

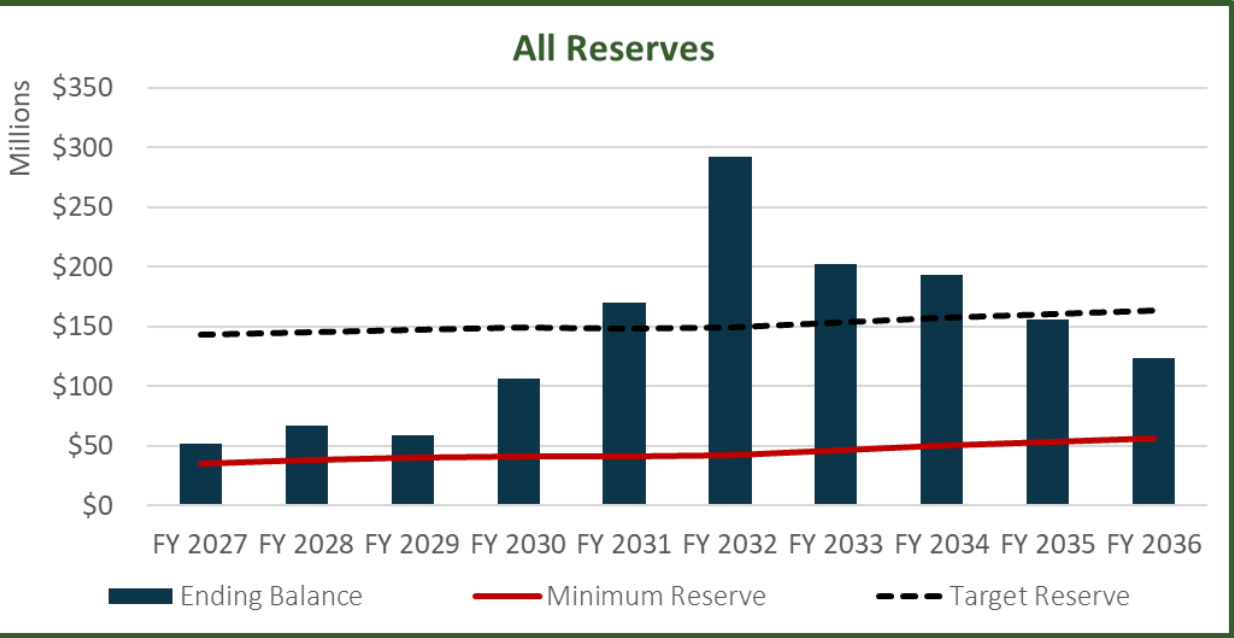
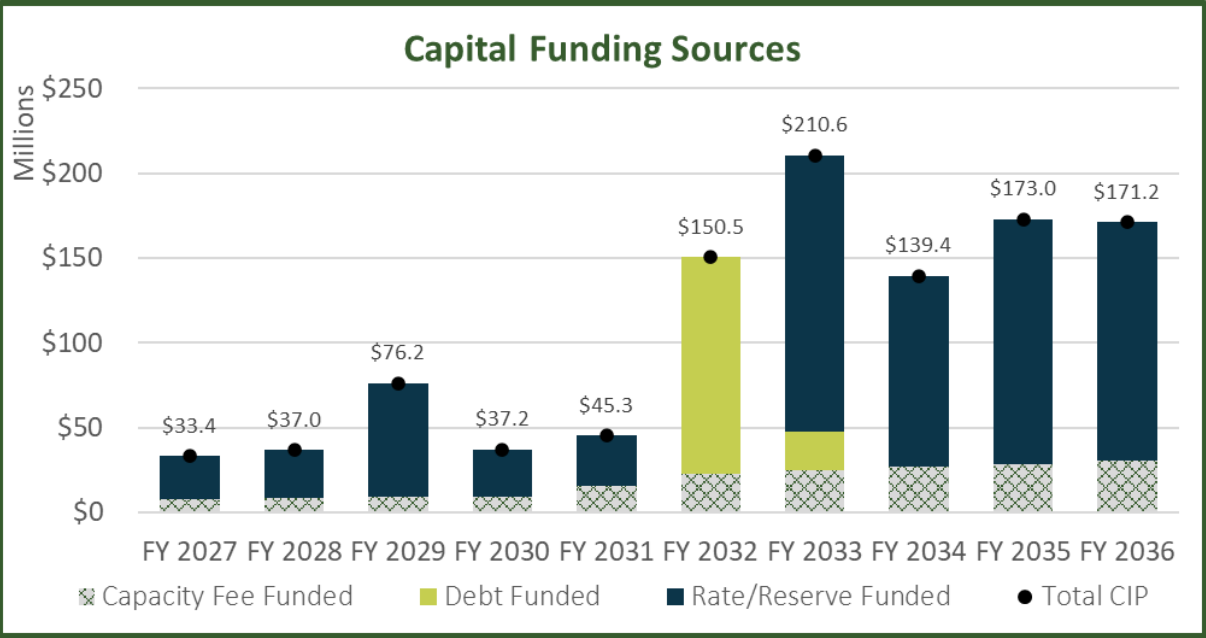


BAKERSFIELD

Rate Study Alternatives

KERN
COUNTY

Baseline: Replicating Rate Study / Report



- Replicated the Financial Plan and Rate Study based on information available within the 2026-30 Sewer Rates and Fees Report

Residential Sewer Charge		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Revenue Adj	Existing	COS	21.39%	17.61%	14.96%	13.00%	3.0%	3.0%	3.0%	3.0%	3.0%
Report	\$/SFDU	\$247.13	\$475.00	\$575.00	\$675.00	\$775.00	\$875.00	\$901.25	\$928.29	\$956.14	\$984.82	\$1,014.36
Replicated Results	\$/SFDU	\$247.13	\$475.02	\$576.63	\$678.16	\$779.62	\$880.99	\$907.40	\$934.60	\$962.60	\$991.34	\$1,021.04

