AGENDA
TRUCKEE MEADOWS WATER AUTHORITY
Board of Directors
Wednesday, March 18, 2026 at 10:00 a.m.
Sparks Council Chambers, 745 4th Street, Sparks, NV
MEETING VIA TELECONFERENCE & IN-PERSON

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.
(be sure to keep your phones or microphones on mute, and do not place the call on hold)
Please click the link below to join the webinar:
https://tmwa.zoom.us/j/85018011171?pwd=N3bVm9s3Xsgm3VxFC9RnHYcdmbv5T0.1
Passcode: 889025
Or call:
Phone: (888) 788-0099
Webinar ID: 850 1801 1171

Board Members

Chair Clara Andriola – Washoe County
Vice Chair Paul Anderson – City of Sparks
Naomi Duerr – City of Reno
Alexis Hill – Washoe County
Miguel Martinez – City of Reno
Kathleen Taylor – City of Reno
Dian VanderWell – City of Sparks

CLOSED CAPTION & TRANSLATION: Both Zoom & YouTube offer closed captioning and translation into your language by simply clicking on the "CC" icon at the bottom of the screen and selecting your preferred language.

NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at http://www.tmwa.com, and State of Nevada Public Notice Website, https://notice.nv.gov/.
2. TMWA meetings are streamed online at https://www.youtube.com/@tmwaboardmeetings6598.
3. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
4. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at http://www.tmwa.com/meeting/. Supporting material is made available to the general public in accordance with NRS 241.020(6).
5. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
6. Asterisks (*) denote non-action items.
7. Public comment during the meeting is limited to three minutes and is allowed during the two public comment periods. In addition to the public comment periods, the Chair has the discretion to allow public comment on any individual agenda item, including any item on which action is to be taken. and each action item. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk.
8. Written public comment may be provided by submitting written comments online on TMWA's Public Comment Form (tmwa.com/PublicComment) or by email sent to boardclerk@tmwa.com prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record.
9. In the event the Chair and Vice-Chair are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chair or Vice-Chair are present (**Standing Item of Possible Action**).
10. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.
11. The Board may attend and participate in the meeting by means of remote technology system. Members of the public wishing to attend and/or participate by providing public comment may do so either in person at the physical location of the meeting listed above or virtually. To attend this meeting virtually, please log into the meeting using the link and/or phone number noted above. To request to speak, please use the "raise hand" feature or, if on the phone, press *9 to "raise your hand" and *6 to unmute/mute your microphone.

[1] The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

1. Roll call*
2. Pledge of Allegiance*
3. Public comment — limited to no more than three minutes per speaker*
4. Possible Board comments or acknowledgements*
5. Approval of the agenda **(For Possible Action)**
6. Approval of the minutes of the February 18, 2026 meeting of the TMWA Board of Directors **(For Possible Action)**
7. Water Supply Update – Kara Steeland* **(5min)**
8. PUBLIC HEARING ON RATES AMENDMENTS **(10min)**
    A. Second Hearing, Public Hearing: Discussion and possible action on Resolution No. 342: A resolution to adopt structure changes to TMWA water rates reflecting the results of a Cost of Service study — Matt Bowman **(For Possible Action)**
    B. Public comment — limited to no more than three minutes per speaker*

    CLOSE PUBLIC HEARING
9. Discussion and possible action on the TMWA Tentative Budget for the fiscal year ending June 30, 2027 and draft Capital Improvement Plan for fiscal years 2027 through 2031 — Matt Bowman and David Diegle **(For Possible Action) (15min)**
10. Presentation on proposed Conservation, Communications and Outreach Plan for 2026-2027, discussion and possible direction to staff — Robert Charpentier and Cammy Elquist LoRe **(For Possible Action) (10min)**
11. Discussion and possible action on adoption of Resolution No. 343: A resolution to approve funding for one or more of the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation of Northern Nevada to fund such projects from Fund proceeds (Resolution may reflect action taken in one or more votes on recommended projects) — Kara Steeland **(For Possible Action) (10min)**
12. General Manager's Report* **(5min)**
13. Public comment — limited to no more than three minutes per speaker*
14. Board comments and requests for future agenda items*
15. Adjournment **(For Possible Action)**

[1.] The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE FEBRUARY 18, 2026
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, February 18, 2026 at Sparks City Council Chambers. Chair Andriola called the meeting to order at 10:01 a.m.

1. ROLL CALL

Directors Present: Paul Anderson, Clara Andriola, *Naomi Duerr, **Alexis Hill, *Miguel Martinez, *Kathleen Taylor and Dian VanderWell.

A quorum was present.

**Members Duerr, Hill, Martinez and Taylor were present via Zoom.*

***Member Hill arrived at 10:15a.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by John Zimmerman, General Manager.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

Member Duerr noted that this was Sonia Folsom's, Executive Assistant, last meeting and it was unfortunate that she could not be there in person due to the weather. Member Duerr acknowledged Ms. Folsom's exceptional service and positive impact on the Board and to TMWA.

Chair Andriola added that she will be missed and wished her success in her next chapter. She added there will be a small celebration at the end of the meeting.

5. APPROVAL OF THE AGENDA

Chair Andriola stated that they will be pulling agenda item #8 today to allow for additional public engagement.

> **Upon motion by Director Anderson, second by Director VanderWell, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda as amended.**

6. APPROVAL OF THE MINUTES OF THE JANUARY 21, 2026 MEETING OF THE TMWA BOARD OF DIRECTORS

Upon motion by Director VanderWell, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the January 21, 2026 minutes.

7. WATER SUPPLY UPDATE

Kara Steeland, Senior Hydrologist and Watershed Coordinator, reported on current water and snow conditions following the major snowstorm this week. Ms. Steeland noted that the presentation data was from the day before, updated measurements show that the Truckee Basin snow water equivalent rose from 63% to 74% of median, though recent snowfall had low water content. More storms are expected soon. Precipitation remains above average, and high soil moisture will support strong spring runoff. Lake Tahoe, currently 1.5 feet below the rim, is projected to nearly fill depending on future snowfall. Truckee River flows should remain normal due to strong reservoir storage, about 72% capacity, including 38,000 acre-feet of drought reserves. Sierra snowfall forecasts of 60–72 inches are being realized with 5–6 feet already recorded. Overall conditions are favorable heading into late February with above-average precipitation and continued cold temperatures.

8. PUBLIC HEARING ON RATES AMENDMENTS

A. SECOND HEARING, PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION ON RESOLUTION NO. 342: A RESOLUTION TO ADOPT STRUCTURE CHANGES TO TMWA WATER RATES REFLECTING THE RESULTS OF A COST OF SERVICE STUDY — MATT BOWMAN **(**

B. PUBLIC COMMENT — LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER*

CLOSE PUBLIC HEARING

**This agenda item was postponed.*

9. PRESENTATION OF FISCAL YEAR 2026 Q2 YEAR-TO-DATE FINANCIAL RESULTS

Matt Bowman, Chief Financial Officer, presented the quarterly financial update, reporting that revenues are on budget, operating expenses are 6% below budget, and cash balances remain stable. Water sales remain on target, though consumption was slightly lower due to early-season precipitation. He noted that a recent NV Energy tariff increase will raise power costs through year-end. Non-operating revenues and interest expenses are tracking as expected. Connection fees increased due to the Lazy 5 Booster Pump Station, while contributions from other governments are lower because of delays at American Flat. Capital spending is 64% of budget mid-year, with work at Chalk Bluff and the Orr Ditch pump station

progressing. Cash remains at $160 million, all reserves are fully funded, and $104 million is unrestricted. Mr. Bowman also confirmed that refunding of the 2015A and 2016 bonds will price on March 5 and close April 2, with SRF bonds for American Flat scheduled to close later in April.

10. OVERVIEW OF STRATEGIC PLANNING USING THE EFFECTIVE UTILITY MANAGEMENT (EUM) FRAMEWORK

Mr. Zimmerman, Danny Rotter, Assistant General Manager, and Jessica Atkinson, Human Resources Director, presented on EUM framework, process to date, and timeline to present on the three attributes (out of ten) staff is focused on presenting to the Board at the October 2026 strategy meeting, with the intent to add the rest of the attributes in FY 2028.

At this time members of the Board expressed strong support for the EUM framework and praised staff leadership for advancing the model throughout the organization, improving alignment, transparency and moving away from departmental silos. They thanked staff for their leadership, vision and commitment to strengthening TMWA and its service to the community.

11. DISCUSSION AND POSSIBLE ACTION REGARDING THE PROPOSED PROCESS, TIMELINE, AND MILESTONE SEQUENCING RELATED TO POTENTIAL AMENDMENT OF THE GENERAL MANAGER'S EMPLOYMENT AGREEMENT

Ms. Atkinson presented the recommended process and timeline for reviewing the General Manager's employment agreement and upcoming performance evaluation. She outlined a two-phase plan designed to improve sequencing, broaden organizational input, and enhance objectivity through third-party data collection. The approach incorporates feedback from directors, managers, and supervisors using the Effective Utility Management framework and adjusts the evaluation and compensation timelines to better inform Board decisions.

At this time members of the Board stated that they did not wish to go out for an executive search and expressed strong support for Mr. Zimmerman and the updated process, praised the clarity and structure it provides, and commended staff for their work.

> **Upon motion by Director Anderson, second by Director VanderWell, which motion duly carried by unanimous consent of the Directors present, the Board approved the proposed process, timeline, and milestone sequencing related to potential amendment of the General Manager's Employment Agreement.**

12. GENERAL MANAGER'S REPORT

Mr. Zimmerman credited prior TMWA and Board leadership for TMWA's longstanding culture of continuous improvement and establishing the foundation that supports the EUM framework. Mr. Zimmerman updated the Board on an upcoming River Oak community meeting in Verdi on Feb 24th, which will explain the wholesale water connection approved by the Public Utilities Commission (PUC) and will be attended by TMWA, Washoe County and PUC staff to answer questions and clarify timelines.

Members Hill and Duerr thanked Mr. Zimmerman and staff for their proactive communication, collaboration and ongoing efforts to support the River Oak community.

13. PUBLIC COMMENT

There was no public comment.

14. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Chair Andriola stated Mr. Zimmerman was going to kick off the celebration.

Mr. Zimmerman recognized Ms. Folsom for more than 11 years of dedicated service to TMWA, including four years working directly with him. He praised her unwavering support to staff across the organization and noted that her energy, commitment, and devotion will be greatly missed and wished her the very best in her next chapter.

Chair Andriola presented Ms. Folsom with a traditional retirement gift on behalf of TMWA and the rest of the Board of Directors.

Member Hill thanked Ms. Folsom for her service to TMWA and expressed her gratitude for her time supporting our community.

Ms. Folsom thanked Mr. Zimmerman and the Board for their kind words and support.

15. ADJOURNMENT

With no further discussion, Chair Andriola adjourned the meeting at 10:56 a.m.

Approved by the TMWA Board of Directors in session on _____

Sonia Folsom, Board Clerk.

***Member Hill was present for agenda items 9 through 15 only.**

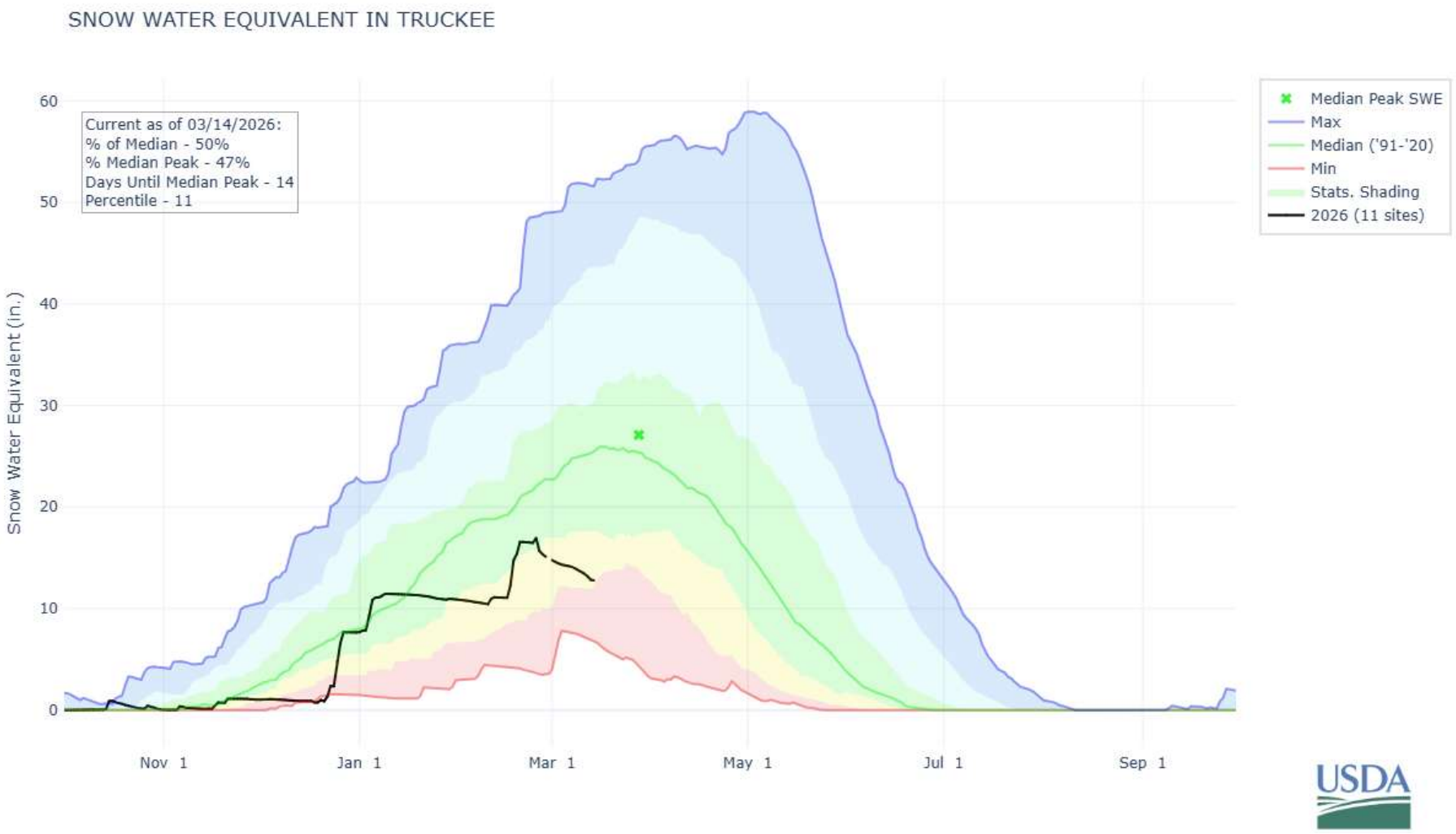
WATER SUPPLY UPDATE

TMWA Board Meeting
March 18, 2026

Truckee Meadows Water Authority

Quality. Delivered.

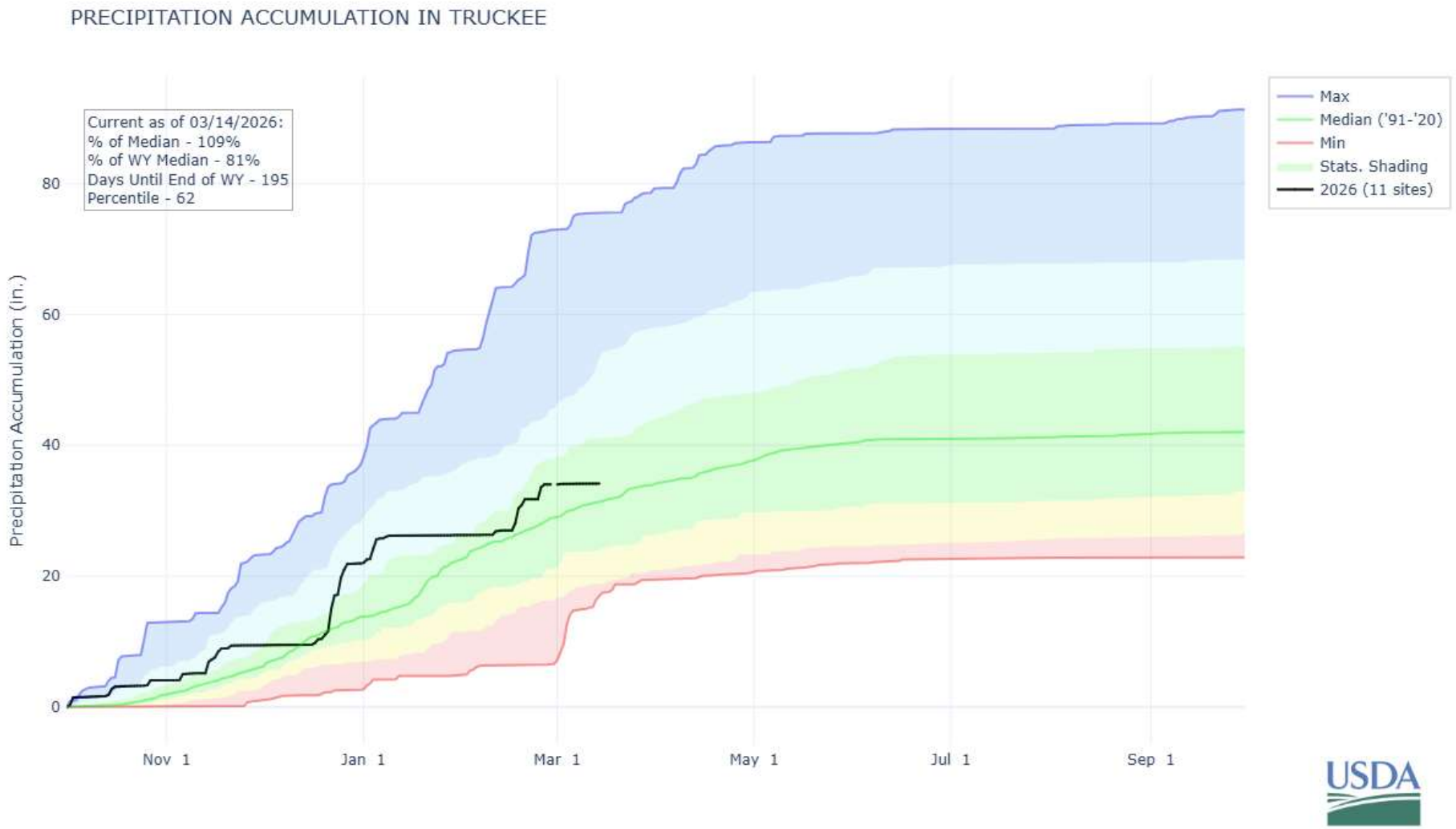
TRUCKEE BASIN SWE



USDA

Truckee Meadows Water Authority

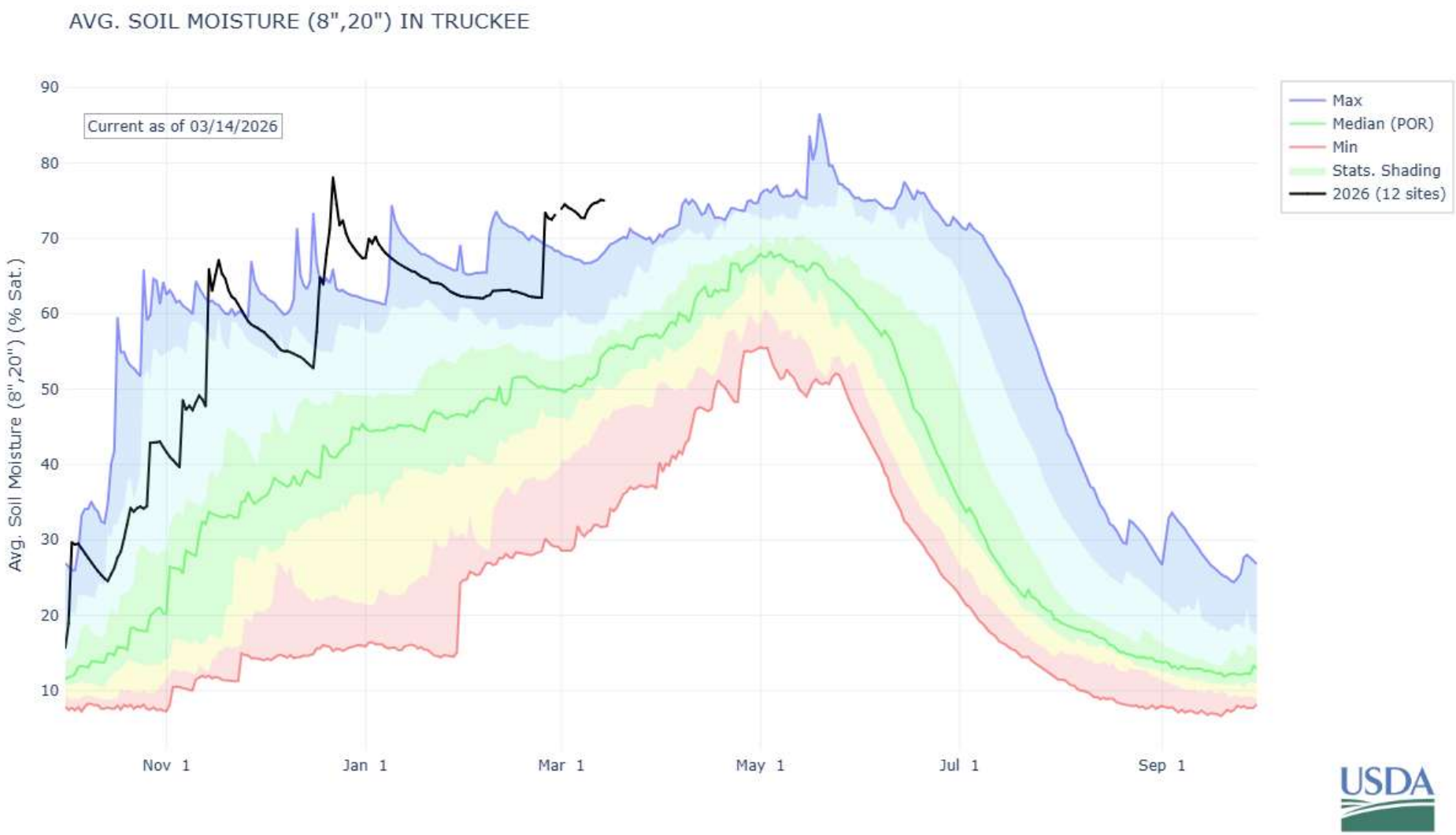
TRUCKEE BASIN PRECIPITATION



USDA

Truckee Meadows Water Authority

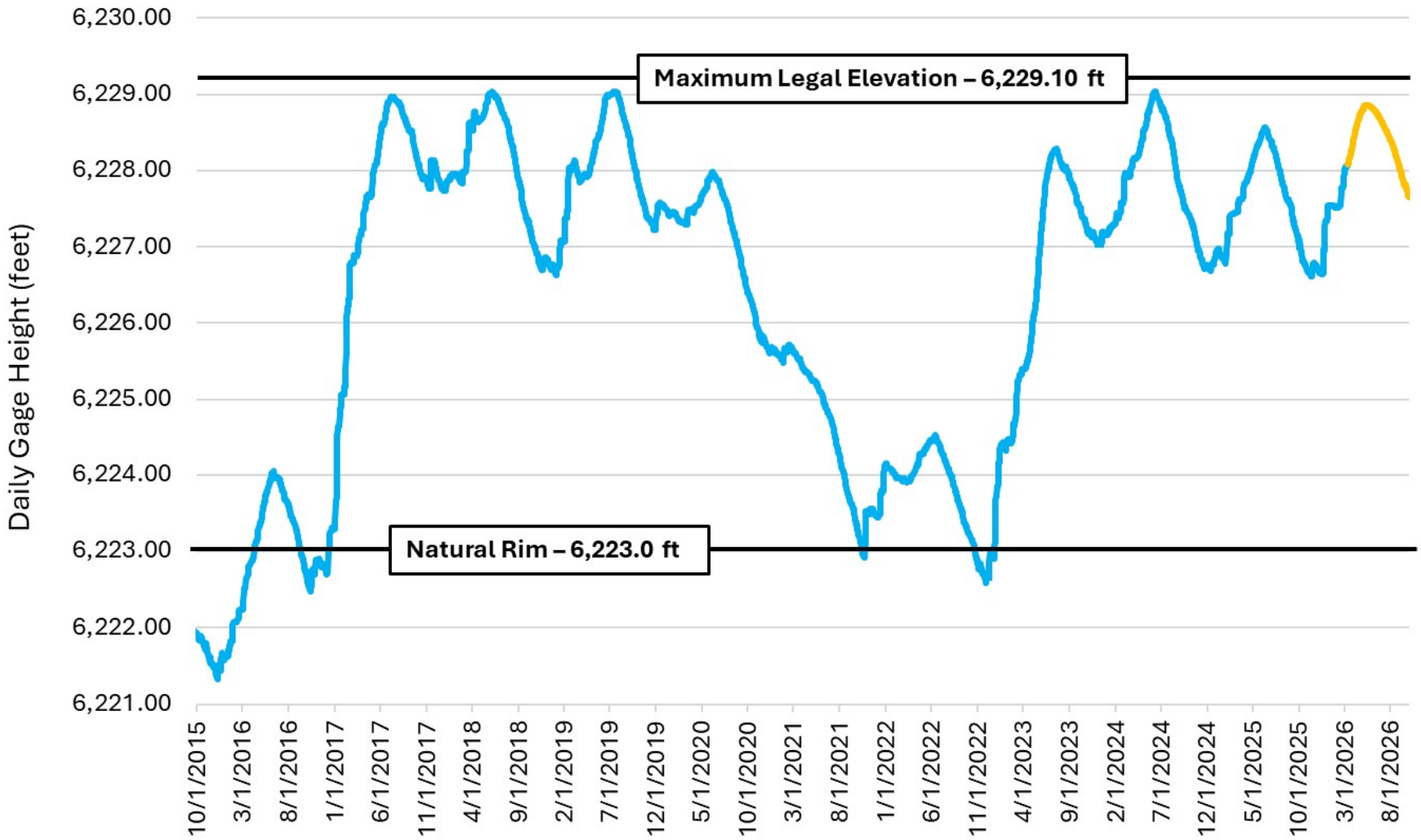
TRUCKEE BASIN SOIL MOISTURE



USDA

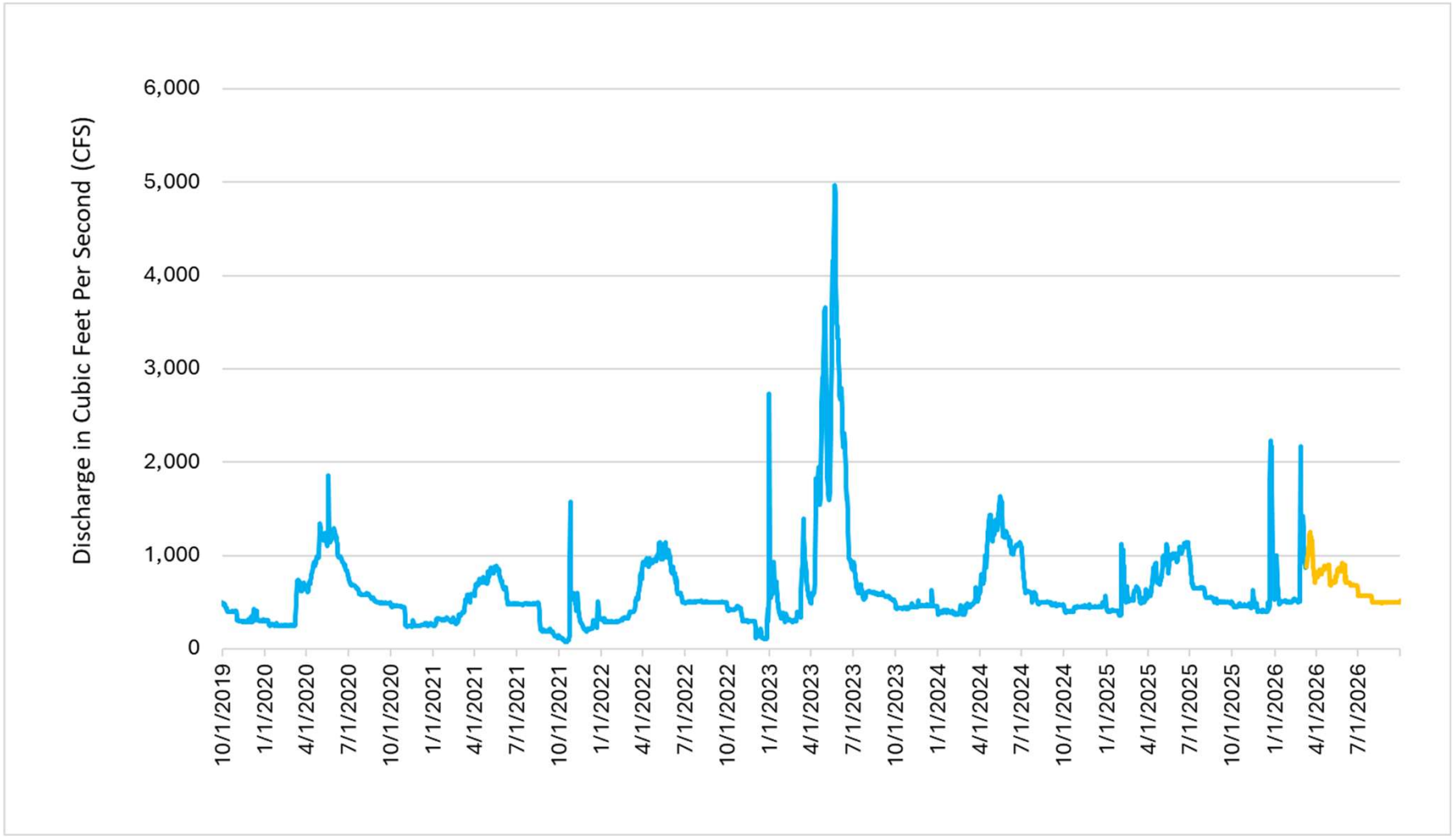
Truckee Meadows Water Authority

OBSERVED/PROJECTED LAKE TAHOE ELEVATION THROUGH WATER YEAR 2026



Truckee Meadows Water Authority

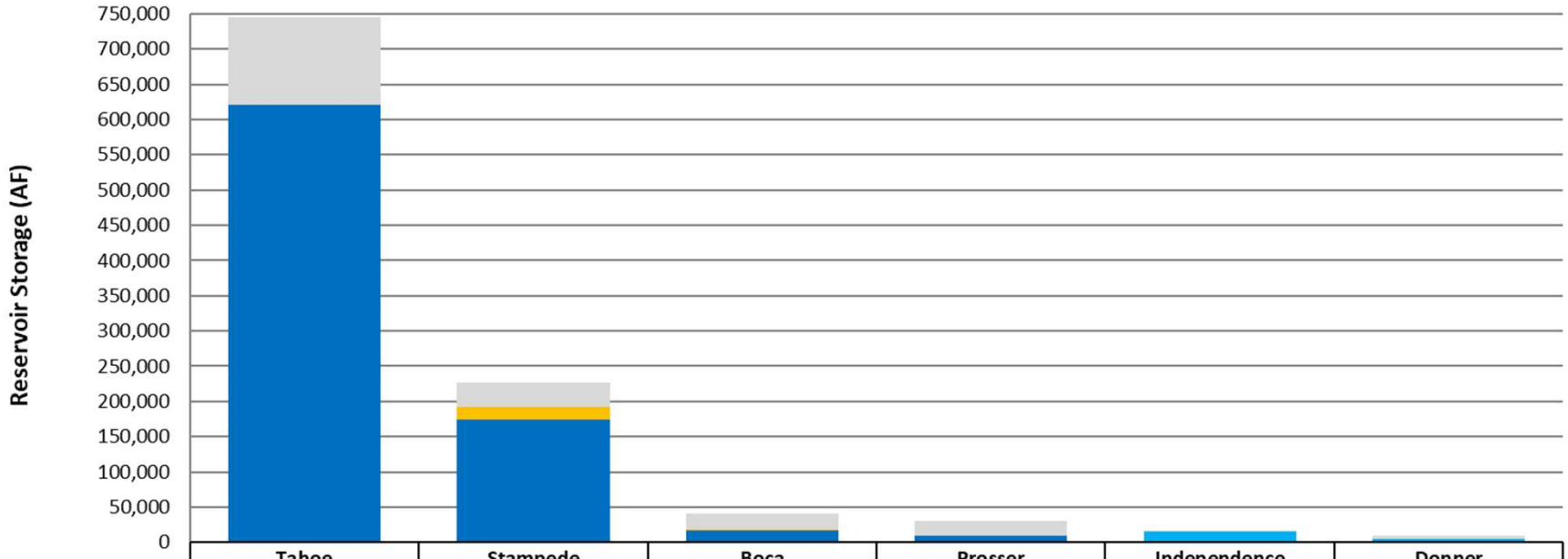
OBSERVED/PROJECTED TRUCKEE RIVER FLOW THROUGH WATER YEAR 2026



Truckee Meadows Water Authority

TRUCKEE RIVER SYSTEM STORAGE

March 16, 2026



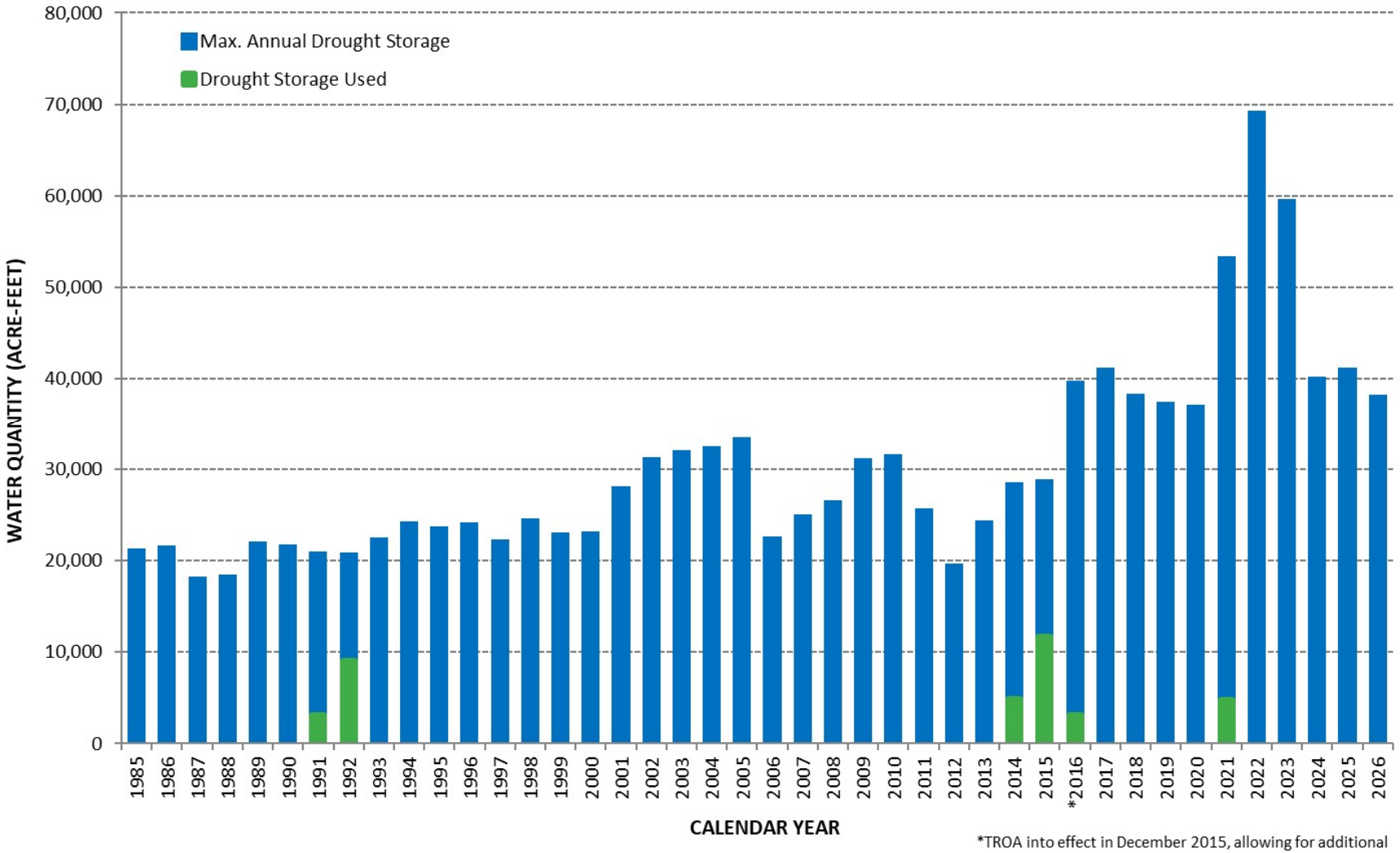
	Tahoe	Stampede	Boca	Prosser	Independence	Donner
EXTRA CAPACITY	123,010	34,064	23,005	20,073	2,032	4,882
TMWA POSW	0	621	0	0	15,468	3,181
TMWA TROA	0	18,004	784	0	0	0
OTHER WATER	621,590	173,811	17,081	9,727	0	1,437

TOTAL CURRENT SYSTEM STORAGE: 861,704 AF (80% CAPACITY)
TMWA UPSTREAM STORAGE: 37,937 AF
FLORISTON RATE WATER: 599,711 AF

Truckee Meadows Water Authority

TMWA UPSTREAM STORAGE

March 16, 2026



*TROA into effect in December 2015, allowing for additional upstream storage in 2016 and subsequent years.

Truckee Meadows Water Authority

DROUGHT MONITOR

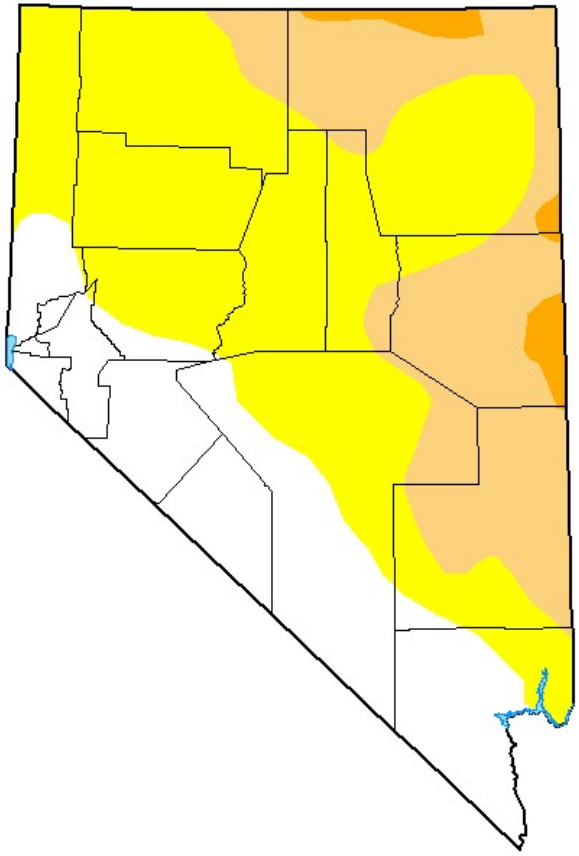
U.S. Drought Monitor

Nevada

March 10, 2026

(Released Thursday, Mar. 12, 2026)

Valid 8 a.m. EDT



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

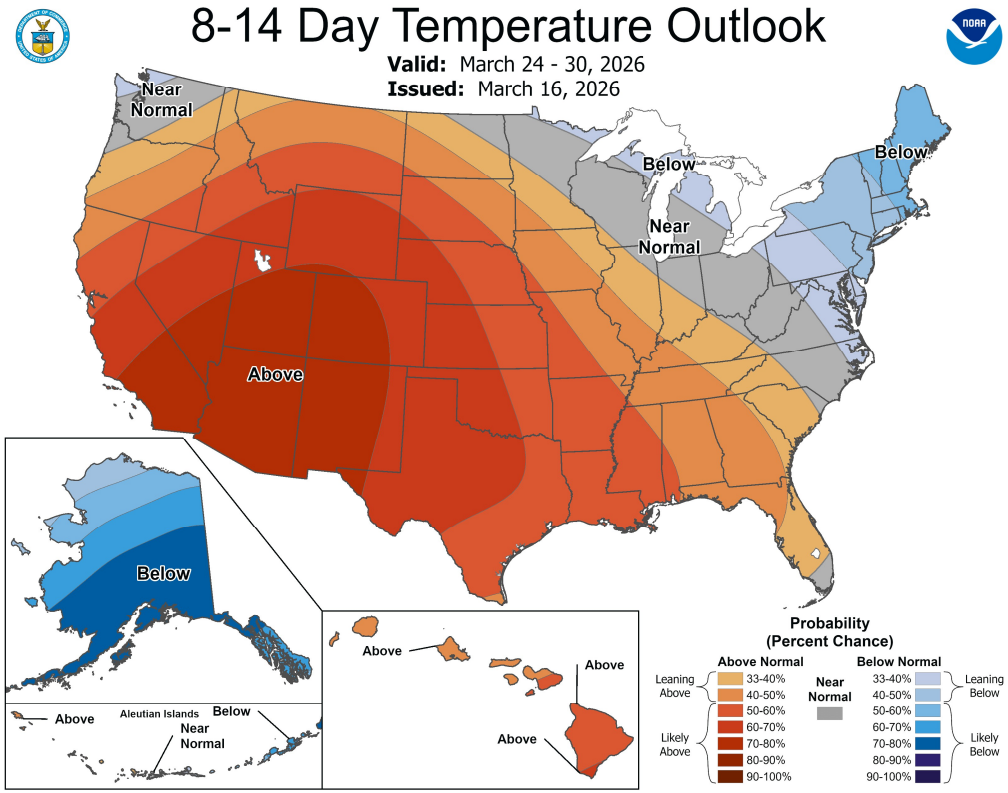
Author:

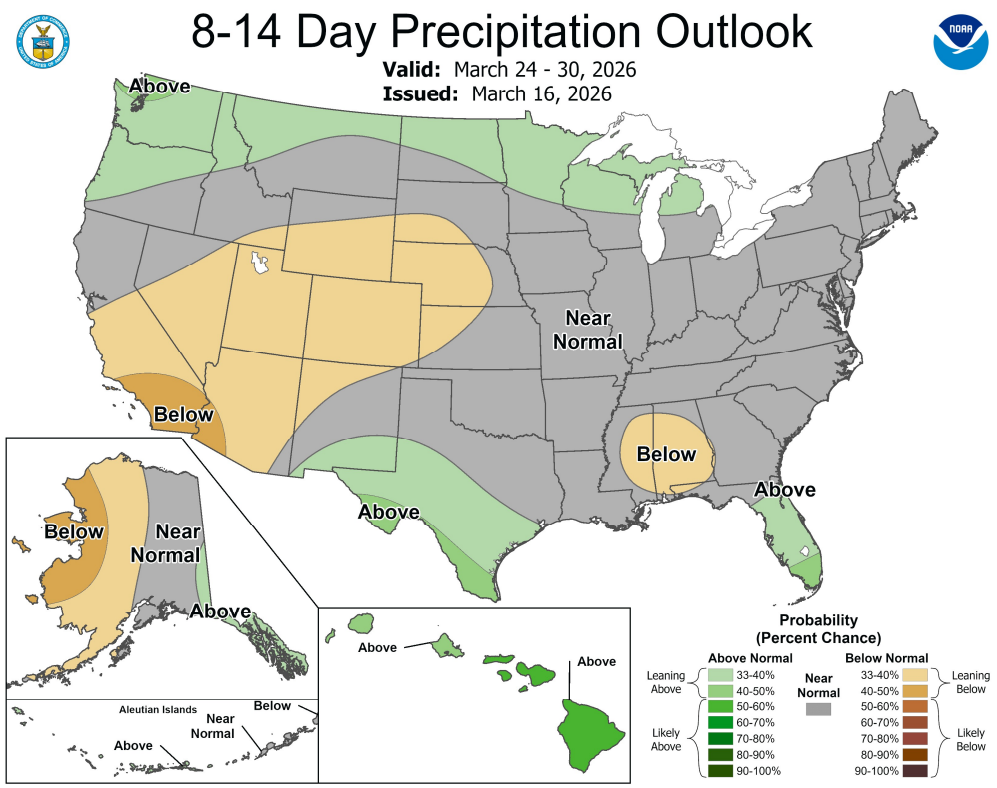
Brad Pugh
CPC/NOAA

droughtmonitor.unl.edu

Truckee Meadows Water Authority

UPCOMING FORECAST





Truckee Meadows Water Authority

Thank you!

Questions?

Truckee Meadows Water Authority

Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, Chief Financial Officer, and
Shawn Stoddard, Senior Resource Economist
DATE: March 11, 2026
SUBJECT: **Second Reading, Public Hearing: Discussion and Possible Action on Resolution No. 342: A resolution to adopt structure changes to TMWA water rates reflecting the results of a Cost of Service study.**

Recommendation

Staff recommends the Board adopt resolution No. 342.

Summary

At the Board's September 17, 2025 meeting, Staff presented the results of the 2025 Cost of Service (COS) study along with the recommended rate structure changes. The Board tentatively approved the results of the study and directed staff to move forward with additional public outreach.

At the Board's January 21, 2026 meeting, the Board approved a motion to refer the recommended rate structure changes to a second reading.

All material and reports related to the COS study in previous Board meetings are included in Attachment A.

Recommended Motion

Move to adopt Resolution No. 342.

TRUCKEE MEADOWS WATER AUTHORITY

RESOLUTION NO. 342

A RESOLUTION ADOPTING REVISIONS TO RATE SCHEDULES, RATES, AND CHARGES WITH RESPECT TO THE SERVICES, AND COMMODITIES PROVIDED BY THE TRUCKEE MEADOWS WATER AUTHORITY

WHEREAS, the Truckee Meadows Water Authority (the "Authority") prepared a cost-of-service study in accordance with guidelines established by the American Water Works Association to determine if the revenues collected from each customer group represented the actual cost incurred to provide water service to those customer groups;

WHEREAS, based on the results of the cost-of-service study, the Authority has proposed certain rate design changes to align future revenues collected with actual costs incurred by each customer group;

WHEREAS, after conducting appropriate investigations, studies and public hearings, the Authority has concluded that an adjustment of water rates for all customer classes, including both customer charges and commodity charges, is necessary to recover the costs of service;

WHEREAS, the Authority has determined that the rates and charges for water service set forth in Exhibit 1 attached hereto and incorporated are appropriate and justified.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority that**:**

Changes to service charges and commodity charges shown in Exhibit 1 in redline, are hereby approved and adopted and are to be effective and implemented commencing for the first billing cycle of June 2026.

Upon motion of _____, seconded by _____, the foregoing Resolution was passed and adopted this 18th day of March, 2026, by the following vote of the Board:

Ayes: _____

Nays: _____

Abstain:_____Absent: _____

Approved this 18th day of March, 2026

_____
Clara Andriola, Chair

APPLICABILITY

Delivery of water under this Rate Schedule is available for all purposes to any single family residential dwelling served through a separate Service Connection. This Rate Schedule is mandatory for delivery of water to residential Customers in newly constructed residential buildings which are occupied for the first time on or after July 1, 1988; and for residential Customers who receive a Meter pursuant to Rules 2 and 6.

Effective October 1, 2015, any single family residential service then receiving the delivery of water under either Rate Schedules RFWS or SUFR will be required to pay the metered rate pursuant to this Rate Schedule commencing upon later of October 1, 2015 or the first billing period following the installation of Meter Facilities and a Meter at the Service Property. For previously Unmetered Service Property(ies), the Authority will install Meter Facilities as soon as practicable, with costs to be borne by the Authority in accordance with Rule 6.

AVAILABILITY

The Authority's retail service territory.

RATES

Customer Charge Per Billing Period

Meter Size	Per Meter
~~Up to~~ 3/4"	$21.87~~23.02~~
1" and larger	~~$~~34.37~~25.32~~
~~1 1/2"~~	~~$28.81~~
~~2"~~	~~$33.39~~
~~3"~~	~~$37.98~~
~~4"~~	~~$43.70~~
~~6"~~	~~$50.66~~

Commodity Charge per 1,000 Gallons for each Tier, All Meter Sizes

Tier 1	0 to 6,000 Gallons per Billing Period	$2.20~~2.14~~
Tier 2	6,001 to 25,000 Gallons per Billing Period	$3.30~~3.45~~
Tier 3	Greater than 25,000 Gallons per Billing Period	$4.39~~4.05~~

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Late Charge

5% of any amount in arrears from previous billings

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge hereunder shall consist of the sum of the Customer Charge, commodity charge, backflow charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. Customers previously billed at the 1 1/4" Customer Charge will be billed at the 1" Customer Charge.

2. Backflow Charge. This charge applies to single family residential Customers where the Service Property has a backflow prevention assembly maintained by the Authority. The monthly charge applied per Billing Period for operations, maintenance, service and annual testing associated with the backflow prevention assembly is $5.785.58.

