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CENTRAL COAST WATER AUTHORITY

FY 2005/06  
CONTINUING  
DISCLOSURE ANNUAL  
REPORT

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\$198,015,000  
REFUNDING REVENUE BONDS  
(STATE WATER PROJECT REGIONAL  
FACILITIES)  
Series 1996A and Series 1996B



March 12, 2007

Ms. Priscilla Dedoro  
Bank of New York Western Trust Company  
550 Kearny Street, Suite 600  
San Francisco, CA 94108

RE: Central Coast Water Authority Fiscal Year 2005/06 Annual Report on  
Continuing Disclosure for the \$198,015,000 Refunding Revenue Bonds  
(State Water Project Regional Facilities), Series 1996A and Series 1996B

Robert W. Puddicombe  
Chairman

Leo Trujillo  
Vice Chairman

Bill Brennan  
Executive Director

Hatch & Parent  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

Dear Priscilla:

Attached is the Fiscal Year 2005/06 Annual Report pursuant to the Continuing Disclosure Agreement between the Central Coast Water Authority and Bank of New York Western Trust Company (as successor Trustee).

Fiscal Year 2005/06 State Water Deliveries

A table showing deliveries during Fiscal Year 2005/06 to Santa Barbara and San Luis Obispo County State water contractors is attached.

Rate Coverage Reserve Fund

On December 18, 1997, the Authority Board of Directors established the Rate Coverage Reserve Fund. This fund provides a mechanism to allow Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (refer to the attached Rate Coverage Reserve Fund Policy for additional information).

Under the provisions of the Rate Coverage Reserve Fund policy, Authority Contractors may deposit up to 25% of their estimated annual contract payments in cash with the Authority. The deposit amount on the first day of the fiscal year is then added to the net revenues for each participating Contractor when calculating Net Revenues for the year. The Rate Coverage Reserve Fund policy was approved by AMBAC, the Authority's bond insurer.

The following agencies elected to participate in the CCWA Rate Coverage Reserve Fund during Fiscal Year 2005/06 and have deposited the following amounts:

255 Industrial Way  
Buellton, CA 93427-9565  
(805) 688-2292  
FAX: (805) 686-4700

32733\_1.DOC  
RAS



Project Participant	FY 2005/06 Rate Coverage Fund Deposit
City of Buellton	\$ 241,639
Carpinteria Valley Water District	763,122
City of Guadalupe	156,905
La Cumbre Mutual Water Company	353,407
Montecito Water District	973,053
City of Santa Maria	4,034,968
Santa Ynez, RWCD, I.D. #1 (City of Solvang)	542,247
Santa Ynez, RWCD, I.D. #1	390,898
County of San Luis Obispo (Shandon)	14,723
Avila Beach Community Services District	27,992
Oceano Community Services District	178,930
<b>TOTAL:</b>	<b>\$ 7,677,885</b>

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2005/06 Annual Report includes the charts described under the captions, "Historic Water Connections and Sales Revenues," "Historic Water Deliveries," "Largest Customers," "Water System Rates and Charges," "Historic Operating Results" and "Debt Service Coverage" for each of the following Contractors:

- City of Santa Maria
- City of Santa Barbara
- City of Guadalupe
- City of Buellton
- Goleta Water District
- Montecito Water District
- Carpinteria Valley Water District
- La Cumbre Mutual Water Company
- Santa Ynez River Water Conservation District, Improvement District No. 1  
(including the City of Solvang as an attachment)
- San Luis Obispo County Service Area No. 16, Improvement District No. 1
- City of Pismo Beach
- City of Morro Bay
- Avila Beach Community Services District
- Oceano Community Services District

Section 4 of the Continuing Disclosure Agreement requires that the Authority submit a copy of its audited financial statements. Five copies of the Authority's FY 2005/06 Comprehensive Annual Financial Report are enclosed.

Oceano Community Services District

The Oceano Community Services District did not submit the required continuing disclosure information for FY 2005/06.

Project Participant Audited Financial Statements

The cities of Guadalupe, Buellton, Morro Bay and the Oceano Community Services District have not yet submitted their FY 2005/06 audited financial statements to CCWA. As such, I was not able to confirm the coverage calculation amounts presented in this report to the audited financial statements for each agency.

As you requested, copies of the audited financial statements for each of the Contractors will be sent to you at a later time.

If you have any questions, please call me at (805) 688-2292, extension 214.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray A. Stokes", with a long horizontal flourish extending to the right.