Scenario 1: Utilize Bonds/Debts

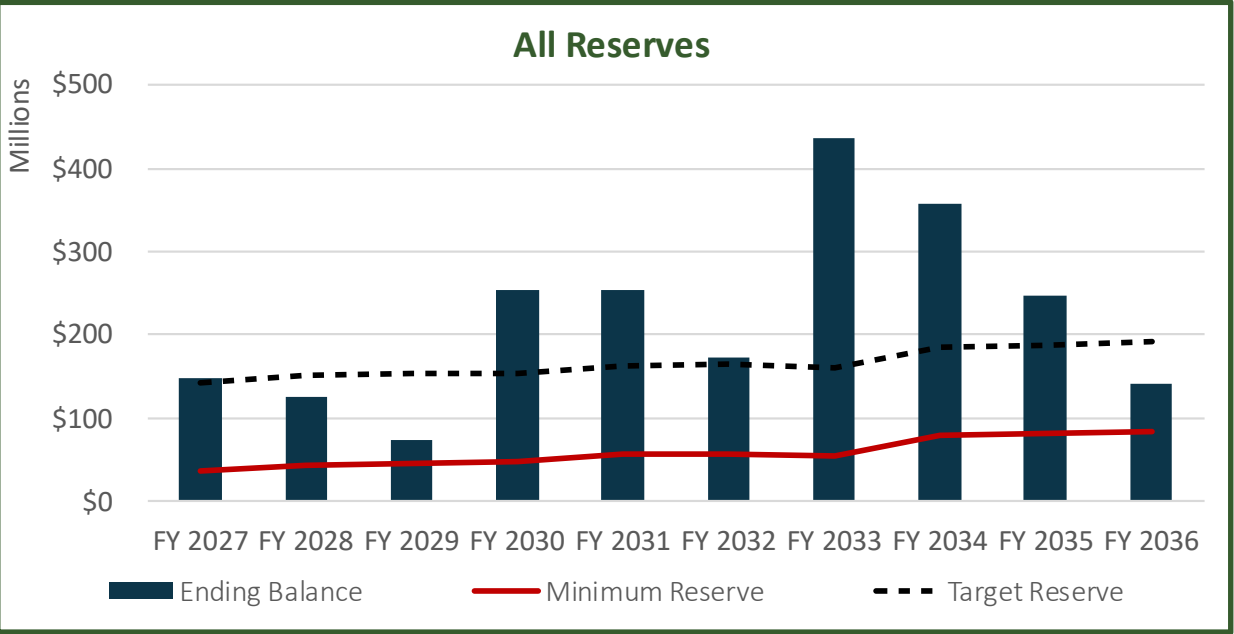
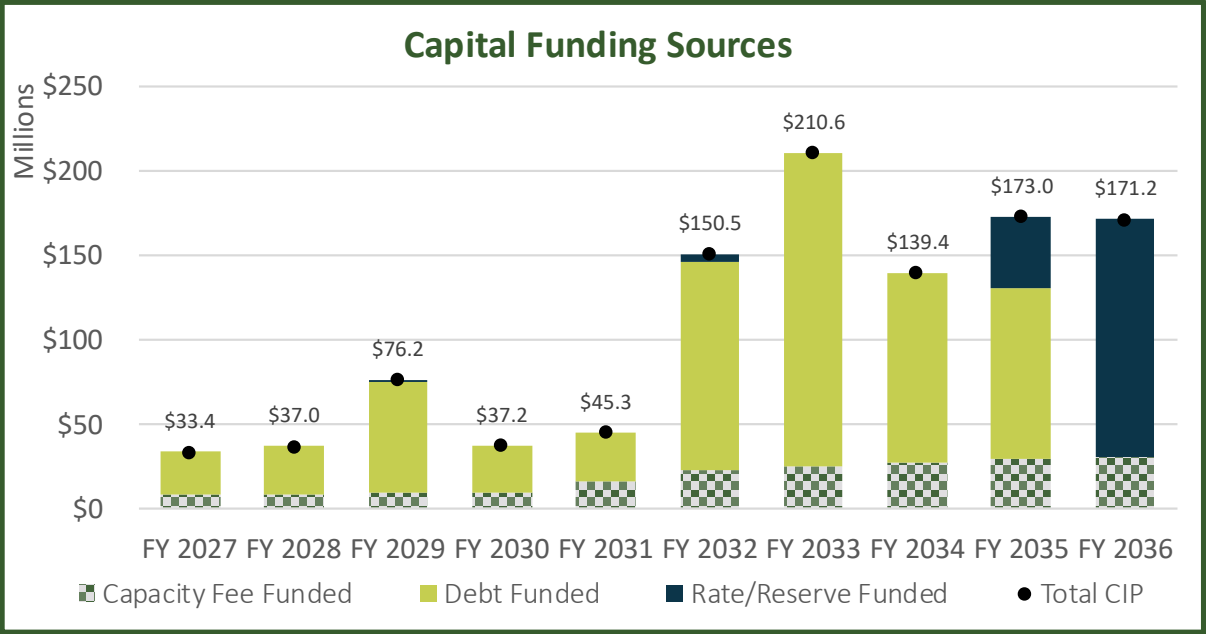
- Same assumptions as the baseline, except utilized bond/debt financing
- Bond/Debt Assumptions:
 - Original study assumed \$150M issuance in FY 2032
 - Revised \$700M over the 10-year planning period:
 - \$120M in FY 2027 (30-Year, 4.8% Interest, 2% Issuance)
 - \$180M in FY 2030 (30-Year, 4.8% Interest, 2% Issuance)
 - \$400M in FY 2033 (30-Year, 5% Interest, 2% Issuance)

Scenario 1	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Revenue Adjustments:	0.0%	22.0%	21.0%	20.0%	18.0%	15.0%	15.0%	3.0%	3.0%	3.0%	3.0%
Projected Rate Revenue:	\$0	\$47,708,847	\$58,460,941	\$70,928,450	\$84,522,791	\$98,420,205	\$114,528,724	\$119,486,736	\$124,683,387	\$130,060,188	\$135,648,498
Debt/Bond Issues:	\$0	\$120,000,000	\$0	\$0	\$180,000,000	\$0	\$0	\$400,000,000	\$0	\$0	\$0
Debt Coverage:	N/A	139.9%	125.3%	183.0%	235.5%	218.7%	286.6%	390.6%	168.5%	176.5%	174.4%
CIP:	\$0	\$33,438,125	\$36,988,488	\$76,195,229	\$37,204,570	\$45,330,687	\$150,463,724	\$210,621,355	\$139,404,729	\$172,986,993	\$171,224,941
Ending Reserve balance:	\$0	\$148,229,810	\$124,835,355	\$74,323,540	\$253,803,814	\$254,125,932	\$173,578,577	\$437,879,363	\$356,858,349	\$247,948,881	\$141,938,021
Projected Res Rates:	\$247.13	\$335.74	\$406.25	\$487.50	\$575.25	\$661.54	\$760.78	\$783.61	\$807.12	\$831.34	\$856.29

Notes: (Applicable to this slide and future slides)

- Modeling did not incorporate FY 2026
- FY 2027 is the cost-of-service year. Rates will be recalibrated based on the cost-of-service analysis. The revenue adjustment (%) will not equal the rate impact. All subsequent rate increases will match the revenue adjustment.

