,362	\$ 1,030,929	\$ 1,065,417	\$ 1,100,905
Current Debt Service	\$ 178,929	\$ 181,885	\$ 168,710	\$ 142,008	\$ 148,465	\$ 155,616
Berrenda Mesa Share of Revenue	\$ 28,702	\$ 28,702	\$ 28,702	\$ 28,702	\$ 28,702	\$ 28,702
Total Operating and Debt Service	\$ 1,039,869	\$ 1,122,502	\$ 1,189,774	\$ 1,201,638	\$ 1,242,584	\$ 1,285,223
Net Revenues	\$ 29,849	\$ (114,799)	\$ (184,525)	\$ (193,560)	\$ (228,326)	\$ (265,409)
Capital Expenditure	\$ -	\$ 59,282	\$ 63,097	\$ 66,551	\$ 69,523	\$ 72,445
Capacity Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ -	\$ 59,282	\$ 63,097	\$ 66,551	\$ 69,523	\$ 72,445
Net Income	\$ 29,849	\$ (174,081)	\$ (247,622)	\$ (260,111)	\$ (297,849)	\$ (337,854)
Ending Balance	\$ 163,810	\$ (10,271)	\$ (257,892)	\$ (518,004)	\$ (815,853)	\$ (1,153,707)
Cash as Percent of Operations	15%	-1%	-26%	-52%	-81%	-114%

Financial Plan

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Recommended Adjustment	20.0%	8.0%	6.0%	6.0%	4.0%
Cumulative Adjustment	120.0%	130%	137%	146%	151%



Recommendations:

Operating Reserve: 3 months operating expenses

CIP Reserve: Annual contribution ~ \$60,000
(based on 20% of annual depreciation)

Berrenda Mesa O&M Reserve ~ \$60,000

FY 2028 Reserve Balance ~ \$620,000

DSCR after Adjustment – 1.25

Proposed Quo Proforma

Revenue Adjustment		20.0%	8.0%	6.0%	6.0%	4.0%
Rate Month Implemented		November	July	July	July	July
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Position Opening Balance	\$ 133,961	\$ 163,810	\$ 146,962	\$ 189,494	\$ 296,818	\$ 450,254
Revenues						
Rate Revenue	\$ 1,044,718	\$ 1,139,936	\$ 1,270,403	\$ 1,350,513	\$ 1,440,543	\$ 1,506,579
Other Operating Revenue	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Non-Operating Revenue	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Revenues	\$ 1,069,718	\$ 1,164,936	\$ 1,295,403	\$ 1,375,513	\$ 1,465,543	\$ 1,531,579
Operating Expenses	\$ 832,238	\$ 911,915	\$ 992,362	\$ 1,030,929	\$ 1,065,417	\$ 1,100,905
Current Debt Service	\$ 178,929	\$ 181,885	\$ 168,710	\$ 142,008	\$ 148,465	\$ 155,616
Berrenda Mesa Share of Revenue	\$ 28,702	\$ 28,702	\$ 28,702	\$ 28,702	\$ 28,702	\$ 28,702
Total Operating and Debt Service	\$ 1,039,869	\$ 1,122,502	\$ 1,189,774	\$ 1,201,638	\$ 1,242,584	\$ 1,285,223
Net Revenues	\$ 29,849	\$ 42,434	\$ 105,629	\$ 173,875	\$ 222,959	\$ 246,356
Capital Expenditure	\$ -	\$ 59,282	\$ 63,097	\$ 66,551	\$ 69,523	\$ 72,445
Capacity Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ -	\$ 59,282	\$ 63,097	\$ 66,551	\$ 69,523	\$ 72,445
Net Income	\$ 29,849	\$ (16,848)	\$ 42,532	\$ 107,324	\$ 153,436	\$ 173,911
Ending Balance	\$ 163,810	\$ 146,962	\$ 189,494	\$ 296,818	\$ 450,254	\$ 624,165
Cash as Percent of Operations	15%	13%	15%	22%	31%	41%