Ray A. Stokes  
Deputy Director

RAS

Attachments

cc: Doug Brown, Stradling, Yocca, Carlson & Rauth  
Dave Houston, Citigroup

Central Coast Water Authority  
**Fiscal Year 2005/06 State Water Deliveries**  
*Fiscal Year 2005/06 Continuing Disclosure Annual Report*

Project Participant	Acre-Feet		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	2,207		2,207
Chorro Valley Turnout (SLO County)	2,060		2,060
City of Guadalupe	442		442
City of Santa Maria	13,049		13,049
Golden State Water Company	179		179
Vandenberg Air Force Base	3,283		3,283
City of Buellton	640		640
Santa Ynez ID#1 (Solvang only)	1,216		1,216
Santa Ynez ID#1 (excluding Solvang)	738	2,752	3,490
Goleta Water District	993	(993)	-
Morehart Land Company	84	-	84
LaCumbre Mutual Water Co.	498	-	498
Raytheon Systems Co.	50	-	50
City of Santa Barbara	659	(659)	-
Montecito Water District	659	(659)	-
Carpinteria Valley Water District	441	(441)	-
<b>TOTAL:</b>	<b>27,198</b>	<b>-</b>	<b>27,198</b>

**Central Coast Water Authority**  
**Rate Coverage Reserve Fund Policy**

Adopted: December 18, 1997

**Rate Coverage Reserve Fund**

During its December 18, 1997 regular meeting, the Board of Directors also adopted the "Rate Coverage Reserve Fund" policy as follows:

**Purpose:** The Rate Fund is intended to provide a mechanism to allow the Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (as therein defined).

**Contributions:** Contributions to the Rate Fund are voluntary. During each year of participation, an Authority Contractor which has elected to participate in the Rate Fund shall maintain on deposit with the Authority in said Fund an amount of money, when combined with the moneys on deposit in the O&M Reserve Fund, sufficient to constitute all or a portion of 25% of that Contractor's Contract Payments with respect to that year. A participating Contractor's initial contribution to the Rate Fund may be drawn from cash held by the Authority on behalf of the Contractor as of the date of the Fund's creation. In each subsequent year, the Authority shall notify the participating Contractor if an additional contribution is desired and the Contractor shall deposit said additional contribution within sixty (60) days of the Authority notice. Voluntary contributions to the Fund by a Contractor may be made at any time, but shall not be considered with regard to satisfying the Contractor's obligations until the subsequent July 1. For example: to act as a credit for Fiscal Year 1998/99, a deposit must be received by the Authority prior to July 1, 1998. However, in the first year of the Fund's creation, each Authority Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the Authority Board of Directors. These balances will be counted toward the coverage calculations for FY 1997/98.

**Withdrawal:** A Contractor may withdraw from the Rate Fund effective 180 days after it submits written documentation to the Authority that is in compliance with its WSA rate coverage obligations without considering the Fund.

**Central Coast Water Authority**  
**Rate Coverage Reserve Fund Policy**

- Administration: Investments of deposits in the Rate Coverage Reserve Fund will be in Permitted Investments described in clause (A) of the definition thereof contained in the Indenture of Trust, dated as of November 1, 1996, with maturities of one year or less or in the Local Agency Investment Fund or in other investments approved in writing by AMBAC. Rate Fund investment earnings shall be credited to the Contractors account within the Fund except to the extent the Contractor directs the Authority to credit said earnings to the Contractor's payments obligations or as otherwise directed by the Contractor. Deposits and related earnings on deposits for each project participant will be accounted for on an individual project participant basis even if commingled for investment purposes. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the Rate Fund.
- Use of Funds: Monies in the Rate Fund shall not be expended for any purpose, except upon approval of the Board of Directors (i) for emergency expenses, and (ii) to the extent necessary to supplement funds available from the O&M Reserve Fund provided that the Contractor submits written documentation to the Authority that it is in compliance with its WSA rate coverage obligations without considering the proposed expenditure from the fund.

FY 2005/06 CONTINUING DISCLOSURE

ANNUAL REPORT

City of Buellton .....	1
Carpinteria Valley Water District.....	5
Goleta Water District .....	10
City of Guadalupe .....	13
La Cumbre Mutual Water Company.....	16
Montecito Water District .....	20
City of Santa Barbara.....	25
City of Santa Maria.....	29
Santa Ynez River Water Conservation District, Improvement District #1 .....	34
City of Solvang .....	39
Avila Community Services District .....	42
City of Morro Bay .....	45
Oceano Community Services District.....	48
City of Pismo Beach .....	52
County of San Luis Obispo C.S.A. No. 16, ID#1 .....	55

SANTA BARBARA COUNTY

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**CITY OF BUELLTON**

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The information set forth below has been provided by the City of Buellton (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual domestic water sales revenues. Sales revenues for the year ended June 30, 2006 increased by 2.6%. This was primarily due to an increase in total number of connections.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2002	1,314	\$ 1,144,605
2003	1,424	1,233,563
2004	1,462	1,365,416
2005	1,472	1,300,677
2006	1,498	1,334,328

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries and the source of that water in acre-feet per year.

*Historic Water Deliveries and Source of Water Delivered  
(In acre-feet per year)*

Fiscal Year Ending June 30	Santa Ynez River Appropriation	Groundwater Basin	State Water	Total
2002	268	299	501	1,068
2003	190	390	531	1,111
2004	463	249	545	1,257
2005	452	172	491	1,115
2006	545	20	640	1,205

Total water deliveries for fiscal year 2006 were 8.1% over 2005 water deliveries. Again, this was primarily due to an increase in the total number of connections. The decrease in amount of groundwater basin deliveries was a result of mechanical difficulties and repairs to Well # 9.

