

RULE NO. 180

ADOPTED 04/07/2026

RULE FOR RATE EQUALIZATION - CALENDAR YEAR 2026

WHEREAS, the District Act authorizes the Board to adopt rules and regulations as it deems necessary and proper for carrying out the provisions of the Act; and

WHEREAS, paragraph 6D (3) of the Second Amended Contract among SEWD; City of Stockton, County of San Joaquin and California Water Service Company states that "Stockton East shall annually levy a municipal groundwater assessment, pursuant to its enabling legislation such that the cost of groundwater use is equivalent to the cost of surface water use";

NOW, THEREFORE, THE BOARD OF DIRECTORS OF STOCKTON EAST WATER DISTRICT HEREBY ENACTS AND ESTABLISHES THE FOLLOWING RULES TO LEVY A GROUNDWATER ASSESSMENT TO EQUALIZE THE COST OF GROUNDWATER AND SURFACE WATER FOR 2026:

1. POWER COST -- Use actual power costs submitted by owner to accommodate for differences in water depth, pumping efficiency, system pressure, etc. In the absence of actual power costs, the cost of \$70 per acre-foot will be assumed.
2. OPERATION AND & MAINTENANCE COST -- Includes labor, repairs, chemicals, treatment costs and the current \$3.60 assessment. The cost of \$36 per acre-foot will be assumed.
3. AMORTIZATION AND DEPRECIATION COST -- Includes well and equipment replacement. The cost of \$10 per acre-foot will be assumed.
4. FORMULA FOR RATE EQUALIZATION -- Surface water costs plus Groundwater costs divided by total M & I water production equals cost per acre-foot. The assumed costs and water production for 2026 are as follows:

Ground water	14,100 AF X \$116.00	=	\$ 1,635,600.00
Surface water	<u>55,000 AF X \$709.40</u>	=	<u>\$39,016,780.30</u>
Totals	69,100 AF		\$40,652,380.30

The total cost of \$40,652,380.30 divided by total use of 69,100 AF equals \$588.31 per acre-foot. The assumed 2026 additional groundwater assessment is \$588.31 less \$116.00 (total of items 1-3 above), or \$472.31.

5. Any municipal groundwater user has the right to appeal the amount of this additional \$472.31 per acre-foot rate equalization assessment if it can be demonstrated that actual groundwater production costs are higher than the assumed \$116.00 per acre-foot. The appeal process will begin with the Administration Committee of the District Board and if necessary can be appealed to the full Board.
6. Any appeal which is granted shall entitle the appellant to a refund of the amount demonstrated to have been over-collected, less the actual costs to the District of processing the appeal and refund, provided that no overpayment shall be refunded unless the request for appeal has been filed with the Secretary of the District within three years of such overpayment.