3. This Rate Schedule is closed to new applications for the delivery of water through a 3" Service Connection.

APPLICABILITY

Delivery of water under this Rate Schedule is available for all purposes to any multiple-unit residential Customer in multiple-unit complexes including apartment complexes, mobile home parks and two or more detached single family dwellings metered in accordance with Rule 6. This Rate Schedule is mandatory for delivery of water to residential Customers in newly constructed multi-tenant residential buildings occupied for the first time on or after July 1, 1988; and for multiple-unit residential Customers who have received a Meter pursuant to Rules 2 and 6.

Effective October 1, 2015, any multi-unit complex including apartment complexes, mobile home parks and two or more detached single family dwellings metered in accordance with Rule 6 then receiving the delivery of water under either Rate Schedules MRFS or MRIS will be required to pay the metered rate pursuant to this Rate Schedule commencing upon later of October 1, 2015 or the first billing period following the installation of Meter Facilities and a Meter at the Service Property.

AVAILABILITY

The Authority's retail service territory.

RATES

Customer Charge per Billing Period

Per unit $7.07~~Meter Size Per Meter~~

~~Up to 3/4" $23.02~~
~~1" $25.32~~
~~1 1/2" $28.81~~
~~2" $33.39~~
~~3" $37.98~~
~~4" $43.70~~
~~6" $50.66~~
~~8" $58.73~~
~~10" $69.04~~

Commodity Charge per 1,000 Gallons for each Tier, All Meter Sizes

Tier 1 All usage up to 4,000 Gallons per Unit
Multiplied by number of units per Billing Period ~~d~~ $2.01~~2.14~~

Tier 2 Usage greater than Tier 1 per Billing Period $3.02~~3.45~~

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge hereunder shall consist of the sum of the Customer Charge, commodity charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. Customers previously billed at the 1 1/4" Customer Charge will be billed at the 1" Customer Charge.

2. This Rate Schedule is closed to new applications for the delivery of water through a 3" Service Connection.

APPLICABILITY

Delivery of water under this Rate Schedule is available for Commercial Service to Service Property(ies) with a Meter used for billing purposes and where no other Rate Schedule is specifically applicable.

AVAILABILITY

The Authority's retail service territory.

RATES

Customer Charge per Billing Period

Meter Size	Per Meter
3/4"	$21.87~~23.02~~
1"	$34.37~~25.32~~
1 1/2"	$93.74~~28.81~~
2"	$124.98~~33.39~~
3"	$218.72~~37.98~~
4"	$374.94~~43.70~~
6"	$843.62~~50.66~~
8" and larger~~—~~	$999.85~~58.73~~
~~10"~~	~~$69.04~~

Commodity Charge per 1,000 Gallons ~~for each Tier, All Meter Sizes~~

All Meter Sizes	$2.45
~~Tier 1~~	~~$2.14~~
~~Tier 2~~	~~$3.45~~
~~Tier 3~~	~~$4.05~~

~~Tier usage levels are set for each Meter size according to this table:~~

~~Meter Size~~	~~Tier 1 Gallons~~	~~Tier 2 Gallons~~	~~Tier 3 Gallons~~
~~3/4"~~	~~0 to 7,000~~	~~7,001 to 30,000~~	~~Greater than 30,000~~
~~1"~~	~~0 to 14,000~~	~~14,001 to 65,000~~	~~Greater than 65,000~~
~~1 1/2"~~	~~0 to 28,000~~	~~28,001 to 120,000~~	~~Greater than 120,000~~
~~2"~~	~~0 to 50,000~~	~~50,001 to 210,000~~	~~Greater than 210,000~~
~~3"~~	~~0 to 165,000~~	~~165,001 to 640,000~~	~~Greater than 640,000~~
~~4"~~	~~0 to 300,000~~	~~300,001 to 1,300,000~~	~~Greater than 1,300,000~~
~~6"~~	~~0 to 1,000,000~~	~~1,000,001 to 2,600,000~~	~~Greater than 2,600,000~~
~~8"~~	~~0 to 1,475,000~~	~~1,475,001 to 6,000,000~~	~~Greater than 6,000,000~~
~~10"~~	~~0 to 9,500,000~~	~~9,500,001 to 15,000,000~~	~~Greater than 15,000,000~~

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge hereunder shall consist of the sum of the Customer Charge, commodity charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. This Rate Schedule is closed to new applications for the delivery of water through a 3 inch Service Connection.

APPLICABILITY

Delivery of water under this Rate Schedule is mandatory for separately metered Irrigation Service.

AVAILABILITY

The Authority's retail service territory.

RATES

Customer Charge per Billing Period

Meter Size	Per Meter
3/4"	$21.87~~23.02~~
1"	$34.37~~25.32~~
1 1/2"	$124.98~~28.81~~
2"	$156.23~~33.39~~
3"	$271.83~~37.98~~
4"	$468.68~~43.70~~
6" and larger	$999.85~~50.66~~
~~8"~~	~~$58.73~~
~~10"~~	~~$69.04~~

Commodity Charge per 1,000 Gallons, All Meter Sizes

On-Peak Period	$3.13~~4.18~~
Off-Peak Period	$2.61~~3.45~~

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge hereunder shall consist of the sum of the Customer Charge, commodity charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. If a Customer disconnects and reconnects within one (1) calendar year, the Customer shall pay the Customer Charge for each month the delivery of water was disconnected.

2. This Rate Schedule is closed to new applications for the delivery of water through a 3" Service Connection.

APPLICABILITY

Delivery of water under this Rate Schedule is available for single family residence(s) on a Service Property(ies) with lot size 3,000 square feet or less served individually through a separate 3/4" Service Connection to the Service Property. After October 1, 2015, the delivery of water under this Rate Schedule shall be available only to a Service Property (1) that was billed under this schedule on October 1, 2015 and (2) so long as such Service Property is not able to be billed under Rate Schedule RMWS. For previously Unmetered Service Property(ies), the Authority will install Meter Facilities as soon as practicable, with costs to be borne by the Authority in accordance with Rules 2 and 6. Customers receiving delivery of water under either of the residential metered water or multiple-unit flat rate service Rate Schedules are excluded from this Rate Schedule.

AVAILABILITY

The Authority's retail service territory.

RATES

Customer Charge per Billing Period

$ 39.66~~48.57~~ for a Service Connection.

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for this service shall consist of the sum of the Customer Charge, commodity charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. This Rate Schedule is not available to Customers currently billed under the MRFS or MRIS Rate Schedules.

2. Single family residence Service Property(ies) with lot size(s) greater than 3,000 square feet individually served through a separate Service Connection shall be billed under RMWS or RFWS Rate Schedules.

3. Separate Irrigation Service shall be billed under the MIS Rate Schedule.

4. This Rate Schedule is closed to new applications for the delivery of water.

APPLICABILITY

Delivery of water under this Rate Schedule is available for residential purposes to any Customer for use in multiple-unit residential complexes, including apartment complexes, mobile home parks, and two or more detached single family dwellings served through a single Service Connection with separate Irrigation Service at the same Service Property. After October 1, 2015, the delivery of water under this Rate Schedule shall be available only to a Service Property (1) that was billed under this schedule on October 1, 2015 and (2) so long as the Service Property is not able to be billed under Rate Schedule MMWS. For previously Unmetered Service Property(ies), the Authority will install Meter Facilities as soon as practicable, with costs to be borne by the Authority in accordance with Rules 2 and 6.

AVAILABILITY

The Authority's retail service territory.

RATES

~~Customer Charge per Billing Period~~

~~$ 21.10 for a 3/4" Service Connection~~
~~$ 23.22 for a 1" Service Connection~~
~~$ 26.46 for a 1 1/2" Service Connection~~
~~$ 30.67 for a 2" Service Connection~~
~~$ 34.88 for a 3" Service Connection~~
~~$ 40.11 for a 4" Service Connection~~
~~$ 46.44 for a 6" Service Connection~~

Unit Charge per Billing Period

$22.09~~13.53~~ for each dwelling unit.

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water for this service shall consist of the sum of the Customer Charge, unit charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. Customers previously billed at the 1 1/4" Customer Charge will be billed at the 1" Customer Charge.

2. All irrigation to the multiple-unit complex must be provided by separate irrigation service lines.

3. This Rate Schedule is closed to new applications for the delivery of water for multiple-unit residential service.

APPLICABILITY

Delivery of water under this Rate Schedule is available for residential purposes to any Customer in multiple-unit residential complexes, including apartment complexes, mobile home parks, and two or more detached single family dwellings, served through a single Service Connection without separate Irrigation Service at the same Service Property. After October 1, 2015, the delivery of water under this Rate Schedule shall be available only to a Service Property (1) that was billed under this schedule on October 1, 2015 and (2) so long as the Service Property is not able to be billed under Rate Schedule MMWS. For previously Unmetered Service Property(ies), the Authority will install Meter Facilities as soon as practicable, with costs to be borne by the Authority in accordance with Rules 2 and 6.

AVAILABILITY

The Authority's retail service territory.

RATES

~~Customer Charge per Billing Period~~

~~$ 42.46 for a 3/4" Service Connection~~
~~$ 62.45 for a 1" Service Connection~~
~~$ 98.59 for a 1 1/2" Service Connection~~
~~$ 155.57 for a 2" Service Connection~~
~~$ 261.12 for a 3" Service Connection~~
~~$ 533.03 for a 4" Service Connection~~
~~$ 860.57 for a 6" Service Connection~~
~~$ 1,099.34 for a 8" Service Connection~~
~~$ 1,564.96 for a 10" Service Connection~~

Unit Charge per Billing Period

$ 25.14~~14.28~~ for each dwelling unit

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water for this service shall consist of the sum of the Customer Charge, unit charge, late charge, right-of-way toll, and regional water management fee.

SPECIAL CONDITIONS

1. Customers previously billed at the 1 1/4" Customer Charge will be billed at the 1" Customer Charge.

2. Once a Meter is installed for separate Irrigation Service, Customers previously billed under this Rate Schedule will be moved to the MRFS Rate Schedule and the irrigation to the MIS Rate Schedule.

3. This Rate Schedule is closed to new applications for the delivery of water for multiple-unit residential service.

APPLICABILITY

Delivery of water under this Rate Schedule is available for fire protection purposes to any Service Property through Customer-owned Fire Facilities as defined in the Rules. Fire Facilities owned by Local Governments within the Authority's retail service territory are excluded from this Rate Schedule.

AVAILABILITY

The Authority's retail service territory.

RATES

Customer Charge per Billing Period

Meter Size Per Meter ~~The charge for delivery of water per Billing Period for this service shall consist of a monthly Customer Charge computed at $6.29 per inch of the nominal diameter of the Service Pipe.~~

2" and smaller	$2.24
3"	$6.49
4"	$13.84
6"	$40.20
8"	$85.67
10"	$154.06
12"	$248.85

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge will consist of the Customer Charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

SPECIAL CONDITIONS

1. This Rate Schedule is closed to new applications for the delivery of water through a 3” Service Connection.

APPLICABILITY

Delivery of water under this Rate Schedule is available, at the sole discretion of the Authority, to Customers for Non-Potable uses of water including but not limited to, dust control, earth compaction, irrigation or any other Non-Potable use from non-treated or treated water sources of supply managed by the Authority.

AVAILABILITY

Delivery of water is available from any mutually agreed Service Connection from existing Facilities of the Authority located within its retail and Wholesale Service territory boundaries.

RATES

Customer Charge per Billing Period	
Per delivery point	$124.98~~41.09~~
Commodity Charge per 1,000 Gallons	
Untreated Water	$1.33~~1.23~~
Treated Water	$4.78~~4.18~~
Late Charge	
5% of any amount in arrears from previous billings.	
Other Charges	
As specified in Rate Schedule OC and applied to total bill.	

MINIMUM CHARGE

The Minimum Charge for this service shall consist of the sum of the Customer Charge, commodity charge, late charge, right-of-way toll, and regional water management fee per Billing Period.

CHARACTER OF SERVICE

Delivery of water under this Rate Schedule shall be provided at the sole discretion of the Authority, and may be subject to interruptions or curtailments for indefinite periods. Curtailment and/or interruption of delivery of water may occur due to various operating conditions including but not limited to cross-contamination or threat of cross-contamination, insufficient water availability, system repairs, maintenance or construction, or with other conditions and circumstances both inside and outside of the Authority's direct ability to control (e.g., acts of God, system repair, system failure, labor disputes, etc). Subject to the foregoing, the Authority shall provide the Customer with as much notice as is practical of any curtailment or interruption of delivery of water and in the event of curtailment or interruption, the Authority will use reasonable efforts to restore delivery of water in a safe and efficient manner.

SPECIAL CONDITIONS

1. For all Non-Potable uses, the Customer will be required to execute an "NPS Service Agreement" with the Authority. The agreement will cover, but is not limited to, sufficient water resources to supply the delivery of water when necessary, cross-connection control issues, delivery rates, specific delivery requirements of the Customer, conditions of delivery, Authority conveyances as to the likelihood of interruption given the Customer's specified requirements, times of year when delivery of water will be required, the nature of curtailment and interruption notices, time allowed for Customer's response to Authority's interruption notification, etc.

2. All costs necessary to provide delivery of water hereunder shall be payable by Customer consistent with the Authority's Rules.

3. The Customer acknowledges that the use of Non-Potable water poses a potential cross-connection risk to the Customer's on-site system and to the Authority's water delivery system. Accordingly, the Customer shall additionally abide with the following conditions of delivery of water.

    a. The Customer shall obtain all permits and approvals necessary for the use of Non-Potable water.

    b. The Customer shall identify and provide contact information to the Authority for the Customer's "NPS Supervisor" who shall be responsible for the operation and maintenance of the on-site Non-Potable system.

    c. The Customer may not connect to the Potable system without approval of the Authority.

d. In the event the Customer maintains a Potable Service from the Authority at the same Service Property as NPS, NPS shall be air-gapped in a manner acceptable to the Authority. An annual inspection of the Non-Potable on-site system shall be performed at the Customer's expense. This inspection shall be performed by representatives from the Customer and the Authority. The Authority may require an annual shutdown test be performed to confirm that no cross-connections exist. The Authority reserves the right to terminate NPS at any time for any reason in its sole discretion.

4. In the event that the Authority interrupts delivery of water to a Customer who is receiving untreated water under this Rate Schedule but the Customer has (1) elected to receive treated water for NPS in the service agreement, (2) the Customer has all necessary cross-connection control devices installed and operational, and (3) the Authority is able to deliver treated water in lieu of untreated water pursuant to this Rate Schedule, the Authority will deliver treated water for NPS and the Customer will be charged the treated water commodity charge listed in this Rate Schedule.

5. Temporary NPS, pursuant to Authority's Rule 2, is available under the conditions of this schedule subject to the terms of the "NPS Service Agreement".

APPLICABILITY

Delivery of water under this Rate Schedule is available, at the sole discretion of the Authority, to Customers for interruptible water deliveries.

AVAILABILITY

Interruptible Water Service is available hereunder from existing Facilities of Authority located within its retail territories.

RATES

Customer Charge per Meter per Billing Period	$124.98~~41.09~~
Commodity Charge per 1,000 Gallons	$1.33~~1.23~~

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge will consist of the Customer Charge, commodity charge, late charge, rights-of-way toll, and regional water management fee per Billing Period.

CHARACTER OF SERVICE

Delivery of water provided under this Rate Schedule shall be provided at the sole discretion of the Authority and may be subject to frequent and immediate interruptions or curtailments for indefinite periods. Curtailment and/or interruption of delivery of water may take place due to various operating conditions associated with protecting the overall integrity of the water system (such as the need to maintain drought reserves, insufficient water availability, or lack of available capacity); or with repairing, constructing, or maintaining Facilities on the Authority's system; or with other conditions and circumstances both inside and outside of the Authority's direct ability to control (e.g., acts of God, system repair, system failure, labor disputes, etc.). Subject to this general understanding as to the interruptible nature of the delivery of water, the following assurances as to the character of the service are made:

1. The Authority shall provide the Customer with as much notice as is practical of any curtailment of interruption of delivery of water.

2. Water delivered under this Rate Schedule, although interruptible, will be provided on a best-efforts basis after the Authority has satisfied all other non-interruptible retail and wholesale Customer sales obligations. Delivery of water for this service will be limited by the existing capacity of the system and its availability to render the requested deliveries, without construction of any additional Facilities. Delivery of water will be available subject to the terms and conditions of delivery specified in the contract for service and as long as, in the Authority's judgment, the required water deliveries can be provided without jeopardizing the integrity of the system, or affecting the Authority's ability to modify, expand or repair the system as necessary to provide adequate deliveries of water to existing or future Customers.

3. If, in the Authority's opinion, the Customer applying for the IWS is not able to adequately demonstrate the ability to tolerate the types of interruption in water deliveries that may occur under the provisions of this Rate Schedule, or the terms and conditions of the contract for service, then delivery of water under this Rate Schedule will not be granted by the Authority. In such cases, the Authority will make best efforts to serve the Customer's water needs under an appropriate non-interruptible water Rate Schedule.

4. In the event there is a need to partially curtail any portion of the total interruptible water load served by the Authority, on any particular day or for any other particular time period, then the curtailment/interruption protocols will be as follows:

    a. The curtailment or interruption will be in the reverse order of the effective date of the contract for service agreement.

    b. When two or more service agreements have the same effective date, then among the Customers with such service agreements, the curtailment/interruption requirement will be achieved by proportionally allocating the remaining water available for interruptible service delivery among all such Customers' based upon each such Customer's maximum daily demand (as specified in the service agreement) to the total maximum daily demands of these Customers. If a Customer's service agreement with the Authority does not provide for a maximum daily delivery, then the Customer's minimum delivery will be used for proration purposes. Customers not requesting delivery of water during the time curtailment is required will be excluded from the calculation of any proration.

    c. Notwithstanding the other provisions of parts a) and b) above, the Authority shall not be required to interrupt water delivery to any Customer or curtail water delivery to any Customer served from those locations on Authority's system where, due to operational or capacity limitations, the Authority's ability to maintain the priorities provided herein would not be improved.

SPECIAL CONDITIONS

1. The Customer will be required to execute a contract for this service with the Authority, and will mutually agree to distribute water within a specified geographic area and/or use water for specified purposes. The contract may also cover, but not be limited to, requirements as to water resources sufficient to supply the water, the specific delivery requirements of the Customer, conditions of delivery, Authority conveyances as to the likelihood of interruption given the Customer's specified requirements, times of year when delivery of water will be required, the nature of curtailment and interruption notices, time allowed for Customer's response to Authority's interruption notification, etc.

2. The Customer shall pay all interconnection costs necessary to provide delivery of water hereunder, consistent with the Authority's Rules.

3. Any additional costs required to provide delivery of water in excess of those described in this Rate Schedule shall be the responsibility of the Customer. Any additional cost responsibility shall be clearly described in the contract for service.

4. The Authority, for the purposes of providing Wholesale Service, has the option to annex the Customer's retail service territory, prior to the granting of delivery of water under this Rate Schedule.

5. Failure of the Customer to respond to, or cooperate with, the Authority's notification of a need to curtail or interrupt delivery of water, in a timely manner and without justifiable cause, will be sufficient grounds for the Authority to discontinue delivery of water under this Rate Schedule. The Authority must notify the Customer of its reason for terminating delivery of water within ten (10) days after the discovery of the Customer's violation. Delivery of water can also be terminated under the conditions specified in applicable Authority rules, and can be terminated by either party upon one (1) year's prior written notice.

6. This Rate Schedule is closed to new applications for the delivery of water through a 3" Service Connection.

APPLICABILITY

Large Volume Resale Service is applicable to water companies for resale within a Customer's Wholesale Service area included in this rate schedule.

AVAILABILITY

Large Volume Resale Service is available from existing facilities of Authority located within its Wholesale Service territories.

RATES

Commodity Rates per 1,000 Gallons

Sun Valley General Improvement District

First 42,000,000 Gallons per Billing Period	$1.941.84
Greater than 42,000,000 Gallons per Billing Period	$3.213.06

Additional Charges

~~Customer Charge per Meter per Billing Period $157.07~~

Late Charge:

5% of any amount in arrears from previous billings.

Other Charges:

As specified in Rate Schedule OC excluding Regional Water Management Fee and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water for this service shall consist of the Customer Charge, commodity charge, late charge, and right-of-way toll per Billing Period.

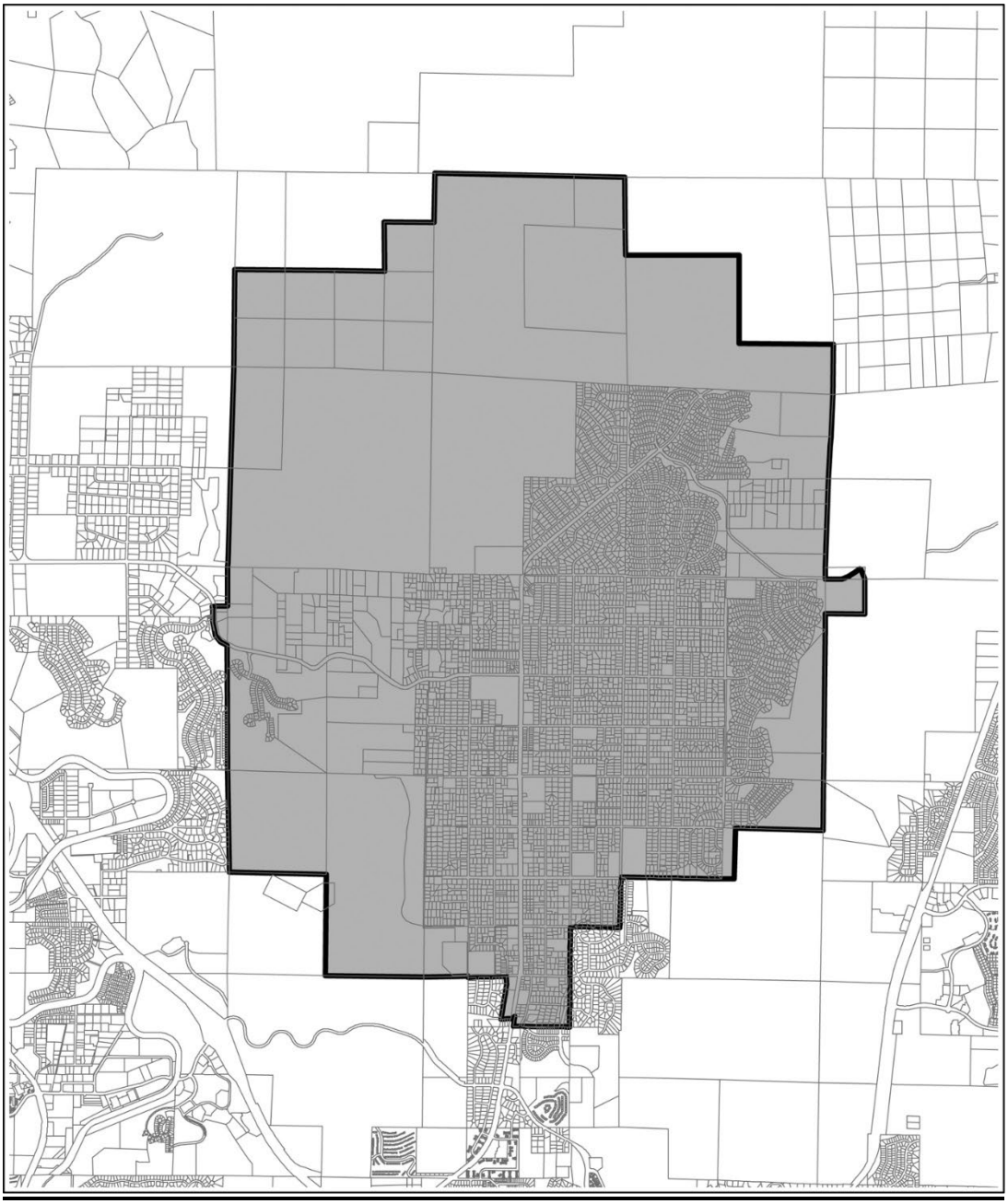
SPECIAL CONDITIONS

1. A written contract for delivery of water between the Authority and Customer will be required. The contract shall require the Customer to distribute water within a mutually agreeable specified geographic area, or use water for a mutually agreeable specified purpose.
2. The Customer shall pay all interconnection costs necessary to provide delivery of water per this Rate Schedule, consistent with the Authority's Rules. Any exceptions to this provision will be clearly delineated in the contract.

3. This Rate Schedule is closed to new applications for the delivery of water through a 3" Service Connection.

4. The Authority, in agreement with Customers billed under this Schedule, may annually adjust the tier usage level in this schedule which adjustment would be effective the first billing cycle in June. The adjustment made to each Customer's tier would be based on the average usage of the preceding Winter Usage.

PARCEL A - Sun Valley General Improvement District Wholesale Service Area



NOTE: The wholesale service areas within this schedule are the approximate boundaries of the wholesale Customer and are subject to occasional adjustment by the wholesale Customer and Authority. The Authority attempts to keep a current map posted on its website, at www.tmwa.com; however, this map may not show sufficient detail to depict location of a Service Property precisely which the Authority will determine at the time of application.

APPLICABILITY

Firm Standby/Partial Requirements Service is available, at the sole discretion of the Authority, to Customers where: (1) none of their water requirements are supplied by the Authority and the Authority agrees to provide standby water service or, (2) only a portion of their normal daily water requirements are supplied by the Authority and the Authority agrees to supply partial water requirements.

AVAILABILITY

Firm Standby/Partial Requirements Service is available from existing Facilities of the Authority located within its water service territories.

RATES

~~Customer Charge per Meter per Billing Period~~	~~$157.07~~
Commodity Charge per 1,000 Gallons, All Meter Sizes	
Per Billing Period	$1.33~~1.23~~
Demand Charge	
Per Billing Period in the On-Peak Period:	
Per 1,000 Gallons of Contract Demand	$19.13~~17.57~~
plus	
Per 1,000 Gallons of Actual Demand above the Contract Demand up to the Allowable Variance	$114.81~~105.42~~
plus	
Per 1,000 Gallons for which the Actual Demand exceeds the Contract Demand including the Allowable Variance	$229.61~~210.83~~
Per Billing Period in the Off-Peak Period:	
Per 1,000 Gallons of Contract Demand	$19.13~~17.57~~
Late Charge	
5% of any amount in arrears from previous billings.	

Other Charges

As specified in Rate Schedule OC excluding Regional Water Management Fee and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water for this service shall be the sum of the Customer Charge, commodity charge, demand charge, late charge, and right-of-way toll per Billing Period.

SPECIAL DEFINITIONS

1. Contract Demand: Contract Demand is defined as the Customer's maximum firm daily capacity (in thousands of gallons) for which Authority will standby for or provide as partial requirements during the On-Peak Period. The Contract Demand designation shall also set the Customer's maximum daily usage to be served by Authority during the Off-Peak Period. Usage may be subject to curtailment/interruption by Authority per Special Condition No. 1 of this Rate Schedule. The Contract Demand shall be designated in the contract for service and is subject to adjustment by Authority pursuant to the terms of Special Condition No. 5 of this Rate Schedule.

2. Actual Demand: The Actual Demand is defined as the maximum metered daily usage occurring in the Billing Period.

3. Allowable Variance: The allowable variance amount is 5% above the Contract Demand during the On-Peak Period, unless another variance amount is specified in the contract for service.

SPECIAL CONDITIONS

1. A contract for service between the Authority and the Customer will be required for delivery of water under this Rate Schedule. The service contract shall require the Customer to distribute water within a mutually agreeable specified geographic area and/or use water for a mutually agreeable specified purpose. The service contract shall include but is not limited to the level of firm service required by the Customer over the term of the agreement (i.e., the Contract Demand), conditions for the termination and extension of delivery of water, requirements as to water resources sufficient to supply water, the specific delivery requirements of the Customer, conditions of delivery, provisions outlining possible service interruptions or

curtailments, and, where appropriate, assurances of financial security sufficient to ensure payment of all charges for delivery of water.

2. Delivery of water hereunder is available to Customers with firm standby or partial water requirements who own and operate their distribution system and are capable of supplying all or a portion of their water supply, daily storage, fire protection, maintenance, billing, etc.

3. Customer shall take delivery of water at a point within or adjacent to the Authority's existing distribution Facilities of adequate capacity to provide required delivery of water, or shall pay Authority's entire cost for providing such facilities.

4. The Customer shall provide and install the necessary Meter Facilities, inclusive of the Meter and, if required by the Authority, telemetry equipment necessary for daily meter readings as well as any other equipment required for delivery of water hereunder including flow control devices, piping, and other related equipment. All required equipment and facilities shall be installed in accordance with Authority specifications and in a location that is mutually acceptable. Meter and Meter Facilities shall remain under the sole ownership and operation control of the Authority, unless otherwise specified by the Authority.

5. Contract Demand Adjustment: The established Contract Demand may be adjusted by the Authority to a higher, permanent level if:

   (i) the Customer's Actual Demand exceeds the existing Contract Demand by ten (10) percent or more two (2) times in the On-Peak Period over any consecutive 24 month period, or

   (ii) if the Customer's Actual Demand exceeds the existing Contract Demand by twenty (20) percent or more in any month of the On-Peak Period.

   If either of these two conditions is met, the Customer's Contract Demand may be reset to the highest Actual Demand imposed by the Customer during the On-Peak Period in the last 24 months.

6. Special Condition No. 5 above shall not apply during periods of legitimate emergency, beyond the control and foresight of the Customer, which require the Authority to deliver water in excess of the Contract Demand. The Customer must notify the Authority of any emergency situation requiring the Authority to deliver water in excess of the Contract Demand. If an emergency arises, the Customer shall notify the Authority with reasonable speed, verbally or by phone, specifying the nature of the emergency, the estimated quantity of water to be delivered, the time at which the emergency began, and the time at which the emergency ended.

7. The Authority is not obligated to provide service to a Customer at levels of capacity that exceed the Contract Demand in the Off-Peak or On-Peak Period. Service in excess of the Contract Demand may be subject to curtailment or total interruption by Authority at its sole discretion. If usage above the established Contract Demand occurs in the On-Peak Period the Authority may adjust the Customer's Contract Demand upward pursuant to Special Condition No. 5 above. In accordance with Special Condition No. 6 above, the Authority shall try to accommodate a Customer's requirements for water deliveries in excess of the Contract Demand when an emergency situation exists.

8. The Authority is not obligated to deliver water at total annual volumes or quantities of water in excess of the level specified in the contract for service. Delivery of water in excess of the annual quantities designated may be subject to curtailment or total interruption by the Authority at its sole discretion.

APPLICABILITY

Rates contained in this Rate Schedule FRMWC are applicable solely to the delivery of water service to Premises receiving water service from, and located within the former retail service area of the Washoe County Community Services Department Water Utility as of December 31, 2014, subject to the Special Conditions set forth below in this rate schedule.

Effective October 1, 2015, any Service Property then receiving the delivery of water under Rate Schedule RFWD will be required to pay the metered rate under Rate Schedule RMWD commencing upon later of October 1, 2015 or the first billing period following the installation of Meter Facilities and a Meter at the Service Property. After October 1, 2015, delivery of water under Rate Schedule RFWD shall be available only to a Service Property (1) that was billed under Rate Schedule RFWD on October 1, 2015 and (2) so long as such Service Property is not able to be billed under Rate Schedule RMWD or RMWS.

RATES

RFWD – Residential Unmetered Water Service for Residential and Irrigation Service

Customer Charge per Billing Period

Up to 3/4"	$ 89.82
1"	$ 90.18
1 1/2"	$ 92.12
2"	$ 93.55
3"	$ 94.96
4"	$ 99.18

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

RMWD – Residential Metered Water Service

Customer Charge per Billing Period

Meter Size	Per Meter
Up to 3/4"	$ 21.64
1"	$ 27.83
1 1/2"	$ 39.81
2"	$ 53.08
3"	$ 85.49
4"	$125.20
6"	$228.28

Commodity Charge per 1,000 Gallons for each Tier per Billing Period

RMWD1 - Meters less than 1 1/2":

Tier 1	0	to	6,999	$3.24
Tier 2	7,000	to	20,999	$4.07
Tier 3	21,000	to	40,999	$4.88
Tier 4	Greater than 41,000			$6.52

RMWD2 - 1 1/2" and larger meters:

Tier 1	0	to	28,999	$3.24
Tier 2	29,000	to	150,999	$4.07
Tier 3	151,000	to	600,999	$4.88
Tier 4	Greater than 601,000			$6.52

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MMWD – Multi-Unit Residential Metered Water Service

Customer Charge per Billing Period

Meter Size	Per Meter
Up to 3/4"	$ 21.64
1"	$ 27.83
1 1/2"	$ 39.81
2"	$ 53.08
3"	$ 85.49
4"	$125.20
6"	$228.28

Commodity Charge per 1,000 Gallons for each Tier per Billing Period

Tier 1	0	to	28,999	$3.24
Tier 2	29,000	to	150,999	$4.07
Tier 3	151,000	to	600,999	$4.88
Tier 4	Greater than 601,000			$6.52

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

GMWD – Commercial Service to Service Property(ies) with a Meter and where no other Rate Schedule is specifically applicable per Billing Period.

Customer Charge per Billing Period

Meter Size	Per Meter
Up to 3/4"	$ 21.64
1"	$ 27.83
1 1/2"	$ 39.81
2"	$ 53.08
3"	$ 85.49
4"	$125.20
6"	$228.28
8"	$343.20

Commodity Charge per 1,000 Gallons, All Meter Sizes

On Peak	$3.65
Off Peak	$3.13

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MISD – Metered Irrigation Water Service

Customer Charge per Billing Period

Meter Size	Per Meter
Up to 3/4"	$ 21.64
1"	$ 27.83
1 1/2"	$ 39.81
2"	$ 53.08
3"	$ 85.49
4"	$125.20

Commodity Charge per 1,000 Gallons $5.40

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

Fire Protection Service

Customer Charge per Billing Period

Service Pipe	Per Meter
3"	$ 31.22
4"	$ 49.05
6"	$ 90.55
8"	$147.77
10"	$217.32
12”	$314.32

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water service under any rate identified in this schedule shall consist of the sum of the Customer and Commodity Charges, late charge, right-of-way toll, and regional water management fee per Billing Period.

To facilitate the implementation of the merger between Authority and Washoe County Community Services Department Water Utility, Authority will apply a credit to the sum of the Customer and Commodity Charges otherwise applicable to service properties within the City of Reno and City of Sparks as follows:

Period	Credit
January 1, 2015 through December 31, 2015:	5% of total bill
January 1, 2016 through December 31, 2016:	5% of total bill
January 1, 2017 through December 31, 2017:	3% of total bill
January 1, 2018 through December 31, 2018:	2% of total bill
January 1, 2019 through December 31, 2019:	1% of total bill
After December 31, 2019:	0% of total bill

SPECIAL CONDITIONS

1. Installation of Meters. The Authority will install Meter Facilities as soon as practicable on any Unmetered Service Property subject to the FRMWC Rate, with costs to be borne by the Authority in accordance with Rules 2 and 6.

2. Backflow Charge. This charge applies to single family residential Customers where the Service Property has a backflow prevention assembly maintained by the Authority. The monthly charge applied per Billing Period for operations, maintenance, service and annual testing associated with the backflow prevention assembly is $5.58.

3. Closed Tariff. Rate Schedule FRMWC is closed and shall not be applicable to any applications for the delivery of water to a new service.

APPLICABILITY

Rates contained in this Rate Schedule are applicable solely to the Interruptible Large Volume Non-Potable Service (ILVNPS). Water supplies may be supported by water resources owned or managed by or otherwise available to Authority that are not committed to support a Will-Serve Commitment. Authority may use one or more sources of supply in its sole and absolute discretion.

CHARACTER OF SERVICE

Delivery of water under this Rate Schedule ILVNPS is available, at the sole discretion of Authority, to customers for non-potable uses of water for instream water quality, instream return flows, environmental, or other authorized (in the discretion of Authority) non-potable purposes only, and shall be delivered from non-treated water sources of supply owned and/or managed by Authority. Service is only available under Rate Schedule ILVNPS for deliveries in excess of 15 acre-feet annually. Service may be subject to interruptions or curtailments for indefinite periods due to various operating conditions described in Special Condition #4 below. Subject to the foregoing, Authority will provide service on a best-efforts basis where required water deliveries can be provided without jeopardizing the integrity of the system and municipal drought supplies. Service shall be taken from one or more points of delivery directly on the Truckee River and shall not include any service from or through Authority's treatment facilities or distribution system. Authority may, in its sole discretion, require dedication of water resources from customers in accordance with Authority Rules or utilize water resources owned or managed by or available to Authority that are not committed to support a will serve to provide service under this tariff.

AVAILABILITY

Water service under this Rate Schedule is available, at the sole discretion of Authority, to customers at delivery points within Authority’s geographic boundaries, subject to additional conditions of delivery which may be set forth in a contract described in Special Condition #1 below:

RATES[1]

Commodity Charge Per Acre-Foot Per Year	$55.01

Customer Charge per Billing Period

Per Delivery Point	$41.09

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC (excluding the regional water management fee, Water Resources Sustainability Fee and right-of-way toll) and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water service shall be the sum of the Customer Charge, commodity charge, and late charge per Billing Period.

SPECIAL CONDITIONS

1. A contract for service between the Authority and the Customer will be required for delivery of water under this Rate Schedule. The service contract shall require the Customer to accept water within a mutually agreeable specified geographic area and/or use water for a mutually agreeable specified purpose. The service contract shall include but is not limited to the rate of diversion, conditions for the termination and extension of delivery of water, requirements as to water resources sufficient to supply water (including uses of Authority Community Resources if applicable), the specific delivery requirements of the Customer, Customer obligations for diversion facilities (if any), conditions of delivery, provisions outlining possible service interruptions or curtailments, and, where appropriate, assurances of financial security sufficient to ensure payment of all charges for delivery of water. For Customer's outside Authority's retail service area, the contract may also include terms and conditions of limited annexation for purposes of ILVNPS service only.

[1] Rates for deliveries under the Return Flow Management Agreement between Authority, City of Reno, City of Sparks and TRI General Improvement District entered July 18, 2018 shall be governed by the terms of that agreement.

2. Customer shall take delivery of water directly from the Truckee River at one or more points of delivery as agreed upon by Authority in its discretion. Customer shall not be eligible to use nor shall it use any of Authority's existing treatment or distribution Facilities in connection with water under this service classification.
3. The Customer shall provide and install the necessary facilities to divert and distribute water from the point of delivery in the Truckee River, if applicable, and all other equipment necessary for delivery of water hereunder including flow control devices, piping, and other related equipment.
4. Service shall be subject to interruption or curtailment in Authority's discretion depending on Truckee River flows, satisfaction of Floriston Rates, drought conditions and availability of water under the Truckee River Operating Agreement, TROA Administrator/Federal Water Master regulatory actions, and river priorities except as otherwise provided in the contract for service with Authority.

TMWA

Cost of Service Study and Rate Design Changes – Second Reading

March 18, 2026

Truckee Meadows Water Authority

Quality. Delivered.

Cost of Service Study – Why?

Goal of the Study

Ensure water rates are equitable, transparent and defensible by aligning them with the actual cost to provide service to each customer group.

Revenue Neutral

The study does not change the total amount of revenue required by TMWA, only reallocates how that revenue is gathered from various customer groups.

The Need for Adjustment

Ensures everyone pays the approximate cost of providing water service to each customer group based on the infrastructure capacity built for them and their actual usage.

Prevents cross-subsidization, where one group of customers pay for costs incurred by another group, which is prohibited by TMWA policy.

Cost of Service Study – How does it work?

Step 1 – Determine total cost

Step 2 – Functional allocation (fixed vs. variable)

Costs are broken down by their role in the water system.

- *Fixed Costs: "Readiness-to-Serve" charges that cover the cost of having a function system in place regardless of water consumption*
- *Variable Costs: Commodity and peaking costs that fluctuate based on the actual amount of water used*

Step 3 – Allocating costs to meters and groups

Meter-based allocation – total fixed costs were allocated among all meters using meter ratios based on "safe operating capacity"

- *Larger meters require more system readiness and thus are assigned a proportionally higher share of fixed costs.*

Assigning to customer groups – these costs were assigned to specific customer groups based on the number and size of meters in that group

Step 4 – Develop rate structure to recover appropriate levels of revenue

Truckee Meadows Water Authority

Cost of Service Study – Results

Fixed vs. Variable Cost Recovery

- *Shifting cost recovery from 33% fixed to 43% fixed*

Consolidation of former Washoe County customers to TMWA rate schedules

- *Approximately 20,000 customers*
- *Most will see reduced charges*

Expanded meter ratios

- *Lower charges for ¾" meters [75% of customers have ¾" meters]*
- *Larger meters will pay more*
- *Customer (service) charge for multi-family applied on a per-unit basis*

Commodity (consumption) charges

- *Reduced for single family residential tiers 1 and 2, increased tier 3*
- *Single price for commercial - Eliminated tiers by meter size*
- *Reduced for irrigation customers on-peak and off-peak*

Truckee Meadows Water Authority

Thank you!

Questions?

Matt Bowman, CFO

Truckee Meadows Water Authority

Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, Chief Financial Officer, and
Shawn Stoddard, Senior Resource Economist
DATE: January 9, 2026
SUBJECT: **Rule Amendment, First Reading, Public Hearing: Discussion and referral to a second reading structure changes to TMWA water rates reflecting the results of a Cost of Service study**

Recommendation

Staff recommends the Board refer to a second reading structure changes to TMWA's water rates reflecting the results of a Cost of Service (COS) study completed in 2025. The purpose of the changes is to redistribute the collection of water sales revenue in accordance with the cost to provide water service to each of TMWA's customer groups consistent with methodology set forth by the American Water Works Association (AWWA). The second reading of this proposal is tentatively scheduled for the Board's February 18, 2026 meeting with the changes to be effective the first billing cycle in May 2026.

Summary

At the Board's September 17, 2025 meeting, Staff presented the results of the Cost of Service study along with the recommended rate structure changes. The Board tentative approved the results of the study and directed staff to move forward with additional public outreach. Below is a summary of the public outreach.

Public Outreach

- **August Standing Advisory Committee Meeting** – COS Adjustment Presentation by TMWA CFO Matt Bowman
- **September Board of Directors Meeting** - COS Adjustment Presentation by TMWA CFO Matt Bowman
- **Bill Insert** – November 2025: 67,072 recipients.
- **Lead Story on TMWA.COM** (Nov 2 – Dec 29, 2025):
  - Visitors: 94,000
  - Clickthrough: 44
- **Email Newsletter** – November 2025: 142,440 recipients. 52% open rate (73,766).

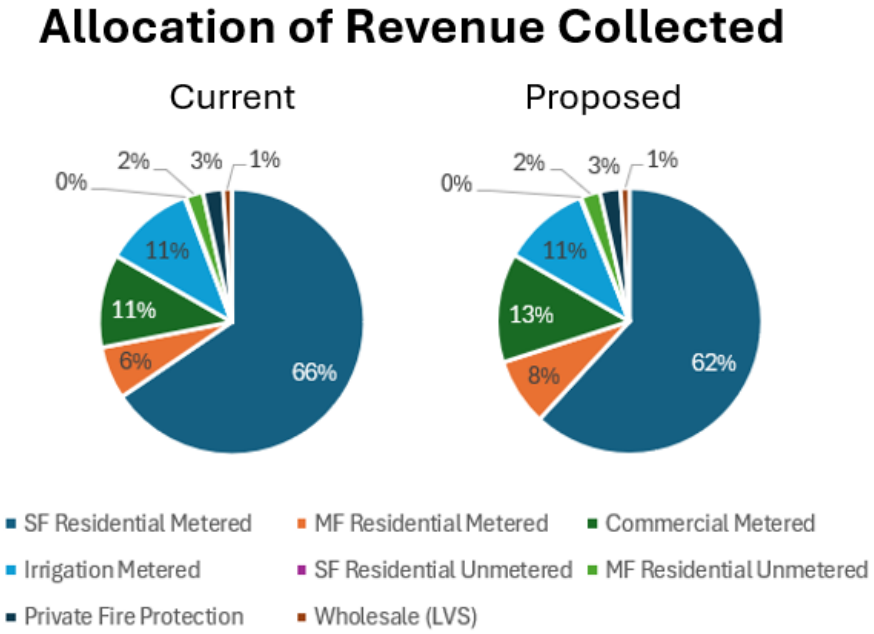
- **Public Zoom Meeting #1**: Thursday, December 4, 2025
  - Attendees: 12
- **Public Zoom Meeting #2**: Tuesday, December 9, 2025
  - Attendees: 7
- **Public Comment**
  - On TMWA.COM: 4
  - At TMWA Board of Directors Meeting, 12-11-25

TMWA has received several questions from customers about the rate changes resulting from the COS study. These questions and responses are summarized in **Attachment A**.

It is important to note that TMWA's rates will also be impacted by the planned 3.5% rate increase also effective in May 2026. This rate increase was initially approved by the Board in February 2024 and affirmed by the Board in October 2025 and is required to sustain overall financial viability and meet key financial objectives. To clearly demonstrate the effect of the COS changes and the 3.5% rate increase, see **Attachment B.**

Background

TMWA has conducted its first COS study since the 2015 consolidation with Washoe County's water system to ensure equitable, transparent, and defensible rate structures. The study, guided by AWWA best practices, identifies the cost of serving each customer class, prevents cross-subsidization, and supports financial sustainability through full-cost recovery. Importantly, the COS study does not change total revenue but reallocates it among customer groups based on actual usage and demand characteristics. Below are two pie charts showing the current allocations between customer groups and the proposed allocations.



Another key objective was integrating former Washoe County rate schedules into TMWA's consolidated structure. STMGID customers remain on their current rates unless the residence is sold or until 2035, per the contracts governing TMWA's consolidation of that GID's water system.

The COS study included allocating costs into fixed and variable components, resulting in recommended changes: increasing fixed charges from 33% to about 43% of total revenue and reducing variable charges from 67% to 57%. This adjustment reflects the cost of maintaining system readiness and capacity and aligning with industry standards. Customer classes were analyzed for meter size, usage patterns, and peaking factors, resulting in updated allocations for single-family, multi-family, commercial, irrigation, and wholesale customers.

To implement these findings, rate design changes are proposed. All customer groups will see revised service charges based on meter capacity, with larger meters paying proportionally more to reflect system capacity requirements. Single-family and multi-family customers will experience reduced commodity charges for lower tiers and increased charges for higher tiers, while commercial customers will move to a uniform rate structure. Irrigation customers will retain seasonal pricing but with adjusted rates. These changes aim to simplify rate structures, increase the accuracy of aligning the cost of service with revenue, and ensure more predictable revenue streams. For more background information refer to the September 2025 board packet included at the link below.

TMWA Board of Directors Meeting-Wed, Sept 17, 2025 - Truckee Meadows Water Authority

Recommended Motion

Move to refer the proposed rate design changes as required from TMWA's Cost of Service study to a second reading on February 18, 2026.

Customer Question 1:

Isn't the COS nothing more than a rate increase? If fixed rates are increased bases upon meter size how does that equate to 'slightly reduced per-gallon water charges? Please define slightly. Could it mean insignificantly

TMWA Response to Customer:

Hi Gordon,

*Thanks for the question about our cost of service study. Below is a more detailed table which shows the current rates (left) and proposed rates (right). You'll notice there are two different rates, the Customer Charge and the Commodity Charge. The Customer Charge (also referred to as 'meter' charge) is based on the fixed cost to deliver water, or capacity of the system. The Commodity Charge (also referred to as 'use' charge) is the per gallon charge. The proposed new rates include lower Commodity Charges for Tiers 1 and 2, which is why this change could result in lower charges. What I'm seeing is that for at least 85% of customers in our residential rate class, they will see a **decrease** in total monthly charges. We cannot say everyone will see a decrease, because it can depend on the usage, but for most, it will be a decrease.*

Hopefully this helps, but let me know if you have any more questions.

Current	Customer Charge per meter	Commodity Charge			
RMWS	per month		use block per unit gallons		per 1,000 gallons
3/4"	$23.02				
1"	$25.32				
1.5"	$28.81	Tier 1	6,000		$2.14
2"	$33.39	Tier 2	6,001-25,000		$3.45
3"	$37.98	Tier 3	>25,000		$4.05
4"	$43.70				
6"	$50.66				

New	Customer Charge per meter	Commodity Charge			
SF METERED	per month		use block per unit gallons		per 1,000 gallons
3/4"	$21.13				
1"	$33.21				
1.5"	$33.21	Tier 1	6,000		$2.12
2"	$33.21	Tier 2	6,001-25,000		$3.18
3"	$33.21	Tier 3	>25,000		$4.25
4"	$33.21				
6"	$33.21				

Thanks,
Matt

Customer Question 2:

- *How does the simplified structure ensure multiplex and commercial customers pay their fair share of the cost of water?*
- *How does this new simplified Structures of a single rate differentiate between heavy water users industries and low water industries?*
- *How does this simplified structure encourage water conservation in the Great Basin high desert in commercial multiplex and in industrial use?*
- *When will the board be making their decision? And approximately when will these changes be seen on the monthly bills?*

TMWA Response to Customer:

Hi Valerie,

Thanks for your questions on the Cost of Service rate changes. I went through each of them below and provided answers. Let me know if you have any other questions.