## WATER SYSTEM RATES AND CHARGES

*General.* The City is not subject to the jurisdiction of, or regulation by, the State of California Public Utilities Commission. It is the City's policy to annually determine the adequacy of the water system rate structure after full consideration of expected operations, maintenance and capital costs. The City currently sets water charges to pay the cost of groundwater pumping, water treatment and current operation expenses for the water system, debt service with respect to its bonds, and coverage of its obligations under the Water Supply Agreement. Capital improvements and debt service payments are funded from water connection and user fees.

*Water Service Charges.* The City separates its customers into two classes of service – Municipal/Industrial and Golf Course Irrigation. Charges are associated with the water meter size (an additional dwelling unit fee of \$7.00 per dwelling unit) and quantity of water used. The City increased its water rates approximately 40% effective on July 25, 1995 and further increased the rates on July 26, 1996 by 15% on consumption price plus \$7.00 per additional dwelling unit. As a result, the Water Quantity Charge for municipal and industrial customers is now \$1.97 per 100 cubic feet. Golf Course Irrigation is based on a \$2,500/month charge. The Water Meter Charges are set forth below:

Meter Size	Monthly Service Charge <sup>1</sup>
Up to 3/4"	\$ 18.20
1"	20.65
1 1/2"	25.48
2"	35.21
3"	54.60
4"	72.80
6"	103.11
8"	139.51

*Collection Procedures.* The City is on a monthly billing cycle, sending out bills for the prior month service. Payment is due upon receipt and is considered delinquent if not paid by the 20th day of the following month. If payment is not received, a delinquency notice appears on the next water bill. Currently 10% of the accounts, which account for approximately 0.7% of the Water System Revenues, are delinquent. The City reports, however, that upon receipt of such delinquent notices almost all of its customers pay delinquent amounts within two weeks. Water service for all accounts not paid in full within 55 days of the original billing date are discontinued by the City until full payment is made, including late penalties and a \$20.00 re-connection fee, if reinstated during business hours and \$53.00 after hours.

*Connection Fees.* The City charges connection fees for improvement or expansion of water treatment and distribution facilities to meet the requirements of community growth. The current connection fee for single-family residences is \$3,640. The current connection fee for commercial and all other uses and meter sizes will be based on \$5,200 per acre-foot per year of anticipated water use.

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<sup>1</sup> Plus \$7.00 for each additional dwelling unit that is served by one meter.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

	Water Usage <sup>2</sup>	Annual Payments
Ranch Club Mobile Estates	22,500	\$ 97,053
Santa Ynez Valley Marriott	15,783	60,091
Rivergrove Mobile Home Park	8,867	36,363
Buellton Union School District	12,098	29,479
Flying Flags RV Park	12,032	27,174
Days Inn	4,878	18,460
The Laurel Company	4,526	13,476
Pea Soup Andersen's Restaurant	2,774	12,628
Motel 6	3,415	12,320
Andersen's Inn	3,381	12,078
TOTAL	90,254	\$319,122

These ten customers accounted for approximately 24% of the City's water service revenues for fiscal year 2005/06.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2005/06. These results have been derived from the City's audited financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF BUELLTON

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Sales	\$ 1,334,328
Connection Fees	121,913
Other Fees & Income	580
Interest Income	84,012
<b>TOTAL REVENUES:</b>	<b><u>1,540,833</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Operations & Maintenance Expenses	521,597
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>521,597</u></b>
NET REVENUES	1,019,236
Rate Coverage Reserve Fund Deposit	241,639
Adjusted Net Revenues	<b><u>1,260,875</u></b>
State Water Payments	932,461
<b>Coverage Ratio:</b>	<b>1.35</b>
Available for Capital improvements and other purposes	\$ 86,775

Source: City of Buellton

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**CARPINTERIA VALLEY WATER DISTRICT**

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The information set forth below has been provided by the Carpinteria Valley Water District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic and agricultural water connections to the District’s water system for the five most recent fiscal years, and corresponding annual water sales revenues. All sales revenue numbers include monthly service charges as well as the unit cost of water.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
2002	3,729	90	426	10	\$4,079,548	69	\$1,808,704	31
2003	3,735	90	425	10	4,260,876	71	1,800,991	29
2004	3,744	90	424	10	4,859,747	69	2,150,847	31
2005	3,747	90	424	10	5,541,460	75	1,800,010	25
2006	3,744	90	424	10	6,940,976	77	2,088,100	23

The following table of total sales revenues shows categories of water revenue based on the unit cost of water and monthly service charges including those for fire protection.