Scenario 1: Utilize Bond/Debts



- FY 2027, FY 2030, and FY 2033** show a temporary increase in reserve balances driven by debt proceeds, followed by planned reductions as capital projects are funded

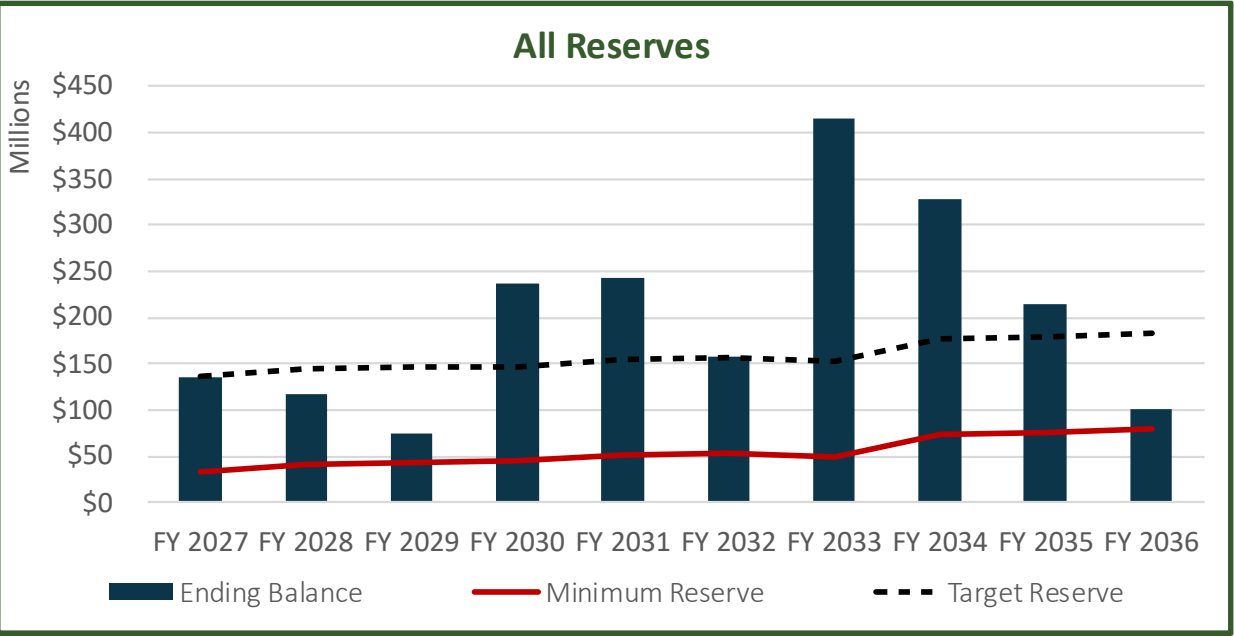
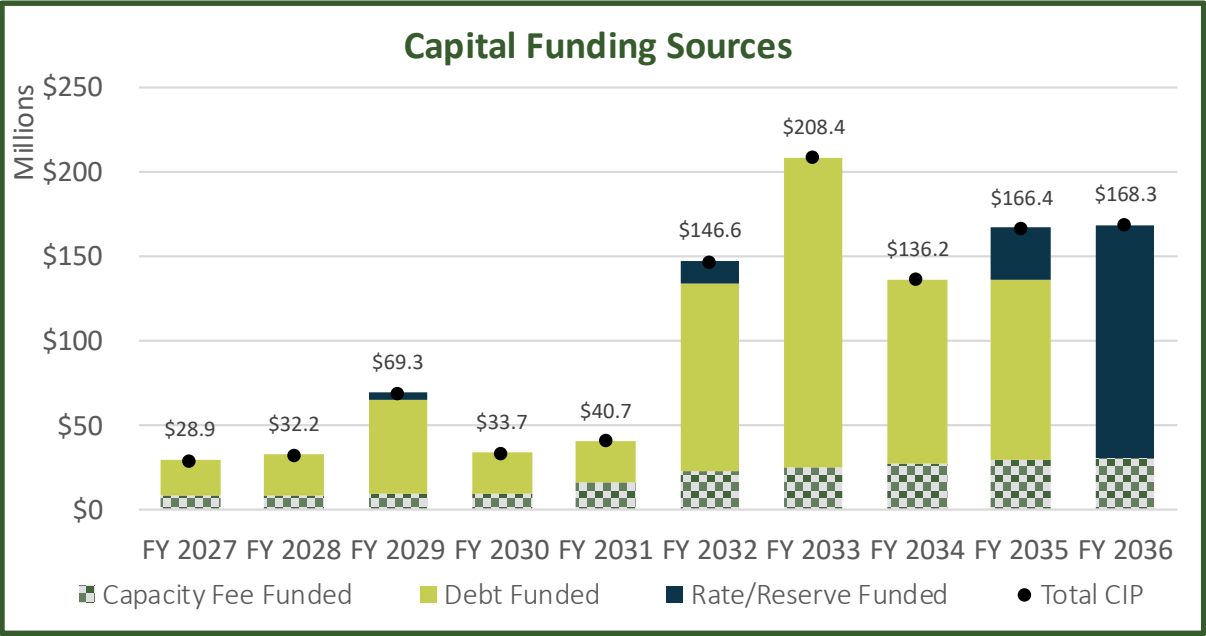
Residential Sewer Charge												
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Revenue Adj	Existing	COS	21.00%	20.00%	18.00%	15.00%	15.0%	3.0%	3.0%	3.0%	3.0%
Report	\$/SF DU	\$247.13	\$475.00	\$575.00	\$675.00	\$775.00	\$875.00	\$901.25	\$928.29	\$956.14	\$984.82	\$1,014.36
Scenario 1	\$/SF DU	\$247.13	\$335.74	\$406.25	\$487.50	\$575.25	\$661.54	\$760.78	\$783.61	\$807.12	\$831.34	\$856.29

Scenario 2: Sewer Only

- Eliminated Stormwater CIP and O&M
 - ~\$17.9M in Storm Drain CIP Projects plus a portion of shared projects
 - ~ \$30.8M of Storm Drain Personnel and Operations costs
- Bond/Debt Assumptions:
 - Revised \$660M over the 10-year planning period:
 - \$100M in FY 2027 (30-Year, 4.8% Interest, 2% Issuance)
 - \$160M in FY 2030 (30-Year, 4.8% Interest, 2% Issuance)
 - \$400M in FY 2033 (30-Year, 5% Interest, 2% Issuance)
- Eliminating Storm Drain causes a shift in the cost-of-service allocations to rate components and customer classes