Cost of Service

Cost Allocation Summary	Total	Source of Supply	Base	MDD	PHD	Meters	OOT Pumping Costs	Customer Service
O&M Revenue Requirements	\$911,915	\$30,000	\$387,009	\$82,570	\$125,790	\$4,981	\$266,621	\$14,944
Non-Operating Revenue Requirements	\$269,869	\$0	\$101,326	\$17,776	\$31,387	\$1,576	\$113,075	\$4,729
	\$1,181,784	\$30,000	\$488,334	\$100,347	\$157,177	\$6,558	\$379,696	\$19,673
		3%	41%	8%	13%	1%	32%	2%
Other Operating Revenue	(\$15,000)	(\$381)	(\$6,198)	(\$1,274)	(\$1,995)	(\$83)	(\$4,819)	(\$250)
Non-Operating Revenue	(\$10,000)	(\$254)	(\$4,132)	(\$849)	(\$1,330)	(\$55)	(\$3,213)	(\$166)
Net Balance From Operations	(\$16,848)	(\$723)	(\$11,772)	(\$2,419)	(\$3,789)	(\$158)	\$2,487	(\$474)
Rate Revenue Requirement	\$1,139,936	\$28,642	\$466,232	\$95,805	\$150,063	\$6,261	\$374,151	\$18,783

Cost of Service

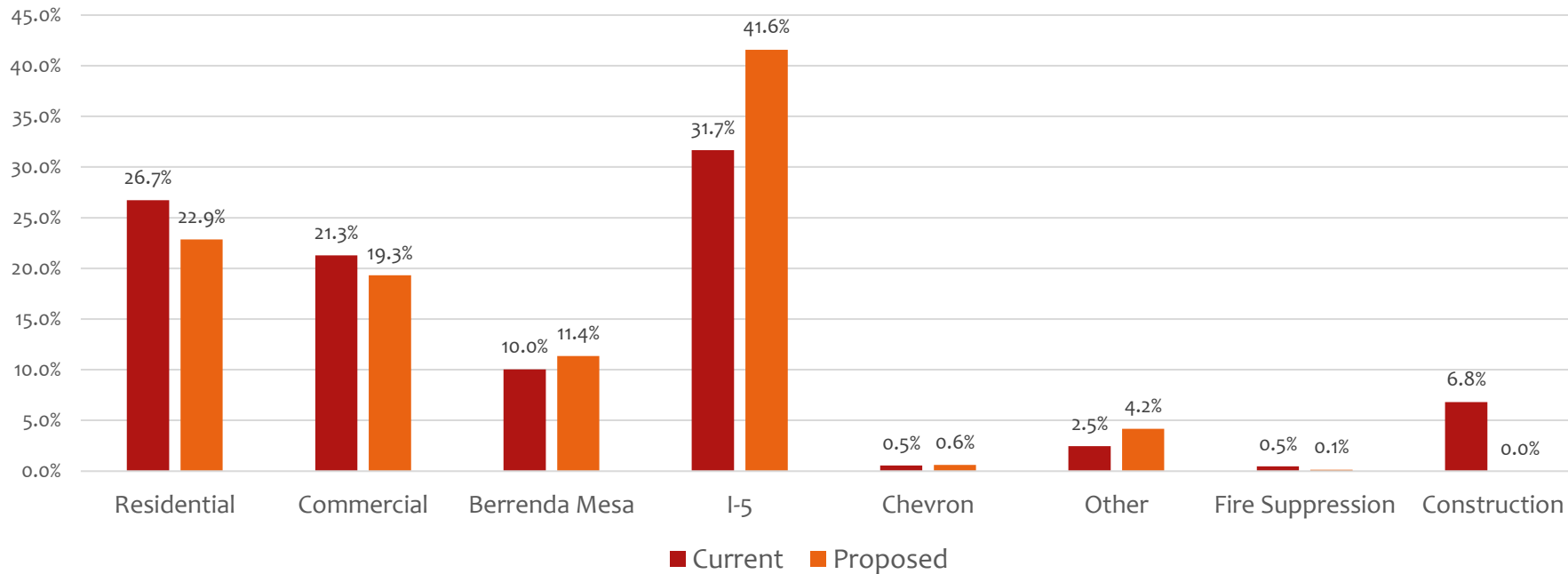
Unit	Count of Units
Total Customers	460
OOT Billing Units	792
EMs	740
Water Use	112,912
Max Month	13,402
Average Day	310
Max Day	433