*Total Sales Revenue*

Fiscal Year Ending June 30	Water Revenue	Monthly Service Charge	Total
2002	\$ 3,233,102	\$ 2,655,151	\$ 5,888,253
2003	3,135,902	2,925,965	6,061,867
2004	3,383,107	3,627,486	7,010,593
2005	3,239,814	4,101,656	7,341,470
2006	3,717,387	5,311,689	9,029,076

The approximate \$160,000 increase in Total Sales Revenue in FY 02/03 over FY 01/02 reflects lower water sales due to a cooler weather pattern offset by substantial increases in the Monthly Service Charges and small increases in the unit price of water. The almost \$949,000 increase in total FY 03/04 Total Sales Revenue from the previous year reflects increased irrigation water rates and significant Monthly Service Charge increases for all categories of water use. The increase of about \$330,000 of Total Sales Revenue in FY 04-05 is largely a result of increases in the Monthly Service Charge for debt service. Water Revenue sales declined in FY 04-05 by about \$150,000 largely due to the reduction of agricultural sales caused by a wet, cool to mild weather pattern. The \$1.65 million increase in total Sales Revenue in FY 05-06 over FY 04-05 reflects substantial increases in the unit price of water and Monthly Service Charges.

## HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries and the source of that water in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries and Source of Water Delivered  
(In acre - feet per year)<sup>1</sup>  
Deliveries*

Fiscal Year Ending June 30	Residential <sup>2</sup>	Commercial	Public Authority	Industrial	Irrigation	Total
2002	1,688	398	129	128	1,995	4,338
2003	1,646	400	120	138	1,881	4,185
2004	1,745	412	142	133	2,140	4,572
2005	1,430	339	102	113	1,663	3,647
2006	1,500	364	115	117	1,881	3,983

*Sources*

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2002	298	0	3,950	4,248
2003	508	600	2,925	4,033
2004	783	328	3,553	4,664
2005	1,236	572	2,749	4,557
2006	1,397	444	2,844	4,685

### MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

Total demand for water in FY 2001/02 reflected a normal level, slightly impacted by the lower than normal temperatures. The lower total water deliveries in FY 2002/03 reflected a cooler than normal year. The increased deliveries to Irrigation in FY 03/04 reflect a dryer than normal year, approaching FY 99/00. The noticeable decline in acre feet deliveries in FY 04-05 is attributable to sustained cool to mild weather and a wet year that resulted in a spill condition at Lake Cachuma (Bradbury Dam). Total demand for water in FY 05/06 reflected cool to mild water, similar to FY 04/05 but with a shorter spill condition at Lake Cachuma..

<sup>1</sup> Unaccounted water due to general system loss, including leakage, line flushing and fire hydrant testing, averages 3% and is apportioned to all account types.

<sup>2</sup> Beginning in fiscal year 1996/97, the District reclassified certain multi-unit residential uses from commercial to residential.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2006, as determined by the amount of their respective water usage:

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
Casitas Village HOA	23,097	\$ 216,771.18
Sandpiper Mobile Home	20,852	203,033.60
Villa Del Mar	23,683	189,781.66
Cate School	30,058	111,283.76
Carpinteria School Dist	22,289	105,806.72
B & H Nursery	51,851	92,325.52
Ocean Breeze	31,802	63,608.32
Francis L. Norman	30,898	55,478.24
Hilltop Farm Carp LLC	19,689	44,071.42
Roberts Ranch	<u>17,872</u>	<u>32,338.64</u>
TOTAL	272,091	\$1,114,499.06

These ten customers accounted for approximately 12.34% of water service revenues for the year ended June 30, 2006.

## WATER SYSTEM RATES AND CHARGES

*General.* The District is not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission. The District annually determines the adequacy of the water system rate structure after full consideration of expected operations, maintenance and capital costs. The District currently sets water charges to pay water costs for purchased water, costs of groundwater pumping and current operating expenses for the water system. Capital improvements and debt service payments are funded from water charges and connection fees.

*Water Service Charges.* The District has separated its customer base into two classes of service – domestic and agricultural. Domestic service is further separated into two types: 1) residential and 2) commercial, industrial and public authority. On June 18, 1995, the Board established the following rates: \$1.91 per HCF for domestic-residential; \$2.16 per HCF for domestic-commercial, industrial and public authority; \$1.34 per HCF for agricultural. The water usage rates remained unchanged in 1996; but, as described below, monthly service charges were doubled to increase revenue necessary to offset State Water Project costs.

Water usage rates and monthly service charges were raised steadily between FY 1991/92 and FY 1998/99 primarily to address State Water Project and Cachuma Project renewal costs. The first rate increase was adopted by the Board of Directors on June 24, 1992, effective as of June 28, 1992. A subsequent rate increase was adopted June 16, 1993 and became effective June 28, 1993. A third rate increase was adopted by the Board of Directors on July 6, 1994 and became effective June 29, 1994. A fourth rate increase was adopted by the Board of Directors on June 14, 1995 and became effective June 29, 1995. The June 29, 1995 increase included new costs related to the Cachuma Project contract renewal and higher interim rates, as well as other costs related to the Cater Treatment Plant. The June 29, 1996 rate increase doubled the monthly service charge. It was followed by the most recent increase of 17.5% to the monthly service charge on June 29, 1997. The District did not raise its water consumption rates or monthly service charges in either FY 1998/99 or FY 1999/00. In FY 2000/01 the District raised its water consumption rates 1% for all categories of customers to adjust for inflation and also increased monthly service charges on all water accounts by \$1.16, with the variation that all residential accounts were increased by \$1.16 for each dwelling unit. The monthly service charge increase was the first of four projected to raise revenue to pay debt service on about \$9 million of Certificates of Participation (COPs) issued in May of 2000 to fund major capital improvements including covers for the Ortega and Carpinteria reservoirs and related other projects necessary for the covering projects.