Scenario 2	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Revenue Adjustments:	0.0%	20.0%	20.0%	18.0%	16.0%	15.0%	7.0%	3.0%	3.0%	3.0%	3.0%
Projected Rate Revenue:	\$0	\$46,947,027	\$57,057,720	\$68,086,528	\$79,772,422	\$92,877,207	\$100,635,485	\$104,985,345	\$109,544,824	\$114,262,237	\$119,165,221
Debt/Bond Issues:	\$0	\$100,000,000	\$0	\$0	\$160,000,000	\$0	\$0	\$400,000,000	\$0	\$0	\$0
Debt Coverage:	N/A	152.8%	139.0%	193.3%	240.9%	230.2%	271.4%	382.9%	151.0%	158.2%	154.7%
CIP:	\$0	\$28,935,875	\$32,167,975	\$69,265,742	\$33,675,937	\$40,728,402	\$146,591,569	\$208,394,867	\$136,244,387	\$166,445,086	\$168,297,949
Ending Reserve balance:	\$0	\$134,314,432	\$117,976,288	\$75,257,057	\$237,521,614	\$242,284,068	\$157,150,676	\$414,806,608	\$327,539,373	\$215,210,862	\$101,640,717
Projected Res Rates:	\$247.13	\$296.39	\$355.67	\$419.70	\$486.86	\$559.89	\$599.09	\$617.07	\$635.59	\$654.66	\$674.30

Scenario 2: Sewer Only (No Stormwater)



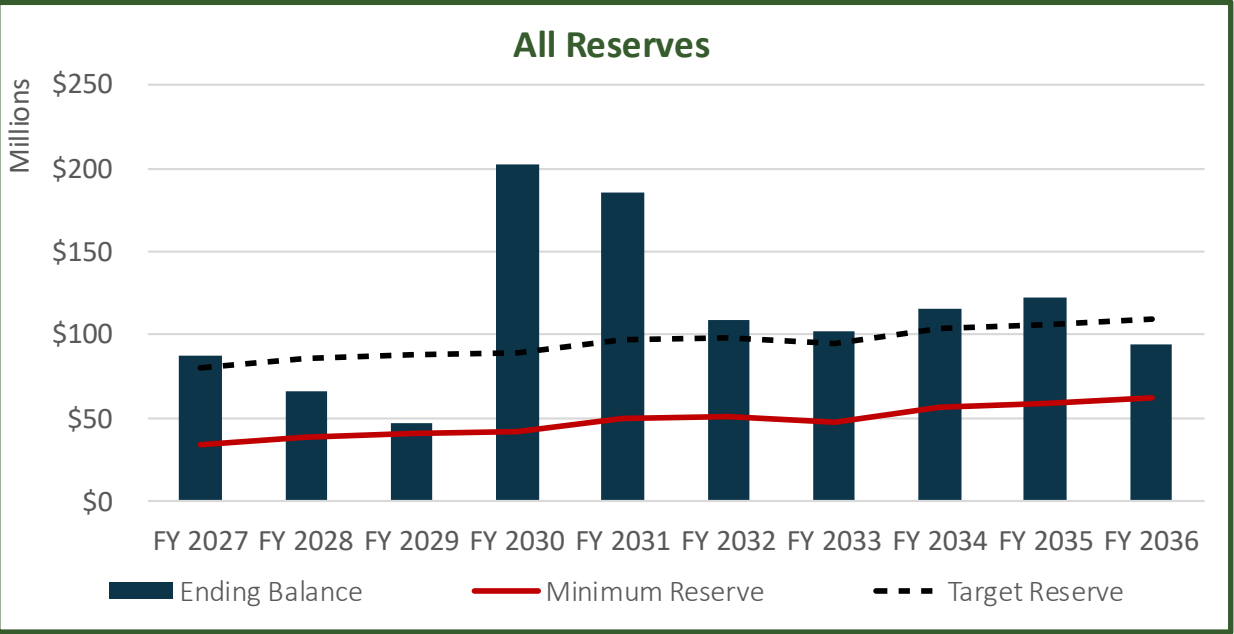
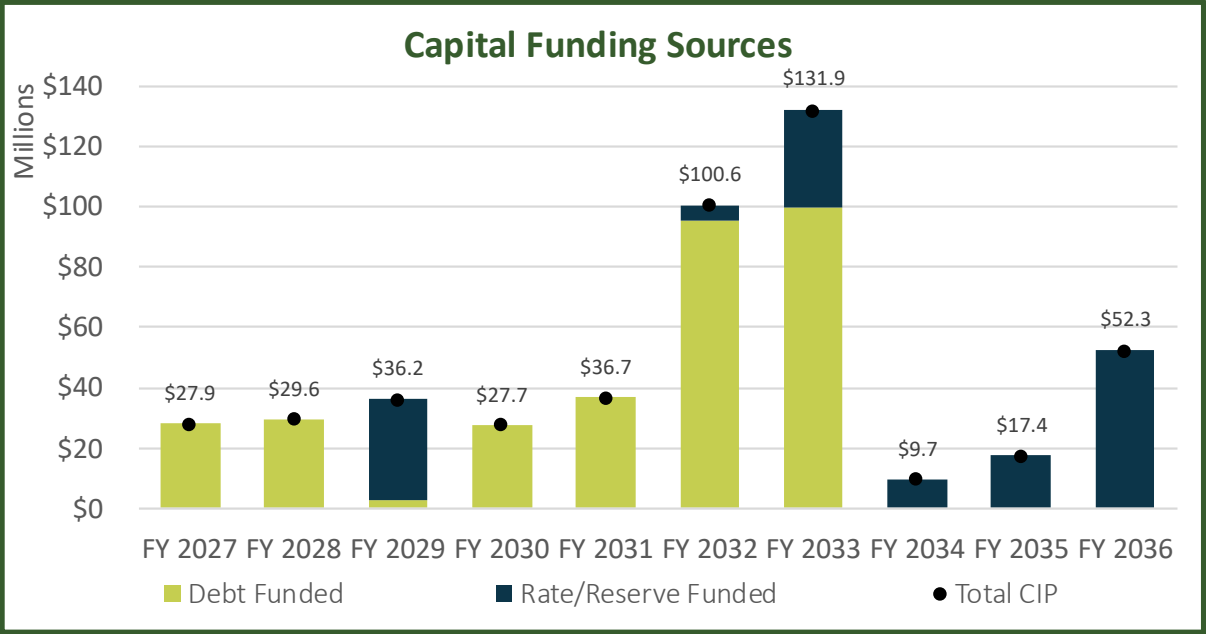
Residential Sewer Charge												
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
		<i>Revenue Adj</i>	<i>Existing</i>	<i>COS</i>	<i>20.00%</i>	<i>18.00%</i>	<i>16.00%</i>	<i>15.00%</i>	<i>7.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>3.0%</i>
Report	<i>\$/SF_{DU}</i>	\$247.13	\$475.00	\$575.00	\$675.00	\$775.00	\$875.00	\$901.25	\$928.29	\$956.14	\$984.82	\$1,014.36
Scenario 2	<i>\$/SF_{DU}</i>	\$247.13	\$296.39	\$355.67	\$419.70	\$486.86	\$559.89	\$599.09	\$617.07	\$635.59	\$654.66	\$674.30