How does the simplified structure ensure multiplex and commercial customers pay their fair share of the cost of water?

- *The cost of service study showed that TMWA needs to collect a larger portion of revenue through meter charges to ensure all customer groups pay their fair share. This includes multiplex (multi-family residential) and commercial customers. By aligning charges more closely with meter size, the new structure ensures that costs are distributed fairly based on the level of service required.*

How does this new simplified Structures of a single rate differentiate between heavy water users industries and low water industries?

- *The difference comes from meter size. Large water users require bigger meters to meet their demand, which means they will pay higher monthly customer charges. Smaller water users have smaller meters and will pay much lower customer charges. This approach keeps the structure simple while still reflecting the scale of water use.*

How does this simplified structure encourage water conservation in the Great Basin high desert in commercial multiplex and in industrial use?

- *Conservation remains a key part of the rate structure. It starts when service is established—customers pay for water rights and infrastructure based on the amount of water they plan to use. Then, monthly usage charges continue to encourage conservation: the more water used, the higher the bill. This ensures that both customer groups have a financial incentive to use water efficiently.*

When will the board be making their decision? And approximately when will these changes be seen on the monthly bills?

- *The TMWA Board will review and vote on these changes at two separate meetings, scheduled for January and February. If approved, the new rates will take effect in May 2026 and will appear on customer bills starting in June 2026.*

Thanks,
Matt

Follow up from customer:

Hi Matt,

Thanks so much for the reply. I greatly appreciate it.

Would you be able to share the proposed residential meter rate adjusted for COS?

TMWA Response:

Hi Valerie,

Yes, absolutely. Below is a screen shot of the old rate structure (left) and the proposed new structure (right). You'll notice the proposed structure includes the same meter rates for 1" and larger. We have very few 1.5" and larger meters so we grouped all of those into the 1" price category.

If you have any other questions please let me know.

Current	Customer Charge per meter	Commodity Charge			
RMWS	per month		use block per unit		per 1,000 gallons
3/4"	$23.02		*gallons*		
1"	$25.32				
1.5"	$28.81	Tier 1	6,000		$2.14
2"	$33.39	Tier 2	6,001-25,000		$3.45
3"	$37.98	Tier 3	>25,000		$4.05
4"	$43.70				
6"	$50.66				

New	Customer Charge per meter	Commodity Charge		
SF METERED			use block per unit	per 1,000 gallons
	per month			
3/4"	$21.13		*gallons*	
1"	$33.21			
1.5"	$33.21	Tier 1	6,000	$2.12
2"	$33.21	Tier 2	6,001-25,000	$3.18
3"	$33.21	Tier 3	>25,000	$4.25
4"	$33.21			
6"	$33.21			

-Matt

Customer Question 3:

Hello, We are on an acre in old Virginia Foothills with livestock. Our water company STMGID, was swallowed up by TMWA. Is there a rate available to us that reflects the rural nature of our usage?

TMWA Response:

Hi Barbara,

Thanks for your question about the former STMGID rates. As part of the agreement with the STMGID customers when TMWA acquired that system is that your rates will remain in effect until 2035. So, this cost-of-service study does NOT affect your rates.

Let me know if you have any other questions.

Thanks,
Matt

Customer Question 4:

How will the proposed changes impact flat-rate single-family residential customers? You focused on metered examples—what about us on flat rate?

TMWA Response:

- *Impact on flat-rate SFR customers will be very minimal, with a slight increase (their allocation changes from 2% to 3% of the "pie").*
- *For an exact bill impact, Matt asked the customer to email COS@tmwa.com with their service address so staff can calculate it.*

Follow-up from customer:

How do we know our meter size?

TMWA Response:

- *You can look at the physical meter, but it's not currently shown on the bill (they're working to add it).*
- *Best path now: call customer service or email and TMWA will provide the meter size.*

Customer Questions 5-12 refer to the Board Packet from the September 17, 2025 Board Meeting

Customer Question 5:

The staff report on page 4 of 7 states the Single family residential customer charges by meter size should be capped at the 1 inch meter size. The report states this is because "these larger meter sizes do not correlate with safe operating capacity or lot size; the meter size was determined when installed because of engineering/water delivery challenges that only larger meter size could resolve." There is no detail offered in the report that I can find to justify these conclusions. What are the engineering/water delivery challenges, and what are the issues with operating capacity or lot size?

TMWA Response:

Stated another way, the meter size that was installed at these locations was chosen to accommodate hydraulic limitations of the meter size that would be sufficient to satisfy the property owner's domestic water needs. There may be a handful of properties for which a larger meter size was installed because of the lot size (perhaps potential for a granny flat or cottage unit on the property at a later date); these are exceptions and so few that it is not administratively efficient to spend the resources required to identify every customer parcel where this may be the case.

Additionally, the meter size is requested by the developer to meet engineering needs of the lot. There are three 4" meters, one 3" meter, 551 2" meters, and 326 1.5" meters. The 3 and 4 inch meter were installed prior to TMWA. Since 2008, there has only been about 60 1.5 and 2 inch RMWS meters installed by TMWA.

The indoor water use pattern for the larger residential meters is similar to a smaller meter. The summer time use is also similar to other residential service. The larger meters do have a small number of meters with larger water use and this tends to skew the average use upwards, but for most, the use is similar to other single family homes.

Customer Question 6:

Does TMWA conclude that all Single family residential meters larger than 1 inch are affected by engineering/water delivery challenges, or just some of the Single family residential water meters larger than 1 inch?

TMWA Response:

Not all, see previous response, but for the vast majority this is the case. The meter size is requested by the developer to meet the needs of the lot. The water resources are allocated by lot size.

Customer Question 7:

According to the report, there are 18,011 connections with 1 inch Single family residential meters. I would think some of the folks with 1 inch meters could argue that they could be adequately served using a 3/4 inch meter. Is this a possibility?

TMWA Response:

It is unlikely because 1-inch meters are almost always required for fire sprinklers, not for potable water demands at the customer's property. The meter size was requested by the developer to meet the needs of the lot. If the developer requested a 1 inch meter, then it is unlikely that a ¾ would provide adequate.

Customer Question 8:

If there are water flow issues with over 800-plus larger Single family residential meters over 1 inch, why are there not also Irrigation, Multi-family residential, and Commercial services which have the same issues? The Irrigation, Multi-family, and Commercial customers are served by the same water system infrastructure, and there is no mention in the study that any of these meters have similar issues. Why would not similar issues regarding meter charges be a concern for Multi-family, Commercial, and Irrigation connections?

TMWA Response:

There might be a handful of irrigation, multi-family, and commercial customers with similar issues; however, the difference is that water usage demonstrates a strong correlation between meter size for these customer groups whereas the meter size does not have a strong correlation with water use for single family residential customers.

The meter size is requested by the civil engineer for the developer. For multi-family, commercial, and irrigation the meters are selected and sized for the application.

Customer Question 9:

There is no information contained in the study which details the shift of $797,996 in revenue from fixed income to Use Charges as identified in table COS-11. Is there any detail which identifies how this $797,996 is going to be collected from other Single family residential customers?

TMWA Response:

Table R-4 in the study shows the single family meter charges shifted from meters larger than 1" to the single family use rates.

Customer Question 10:

How much is it going to cost other Single family residential customers on an individual basis to fund the $797,996 shortfall identified in table COS-11?

TMWA Response:

Without the shift, the use rates per thousand gallons would be $2.09 for Tier 1, $3.13 for Tier 2, and $4.17 for Tier 3. When compared to the rates calculated in Table R-4, this means that a home using 5,000 gallons has a 'shifted cost' equal to $0.19. For a home using 15,000 gallons the 'shifted cost' equates to $0.75.

Customer Question 11:

If I understand the rate study correctly, the meter charge for any TMWA customer is for fixed costs, and the water rate is to collect funds for variable costs. It appears the proposed reduction in Single family residential meter fees is a reduction in funds for fixed costs, but the report indicates the funds would be shifted to Use Charges which I assume is an increase in the amount of funds collected from variable water rates. It does not seem appropriate to be shifting fixed income funds to variable rate income funds which could substantially change from year to year.

TMWA Response:

The effect of the shift is to collect 42.3% of revenues from single family accounts rather than 43.3% which is the cost of service analysis determination. This is an extremely small revenue shift that in inconsequential in the rate model.

Customer Question 12:

There has to be some reason why there are so many Single family residential meters which are much larger than what is needed by the vast majority of Single family residential customers. Having a 3 inch or 4 inch meter for a Single family residential connection is definitely not the norm for a Single family residential customer. Perhaps the customers with the largest meters should not be classified as Single family residential water customers. I would like to know why anyone would need a 2, 3, or 4 inch meter for Single family residential water service.

TMWA Response:

Less than 1% of TMWA's single family residential customers have water meters that are larger than 1" meters. This methodology of capping the single family residential base charge at the 1" meter size is used by other water agencies, notably the City of North Las Vegas in Nevada.

Additionally, since 2008 there have only been about 60 new 1.5 and 2 inch single family meters. TMWA has not installed any new 3" or 4" residential meters.

Table A

Proposed Rate Change - Single Family Residential

<Presented at the September 17, 2025 Board of Directors Meeting>

Current Rate Schedule						**New Rate Schedule - COS**					**COS + 3.5% Rate Increase**				
	Customer Charge per meter	**Commodity Charge**					**Customer Charge** per meter	**Commodity Charge**				**Customer Charge** per meter	**Commodity Charge**		
RMWS	**per month**		**use block per unit**		**per 1,000 gallons**	**RMWS**	**per month**		**use block per unit**	**per 1,000 gallons**	**RMWS**	**per month**		**use block per unit**	**per 1,000 gallons**
3/4"	$23.02		*gallons*			3/4"	$21.13		*gallons*		3/4"	$21.87		*gallons*	
1"	$25.32					1"	$33.21				1"	$34.37			
1.5"	$28.81	Tier 1	6,000		$2.14	1.5"	$33.21	Tier 1	6,000	$2.12	1.5"	$34.37	Tier 1	6,000	$2.20
2"	$33.39	Tier 2	6,001-25,000		$3.45	2"	$33.21	Tier 2	6,001-25,000	$3.18	2"	$34.37	Tier 2	6,001-25,000	$3.30
3"	$37.98	Tier 3	>25,000		$4.05	3"	$33.21	Tier 3	>25,000	$4.25	3"	$34.37	Tier 3	>25,000	$4.39
4"	$43.70					4"	$33.21				4"	$34.37			
6"	$50.66					6"	$33.21				6"	$34.37			
FRMWC			<1.5"	1.5" and +											
3/4"	$21.64	Tier 1	7,000	29,000	$3.24										
1"	$27.83	Tier 2	21,000	151,000	$4.07										
1.5"	$39.81	Tier 3	41,000	601,000	$4.88										
2"	$53.08	Tier 4	>41,000	>61,000	$6.52										
3"	$85.49														
4"	$125.20														
6"	$228.28														

Table B

Proposed Rate Change - Multi-Family Residential

<Presented at the September 17, 2025 Board of Directors Meeting>

Current Rate Schedule					New Rate Schedule - COS					COS + 3.5% Rate Increase				
	Customer Charge per meter	Commodity Charge				Customer Charge	Commodity Charge				Customer Charge	Commodity Charge		
MMWS	per month		use block per unit	per 1,000 gallons	MMWS	per unit per month		use block per unit *gallons*	per 1,000 gallons	MMWS	per unit per month		use block per unit *gallons*	per 1,000 gallons
3/4"	$23.02													
1"	$25.32					$6.83					$7.07			
1.5"	$28.81	Tier 1	4,000	$2.14			Tier 1	4,000	$1.94			Tier 1	4,000	$2.01
2"	$33.39	Tier 2	>4,000	$3.45			Tier 2	>4,000	$2.92			Tier 2	>4,000	$3.02
3"	$37.98													
4"	$43.70													
6"	$50.66													
8"	$58.73													
10"	$69.04													
MMWD														
3/4"	$21.64	Tier 1	29,000	$3.24										
1"	$27.83	Tier 2	151,000	$4.07										
1.5"	$39.81	Tier 3	601,000	$4.88										
2"	$53.08	Tier 4	>601,000	$6.52										
3"	$85.49													
4"	$125.20													
6"	$228.28													

Table C

Proposed Rate Change - Irrigation

<Presented at the September 17, 2025 Board of Directors Meeting>

Current Rate Schedule				New Rate Schedule - COS				COS + 3.5% Rate Increase			
	Customer Charge per meter	Commodity Charge			Customer Charge per meter	Commodity Charge			Customer Charge per meter	Commodity Charge	
							per 1,000 gallons				per 1,000 gallons
MIS	**per month**			**MIS**	**per month**			**MIS**	**per month**		
3/4"	$23.02			3/4"	$21.13			3/4"	$21.87		
1"	$25.32	Off-Peak	$3.45	1"	$33.21	Off-Peak	$2.52	1"	$34.37	Off-Peak	$2.61
1.5"	$28.81	On-Peak	$4.18	1.5"	$120.75	On-Peak	$3.02	1.5"	$124.98	On-Peak	$3.13
2"	$33.39			2"	$150.94			2"	$156.23		
3"	$37.98			3"	$262.64			3"	$271.83		
4"	$43.70			4"	$452.83			4"	$468.68		
6"	$50.66			6"	$966.04			6"	$999.85		
8"	$58.73										
10"	$69.04										
MISD											
3/4"	$21.64	All Use	$5.40								
1"	$27.83										
1.5"	$39.81										
2"	$53.08										
3"	$85.49										
4"	$125.20										

Table D

Proposed Rate Change - Commercial

<Presented at the September 17, 2025 Board of Directors Meeting>

Current Rate Schedule								New Rate Schedule - COS				COS + 3.5% Rate Increase			
	Customer Charge per meter	Commodity Charge							Customer Charge per meter	Commodity Charge			Customer Charge per meter	Commodity Charge	
				per 1,000 gallons	use block by meter size						per 1,000 gallons				per 1,000 gallons
GMWS	**per month**				Tier 1	Tier 2	Tier 3	**GMWS**	**per month**			**GMWS**	**per month**		
3/4"	$23.02	Tier 1	differs	$2.14	7,000	30,000	>30,000	3/4"	$21.13	All Use	$2.37	3/4"	$21.87	All Use	$2.45
1"	$25.32	Tier 2	by meter	$3.45	14,000	65,000	>65,000	1"	$33.21			1"	$34.37		
1.5"	$28.81	Tier 3	size	$4.05	28,000	120,000	>120,000	1.5"	$90.57			1.5"	$93.74		
2"	$33.39				50,000	210,000	>210,000	2"	$120.75			2"	$124.98		
3"	$37.98				165,000	640,000	>640,000	3"	$211.32			3"	$218.72		
4"	$43.70				300,000	1,300,000	>1,300,000	4"	$362.26			4"	$374.94		
6"	$50.66				1,000,000	2,600,000	>2,600,000	6"	$815.09			6"	$843.62		
8"	$58.73				1,475,000	6,000,000	>6,000,000	8" and larger	$966.04			8" and larger	$999.85		
10"	$69.04				9,500,000	15,000,000	>15,000,000								
GMWD															
3/4"	$21.64		Off-Peak	$3.13											
1"	$27.83		On-Peak	$3.65											
1.5"	$39.81														
2"	$53.08														
3"	$85.49														
4"	$125.20														
6"	$228.28														
8"	$343.20														

Table E
Proposed Rate Change - LVS

<Presented at the September 17, 2025 Board of Directors Meeting>

	Current Rate Schedule			New Rate Schedule - COS			COS + 3.5% Rate Increase		
	Customer Charge	Commodity Charge		Customer Charge	Commodity Charge		Customer Charge	Commodity Charge	
LVS(SVGID)	per service point per month	delivery per month	per 1,000 gallons	per service point per month	delivery per month	per 1,000 gallons	per service point per month	delivery per month	per 1,000 gallons
	$157.07	First 42M galls	$1.84	$0.00	First 42M galls	$1.88	$0.00	First 42M galls	$1.94
		>42M galls	$3.06		>42M galls	$3.10		>42M galls	$3.21

Table F			
Proposed Rate Change - Flat Rate Residential			
<Presented at the September 17, 2025 Board of Directors Meeting>			
Current Rate Schedule		**New Rate Schedule - COS**	**COS + 3.5% Rate Increase**
	Customer Charge per month	**Customer Charge** per month	**Customer Charge** per month
	per service	**per unit**	**per unit**
SUFR	$48.57	$38.32	$39.66
MRFS			
3/4"	$21.10		
1"	$23.22		
1.5"	$26.46		
2"	$30.67		
3"	$34.88		
4"	$40.11		
6"	$46.44		
plus	**per unit**	**per unit**	**per unit**
	$13.53	$21.34	$22.09
MRIS	**per service**		
3/4"	$42.46		
1"	$62.45		
1.5"	$98.59		
2"	$155.57		
3"	$261.12		
4"	$533.03		
6"	$860.57		
8"	$1,099.34		
10"	$1,564.96		
plus	**per unit**	**per unit**	**per unit**
	$14.28	$24.29	$25.14

Table G

Proposed Rate Change - Private Fire Protection

<Presented at the September 17, 2025 Board of Directors Meeting>

Current Rate Schedule		New Rate Schedule - COS		COS + 3.5% Rate Increase	
	Customer Charge per month		**Customer Charge** per month		**Customer Charge** per month
FPS	**per month per service size**	**FPS**	**per month per service size**	**FPS**	**per month per service size**
3/4"	$4.72				
1"	$6.29				
1.5"	$9.44				
2"	$12.58	2" and smaller	$2.16	2" and smaller	$2.24
3"	$18.87	3"	$6.27	3"	$6.49
4"	$25.16	4"	$13.37	4"	$13.84
6"	$37.74	6"	$38.84	6"	$40.20
8"	$50.32	8"	$82.77	8"	$85.67
10"	$62.90	10"	$148.85	10"	$154.06
12"	$75.48	12"	$240.43	12"	$248.85
FRDWR					
3"	$31.22				
4"	$49.05				
6"	$90.55				
8"	$147.77				
10"	$217.32				
12"	$314.32				

Table H
Proposed Rate Change - Other TMWA Fee Schedules (not DIS or ILVNPS)

<Presented at the September 17, 2025 Board of Directors Meeting>

	Current Rate Schedule		New Rate Schedule per COS		Cost of Service Study plus 3.5% Rate Increase	
	Customer Charge per month	Commodity + Demand Charges	Customer Charge per month	Commodity + Demand Charges	Customer Charge per month	Commodity + Demand Charges
Non-Potable (NPS)	**per delivery point**	**per 1,000 gallons**	**per delivery point**	**per 1,000 gallons**	**per delivery point**	**per 1,000 gallons**
	$41.09		$120.75		$124.98	
treated water		$4.18		$4.62		$4.78
untreated water		$1.23		$1.28		$1.33
Interruptible (IWS)	**per meter**		**per meter**		**per meter**	
	$41.09	**per 1,000 gallons**	$120.75	**per 1,000 gallons**	$124.98	**per 1,000 gallons**
treated, interruptible		$1.23		$1.28		$1.33
Wholesale Standby (FSPR)	**per meter**					
	$157.07	**per 1,000 gallons**		**per 1,000 gallons**		**per 1,000 gallons**
All water - treated, standby or partial supply		$1.23		$1.28		$1.33
Contract Demand		**of contract demand**		**of contract demand**		**of contract demand**
Off-Peak All Water & On-Peak Contract Demand		$17.57		$18.49		$19.13
On-Peak						
Actual Demand > Contract Demand up to Variable Allowance		$105.42		$110.93		$114.81
> Variable Allowance		$210.83		$221.84		$229.61

TMWA

Cost of Service and Rate Design
First Reading

January 21, 2026

Truckee Meadows Water Authority

Quality. Delivered.

Recommendation and Background

Staff Recommendation

- Refer to a second reading – structure changes to TMWA's water rates based on results of a Cost of Service (COS) study.

Summary

- COS Study conducted based on standards from the American Water Works Association (AWWA).
  - Seeks to distribute collection of water sales revenue in accordance with the cost to provide water service to each of TMWA's customer groups.

- COS Study and rate design changes presented in detail
  - Standing Advisory Committee (SAC) – August 2025
  - TMWA Board meeting – September 2025

- Public outreach conducted in November and December 2025.

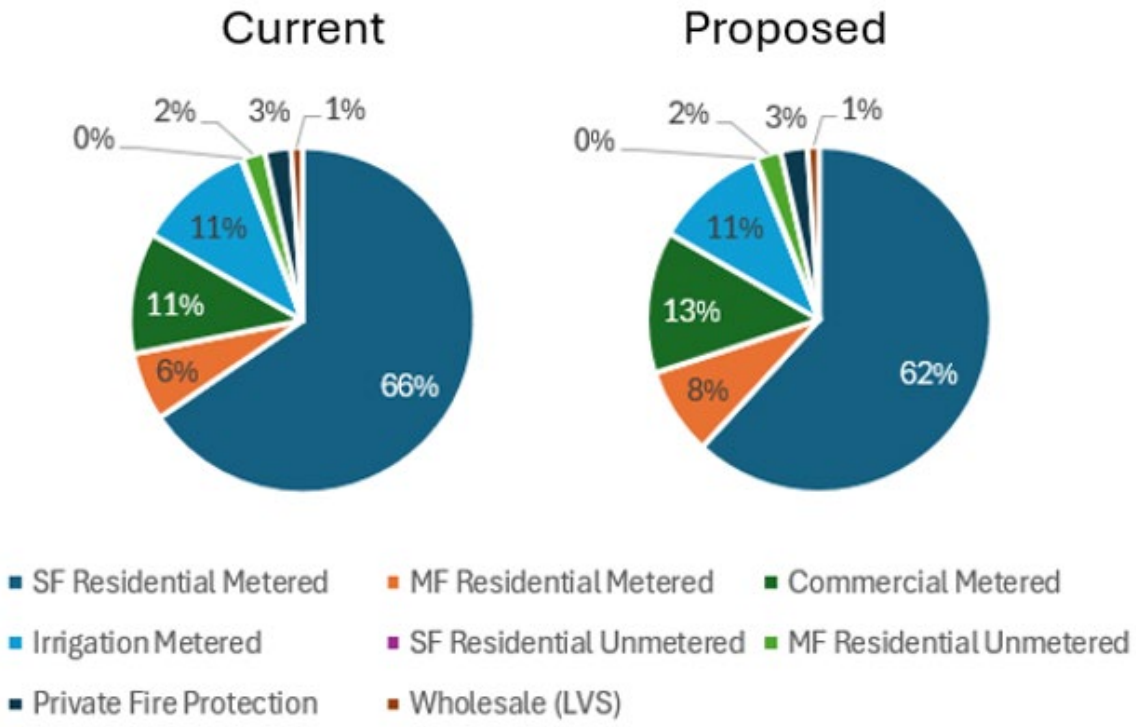
Public Outreach

- **August Standing Advisory Committee Meeting**
- **September Board of Directors Meeting**
- **Bill Insert** – November 2025: 67,072 recipients.
- **Lead Story on TMWA.COM** (Nov 2 – Dec 29, 2025):
  Visitors: 94,000; Clickthrough: 44
- **Email Newsletter** – November 2025: 142,440 recipients. 52% open rate (73,766).
- **Public Zoom Meetings** – Attendees: 19
- **Public Comment**
  On TMWA.COM: 4
  At TMWA Board of Directors Meeting, 12-11-25
- **Q&A with customers (attached to staff report)**

Truckee Meadows Water Authority

COS and Rate Design

- Allocation of revenue collected



- Integrating former Washoe County rate schedules into TMWA's structure
- Increasing the level of fixed revenue from 33% to 43%.
- Proposed implementation in May 2026.

COS and Rate Design

- Tables included in staff report

Table A

Proposed Rate Change - Single Family Residential

<Presented at the September 17, 2025 Board of Directors Meeting>

Current Rate Schedule						New Rate Schedule - COS					COS + 3.5% Rate Increase				
	Customer Charge per meter	Commodity Charge					Customer Charge per meter	Commodity Charge				Customer Charge per meter	Commodity Charge		
RMWS	per month		use block per unit		per 1,000 gallons	RMWS	per month		use block per unit	per 1,000 gallons	RMWS	per month		use block per unit	per 1,000 gallons
3/4"	$23.02		*gallons*			3/4"	$21.13		*gallons*		3/4"	$21.87		*gallons*	
1"	$25.32					1"	$33.21				1"	$34.37			
1.5"	$28.81	Tier 1	6,000		$2.14	1.5"	$33.21	Tier 1	6,000	$2.12	1.5"	$34.37	Tier 1	6,000	$2.20
2"	$33.39	Tier 2	6,001-25,000		$3.45	2"	$33.21	Tier 2	6,001-25,000	$3.18	2"	$34.37	Tier 2	6,001-25,000	$3.30
3"	$37.98	Tier 3	>25,000		$4.05	3"	$33.21	Tier 3	>25,000	$4.25	3"	$34.37	Tier 3	>25,000	$4.39
4"	$43.70					4"	$33.21				4"	$34.37			
6"	$50.66					6"	$33.21				6"	$34.37			
FRMWC			<1.5"	1.5" and +											
3/4"	$21.64	Tier 1	7,000	29,000	$3.24										
1"	$27.83	Tier 2	21,000	151,000	$4.07										
1.5"	$39.81	Tier 3	41,000	601,000	$4.88										
2"	$53.08	Tier 4	>41,000	>61,000	$6.52										
3"	$85.49														
4"	$125.20														
6"	$228.28														

Truckee Meadows Water Authority

Thank you!

Questions?

Matt Bowman, CFO

Truckee Meadows Water Authority

STAFF REPORT

TO: TMWA Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, Chief Financial Officer
DATE: September 8, 2025
SUBJECT: **Presentation, discussion and possible Board direction regarding TMWA's Cost of Service and Rate Design Studies**

Background

A Cost of Service (COS) study is essential for ensuring that utility rates are equitable and based on actual usage and demand characteristics. By identifying the true cost of serving each customer class, the study helps prevent cross-subsidization and supports the development of defensible, transparent rate structures. It also plays a vital role in financial sustainability by enabling full-cost recovery, which includes operations, maintenance, infrastructure investment, and future resilience needs. Note that a COS study does not impact the *total* revenue collected but instead changes the *allocation* of that revenue among the customer groups.

The American Water Works Association (AWWA) recommends the use of cost-of-service pricing models for utilities. The AWWA emphasizes that rates should be based on the actual cost of providing service rather than perceived value, which can lead to affordability concerns and inequitable rate structures. The AWWA advocates for full-cost recovery, ensuring that utilities account for all operational, maintenance, and capital expenses. Additionally, The AWWA recommends that utilities conduct COS studies on a regular basis to ensure that rate structures remain aligned with evolving service demands, financial needs, and industry best practices.

TMWA has not prepared a COS study since the consolidation with the Washoe County water system in 2015. In 2024, Staff engaged Catherine Hansford to develop a model to meet TMWA's objectives in execution of the COS study. One of the goals of the COS study was to integrate the old Washoe County Department of Water Resources (DWR) rate schedules into the TMWA rate schedules. At the time of the merger, it was determined to keep DWR customers on the existing rate schedules to minimize the impact on those customers and to allow complete integration of the two water systems. Now that the two systems are one, these customers should be brought on to the TMWA rate schedules[1].

[1] Note that former STMGID customers will remain on their current rate schedules until January 2035 per the terms of the ILA governing the merger between TMWA and STMGID dated 12/11/2013 with the exception that a home is moved to the current rate schedules when it is transferred to a new owner.

Staff received input from TMWA's Board-appointed citizens Standing Advisory Committee (SAC) at a workshop on August 25, 2025. The SAC was supportive of the process and the results of the study.

Cost of Service and Rate Design Study Results

Cost of service

For a detailed description of the methods used and outcome of the COS study and proposed rate design changes, see the Methodology Memo as attached. The process can be broken down into three sections. First, customer counts and characteristics are compiled and analyzed. Second, TMWA costs are functionally allocated to categories based on their role in the operation of the water system. And third, the revenue requirement is allocated to customer groups.

Customer counts and characteristics- Customer and meter statistics are aggregated and categorized into their respective rate classes providing a baseline for the next steps of the COS study.

Functional allocation of costs- Costs include personnel, services and supplies, capital depreciation and debt service. Ultimately, the costs are allocated between two categories – fixed costs and variable costs. Fixed costs are those that provide "readiness to serve" (described in the AWWA MI Manual as, "charges that aim at capturing the costs of having a system in place to provide water to the customer regardless of whether the customer consumes any water in a given service period"). Variable costs are those allocated to peaking capacity and value of the water used by the customer. *Note: Costs related to build-out or growth of the system are not included in the analysis.*

The results of the functional allocation of costs indicate that approximately 43% of total revenues should be raised by customer charges (fixed monthly charges) and about 57% should be raised by use charges (variable). This is a change from the existing collection of about 33% fixed and 67% variable.

Allocation of revenue requirement to customer groups- Based on the usage characteristics of each customer group (such as the percentage of water the entire customer group uses annually compared to total water demand across all customers, and summertime peak water use), fixed and variable charges are allocated and balanced to ensure appropriate revenue collection from each group. The table below presents the results of the allocation. The percent of cost/revenue represents the percent of total system costs allocated to each customer group, and therefore, the percent of revenue that should be collected from that group.

	Prior	New	
Customer Class	Percent of cost/revenue	Percent of cost/revenue	Change
Single family residential-metered	66%	62%	Decrease
Multi-family residential-metered	6%	8%	Increase
Commercial-metered	11%	13%	Increase
Irrigation-metered	11%	10%	Decrease
Single family/multi-family flat rate	2%	3%	Increase
Private fire protection	3%	3%	Minimal change
Wholesale	1%	1%	Minimal change

Rate design

To achieve the results indicated by the COS study, rate design changes are required. Primarily, increases to the fixed monthly customer (service) charges and decreases to the variable water commodity (consumption) charges will increase the percent collected as fixed revenue compared to variable revenue. The proposed rate design changes to the customer groups are below.

All customer groups: Service charges based on meter size are changed to expand the meter ratios based on the capacity of the specific meters used by TMWA, consistent with AWWA standards. As a result, customers with larger meters will pay a higher fixed customer (service) charge each month because the larger meters can provide more water and TMWA must have systems in place to deliver that quantity of water to those customers.

Single family residential-metered: Commodity (consumption) charges reduced for tiers 1 and 2, increased for tier 3.

Multi-family residential-metered: Customer (service) charges applied on a per-unit basis instead of meter size. Commodity (consumption) charges reduced for tiers 1 and 2.

Commercial-metered: Tiering eliminated, replaced by a single price for all water used.

Irrigation-metered: Commodity **(**consumption) charges reduced for on-peak and off-peak usage.

Schedule

Consistent with TMWA's practice of involving the public in changes related to rate design, public workshops and additional readings at TMWA Board meetings are proposed below-

- September 2025 BOD meeting- TMWA Board provides direction on the COS study, rate design changes, and public outreach schedule
- October/November 2025- TMWA staff hold public workshops
- December 2025 BOD meeting- First reading of proposed changes
- January 2026 BOD meeting- Second reading of proposed changes
- January-May 2026- Additional customer communication regarding the upcoming changes
- May 2026- Rate design changes implemented, to appear on June 2026 bills.

Recommended Motion

Move to tentatively approve the Cost of Service and Rate Design Study results and direct staff to move forward with the public outreach schedule described in the staff report with changes subject to additional public outreach including workshops to be held between now and the December 2025 TMWA Board of Directors meeting.

HANSFORD ECONOMIC CONSULTING

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Phone: 530-412-3676
Email: catherine@hansfordecon.com

September 8, 2025

Subject: **Truckee Meadows Water Authority Cost of Service Study Methodology**

This document contains the methodology used for the Truckee Meadows Water Authority (TMWA) 2025 Cost of Service Study.

Background
TMWA typically conducts rate-setting in house; however, in 2024 TMWA looked for outside assistance with the financial modeling to bring in expertise with combining multiple rate schedules that would be required with merging original TMWA and former Washoe County Department of Water Resources (Old DWR) customers onto the same schedules, and cost-of-service (COS) modeling experience at other water utility providers.

Hansford Economic Consulting (HEC) provided the model framework and developed the methodology for TMWA between fall of 2024 and summer of 2025. The methodology is described herein. Attachment A provides the COS tables. Attachment B provides the Rate Design tables. Attachment C provides support tables to the analysis.

Methodology Overview
Rate-setting comprises three major steps:

1. Determining the Revenue Requirement.
2. Cost of Service Analysis.
3. Rate Design.

TMWA staff completed **Step 1**, determining the revenue requirement (the amount of revenue to be raised through monthly rates) for fiscal year (FY) 2026. The total revenue requirement is $126,752,000 (rounded) after deducting for revenues generated by former South Truckee Meadows General Improvement District (STMGID) customers. STMGID customers have grandfathered rates until their property sells, at which time they are charged TMWA rates.

Further, the Wholesale customer (Large Volume Service or "LVS") portion of revenue requirement is deducted for the Retail COS analysis. The LVS customer is Sun Valley General Improvement District (SVGID).

<u>LVS Share of Revenue Requirement</u>
In Table COS-1, Plant in Service (fixed assets) are listed by category with total original cost of installation / purchase. Categories that LVS benefits from are identified 'YES' or 'NO', and for those 'YES' categories, the LVS share of the category cost is determined. LVS benefits from: Land, Administration Buildings, Computers and Technology, Distribution Mains, Lab and

Equipment, Reservoirs, and Water Treatment Plants. TMWA Engineering staff assisted with development of support table S-1 for those categories that LVS does not receive 100% benefit from: Land, Distribution Mains, and Water Treatment Plants.

- Benefit only from Chalk Bluff and Glendale treatment plants.
- Benefit only from the Original TMWA distribution system (none of the Old DWR infrastructure).
- Benefit from Land only at the Operations Center, Chalk Bluff & Glendale water treatment plants, and land for Sun Valley transmission infrastructure.

The net cost of assets that SVGID receives benefit from is multiplied by SVGID's share of total annual water use (2.3% in 2024, in Table COS-1). The result is that SVGID should be responsible for 1.08% of the total revenue requirement shown in Table COS-1.

Step 2: Retail Cost of Service Analysis
The COS is explained in sections.

Section 1: Customer Counts & Characteristics
Section 2: Functional Allocation of Costs
Section 3: Allocation of Revenue Requirement to Customer Groups

Section 1: Customer Counts & Characteristics

- The total number of potable retail meters and services is summarized in Table COS-2. The table includes metered and flat-rate customers. It excludes the one LVS customer, ditch customers, non-potable, interruptible, and wholesale standby customers. It also excludes private fire protection customers.

- TMWA Engineering staff provided the operating specifications shown in Table COS-3 for the types of meters that TMWA uses. Meters with larger safe operating capacities are used for dedicated irrigation meters 1.5" and larger. Because of this difference, irrigation meters were separated for purposes of determining customer charges. Internal discussions also concluded that the 8" and 10" meters should be collapsed to the 8" meter ratio as the six 10" meters in service in 2025 were installed for purposes other than safe operating capacity. ***Key Decision #1:*** *Remove the 10" customer charge. Charge meters 8" and larger the same customer charge. Note also that extensive research and discussion took place regarding the appropriate meter ratios to use in the COS. The specifications of TMWA's meters were determined the most accurate*.

- The meter ratios in Table COS-3 were used to calculate total meter equivalents in Table COS-4. Meter equivalents for flat-rate customers uses a 5/8" meter for the Non-metered multi-family units are assigned a 5/8" meter for each residential unit, and Small Unit Flat Rate customers (SUFRs) are assigned ¾" meters per unit.

- Private fire protection customers with a service pipe (may or may not have a meter) are accounted for in Table COS-5. The number of equivalent fire units is calculated using the Hazen-Williams equation.

Section 2: Functional Allocation of Costs

- Costs are functionalized according to their role in operations. Functionalization starts with the Plant in Service. Table COS-6 lists assets by groupings (such as Land, Meters, Vehicles, Groundwater Wells, Reservoirs) and the costs are allocated among fixed costs (generally recovered in the customer charges) and variable costs (generally recovered in the use charges).

- Fixed costs include customer costs, private fire protection costs, and a portion of the capacity costs – those that provide "readiness-to-serve" (described in the AWWA M1 Manual as, "charges that aim at capturing the costs of having a system in place to provide water to the customer regardless of whether the customer consumes any water in a given service period"). Note, only private fire protection services pay for the private fire protection costs.

- Variable costs include the remaining capacity costs – those that provide peaking capacity, and commodity costs. These costs have a direct relationship with use (for example, as demand increases during the summer months, groundwater well pumping is incurred, and higher electricity costs are incurred to operate the wells).

- TMWA Engineering staff assisted with the allocation of costs between the fixed and variable cost categories. Support tables S-2 through S-5 provide data that informed the allocations shown in Table COS-6. The original cost of assets is provided in support tables S-6 and S-7.

- Functional allocation of operating costs (including depreciation and debt service) is shown in Table COS-7. Cost items are allocated among the fixed and variable costs using one of five methodologies:

    1. Plant in Service (determined in Table COS-6) split between all fixed and variable cost categories.
    2. Treatment Plants Ratio of Average to Peak Month Production (detailed in Table S-4) split between readiness-to-serve and peaking capacity categories.
    3. Utilities (100% Commodity category).
    4. Customers (100% Customer category).
    5. Average of Classified (costs are spread to each of the categories based on the sum of the costs of all the cost items that were allocated using methodologies 1 through 4).

Key Decision #2: *The functional allocation exercise determines that about 43% of the total revenues should be raised by customer charges (fixed monthly charges) and about 57% of the total revenues should be raised by use charges. The percentage of cost recovery will vary between the customer groups, but in total this is how the customer charges and use charges are determined in the COS. TMWA currently collects 33% of total revenues through customer charges and 67% of total revenues through use charges.*

- The allocation of costs to customer charges and use charges is provided in Table COS-8. The table deducts STMGID and LVS wholesale customer revenue (as previously discussed) as well as the private fire protection service revenues. All other retail revenues are split between fixed monthly charges and use charges per the functional allocation.

Section 3: Allocation of Revenue Requirement to Customer Groups

- Cost of service to each customer group is determined using the calculated monthly customer charges by meter size and the allocation of use charges to each customer group based on their water use characteristics, as detailed in Tables COS-9 through COS-12.

- Table COS-9 calculates the monthly customer charges by meter size. Customer charge revenues by customer group are calculated in Table COS-10. ***Key Decision #3:*** *Cap SF customer charges for services larger than 1" at the 1" meter size*. These larger meter sizes do not correlate with safe operating capacity or lot size; the meter size was determined when installed because of engineering/water delivery challenges that only a larger meter size could resolve.

- Capping single-family services with meters larger than 1" at the 1" customer charge creates a revenue shortfall in customer charges that must be reallocated to use charges (only within the single-family (SF) customer category). Table COS-11 calculates the revenue collection that must be shifted to SF use charges.

- In Table COS-12, use revenue (excluding the SF shift of customer charge revenue to SF use charges) is allocated to all retail customer groups. The capacity peaking costs are allocated according to non-coincident peaking factors and daily demand (see the AWWA M1 Manual pages 374-377), as detailed in support tables S-8 and S-9. The commodity costs are allocated by share of total annual water use, as detailed in support tables S-10 through S-12.

- Cost of Service is summarized and compared to current revenue collection in Table COS-13. The COS demonstrates that MF Residential (metered and unmetered) and Commercial customers should be allocated a larger share of revenue; Irrigation, Private Fire Protection, and the LVS Wholesale customer are close to COS, and SF residential (metered and unmetered) should be allocated a smaller share of revenue.

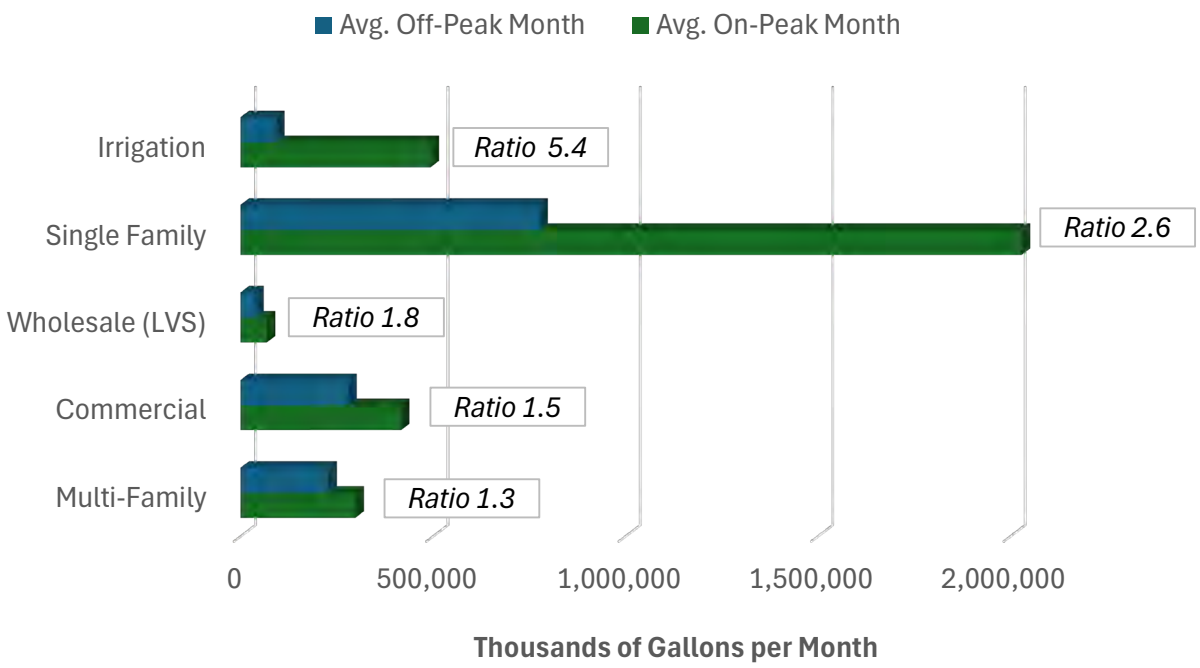
Step 3: Rate Design

With each customer group having been allocated its cost of service, usage patterns by customer category were examined to determine logical and simple ways to collect the use portion of the cost of service to each customer group. This step is called "Rate Design". Seasonal operations costs and seasonal use of water by customers were examined, with revealing on and off-peak usage of water by customer categories summarized in Table R-1.

As illustrated in Graph A, during peak months, irrigation services use 5.4x the water consumed during off-peak months. Single-family residential is next highest at 2.6, followed by LVS at 1.8

(the majority of water use by LVS is to provide for residential customers with small lots). Commercial and MF customers have peak to off-peak ratios of 1.5 and 1.3, respectively.

Graph A
Peaking Ratios by Customer Category



Metered Retail Customers

Use charges per thousand gallons are calculated in Table R-2. The uniform rate per 1,000 gallons is $2.65. One option is to charge all use this rate, but this would not reflect customer usage patterns. The table also shows the cost per thousand gallons by customer group. Note, the residential categories include estimated flat-rate customer usage. The rate per thousand gallons is different for each customer group. Multi-family has the lowest cost ($2.20), then Commercial ($2.37), SF residential ($2.86), and Irrigation ($2.92) has the highest cost.

For Commercial customers, charging the same rate per thousand gallons was the selected rate structure because of their low peak to off-peak ratio (indicating relatively little outdoor water usage) and their production function (water is an input to the economic activity which gives business owners incentive to keep water use at a minimum). This is a change in rate structure for both TMWA and Old DWR customers. TMWA commercial customers currently pay three tiers according to meter size. Old DWR customers currently pay on-peak and off-peak rates.

For Irrigation customers, keeping TMWA's rate structure of on-peak and off-peak rates was logical because of the customer category's high peak to off-peak ratio and the corresponding increase in TMWA operations costs during the summer months. This is a change for the Old DWR customers who currently pay one rate per thousand gallons all year. The calculated rates are

provided in Table R-3. Peak cost is 1.2x off-peak cost per the seasonal cost analysis presented in support Table S-13.

The proposed SF Residential use rates continue TMWA's three tiers for single-family at the same block levels (up to 6,000 gallons for tier 1, from 6,001 to 25,000 gallons for tier 2, and more than 25,000 gallons for tier 3). Old DWR single-family customers would no longer pay a fourth tier as very little consumption is in this tier. ***Key Decision #4:*** *The ratios that determine the price of water in each of the tiers were changed from 1.6 and 1.9 to 1.5 and 2.0 because the current ratios were designed to make the tiered rates the same across all customer groups, but this COS does not have that goal. Rather, it is simpler to explain that water use greater than the indoor allocation (Tier 1) per home is 1.5x more expensive, and 2.0x more expensive for properties using much more water for outdoor uses*. The calculations of the single-family tiered rates are provided in Table R-4. Note the addition of the meter charge revenue to the calculation which results from capping the larger meters at the 1" meter customer charge.

COS rate design for multi-family affects both customer charges and use charges. ***Key Decision #5:*** *The COS proposes a per unit charge each month, rather than charging based on meter size as meter size reflects capacity needed for an apartment complex, but not the individual needs of a household*. The calculation of customer charge per unit per month is provided in Table R-5. Second, multi-family would continue TMWA's two tiers with each unit given a tier 1 allowance of 4,000 gallons. This removes tiers 3 and 4 for the Old DWR multi-family customers. The use charges calculation is shown in Table R-6. The price ratio between Tier 1 and Tier 2 is the same as the single family ratio of 1.5.

<u>SF and MF Flat-Rate Customers</u>

The flat-rate customers rate schedules are proposed to be simplified. ***Key Decision #6:*** *Charge the flat-rate services per unit only (remove the customer charge by size)*. Like the multi-family metered customers, meter size is not reflective of water use (annual use per unit is based on a pilot project that used meters to sample more easily accessible services). TMWA's MRFS and MRIS (which includes irrigation) would only pay per unit under the COS rates, rather than per service size plus per unit. SUFR units would continue to pay per service/unit. Calculation of the flat-rates is provided in Table R-7. The service and use charges are rolled into one rate per unit per month. There are less than 700 water services remaining in the system billed on a flat-rate.

<u>Private Fire Protection Services</u>

Private fire protection customer charges are calculated in Table R-8. The cost attributable to fire services, determined in the functional allocation step, is divided by the number of equivalent fire units. ***Key Decision #7:*** *All services 2" and smaller are rolled together in the proposed COS rate structure (TMWA currently has charges for ¾", 1", 1.5" and 2" meters) because only 6% of customers have these service sizes*.

<u>Wholesale (LVS)</u>

The only wholesale customer on TMWA's system belongs to SVGID, which takes water from three connection points. Currently, SVGID pays a small customer charge per month, which no

longer has a good justification. The proposed COS rates remove the fixed charge for the three connection points. This is the only proposed change to the LVS rate structure.

SVGID pays two tiers for water deliveries. Tier 1 reflects the typical indoor water use of the district's customers. Tier 1 is periodically adjusted as more customers are added to the SVGID water system. The price ratio between the Tier 1 and Tier 2 rates was held close to the current ratio, at 1.65 shown in Table R-9.

Other

All other rate schedules, with the exception of Ditch Irrigation Service (DIS) and Interruptible Large Volume Nonpotable Service Rates and Charges (ILVNPS), which have their own revenue requirements, are updated with minimal change to rate design. There are very few (about 40) Non-Potable Service (NPS), Interruptible Service (IWS) or Wholesale Standby (FSPR) customers. Currently, there are no FSPR customers.

For NPS and IWS, the customer charge is set at the 1.5" irrigation meter calculated rate because this is the type of meter used for these services. The use rate is determined in Table R-10. Untreated water is allocated a share of operations costs from the functional allocation step as shown in support Table S-14. The treated water cost per thousand gallons is the total cost (fixed and variable costs) divided by total retail consumption. The untreated water cost is the use costs portion of total costs from Table R-2 multiplied by the percentage of costs allocated to untreated water. As with the current rate schedule, the IWS treated, interruptible rate is the same as the NPS untreated water rate.

It is proposed that the FSPR customers (if/when there are any) would not pay a customer charge (same as LVS). The use charge would continue to be the same as the NPS untreated water rate. Off-Peak All Water & On-Peak Contract Demand would be 4x the NPS treated water rate, and the on-peak usage ratios remain the same as the current ratios (6x and 12x).