A second monthly service charge increase of \$3.00 relative to the COPs occurred in FY 01/02. In FY 02/03 the District's Capital Improvement Program (CIP) component of the Monthly Service Charge was increased by \$1.50 to \$5.66. In FY 03/04 the District's CIP component of the Monthly Service Charge was increased by \$.80 to \$6.46. An increase of approximately 27% to the State Water Project component of the Monthly Service Charge also went into effect on July 1, 2003. In FY 04/05 the District's CIP component of the Monthly Service Charge was increased by \$4.65 to \$11.11. In FY 05/06 the District's CIP component of the Monthly Service Charge was increased by \$4.89 to \$16.00. The District also implemented a conservation oriented tiered water rate for Residential users. The water rate for agricultural users increased to \$1.44 per HCF. Domestic-commercial, industrial and public authority users water rates were increased to \$2.75 per HCF. The District also implemented a Meter Equivalency Charge (MEQ) for residential customers. The MEQ varies with the size of meter and number of household units served by master meters such as mobile home parks, apartment and condominium complexes served by the master meter, which varies with the size of meter and number of households tied to the master meter. The net effect of the MEQ is equalization of the monthly service charge for all residential units, be they single or master metered, namely \$40.98/month. In FY 04-05 the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial and public authority users water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 05-06 the water rate for agricultural users increased to \$1.60 per HCF. Domestic-commercial, industrial, and public authority users water rates were increased to \$3.27 per HCF. The MEQ fee increased to \$49.65/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter.

A schedule of the District's current monthly service charges effective since July 1, 2006 is shown below:

Meter Size	Monthly Service Charge
5/8"	\$ 49.65
3/4"	49.65
1"	68.48
1 1/2"	115.55
2"	172.04
3"	322.68
4"	492.15
6"	962.90
8"	2,186.85

*Connection Fees.* For every new meter installation, the District charges the installation cost of the new service and meter plus a "Capital Cost Recovery Fee". The base charge component of Capital Cost Recovery Fees ranges from \$1,307 to \$150,303 depending on the size of the meter. In addition to the base charge, there is a "fully loaded equivalent State Water Project monthly service charge" component. This second component is an amount added to the base charge, equivalent to State Water Project monthly service charges that would have been paid beginning July 1, 1996. The Board of Directors adopted the Capital Cost Recovery Fees on July 16, 1997. A third component was added in September of 2000 to capture the monthly service charge increases necessary to fund the debt service for the \$9 million COPs issued in May of 2000, to pay for the District's Capital Improvement Program. A schedule of the District's current Capital Cost Recovery Fees, effective July 1, 2006, is shown below:

Meter Size	Capital Cost Recovery Fees
5/8"	\$ 4,283.37
3/4"	5,769.48
1"	9,370.74
1 1/2"	18,375.64
2"	29,184.52
3"	58,039.72

The District requires the Capital Cost Recovery Fee to be paid prior to accepting the installation fee deposit.

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2005/06. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

CARPINTERIA VALLEY WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Muni. & Ind. Water Sales	\$ 2,506,752
Agricultural Water Sales	1,210,247
Water Service Charge	5,099,225
Fire Protect & Service Revenue	212,463
Capital Cost Rec Fee	125,976
Interest Revenue	353,448
Other Income	18,847
Overhead charges	10,200
<b>TOTAL REVENUES:</b>	<b><u>9,537,158</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Cost of Purchased Water	481,045
Pumping Expense	246,689
Treatment expense	661,977
Trans & Dist Exp	609,847
Customer Accounts	87,469
Cachuma Operating Expense	424,354
General & Admin.	1,597,058
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>4,108,439</u></b>
<b>NET REVENUES</b>	5,428,719
Rate Coverage Reserve Fund Deposit	763,122
<b>Adjusted Net Revenues</b>	<b><u>6,191,841</u></b>
State Water Payments	2,995,352
<b>Coverage Ratio:</b>	<b>2.07</b>
Additional Debt Service Available for Capital improvements and other purposes	\$ 2,433,367

(1) Debt service on \$1.95 million of Water Revenue Bonds  
(Cater Treatment Plant) due 2003 (subsequently paid in full).

Source: Carpinteria Valley Water District

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**GOLETA WATER DISTRICT**

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The information set forth below has been provided by the Goleta Water District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	<i>Historic Water Connections and Sales Revenues</i>							
	Connections				Sales Revenues			
	Dom.	%	*Other	%	Dom.	%	*Other	%
2002	15,438	98.17	287	1.83	\$ 13,245,252	87.29	\$ 1,927,993	12.71
2003	15,683	98.00	316	2.00	13,075,075	87.51	1,866,625	12.49
2004	15,918	98.00	331	2.00	13,875,322	85.90	2,271,229	14.10
2005	15,693	98.00	346	2.00	13,065,984	87.56	1,856,582	12.44
2006	15,851	97.83	351	2.17	13,629,929	88.36	1,796,042	11.64

The number of connections to the District’s water system continues to increase steadily. Since 2002, the number of connections added to the system has increased at an average of approximately 1.00%. Water service revenues have also continued to increase. Steadily increasing demand and increases in water service rates have caused revenues to grow at an average annual rate of 1.00% over the past five years. \*Other connections and sales revenue includes Agriculture, Recreation and Recycled water deliveries.