Scenario 3: No Stormwater or Expansion

- Eliminated both Stormwater and Expansion Projects
- ***Growth should pay for growth.*** Existing customers should not pay for expansions necessary to serve growth.
- Expansion Projects
 - ~\$560M during the 10-year planning period
 - Capacity (Connection) Revenues from the report totaled ~\$185M
 - Eliminated both expansion projects and capacity fee revenues
- Bond/Debt Assumptions:
 - Revised \$320M over the 10-year planning period:
 - \$60M in FY 2027 (30-Year, 4.8% Interest, 2% Issuance)
 - \$160M in FY 2030 (30-Year, 4.8% Interest, 2% Issuance)
 - \$100M in FY 2033 (30-Year, 5% Interest, 2% Issuance)

Scenario 3	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Revenue Adjustments:	0.0%	20.0%	18.0%	15.0%	14.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Projected Rate Revenue:	\$0	\$46,947,027	\$56,127,408	\$65,301,256	\$75,202,589	\$80,790,575	\$84,299,935	\$87,934,735	\$91,745,032	\$95,687,144	\$99,784,327
Debt/Bond Issues:	\$0	\$60,000,000	\$0	\$0	\$160,000,000	\$0	\$0	\$100,000,000	\$0	\$0	\$0
Debt Coverage:	N/A	152.8%	152.6%	201.1%	246.3%	200.9%	222.7%	326.0%	211.7%	215.1%	214.6%
CIP:	\$0	\$27,935,875	\$29,567,975	\$36,165,742	\$27,675,937	\$36,728,402	\$100,591,569	\$131,894,867	\$9,744,387	\$17,445,086	\$52,297,949
Ending Reserve balance:	\$0	\$87,226,382	\$66,176,507	\$46,447,713	\$202,575,807	\$185,289,066	\$108,473,017	\$102,287,846	\$115,964,491	\$122,666,549	\$94,399,927
Projected Res Rates:	\$247.13	\$296.39	\$349.74	\$402.21	\$458.52	\$486.04	\$500.63	\$515.65	\$531.12	\$547.06	\$563.48

Scenario 3: No Stormwater or Expansion



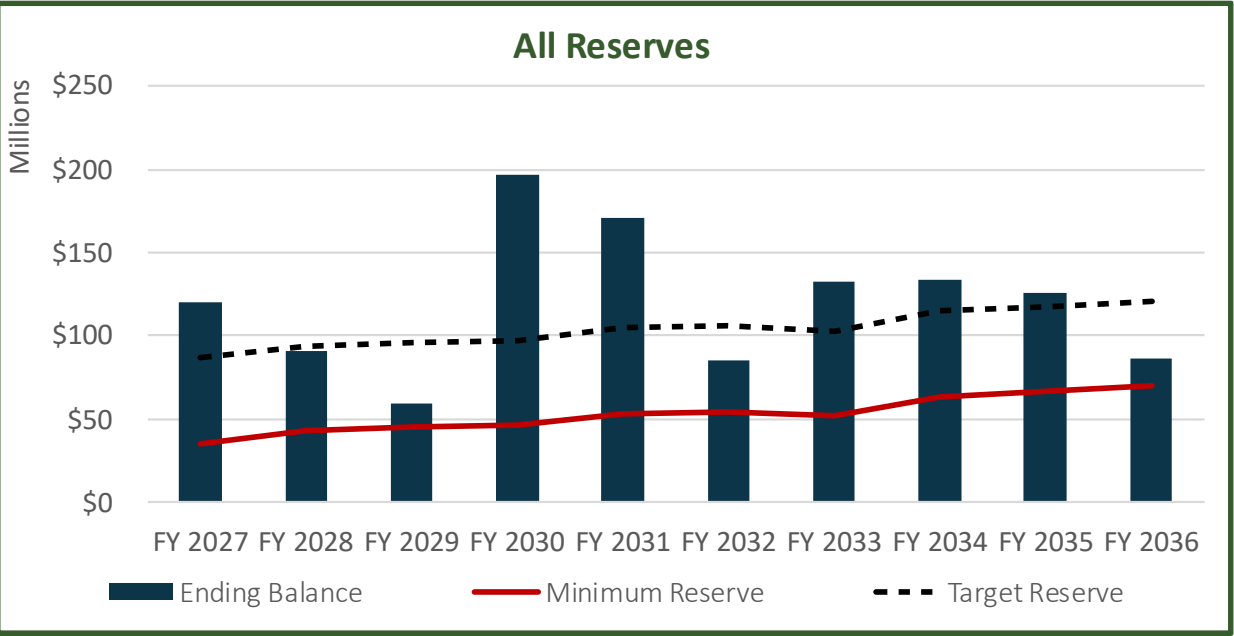
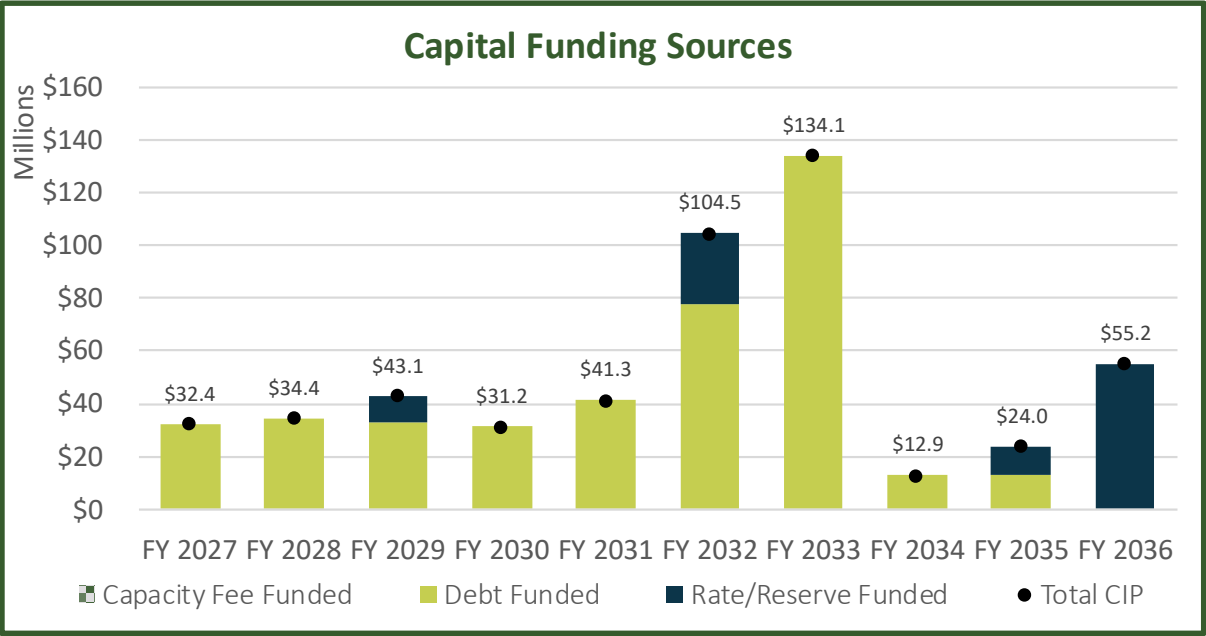
Residential Sewer Charge												
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Revenue Adj	Existing	COS	18.00%	15.00%	14.00%	6.00%	3.0%	3.0%	3.0%	3.0%	3.0%
Report	\$/SFDU	\$247.13	\$475.00	\$575.00	\$675.00	\$775.00	\$875.00	\$901.25	\$928.29	\$956.14	\$984.82	\$1,014.36
Scenario 3	\$/SFDU	\$247.13	\$296.39	\$349.74	\$402.21	\$458.52	\$486.04	\$500.63	\$515.65	\$531.12	\$547.06	\$563.48

