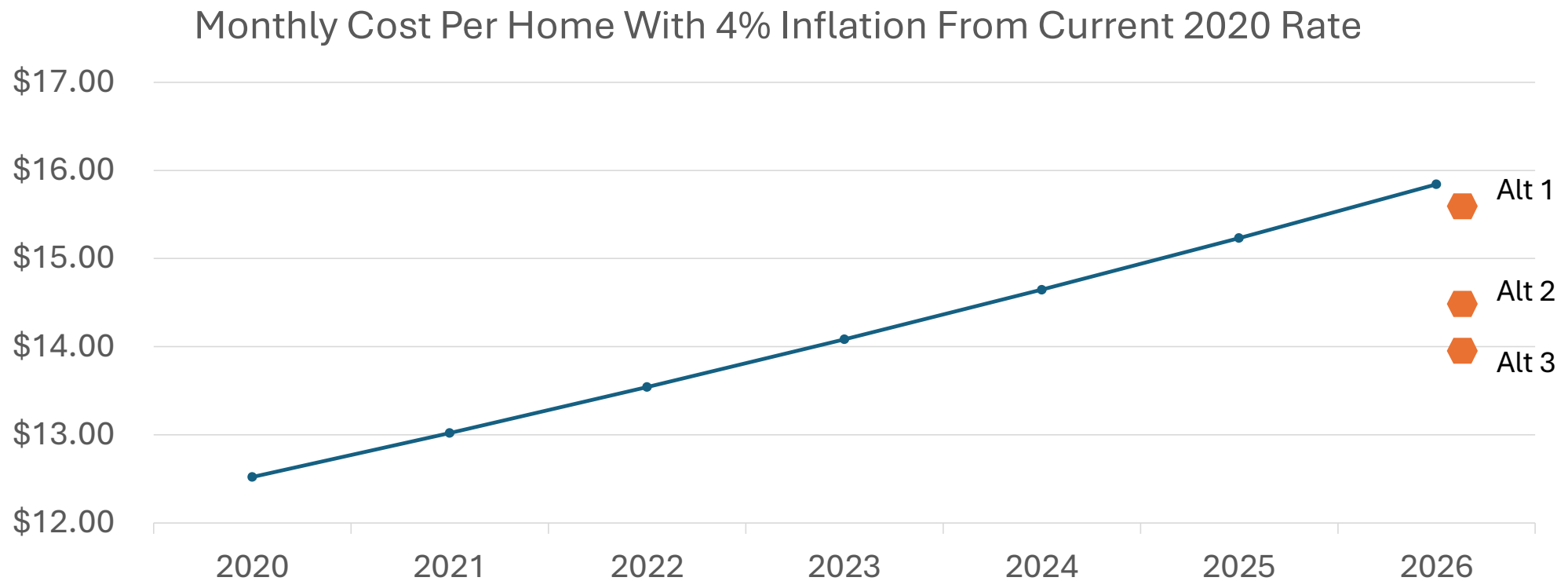


Theoretical Rates With Annual Inflation Adjustments



Projected Rate Increases (Lower Initial Increase)

Single Family Home

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Alt 1	20%	18%	7%	7%	2%	2%	2%	2%	2%	2%
Alt 2	9%	9%	9%	9%	5%	5%	3%	2%	2%	2%
Alt 3	8%	8%	6%	6%	4%	4%	4%	3%	3%	3%

Industrial

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Alt 1	20%	18%	7%	7%	3%	3%	3%	3%	3%	3%
Alt 2	10%	9%	9%	9%	5%	5%	3%	2%	2%	2%
Alt 3	9%	8%	6%	6%	4%	4%	4%	3%	3%	3%