ATTACHMENT A

COST OF SERVICE TABLES

ALL TABLES ARE DRAFT

Table COS-1
2025 Cost of Service Study
Methodology for Allocating Revenue Requirement to LVS

DRAFT

Plant in Service to LVS		Rationale	Total Cost	LVS Share of Cost	Net Cost	Allocation Basis	LVS Cost
			a	*b*	*c = a*b*	*d*	*e = c*d*
			Millions	**Table S-1**		**2.3%**	
Land	YES	Certain Land Assets Serve Sun Valley	$20.89	26.3%	$5.49		$0.13
Rule 7 Water Rights	NO		$121.12				$0.00
Administration Buildings	YES	Required for all water deliveries	$16.58	100.0%	$16.58		$0.38
Computers & Technology	YES	Required for all water deliveries	$12.63	100.0%	$12.63		$0.29
Distribution Mains	YES	Original TMWA System Serves Sun Valley	$651.70	72.3%	$471.50		$10.82
Furniture & Fixtures	NO		$0.91				$0.00
Lab And Equipment	YES	Water Quality Serves Sun Valley	$0.47	100.0%	$0.47	**Sun Valley**	$0.01
Meters	NO		$30.45			**Share of**	$0.00
Pressure Regulating Stations	NO		$26.65			**Total Water**	$0.00
Pump Stations	NO		$88.03			**Use**	$0.00
Reservoirs	YES	Sun Valley receives surface water	$19.41	100.0%	$19.41		$0.45
Treated Water Storage	NO		$112.23				$0.00
Vehicles	NO		$11.11				$0.00
Water Services	NO		$160.65				$0.00
Water Treatment Plants	YES	Chalk Bluff & Glendale Serve Sun Valley	$280.76	86.8%	$243.82		$5.59
Wells	NO		$87.66				$0.00
Total Plant in Service			**$1,641.24**		**$769.89**		**$17.66**
Percentage of Revenue Requirement Attributable to LVS							**1.08%**

Table COS-2
2025 Cost of Service Study
Number of Potable Retail Meters and Services

DRAFT

Meter / Service Size	Metered Customers [1]				Flat-Rate Customers		
	Residential		Irrigation	Gen. Comm'l	Residential	MF Residential	
	SF	**MF**			**SUFR**	**MRFS**	**MRIS**
			Meters			**Services**	
3/4"	101,183	1,396	730	1,933	379		9
1"	18,011	1,722	820	1,776			9
1.5"	316	996	714	980			1
2"	543	1,594	1,381	2,207			2
3"	1	48	34	180		10	25
4"	2	41	31	121		1	25
6"		23	3	44		3	40
8"		7		29			11
10"		0		6			5
Total	**120,057**	**5,828**	**3,713**	**7,275**	**379**	**14**	**127**
Resid. Units	120,057	61,446			379	997	9,323

Note: Table excludes services paying STMGID rates and LVS.

[1] Includes TMWA and Former Washoe County customer meters.

Table COS-3
2025 Cost of Service Study
Meter Ratios Calculation

DRAFT

Meter Size	Meter Specifications [1]		Meter Ratios	
	Irrigation	Non-Irrig	Irrigation	Non-Irrig
	gpm	gpm		
5/8"	20	20	0.57	0.57
3/4"	35	35	1.00	1.00
1"	55	55	1.57	1.57
1.5"	200	150	5.71	4.29
2"	250	200	7.14	5.71
3"	435	350	12.43	10.00
4"	750	600	21.43	17.14
6"	1,600	1,350	45.71	38.57
8"		1,600		45.71
10"		1,600		45.71

[1] TMWA max. operating specifications up to 2" meters.
AWWA 701 in-line meter specifications for irrigation meters greater than 2". AWWA 702 compound meter specifications for non-irrigation meters greater than 2".
Meters 8" and larger treated the same.

Table COS-4
2025 Cost of Service Study
Calculated Meter Equivalents

DRAFT

Meter / Service Size	Service Type		Total	Services		Meter Equivalents	
	Metered	Flat-Rate [1]		Irrig	Non-Irrig	Irrig	Non-Irrig
5/8"		10,320	10,320		10,320	0	5,897
3/4"	105,243	379	105,622	730	104,892	730	104,892
1"	22,329		22,329	820	21,510	1,288	33,801
1.5"	3,006		3,006	714	2,292	4,081	9,822
2"	5,725		5,725	1,381	4,344	9,865	24,821
3"	263		263	34	229	423	2,288
4"	195		195	31	164	664	2,806
6"	70		70	3	67	137	2,600
8"	36		36	0	36	0	1,638
10"	6		6	0	6	0	274
Total	**136,873**	**10,699**	**147,571**	**3,713**	**143,858**	**17,188**	**188,840**

Note: This table excludes Sun Valley wholesale (LVS).

[1] SUFR treated as 3/4" per unit. MRFS and MRIS treated as 5/8" per unit.

Table COS-5
2025 Cost of Service Study
Number of Private Fire Services and Fire Equivalents

DRAFT

Service Size	Number of Services	Demand Factor [1]	Equivalent Fire Units
2" and smaller	380	6.19	2,352
3"	60	17.98	1,079
4"	1,544	38.32	59,165
6"	3,578	111.31	398,270
8"	793	237.21	188,105
10"	183	426.58	78,064
12"	51	689.04	35,141
Total	**6,589**		**762,177**

[1] Hazen-Williams equation for flow through pressure conduits.
Nominal size of connection raised to the 2.63 power.

Table COS-6
2025 Cost of Service Study
Allocation of Plant in Service

DRAFT

Plant In Service Asset Grouping	FIXED COSTS: Customer	FIXED COSTS: Private Fire Protection	FIXED COSTS: Capacity (Readiness-to-Serve)	VARIABLE COSTS: Capacity (Peaking)	VARIABLE COSTS: Commodity (Use)	Total
Land	18%		37%	45%		100%
Rule 7 Water Rights					100%	100%
Administration Buildings	100%					100%
Computers & Technology	100%					100%
Distribution Mains		5%	45%	50%		100%
Furniture & Fixtures	100%					100%
Lab And Equipment	100%					100%
Meters	100%					100%
Pressure Regulating Stations		5%	45%	50%		100%
Pump Stations		5%	45%	50%		100%
Reservoirs		5%	63%	32%		100%
Treated Water Storage		5%	63%	32%		100%
Vehicles	100%					100%
Water Services	100%					100%
Water Treatment Plants		5%	48%	47%		100%
Wells		5%	30%	65%		100%
Share of Plant in Service	**14.4%**	**4%**	**36.5%**	**37.8%**	**7.4%**	**100.0%**

Asset Grouping			*Original Costs in Millions of Dollars*			
Land	$3.76	$0.00	$7.77	$9.37	$0.00	$20.89
Rule 7 Water Rights	$0.00	$0.00	$0.00	$0.00	$121.12	$121.12
Administration Buildings	$16.58	$0.00	$0.00	$0.00	$0.00	$16.58
Computers & Technology	$12.63	$0.00	$0.00	$0.00	$0.00	$12.63
Distribution Mains	$0.00	$32.59	$295.44	$323.68	$0.00	$651.70
Furniture & Fixtures	$0.91	$0.00	$0.00	$0.00	$0.00	$0.91
Lab And Equipment	$0.47	$0.00	$0.00	$0.00	$0.00	$0.47
Meters	$30.45	$0.00	$0.00	$0.00	$0.00	$30.45
Pressure Regulating Stations	$0.00	$1.33	$12.08	$13.24	$0.00	$26.65
Pump Stations	$0.00	$4.40	$39.91	$43.72	$0.00	$88.03
Reservoirs	$0.00	$0.97	$12.17	$6.27	$0.00	$19.41
Treated Water Storage	$0.00	$5.61	$70.38	$36.24	$0.00	$112.23
Vehicles	$11.11	$0.00	$0.00	$0.00	$0.00	$11.11
Water Services	$160.65	$0.00	$0.00	$0.00	$0.00	$160.65
Water Treatment Plants [1]	$0.00	$14.04	$135.30	$131.43	$0.00	$280.76
Wells	$0.00	$4.38	$26.43	$56.85	$0.00	$87.66
Total Assets Original Cost	**$236.53**	**$63.32**	**$599.47**	**$620.79**	**$121.12**	**$1,641.24**

Sources: TMWA assets original cost 4/17/25, August 2024 system operations data, and TMWA staff.

[1] Includes canals.

Table COS-7
2025 Cost of Service Study
Functional Allocation of Operating Costs

DRAFT

Expenditures	ACTUAL FY 2024	Allocation Basis	Fire Services	Fixed Costs		Variable Costs		Unclassified
				Customer	Readiness-to-Serve	Peaking	Commodity	
Salaries & Wages	$30,743,675	Avg. of Classified	0%	0%	0%	0%	0%	100%
Benefits	$16,459,721	Avg. of Classified	0%	0%	0%	0%	0%	100%
Bank Fees	$2,963	Avg. of Classified	0%	0%	0%	0%	0%	100%
Chemicals	$2,665,437	Utilities	0%	0%	0%	0%	100%	0%
Claims Payments	$20,682	Avg. of Classified	0%	0%	0%	0%	0%	100%
Computer Software	$1,949,546	Avg. of Classified	0%	0%	0%	0%	0%	100%
Computer Parts	$213,978	Avg. of Classified	0%	0%	0%	0%	0%	100%
Computer Hardware	$463,505	Avg. of Classified	0%	0%	0%	0%	0%	100%
Contract Services - General	$5,889,807	Avg. of Classified	0%	0%	0%	0%	0%	100%
Contract Services - Construction	$394,861	Plant In Service	4%	14%	37%	38%	7%	0%
Contract Services - Electrical	$532,598	Plant In Service	4%	14%	37%	38%	7%	0%
Contract Services - Equip. Maint.	$1,608,047	Plant In Service	4%	14%	37%	38%	7%	0%
Contract Services - Facilities Maint.	$623,944	Plant In Service	4%	14%	37%	38%	7%	0%
Contract Services - CIS	$2,340	Treatment Plants Ratio Avg. to Peak Month	0%	0%	53%	47%	0%	0%
Ditch Fees	$322,120	Customers	0%	100%	0%	0%	0%	0%
Employee Functions	$129,668	Avg. of Classified	0%	0%	0%	0%	0%	100%
Employee-Related Expenses	$138,505	Avg. of Classified	0%	0%	0%	0%	0%	100%
Equipment Rentals	$487,534	Plant In Service	4%	14%	37%	38%	7%	0%
Insurance Property/GL	$1,324,405	Plant In Service	4%	14%	37%	38%	7%	0%
Investment Fees	$12,060	Avg. of Classified	0%	0%	0%	0%	0%	100%
Leases	$124,513	Plant In Service	4%	14%	37%	38%	7%	0%
Licenses & Permits	$781,291	Plant In Service	4%	14%	37%	38%	7%	0%
Miscellaneous	$209,875	Avg. of Classified	0%	0%	0%	0%	0%	100%
Postage & Shipping	$30,464	Customers	0%	100%	0%	0%	0%	0%
Printing	$649,149	Customers	0%	100%	0%	0%	0%	0%
Professional Dues & Licenses	$87,803	Avg. of Classified	0%	0%	0%	0%	0%	100%
Professional Services - Admin	$772,370	Avg. of Classified	0%	0%	0%	0%	0%	100%
Professional Services - Construction	$4,576	Plant In Service	4%	14%	37%	38%	7%	0%
Professional Services - Easements	$39,935	Plant In Service	4%	14%	37%	38%	7%	0%
Professional Services - Engineering	$154,390	Plant In Service	4%	14%	37%	38%	7%	0%
Professional Services - Geotech	$55,585	Plant In Service	4%	14%	37%	38%	7%	0%
Professional Services - Hydrologic	$240,686	Plant In Service	4%	14%	37%	38%	7%	0%
Professional Services - Legal	$390,163	Avg. of Classified	0%	0%	0%	0%	0%	100%
Professional Services - Public Relations	$504,893	Avg. of Classified	0%	0%	0%	0%	0%	100%
Property Taxes	$716,556	Treatment Plants Ratio Avg. to Peak Month	0%	0%	53%	47%	0%	0%
Power & Gas	$7,902,318	Utilities	0%	0%	0%	0%	100%	0%
Sewer & Waste Disposal	$113,962	Utilities	0%	0%	0%	0%	100%	0%
Phones & Internet	$774,036	Customers	0%	100%	0%	0%	0%	0%
Recruitment and Hiring	$33,188	Avg. of Classified	0%	0%	0%	0%	0%	100%
River Monitoring	$343,673	Customers	0%	100%	0%	0%	0%	0%
Sponsorships	$969,202	Avg. of Classified	0%	0%	0%	0%	0%	100%
Street Repairs	$1,040,563	Plant In Service	4%	14%	37%	38%	7%	0%
Federal Storage Fees	$498,514	Treatment Plants Ratio Avg. to Peak Month	0%	0%	53%	47%	0%	0%
General Supplies	$1,070,564	Avg. of Classified	0%	0%	0%	0%	0%	100%
Small Tools	$340,323	Plant In Service	4%	14%	37%	38%	7%	0%
Mechanical Parts	$842,497	Plant In Service	4%	14%	37%	38%	7%	0%
Pipes & Fittings	$940,564	Plant In Service	4%	14%	37%	38%	7%	0%
Fuel/Lube/Oil	$551,828	Customers	0%	100%	0%	0%	0%	0%
Pumps	$248,767	Plant In Service	4%	14%	37%	38%	7%	0%
Motors	$34,902	Plant In Service	4%	14%	37%	38%	7%	0%
Meters & Meter Equipment	$175,426	Customers	0%	100%	0%	0%	0%	0%
Training	$254,055	Avg. of Classified	0%	0%	0%	0%	0%	100%
Travel	$121,268	Avg. of Classified	0%	0%	0%	0%	0%	100%
Tuition	$12,247	Avg. of Classified	0%	0%	0%	0%	0%	100%
Total Operations and Maintenance	**$85,015,541**		**$378,876**	**$4,261,939**	**$4,234,345**	**$4,284,215**	**$11,406,430**	**$60,449,737**
Reallocate Unclassified			$932,310	$10,487,469	$10,419,566	$10,542,283	$28,068,109	
Allocated Operating O&M Costs	**$85,015,541**		**$1,311,185**	**$14,749,409**	**$14,653,910**	**$14,826,498**	**$39,474,539**	
Depreciation	$36,500,513	Plant In Service	$1,408,267	$5,260,406	$13,332,058	$13,806,049	$2,693,732	
Debt Service (P&I customer-related)	$28,440,408	Plant In Service	$1,097,291	$4,098,794	$10,388,051	$10,757,374	$2,098,898	
Total Allocated Costs	**$149,956,462**		**$3,816,743**	**$24,108,609**	**$38,374,019**	**$39,389,922**	**$44,267,169**	
Percentage of Allocation	100%		3%	16%	26%	26%	30%	

Source: TMWA financial statements, May 2025.

Table COS-8
2025 Cost of Service Study **DRAFT**
Allocation of Revenue Requirement to Customer and Use Charges

Cost Classification	Functional Allocation	FYE 2026
Rates Revenue		$128,481,358
less STMGID Revenue		$1,729,130
Allocated Revenue Requirement		**$126,752,227**
Wholesale (LVS)	**1.1%**	**$1,364,256**
Retail		**$125,387,971**
Fire Services	**2.5%**	**$3,191,418**
Fixed Monthly Charges		
Customer	16.1%	$20,158,715
Readiness-to-Service	25.6%	$32,086,916
Total Fixed Monthly Char	**41.7%**	**$52,245,631**
Use Charges		
Capacity (Peaking)	26.3%	$32,936,376
Commodity	29.5%	$37,014,547
Total Use Charges	**55.8%**	**$69,950,922**

Table COS-9
2025 Cost of Service Study
Calculation of Monthly Customer Charges

DRAFT

Item	Service Type		Total
	Irrigation	**Non-Irrigation**	
Meter Equivalents	17,188	188,840	206,028
Allocated Costs	**$4,358,686**	**$47,886,945**	**$52,245,631**
Meter Size	**Monthly Customer Charge per Meter**		
5/8"	$12.08	$12.08	
3/4"	$21.13	$21.13	
1"	$33.21	$33.21	
1.5"	$120.75	$90.57	
2"	$150.94	$120.75	
3"	$262.64	$211.32	
4"	$452.83	$362.26	
6"	$966.04	$815.09	
8"		$966.04	
10"		$966.04	

Table COS-10
2025 Cost of Service Study
Customer Charge Revenues by Customer Group

DRAFT

Meter	Residential		Non-Residential		Total	Service Charge		Annual	Residential		Non-Residential	
Size	SF	MF	Commercial	Irrigation	**Meters**	Irrig	Non-Irrig	**Revenue**	SF	MF	Commercial	Irrigation
			number of meters			**per month**			[1]			
3/4"	101,183	1,396	1,933	730	105,243	$21.13	$21.13	$26,688,048	$25,658,556	$354,089	$490,243	$185,159
1"	18,011	1,722	1,776	820	22,329	$33.21	$33.21	$9,241,399	$7,520,882	$686,367	$707,587	$326,563
1.5"	316	996	980	714	3,006	$120.75	$90.57	$3,182,311		$1,082,627	$1,064,695	$1,034,989
2"	543	1,594	2,207	1,381	5,725	$150.94	$120.75	$8,009,090		$2,309,556	$3,197,949	$2,501,586
3"	1	48	180	34	263	$262.64	$211.32	$684,909		$121,721	$456,030	$107,158
4"	2	41	121	31	195	$452.83	$362.26	$871,246		$178,596	$524,196	$168,453
6"	0	23	44	3	70	$966.04	$815.09	$694,189		$224,966	$434,445	$34,777
8"	0	7	29	0	36		$966.04	$415,396		$81,147	$334,249	$0
10"	0	0	6	0	6		$966.04	$69,555		$0	$69,555	$0
Total	**120,057**	**5,828**	**7,275**	**3,713**	**136,873**			**$49,856,143**	**$33,179,438**	**$5,039,069**	**$7,278,950**	**$4,358,686**
Flat-Rates												
SUFR	379						$21.13	$96,109	$96,109			
MRFS	997						$12.08	$144,471		$144,471		
MRIS	9,323						$12.08	$1,350,913		$1,350,913		
Total Flat-Rates								**$1,591,492**	**$96,109**	**$1,495,384**		

[1] All SF meters larger than 1-inch pay the 1-inch rate.

Table COS-11
2025 Cost of Service Study
Single Family Customer Charge Revenue Shift to Use Charges

		Calculated		Capped	
Meter Size	**# Meters**	Charge per Meter	**Annual Total**	Charge per Meter	**Annual Total**
3/4"	101,183	$21.13	$25,658,556	$21.13	$25,658,556
1"	18,011	$33.21	$7,177,383	$33.21	$7,177,383
1.5"	316	$90.57	$343,427	$33.21	$125,923
2"	543	$120.75	$786,838	$33.21	$216,380
3"	1	$211.32	$2,536	$33.21	$398
4"	2	$362.26	$8,694	$33.21	$797
Total			**$33,977,434**		**$33,179,438**
Shift to Use Charges					**$797,996**

Table COS-12
2025 Cost of Service Study
Allocation of Use Charges to Customer Groups

DRAFT

Customer Category	Allocation	FYE 2026
Capacity Peaking Costs	**A**	**$32,936,376**
Residential (includes flat-rate customers)		
Single-Family Residential	67.3%	$22,170,262
Multi-Unit Residential	7.2%	$2,362,296
Subtotal Residential		**$24,532,558**
Non-Residential		
Commercial	11.5%	$3,782,472
Irrigation	14.0%	$4,621,346
Subtotal Non-Residential		**$8,403,818**
Commodity Costs	**B**	**$37,014,547**
Residential (includes flat-rate customers)		
Single-Family Residential	60.3%	$22,325,667
Multi-Unit Residential	12.0%	$4,429,052
Subtotal Residential		**$26,754,719**
Non-Residential		
Commercial	15.7%	$5,795,392
Irrigation	12.1%	$4,464,435
Subtotal Non-Residential		**$10,259,827**
	Total A+B	
Residential (includes flat-rate customers)		
Single-Family Residential	63.6%	$44,495,928
Multi-Unit Residential	9.7%	$6,791,349
Subtotal Residential	**73.3%**	**$51,287,277**
Non-Residential		
Commercial	13.7%	$9,577,864
Irrigation	13.0%	$9,085,781
Subtotal Non-Residential	**26.7%**	**$18,663,645**
Total Use Charges	**100.0%**	**$69,950,922**

Table COS-13
2025 Cost of Service Study
Comparison of Current Revenue Collection with Cost-of-Service

DRAFT

Customer Category	FY26 Projected Collection				Cost of Service Collection				Difference Projected - COS	
	Service	Use	FY 2026	Share of Total	Service	Use	Total	Share of Total	Revenue	Percentage
Metered Water Sales										
SF Residential Metered	$33,469,732	$49,558,299	$83,028,030	65.5%	$33,179,438	$45,215,767	$78,395,205	61.8%	$4,632,825	6%
MF Residential Metered	$1,981,539	$6,142,547	$8,124,086	6.4%	$5,039,069	$5,314,076	$10,353,145	8.2%	($2,229,059)	-27%
Commercial Metered	$2,568,342	$11,813,047	$14,381,389	11.3%	$7,278,950	$9,577,864	$16,856,814	13.3%	($2,475,425)	-17%
Irrigation Metered	$1,306,516	$12,557,553	$13,864,069	10.9%	$4,358,686	$9,085,781	$13,444,467	10.6%	$419,602	3%
Total Metered	**$39,326,129**	**$80,071,446**	**$119,397,575**	**94.2%**	**$49,856,143**	**$69,193,488**	**$119,049,631**	**93.9%**	**$347,944**	**0%**
Share in Base vs. Use	***33%***	***67%***			***42%***	***58%***				
Unmetered Water Sales										
SF Residential Unmetered			$220,896	0.2%	$96,109	$78,157	$174,266	0.1%	$46,630	21%
MF Residential Unmetered			$2,681,300	2.1%	$1,495,384	$1,477,273	$2,972,656	2.3%	($291,356)	-11%
Total Unmetered	**$0**	**$0**	**$2,902,197**	**2.3%**	**$1,591,492**	**$1,555,430**	**$3,146,922**	**2.5%**	**($244,726)**	**-8%**
Private Fire Protection	$3,105,790		$3,105,790	2.5%	$3,191,418		$3,191,418	2.5%	($85,628)	-3%
Wholesale (LVS)	$5,655	$1,341,012	$1,346,666	1.1%	$0	$1,364,256	$1,364,256	1.1%	($17,590)	-1%
TOTAL	**$42,437,573**	**$81,412,457**	**$126,752,227**	**100.0%**	**$54,639,053**	**$72,113,174**	**$126,752,227**	**100.0%**	**$0**	0%

Source: 2025 Cost of Service Model.

ATTACHMENT B

RATE DESIGN TABLES

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Table R-1
2025 Cost of Service Study
On and Off-Peak Use Characteristics by Customer Category

DRAFT

Customer Category	On-Peak May-Sep	Off-Peak Oct-Apr	FY26 Est. Total	Percent of Annual Use		Avg. On-Peak Month	Avg. Off-Peak Month	Peak to Off-Peak
				On-Peak	Off-Peak			
Single-Family Residential	*5 months*	*7 months*		Thousands of Gallons				**Ratio**
Metered	10,132,907	5,420,459	15,553,366	*65%*	*35%*	2,026,581	774,351	2.62
Unmetered Est. (SUFR)	15,403	11,965	27,368	*56%*	*44%*	3,081	1,709	1.80
Subtotal SF Residential	**10,148,310**	**5,432,424**	**15,580,734**	***65%***	***35%***	**2,029,662**	**776,061**	**2.62**
Multi-Unit Residential								
Metered	1,127,703	1,290,908	2,418,611	*47%*	*53%*	225,541	184,415	1.22
Unmetered Estimate	365,373	306,983	672,356	*54%*	*46%*	73,075	43,855	1.67
Subtotal MF Residential	**1,493,075**	**1,597,891**	**3,090,966**	***48%***	***52%***	**298,615**	**228,270**	**1.31**
Commercial	2,085,754	1,958,760	4,044,514	*52%*	*48%*	417,151	279,823	1.49
Irrigation	2,469,618	646,042	3,115,660	*79%*	*21%*	493,924	92,292	5.35
Large Volume	340,598	266,029	606,627	*56%*	*44%*	68,120	38,004	1.79
TOTAL	**16,537,355**	**9,901,146**	**26,438,501**	***63%***	***37%***	**3,307,471**	**1,414,449**	**2.34**

Table R-2
2025 Cost of Service Study
Calculation of Use Charges per Thousand Gallons

DRAFT

Customer		**FYE 2026**
Allocated Cost		$69,950,922
Total Consumption (thousands of gallons)		26,438,501
UNIFORM RATE per 1,000 Gallons		**$2.65**
	Cost by Customer Group	
Residential Single-Family		*incl. flat-rates*
Cost	64%	$44,495,928
Use		15,580,734
Cost per 1,000 Gallons		**$2.86**
Residential Multi-Family		*incl. flat-rates*
Cost	10%	$6,791,349
Use		3,090,966
Cost per 1,000 Gallons		**$2.20**
Commercial		
Cost	14%	$9,577,864
Use		4,044,514
Cost per 1,000 Gallons		**$2.37**
Irrigation		
Cost	13%	$9,085,781
Use		3,115,660
Cost per 1,000 Gallons		**$2.92**

Table R-3
2025 Cost of Service Study
Irrigation Customers Use Rates per Thousand Gallons

Item	Calculation	
IRRIGATION		
Cost	**$9,085,781**	
Use		
Off-Peak Water Use (Oct-Apr)	646,042	21%
Peak Water Use (May-Sep)	2,469,618	79%
Total Metered Irrigation Use	**3,115,660**	
Off-Peak Cost per 1,000 Galls	**$2.52**	
Peak Cost per 1,000 Galls [1]	**$3.02**	**1.20**

[1] Ratios based on analysis of on-peak and off-peak operating costs.

Table R-4
2025 Cost of Service Study
SF Residential Use Rates

Item		TMWA	Old DWR	Total
Tier 1 @ 6,000 galls / mo / unit		5,378,242	1,145,748	6,523,990
Tier 2 @ 6,001-25,0000 galls / mo / unit		5,220,104	1,341,963	6,562,066
Tier 3 >25,000 galls / mo / unit		1,963,832	503,478	2,467,310
Total (thousands of gallons annually)		**12,562,178**	**2,991,189**	**15,553,366**
Allocated Cost				$44,417,771
plus Meter Charges from Meters >1"				$797,996
Total Allocated Cost				**$45,215,767**
Tier 1 Cost per 1,000 Galls	[1]			**$2.12**
Tier 2 Cost per 1,000 Galls	**1.50**			**$3.18**
Tier 3 Cost per 1,000 Galls	**2.00**			**$4.25**

Table R-5
2025 Cost of Service Study
Calculation of MF Per Unit Customer Charges

Meter Size	# Meters	Service Charges
3/4"	1,396	$354,089
1"	1,722	$686,367
1.5"	996	$1,082,627
2"	1,594	$2,309,556
3"	48	$121,721
4"	41	$178,596
6"	23	$224,966
8"	7	$81,147
Annual Service Charges	**5,828**	**$5,039,069**
Total Number of MF Units		61,446
Service Charge per Unit per Month		**$6.83**

Table R-6
2025 Cost of Service Study
MF Residential Use Rates

Item		TMWA	Old DWR	Total
Tier 1 @ 4,000 galls / mo / unit		1,739,695	47,500	1,787,196
Tier 2 > 4,000 galls / mo		573,449	57,966	631,415
Total (thousands of gallons annually)		**2,313,144**	**105,467**	**2,418,611**
Allocated Cost				**$5,314,076**
Tier 1 Cost per 1,000 Galls				**$1.94**
Tier 2 Cost per 1,000 Galls	**1.50**			**$2.92**

Table R-7
2025 Cost of Service Study
Flat-Rate Residential Rate Calculations

DRAFT

Flat-Rate Customer	Annual Revenues		Annual Use per Unit	Units	Annual Total Revenue	Annual per Unit	Monthly per Unit
	Service	Use					
Single-Family			thousand gallons				
SUFR	$96,109	$78,157	72.21	379	$174,266	$459.80	**$38.32**
Multi-Family							
MRFS	$144,471	$110,821	50.59	997	$255,292	$256.06	**$21.34**
MRIS	$1,350,913	$1,366,452	66.71	9,323	$2,717,365	$291.48	**$24.29**
TOTAL Unmetered Revenue					**$3,146,922**		

Table R-8
2025 Cost of Service Study
DRAFT
Calculation of Private Fire Protection Charges (FY26)

Fire Services	**FYE 2026**
Equivalent Fire Units	762,177
Fire Service Cost Allocation	**$3,191,418**
Annual Cost per Equivalent Unit	**$4.19**
Monthly Fire Protection Charge per Service	
2" and smaller	$2.16
3"	$6.27
4"	$13.37
6"	$38.84
8"	$82.77
10"	$148.85
12"	$240.43

Table R-9
2025 Cost of Service Study
LVS Calculated Rates

DRAFT

Item	Calculation	Factor
LVS Revenue Requirement Allocation	**$1,364,256**	
Fixed Charges	$0	0.0%
Use Charges	$1,364,256	100.0%
Fixed Charges per Month	**$0**	
Annual LVS Water Use		
Tier 1	422,350	
Tier 2	184,277	
Total	**606,627**	
Cost per Thousand Gallons	**$2.25**	
Tier 1 Rate per Thousand Gallons	**$1.88**	
Tier 2 Rate per Thousand Gallons	**$3.10**	1.65

Table R-10
2025 Cost of Service Study
Determination of Treated and Untreated Water Cost per Thousand Gallons

DRAFT

Item		Total	Functional Allocation		
			Operations	Depreciation	Debt Service
Functional Allocation Share			57%	24%	19%
Revenue Requirement [1]	***a***	**$122,196,553**	$69,277,482	$29,743,546	$23,175,526
Untreated Water Share			86%	0%	0%
Untreated Water Cost	***b***	**$59,344,852**	$59,344,852	$0	$0
Untreated Water Costs as Percentage of Rev. Req.	***c = b/a***	**49%**			
Treated Water, All Costs	*d = a / retail consumption*	$4.62	per 1,000 gallons		
Treated Water, Use Costs	*e =Table R-2*	$2.65	per 1,000 gallons		
Untreated Water	*f = e*c*	$1.28	per 1,000 gallons		

[1] Excludes LVS and FPS.

ATTACHMENT C

SUPPORT TABLES

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Table S-1
2025 Cost of Service Study
Allocation of Fixed Assets to LVS

DRAFT

Item	Original Cost	Est. Share [1]
Treatment Plant		
Chalk Bluff & Glendale	**$204,939,662**	**86.8%**
Other [1]	$31,047,084	13.2%
Total Production	**$235,986,746**	
Distribution Assets		
TMWA Distribution	**$471,495,074**	**72.3%**
Old County & STMGID	$180,207,905	27.7%
Total	**$651,702,979**	
Land		
Operations Ctr. (Corporate Blvd.)	$1,855,140	
Chalk Bluff & Glendale Plants	$3,504,574	
Sun Valley Distribution	$133,377	
Subtotal LVS	**$5,493,091**	**26.3%**
All Other	$15,395,916	
Total	**$20,889,007**	

[1] Includes Mt. Rose water treatment plant, and the Lightning and Truckee Canyon goundwater treatment plants.

Table S-2
2025 Cost of Service Study
Water Production Data

DRAFT

Month	Fiscal Year Ending 2020	2021	2022	2023	2024		Annual Average	% Delivery by Month
				All Figures in Millions of Gallons				
Jul	3,885	3,923	4,190	4,037	3,935		3,994	14.3%
Aug	3,956	3,881	3,944	3,800	3,801		3,876	13.9%
Sep	3,157	3,422	3,456	3,428	3,134		3,319	11.9%
Oct	1,966	2,516	1,991	2,536	2,335		2,269	8.1%
Nov	1,148	1,069	1,173	1,155	1,181		1,145	4.1%
Dec	1,118	1,057	1,189	1,193	1,203		1,152	4.1%
Jan	1,162	1,141	1,272	1,193	1,218		1,197	4.3%
Feb	1,016	1,028	1,172	1,222	1,108		1,109	4.0%
Mar	997	1,225	1,398	1,258	1,355		1,247	4.5%
Apr	1,891	2,486	2,264	1,799	1,944		2,077	7.4%
May	3,013	3,264	3,113	2,771	3,213		3,075	11.0%
Jun	3,302	3,729	3,493	2,921	3,721		3,433	12.3%
Total	**26,611**	**28,739**	**28,655**	**27,313**	**28,147**	***A***	**27,893**	**100.0%**
Base Monthly Flow (November through March)						***B***	1,170	
Base Annual Flow						***C = B*12***	**14,040**	**50.3%**
Additional Flow						***D = A-C***	**13,854**	**49.7%**

Table S-3
2025 Cost of Service Study
Wells Production Data

DRAFT

Month	Fiscal Year Ending 2020	2021	2022	2023	2024		Annual Average	% Delivery by Month
				All Figures in Millions of Gallons				
Jul	890	700	837	679	637		748	16.9%
Aug	886	781	871	563	581		736	16.7%
Sep	600	732	960	439	389		624	14.1%
Oct	369	462	582	164	461		407	9.2%
Nov	292	250	269	50	263		225	5.1%
Dec	120	158	192	170	98		148	3.3%
Jan	71	100	93	135	88		97	2.2%
Feb	64	52	60	119	80		75	1.7%
Mar	78	77	105	126	124		102	2.3%
Apr	323	339	278	117	333		278	6.3%
May	759	327	305	274	534		440	10.0%
Jun	537	477	419	390	851		535	12.1%
Total	**4,987**	**4,455**	**4,972**	**3,225**	**4,440**	***A***	**4,416**	**100.0%**
Base Monthly Flow (November through March)						***B***	129	
Base Annual Flow					***C = B*12***		**1,552**	**35.2%**
Additional Flow					***D = A-C***		**2,864**	**64.8%**

Table S-4
2025 Cost of Service Study
Treatment Plants Production Data

DRAFT

Month	Fiscal Year Ending 2020	2021	2022	2023	2024		Annual Average	% Delivery by Month
				All Figures in Millions of Gallons				
Jul	2,996	3,223	3,352	3,358	3,299		3,246	13.8%
Aug	3,070	3,100	3,073	3,237	3,220		3,140	13.4%
Sep	2,557	2,689	2,496	2,989	2,744		2,695	11.5%
Oct	1,597	2,054	1,409	2,372	1,874		1,861	7.9%
Nov	856	819	903	1,104	918		920	3.9%
Dec	998	899	996	1,023	1,105		1,004	4.3%
Jan	1,091	1,040	1,180	1,059	1,129		1,100	4.7%
Feb	952	976	1,113	1,104	1,027		1,034	4.4%
Mar	919	1,148	1,293	1,133	1,231		1,145	4.9%
Apr	1,568	2,147	1,985	1,682	1,611		1,799	7.7%
May	2,254	2,937	2,808	2,497	2,679		2,635	11.2%
Jun	2,765	3,251	3,075	2,531	2,870		2,898	12.3%
Total	**21,624**	**24,284**	**23,683**	**24,088**	**23,707**	***A***	**23,477**	**100.0%**
Base Monthly Flow (November through March)						***B***	**1,041**	
Base Annual Flow						***C = B*12***	**12,487**	**53.2%**
Additional Flow						***D = A-C***	**10,990**	**46.8%**

Table S-5
2025 Cost of Service Study
Storage Functions

DRAFT

Storage (Tanks / Reservoirs)	Storage Capacity	Fire Storage	Operating	Emergency & Excess
	All Figures in Millions of Gallons			
SW-Reno	11.40	1.80	2.04	7.56
North Reno	29.33	8.46	3.23	17.64
NW-Reno	22.11	5.29	2.69	14.13
South Truckee Meadows	23.82	7.70	4.02	12.11
NE-Sparks & Spanish Springs	21.68	3.86	3.27	14.55
Gravity Zones	65.50	4.50	8.45	52.55
Satellite Systems	2.24	1.47	0.08	0.68
Total Storage	**176.08**	**33.08**	**23.78**	**119.22**
Share of Storage	100.0%	18.8%	13.5%	67.7%

Source: TMWA Engineering Department.

Table S-6
2025 Cost of Service Study
Summary of Assets Original Cost

DRAFT

Asset Group	Original Cost	Share
Non-Depreciable Assets		
Land	$20,889,007	1.2%
Rule 7 Water Rights	$121,122,904	7.2%
Subtotal Non-Depreciable Assets	**$142,011,911**	**8.5%**
Depreciable Assets		
Administration Buildings	$16,576,802	1.0%
Canals	$44,772,747	2.7%
Computers & Technology	$12,625,297	0.8%
Distribution Mains	$651,702,980	38.9%
Furniture & Fixtures	$908,888	0.1%
Hydroelectric	$35,305,088	2.1%
Lab And Equipment	$465,867	0.0%
Meters	$30,448,003	1.8%
Pressure Regulating Stations	$26,652,408	1.6%
Pump Stations	$88,034,779	5.3%
Reservoirs	$19,407,670	1.2%
Treated Water Storage	$112,228,641	6.7%
Vehicles	$11,106,203	0.7%
Water Services	$160,645,626	9.6%
Water Treatment Plants	$235,986,746	14.1%
Wells	$87,660,691	5.2%
Subtotal Depreciable Assets	**$1,534,528,437**	**91.5%**
Total Assets Original Cost	**$1,676,540,348**	**100.0%**

Source: TMWA Asset List as of April 21, 2025.

Table S-7
2025 Cost of Service Study
Land Allocation by Purpose

DRAFT

Land Purpose	Original Cost	Share by Purpose
General	$3,755,990	18.0%
Plant	$7,357,342	35.2%
Distribution	$3,822,389	18.3%
Storage	$3,931,004	18.8%
Well	$2,022,281	9.7%
Total Land	**$20,889,007**	**100.0%**

Source: TMWA Asset List as of April 21, 2025.

Table S-8
2025 Cost of Service Study
Calculation of Share of Maximum Day Water Use by Customer Category

DRAFT

Customer Type	Avg. Daily Consumption Peak Month	Annual Avg. Daily Consumption	AD Peak Month/AD Ratio	MD Peak Ratio	Noncoincident Daily Demand	% of Max. Day	% of Max. Day excl. LVS
	a	*b*	*c = a/b*	*d (below)*	*e = d*(b/days)*	*f = e/total e*	
Residential	gallons	gallons			gallons		
Single Family	74,078	42,687	1.74	2.83	120,804	66.3%	67.3%
Multi-Family	10,707	8,468	1.26	1.52	12,872	7.1%	7.2%
Total Residential					**133,676**	**73.3%**	**74.5%**
Non-Residential							
Commercial	15,251	11,081	1.38	1.86	20,610	11.3%	11.5%
Irrigation	19,366	8,536	2.27	2.95	25,181	13.8%	14.0%
Large Volume	2,527	1,662	1.52	1.69	2,809	1.5%	
Total [1]					**182,277**	**100.0%**	**100.0%**

Calculation of Peak Day Factor	**Single Family**	**Multi-Family**	**Commercial**	**Irrigation**	**LVS**
AD Peak Month/AD Ratio	1.74	1.26	1.38	2.27	1.52
System MD/MM Production Ratio [2]	1.11	1.11	1.11	1.11	1.11
Weekly Usage Adjustment [3]	1.47	1.08	1.22	1.17	1.00
Calculated MD Peak Factor	**2.83**	**1.52**	**1.86**	**2.95**	**1.69**

	Non-Coincident	Coincident		
[1] System Max. Day Diversity =	182,277	146,940	**1.24**	(common range is 1.1 to 1.4)
	a	b	c = a/b	

[2] See Table S-10.

[3] Accounts for assigned-day watering and variations in water use through the week.

Table S-9
2025 Cost of Service Study
Calculation of Average Ratio Maximum Day Demand to Maximum Monthly Demand

DRAFT

Production Statistic		**Fiscal Year Ending 2020**	**2021**	**2022**	**2023**	**2024**	**Avg. Ratio MD/MM**
		Sat	**Sat**	**Fri**	**Sat**	**Sat**	
Peak Day		7/20/2019	8/8/2020	7/16/2021	7/30/2022	7/29/2023	
Peak Day Production (MG)	***a***	**141**	**142**	**147**	**143**	**145**	
Maximum Month (MG)	*b*	3,956	3,923	4,190	4,037	3,935	
Average MGD in the Max. Month [1]	***c = b/31***	**128**	**127**	**135**	**130**	**127**	
Ratio of Max. Day to Avg. in Max. Month	*d = c/a*	1.11	1.12	1.09	1.10	1.14	**1.11**

[1] Maximum month use divided by number of days in the month the peak day is in.

Table S-10
2025 Cost of Service Study
Water Use by Month by Customer Category

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Customer Category	Estimate used for Fiscal Year 2026 [1]												Total	Share of Total	Retail Share
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Single-Family Residential	All figures are thousands of gallons														
Metered	2,210,830	2,401,196	2,219,288	1,791,371	948,738	519,567	525,275	487,132	484,124	664,253	1,391,060	1,910,533	15,553,366	58.8%	60.2%
Unmetered Est. (SUFR)	3,464	3,851	3,055	2,304	1,929	1,558	1,565	1,527	1,535	1,546	2,323	2,710	27,368	0.1%	0.1%
Subtotal SF Residential	**2,214,294**	**2,405,046**	**2,222,343**	**1,793,675**	**950,667**	**521,125**	**526,840**	**488,659**	**485,659**	**665,799**	**1,393,384**	**1,913,243**	**15,580,734**	**58.9%**	**60.3%**
Multi-Unit Residential															
Metered	232,072	244,399	235,725	215,744	188,975	178,134	180,052	173,640	174,270	180,093	196,279	219,228	2,418,611	9.1%	9.4%
Unmetered Estimate	78,853	87,177	85,479	66,456	53,153	38,916	37,983	38,083	35,541	36,852	50,545	63,319	672,356	2.5%	2.6%
Subtotal MF Residential	**310,925**	**331,575**	**321,204**	**282,200**	**242,128**	**217,050**	**218,035**	**211,723**	**209,811**	**216,945**	**246,823**	**282,547**	**3,090,966**	**11.7%**	**12.0%**
Commercial	429,532	472,787	430,248	399,131	297,675	247,953	241,805	242,847	246,324	283,026	344,310	408,876	4,044,514	15.3%	15.7%
Irrigation	539,470	600,358	552,454	414,579	147,719	8,733	3,375	3,103	3,345	65,188	309,080	468,256	3,115,660	11.8%	12.1%
Large Volume	72,588	78,333	76,976	66,781	42,898	28,306	33,994	31,023	29,945	33,082	47,275	65,426	606,627	2.3%	
TOTAL	**3,566,810**	**3,888,100**	**3,603,225**	**2,956,366**	**1,681,087**	**1,023,166**	**1,024,049**	**977,355**	**975,084**	**1,264,039**	**2,340,872**	**3,138,348**	**26,438,501**	**100.0%**	**100.0%**

[1] Estimate based on actual fiscal year 2024 metered water use.

Table S-11
2025 Cost of Service Study
Water Use by Customer Category by Month

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Metered Customers	2025 Jul	Aug	Sep	Oct	Nov	Dec	2026 Jan	Feb	Mar	Apr	May	Jun	FY26 Total
Single Family Residential						Thousands of Gallons							
TMWA	1,774,277	1,918,677	1,772,810	1,422,911	755,650	435,856	440,167	408,790	406,675	558,619	1,134,577	1,533,168	12,562,178
DWR	436,553	482,519	446,478	368,459	193,088	83,711	85,108	78,341	77,449	105,634	256,483	377,365	2,991,189
STMGID	75,008	79,470	77,112	59,232	27,171	9,789	9,549	8,877	9,025	13,104	40,949	60,983	470,269
Total Single Family Residential	**2,285,838**	**2,480,665**	**2,296,401**	**1,850,603**	**975,909**	**529,356**	**534,824**	**496,009**	**493,149**	**677,357**	**1,432,010**	**1,971,516**	**16,023,635**
Multiple Unit Residential Metered													
TMWA	222,145	233,850	225,620	206,341	181,024	170,461	172,110	165,462	166,433	172,346	187,569	209,783	2,313,144
DWR	9,927	10,548	10,106	9,403	7,952	7,673	7,942	8,178	7,837	7,747	8,710	9,444	105,467
Total Multiple Unit Residential	**232,072**	**244,399**	**235,725**	**215,744**	**188,975**	**178,134**	**180,052**	**173,640**	**174,270**	**180,093**	**196,279**	**219,228**	**2,418,611**
Commercial													
TMWA	408,530	450,425	409,028	381,052	282,589	235,227	228,929	230,109	233,648	269,251	327,709	389,663	3,846,162
DWR	21,002	22,362	21,220	18,079	15,086	12,725	12,875	12,738	12,676	13,775	16,601	19,213	198,352
STMGID	3,921	4,249	4,031	3,070	2,194	1,933	1,710	2,000	1,812	1,882	2,510	3,222	32,533
Total Commercial	**433,453**	**477,037**	**434,279**	**402,201**	**299,869**	**249,885**	**243,515**	**244,847**	**248,136**	**284,907**	**346,820**	**412,098**	**4,077,047**
Irrigation													
TMWA	500,831	557,338	512,896	383,713	136,694	8,370	3,055	2,771	3,000	62,413	289,325	435,144	2,895,550
DWR	38,639	43,020	39,558	30,867	11,025	363	320	332	345	2,774	19,755	33,112	220,110
STMGID	8,316	8,848	8,481	6,368	2,360	71	42	39	33	770	4,516	6,725	46,569
Total Irrigation	**547,786**	**609,206**	**560,934**	**420,947**	**150,079**	**8,804**	**3,418**	**3,142**	**3,378**	**65,957**	**313,596**	**474,981**	**3,162,229**
LVS (Sun Valley)	**72,588**	**78,333**	**76,976**	**66,781**	**42,898**	**28,306**	**33,994**	**31,023**	**29,945**	**33,082**	**47,275**	**65,426**	**606,627**
Total Metered Water Use	**3,571,737**	**3,889,639**	**3,604,315**	**2,956,276**	**1,657,730**	**994,486**	**995,802**	**948,661**	**948,878**	**1,241,396**	**2,335,979**	**3,143,248**	**26,288,149**
Estimated Flat-Rate Residential Users													
Small Units	3,464	3,851	3,055	2,304	1,929	1,558	1,565	1,527	1,535	1,546	2,323	2,710	27,368
Multiple-Units (TMWA)	5,484	5,603	5,583	4,646	3,649	3,490	3,490	3,589	2,911	3,290	4,118	4,586	50,438
Multiple-Units with Irrig. (TMWA)	73,370	81,574	79,896	61,810	49,504	35,426	34,494	34,494	32,629	33,562	46,427	58,733	621,917
Total Estimated Flat-Rate Users	**82,317**	**91,027**	**88,533**	**68,760**	**55,082**	**40,473**	**39,549**	**39,611**	**37,076**	**38,398**	**52,868**	**66,029**	**699,723**
Total Metered & Est. Unmetered	**3,654,055**	**3,980,667**	**3,692,848**	**3,025,036**	**1,712,812**	**1,034,959**	**1,035,351**	**988,272**	**985,954**	**1,279,795**	**2,388,847**	**3,209,277**	**26,987,872**

Source: TMWA based on actual water use between 2022 and 2024.

Table S-12
2025 Cost of Service Study
Estimates of Flat-Rate Water Use

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Flat-Rate Category	2018 Jul	Aug	Sep	Oct	Nov	Dec	2019 Jan	Feb	Mar	Apr	May	Jun	FY19 Total
SUFR Units	379	379	379	379	379	379	379	379	379	379	379	379	
Avg. Use per Unit (1,000s of galls)	9.14	10.16	8.06	6.08	5.09	4.11	4.13	4.03	4.05	4.08	6.13	7.15	72.21
Estimated Use SUFR	**3,464**	**3,851**	**3,055**	**2,304**	**1,929**	**1,558**	**1,565**	**1,527**	**1,535**	**1,546**	**2,323**	**2,710**	**27,368**
MRFS Number of Units	997	997	997	997	997	997	997	997	997	997	997	997	
Avg. Use per Unit (1,000s of galls)	5.50	5.62	5.60	4.66	3.66	3.50	3.50	3.60	2.92	3.30	4.13	4.60	50.59
Estimated Use MRFS	**5,484**	**5,603**	**5,583**	**4,646**	**3,649**	**3,490**	**3,490**	**3,589**	**2,911**	**3,290**	**4,118**	**4,586**	**50,438**
MRIS Number of Units (inc. irrig)	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	
Avg. Use per Unit (1,000s of galls)	7.87	8.75	8.57	6.63	5.31	3.80	3.70	3.70	3.50	3.60	4.98	6.30	66.71
Estimated Use MRIS	**73,370**	**81,574**	**79,896**	**61,810**	**49,504**	**35,426**	**34,494**	**34,494**	**32,629**	**33,562**	**46,427**	**58,733**	**621,917**

Source: TMWA May 12, 2025.