Scenario 4: No Expansion (Sewer + Stormwater)

- Includes both Sewer and Stormwater
- ***Growth should pay for growth.*** Existing customers should not pay for expansions necessary to serve growth.
- Expansion Projects
 - ~\$560M during the 10-year planning period
 - Capacity (Connection) Revenues from the report totaled ~\$185M
 - Eliminated both expansion projects and capacity fee revenues
- Bond/Debt Assumptions:
 - Revised \$410M over the 10-year planning period:
 - \$100M in FY 2027 (30-Year, 4.8% Interest, 2% Issuance)
 - \$150M in FY 2030 (30-Year, 4.8% Interest, 2% Issuance)
 - \$160M in FY 2033 (30-Year, 5% Interest, 2% Issuance)

Scenario 4:	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Revenue Adjustments:	0.0%	20.0%	20.0%	14.0%	12.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Projected Rate Revenue:	\$0	\$46,947,027	\$57,057,720	\$65,820,544	\$74,494,021	\$81,515,059	\$85,056,380	\$88,724,292	\$92,569,281	\$96,547,294	\$100,681,791
Debt/Bond Issues:	\$0	\$100,000,000	\$0	\$0	\$150,000,000	\$0	\$0	\$160,000,000	\$0	\$0	\$0
Debt Coverage:	N/A	133.7%	125.0%	165.3%	196.0%	176.6%	192.5%	269.1%	155.1%	158.6%	156.4%
CIP:	\$0	\$32,438,125	\$34,388,488	\$43,095,229	\$31,204,570	\$41,330,687	\$104,463,724	\$134,121,355	\$12,904,729	\$23,986,993	\$55,224,941
Ending Reserve balance:	\$0	\$120,379,940	\$90,692,826	\$59,916,795	\$196,820,649	\$170,849,583	\$85,650,301	\$132,392,674	\$134,331,226	\$126,126,527	\$86,084,377
Projected Res Rates:	\$247.13	\$331.28	\$397.55	\$453.21	\$507.60	\$548.21	\$564.66	\$581.60	\$599.05	\$617.03	\$635.55

Scenario 4: No Expansion (Sewer + Stormwater)



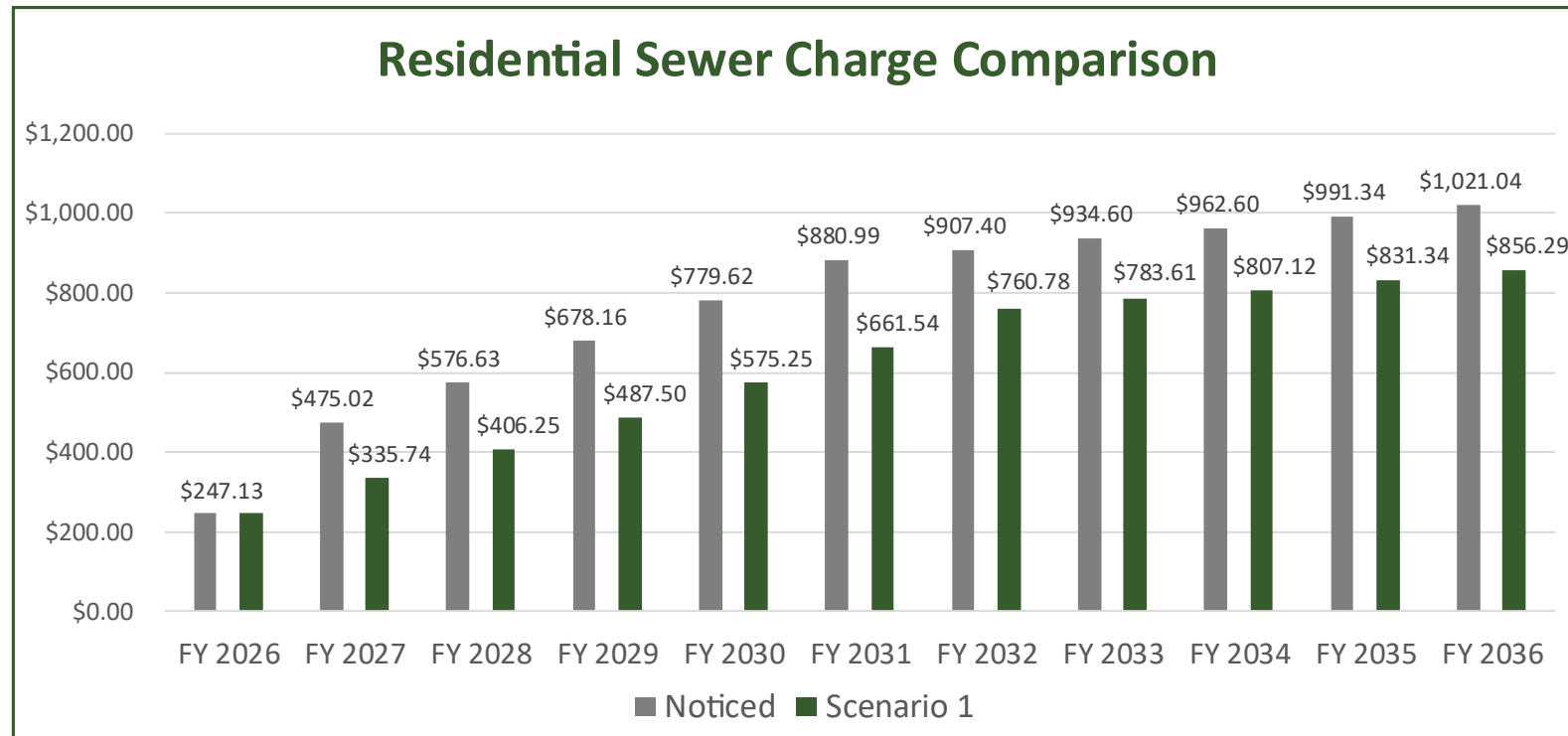
Residential Sewer Charge												
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Revenue Adj	Existing	COS	20.00%	14.00%	12.00%	8.00%	3.0%	3.0%	3.0%	3.0%	3.0%
Report	\$/SFDU	\$247.13	\$475.00	\$575.00	\$675.00	\$775.00	\$875.00	\$901.25	\$928.29	\$956.14	\$984.82	\$1,014.36
Scenario 4	\$/SFDU	\$247.13	\$331.28	\$397.55	\$453.21	\$507.60	\$548.21	\$564.66	\$581.60	\$599.05	\$617.03	\$635.55