Single Family Home - Monthly Costs

Original From Study

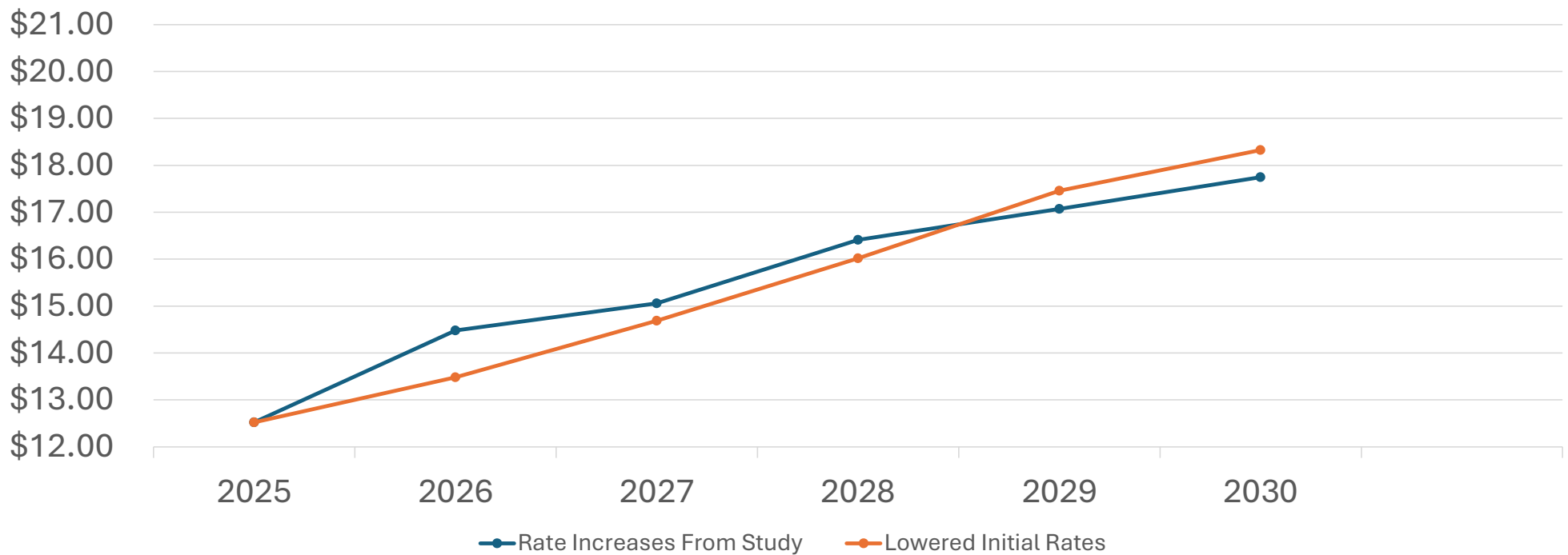
	Current	2026	2027	2028	2029	2030
Alt 1	\$12.52	\$15.77	\$17.66	\$18.19	\$18.73	\$19.30
Alt 2	\$12.52	\$14.48	\$15.06	\$16.41	\$17.07	\$17.75
Alt 3	\$12.52	\$13.99	\$14.55	\$15.13	\$15.74	\$16.99

Revised – Lower Initial Rates

	Current	2026	2027	2028	2029	2030
Alt 1	\$12.52	\$14.63	\$17.26	\$18.47	\$19.76	\$20.16
Alt 2	\$12.52	\$13.48	\$14.69	\$16.02	\$17.46	\$18.33
Alt 3	\$12.52	\$13.35	\$14.42	\$15.28	\$16.20	\$16.85

Rate Adjustment Glide Path – Alternative 2

Monthly Cost Per Home



Impact on Cash Balance

- AWWA Recommendation:
 - Cash balance = 1 year of O&M
- Alt 1:
 - 81-99% from 2026-2029; 100%+ from 2030-2035
- Alt 2:
 - 81-94% from 2026-2031, 100%+ from 2032-2035
- Alt 3:
 - 92-99% from 2026-2032, 100%+ from 2033-2035
- Notes:
 - All revised rate structures fall below City's historic cash balance levels and best practice recommendations for first several years
 - AWWA recommendation is conservative
 - Use of debt could flatten out cash flow demands