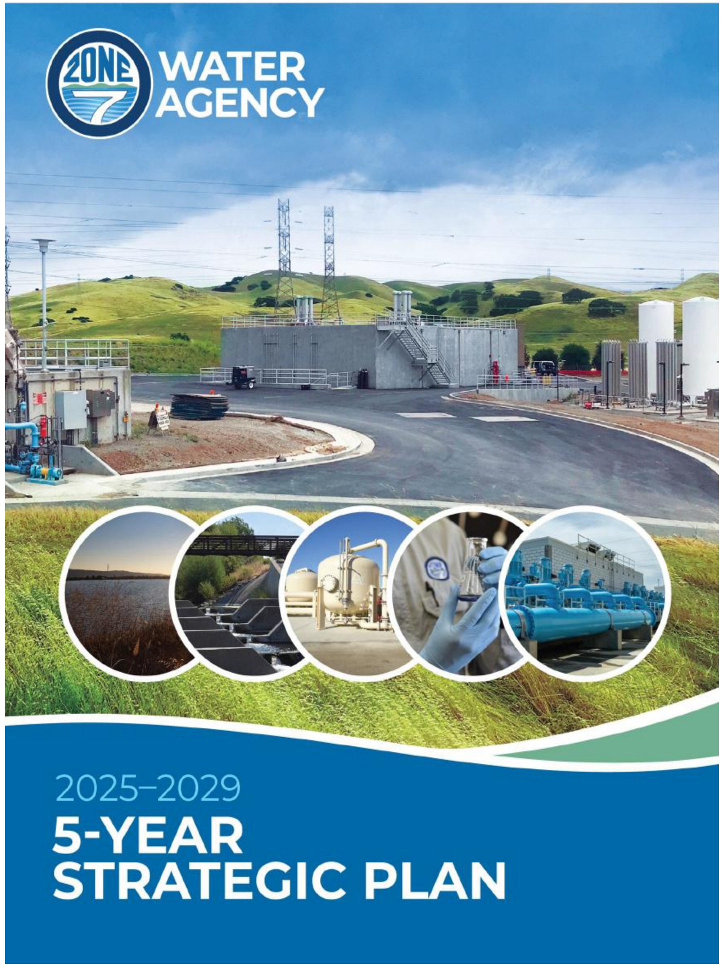
ZONE 7 WATER AGENCY

Calendar Year 2025 Untreated Water Rate Reconciliation

September 1, 2026

Strategic Plan Goals and Initiatives



GOAL H
Fiscal Responsibility

Operate the Agency in a fiscally responsible manner.

Initiative 21

Continue to effectively manage financial resources for the Agency

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Background

- **Purpose:** Annually true-up actual untreated water program costs

- Process implemented because:
    1. Rates set annually and based on cost and delivery projections
    2. Untreated Water Program does not have a designated fund balance

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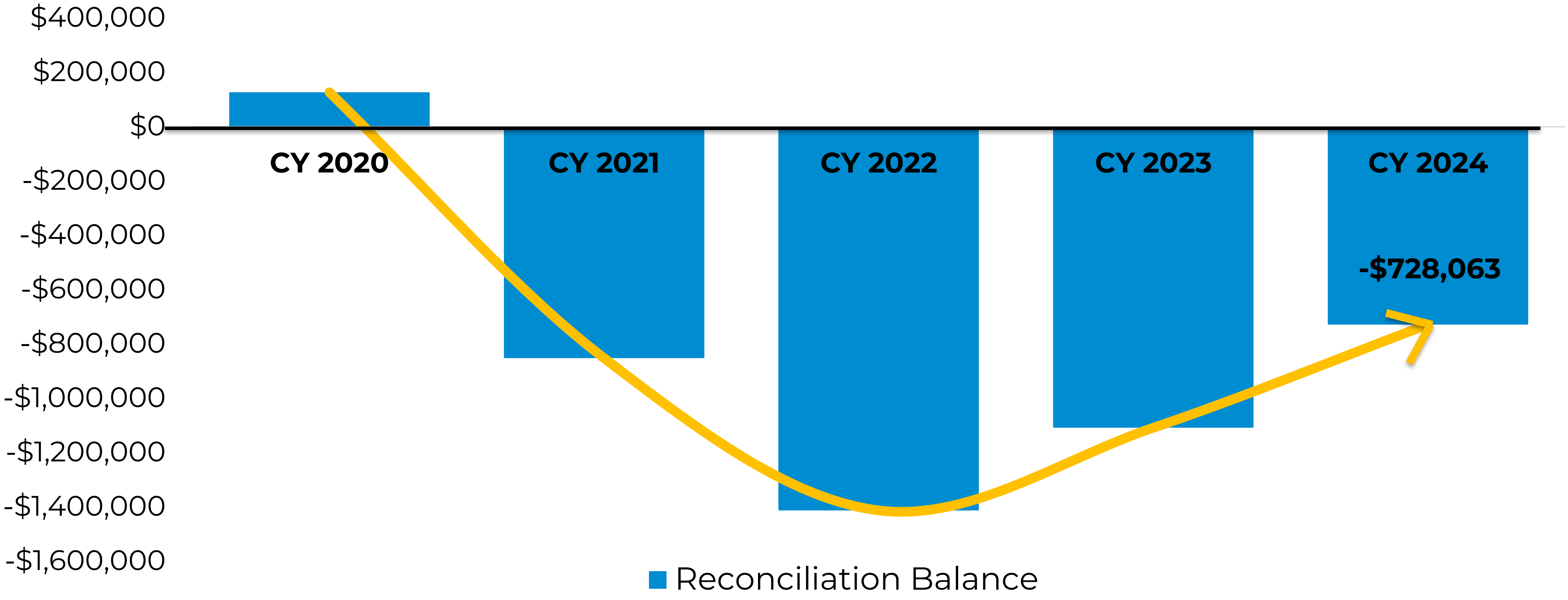
Objectives