	Source of Supply	Base	MDD	PHD	Meters	OOT Pumping Costs	Customer Service
Rate Revenue Requirement	\$28,642	\$466,232	\$95,805	\$150,063	\$6,261	\$374,151	\$18,783
Units	112,912	112,912	433	649	740	792	460
Unit Cost	\$0.25	\$4.13	\$221.39	\$231.18	\$8.46	\$472.41	\$40.83

Customer Class	Source of Supply	Base	MDD	PHD	Meters	OOT Pumping Costs	Customer Service
Residential	36,050	36,050	150	224	391	-	350
Commercial	33,222	33,222	127	190	129	-	37
Berrenda Mesa	3,584	3,584	13	20	47	156	13
I-5	37,222	37,222	131	197	147	552	46
Chevron	230	230	1	2	1	12	1
Other	2,547	2,547	10	14	16	72	6
Fire Suppression	57	57	2	3	8	-	7
Total	112,912	112,912	433	649	740	792	460

Cost of Service

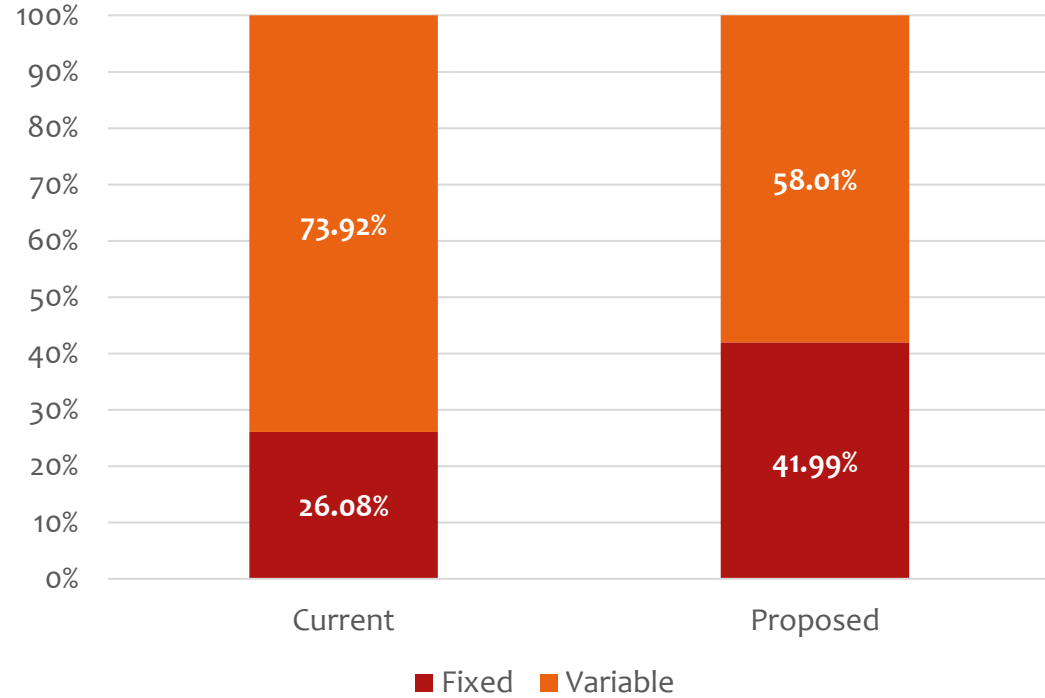
Customer Class	Total	Source of Supply	Base	MDD	PHD	Meters	OOT Pumping Costs	Customer Service
Residential	\$260,568	\$9,145	\$148,855	\$33,109	\$51,860	\$3,307	\$0	\$14,291
Commercial	\$220,170	\$8,427	\$137,180	\$28,039	\$43,918	\$1,095	\$0	\$1,511
Berrenda Mesa	\$129,385	\$909	\$14,800	\$2,879	\$4,509	\$398	\$105,359	\$531
I-5	\$474,012	\$9,442	\$153,696	\$29,013	\$45,444	\$1,247	\$233,291	\$1,878
Chevron	\$6,763	\$58	\$948	\$248	\$388	\$8	\$5,072	\$41
Other	\$47,408	\$646	\$10,517	\$2,118	\$3,317	\$135	\$30,429	\$245
Fire Suppression	\$1,631	\$14	\$234	\$400	\$626	\$71	\$0	\$286
Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$1,139,936	\$28,642	\$466,232	\$95,805	\$150,063	\$6,261	\$374,151	\$18,783