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In Acre-Feet per Year)*

Fiscal Year Ending June 30	Ag-Recreation- Recycled Deliveries	Urban Deliveries	Total
2002	3,809	9,414	13,223
2003	3,614	9,172	12,786
2004	4,387	9,696	14,083
2005	3,453	9,166	12,619
2006	3,204	8,873	12,077

Changing weather conditions have a direct impact on total demand for water service, thus the amount of water delivered varies from year to year. For that reason, deliveries shown above for the past five years have changed widely even though there has been a steady increase in the number of customers served. Overall, annual water deliveries have decreased on an average of 6.80% over the past five years.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>1</sup></u>	<u>Annual Payments</u>
UCSB	711	\$ 967,932
County of Santa Barbara	225	341,495
Glen Annie Golf Club, LLC	283	279,130
Bacara Resort Services Inc	145	172,762
Goleta Union School District	105	144,825
Sandpiper Golf Course	215	123,940
Cavaletto Ranches, LLC	223	114,020
Por La Mar Nursery	153	72,831
Camino Real, LLC	121	65,356
Wallover Inc	<u>142</u>	<u>62,750</u>
TOTAL	2,323	\$ 2,345,041

These ten customers accounted for approximately 19.2% of the water usage and 15.2% of the water service revenues for the year ended June 30, 2006.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges are as follows:

Agriculture	\$1.00/HCF
Urban	\$3.71/HCF
Recreation	\$2.68/HCF
Reclaimed	\$2.17/HCF

Meter Size	Monthly Charge
3/4"	\$ 18.42
1"	24.96
1 1/2"	40.88
2"	58.09
3"	97.04
4"	144.57
6"	269.23
8"	396.51
10"	523.79

The basic service charges listed above are determined based on size of the meter and were effective as of July 1, 2006.

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<sup>1</sup> Acre-feet

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2005/06. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Sales	15,425,971
Meter charges	4,117,481
Other Fees & Income	3,048,772
Interest Income	736,719
<b>TOTAL REVENUES:</b>	<b><u>23,328,943</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Source of Supply	3,519,592
Water Treatment	1,836,761
Transmission & Distribution	2,860,188
Customer Accounts	857,214
General and Administrative	2,559,149
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>11,632,904</u></b>
NET REVENUES	11,696,039
State Water Payments	<b>6,724,499</b>
<b>Coverage Ratio:</b>	<b>1.74</b>
Other Debt Service	4,007,342
Capital contributions (excluded for purposes of coverage ratio calculations)	222,685
Available for Capital improvements and other purposes	1,186,884

Source: Goleta Water District

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## CITY OF GUADALUPE

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The information set forth below has been provided by the City of Guadalupe (the "City"). The Central Coast Water Authority (the "Authority") makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 2006 are unaudited.

### HISTORIC WATER CONNECTIONS AND SALES

The following table shows the number of active water connections to the City's water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections	Sales Revenues
2002	1,714	\$ 889,048
2003	1,804	980,076
2004	1,912	1,011,608
2005	1,857	1,001,571
2006	1,907	1,003,346

The number of connections added for FY 2005/2006 is approximately 50 services. This is an overall increase from prior year. The Olivera Street Apartments are near completion for a total of approximately 83 units with phases already completed and new service connections resulting. The city continues to anticipate the additional sales revenue from planned new developments, DJ Farms and Minami, which will increase actual revenue in future years.

### HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Deliveries <sup>1</sup>
2002	741
2003	764
2004	811
2005	605
2006	719

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<sup>1</sup> Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2006 as determined by the amount of their respective annual payments.

#### LARGEST CUSTOMERS

<u>Customer</u>	<u>Water Usage<sup>2</sup></u>	<u>Annual Payments</u>
Apio Cooler	71,771	\$249,894
Guadalupe Laundromat	3,877	12,600
Guadalupe Union School District	3,496	11,362
Pan American Seed	2,737	8,895
Guadalupe Cemetery	1,681	5,463
P&M Properties	1,616	5,252
Barragan Apts	1,446	4,700
Far Western Tavern	1,176	3,822
Obispo Cooling	1,074	3,491
Cochiolo Trucking	<u>544</u>	<u>1,768</u>
TOTAL	89,418	\$307,247

These ten customers accounted for approximately 30% of water service revenues for the year ended June 30, 2006.

#### WATER SYSTEM RATES AND CHARGES

**Consumption Charges.** All classes of water users are charged the same rate. Specifically, all users pay \$19.45 monthly for the first six (6) units [one (1) unit = 100 cubic feet] as a minimum charge. For each unit above the base six (6) units the charge is \$3.25 per unit.