1. Establish equity between treated and untreated water customers

2. Ensure sufficient revenues collected to meet costs

3. Confirm Agency is neither over-collecting nor under-collecting from untreated customers

Historical Reconciliation Balances



Results of 2025 Reconciliation

- CY 2025 calculated untreated rate = $239/AF
- CY 2025 reconciliation charge = $24/AF

Revenue	–	Untreated Costs[1]	=	CY 2025 Reconciliation Amount
• **$1,239,409** • $1,147,206 in Untreated Water Program Revenue • $92,203 in Water Transfer Sales Revenue Allocation		• **$511,346** • Untreated water program costs		• **$728,063** • Credit received

[1]Extraordinarily low water cost year – State Water Project allocation was 50%, Agency neither purchased water transfers nor stored/recovered water from Kern County Banks, and no Delta Conveyance Project costs were incurred.

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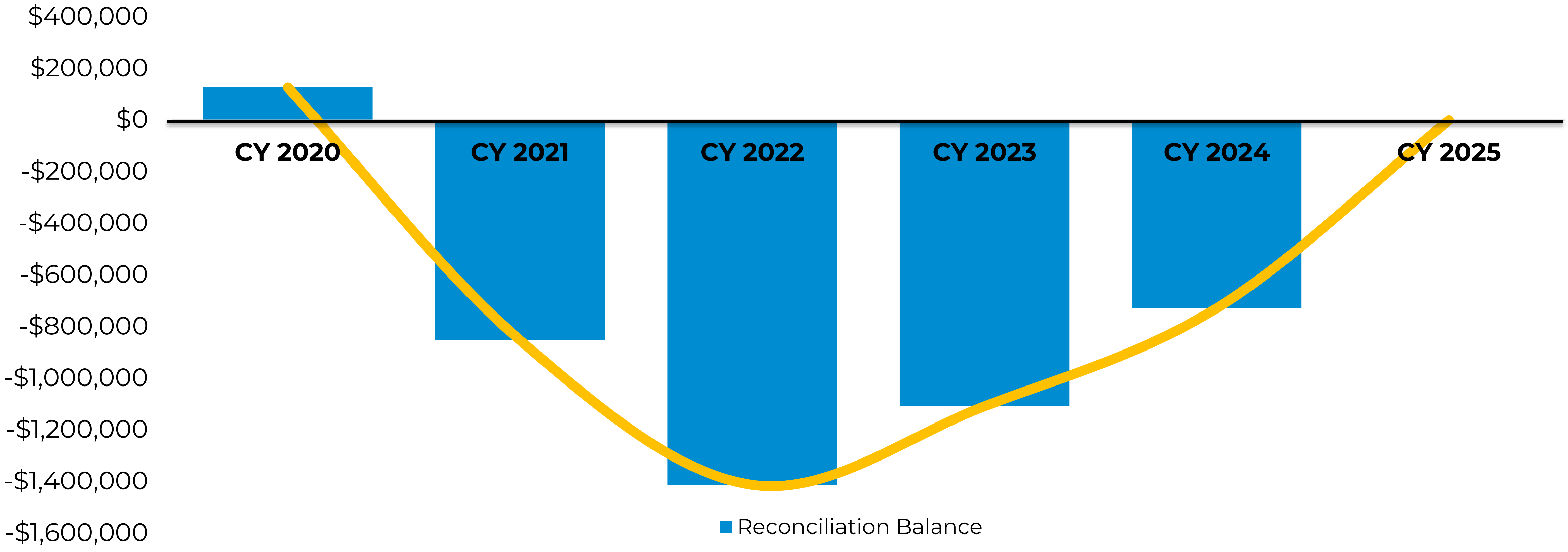
Current Reconciliation Balance



Balance as of December 2025 = $0

Upcoming Meetings/Board Action

Sept. 24, 2026
Finance Committee Meeting

- Present preliminary CY 2027 untreated rate.

October 21, 2026
Regular Board Meeting

- Present and adopt CY 2027 untreated water rate.

January 1, 2027

- CY 2027 untreated rate becomes effective.

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Questions?