Table S-13
2025 Cost of Service Study
Peak to Off-Peak Ratio by Operations Cost Center

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Operations Costs	On-Peak May-Sep	Off-Peak Oct-Apr	Total 4-Yrs FYE21 - FYE24	Peak Avg. per Month	Off-Peak Avg. per Month	Peak to Off-Peak Ratio
Salaries & Wages	$45,579,107	$60,311,755	$105,890,862	$2,278,955	$2,153,991	1.06
Benefits	$22,257,909	$26,851,555	$49,109,465	$1,112,895	$958,984	1.16
Bank Fees	$29,681	$42,842	$72,523	$1,484	$1,530	0.97
Chemicals	$7,451,418	$4,523,409	$11,974,827	$372,571	$161,550	2.31
Claims Payments	$19,544	$59,700	$79,244	$977	$2,132	0.46
Computer Software	$3,722,112	$5,301,945	$9,024,056	$186,106	$189,355	0.98
Computer Parts	$234,864	$128,368	$363,232	$11,743	$4,585	2.56
Computer Hardware	$706,204	$1,012,695	$1,718,899	$35,310	$36,168	0.98
Contract Services - General	$9,346,417	$11,979,307	$21,325,724	$467,321	$427,832	1.09
Contract Services - Construction	$659,378	$273,315	$932,693	$32,969	$9,761	3.38
Contract Services - Electrical	$598,961	$114,385	$713,346	$29,948	$4,085	7.33
Contract Services - Equip. Maint.	$2,209,091	$2,674,190	$4,883,281	$110,455	$95,507	1.16
Contract Services - Facilities Maint.	$1,170,654	$1,392,551	$2,563,205	$58,533	$49,734	1.18
Ditch Fees	$557,438	$772,895	$1,330,334	$27,872	$27,603	1.01
Employee Functions	$147,284	$37,529	$184,813	$7,364	$1,340	5.49
Employee-Related Expenses	$150,156	$43,469	$193,625	$7,508	$1,552	4.84
Equipment Rentals	$691,132	$661,894	$1,353,026	$34,557	$23,639	1.46
Insurance Property/GL	$2,027,251	$2,957,797	$4,985,048	$101,363	$105,636	0.96
Investment Fees	$25,473	$37,544	$63,017	$1,274	$1,341	0.95
Leases	$91,014	$227,386	$318,400	$4,551	$8,121	0.56
Licenses & Permits	$1,220,425	$1,940,857	$3,161,281	$61,021	$69,316	0.88
Miscellaneous	$434,447	$225,193	$659,640	$21,722	$8,043	2.70
Postage & Shipping	$138,020	$159,259	$297,278	$6,901	$5,688	1.21
Printing	$1,413,951	$1,476,801	$2,890,752	$70,698	$52,743	1.34
Professional Dues & Licenses	$32,483	$250,199	$282,682	$1,624	$8,936	0.18
Professional Services - Admin	$1,302,317	$1,709,325	$3,011,642	$65,116	$61,047	1.07
Professional Services - Easements	$67,704	$129,622	$197,326	$3,385	$4,629	0.73
Professional Services - Engineering	$256,848	$374,782	$631,629	$12,842	$13,385	0.96
Professional Services - Geotech	$41,328	$14,238	$55,565	$2,066	$508	4.06
Professional Services - Hydrologic	$702,343	$686,926	$1,389,269	$35,117	$24,533	1.43
Professional Services - Legal	$695,227	$881,424	$1,576,650	$34,761	$31,479	1.10
Professional Services - Public Relations	$1,355,680	$861,792	$2,217,472	$67,784	$30,778	2.20
Property Taxes	$290,374	$2,594,137	$2,884,511	$14,519	$92,648	0.16
Power & Gas	$16,758,571	$10,516,830	$27,275,401	$837,929	$375,601	2.23
Sewer & Waste Disposal	$247,778	$347,493	$595,271	$12,389	$12,410	1.00
Phones & Internet	$1,126,101	$1,635,763	$2,761,864	$56,305	$58,420	0.96
Recruitment and Hiring	$33,986	$95,023	$129,009	$1,699	$3,394	0.50
River Monitoring	$367,482	$538,204	$905,686	$18,374	$19,222	0.96
Sponsorships	$3,905,923	$336,879	$4,242,802	$195,296	$12,031	16.23
Street Repairs	$1,075,491	$636,813	$1,712,304	$53,775	$22,743	2.36
Federal Storage Fees	$1,091,262	$893,967	$1,985,229	$54,563	$31,927	1.71
General Supplies	$1,355,035	$1,426,562	$2,781,597	$67,752	$50,949	1.33
Small Tools	$522,201	$702,930	$1,225,131	$26,110	$25,105	1.04
Mechanical Parts	$1,411,736	$1,527,057	$2,938,793	$70,587	$54,538	1.29
Pipes & Fittings	$1,949,387	$2,242,111	$4,191,497	$97,469	$80,075	1.22
Fuel/Lube/Oil	$1,042,236	$1,183,278	$2,225,514	$52,112	$42,260	1.23
Pumps	$288,955	$116,329	$405,284	$14,448	$4,155	3.48
Motors	$38,567	$40,841	$79,408	$1,928	$1,459	1.32
Meters & Meter Equipment	$204,299	$121,045	$325,344	$10,215	$4,323	2.36
Training	$342,206	$605,615	$947,822	$17,110	$21,629	0.79
Travel	$141,743	$115,385	$257,128	$7,087	$4,121	1.72
Tuition	$19,532	$5,835	$25,367	$977	$208	4.69
TOTAL	**$97,137,750**	**$109,199,392**	**$206,337,142**	**$4,856,888**	**$3,899,978**	**1.25**
TOTAL WITHOUT SPONSORSHIPS	**$93,231,828**	**$108,862,513**	**$202,094,341**	**$6,215,455**	**$5,183,929**	**1.20**

Table S-14
2025 Cost of Service Study
Operating Cost Net of Treatment Costs

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Cost Category	4-Yr Total	FY21	FY22	FY23	FY24
TOTAL	**$291,352,684**	**$63,450,498**	**$63,516,703**	**$79,369,942**	**$85,015,541**
less					
Chemicals	$11,974,827	$2,408,697	$2,622,826	$4,277,866	$2,665,437
Street Repairs	$1,712,304	$251,517	$195,944	$224,280	$1,040,563
Power & Gas	$27,275,401	$5,068,528	$6,109,082	$8,195,474	$7,902,318
Pumps	$405,284	$20,589	$33,047	$102,879	$248,767
Motors	$79,408	$6,468	$5,290	$32,749	$34,902
Meters & Meter Equipment	$325,344	$37,568	$30,633	$81,717	$175,426
Total Deductions	**$41,772,568**	**$7,793,367**	**$8,996,823**	**$12,914,965**	**$12,067,413**
Net Operating Cost	**$249,580,116**	**$55,657,131**	**$54,519,880**	**$66,454,977**	**$72,948,128**
Untreated Water Cost	86%	88%	86%	84%	86%

Table A
Proposed Rate Change - Single Family Residential

Current	Customer Charge per meter		Commodity Charge		
			use block per unit		per 1,000 gallons
RMWS	**per month**		*gallons*		
3/4"	$23.02				
1"	$25.32				
1.5"	$28.81	Tier 1	6,000		$2.14
2"	$33.39	Tier 2	6,001-25,000		$3.45
3"	$37.98	Tier 3	>25,000		$4.05
4"	$43.70				
6"	$50.66				
FRMWC			<1.5"	1.5" and +	
3/4"	$21.64	Tier 1	7,000	29,000	$3.24
1"	$27.83	Tier 2	21,000	151,000	$4.07
1.5"	$39.81	Tier 3	41,000	601,000	$4.88
2"	$53.08	Tier 4	>41,000	>61,000	$6.52
3"	$85.49				
4"	$125.20				
6"	$228.28				

New	Customer Charge per meter		Commodity Charge	
			use block per unit	per 1,000 gallons
SF METERED	**per month**		*gallons*	
3/4"	$21.13			
1"	$33.21			
1.5"	$33.21	Tier 1	6,000	$2.12
2"	$33.21	Tier 2	6,001-25,000	$3.18
3"	$33.21	Tier 3	>25,000	$4.25
4"	$33.21			
6"	$33.21			

Table B
Proposed Rate Change - Multi-Family Residential

Current	Customer Charge per meter	Commodity Charge			New	Customer Charge	Commodity Charge		
MMWS	**per month**		**use block per unit**	**per 1,000 gallons**	**MF METERED**	**per unit per month**		**use block per unit**	**per 1,000 gallons**
3/4"	$23.02		*gallons*			$6.83		*gallons*	
1"	$25.32								
1.5"	$28.81	Tier 1	4,000	$2.14			Tier 1	4,000	$1.94
2"	$33.39	Tier 2	>4,000	$3.45			Tier 2	>4,000	$2.92
3"	$37.98								
4"	$43.70								
6"	$50.66								
8"	$58.73								
10"	$69.04								
MMWD									
3/4"	$21.64	Tier 1	29,000	$3.24					
1"	$27.83	Tier 2	151,000	$4.07					
1.5"	$39.81	Tier 3	601,000	$4.88					
2"	$53.08	Tier 4	>601,000	$6.52					
3"	$85.49								
4"	$125.20								
6"	$228.28								

Table C
Proposed Rate Change - Irrigation

Current	Customer Charge per meter	Commodity Charge		New	Customer Charge per meter	Commodity Charge	
MIS	**per month**			**IRRIGATION**	**per month**		**per 1,000 gallons**
3/4"	$23.02			3/4"	$21.13		
1"	$25.32	Off-Peak	$3.45	1"	$33.21	Off-Peak	$2.52
1.5"	$28.81	On-Peak	$4.18	1.5"	$120.75	On-Peak	$3.02
2"	$33.39			2"	$150.94		
3"	$37.98			3"	$262.64		
4"	$43.70			4"	$452.83		
6"	$50.66			6"	$966.04		
8"	$58.73						
10"	$69.04						
MISD							
3/4"	$21.64	All Use	$5.40				
1"	$27.83						
1.5"	$39.81						
2"	$53.08						
3"	$85.49						
4"	$125.20						

Table D
Proposed Rate Change - Commercial

Current	Customer Charge per meter			Commodity Charge				New	Customer Charge per meter		Commodity Charge
				per 1,000	use block by meter size						
GMWS	**per month**			**gallons**	Tier 1	Tier 2	Tier 3	**COMMERCIAL**	**per month**		**per 1,000 gallons**
3/4"	$23.02	Tier 1	differs	$2.14	7,000	30,000	>30,000	3/4"	$21.13	All Use	$2.37
1"	$25.32	Tier 2	by meter	$3.45	14,000	65,000	>65,000	1"	$33.21		
1.5"	$28.81	Tier 3	size	$4.05	28,000	120,000	>120,000	1.5"	$90.57		
2"	$33.39				50,000	210,000	>210,000	2"	$120.75		
3"	$37.98				165,000	640,000	>640,000	3"	$211.32		
4"	$43.70				300,000	1,300,000	>1,300,000	4"	$362.26		
6"	$50.66				1,000,000	2,600,000	>2,600,000	6"	$815.09		
8"	$58.73				1,475,000	6,000,000	>6,000,000	8" and larger	$966.04		
10"	$69.04				9,500,000	15,000,000	>15,000,000				
GMWD											
3/4"	$21.64		Off-Peak	$3.13							
1"	$27.83		On-Peak	$3.65							
1.5"	$39.81										
2"	$53.08										
3"	$85.49										
4"	$125.20										
6"	$228.28										
8"	$343.20										

Table E
Proposed Rate Change - LVS

LVS	Customer Charge	Commodity Charge	
Current	**per service point per month**	**delivery per month**	**per 1,000 gallons**
	$157.07	First 38M galls	$1.84
		>38M galls	$3.06
Cost of Service		**delivery per month**	**per 1,000 gallons**
		First 38M galls	$1.88
		>38M galls	$3.10

Table F
Proposed Rate Change - Flat Rate Residential

Flat-Rate Type	Current per month	Cost of Service per month
	per service	**per unit**
SUFR	$48.57	$38.32
MRFS		
3/4"	$21.10	
1"	$23.22	
1.5"	$26.46	
2"	$30.67	
3"	$34.88	
4"	$40.11	
6"	$46.44	
plus	**per unit**	**per unit**
	$13.53	$21.34
MRIS	**per service**	
3/4"	$42.46	
1"	$62.45	
1.5"	$98.59	
2"	$155.57	
3"	$261.12	
4"	$533.03	
6"	$860.57	
8"	$1,099.34	
10"	$1,564.96	
plus	**per unit**	**per unit**
	$14.28	$24.29

Table G

Proposed Rate Change - Private Fire Protection

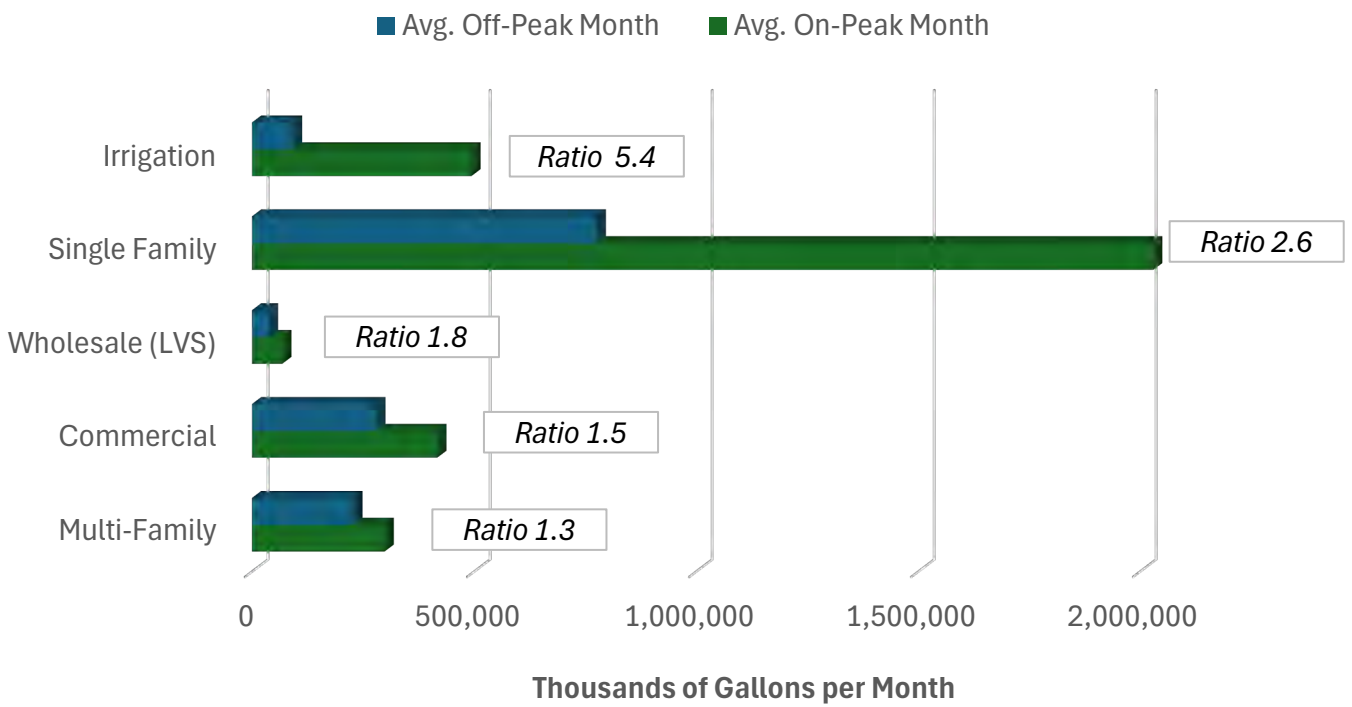
Current	Customer Charge	New	Customer Charge
	per month		per month
TMWA	per service	**FPS**	per service
3/4"	$4.72		
1"	$6.29		
1.5"	$9.44		
2"	$12.58	2" and smaller	$2.16
3"	$18.87	3"	$6.27
4"	$25.16	4"	$13.37
6"	$37.74	6"	$38.84
8"	$50.32	8"	$82.77
10"	$62.90	10"	$148.85
12"	$75.48	12"	$240.43
FRDWR			
3"	$31.22		
4"	$49.05		
6"	$90.55		
8"	$147.77		
10"	$217.32		
12"	$314.32		

Table H
Proposed Rate Change - Other TMWA Fee Schedules (not DIS or ILVNPS)

Current	Customer Charge per month	Commodity + Demand Charges	Customer Charge per month	Commodity + Demand Charges
	Current		Cost of Service	
Non-Potable (NPS)	**per delivery point**	**per 1,000 gallons**	**per delivery point**	**per 1,000 gallons**
	$41.09		$120.75	
treated water		$4.18		$4.62
untreated water		$1.23		$1.28
Interruptible (IWS)	**per meter**		**per meter**	
	$41.09	**per 1,000 gallons**	$120.75	**per 1,000 gallons**
treated, interruptible		$1.23		$1.28
Wholesale Standby (FSPR)	**per meter**			
	$157.07	**per 1,000 gallons**		**per 1,000 gallons**
All water - treated, standby or partial supply		$1.23		$1.28
Contract Demand		**of contract demand**		**of contract demand**
Off-Peak All Water & On-Peak Contract Demand		$17.57		$18.49
On-Peak				
Actual Demand > Contract Demand up to Variable Allowance		$105.42		$110.93
> Variable Allowance		$210.83		$221.84

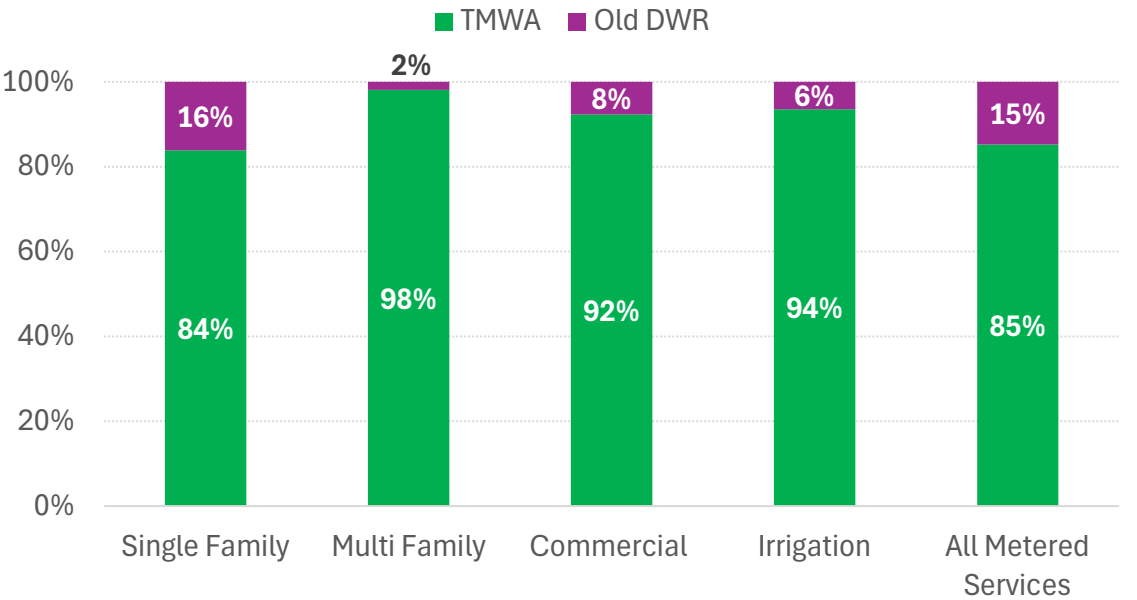
Graph B

Ratio of Water Use On-Peak to Off-Peak Months



Graph C

Share of Metered Services in Original TMWA Service Territory



Truckee Meadows Water Authority

Cost of Service Study - TMWA BOD

September 17, 2025

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Introduction

- Catherine Hansford, Principal of HEC
- Masters degree from UNR in Agricultural Economics
- Worked in water resources and utilities financial management for more than 20 years
- Career in Public and Private Sectors
- Experience in California, Nevada, and Oregon with rate studies, fee studies, development impact and connection fee studies, special tax and assessment studies
- Work with agency staff, attorneys, financial advisors, bond counsel, engineers, planners

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Cost of Service Study Goals

1. Best Practices are rate updates every 3-5 years and cost of service (COS) studies every 5-10 years; TMWA is due a COS
2. Consolidation of Former Washoe County and TMWA rate schedules
3. Equity - Determine if customer groups are paying a reasonable share of annual costs based on system infrastructure (capacity) and customer water use
4. Examine Rate Design given recorded customer usage and projected trends
5. Use local judgment and preferences to meet unique local conditions and requirements of the water system

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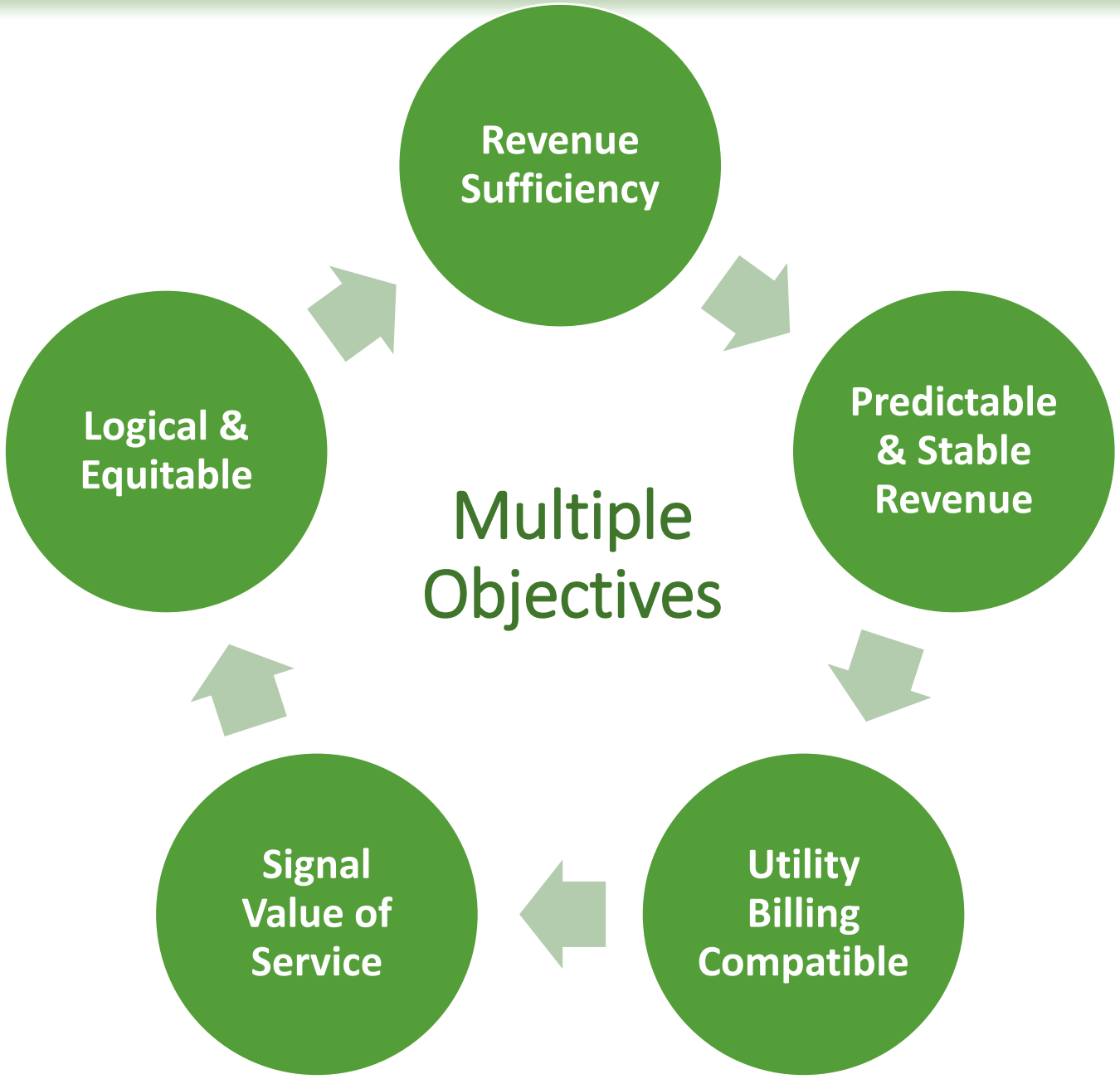
Cost of Service/Rate-Making Objectives



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Cost of Service Study Methodology

Revenue Requirement (Funding Plan)

- Operations & Maintenance
- System Rehabilitation & New Infrastructure
- Debt Service
- Reserves

Cost of Service

- **Functionalize components of Revenue Requirement**
- Customer, Capacity, Commodity, Fire functions
- **Allocate functionalized costs to Customer Groups**
- Groups such as Single Family, Commercial, Irrigation

Rate Design

- **Cost Recovery by Customer Group**
- Service charges recover fixed costs
- Use charges recover variable costs. **First tier is basic indoor use.**
- Customers pay for what is built for them & water they use

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Cost of Service Study Methodology

Revenue Requirement (Funding Plan)

Operations & Maint

Debt Service

Reserves

Presented to SAC and BOD each October.

Cost of Service

Determine total revenue to be received by TMWA customer groups:

- Single family residential
- Multi-family residential
- Commercial
- Irrigation
- Single family/multifamily flat rate
- Private fire protection
- Wholesale

Rate Design

Adjust the components of the water bill:

- Service charges (fixed)
- Commodity charges (variable)
  - Price
  - Structure of tiers

Use charges recover variable costs. **First tier is basic indoor use.**

Customers pay for what is built for them & water they use

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Cost of Service Results

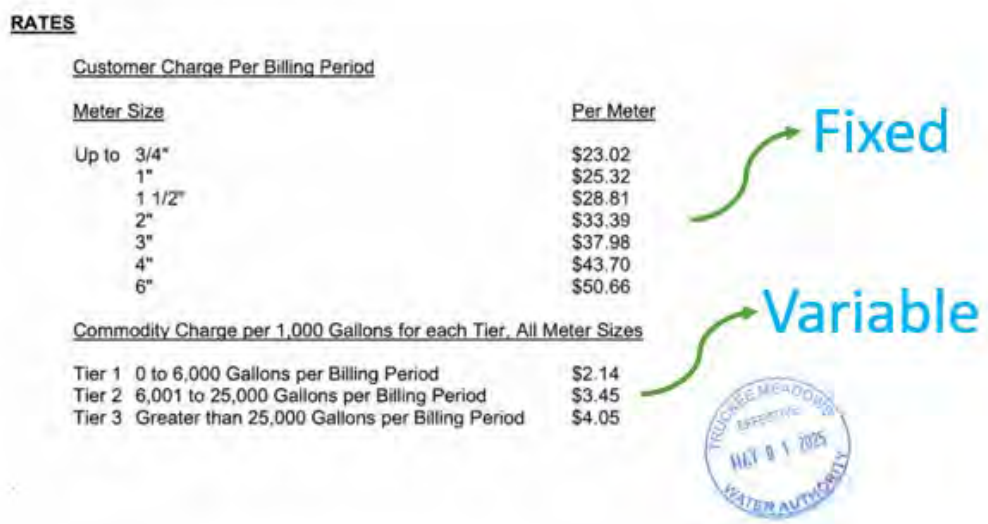
Cost Functionalization Findings

Fixed Costs
(43%)

- Customer & Readiness to Service Capacity Costs

Variable Costs
(57%)

- Peaking Capacity Costs & Commodity Costs



RATES

Customer Charge Per Billing Period

Meter Size	Per Meter
Up to 3/4"	$23.02
1"	$25.32
1 1/2"	$28.81
2"	$33.39
3"	$37.98
4"	$43.70
6"	$50.66

Commodity Charge per 1,000 Gallons for each Tier, All Meter Sizes

Tier 1	0 to 6,000 Gallons per Billing Period	$2.14
Tier 2	6,001 to 25,000 Gallons per Billing Period	$3.45
Tier 3	Greater than 25,000 Gallons per Billing Period	$4.05

***Current revenue recovery is at *33% fixed* / *67% variable*

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Cost of Service Results

Customer Class	Percent of cost/revenue		Change
	Current	Proposed	
Single family	66%	62%	Decrease
Multi-family	6%	8%	Increase
Commercial	11%	13%	Increase
Irrigation	11%	10%	Decrease
Single family/multi-family flat rate	2%	3%	Increase
Private fire protection	3%	3%	Minimal change
Wholesale	1%	1%	Minimal change

To achieve the required revenue allocation, changes to rate design are needed.

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Rate Design: Recommended Changes to Consolidated Rate Schedules

- All Customer Groups – Expanded meter ratios (larger meters will pay more)
- Single Family – Commodity (consumption) charges reduced for tiers 1 and 2, increased for tier 3.
- Multi Family – Customer (service) charges applied on a per-unit basis instead of meter size. Commodity charges reduced for tiers 1 and 2.
- Commercial – Tiering eliminated, replaced by a single price for all water used.
- Irrigation – Commodity charges reduced for both on-peak and off-peak usage.

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Impacts of Shifting Costs to Customer Charges

- Greatest impact is to accounts with large meters
- Shift in costs to larger meters reflects the capacity that the service provides to the customer
- Operating capacity by meter size is based on the types of meters that TMWA uses
- Changes are in line with AWWA guidance per M-1 manual

Meter Size	FY 2026			
	TMWA	DWR	COS Irrig	COS Non-Irrig
	Monthly Charge per Meter			
3/4"	$23.02	$21.64	$21.13	$21.13
1"	$25.32	$27.83	$33.21	$33.21
1.5"	$28.81	$39.81	$120.75	$90.57
2"	$33.39	$53.08	$150.94	$120.75
3"	$37.98	$85.49	$262.64	$211.32
4"	$43.70	$125.20	$452.83	$362.26
6"	$50.66	$228.28	$966.04	$815.09
8"	$58.73	$343.20	n/a	$966.04
10"	$69.04	n/a	n/a	$966.04

Note: For single-family residential, proposed meter charges are capped at 1” as there are very few +1.5”meters in the system and these larger meters do not indicate or allow for proportional water usage.

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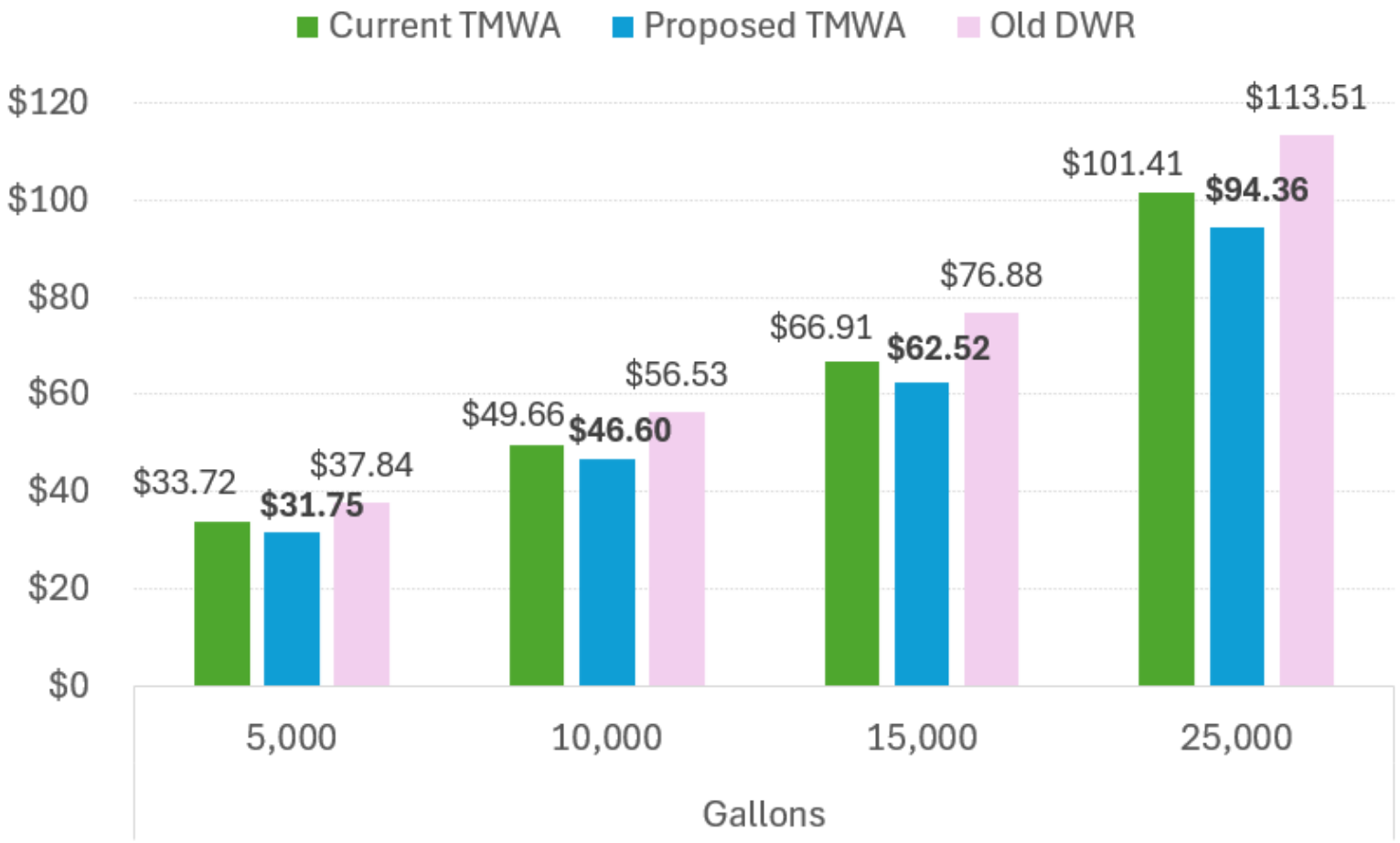
Single Family Home Bill Impacts ¾" Meter



¾" Meter

- 84% of SF customers have a ¾" meter

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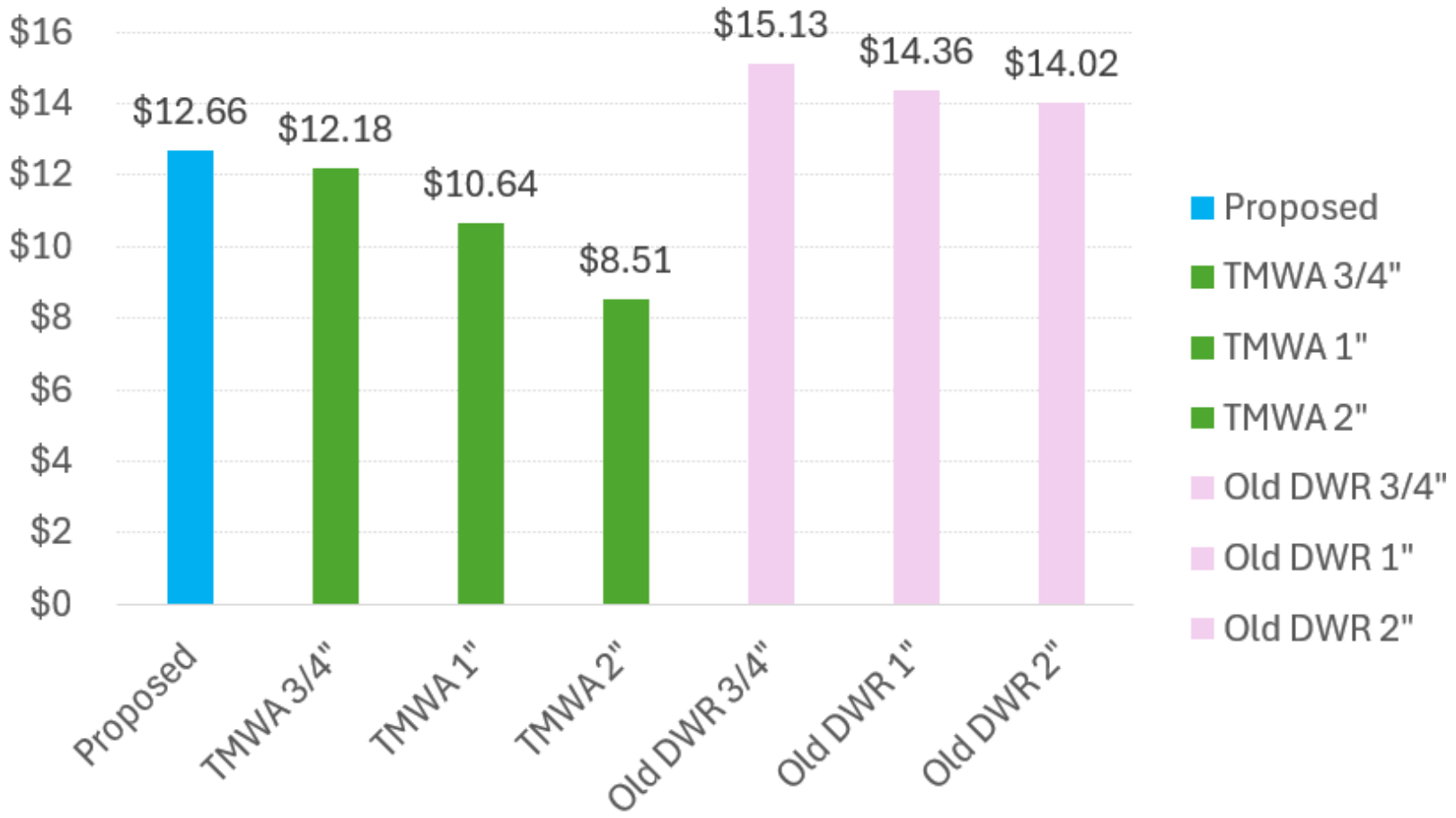
MF Bill Impacts Per Unit @ 3,000 Gallons / Unit



- COS rates pay per unit <u>not</u> per meter
- 76% of all MF water usage is in Tier 1 (up to 4,000 gallons per unit per month)
- 98% of MF units are TMWA, only 2% Old DWR
- Graph assumes 4 units on a ¾", 6 units on a 1" and 16 units on a 2"

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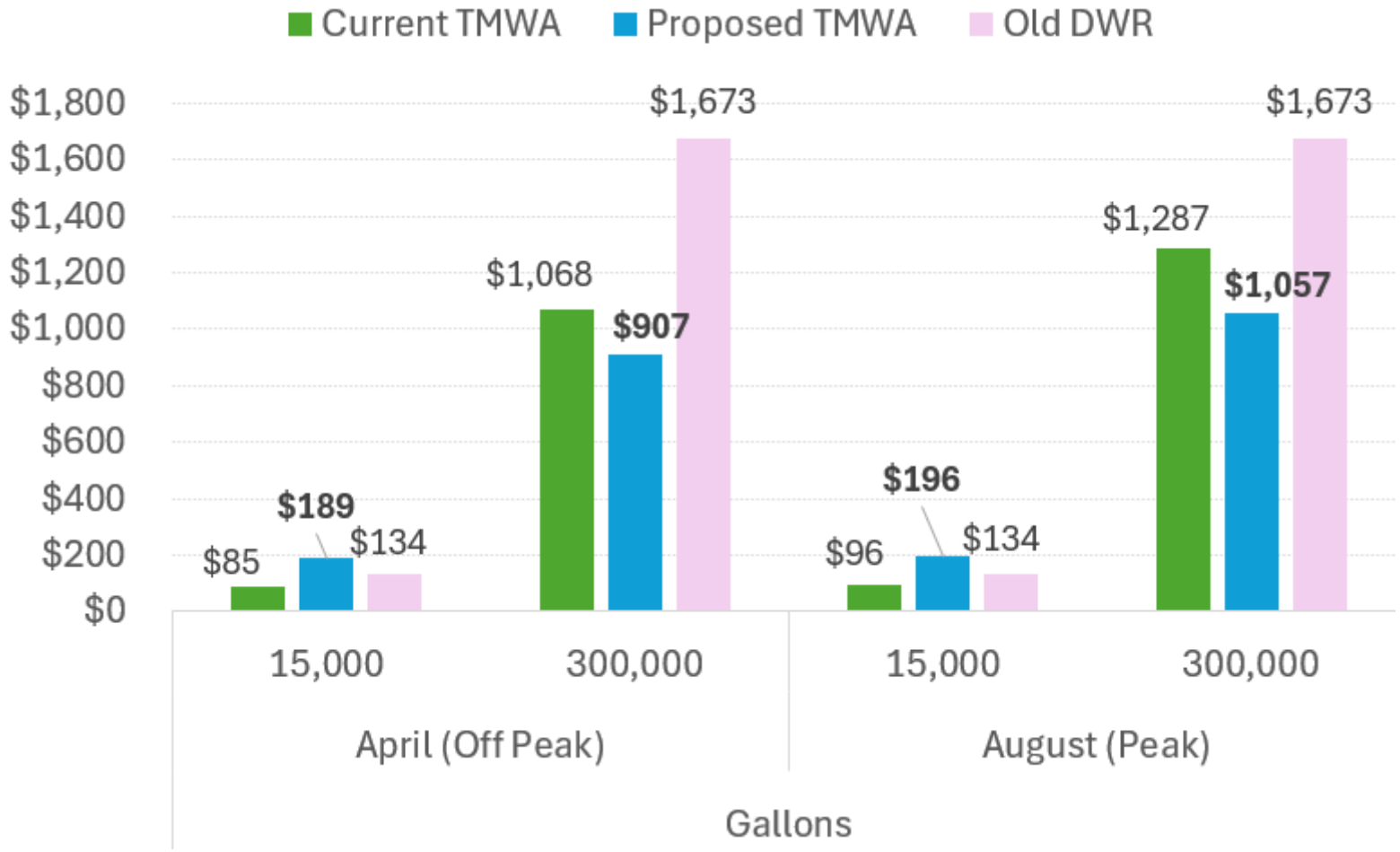
Irrigation Bill Impacts



2” Meter

- 37% of Irrigation customers have a 2” meter

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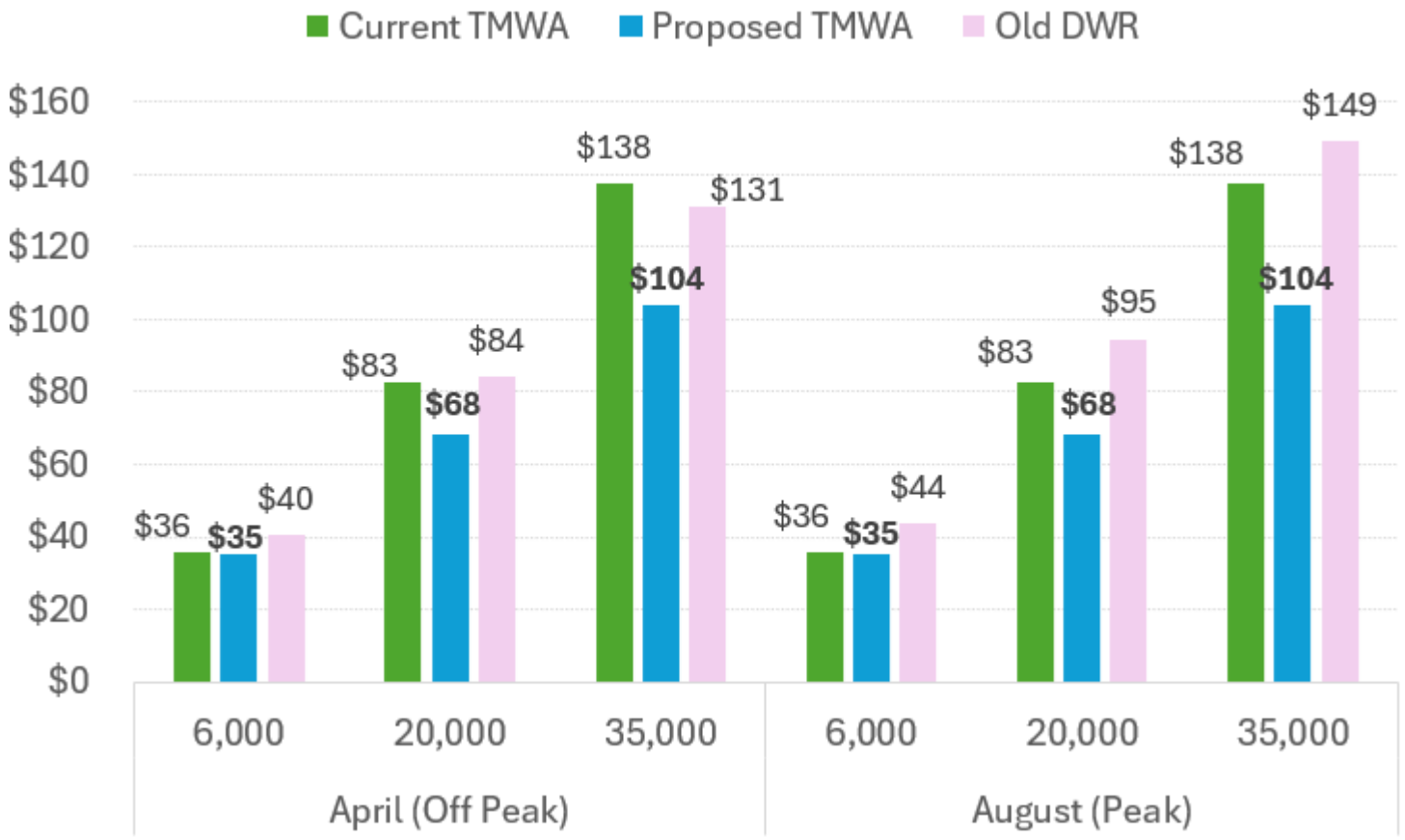
Commercial Bill Impact - Office



3/4” Meter

- 27% of Commercial meters are 3/4”

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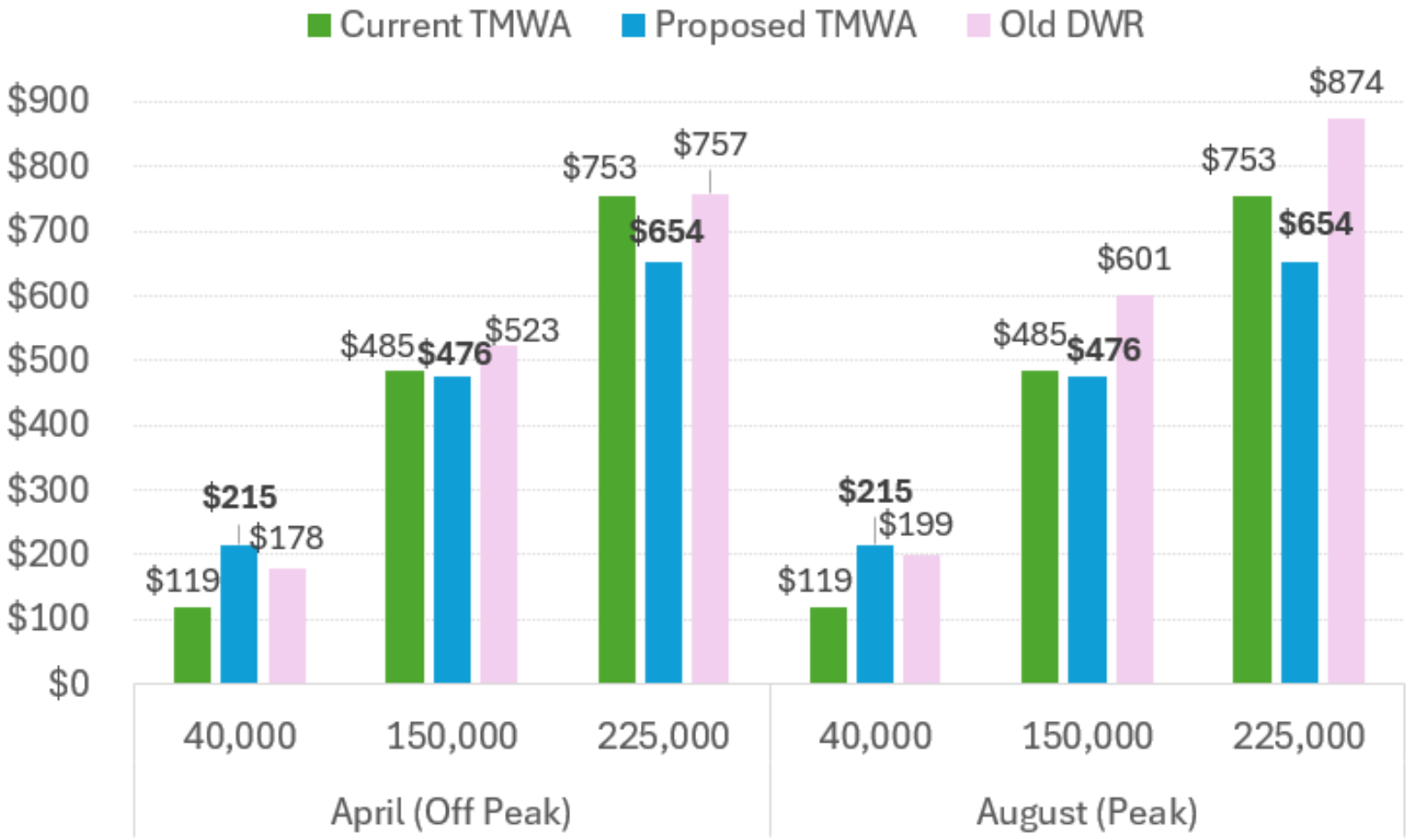
Commercial Bill Impact - School