**Connection Charges.** The City charges connection fees for improvement or expansion of water treatment and distribution facilities as follows:

<u>Meter Size</u>	<u>Connection Charge</u>
¾"	\$ 1,549.77
1"	1,743.39
1 ½"	2,324.52
2"	4,649.33
3"	6,199.10
4"	8,653.96
6"	15,110.52

**Immediate Availability Charges.** On July 26, 1993, the City initiated a standby/availability charge on vacant parcels in the City. The charge was set at \$5.00 per month per parcel less than one (1) acre, and \$10.00 per month per acre for parcels larger than one (1) acre. The standby charge is added to the tax bill for each vacant parcel and is collected by the Santa Barbara County Tax Collector.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2005/06. These results have been estimated by the City, but exclude certain non-cash items and include certain other adjustments. This table has not been audited by the City's auditor.

CITY OF GUADALUPE

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
M&I Sales	\$ 1,003,346
Connection Fees	46,830
Interest Income	7,402
Other Revenues <sup>(1)</sup>	5,350
<b>TOTAL REVENUES:</b>	<b><u>1,062,928</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries & Benefits	172,168
Operations & Maintenance <sup>(2)</sup>	147,115
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>319,283</u></b>
<b>NET REVENUES</b>	<b>743,645</b>
Rate Coverage Reserve Fund Deposit	<u>172,643</u>
Adjusted Net Revenues	<b><u>916,288</u></b>
State Water Payments	\$ 690,570
<b>Coverage Ratio:</b>	<b>1.33</b>
Available for Capital improvements and other purposes	\$ 53,075

(1) Includes stand-by/availability charges.

(2) Exclusive of depreciation.

Source: City of Guadalupe

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**LA CUMBRE MUTUAL WATER COMPANY**

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The information set forth below has been provided by the La Cumbre Mutual Water Company (the “Company”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the Company’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues (exclusive of monthly service charges).

Fiscal Year Ending <u>December 31</u>	Connections					Sales Revenues				
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>
2001	1,400	98	29	2	1,429	\$1,395,710	96	\$ 56,753	4	\$ 1,461,097
2002	1,406	98	30	2	1,436	1,959,567	96	88,391	4	2,081,946
2003	1,406	98	31	2	1,437	1,849,239	96	69,215	4	1,918,454
2004	1,417	98	32	2	1,449	2,064,108	96	81,992	4	2,146,100
2005	1,433	98	31	2	1464	1,796,196	96	73,667	4	1,869,863

Total water sales revenue for FY 2005 are lower than FY 2004 due to moderate weather water sales for 2005 compared to unusually high hot weather sales in 2004 (1,692 AF and 1,1923 AF respectively).

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In Acre-Feet per Year)*

Fiscal Year Ending <u>Dec. 31</u>	<u>Domestic Deliveries</u>	<u>Agricultural Deliveries</u>	<u>Total</u>
2001	1,327	72	1,399
2002	1,802	89	1,891
2003	1,642	82	1,724
2004	1,832	91	1,923
2005	1,611	81	1,692

As noted above water sales were higher in 2004 due to dry weather.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 2005, as determined by the amount of their respective annual payments..

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
La Cumbre Golf & Country Club	92,147	\$ 227,003
Timothy Pasquinelli	6,158	26,352
Mariposa Land Development Co	7,182	24,196
Carriage Hill Association	4,731	21,305
Stephen Redding	6,259	17,987
Marsupial Properties	4,841	17,274
Laguna Blanca School	3,924	16,008
Elk Trust	4,199	15,492
William Foley	4,861	14,102
Gale Trust	<u>1,650</u>	<u>8,977</u>
TOTAL	135,952	\$ 388,697

These ten customers account for approximately 21% of all water service revenues in fiscal year 2005.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges are as follows:

	<b>CURRENT (effective Jan. 1, 2002)</b>
Residential and Commercial	\$2.60/HCF
Schools and Golf Courses	\$2.33/HCF
Agricultural	\$2.60 for first 90 HCF per bi-monthly billing and \$1.79 for excess

<u>Item</u>	<b>CURRENT (effective Oct. 6, 1997)</b> <u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 8.33
"B" less than 100 HCF/Year *	16.67
3/4" meter	25.00
1" meter	41.67
1 1/2" meter	83.33
2" meter	133.33
3" meter	250.00
4" meter	416.67
Fire Sprinkler System	17.50
Private Fire Hydrant	17.50

\* This special bi-monthly charge is for 3/4" services that used less than the noted HCF for the previous year beginning on the last working day in December.

	<b>CURRENT (effective September 18, 2001)</b>	
<u>Item</u>	<u>Connection Charge</u>	
3/4" meter	\$ 5,544	+ material & labor
1" meter	9,240	+ material & labor
1 1/2" meter	18,480	+ material & labor
2" meter	29,040	+ material & labor
3" meter	55,440	+ material & labor
4" meter	92,400	+ material & labor
Fire Sprinkler System	1,320	+ material & labor
Private Fire Hydrant	1,320	+ material & labor

	<b>CURRENT (effective Sept. 1, 1998)</b>
Land Charges	\$20 per acre per bi-monthly period

Water rates were increased in January 2002 by 8.33% to pay for continuing upgrade of distribution and fire hydrant system. Bi-monthly meter service charges were increased an average of 300 % in 1997 to produce more fixed income to offset the state water fixed expenses.