Residential Rate Comparison

	FY 2026	2027	FY 2028	2029	FY 2030	2031
Noticed	\$247.13	\$475.02	\$576.63	\$678.16	\$779.62	\$880.99
Scenario 1	\$247.13	\$335.74	\$406.25	\$487.50	\$575.25	\$661.54
Scenario 2	\$247.13	\$296.39	\$355.67	\$419.70	\$486.86	\$559.89
Scenario 3	\$247.13	\$296.39	\$349.74	\$402.21	\$458.52	\$486.04
Scenario 4	\$247.13	\$331.28	\$397.55	\$453.21	\$507.60	\$548.21

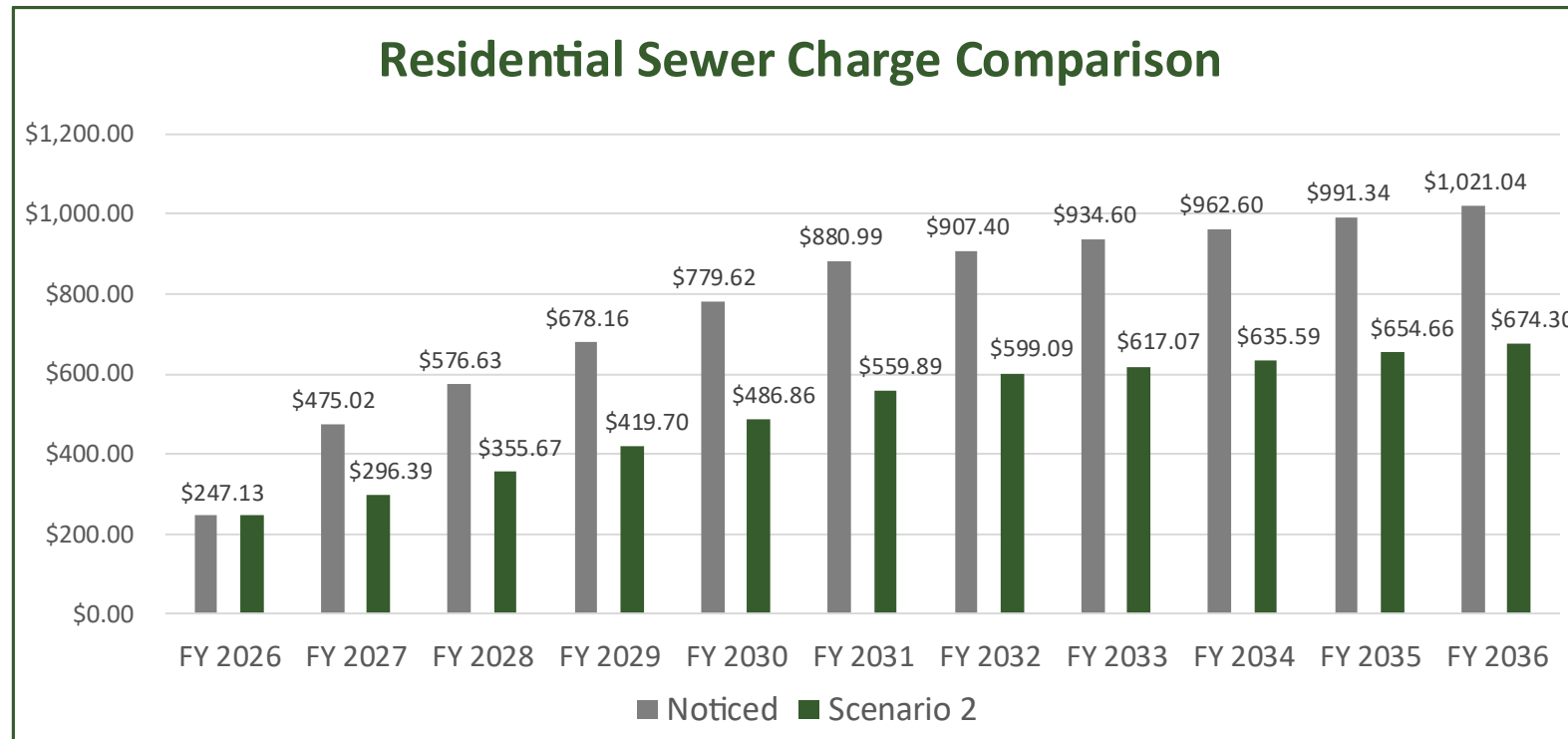
	FY 2032	2033	FY 2034	2035	FY 2036
Noticed	\$907.40	\$934.60	\$962.60	\$991.34	\$1,021.04
Scenario 1	\$760.78	\$783.61	\$807.12	\$831.34	\$856.29
Scenario 2	\$599.09	\$617.07	\$635.59	\$654.66	\$674.30
Scenario 3	\$500.63	\$515.65	\$531.12	\$547.06	\$563.48
Scenario 4	\$564.66	\$581.60	\$599.05	\$617.03	\$635.55