2” Meter

- 30% of Commercial meters are 2”

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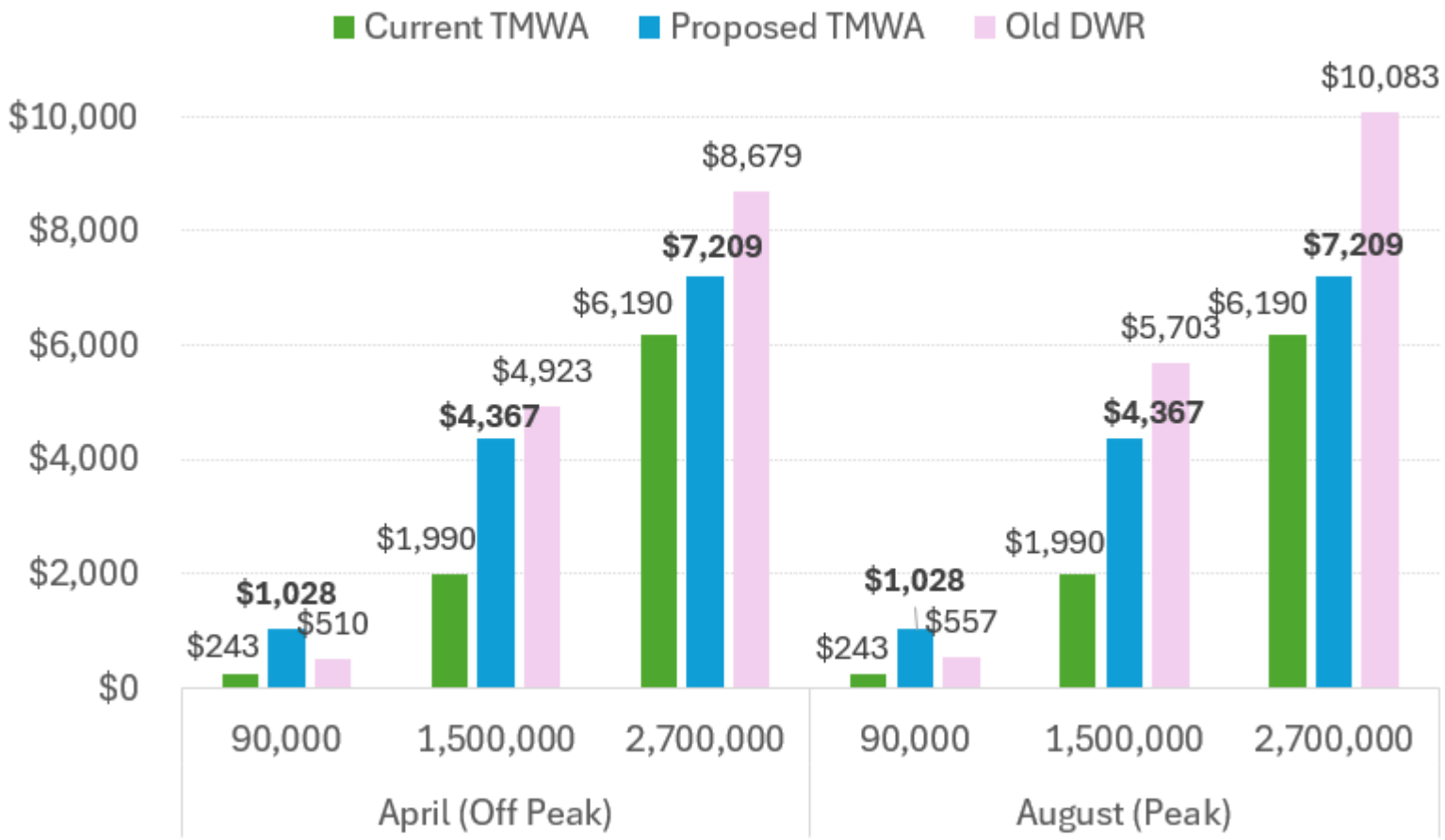
Commercial Bill Impact - Manufacturer



6” Meter

- 1% of Commercial meters are 6”

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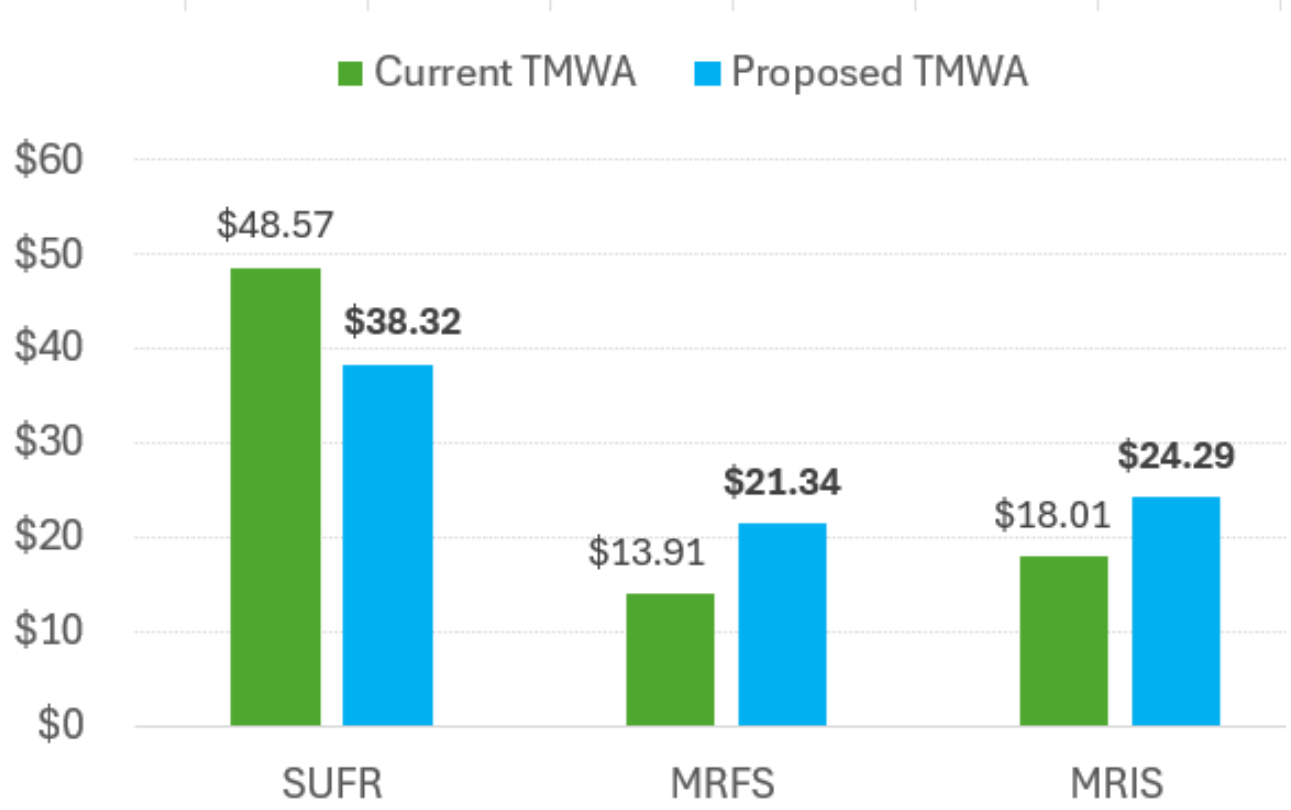
Flat-Rate Customer Bill Impacts



Assumes 3” services serving 70 units for the TMWA MRFS and MRIS (multi-family) bills

SUFR = small unit single family flat rate

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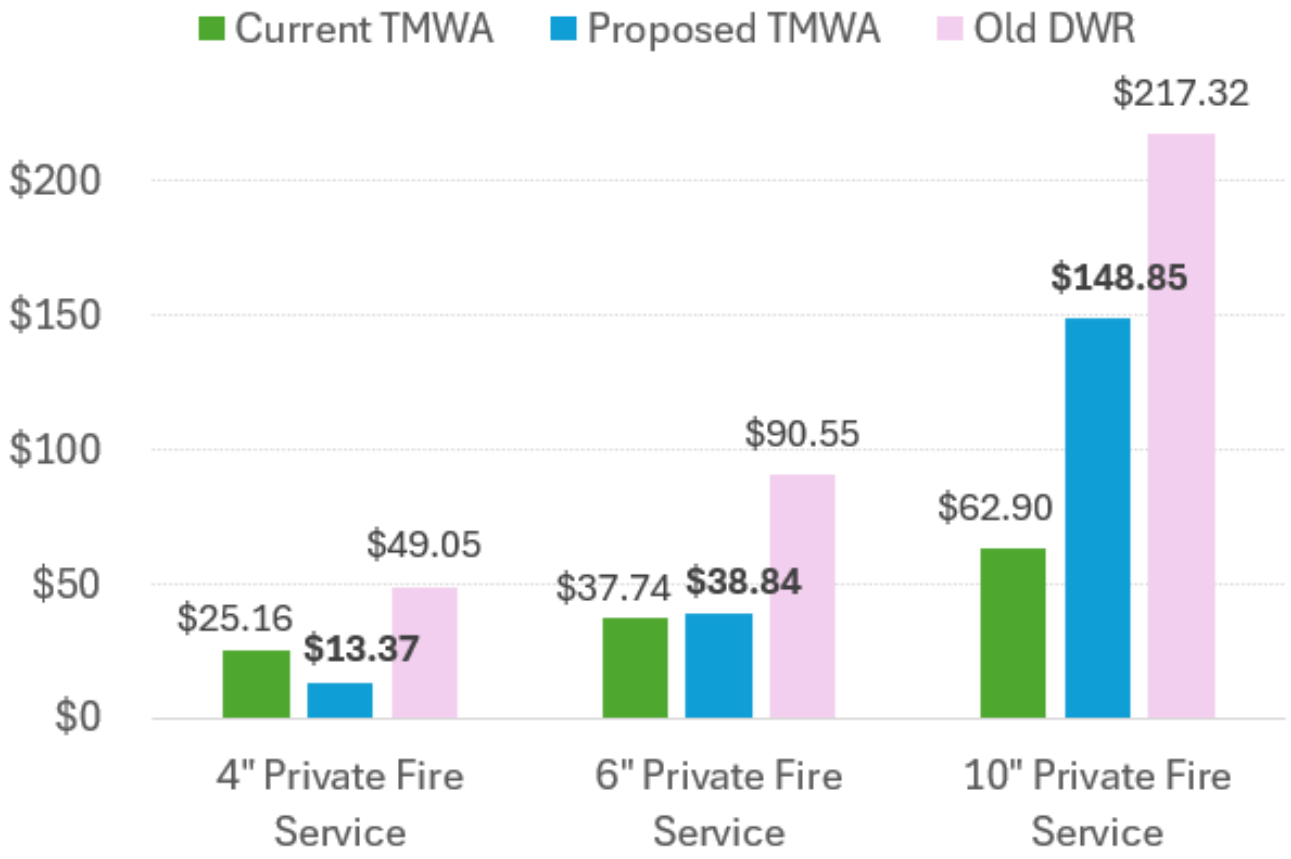
Private Fire Protection Bill Impacts



Private Fire Protection Services

- 23% have a 4” meter
- 54% have a 6” meter
- 3% have a 10” meter

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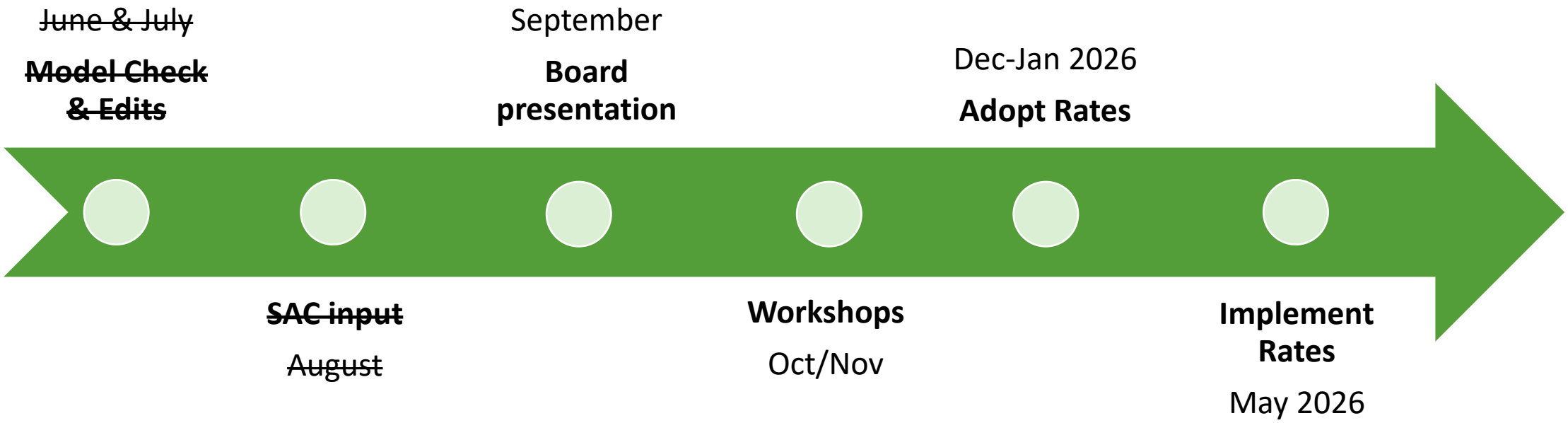
Next Steps



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Thank you!

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Truckee Meadows Water Authority

STAFF REPORT

TO: TMWA Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, Chief Financial Officer
David Diegle, Engineering Manager
DATE: March 9, 2026
SUBJECT: **Discussion and possible action on the TMWA Tentative Budget for the Fiscal Year ending June 30, 2027 and Draft Capital Improvement Plan for Fiscal Years 2027 through 2031**

Recommendation

Staff recommends the TMWA Board and Standing Advisory Committee (SAC) review the tentative budget report for the fiscal year ending June 30, 2027 and preliminary Five-Year Capital Improvement Plan 2027-2031 (CIP). This allows the Board and SAC to provide input and direction to TMWA management in advance of the public hearing on the budget and CIP at the May 2026 Board meeting. The tentative budget will be filed with the Nevada Department of Taxation by April 15, 2026 in compliance with statutory requirements.

Schedule of Revenues, Expenses and Changes in Net Position- *See Attachment A*

Operating Revenues

Water demands are projected based on historical average water usage per service type and by service size. This methodology projects water sales revenue at $134.8 million for FY 2027. This is an increase from the FY 2026 budget of $7.2 million or 6%. The FY 2027 water sales include the Board approved 3.5% rate increase in May 2026. The increase scheduled for May 2026 was approved by the Board along with the five-year funding plan at the October 2025 Board meeting.

Hydroelectric revenues are expected to be $2.0 million in FY 2027. This is a decrease from the FY 2026 budget of approximately $0.9 million due to more downtime for maintenance on the facilities. Based on the current snowpack we expect normal river flows during the year, allowing for continuous hydroelectric power generation during the time the plants are online.

Other operating revenues are estimated at $3.8 million. This line item primarily consists of new business inspection services, late payment fees, turn-on and turn-off fees, construction water sales, and cell phone tower lease revenues. Depending on the pace of residential/commercial construction there could be higher or lower construction water and inspection fees than projected.

The FY 2027 budget is approximately $0.7 million lower than FY 2026 due to lower new business fees as project volume has decreased in recent periods.

Operating Expenses

Total operating expenses are expected to increase by $3.4 million or 2% from the FY 2026 budget. This change consists of an increase of $2.9 million in operating expenses before depreciation, and a $0.6 million increase in depreciation. Comprising the change from the FY 2026 budget in operating expenses before depreciation, is an increase in salaries and wages of $1.1 million (3%), employee benefits of $1.1 million (6%), and services and supplies of $0.7 million (1%).

Higher salaries result from step progressions and annual Labor Market Increase adjustments, offset by a reduced headcount (from 305 to 298 employees for FY 2026). TMWA aims to operate efficiently with minimal staff, adding positions only as needed. After the FY 2026 budget was published, several added roles were eliminated from the budget, leading to a decrease in total headcount.

Services and supplies are increasing by approximately $0.7 million or 1% from the FY 2026 budget. TMWA departments spend a significant amount of time each year to determine the budget for services and supplies. This involves reviewing prior year budgets and actual costs to determine the best estimate for the upcoming year. Department managers are challenged each year to identify savings and consider the best use of TMWA's funds with regards to ongoing services and supplies costs. A summary of costs by expense item is included at ***Attachment C***, where the most notable changes are discussed.

Nonoperating Revenues and Expenses

Investment income is expected to decrease from FY 2026 by $1.1 million due to lower invested balances and decreasing interest rates.

Interest expense is expected to remain flat in FY 2027. In FY 2027, as shown in ***Attachment B***, we expect to pay down $16.9 million of total debt.

Capital Contributions

Grant revenue of $9.4 million consists mainly of the TMWA share of grants related to the Advanced Purified Water Facility at American Flat. These grants are from the Bureau of Reclamation and EPA.

Cash related developer contributions are expected to increase slightly from the FY 2026 budget by $0.8 million or 4%. These projections assume a consistent level of new projects in the TMWA service territory. However, the pace of development is difficult to predict and is contingent on external factors such as the broader economy, including interest rates, cost of construction, etc.

Contributions from other governments includes City of Reno's contributions towards the expected construction of the American Flat APW facility. These contributions may vary depending on timing and progress of construction in FY 2027. The related capital assets are included in TMWA's 2027-2031 Capital Improvement Plan.

Cash Position and Coverage Ratios

TMWA expects to begin FY 2027 with approximately $134 million in total cash and investments and end the fiscal year with $118 million, for an estimated cash decrease of $16 million. These projections can be found in ***Attachment B***.

TMWA's all-in debt coverage ratio, excluding system development charges, is budgeted to be 1.42x in FY 2027. Due to the conservative nature of the operating budget, TMWA expects to exceed 1.50x coverage for FY 2027. TMWA's senior lien debt coverage ratio is expected to be 1.60x exceeding the minimum senior lien coverage ratio of 1.25x required by bond covenants.

TMWA has maintained its credit ratings from Fitch of AAA, outlook Stable, Standard and Poor's of AA+, outlook Stable, and Moody's Aa2, outlook Stable.

Draft Capital Improvement Plan for Fiscal Years 2027-2031

TMWA's CIP totals $638.2 million over the next five years. Improvements include a variety of construction projects and capital outlays of which $193.7 million is planned in fiscal year 2027 and $202.1 million in fiscal year 2028.

Of the total $193.7 million in capital spending in fiscal year 2027, Raw Water accounts for $88.8 million (46%) with $85.0 million for the American Flat APW facility. In accordance with an Interlocal Agreement with City of Reno (approved by the TMWA board in December 2021), it is expected that the project will move forward in which City of Reno will be contributing 70% of the total project costs. The full cost of the project is included in TMWA's CIP as TMWA will ultimately own most of the assets. This project includes $39.0 million in grant funding which will also be split 70% City of Reno and 30% TMWA.

Ground Water Supply Improvements account for $12.6 million (7%) with $2.2 million comprising PSOM Generators Phase 2; $2.0 million for Spring Creek Well 10, $1.9 million or STMGID Well 1 Re-Drill, and $1.0 million for Sunrise Estates Well 4 Drilling.

Treatment Plant Improvements account for $7.8 million (4%) with $3.6 million comprising of various improvements at the Chalk Bluff Treatment Plant.

Pressure Improvements account for $16.3 million (8%) with $4.5 million for Broken Hills Booster Pump Stations, $3.0 million for Prater MOV Relocation, $2.4 million for Santerra Quilici 2 Booster Pump Station, and $1.8 million for Power Loss Mitigation Program.

Water Main Distribution System Improvements are $23.2 million (12%), comprising several distribution system improvements, including Plumas St Main Replacement totaling $4.0 million to replace approximately 3,200 linear feet of water main, RTC Lemmon Drive Relocations/Improvements totaling $4.0 million to replace a number of mains due to conflicts with RTC's Lemmon Drive project, S. Virginia St Main Replacement totaling $2.5 million to replace 2,200 linear feet of water main and Rivermount Main Replacement Phase 2 totaling $2.5 million to replace approximately 4,000 linear feet of water main.

Potable Water Storage Improvements are $17.4 million (9%) with $7.0 million for US 40 Tank and Feeder Main, $4.8 million for Rattlesnake Tank Replacement and $3.3 million for Sun Valley 2 Tank, booster pump station and mains.

Hydroelectric Improvements are $15.0 mil1lion (8%) with $8.4 million in improvements to Fleish Conveyance System Improvements.

Administrative Outlays account for $9.7 million (5%) with $5.0 million for Glendale Office Expansion, $1.5 million for new crew trucks and vehicles and $1.4 million for a new ERP implementation.

Increases in this year's CIP from prior year are driven primarily by increased spending on raw water for the American Flat APW facility, main replacements and storage tank improvements.

Recommended Motion

Move to approve the Tentative Budget for the fiscal year ending June 30, 2027, and Draft Capital Improvement Plan for fiscal years 2027 through 2031.

Attachment A

TRUCKEE MEADOWS WATER AUTHORITY

Comparative Statements of Revenues, Expenses and Changes in Net Position

Tentative Budget

	Tent. Budget FY 2027	Final Budget FY 2026	Variance $	Variance %
OPERATING REVENUES				
Charges for Water Sales	$ 134,774,142	$ 127,528,326	$ 7,245,816	6%
Hydroelectric Sales	2,045,356	2,984,098	(938,742)	-31%
Other Operating Sales	3,847,729	4,583,935	(736,206)	-16%
Total Operating Revenues	140,667,227	135,096,359	5,570,868	4%
OPERATING EXPENSES				
Salaries and Wages	38,330,368	37,256,684	1,073,684	3%
Employee Benefits	18,551,547	17,531,728	1,019,819	6%
Services and Supplies	47,681,172	46,982,236	698,936	1%
Total Operating Expenses Before Depreciation	104,563,087	101,770,648	2,792,439	3%
Depreciation	36,407,831	35,769,401	638,430	2%
Total Operating Expenses	140,970,918	137,540,049	3,430,869	2%
OPERATING INCOME	(303,691)	(2,443,690)	2,139,999	-88%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	3,849,105	4,955,558	(1,106,453)	-22%
Loss on Disposal of Assets	(1,604,100)	(1,500,000)	(104,100)	7%
Debt Issuance Costs	(200,000)	-	(200,000)	0%
Interest Expense	(9,064,321)	(8,914,244)	(150,077)	2%
Total Nonoperating Revenues (Expenses)	(7,019,316)	(5,458,686)	(1,560,630)	29%
Gain (Loss) Before Capital Contributions	(7,323,007)	(7,902,376)	579,369	-7%
CAPITAL CONTRIBUTIONS				
Grants	31,234,829	12,134,829	19,100,000	157%
Water Resource Sustainability Program	1,154,284	616,507	537,778	87%
Developer Infrastructure Contributions	18,642,368	12,951,222	5,691,146	44%
Developer Will-serve Contributions (Net of Refunds)	4,712,400	3,353,400	1,359,000	41%
Developer Facility Charges (Net of Refunds)	14,162,124	15,116,829	(954,705)	-6%
Contributions from Others	-	136,500	(136,500)	-100%
Contributions from Other Governments	30,900,000	21,100,000	9,800,000	46%
Net Capital Contributions	100,806,005	65,409,286	35,396,719	54%
CHANGE IN NET POSITION	93,482,998	57,506,910	35,976,088	63%

Attachment B

TRUCKEE MEADOWS WATER AUTHORITY

Statements of Cash Flows

Tentative Budget

	Tent. Budget FY 2027	Final Budget FY 2026	Variance $	Variance %
OPERATING ACTIVITIES				
Cash Received From Customers	$ 140,667,227	$ 135,096,359	$ 5,570,868	4%
Cash Paid to Employees	(55,175,457)	(50,953,224)	(4,222,233)	8%
Cash Paid to Suppliers	(47,681,172)	(46,982,236)	(698,936)	1%
Net Cash From Operating Activities	37,810,598	37,160,899	649,699	2%
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition & Construction of Capital Assets	(106,021,000)	(75,471,000)	(30,550,000)	40%
Interest Paid on Financing	(11,301,797)	(13,217,088)	1,915,291	-14%
Principal Paid on Financing	(16,856,146)	(16,299,237)	(556,909)	3%
Proceeds From Debt Issuance	16,350,000	1,662,000	14,688,000	884%
Debt Issuance Costs	(200,000)	-	(200,000)	0%
Grants	9,434,829	12,568,247	(3,133,418)	-25%
Contributions for Water Resource Sustainability Program	1,154,284	616,507	537,778	87%
Contributions From Developers-Will-Serve Letters	4,712,400	3,353,400	1,359,000	41%
Contributions from Developers - Facility Charges	14,162,124	15,116,829	(954,705)	-6%
Contributions from Others	-	136,500	(136,500)	-100%
Contributions from Other Governments	30,900,000	21,100,000	9,800,000	46%
Net Cash Used For Capital & Relating Financing Activities	(57,665,306)	(50,433,842)	(7,231,463)	14%
INVESTING ACTIVITIES				
Interest Received	3,849,105	4,955,558	(1,106,453)	-22%
Net Cash From Investing Activities	3,849,105	4,955,558	(1,106,453)	-22%
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,005,603)	(8,317,386)	(7,688,217)	92%
CASH AND CASH EQUIVALENTS, BEGINNING PERIOD	133,677,441	160,219,152	(26,541,711)	-17%
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 117,671,838	$ 151,901,766	$ (34,229,928)	-23%

Attachment C

TRUCKEE MEADOWS WATER AUTHORITY

FY27 vs FY26 Budget ~ Changes by Expense Element

Expense Element	FY27	FY26	Variance $	Variance %	
Hardware/Software	$ 4,329,360	$ 3,685,022	$ 644,338	17%	A
Insurance/Claims	1,871,905	1,567,914	303,991	19%	B
Supplies/Equipment Rental	5,804,600	5,508,962	295,638	5%	C
Chemicals	4,284,965	4,015,568	269,397	7%	D
Street Repairs	902,250	650,250	252,000	39%	
Contracted Services	11,843,142	11,701,528	141,614	1%	
Agency Reimbursements	(357,500)	(409,625)	52,125	-13%	
Land/Leases/Permitting	1,221,560	1,187,025	34,535	3%	
Internet/Other Utility	1,292,616	1,259,846	32,770	3%	
Resource Fees	1,344,558	1,314,500	30,058	2%	
Bank/Investment Fees	40,000	39,000	1,000	3%	
Miscellaneous Expenses	15,050	27,800	(12,750)	-46%	
Employee Related/Training	908,670	953,180	(44,510)	-5%	
Postage/Printing	692,050	738,600	(46,550)	-6%	
Property Taxes	642,600	752,500	(109,900)	-15%	
Overhead Allocations	(846,679)	(732,126)	(114,553)	16%	
Professional Services	2,998,035	3,176,102	(178,067)	-6%	
Electric Power	8,759,990	8,943,690	(183,700)	-2%	
Sponsorships/Community	1,013,000	1,221,500	(208,500)	-17%	
Project Related	921,000	1,381,000	(460,000)	-33%	
Total	**$ 47,681,172**	**$ 46,982,236**	**$ 698,936**	**1%**	

Notes:

A - The increase in hardware and software costs are due to mulitple softwares used across the company increasing in price plus the overlap of the new ERP (Accounting/HR) system with the existing systems during implementation.

B - Estimated insurance premiums for FY 2027 are higher along with claims estimates. Actual insurance renewal rates may come in slightly less than estimated.

C - A 5% increase in total supplies costs reflects expected inflationary price increases.

D - Increased chemical costs due to renewing supply contracts with price increases.

Truckee Meadows Water Authority
Five Year Capital Improvement Plan
Fiscal Year 2027-2031

Line	Priority	Funding Source	Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Five Year CIP Total
1			**Raw Water Supply Improvements**						
2	3	Customer Rates	Highland Canal-Upgrades-Downstream	225	225	225	225	225	1,125
3	1	Customer Rates	Highland Canal Risk and Capacity Analysis	500	1,500	1,500	-	2,500	6,000
4	1	Customer Rates	Highland Siphon Replacement	1,200	200	4,400	7,400	-	13,200
5	1	Customer Rates	Highland Diversion Land Purchase	1,000	-	-	-	-	1,000
6	1	Customer Rates	Highland/Washoe Intake Access Bridge	250	3,000	2,350	-	-	5,600
7	2	Customer Rates	Highland Canal Upgrades- CB Gate to McCarran	600	-	-	-	-	600
8	1	Developer Fees / Sustainability Fees / Grants/ Reimbursements	Advanced Purified Water Facility at American Flat	85,000	125,000	35,000	5,000	-	250,000
9			**Total Raw Water Supply Improvements**	**88,775**	**129,925**	**43,475**	**12,625**	**2,725**	**277,525**
10									
11			**Ground Water Supply Improvements**						
12	1	Customer Rates	Well Rehabilitation Improvements	200	200	200	200	200	1,000
13	2	Customer Rates	Air Guard Well Replacement Equipping	-	-	-	2,000	-	2,000
14	2	Customer Rates	Lemmon Valley Well 6 and 7 Abandonment	200	-	-	-	-	200
15	2	Customer Rates	Lemmon Valley Well 8 Replacement	900	-	-	-	-	900
16	1	Customer Rates	Well Fix and Finish	350	350	350	350	350	1,750
17	1	Customer Rates	Thomas Creek 2 Well	370	-	-	-	-	370
18	1	Customer Rates	Spring Creek 8 Well Equipping	1,100	1,600	1,700	-	-	4,400
19	1	Customer Rates / Sustainability Fees	Well Head TTHM Mitigation	300	315	-	-	-	615
20	1	Developer Fees	Spring Creek Well 10 - Donovan	2,000	250	-	-	-	2,250
21	2	Customer Rates/ Reimbursements	Fish Springs Ranch Geophysics/Drilling Project	-	-	-	200	-	200
22	1	Customer Rates	STMGID Well 1 Re-Drill	1,900	-	-	-	-	1,900
23	2	Customer Rates	STMGID 5 Redrill	-	1,200	-	-	-	1,200
24	2	Customer Rates	Glendale Induction Wells Drilling	-	-	-	2,250	-	2,250
25	3	Customer Rates	Boomtown 13 Well	-	2,000	-	-	-	2,000
26	2	Developer Fees	Boomtown Water System Improvements	250	1,000	-	-	-	1,250
27	2	Customer Rates	Lightning W 2 Re-drill	-	800	-	-	3,000	3,800
28	2	Customer Rates	South Truckee Meadows Recharge Valve	250	-	-	-	-	250
29	3	Customer Rates	STMGID 6 Well Re-drill	-	1,200	-	-	-	1,200
30	2	Customer Rates	Stampmill 3 Well	-	-	-	1,000	-	1,000
31	2	Customer Rates	DWR Well House HVAC Upgrades	350	300	300	300	-	1,250
32	1	Customer Rates	PSOM Generators (Mt Rose 1 and US 40 and Mt Rose 5)	2,150	-	-	-	-	2,150
33	1	Customer Rates	Old Washoe Well 4 Rebuild	-	550	-	-	-	550
34	1	Customer Rates	Sunrise Estates Well 4 Drilling & Equipping	990	250	-	-	-	1,240
35	1	Customer Rates	Boomtown 12 Well Improvements	500	-	-	-	-	500
36	1	Grants	Stampmill Wells PFAS Treatment	800	1,500	2,500	1,000	-	5,800
37			**Total Ground Water Supply Improvements**	**12,610**	**11,515**	**5,050**	**7,300**	**3,550**	**40,025**
38									
39			**Treatment Plant Improvements**						
40	1	Customer Rates	Chalk Bluff Treatment Plant Improvements	525	425	425	740	560	2,675
41	3	Customer Rates	Chalk Bluff Sedimentation Rehabilitation	800	-	-	-	-	800
42	2	Customer Rates	Chalk Bluff HVAC Improvements	1,500	-	-	-	-	1,500
43	2	Customer Rates	Chalk Bluff Soda Ash Reliability Upgrade	-	350	-	-	-	350
44	1	Customer Rates	Glendale Treatment Plant Improvements	405	360	455	485	525	2,230
45	1	Customer Rates	Glendale HVAC Improvements	1,000	-	-	-	-	1,000
46	2	Customer Rates	Glendale Gate Improvements	100	400	-	-	-	500
47	2	Customer Rates	Mt Rose Treatment Plant Efficiency Improvements	-	100	1,000	-	-	1,100
48	2	Customer Rates	Glendale Filter Underdrains	-	750	1,750	1,500	-	4,000
49	1	Customer Rates	Orr Ditch Pump Station Rehabilitation and Hydro Facility	150	-	-	-	-	150
50	3	Customer Rates	Truckee Canyon Water Treatment Improvements	10	20	60	-	110	200
51	3	Customer Rates	Lightning W Treatment Improvements	10	10	25	-	20	65
52	1	Customer Rates	SCADA Rehabilitation / Plant Operating Software	1,000	750	750	500	200	3,200
53	1	Customer Rates	Spanish Springs Nitrate Treatment Facility	1,500	500	-	-	-	2,000
54	2	Customer Rates	Chalk Bluff Site Water Recovery Project	310	250	2,000	2,250	-	4,810
55	2	Customer Rates	CB Lighting and Camera Project Phase 2 (East)	-	750	-	-	-	750
56	1	Customer Rates	Chalk Bluff Chemical Pump	500	200	250	250	250	1,450
57	2	Customer Rates	Chalk Bluff Traveling Screen #2	-	-	310	-	-	310
58			**Total Treatment Plant Improvements**	**7,810**	**4,865**	**7,025**	**5,725**	**1,665**	**27,090**
59									
60			**Pressure Improvements**						
61	2	Customer Rates	Pressure Regulators Rehabilitation	-	2,100	250	250	250	2,850
62	1	Customer Rates	Land Acquisitions	400	150	150	150	150	1,000
63	3	Customer Rates	Desert Fox BPS Standby Generator	150	-	-	-	-	150
64	2	Customer Rates / Developer Fees	Anselmo BPS & Mains	-	-	-	1,000	3,000	4,000
65	3	Customer Rates	Pump Station Oversizing	250	250	250	250	250	1,250
66	2	Customer Rates / Developer Fees	Sullivan 2 Booster Pump Station Replacement	250	2,750	-	-	-	3,000
67	1	Customer Rates	Power Loss Mitigation Program	1,800	150	1,350	2,050	1,350	6,700
68	2	Customer Rates	Mae Anne 1 BPS Generator	550	-	-	-	-	550
69	2	Customer Rates	Idlewild Booster Pump Station Relocation	-	400	1,200	1,800	-	3,400
70	3	Developer Fees	Raleigh to Fish Springs Booster Pump Station	-	300	2,750	-	-	3,050
71	2	Developer Fees	STMGID Tank 4/5 Booster Pump Station / Transmission Line	-	250	100	5,000	-	5,350
72	3	Customer Rates	Sierra Summit-Kohl's Zone Consolidation	-	-	-	400	400	800
73	3	Customer Rates	Wild Mustang Regulated Pressure Zone	-	-	-	50	400	450
74	2	Customer Rates	Thomas Creek 4 Pressure Regulating Station		-	300	-	-	300
75	2	Customer Rates	Kings Row 2 Booster Pump Station	-	-	-	-	200	200
76	2	Developer Fees	Spring Creek Tanks 3 and 4 Booster Pump Station Modifications	-	300	1,200	-	-	1,500
77	1	Developer Fees	Lazy 5 Low Head Pump Station and Mains	600	-	-	-	-	600
78	2	Customer Rates	Lakeside Master BPS & Plumas Consolidation Project	400	-	-	-	-	400
79	1	Customer Rates	Broken Hills Booster Pump Station (South Hills BPS Replacement)	2,450	3,500	500	-	-	6,450
80	2	Developer Fees	Damonte Ranch BPS & Mains	-	600	2,500	-	-	3,100
81	2	Customer Rates	Sierra Highlands Pressure Regulating Station	-	250	-	-	-	250
82	2	Customer Rates	STMGID NAC Deficiencies - Upper Toll	-	-	-	-	600	600
83	1	Reimbursements	Verdi 1 Booster Pump Station	10	-	-	-	-	10
84	1	Reimbursements	Santerra Quilici 2 Booster Pump Station	2,435	200	-	-	-	2,635
85	1	Developer Fees/ Reimbursements	Talus Valley Booster Pump Station	1,500	-	-	-	-	1,500
86	1	Customer Rates	Tappan 2 Pressure Regulating Station	300	-	-	-	-	300
87	1	Customer Rates	Idlewild Retaining Wall Replacement	1,000	750	-	-	-	1,750
88	2	Customer Rates	Fish Springs BPS HVAC Upgrades	-	80	1,000	2,000	-	3,080
89	1	Customer Rates	Desert Springs 2 BPS and Main	1,000	3,000	1,000	-	-	5,000
90	1	Customer Rates	Prater MOV Relocation/Rehab Project	3,000	1,000	-	-	-	4,000
91	1	Customer Rates	NW High School BPS HVAC and Starters	50	-	-	-	-	50
92	2	Customer Rates	NW High School BPS Replacement	-	-	-	-	500	500
93	2	Customer Rates	Saddlehorn 2 PRS SCADA Control	120	-	-	-	-	120
94	2	Customer Rates	Stead To Raleigh BPS	-	-	-	-	500	500
95	2	Customer Rates	Sutro BPS Replacement	-	-	-	400	3,000	3,400
96			**Total Pressure Improvements**	**16,265**	**16,030**	**12,550**	**13,350**	**10,600**	**68,795**

Line	Priority	Funding Source	Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Five Year CIP Total
97									
98			**Water Main-Distribution-Service Line Improvements**						
99	1	Customer Rates	Street and Highway Main Replacements	3,500	5,000	5,000	5,000	5,000	23,500
100	2	Developer Fees	Goldenrod Main	2,200	-	-	-	-	2,200
101	2	Customer Rates	Goldeneye Parkway Main and Check Valve Tie	100	-	-	-	-	100
102	2	Customer Rates	Carter Dr, Frandsen Circle & Suda Way Water Main Replacement	300	-	-	-	-	300
103	1	Customer Rates	S. Virginia St Main Replacement	2,500	-	-	-	-	2,500
104	2	Developer Fees	North-East Sparks Tank Feeder Main Relocation	-	-	1,500	1,500	-	3,000
105	2	Developer Fees	Trademark 14" Main Tie	-	-	-	505	-	505
106	1	Customer Rates	Mount Rose Tank 1 Fire Flow Improvements PRS	400	570	-	-	-	970
107	2	Developer Fees	North-East Sparks Feeder Main Phase 8	-	150	3,000	-	-	3,150
108	2	Customer Rates / Developer Fees	Sullivan 1 Main Tie and Pressure Regulating Station	-	-	100	650	-	750
109	1	Customer Rates	Montreux High Pressure ACP Replacement	100	250	1,850	-	-	2,200
110	2	Customer Rates	Off-River Supply Improvements - South Truckee Meadows	-	50	1,050	-	-	1,100
111	1	Customer Rates	Highland NVS Bypass	500	1,000	-	-	-	1,500
112	2	Customer Rates	Somersett 6 Main Tie and Pressure Regulating Station	-	-	400	-	-	400
113	2	Customer Rates	Fire Flow Improvements - Gravity <1,000 GPM	-	-	550	-	-	550
114	2	Customer Rates	Fire Flow Improvements - North Valleys <1,000 GPM	-	-	950	-	-	950
115	2	Developer Fees	Delucchi to Airway Main Tie	-	-	-	520	-	520
116	2	Developer Fees	South-East Sparks Feeder Main Phase 1	-	-	-	400	-	400
117	1	Customer Rates	Plumas St Main Replacement	4,000	-	-	-	-	4,000
118	2	Developer Fees	South-East Sparks Feeder Main Phase 2	-	-	-	1,000	-	1,000
119	3	Customer Rates / Developer Fees	Beaumont Tank to Las Brisas Zone Main	-	1,000	-	-	-	1,000
120	2	Customer Rates	Mountain View Cemetery Fire and Service Relocation	-	-	-	1,200	-	1,200
121	2	Customer Rates	Surge and Turbine Main Replacement	60	-	-	-	-	60
122	1	Customer Rates	RTC Lemmon Drive Relocations/Improvements	4,000	-	-	-	-	4,000
123	2	Customer Rates	Keystone Main Replacement	550	-	-	-	-	550
124	2	Customer Rates	6th St Main Replacement	200	-	-	-	-	200
125	1	Customer Rates	Sierra Street Bridge Main Replacement	500	250	-	-	-	750
126	2	Customer Rates	Spring Creek Zone Conversion Phase 2	250	-	-	-	-	250
127	2	Customer Rates	St James to Old Washoe Intertie	-	-	2,750	-	-	2,750
128	2	Customer Rates	Mae Anne / McCarran Looping Main	-	-	-	100	-	100
129	2	Customer Rates	Gooseberry Zone 2nd Supply	-	-	-	500	-	500
130	2	Customer Rates / Developer Fees	W 4th Street 24" Main (& Suction to Anselmo BPS)	-	-	-	400	4,000	4,400
131	1	Customer Rates	Rivermount Phase 2	2,500	-	-	-	-	2,500
132	1	Customer Rates	K Street Main Replacement	1,500	-	-	-	-	1,500
133	2	Customer Rates	Valve Replacement	-	250	250	250	250	1,000
134			**Total Water Main-Distribution-Service Line Improvements**	**23,160**	**8,520**	**17,400**	**12,025**	**9,250**	**70,355**
135									
136			**Potable Water Storage Improvements**						
137	2	Developer Fees	Fish Springs Tank 2 (2.5 MG)	-	-	400	500	4,000	4,900
138	1	Customer Rates	Sun Valley 2 Tank, BPS, & Mains	3,250	550	4,000	4,000	-	11,800
139	2	Customer Rates	Storage Tank Rehabilitation and Improvements	-	5,000	5,000	5,000	5,000	20,000
140	1	Customer Rates	Storage Tank Site Improvements	600	600	600	600	600	3,000
141	2	Customer Rates / Developer Fees	Highland Reservoir Tank	-	-	-	6,000	6,000	12,000
142	2	Customer Rates / Developer Fees	STMGID Tank East Zone 11 Tank	-	175	2,850	-	-	3,025
143	1	Customer Rates / Reimbursements / Developer Fees	US 40 Tank and Feeder Main	7,000	-	-	-	-	7,000
144	3	Customer Rates / Developer Fees	Spanish Springs Altitude Valves (SC6 and DS3)	-	100	400	-	-	500
145	2	Customer Rates	Spring Creek 5B Tank (0.25 MG)	-	-	625	-	-	625
146	3	Customer Rates	Hidden Valley Tank Altitude Valve	350	-	-	-	-	350
147	1	Customer Rates	Hidden Valley Tank 4 Fire Flow Improvements	1,000	500	-	-	-	1,500
148	1	Customer Rates	Hunter Creek Reservoir Rehabilitation	100	3,000	1,500	-	-	4,600
149	1	Customer Rates	Fish Springs Terminal Tank Entrance Improvements	300	-	-	-	-	300
150	2	Customer Rates	STMGID 6 New Tank	-	-	-	400	-	400
151	1	Customer Rates	Rattlesnake Tank Replacement	4,830	5,150	750	-	-	10,730
152	2	Customer Rates	Pyramid Tank Cathodic Protection Investigation	-	100	-	-	-	100
153	2	Customer Rates	Reservoirs Fencing Improvements (Highland and Hunter Creek)	-	950	-	-	-	950
154	2	Customer Rates	Mt Rose 3 Tank - Add 2nd Tank (0.35 MG)	-	-	-	1,100	-	1,100
155			**Total Potable Water Storage Improvements**	**17,430**	**16,125**	**16,125**	**17,600**	**15,600**	**82,880**
156									
157			**Hydroelectric Improvements**						
158	1	Hydroelectric	Fleish Hydroelectric Conveyance System Improvements	8,350	-	-	-	-	8,350
159	1	Hydroelectric	Fleish Powerhouse Improvements	600	-	-	-	-	600
160	1	Hydroelectric	Fleish Powerhouse Generator Rewind	625	-	-	-	-	625
161	1	Hydroelectric	Verdi Sandgate Improvements	800	-	-	-	-	800
162	1	Hydroelectric	Verdi Powerhouse Improvements	1,800	-	-	-	-	1,800
163	1	Hydroelectric	Verdi Conveyance Improvements	-	150	-	-	-	150
164	1	Hydroelectric	Washoe Hydroelectric Powerhouse Improvements	2,800	6,000	6,000	-	-	14,800
165			**Total Hydroelectric Improvements**	**14,975**	**6,150**	**6,000**	**-**	**-**	**27,125**
166									
167			**Customer Service Outlays**						
168	1	Developer Fees	New Business Meters	100	100	100	100	100	500
169	3	Customer Rates	Mueller Pit Replacements former Washoe County	125	125	125	125	125	625
170	1	Customer Rates	Galvanized / Poly Service Line Replacements	250	250	250	250	250	1,250
171	1	Customer Rates	Automated Meter Infrastructure (AMI)	50	-	-	-	-	50
172			**Total Customer Service Outlays**	**525**	**475**	**475**	**475**	**475**	**2,425**
173									
174			**Administrative Outlays**						
175	1	Customer Rates	GIS / GPS System Mapping Equipment	20	20	20	100	20	180
176	1	Customer Rates	IT Server Hardware and Equipment	325	-	-	-	-	325
177	1	Customer Rates	IT Network Security Upgrades	250	-	-	-	-	250
178	1	Customer Rates	IT Physical Access Security Upgrades	10	10	10	10	-	40
179	1	Customer Rates	Printer / Scanner Replacement	15	10	10	50	10	95
180	1	Customer Rates	Crew Trucks / Vehicles	1,500	1,500	1,500	2,000	1,500	8,000
181	1	Customer Rates	Tyler ERP Implementation	1,400	1,000	-	-	-	2,400
182	2	Customer Rates	enQuesta Upgrade	-	-	1,100	1,100	-	2,200
183	2	Customer Rates	Radio Redundancy Purchase	250	250	250	250	250	1,250
184	1	Customer Rates	Mobile Generator Purchase	100	-	-	-	-	100
185	2	Customer Rates	Capital Fleet Mechanics Shop	100	-	-	-	-	100
186	1	Customer Rates	Financial Building Retrofit	200	2,000	2,000	2,000	-	6,200
187	1	Customer Rates	Lab Equipment	300	-	-	-	-	300
188	1	Customer Rates	Glendale Office Expansion	4,950	1,000	-	-	-	5,950
189	2	Customer Rates	Glendale Paving and Concrete Site Work	-	-	-	-	800	800
190	2	Customer Rates	Physical Site Security Fencing Improvements	250	250	250	250	250	1,250
191			**Total Administrative Outlays**	**9,670**	**6,040**	**5,140**	**5,760**	**2,830**	**29,440**
192									
193			**Total Capital Spending Outlays**	**191,220**	**199,645**	**113,240**	**74,860**	**46,695**	**625,660**

Line	Priority	Funding Source	Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Five Year CIP Total
194									
195			**Special Projects Funded by Development**						
196	3	Developer Fees	Water Right Purchases	2,500	2,500	2,500	2,500	2,500	12,500
197			**Total Special Projects Funded by Development**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**12,500**
198									
199			**Total Projected Capital Spending Including Projects Funded By Development**	**193,720**	**202,145**	**115,740**	**77,360**	**49,195**	**638,160**
				FY	**FY**	**FY**	**FY**	**FY**	**Five Year**
				2027	**2028**	**2029**	**2030**	**2031**	**CIP Total**
			Customer Rates	75,365	62,723	55,700	55,708	37,285	286,781
			Hydroelectric	14,975	6,150	6,000	-	-	27,125
			Developer Fees	20,660	30,868	23,857	16,749	11,910	104,043
			Reimbursements	46,305	83,240	24,240	3,340	-	157,125
			Sustainability	5,465	11,664	3,443	563	-	21,136
			Grants	30,950	7,500	2,500	1,000	-	41,950
			Total	193,720	202,145	115,740	77,360	49,195	638,160

TMWA Fiscal Year 2027 (Tentative) Budget

FY 27 Operating Budget and FY 27-31 CIP

Presentation by Truckee Meadows Water Authority

March 18, 2026

Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Budget *(amounts in millions)*

Fiscal Planning Timeline

March

- **Tentative** Budget and CIP approved by TMWA BOD

April

- **Tentative** Budget and CIP approved by TMWA SAC
- **Tentative** Budget ("State Doc") filed with State of Nevada Department of Tax by April 15th *(NRS 354.596)*

May

- **Final** Budget and CIP approved by TMWA BOD
- **Final** Budget ("State Doc") filed with State of Nevada Department of Tax by June 1st *(NRS 354.598)*

October

- Funding Plan Presented to BOD and SAC
- Discuss/approve upcoming rate adjustment

Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Summary – Year over Year Budgets

	FY 2027	FY 2026	Change $	Change %
Operating Revenue	140.7	135.1	5.6	4.1%
Operating Expense	141.0	137.5	3.5	2.5%
Operating Income	(0.3)	(2.4)	2.1	-87.5%
Nonoperating Revenues (Expenses)	(7.0)	(5.5)	(1.5)	27.3%
Capital Contributions	100.8	65.4	35.4	54.1%
Change in Net Position	93.5	57.5	36.0	62.6%
Net Change in Cash	(16.0)	(8.3)	(7.7)	92.8%

- Operating income is closer to $0 which indicates recurring revenues are covering recurring expenses (does not include debt service).
- Net change in cash is negative due to heavy capital outlays early in the CIP. Primarily customer rate funded projects.