Proposed Rates

Fixed Charges			
Customer Class	Meter Size	Current	Proposed
Residential	All Meters	\$31.18	\$29.16
Commercial	Under 1"	\$57.17	\$26.47
Commercial	1"	\$57.17	\$41.86
Commercial	1-1/2"	\$57.17	\$80.31
Commercial	2"	\$57.17	\$126.45
Commercial	3"	\$57.17	\$234.12
Commercial	4"	\$57.17	\$387.94
Out of Town	Under 1"	\$83.15	\$121.54
Out of Town	1"	\$109.14	\$200.30
Out of Town	1-1/2"	\$161.11	\$397.20
Out of Town	2"	\$213.08	\$633.47
Out of Town	3"	\$317.01	\$1,184.79
Out of Town	4"	\$420.95	\$1,972.37
Fire Suppression	All Meters	\$57.17	\$19.42

Variable Charges			
Customer Class	Tier Width	Current	Proposed
Residential	All Use	\$3.86	\$3.59
Commercial	All Use	\$6.07	\$5.01
Berrenda Mesa	All Use	\$21.86	\$26.98
I-5	All Use	\$7.17	\$6.29
Chevron	All Use	\$11.05	\$11.55



Proposed Rates

Fixed Charges						
Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	\$31.18	\$29.16	\$31.49	\$33.38	\$35.38	\$36.80
Commercial Under 1"	\$57.17	\$26.47	\$28.59	\$30.31	\$32.13	\$33.41
Commercial 1"	\$57.17	\$41.86	\$45.20	\$47.92	\$50.79	\$52.82
Commercial 1-1/2"	\$57.17	\$80.31	\$86.73	\$91.94	\$97.46	\$101.35
Commercial 2"	\$57.17	\$126.45	\$136.57	\$144.77	\$153.45	\$159.59
Commercial 3"	\$57.17	\$234.12	\$252.85	\$268.03	\$284.11	\$295.47
Commercial 4"	\$57.17	\$387.94	\$418.97	\$444.11	\$470.76	\$489.59
Out of Town Under 1"	\$83.15	\$121.54	\$131.26	\$139.14	\$147.49	\$153.39
Out of Town 1"	\$109.14	\$200.30	\$216.32	\$229.30	\$243.06	\$252.78
Out of Town 1-1/2"	\$161.11	\$397.20	\$428.97	\$454.71	\$481.99	\$501.27
Out of Town 2"	\$213.08	\$633.47	\$684.15	\$725.20	\$768.71	\$799.46
Out of Town 3"	\$317.01	\$1,184.79	\$1,279.57	\$1,356.34	\$1,437.72	\$1,495.23
Out of Town 4"	\$420.95	\$1,972.37	\$2,130.16	\$2,257.97	\$2,393.45	\$2,489.19
Fire Suppression	\$57.17	\$19.42	\$20.97	\$22.23	\$23.56	\$24.50

Variable Charges						
Customer Class	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	\$3.86	\$3.59	\$3.88	\$4.11	\$4.36	\$4.53
Commercial	\$6.07	\$5.01	\$5.42	\$5.74	\$6.08	\$6.33
Berrenda Mesa	\$21.86	\$26.98	\$29.14	\$30.89	\$32.74	\$34.05
I-5	\$7.17	\$6.29	\$6.79	\$7.20	\$7.63	\$7.94
Chevron	\$11.05	\$11.55	\$12.48	\$13.23	\$14.02	\$14.58

Median Bill Impacts