Proposed vs Scenario 1



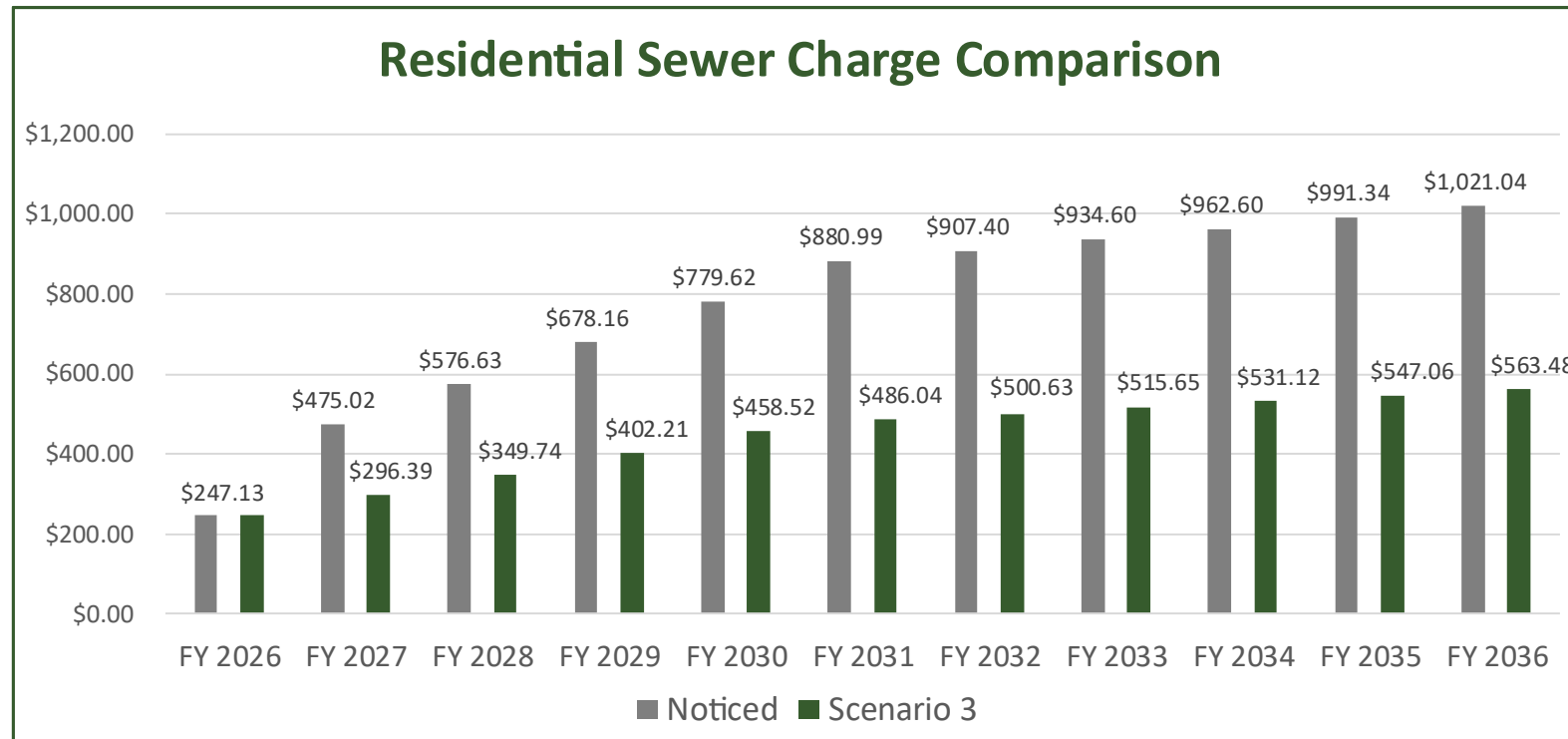
Reflects the potential impacts of leveraging debt/bonds to help spread costs over a longer period (more in line with those receiving the benefits of CIP projects)

Proposed vs Scenario 2



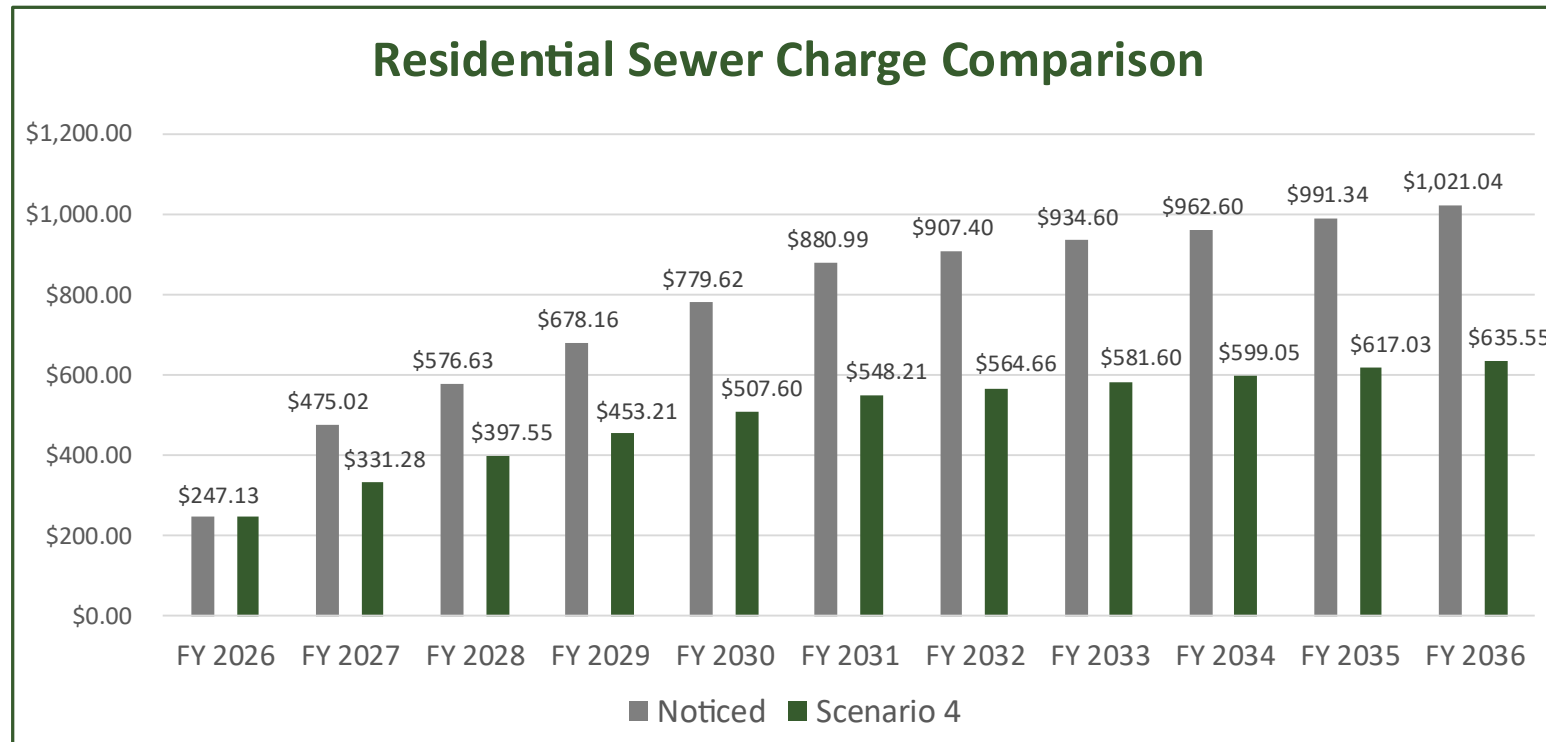
Reflects the impacts of not charging wastewater customers for stormwater costs

Proposed vs Scenario 3



Reflects the impacts of having growth pay for growth and not charging wastewater customers for stormwater costs

Proposed vs Scenario 4



Reflects the impacts of having growth pay for growth. Includes both sewer and stormwater costs.