Truckee Meadows Water Authority

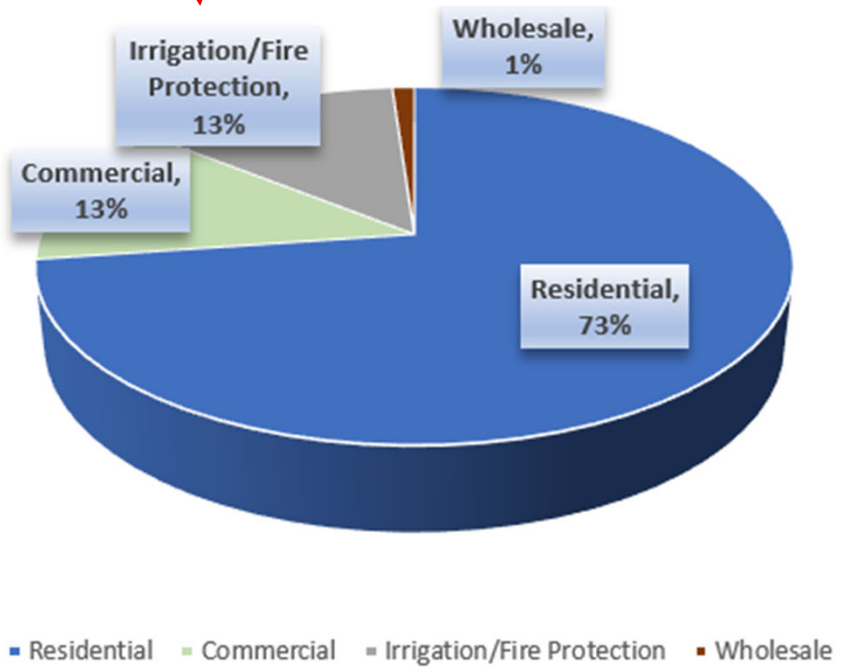
Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Operating Revenue

	FY 2027	FY 2026	Change $	Change %
Charges for Water Sales	134.8	127.5	7.3	5.7%
Hydroelectric Sales	2.0	2.9	(0.9)	-31.0%
Other Operating Sales	3.8	4.6	(0.8)	-17.4%
Total Operating Revenue	140.6	135.0	5.6	4.1%

- Water sales model assumptions
  - Rate increase of 3.5% in May 2026
  - Average weather year with all history/data available
  - Growth of ~1.0%
  - Future rate increases
    - FY 2026-2031 funding plan included increases of 5.0%, 4.5% and 4.5% in FY's 2027, 2028 and 2029, respectively.
    - Rates will be presented in late summer/fall 2026 for Board approval.



Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Operating Expenses

	FY 2027	FY 2026	Change $	Change %
Salaries and Wages	38.3	37.3	1.0	2.7%
Employee Benefits	18.6	17.5	1.1	6.3%
Services and Supplies	47.7	47.0	0.7	1.5%
Operating Expenses Before Depreciation	104.6	101.8	2.8	2.8%
Depreciation	36.4	35.7	0.7	2.0%
Total Operating Expenses	141.0	137.5	3.5	2.5%

- Salaries, Wages and Benefits
  - Net reduction in headcount
  - Vacant positions removed, existing staff re-allocated
  - Contracted Security Operations
- Nominal increase in Services and Supplies despite inflationary pressures.
  - Technology related costs and liability insurance driving increases

Truckee Meadows Water Authority

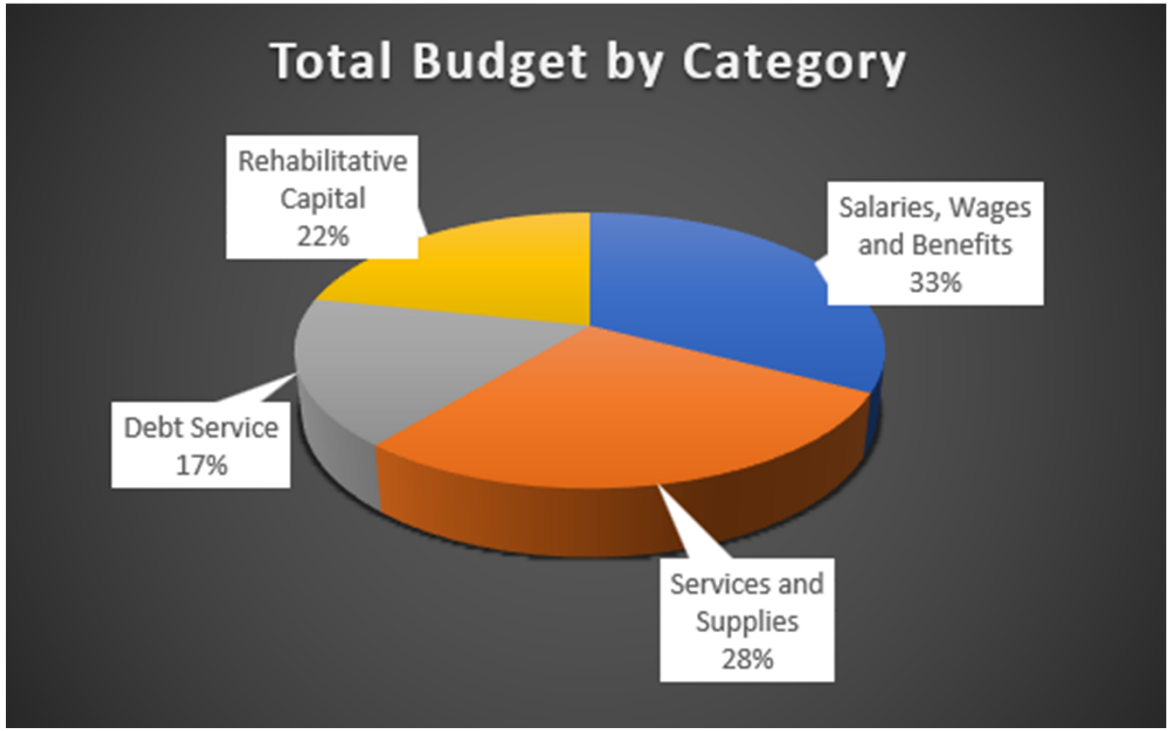
Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Nonoperating Revenues and Expenses

	FY 2027	FY 2026	Change $	Change %
Investment Earnings	3.8	4.9	(1.1)	-22.4%
Loss on Disposal of Assets	(1.6)	(1.5)	(0.1)	6.7%
Interest Expense	(9.1)	(8.9)	(0.2)	2.2%
Nonoperating Expenses	(6.9)	(5.5)	(1.4)	25.5%

Budget Breakdown



Category	Amount	Percent
Salaries, Wages and Benefits	54.2	33%
Services and Supplies	46.9	28%
Debt Service	28.7	17%
Rehabilitative Capital	36.1	22%
Total	165.9	100%

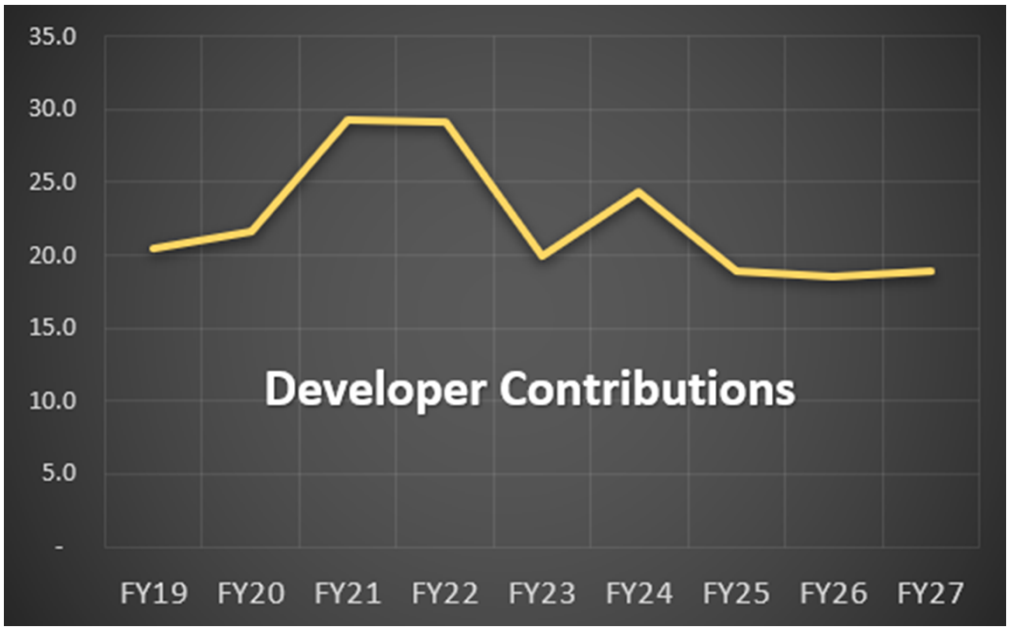
Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Capital Contributions

	FY 2027	FY 2026	Change $	Change %
Grants	31.2	12.1	19.1	157.9%
Water Resource Sustainability Program	1.2	0.6	0.6	100.0%
Developer Infrastructure Contributions	18.6	13.0	5.6	43.1%
Developer Will-serve Contributions	4.7	3.4	1.3	38.2%
Developer Facility Charges	14.2	15.1	(0.9)	-6.0%
Contributions from Other Governments	30.9	21.1	9.8	46.4%
Total Capital Contributions	100.8	65.3	35.5	54.4%



Includes TMWA's share of…

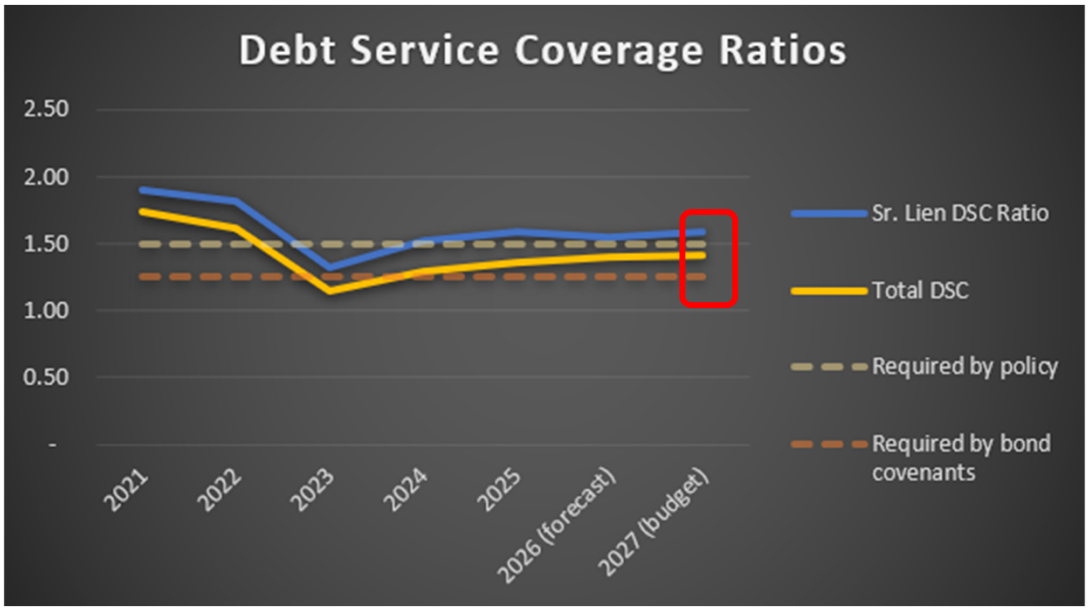
- *BOR Title XVI grant for $9.0m*
- *EPA Community Grant for $0.9m*
- *SRF Principal Forgiveness – PFAS for $2.0m*

Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Debt Service Coverage Ratio



Bond Rating			Rating Category
FITCH	MOODY'S	S&P	
✔AAA	Aaa	AAA	✔PRIME
AA+	Aa1	✔AA+	✔HIGH GRADE
AA	✔Aa2	AA	
AA-	Aa3	AA-	
A+	A1	A+	UPPER MEDIUM GRADE
A	A2	A	
A-	A3	B	
B +/-	Baa 1 2 3	BBB +/-	LOWER MEDIUM GRADE

Bond ratings are expressed as letters ranging from "AAA" or "Aaa" which is the highest grade, to "D" ("junk"), which is the lowest grade. Different rating services use the same letter grades but use various combinations of uppercase and lowercase letters to differentiate themselves.

Calculation of DSC Ratio

(+) Operating Revenues
(-) Operating Expenses
(=) Net Revenues
(/) Sr. Lien Debt Service
(=) Sr. Lien DSC Ratio

All-in DSC Ratio FY 2027 Budget = 1.42x

- Consistent with recent funding plan projections
- Risks
  - Price increases (general inflation, tariffs)
  - Lower than budgeted water sales
- Upside
  - Higher than budgeted water sales

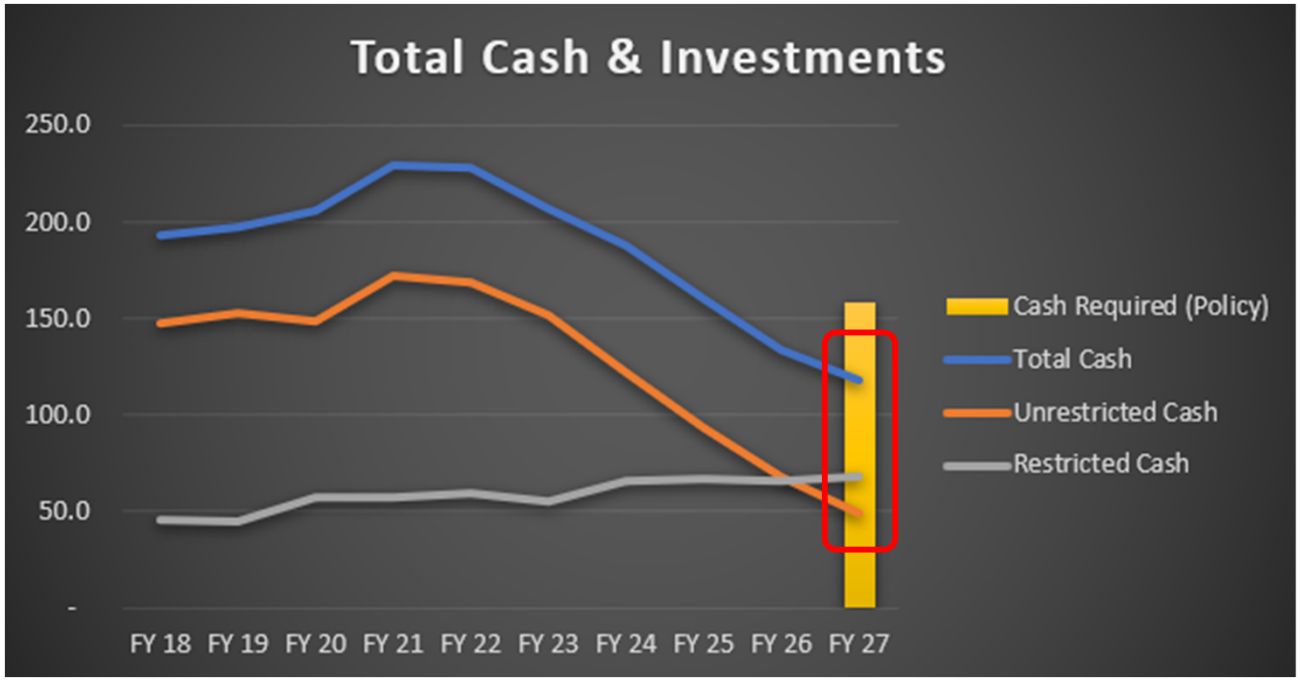
Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Operating Budget *(amounts in millions)*

Cash Flows

	FY 2027	FY 2026	Change $	Change %
Cash Flow from Operations	37.8	37.2	0.6	1.6%
Cash Flow from Capital and Financing	(57.7)	(50.4)	(7.3)	14.5%
Cash Flow from Investing	3.8	5.0	(1.2)	-24.0%
Net Change in Cash	(16.1)	(8.2)	(7.9)	96.3%



Cash balance at FYE 2026 projected to be $117.7m; total cash required by policy* is $158.7m

**Restricted cash + Rate Stabilization Fund + Unrestricted Reserve = Total cash required by policy*

Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

Capital Improvement Plan FY 2027 – 2031 (tentative) *(amounts in millions)*

Summary of Funding Sources	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Five Year CIP Total	CIP%	PY CIP	CIP %	Change $	Change %
Customer Rates	75.4	62.7	55.7	55.7	37.3	286.8	45%	288.2	46%	(1.42)	0%
Hydroelectric	15.0	6.2	6.0	-	-	27.1	4%	26.1	4%	1.03	4%
Developer Fees	20.7	30.9	23.9	16.7	11.9	104.0	16%	97.8	16%	6.24	6%
Reimbursements	46.3	83.2	24.2	3.3	-	157.1	25%	162.9	26%	(5.78)	-4%
Sustainability	5.5	11.7	3.4	0.6	-	21.1	3%	20.8	3%	0.34	2%
Grants	31.0	7.5	2.5	1.0	-	42.0	7%	29.4	5%	12.55	43%
Total	**193.7**	**202.1**	**115.7**	**77.4**	**49.2**	**638.2**	**100%**	**625.2**	**100%**	**12.96**	**2%**

Customer Rates
Water Main Replacements (various) - $16.2m
Highland Siphon Replacement - $13.2m
Rattlesnake Tank Replacement - $10.7m
Power Loss Mitigation Program - $6.7m

Reimbursements
APWF at American Flat - $148.8m*
US 40 Tank and Feeder Main - $4.6m
Santerra Quilici 2 Booster Pump Station - $2.6m

Developer Fees
Water Right Purcahses - $12.5m

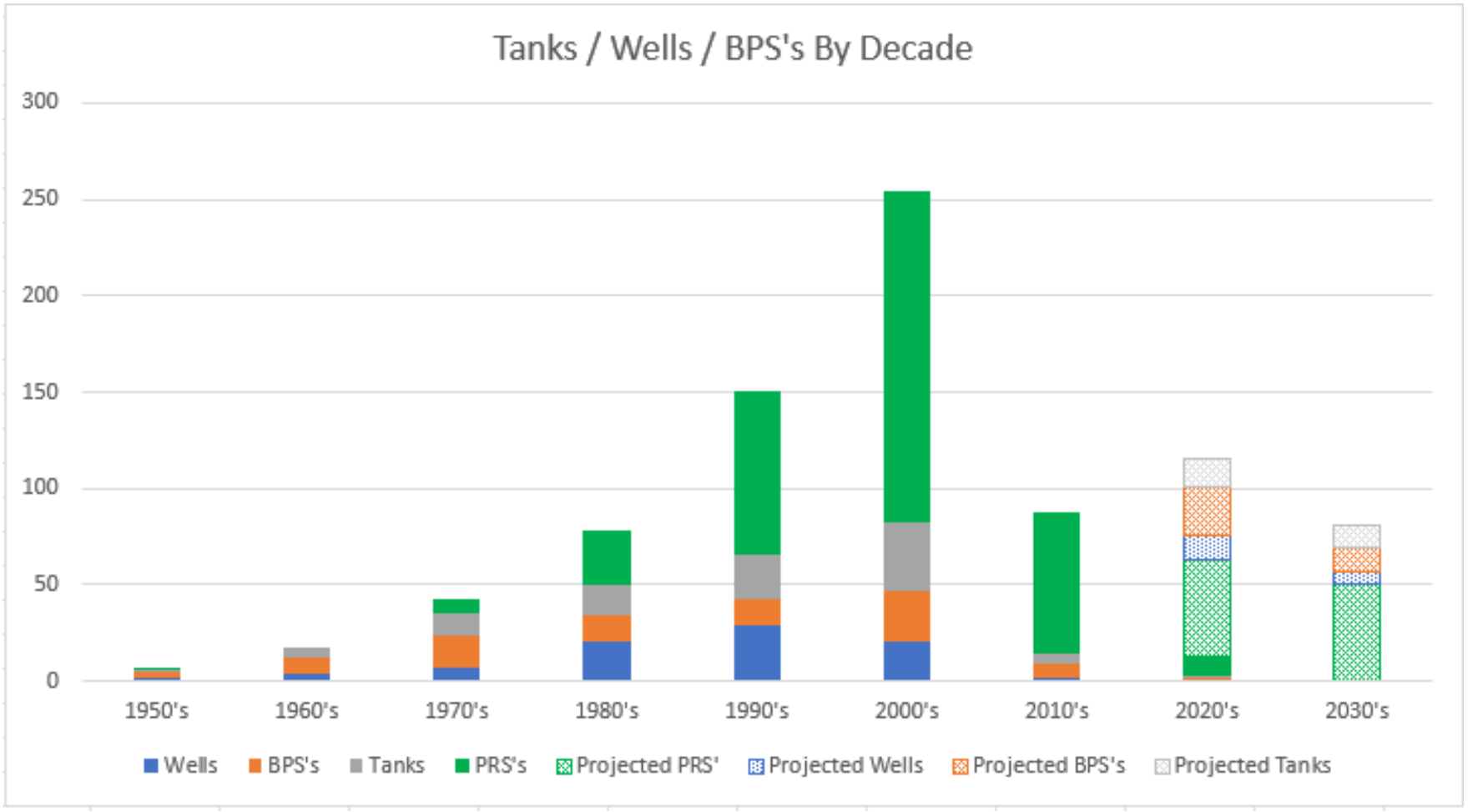
Hydroelectric
Washoe Plant Improvements - $14.8m
Fleish Hydroelectric Conveyance System Imrpovements - $8.4m

**Project is funded through an ILA with City of Reno. TMWA's portion is 30% - of that, 60% is Reimbursements, 18% is Developer Fee Funded, 14% is Grant Funded and 8% is Sustainability.*

Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

Capital Improvement Plan FY 2027 – 2031 (tentative) *(amounts in millions)*



Truckee Meadows Water Authority

Truckee Meadows Water Authority (TMWA)

FY 2027 (Tentative) Budget *(amounts in millions)*

Summary/Take-aways

- Water Sales 
  - 3.5% rate increase in May 2026
  - Future rate increases TBD
- Operating Expenses 
  - 2.5% increase from prior year
  - Increase to employee headcount
  - Step increases
- Nonoperating Expenses 
- Capital Contributions 
  - Higher grant revenue and contributions related to American Flat APW
- Net Change in Cash 
  - Higher capital spend
- 5 Year Capital Spending 
  - 2% increase from prior year

Truckee Meadows Water Authority

Thank you!

Questions?

Truckee Meadows Water Authority

Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman
FROM: Robert Charpentier, Chief Communications Officer
Cammy Elquist LoRé, GoodStanding
DATE: March 2, 2026
SUBJECT: **Presentation on proposed Conservation, Communications and Outreach Plan for 2026-2027, discussion and possible direction to staff**

Report Highlights:

- *This plan identifies TMWA's outreach activities into one comprehensive communication plan. It leverages numerous forms of paid, owned and earned communication tactics.*

- *A key objective of this communications plan is to distribute timely, highly relevant messages to customers. This is accomplished by planning through a customer journey framework that anticipates and fulfills customer needs based on key touchpoints that TMWA has cultivated over time*

- *In alignment with the Truckee River Operating Agreement, conservation messages, include Assigned Day Watering awareness, will be a primary focus of paid, earned and owned outreach as irrigation season begins.*

- *With budget in mind, TMWA's engagement strategy will explore and reinvest in community partnerships that align with TMWA's mission to enhance quality of life in the Truckee Meadows.*

- *Additional messaging will highlight TMWA's 25th anniversary to offer perspective on TMWA's history, current state and future outlook. This approach will be formally kicked off during Smart About Water Day in May and continue through June.*

- *In addition to the communication plan, additional insight into TMWA's tactical activity calendar is included in this memo.*

Plan Addendum: Planned Timing for Outreach and Campaigns

Cornerstone topics and timing of outreach to support the four communication pillars. The distinct tasks are developed in consult with subject matter experts on the topics. All materials and messaging are then reviewed and approved by a cross-functional communication team.

Timing 2025-2026	Forecast of monthly outreach activity	Communication Pillar-Reinforcement Messaging			
		Customer Experience	Water Quality	Conservation	Water Leadership
Jan-Dec	SURVEY: Weekly Service Follow-ups	√			
April	SURVEY: Bi-annual Customer Satisfaction	√			
April	PRESENTATIONS: Water Supply Outlook			√	√
Apr-May	PRESENTATIONS: APWF at American Flat				√
April	WORKSHOPS: Irrigation System Start-Up	√		√	
April	PROMOTION: Landscape Guide—Spring Planning			√	
April	PROMOTION: MTRWFP Bi-Annual e-Newsletter				√
May	PROMOTION: Drinking Water Week		√		√
May	EVENT: Smart About Water Day	√	√	√	√
May-Jun	CAMPAIGN (EARNED/OWNED): 25TH Anniversary				√
May	WORKSHOP: Tahoe to Tap		√		√
May	WORKSHOP: Drip-System Maintenance	√		√	
May	WORKSHOP: Sprinkler Maintenance	√		√	
May-Sep	CAMPAIGN (PAID/EARNED/OWNED): Assigned Day Watering & Conservation Tips	√		√	
June	PROMOTION: APWF Media Kit				√
June	TOURS: Verdi Hydroelectric Plant	√			√
July	CAMPAIGN (PAID): Water Quality	√	√		
July	PROMOTION: Water Quality Report Release	√	√		
July	CAMPAIGN (EARNED): Assigned Day Watering	√	√	√	√
Aug.	PROMOTION: WRP At-A-Glance			√	√
Aug.	PROMOTION: DRI Curriculum				√
Sept.	CAMPAIGN: Facilities Plan	√			√
Sept.	TOURS: Chalk Bluff Water Treatment Plant	√	√	√	√
Sept.	PROMOTION: Landscape Guide—Fall Planting			√	√
Sept.	PROMOTION: Watershed protection (prescribed burns)				√
Oct.	CAMPAIGN: Cool Down / Reduce Watering	√		√	
Oct.	WORKSHOP: Winterization	√		√	
Oct.	SURVEY: Bi-Annual Customer Satisfaction		√	√	√
Nov.	PROMOTION: Popular Annual Financial Report	√			√
Nov.	PROMOTION: Truckee River Fund Project Updates		√	√	√
Dec.-Jan.	STRATEGY: Annual Retreat Session and Planning	√	√	√	√

Appendix: Communication Channels Inventory

The following are TMWA's current inventory of controlled communication channels in order of audience reach.

Billing Inserts, Envelope Backers, and Buck Slips

Audience: Customers, can also apply target or exclusion audience rules
Reach: 140k households/businesses
Frequency: Monthly
Distribution: With bill statements
Content:
+ Quick spotlight on key topics
+ Notices about upcoming workshops
+ Notification of water quality reports
+ Updates on large-scale projects and improvements
+ Tips on conservation and lowering bills
+ In-depth topic education and/or analysis when needed
+ Pertinent community news or partner announcements
+ Assigned-day watering reminders

Quality.Delivered eNewsletter

Audience: Customers
Reach: 144,000 subscribed emails
Frequency: Monthly
Content:
+ All content from Bill Inserts, Backers or Buckslips
+ Timely information included that does not meet billing deadlines for printing.

TMWA.COM

Audience: Customers
Reach: 28k visitors per month
Content:
+ Organizational information
+ Customer service and billing
+ Business and development information
+ Plans and reports
+ Conservation programs
+ Promotion for workshops and tours
+ Links to educational or informational content

TMWA Online (Web payment portal)

Audience: Customers
Reach: 25,000/mo
Content:
+ Spotlight for key messages

"From the Tap" e-Newsletter

Audience: Employees

Frequency: Monthly

Reach: Approx. 248 employees

Content:
+ Updates from board of directors meeting
+ Spotlight from a mid-level-manager perspective on interesting projects or service calls fostering learning of whole organization
+ Employee milestones section to announce upcoming retirements, promotions, or other types of warranted recognition

TMWA Facebook and Twitter Pages

Audience: Community

Reach: 4,916 followers (Facebook), 3,074 followers (Twitter), 1,842 followers (Instagram)

Frequency: 2x per week or more

Content:
+ Conservation messaging
+ Promotion for workshops and tours
+ Links to educational or informational content
+ Promotion of TMWA and community partner events
+ Employee highlights

YouTube Channel

Audience: Community

Reach: 474 subscribers

Frequency: Topic dependent

Video Content:
+ Do-it-yourself home water system repairs
+ Spotlight on major infrastructure accomplishments
+ In-depth analysis of key topics or relevant historical perspectives

Smart About Water Website

Audience: Community

Frequency: Updated with summer campaign

Content:
+ Content to understand water-resource management in the Truckee Meadows
+ External link source to funnel views to TMWA.com or other partner websites
+ Foster conservation adoption
+ Up-to-date information about river flows, storage capacity, production stats, etc.
+ Source for additional information for facts for summer campaign

2026 Communication & Outreach Update

03-18-26 BOARD
Agenda Item 10

Standing responsibility: Communication to support a customer-driven mission

Enhance the quality of life in the Truckee Meadows by delivering exceptional, customer-focused water services.

Conservation

Objective: Ensure customer water usage is responsible and meets TMWA's requirements and obligations.

Outcome: Customer behavior and required compliance

Water Leadership

Objective: Promote TMWA's role as a regional steward for comprehensive water resource management.

Outcome: Water resource literacy

Water Quality

Objective: Establish trust regarding the standards and rigor applied to produce high-quality drinking water.

Outcome: Consumer confidence

Customer Experience

Objective:
Engage, educate and support experiences to earn high satisfaction.

Outcome:
Transactional ease and trust

Standing annual responsibilities: Fundamental tactics and timing

Timing	Outreach Activity	Communication Pillars		
		Water Quality	Conservation	Water Leadership
April	Water Supply Outlook Presentation		√	
April - May	Workshops: Irrigation System Start-Up (in person & Zoom)		√	
April- Sept	Social Rotations: Conservation and Leak Detection		√	
May	Event (in-person): Smart About Water Day	√	√	√
May	Social Rotations: Drinking Water Week & Drip System Workshops	√	√	
May	Tour: Tahoe to Tap	√		√
May-June	Paid & Earned Campaigns: Conservation		√	
June	Tours: Verdi Hydroelectric Power Plant			
May	Workshops: Drip System Maintenance		√	
June-Sep	Social Rotations: Assigned-Day Watering		√	
June	Workshops: Drip System Maintenance		√	
July	Campaign: Water Quality Report & Neighborhood Look-up	√		
September	Tours: Water treatment plant tours	√		
October	Workshops: Winterization		√	

2026 Outlook Spotlight: Advancing opportunities to support the customer journey

Informed by customer feedback, with context to TMWA's relevant services and projects

Customer Lifecycle Phases

Onboarded	Aware	Engaged	Supportive	Advocate
New videos to support *New Customer Letter* topics	Celebrate TMWA's 25th Anniversary	Push Smart Meter leak detection across multiple touchpoints	Provide promotional support for the local water curriculum via DRI partnership.	Explore opportunities to gather testimonials for water recycling and the APWF
Interactive Quiz to new customers >2 months	Create customer-oriented Executive Report for TMWA's Facility Plan	Create a strong call-to-action to fix common leaks	Support TMWA's involvement in the Middle Truckee River Watershed Partnership.	Explore potential case studies from customers regarding leak detection functionality
	Coordinate & deploy unified messaging for the APWF project	Responses to "survey comments" in bill inserts as a quarterly feature.		
		Increase presence at Community Events on water recycling / APWF		

Onboarded

Spotlight: New Customer Touchpoints

Supporting and assessing the new customer experience

Truckee Meadows Water Authority

Community owned since 2001.

Year-Round Conservation Program

- Everyone gets three days per week to run sprinklers.
- Watering days are determined by your home address.
- Sprinklers should never run between noon – 6 p.m.*
- No outdoor watering on Mondays, to allow our system to recharge.

**Watering restrictions may expand during drought periods.*

ASSIGNED-DAY WATERING
For Even Addresses
(Your street address ends in 0, 2, 4, 6 or 8)

RUN SPRINKLERS ONLY ON:
- Tuesdays
- Thursdays
- Saturdays

DO NOT WATER:
- On Mondays
- During the heat of the day
- If windy or raining

Drip systems and hand watering are permitted anytime.
Please use an automatic shut-off nozzle when watering.

ASSIGNED-DAY WATERING
For Odd Addresses
(Your street address ends in 1, 3, 5, 7 or 9)

RUN SPRINKLERS ONLY ON:
- Wednesdays
- Fridays
- Sundays

DO NOT WATER:
- On Mondays
- During the heat of the day
- If windy or raining

Drip systems and hand watering are permitted anytime.
Please use an automatic shut-off nozzle when watering.

Key Highlights

- ✓ New customer letter with leak alert information added
- ✓ Video assets added to the top of each landing page
- ✓ QR Code automatically adds Emergency Hotline into Customer Address Books
- ✓ Follow-up bill insert (+3 months) with interactive, friendly quiz to test knowledge

Spotlight: TMWA's 25th Anniversary

Celebrating the milestone of securing local control of the community's water resources and system.

Internal	External
Features on founding employees in employee newsletter	Update website
Create SWAG (stickers, t-shirts, hats)	Develop press release & media kit
Develop posters with historical imagery	Launch celebration during SmartAboutWater Day
Display timeline in lobby	Populate June Bill Insert with historical imagery
Engage retirees for lunch & learns	Explore Oral History interviews with retirees
TMWA Core luncheon – June employee picnic	Obtain TMWA Day Proclamations
	Pitch long-form interviews

Aware | Engaged

Spotlight: Unified Tactical Outreach Plan

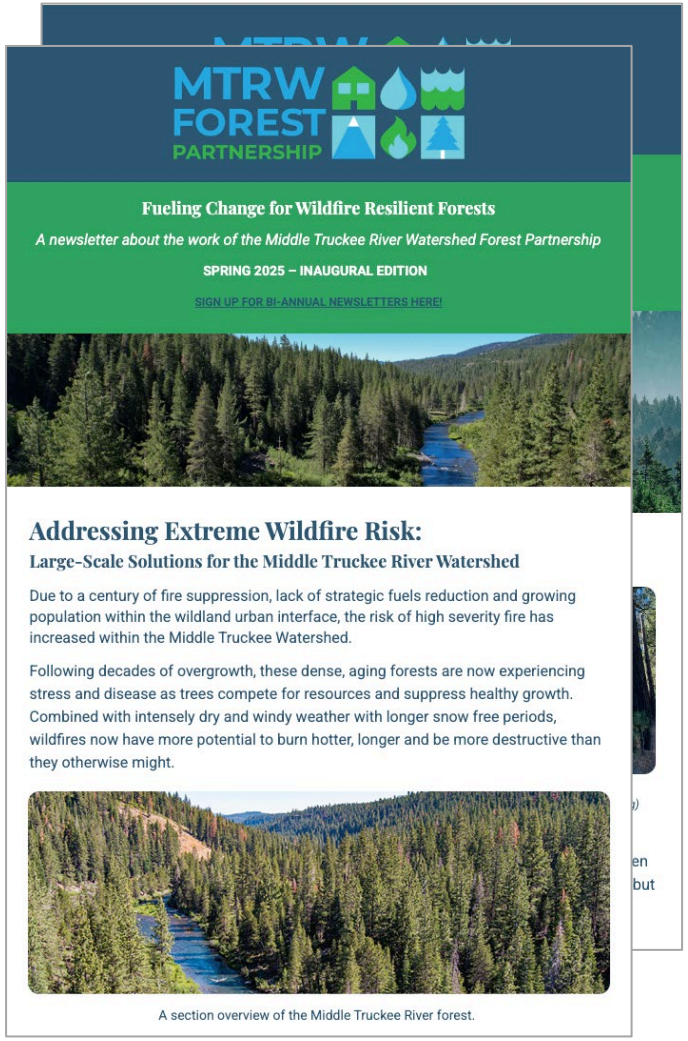
Continued outreach towards 2026 APWF groundbreaking event

PREPARE February-March	INITIATE April	ACT May - July
Align activity with project milestones and prepare messaging for uniform approaches to address common topics.	*Schedule event outreach. Ensure staff with regional partners are well-informed about the project.*	*Schedule event outreach. Ensure staff with regional partners are well-informed about the project.*
Collaborate & confirm tactics	**Staff informational sessions for Partners**	**Elevate an active web presence**
Draft message maps	**Schedule NABs, CABs and Libraries**	**Distribute materials for earned media**
Update website	**Secure dates for community events (April – July)**	**Explore long-form interviews**
Create assets		

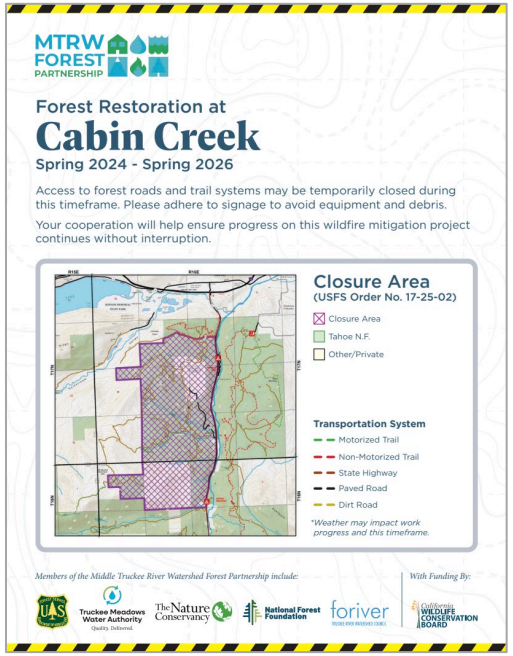
Supportive

Spotlight: Middle Truckee River Watershed Partnership

Stewarding outreach and awareness about watershed protection



E-Newsletters

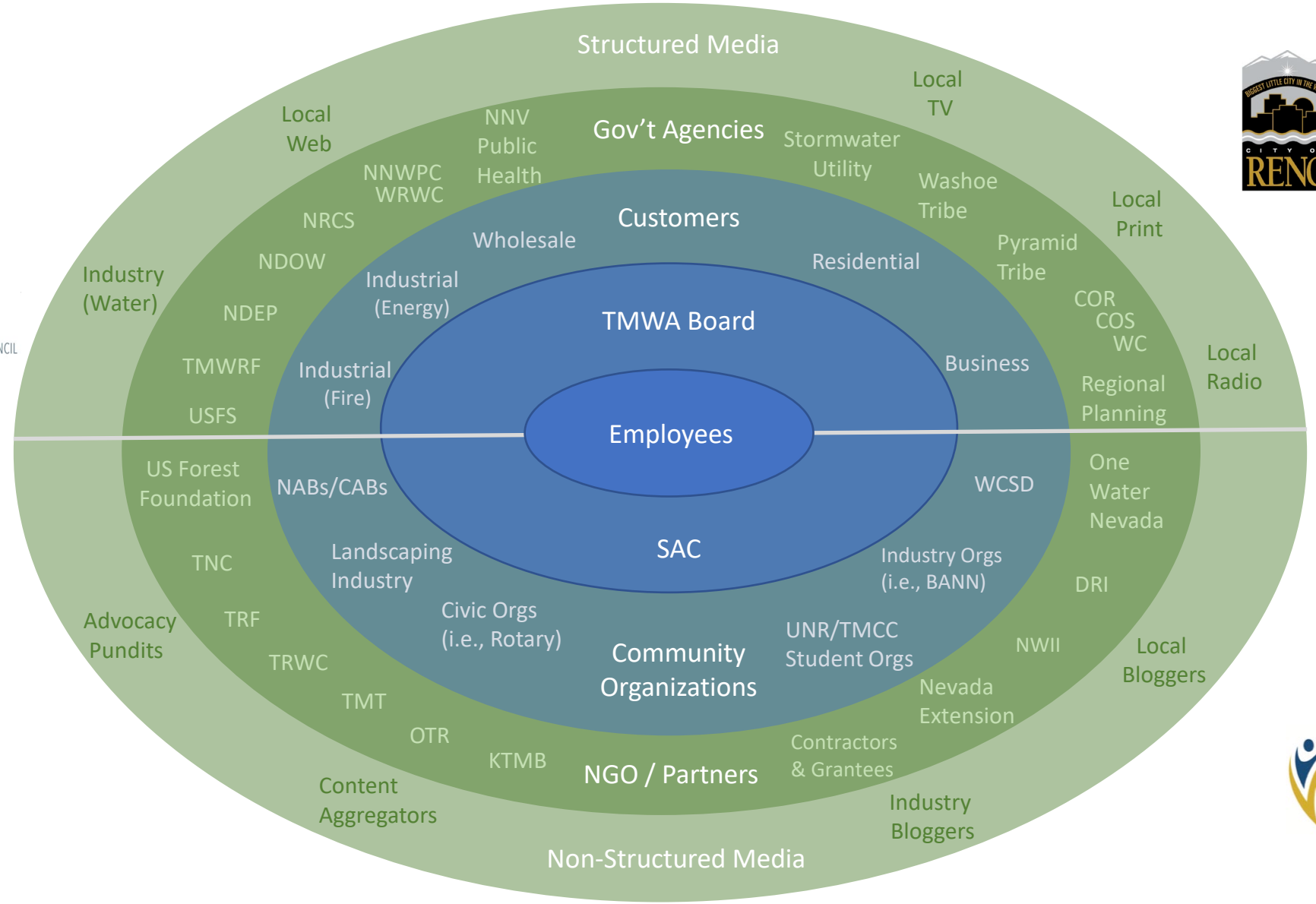


Flyers

Onsite signage

2026 TMWA's Stakeholder Map

Groups that are impacted by, or have an impact on, TMWA's operation, projects or efforts.



APWF

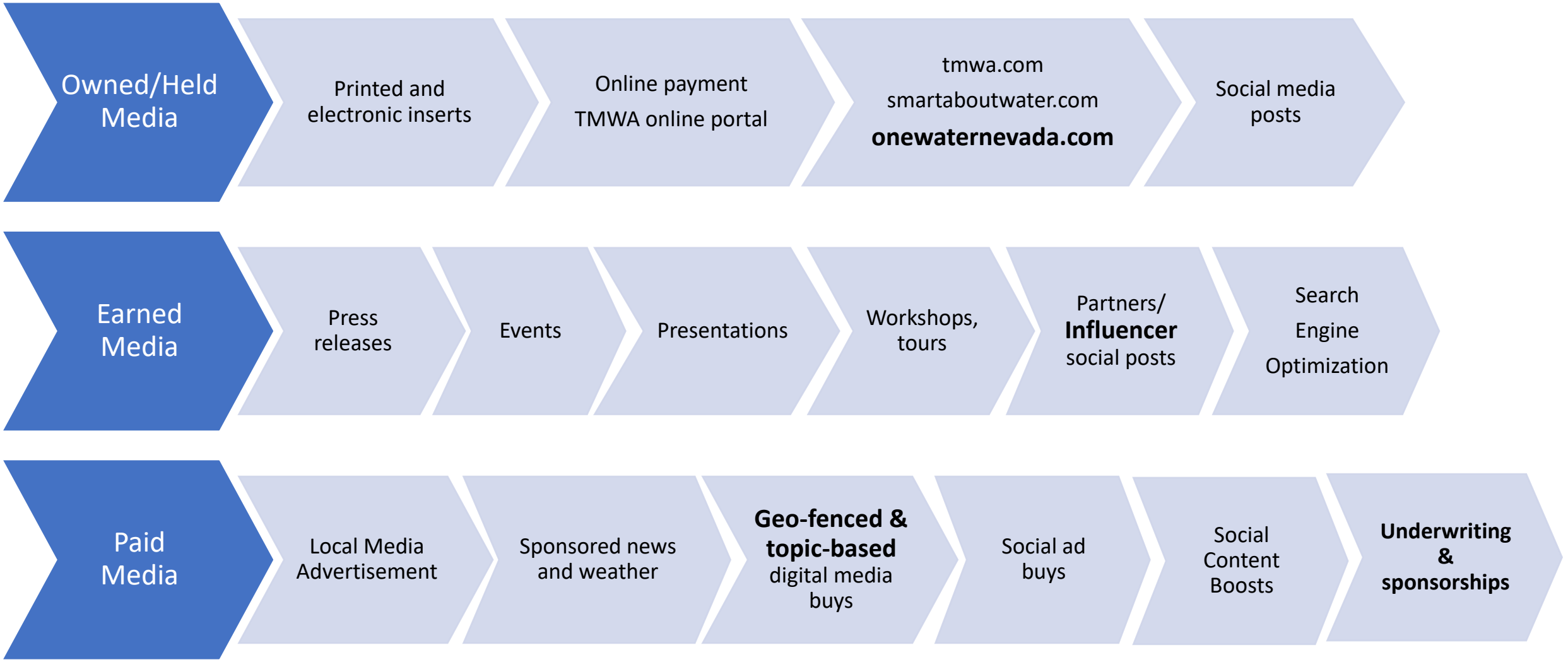
MTRWFP

Localized Curiculum

Water Leadership: Stakeholder group messaging cross-over

Stakeholder groups with active water resource related projects will be important partners in the coming year.

Index: TMWA Communication Channels and Tactics



Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Kara Steeland, Senior Hydrologist and Watershed Coordinator
Jim Smitherman, Chair, Truckee River Fund Advisory Committee
DATE: March 3, 2026
SUBJECT: **Discussion and possible action on adoption of Resolution No. 343: A resolution to approve funding for one or more of the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation of Northern Nevada to fund such projects from Fund proceeds (Resolution may reflect action taken in one or more votes on recommended projects)**

Recommendation

The Truckee River Fund (the "Fund") Advisors recommend that the TMWA Board authorize by resolution the funding of the following projects from the Fund. This recommendation stems from a Fund Advisors' meeting held on February 20, 2026 where grant proposals from the spring request for proposals (RFP) were reviewed and discussed. Please refer to the table below to review the amount of funding available and descriptions of the RFP's submitted and recommended for funding.

Description	Funding Requested	Funding Approved	TRF Budget
Available Funds			$261,960.55
9 Requested Projects	$373,883.84		
6 Projects Recommended for Approval		$242,907.22	
Funds Remaining			**$19,053.33**

Recommended Motion

Move to adopt Resolution No. 343: A resolution to approve funding for the projects recommended by the Truckee River Fund Advisory Committee and authorize the Community Foundation of Northern Nevada to fund such projects from Fund proceeds.

Request for Proposals Submitted for Consideration

Project #	Grantee	Grant Description	Proposal Amount	Amount Recommended	Match - Monetary	Match - In Kind	Match total
317	Sierra Nevada Journeys	Watershed Education Initiative	$31,543.13	$31,543.13	$10,514.38	$ —	$10,514.38
318	League to Save Lake Tahoe	Lake Tahoe Aquatic Invasive Species Defense Team & Professionalized Eyes on the Lake Program	$75,000.00	$45,000.00	$153,181.00	$22,000.00	$175,181.00
319	City of Reno	Truckee RiverWatch: Proactive Protection for the Truckee River	$60,000.00	$60,000.00	$ —	$31,320.00	$31,320.00
320	City of Reno	Update of the Truckee Meadows Field Guide for Construction Site BMPs	$17,825.00	$ —	$ —	$7,900.00	$7,900.00
321	Friends of Nevada Wilderness	Mount Rose Noxious Weed Monitoring, Treatment, and Re-seeding 2026	$28,813.00	$28,813.00	$2,500.00	$11,760.00	$14,260.00
322	GreenVibe World	Rock–McCarran Truckee River Stewardship (North and South Banks): Monthly Community Clean-Ups + Source-Water Education	$13,500.00	$ —	$2,752.28	$13,125.00	$15,877.28
323	Great Basin Outdoor School	Truckee River Youth Watershed Education and Protection	$11,301.09	$11,301.09	$10,685.97	$ —	$10,685.97
324	Honor the Earth	Reducing Pollution Along the Truckee River through Public Awareness Initiatives	$69,651.62	$ —	$ —	$41,600.00	$41,600.00
325	Truckee River Watershed Council	Lower Cold Creek Floodplain Restoration	$66,250.00	$66,250.00	$33,125.00	$ —	$33,125.00
AMOUNT TOTALS:			**$373,883.84**	**$242,907.22**			**$340,463.63**

TRUCKEE RIVER FUND
Enhancing and protecting our water resources

Grant Priorities

Truckee Meadows Water Authority (TMWA) recommends that the Truckee River Fund (TRF) Advisory Committee (the "Committee") give preference to well-supported, clearly drafted grant requests that consider substantial benefits to TMWA customers for projects and programs that mitigate substantial threats to water quality and the watershed, particularly those threats upstream or nearby water treatment and hydroelectric plant intakes.

I. **Aquatic Invasive Species (AIS)**: Projects/Programs that support the prevention or control of aquatic invasive species in the mainstem Truckee River, Lake Tahoe, other tributaries and water bodies in the Truckee River system.

II. **Watershed Improvements:** Projects that reduce erosion or sediment, suspended solids, or total dissolve solids (TDS) discharges, nutrients, industrial contaminants, or bacterial pollutants to the River. Projects or programs that are located within 303d (impaired waters) and total maximum daily load (TMDL) sections of the River should be considered, both in California and Nevada. Innovative techniques should be encouraged. The following link identifies impaired sections of the river and its tributaries: https://mywaterway.epa.gov/.

III. **Local Stormwater Improvements**: Projects that demonstrably mitigate storm water run-off due to urbanization of the local watershed. Priority should be given to those improvement projects in close proximity to TMWA's water supply intakes and canals and which will improve the reliability and protect the quality of the community's municipal water supply.

IV. **Re-Forestation and Re-Vegetation Projects**: Projects to restore forest and upland areas damaged by fire and historical logging operations, and to improve watershed resiliency in drought situations. Projects/programs in this category should be given a high priority due to urbanization of the watershed and increased susceptibility of the urban and suburban watershed to wildfire.

V. **Support to Rehabilitation of Local Tributary Creeks and Drainage Courses**: Projects to support water quality improvement in creeks and tributaries to the Truckee River.

VI. **Stewardship and Environmental Awareness**: Support to clean-up programs and the development and implementation of educational programs relative to water, water quality and watershed protection that do not fall clearly into the one of the above-mentioned categories.

Notes:

- **For proposals related to weed control/eradication, contact Lauren Renda at the Community Foundation of Northern Nevada for additional criteria at lrenda@nevadafund.org.**
- **For proposals in the Lake Tahoe Basin, the Truckee River Fund (TRF) typically only funds proposals related to Priority I and VI.**

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 343

A RESOLUTION APPROVING PROJECTS FOR FUNDING UNDER THE TRUCKEE RIVER FUND

WHEREAS, the Truckee Meadows Water Authority and the Community Foundation of Northern Nevada (the "Community Foundation"), a Nevada non-profit corporation, have entered into an agreement creating The Truckee River Fund (the "Fund") to foster projects that protect and enhance water quality or water resources of the Truckee River, or its watershed;

WHEREAS, pursuant to the Fund Agreement, an Advisory Committee has solicited proposals from prospective beneficiaries of the Fund;

WHEREAS, the Advisory Committee has recommended projects for funding, as listed on Exhibit A, attached hereto;

WHEREAS, the Advisory Committee has the responsibility of securing preliminary approval for projects from the TMWA Board, which may disapprove projects for any reason, or may approve projects by resolution, subject to Community Foundation Board approval;

WHEREAS, the Community Foundation has advised the Advisory Committee that the projects' applicants are eligible beneficiaries of the Fund;

WHEREAS, the Board has reviewed the recommendation of the Advisory Committee and has found that the projects listed on Exhibit A are consistent with the purposes of the Fund and merit funding; and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority:

The projects set forth on **Exhibit A** are approved for funding under the Truckee River Fund in the amount set forth in such Exhibit, subject to final authorization by the Community Foundation Board, and subject to the provisions of the Fund Agreement, including without limitation the requirements set forth in Article VC.

Truckee Meadows Water Authority
Resolution No. 343 (continued)

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority,

Upon motion of _____ seconded by _____, the foregoing Resolution was passed and adopted on March 18, 2026 by the following vote of the Board:

Ayes: _____

Nays: _____

Abstain: _____ Absent: _____

Approved March 18, 2026

_____
Clara Andriola, Chair

Truckee Meadows Water Authority
Resolution No. 343 (continued)

EXHIBIT A

PROJECTS RECOMMENDED FOR FUNDING

Project #	Grantee	Grant Description	Proposal Amount	Amount Recommended	Match - Monetary	Match - In Kind	Match total
317	Sierra Nevada Journeys	Watershed Education Initiative	$31,543.13	$31,543.13	$10,514.38	$ —	$10,514.38
318	League to Save Lake Tahoe	Lake Tahoe Aquatic Invasive Species Defense Team & Professionalized Eyes on the Lake Program	$75,000.00	$45,000.00	$153,181.00	$22,000.00	$175,181.00
319	City of Reno	Truckee RiverWatch: Proactive Protection for the Truckee River	$60,000.00	$60,000.00	$ —	$31,320.00	$31,320.00
321	Friends of Nevada Wilderness	Mount Rose Noxious Weed Monitoring, Treatment, and Re-seeding 2026	$28,813.00	$28,813.00	$2,500.00	$11,760.00	$14,260.00
323	Great Basin Outdoor School	Truckee River Youth Watershed Education and Protection	$11,301.09	$11,301.09	$10,685.97	$ —	$10,685.97
325	Truckee River Watershed Council	Lower Cold Creek Floodplain Restoration	$66,250.00	$66,250.00	$33,125.00	$ —	$33,125.00
AMOUNT TOTALS:			**$272,907.22**	**$242,907.22**			**$275,086.35**

Truckee Meadows Water Authority
Resolution No. 343 (continued)

Project #317: Watershed Education Initiative (WEI)

Organization: Sierra Nevada Journeys (SNJ)

Project Description:

SNJ offers the WEI program for Washoe County youth that focuses on watershed education, and to build critical thinking and social-emotional skills through real-world applications and community involvement. The WEI includes:

- Classroom Sessions: Educators conduct hands-on lessons on watershed models, pollution, invasive species, erosion, water conservation, and stewardship.
- Field Study: A 3-hour outdoor session at sites like Oxbow Nature Study Area, Galena Creek Regional Park, and McCarran Ranch Preserve. Students observe the Truckee River, collect data, and study macroinvertebrates to assess river health.
- Extension Lessons: Five additional lessons for teachers to reinforce and extend learning.
- Volunteer Involvement: Engages the local community and supports low-income schools by keeping costs low.

SNJ prioritizes partnerships with schools serving underprivileged youth, aiming to bridge the science and outdoor education gap. SNJ will serve 700 students, for K-8th grades, in 26 classrooms within the Truckee River Watershed, focusing on those with the highest financial and learning needs.

TMWA Benefit:

Grant Priority VI: Stewardship and Environmental Awareness: Students gain first-hand experience determining water quality, explore human impacts on their water source, and obtain skills, knowledge and a field experience to connect them to their local river. The overall long-term program impacts include:

- Students grasp essential science concepts related to the Truckee River watershed and understand the impact of their actions on local ecosystems.
- Teachers utilize extension lessons for hands-on watershed exploration. Parents and community members participate in watershed education through volunteer opportunities.
- The health of the Truckee River watershed and local ecosystems improves as students and their families adopt practices that reduce water pollution and human impacts.

Project #318: Lake Tahoe Aquatic Invasive Species Defense Team & Professionalized Eyes on the Lake Program

Organization: League to Save Lake Tahoe

Project Description:

Keep Tahoe Blue (KTB) is a donor-funded organization of environmental experts and Tahoe lovers who lead the protection and restoration of the Lake Tahoe Basin. Our mission is to protect and restore the environmental health, sustainability, and scenic beauty of the Lake Tahoe Basin. Since 1957, we have been dedicated to safeguarding the Lake's clarity and natural balance for future generations. Guided by science, collaboration, and pragmatic solutions, Keep Tahoe Blue has become one of the nation's most trusted and effective environmental organizations.

TMWA Benefit:

Priority I – Aquatic Invasive Species Prevention: Lake Tahoe is a critical control point for aquatic invasive species that threaten the Truckee River watershed. By strengthening the Eyes on the Lake citizen science program, Keep Tahoe Blue proactively prevents the spread of harmful species such as Eurasian watermilfoil, curlyleaf pondweed, and the high-risk Golden Mussel. These efforts directly reduce the likelihood of infestations in the Truckee River system by addressing risks at the source. With limited resources available to land managers, particularly with Keep Tahoe Blue receiving qualitative and quantitative reports of staffing constraints on publicly managed lands, the volunteer AIS Defense Team is a critical body to ensure public education and interception needs are met. Keep Tahoe Blue's network is designed to meet this need at under-resourced and high-impact sites: partnering with land managers to achieve their goals of providing recreation sites that remain safe for Tahoe and protect it for generations to come.

Priority II – Watershed Improvements: Aquatic invasive species degrade water quality, outcompete native vegetation, and reduce ecological function. Through early detection, direct education, and shoreline monitoring, Keep Tahoe Blue's work helps protect the biological and hydrological integrity of the Tahoe-Truckee watershed. The Citizen Science Tahoe App facilitates rapid data sharing with agency partners, ensuring timely response and adaptive management of at-risk sites.

Priority VI – Stewardship and Environmental Awareness: Keep Tahoe Blue's programs are rooted in community engagement and environmental education. Eyes on the Lake trains and empowers volunteers of all ages to participate in science-based lake protection. CD3 unit locations are supported with educational signage and staffed events to shift behavior around watercraft cleaning.

Project #319: Truckee RiverWatch: Proactive Protection for the Truckee River

Organization: City of Reno

Project Description:

This funding will be used to rent and deploy mobile monitoring cameras seasonally, with two cameras during peak river use (April–September) and one camera during the off-season, to support proactive ranger response and reduce debris entering the Truckee River.

TMWA Benefit:

Watershed Improvements: This project improves watershed health by preventing trash, debris, and illegal dumping from entering the Truckee River at high-risk, river-adjacent locations. Mobile monitoring cameras enable early detection and immediate ranger response, reducing the likelihood that pollutants are mobilized into the river during wind events, storms, or peak-use periods. By shifting from reactive cleanup to proactive intervention, the project directly supports long-term watershed protection.

Local Stormwater Improvements: Trash and debris left near the river are frequently transported into the waterway through stormwater runoff. By identifying and addressing dumping and accumulation early, the project reduces the volume of pollutants entering local stormwater systems and drainage pathways that discharge into the Truckee River. Seasonal deployment during peak river use further aligns monitoring efforts with periods of increased stormwater risk.

Support to Rehabilitation of Local Tributary Creeks and Drainage Courses: Many river-adjacent problem areas are located near tributary creeks, drainage channels, and informal stormwater conveyances. Mobile camera deployment helps prevent debris accumulation in these areas, reducing

blockages and contamination that can degrade tributary function and water quality. Data collected through monitoring will also help identify recurring impacts near tributaries, informing future rehabilitation and maintenance efforts.

Stewardship and Environmental Awareness: The project promotes stewardship by supporting early, non-confrontational interventions that encourage appropriate use of river-adjacent areas. Pre-recorded messaging alerts individuals to trespassing and discourages behavior that can harm the river, reinforcing shared responsibility for protecting the watershed. Improved ranger response also allows for timely outreach and education, strengthening public awareness of how individual actions affect water quality.

Project #321: Mount Rose Noxious Weed Monitoring, Treatment, and Re-seeding 2026

Organization: Friends of Nevada Wilderness (FWN)

Project Description:

Remove noxious weeds from the Hunter Creek watershed and reseed treated areas with native seeds to protect the water quality of the Truckee River and its watershed. We will host six removal projects, two re-seeding projects, and monitor known weed sites.

TMWA Benefit:

The proposed projects align with several grant priorities, including Support to Rehabilitation of Local Tributary Creeks and Drainage Courses, Watershed Improvements, Reforestation and Revegetation Projects, and Stewardship and Environmental Awareness.

Noxious weeds such as musk thistle present a serious threat to the long-term health and biodiversity of the Truckee River Watershed. These volunteer projects are designed to directly improve watershed conditions by removing musk thistle and restoring native grasses and wildflowers, thereby strengthening overall ecosystem resilience. All proposed actions follow Forest Service botanist recommendations and established best practices for musk thistle control. Reducing invasive weeds in the Mount Rose Wilderness will help limit downstream seed dispersal, reduce soil erosion, improve water quality, and enhance the visitor experience along the Hunter Creek and Steamboat Ditch Trails.

In addition to ecological benefits, this program provides meaningful educational and hands-on opportunities for community members to participate in noxious weed management. Volunteers who complete a project gain a stronger understanding of the connection between invasive species control and watershed health. Public engagement fosters intentional stewardship and increases awareness of the importance of protecting our local watershed and water supply.

Project #323: Truckee River Youth Watershed Education and Protection

Organization: Great Basin Outdoor School

Project Description:

Support planning and implementation of Snapshot Day, an annual water quality event in May in which student citizen scientists learn about our watershed through hands-on sampling and testing at White's Creek, a tributary of the Truckee River and share data to inform future restoration and protection projects. Funding will also support critical watershed education and projects at the River School Farm

on the Truckee River for local youth during nine weeks of spring, summer, and fall break Adventure Day Camp and at Galena Creek for school field trips in May and September.

TMWA Benefit:

Stewardship and Environmental Awareness: Support to clean-up programs and the development and implementation of educational programs relative to water, water quality and watershed protection.

This critical Truckee River Fund grant priority precisely describes the focus of Great Basin Outdoor School's education and stewardship programs. We recognize the need for our youth to understand our watershed from an early age, learning and committing to practices to help protect our water quality. Children with this background will become the adults in decision-making roles better informed and equipped to take sustainable actions. Students who learn about the ecological health of their neighboring creeks and rivers will feel connected and be more aware of watershed management, non-point source pollution, and water quality. Our students will build awareness of educational and stewardship opportunities through our curricular emphasis on aquatic science enriched with direct service projects and guest presentations. Demonstrations and field studies allow students to not only grasp basic concepts of aquatic science but also observe the subject matter in an active and collaborative learning environment. For example, students will use tarps to construct watershed models and simulate the downward flow of water across various topographies to better understand the geography of watersheds. Through direct service projects, students will help restore public green spaces and be encouraged to incorporate stewardship principles in their own lifestyles.

Project #325: Lower Cold Creek Floodplain Restoration

Organization: Truckee River Watershed Council

Project Description:

The project would complete additional bank stabilization measures as part of the Lower Cold Creek Floodplain Restoration, expanding project benefits and improving long-term stability.

TMWA Benefit:

Watershed Improvements: The project will decrease sedimentation and support attainment of the 303(d) listed TMDL pollutant to Truckee River. This project also enhances watershed function and habitat within the Middle Truckee watershed by stabilizing eroding streambanks, creating floodplain terraces to reduce velocity and increase inundation longevity and significantly enhancing riparian vegetation. Coldstream is in the top three producers of excessive sedimentation (LRWQCB 2008).

Support to Rehabilitation of Local Tributary Creeks and Drainage Courses: The project will restore a 1,900-foot reach, creating 3.2 acres of new floodplain and increasing riparian habitat by 1.93 acres in a key tributary that is a known source of sediment to the Truckee River. By improving watershed function, this project will help reduce sediment transport to Cold Creek, Donner Creek, and the main stem of the Truckee River.

Stewardship and Environmental Awareness: The project will include outreach to community members through newsletters, email updates and project site tours. Outreach will be designed to increase understanding and importance of stream and habitat restoration and reduction of sediments and other pollutants within the watershed. Volunteers will also support the project on TRWC's annual Truckee River Day.

Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
FROM: John R. Zimmerman, General Manager
DATE: March 11, 2026
SUBJECT: **General Manager's Report**

Attached please find the written reports from the Management team including the Operations Report ***(Attachment A)***, the Water Resource and the Annexation Activity Report ***(Attachment B)***, and the Customer Services Report ***(Attachment C)***.

Additionally, I have attached copies of the final published ratings reports of TMWA by: (1) Fitch Rating and (2) S&P Global Ratings.

Also, listed below are news reports from February 9, 2026 through March 10, 2026:

- ***02/09/26 Nevada Current*** ***Data center water/power needs, regulatory challenges strain rural communities***
- ***02/13/26 Reuters*** ***Western states to miss deadline on Colorado River water rights***
- ***02/13/26 WYO Public Radio*** ***Feds are encouraging tribes to partner with data centers***
- ***02/23/26 Gardnerville Record Courier*** ***Eagles & Agriculture brings visitors to nature!***
- ***02/25/26 Fitch Ratings*** ***Fitch Rates TMWA's Refunding Bonds AAA***
- ***02/25/26 Washoe Life*** ***Washoe Sustainability Fund Launches to Invest in Community Resilience***
- ***02/27/26 Grist*** ***What's behind your soaring power bill? We broke it down by region***
- ***02/28/26 Sierra Nevada Ally*** ***Review of Jobs in the Forestry and Fire Prevention Industry***
- ***03/02/26 Tahoe Daily News*** ***Updates to Water Quality and Forest Health Thresholds***
- ***03/02/26 KRNV and KXRI-FOX*** ***Aging Water Lines Cost Millions to Maintain***
- ***03/02/26 KRNV*** ***Warm temperatures & rain keep Sierra snowpack below average, despite recent storms***
- ***03/02/26 KOLOTV*** ***Mt. Rose Snowpack Measured 83 Percent of Normal, Hydrologists Hope for a Miracle March***
- ***03/03/26 Smart Water Magazine*** ***Study warns data centers may require billions for water infrastructure upgrades***
- ***03/03/26 Sierra Nevada Ally*** ***How Are Water Managers Adapting to a Smaller Sierra Snowpack?***
- ***03/05/26 RGJ*** ***Where will Reno use redevelopment funds? Council split on projects***
- ***03/05/26 KNTV*** ***Locals Talk Trees, Grass and Water Amid Ongoing SNWA Turf Removal Lawsuit***
- ***03/06/26 Nev. Business Mag*** ***Sustainable Intelligent Growth: Economic Development In Nevada***
- ***03/09/26 ABC15*** ***Scottsdale Considers Turning Recycled Wastewater into Drinking Water***
- ***03/09/26 KRNV*** ***Amazon Data Center in Storey County Begins Hiring and Hosting Job Fair***
- ***03/10/26 KRNV*** ***County Commission Votes to Approve Sierra Reflections Housing Project in South Valleys***

Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Kara Steeland, Sr. Hydrologist & Watershed Coordinator
DATE: March 16, 2026
SUBJECT: **February 2026 Water Operations Report**

Summary

- In the Truckee River Basin, precipitation is above average for the water year (108% of median) and snow water equivalent is currently below median (46% of median).
- Truckee River reservoir storage is at 80% of maximum capacity system wide.
- Normal Truckee River flows are projected through 2026.
- Hydroelectric generation for the month of February was $350,905 (4,481MWh).

Water Supply

River Flows – Truckee River discharge at the California-Nevada state line averaged 886 cubic feet per second during the beginning of March 2026.

Reservoir Storage - Overall, Truckee River reservoir storage is 80% of capacity. The elevation of Lake Tahoe is currently 6,228.1 feet which is 1 foot below the maximum legal elevation of 6,229.1 feet. Storage values for each reservoir as of March 16, 2026 are as follows:

Reservoir	Current Storage (Acre-Feet)	% Capacity
Tahoe	621,590	83%
Stampede	192,436	85%
Boca	17,865	44%
Prosser	9,727	33%
Independence	15,468	88%
Donner	4,618	49%

In addition to the 18,649 acre-feet of storage between Donner and Independence Reservoirs, TMWA also has 19,288 acre-feet of water stored in Stampede and Boca Reservoirs under the terms of TROA. TMWA's total combined upstream reservoir storage as of March 16, 2026 is approximately 37,937 acre-feet.

Outlook – The snow water equivalent (SWE) for the Truckee River Basin is currently at 46% of median. Due to large amounts of upstream reservoir carryover storage from last year, normal Truckee River flows are projected through 2026.

Water Production

Demand - Customer demand averaged about 38 MGD at the beginning of March. Surface water made up about 46% of overall supply and groundwater pumping the other 54%.

Hydroelectric Production

Generation - The median Truckee River flow at Farad (CA/NV state line) for February was 669 cubic feet per second. All three of TMWA's hydropower plants were online during the month.

Plant	Generation Days	% Availability	Generation (Megawatt Hours)	Revenue (Dollars)	Revenue (Dollars/Day)
Fleish	28	100%	1,680	$131,921	$4,679
Verdi	28	100%	1,510	$117,464	$4,255
Washoe	28	100%	1,291	$101,520	$3,622
Totals	**-**	**-**	**4,481**	**$350,905**	**$12,532**

Truckee Meadows Water Authority

STAFF REPORT

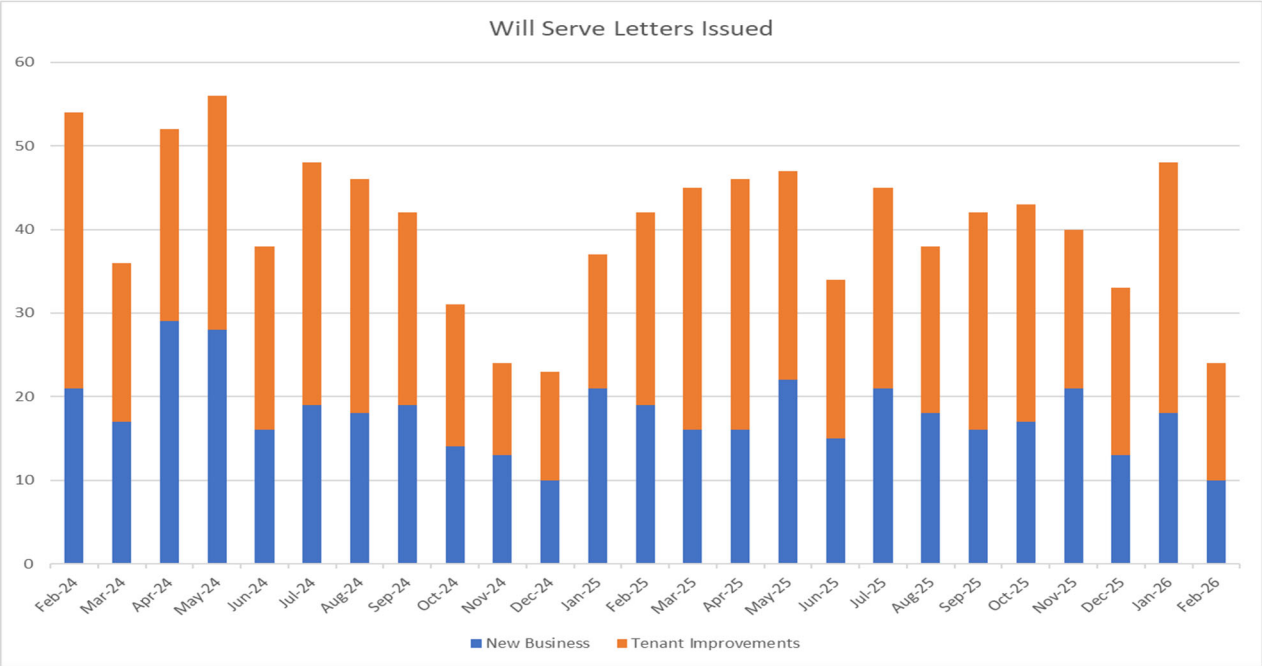
TO: Chairman and Board Members
THRU: John R. Zimmerman, General Manager
FROM: Eddy Quaglieri, Natural Resources Manager
DATE: March 3, 2026
SUBJECT: **Water Resources and Annexation Activity Report**

RULE 7

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance		2,991.23 AF
Purchases of water rights	0 AF	
Refunds	0.00 AF	
Sales	-2.09 AF	
Adjustments	0.00 AF	
Ending Balance		2,989.14 AF

Price per acre foot at report date: $8,400 per AF. The chart below shows the amount of will serves issued per month, throughout the last two years for trending purposes.



FISH SPRINGS RANCH, LLC GROUNDWATER RESOURCES

Through the merger of Washoe County's water utility, TMWA assumed a Water Banking and Trust Agreement with Fish Springs Ranch, LLC, a subsidiary of Vidler. Under the Agreement, TMWA holds record title to the groundwater rights for the benefit of Fish Springs. Fish Springs may sell and assign its interest in these groundwater rights to third parties for dedication to TMWA for a will-serve commitment in Areas where TMWA can deliver groundwater from the Fish Springs groundwater basin. Currently, TMWA can deliver Fish Springs groundwater to Area 10 only (Stead-Silver Lake-Lemmon Valley). The following is a summary of Fish Springs' resources.

Beginning Balance		7,302.69 AF
Committed water rights	0 AF	
Ending Balance		7,302.69 AF

Price per acre foot at report date: $47,218 (SFR and MFR); $40,960 (for all other services)[1]

WATER SERVICE AREA ANNEXATIONS

Since the date of the last report, there have been 0 acres annexed into TMWA's service area.

INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE

No new ILVNPS customers have been added during this reporting period.

[1] Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.

Truckee Meadows Water Authority

STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Marci Westlake, Manager Customer Service
DATE: March 18, 2026
SUBJECT: **February Customer Service Report**

The following is a summary of Customer Service activity for February 2026

Ombudsman Report – Kim Mazeres

- Question regarding the now great water pressure and whether there is back-up generation is case of a power outage. Passed along information from Assistant General Manager and gave her the Engineering Manager's phone number for further information, if needed.

- Purchased home in September. Had extreme difficulty having the water turned on, because he is not in town. Credit file is impeding identity. Would like a call to resolve. Per Customer Service Manager, red flag alert on identity. She will have Senior CSR contact him and get the issue figured out.

- Paying a bill for rental. First tier rate is different between this house and his other house. Wants to know why? I let him know that because one house is in Hidden Valley, it is on the old Washoe County rates, and his other house is on original TMWA rates. Told him TMWA is currently working to have all single-family homes on the same rate structure. He was very appreciative of the information.

Communications – Public Outreach – February

- Kara Steeland presented Water Resource Planning to Reno Sunrise Rotary Club and 20 people attended.
- Ryan Malkiewich presented on Water Quality at Skipolini's.

Conservation (2026 Calendar year)

- 483 Water Usage Reviews
- 233 Water Watcher Contacts

Customer Calls – February

- 5,254 phone calls handled.
- The average handling time is 5 minutes 16 seconds per call.
- Average speed of answer :21 seconds per call.

Billing – February

- 140,191 bills issued.
- 74,141 customers (53%) have signed up for paperless billing to date, which equates to an annual savings of $578,299.80.

Remittance – February

- 9,870 Mailed-in payments.
- 19,040 Electronic payments.
- 54,141 Payments via AutoPay (EFT)
- 20,183 One-time bank account payments.
- 785 Pay by Text
- 3,857 IVR Payments.
- 626 Reno office Payments.
- 54 Kiosk Payments.

Collections – February

- 9,487 accounts received a late charge.
- 1,818 Mailed delinquent notices, 0.01% of accounts.
- 627 accounts eligible for disconnect.
- 552 accounts were disconnected. (Including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- 0.19% write-off to revenue.

Meter Statistics – Fiscal Year to Date

- 2,025 Meter exchanges completed.
- 873 New business meter sets completed.

Service Line Warranties of America Statistics

- 13,773 Policies
- 10,003 Customers
- 793 Jobs Completed
- $1,207,755 Customer Savings

FitchRatings

Public Finance
Water & Sewer
United States

Truckee Meadows Water Authority, Nevada

The 'AAA' water revenue bond rating along with the 'AAA' IDR reflect the authority's 'Exceptionally Strong' financial profile within the framework of 'Very Strong' revenue defensibility and 'Very Strong' operating risk profile, both assessed at 'aa'. The authority's leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), was exceptionally low at 3.3x in fiscal 2025. Fitch expects leverage to increase to 3.9x over the next five years in Fitch's Analytical Stress Test (FAST) rating case but retain comfortable flexibility within the rating category.

Security

The senior bonds are secured by a first lien on TMWA's net water system (the system) revenues.

Ratings

Long-Term IDR	AAA

Outlooks

Long-Term IDR	Stable

New Issues

$70,000,000 Water Revenue Refunding Bonds, Series 2026	AAA

Sale Date

The bonds are expected to price via negotiation on or around March 5.

Outstanding Debt

Issuer Ratings Information

Applicable Criteria

U.S. Water and Sewer Rating Criteria (February 2026)

U.S. Public Sector, Revenue-Supported Entities Rating Criteria (January 2025)

Related Research

Fitch Rates Truckee Meadows Water Authority, NV's Ser. 2026 Water Rev Rfdg at 'AAA'; Outlook Stable (February 2026)

Analysts

Shannon Groff
+1 415 732 5628
shannon.groff@fitchratings.com

Audra Dickinson
+1 512 813 5701
audra.dickinson@fitchratings.com

Key Rating Drivers

Revenue Defensibility - 'aa'

Very Favorable Service Area, Affordable Rates for the Vast Majority of the Population

The authority retains the legal authority to adjust rates as needed without external oversight. Fitch considers the monthly residential water bill affordable for approximately 88% of the service area population, based on standard monthly usage of 7,500 gallons.

The very favorable service area is characterized by average income levels, a moderate unemployment rate relative to the nation and strong customer growth. Customer growth registered a five-year compound annual growth rate of 2.6% as of fiscal 2025. Income levels are midrange, with median household income (MHI) equal to nearly 109% of the national median as of 2024. The unemployment rate was 4.7%, or 15% above the national level in 2024.

Operating Risk - 'aa'

Very Low Operating Cost Burden, Moderate Investment Needs

In fiscal 2025, the system's operating cost burden was considered very low at $4,942 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was low at 36% in fiscal 2025. Capex to depreciation has been strong, averaging 155% over the last five fiscal years from 2021 to 2025. Fitch expects planned capital spending for the next five years to generally outpace historical depreciation, supporting a continued low life cycle ratio.

Financial Profile - 'aaa'

Leverage to Remain Stable

The authority had extremely low leverage of 3.3x as of fiscal 2025. The liquidity profile is neutral to the overall assessment, with current days cash on hand of 371 and coverage of full obligations (COFO) of 2.2x. The Fitch-calculated total debt service coverage was also 2.2x in fiscal 2025.

The FAST considers the potential trend of key ratios in a base case and stress scenario over a five-year period. The stress scenario is designed to impose capital costs 10% above expected base case levels and evaluate potential variability in projected key ratios. The FAST reflects Fitch's view of a reasonable scenario, which is generally informed by publicly available and/or management-provided information with respect to capex, user charges, and rate of revenue and expenditure growth.

In the base case scenario, the leverage ratio is expected to increase to 3.6x in fiscal 2026, then decline to 3.3x through fiscal 2030. In the stress scenario, which is considered the rating case, the leverage ratio is expected to increase to 3.9x over the next five years but remain supportive of the rating. The liquidity profile is expected to remain neutral to the assessment over the five-year horizon.

Asymmetric Additional Risk Considerations

No asymmetric additive risk considerations affected this rating determination.

Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A sustained increase in leverage to over 5.0x in Fitch's base and stress scenario, assuming stability in the current revenue defensibility and operating risk assessment.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- The ratings are at the highest level on Fitch's scale and cannot be upgraded.

Profile

The authority is a joint powers authority formed in 2000 between Washoe County (the county) and the cities of Reno and Sparks to purchase the water assets of Sierra Pacific Power Company. Operations commenced in June 2001, primarily in the Reno and Sparks areas. The authority merged with two smaller county water agencies in 2014, consolidating urban water agencies, and it now serves most of the county's population of over 500,000 through around 140,000 customer accounts.

TMWA historically relies heavily on surface water supplies as, in any given year, about 80% or more of the water supply to TMWA's service area is supplied from the Truckee River. Surface water supplies, fed by runoff from the nearby Sierra Nevada Mountains and Lake Tahoe, are significant and remain essential to the supply portfolio. The

2014 merger increased groundwater supplies and TMWA's ability to shift usage between the two sources across the hydrological cycle. This further improved drought resiliency, which was already strong due to the authority's significant water storage capacity.

The current water supplies, including TMWA's 27,000 acre-feet (af) of privately-owned stored water, the groundwater resources of the Honey Lake basin, the extensive upstream drought storage benefits of TROA, and aquifer storage and recovery groundwater recharge efforts, can meet projected customer demand through 2045 and beyond.

Treatment capacity is also sound, as the authority now operates nine treatment plants after the Mt. Rose Water Treatment Facility, rated at 4 mgd, was completed in 2022. The two largest plants, Chalk Bluff Water Treatment Facility (WTF) and the Glendale WTF, account for most production, totaling about 125 mgd, compared with recent demand of about 70 mgd.

Revenue Defensibility

Revenue Source Characteristics

Nearly all of the authority's revenue is derived from its monopolistic business line: providing water treatment and delivery, which supports the very strong revenue source characteristics. Approximately 2% to 3% of annual operating revenue is derived from hydroelectric sales to NV Energy under three purchase power agreements (PPAs) and an additional 1% of annual water sales revenue is derived from wholesale contracts. Customer concentration is not a concern, as the top 10 customers typically account for about 5% of total operating revenue.

Revenue from the hydro operations is not a material revenue stream. The PPAs with NV Energy expire in 2028 and 2029. In August 2025, the authority executed a new 20-year PPA with Switch to begin upon expiration of the existing agreements. Hydro sales are just 2% to 3% of annual revenue, so any reduction in, or even the loss of, this revenue stream would not be expected to negatively affect financial performance.

Service Area Characteristics

The authority's service area has very favorable economic underpinnings and demand characteristics, as evidenced by steady growth and a diversification of the economy over the last decade. After a significant increase in the number of customers after the merger in 2014, the compound annual growth rate still reflects growth of about 2.6%. Income levels and unemployment are generally in line with the national median.

Rate Flexibility

The monthly residential bill based on Fitch's standard usage metric of 7,500 gallons is about $40, as of fiscal 2025. The monthly bill consists of a fixed charge based on meter size, and an inclining, volumetric charge broken out by three tiers of usage. The fixed component accounts for about 57% of the total monthly bill. The charges are considered affordable for the vast majority of the population (around 88%).

Rate adjustments of 2.5% were put in place in each of 2022 and 2023 followed by 4.5%, 4.0% and 3.5% 2024, 2025 and 2026, respectively. After a recently completed cost of service study, the authority is planning to increase the fixed portion of rates to account for about 43% of the total bill from 33% effective in May 2026. While commercial bills will increase as a result of the change, most residential customers will see a decrease in their overall bills. Forecast rate increases for subsequent years are 5% in fiscal 2027 and 4% in each of fiscals 2028 and 2029 followed by annual CPI adjustments.

Operating Risk

Operating Cost Burden

The authority's operating cost burden is very low at $4,942 per mg of treated water. Water production has remained flat over the last five years while operating costs have increased about 7% on average annually. As such, the operating cost burden will likely continue to increase but remain low.

Capital Planning and Management

The authority's planned capex for 2026-2030 totals $625 million and is anticipated to be funded by pay-go sources, developer contributions, reserves dedicated to construction projects, a state revolving fund (SRF) loan, and reimbursements from other governments. The reimbursements are related to the Advanced Purified Water facility at American Flat (APW), which is a joint effort with the city of Reno. The authority will construct and operate the facility and Reno will reimburse TMWA for 70% of the APW construction costs. TMWA expects to close a $57.4 million SRF loan in the fall 2026 to fund a portion of its share of the APW costs and draw on the loan over the following couple of years.

The life cycle ratio has remained relatively stable and was 36% as of fiscal 2025, which is supported by a healthy five-year average capex to depreciation of 54% for fiscal 2025. The CIP continues to reflect an increased rate and level of spending on R&R work; however, management assumes an actual execution rate of about 65% to 70%. Fitch expects capex in upcoming years will keep pace with or exceed annual depreciation costs and keep the life cycle ratio low.

Asymmetric Factor Considerations

No asymmetric rating factor considerations affect the operating risks assessment.

Financial Profile and FAST Analysis

The authority's financial profile is exceptionally strong and thus supports the 'aaa' assessment. Fitch's leverage calculation registered 3.3x for fiscal 2025. The liquidity profile is neutral to the financial profile assessment with current days cash on hand of 371 and COFO of 2.2x in fiscal 2025. Fitch-calculated debt service coverage was also 2.2x in fiscal 2025.

The FAST is informed by the authority's funding plan, which considers revenue increasing at around 3.9% annually through fiscal 2030, primarily as a result of expected rate increases in the coming years. The authority's CIP of $625 million through fiscal 2030 is also included, at an execution rate of 65%-70%, with $57.6 million in debt planned over the five-year horizon.

Under these assumptions, leverage is projected to remain relatively stable through fiscal 2030. In the base case, leverage ranges from 3.3x to 3.6x, while leverage under the stress case peaks at a slightly higher 3.9x over the next five years, but remains supportive of the current rating. In addition, the liquidity profile is expected to remain neutral to the assessment over the five-year horizon.

Asymmetric Additive Risk Considerations

No asymmetric additive risk considerations affected this credit determination.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Financial Summary

(Audited Fiscal Years Ended June 30)	2021	2022	2023	2024	2025
Revenue Defensibility					
Revenue Source Characteristics					
% of Total Revenue from Monopolistic Services	100	100	100	100	100
Service Area Characteristics					
Service Area Population	494,380	496,458	500,159	507,280	
Total Customer Count	131,296	134,844	138,412	142,268	144,244
5-Year Total Customer Count CAGR(%)	2.0	2.3	2.4	2.7	2.6
Service Area Median Household Income ($)	74,292	81,531	85,600	88,096	
Service Area MHI/U.S. Median Household Income (%)	108	108	109	109	
Service Area Unemployment Rate (%)	4.2	4.0	4.4	4.7	
Service Area Unemployment Rate/U.S. Unemployment Rate (%)	79	111	122	118	
Rate Flexibility					
Total Monthly Bill ($) (7,500 Gallons Water/6,000 Gallons Sewer)	35.91	36.83	37.77	39.47	40.04
% of Population with Unaffordable Bill	13	12	12	12	-
Operating Risk					
Operating Cost Burden					
Operating Cost Burden ($/mg)	3,749	3,832	4,670	4,903	4,942
Capital Planning and Management					
Life Cycle Ratio (%)	34	34	35	35	36
Annual CapEx/Depreciation (%)	107	121	149	197	196
5-Year Average Capex/Depreciation (%)	110	115	127	141	154
Financial Profile ($000, unless otherwise indicated)					
Current Unrestricted Cash/Investments	171,978	169,195	152,219	90,259	94,386
Current Restricted Cash/Invest (Available Liquidity)	-	-	-	-	-
Current Cash Available	171,978	169,195	152,219	90,259	94,386
Noncurrent Unrestricted Cash/Investments					
Noncurrent Restricted Cash/Invest (Available Liquidity)	24,162	23,785	24,012	25,425	26,666
Available Cash	196,139	192,980	176,231	115,684	121,052
Current Restricted Cash/Invest (Debt Service or Debt Service Reserve)	21,508	22,271	22,604	22,618	22,049
Noncurrent Restricted Cash/Invest (Debt Service or Debt Service Reserve)	2,332	2,337	2,404	2,531	2,655
Funds Restricted for Debt Service	23,840	24,609	25,008	25,149	24,704
Total Debt	391,674	371,849	351,152	327,904	305,545
Capitalized Fixed Charges					
Adjusted Net Pension Liability	79,128	64,746	96,611	102,921	107,981
Available Cash	196,139	192,980	176,231	115,684	121,052
Funds Restricted for Debt Service	23,840	24,609	25,008	25,149	24,704
Net Adjusted Debt	250,823	219,006	246,524	289,991	267,770
Total Operating Revs	115,395	114,571	113,149	122,375	132,305
Purchased Water/Sewer Services					
Other Operating Expenses	64,948	64,966	79,527	84,474	92,834
EBITDA	50,447	49,605	33,622	37,901	39,471
Investment Income/(Loss)	2,551	2,029	3,577	1,762	5,962
Non-Operating Revenues from Taxes					

Financial Summary

(Audited Fiscal Years Ended June 30)	2021	2022	2023	2024	2025
Other Cash Revenues/(Expenses)					
BAB Subsidy					
Capital Contributions	31,154	31,364	22,311	30,380	23,061
Funds Available for Debt Service	84,152	82,998	59,510	70,043	68,494
Fixed Services Expense					
Net Transfers In/(Out)					
Pension Expense	8,725	4,813	10,620	13,565	13,044
Adjusted Funds Available for Debt Service	92,877	87,811	70,130	83,609	81,538
Net Adjusted Debt/Adjusted Funds Available for Debt Service (x)	**2.7**	**2.5**	**3.5**	**3.5**	**3.3**
Funds Available for Debt Service	84,152	82,998	59,510	70,043	68,494
Fixed Services Expense					
Net Transfers In/(Out)					
Adjusted FADS for Coverage of Full Obligations	84,152	82,998	59,510	70,043	68,494
Total Annual Debt Service	30,407	31,894	32,327	30,560	31,744
Fixed Services Expense					
Adjusted Debt Service (Includes Fixed Services Expense)	30,407	31,894	32,327	30,560	31,744
Coverage of Full Obligations (x)	2.77	2.60	1.84	2.29	2.16
Coverage of Full Obligations Excluding Connection Fees (x)	1.74	1.62	1.15	1.30	1.43
Current Days Cash on Hand	966	951	699	390	371
Liquidity Cushion Ratio (Days)	966	951	699	390	371
All-In Debt Service Coverage (x)	2.77	2.60	1.84	2.29	2.16

Notes: Fitch may have reclassified certain financial statement items for analytical purposes. N.A. - Not Available.
Sources: Fitch Ratings, Fitch Solutions, Truckee Meadows Water Authority (NV)

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

S&P Global
Ratings

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Research Update:

Truckee Meadows Water Authority, NV Series 2026 Water Revenue Refunding Bonds Assigned 'AA+' Rating; Outlook Stable

February 25, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to the Truckee Meadows Water Authority (TMWA), Nev.'s anticipated $63.8 million series 2026 water revenue refunding bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating and underlying rating (SPUR) on the authority's existing water revenue bonds.
- The outlook is stable.

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Rationale

Security

The series 2026 bonds are being issued to defease and refund certain outstanding obligations of the authority, specifically the series 2015A and 2016 bonds, for debt service savings. The bonds are secured by a pledge of the authority's net revenues. Bond provisions are, in our view, adequate and credit-neutral, with a rate covenant of 1.25x annual debt service and an additional bonds test of 1.25x maximum annual debt service (MADS). The series 2026 bonds constitute a senior-lien pledge upon net revenues, and after its issuance the authority will have about $243 million in parity senior-lien bonds and about $12 million in second-lien state loans and a direct financing debt outstanding. A debt service reserve fund will not be funded for the bonds.

Credit highlights

TMWA has a predominantly residential customer base, affordable service rates, and adequate operational capacity to meet demand. The authority has a large capital cycle to meet water reliability needs and to optimize its conjunctive use management of its surface and groundwater water supplies. In addition, the Truckee River Operating Agreement (TROA) was implemented at the end of 2015 and provides the authority with additional upstream reservoir storage capacity for drought resiliency. The current five-year capital improvement plan (CIP; approximately $625

million that will largely be funded on a pay-as-you-go basis) provides a road map for the authority's upcoming and future capital facilities and financing needs. The CIP includes the advanced purified water project at American Flat, estimated at $235 million, and TMWA is in the process of securing a subordinate-lien state revolving fund loan with upcoming debt service payments that will be paid by developer fees and future water rights sales attributable to the new water resource. Based on TMWA's financing and funding plans to meet its long-term capital needs, we believe the authority has ample financial capacity to absorb its CIP costs and sustain its continued stable financial performance in the medium term. TMWA's financial performance has been steady in recent years, with fiscal 2025 all-in coverage (including sub-lien) of nearly 2x, and it was also consistent in its adjusted liquidity profile at $121 million (or 476 days' cash on hand [DCOH]) in fiscal 2025 despite a slight dip from its peak of $191 million (or slightly over 1,000 DCOH) in fiscal 2021. The authority has an internal policy to maintain 1.50x senior-lien debt service coverage (DSC). Our forecast, which is based on the planned rate increases, indicates all-in DSC (including sub-lien) will exceed 1.6x over a five-year period.

The following reflects additional factors supporting the authority's rating:

- Service area participation in the Reno metropolitan statistical area (MSA) economy, with good income indicators.
- Affordable service rates in the context of the service area's good income levels, providing for rate flexibility. The authority has adjusted its annual service rates historically and pending board approval is projecting additional rate adjustments during the next three years of between 3% and 5% annually. Based on TMWA's recent cost-of-service rate study analysis, the proposed rate structure will likely increase the amount of fixed revenue collection from 33% of total revenue to 43% of total revenue, providing for increased revenue stability.
- Good operational and financial management practices and policies that indicate a solid alignment of operations with management's strategic and financial goals, including the authority's proactive management of water-supply reliability in the long term.
- Healthy all-in DSC metrics that are projected to remain stable in the medium term as TMWA implements rate increases to offset the effects of rising costs.
- Robust adjusted liquidity profile, including operations and maintenance reserves, and renewal and replacement reserves that we believe are sustainable and aligned with the authority's reserve policy.

Environmental, social, and governance

We analyzed TMWA's environmental, social, and governance (ESG) risks relative to its enterprise and financial risk profiles and view these ESG risks as neutral in our credit rating analysis. Given its location in the West, we view the region as facing challenges from acute and chronic environmental physical risks from drought and wildfires. The authority is proactively addressing water-supply reliability and climate resiliency as part of its strategic priorities. In 2025, the authority adopted its 20-year water resource plan, which analyzed sustainability of its resources, revised conservation goals, and confirmed its ability to meet water demands during a drought period based on an extended drought cycle. We understand that the authority's water supplies are sufficient to withstand a severe drought that could result from climate change. With respect to wildfire and cyber risks, management has comprehensive emergency planning to address these event risks in a timely manner. Although the TMWA has implemented mitigation strategies and formalized planning to address wildfire risk, we believe that drawing down system liquidity below projected levels would reduce its financial flexibility to respond to an extreme event.

TMWA follows a collaborative forest restoration and fuel reduction plan, as highlighted in its response to the 2024 Davis Fire, to set priorities for watershed protection and corridor fuel reduction. We understand the authority's board might increase rates to meet future revenue sufficiency, and we do not believe this would significantly increase affordability pressures or social risks, given the local incomes. The authority has good management and financial policies and a strong compliance record, which mitigates governance risks compared with those of peers.

Outlook

The stable outlook reflects our view that the authority's customer base and rate structure will continue to promote revenue stability, leading to the maintenance of healthy financial metrics during the two-year outlook period. Given the authority's ample water supply and successful integration with the county systems, we do not expect any major operational issues with the integrated system.

Downside scenario

Given the authority's historical and projected financial performance, we do not anticipate lowering the rating within our two-year outlook period. There would likely need to be a significant deterioration in either coverage or liquidity levels before we would take negative rating action. We could do so, however, if the authority significantly underperforms its historical financial performance or the CIP funding mechanism shifts to require a significantly greater amount of additional leverage than anticipated, which could alter related financial metrics to weaker levels inconsistent with the rating.

Upside scenario

We do not anticipate raising the rating during the outlook horizon. Any potential for an upgrade, which would most likely be beyond our outlook horizon, would be based on significantly stronger income and economic indicators and the authority's ability to sustain its projected all-in coverage and liquidity metrics.

Truckee Meadows Water Authority, Nevada--Economic and financial data

		Fiscal year-end			
	Most recent	2025	2024	2023	Median (AA+)
Economic data					
MHHEBI of the service area as % of the U.S.	111.0				112.0
Unemployment rate (%)	4.1				3.4
Poverty rate (%)	9.9				10.2
Water rate (6,000 gallons or actual) ($)	52.1				33.9
Annual utility bill as % of MHHEBI	0.8				1.0
Operational management assessment	Good				Good
Financial data					
Total operating revenues ($000s)		132,305	122,375	113,149	41,982
Total operating expenses less depreciation ($000s)		92,833	85,738	79,528	31,740
Net revenues available for debt service ($000s)		62,170	57,299	53,677	--
Debt service ($000s)		31,744	32,306	32,324	--
S&P Global Ratings-adjusted all-in DSC (x)		2.0	1.8	1.7	2.5

Truckee Meadows Water Authority, Nevada--Economic and financial data

		Fiscal year-end			
	Most recent	**2025**	**2024**	**2023**	**Median (AA+)**
Available adjusted cash ($000s)		121,051	111,083	171,631	55,536
Days' cash of operating expenses		476	473	788	650
Total on-balance-sheet debt ($000s)		305,545	327,904	351,152	74,352
Debt-to-capitalization ratio (%)		23.6	26.0	28.3	25.0
Financial management assessment	Good	--	--	--	Good

Note: Most recent economic data available from our vendors. MHHEBI--Median household effective buying income. DSC--Debt service coverage.

Ratings List	
New Issue Ratings	
US$63,810,000 Truckee Meadows Water Authority, Nevada, Water Revenue Refunding Bonds, Series 2026, dated: Date of Delivery, due: July 1, 2037	
Long Term Rating	AA+/Stable
Ratings Affirmed	
Water & Sewer	
Truckee Meadows Wtr Auth, NV Water System	AA+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.