Service connection charges were increased an average of 32% in 2001 to reflect the capital costs of state water.

Land charges were adjusted in 1998 from \$10 to \$20 per acre per bi-monthly billing to produce more fixed income.

FISCAL YEAR 2005 OPERATING RESULTS

The following table is a summary of operating results of the water system of the Company for the Fiscal Year ended December 31, 2005. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Company's auditor.

LA CUMBRE MUTUAL WATER COMPANY

<b><u>REVENUES</u></b>	<b><u>Dec. 31, 2005</u></b>
Water Sales	\$ 1,877,107
Meter Charges	370,565
Land Charges	247,520
Connection Fees	10,996
Other Income	9,984
Rental income	90,057
Interest Income	56,753
<b>TOTAL REVENUES:</b>	<b><u>2,662,982</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Source	139,404
Water Treatment	91,296
Transmission & Distribution	162,653
Admin. & General	663,408
Taxes	24,701
Miscellaneous	5,272
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,086,734</u></b>
<b>NET REVENUES</b>	<b>1,576,248</b>
Rate Coverage Reserve Fund Deposit	353,407
Adjusted Net Revenues	<u>1,929,655</u>
State Water Payments (2005)	<b>1,430,960</b>
Total Contract Payments	<u>1,430,960</u>
<b>Coverage Ratio:</b>	<b>1.35</b>
Available for Capital improvements and other purposes	\$ 145,288

Source: La Cumbre Mutual Water District

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**MONTECITO WATER DISTRICT**

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The information set forth below has been provided by the Montecito Water District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND WATER SALES REVENUES**

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of annual water sales revenues:

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenue			
	<u>Domestic</u>	<u>%</u>	<u>Agricultural</u>	<u>%</u>	<u>Domestic</u>	<u>%</u>	<u>Agricultural</u>	<u>%</u>
2002	4,398	99	55	1	\$ 6,087,213	96	\$ 251,523	4
2003	4,452	99	53	1	6,149,720	96	256,796	4
2004	4,502	99	52	1	7,217,743	95	361,987	5
2005	4,354	99	52	1	6,901,106	96	267,600	4
2006	4,536	99	52	1	6,703,442	96	270,664	

The total actual connections for 2005/06 were 4,588. Domestic sales revenues for 2005/06 were \$6,703,442. Agricultural sales revenues for 2005/06 were \$270,604.

Water service charges and connection fee revenues were \$2,563,720 and \$144,671 respectively. The District’s Board of Directors chose to increase fixed and variable income sources effective January 1, 2006.

## HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years:

*Historic Water Deliveries<sup>1</sup>*  
(In acre-feet per year)

Fiscal Year Ending June 30	Agricultural	Domestic	Total
2002	399	5,136	5,535 <sup>1</sup>
2003	402	5,092	5,494
2004	560	5,495	6,055
2005	398	5,049	5,447
2006	381	4,686	5,067

Actual water deliveries for 2005/06 are 5,067 acre-feet. The following table summarizes Water Production by source:

*Water Production By Sources*  
(In acre-feet per year)

Fiscal Year Ending June 30	Groundwater	Cachuma Project	Other <sup>2</sup> Sources	Total
2002	83	2,474	2,932	5,489 <sup>1</sup>
2003	68	2,032	3,455	5,555
2004	250	3,876	2,286	6,412
2005	305	2,293	3,229	5,827
2006	239	3,434	1,698	5,371

<sup>1</sup> Total deliveries exceed total production due to general system losses and water owed to the City of Santa Barbara; the District is presently rehabilitating its water system through its capital improvement program.

<sup>2</sup> Other sources include water from Jameson Lake and Fox and Alder Creeks, infiltration water from Doulton Tunnel, and beginning in 1997/98, water from the State Water Project.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for FY 2005/06, as determined by the amount of water usage:

Customer	Water Usage <sup>3</sup>	Annual Payment
Birnam Wood Golf Club	68,568	\$ 145,407
Four Seasons Biltmore	29,131	139,388
Westmont College	34,505	121,817
Casa Dorinda	21,168	88,190
Valley Club of Montecito	40,896	86,870
Santa Barbara Cemetary	20,068	46,430
Los Alisos Ranch	27,014	44,689
Private Ranch	13,833	31,481
Ellen Knill	17,292	30,300
Patrick Nesbitt	<u>13,324</u>	<u>25,742</u>
	285,799	\$ 760,314

These ten customers accounted for approximately 10.9% of water service revenues in FY 2005/06.

## WATER SYSTEM RATES AND CHARGES

Water Service Charges. The District has separated its customer base into several classes of service. Rates charged to each class of customers vary. A schedule of the District's water rates and charges as of June 30, 2006 is as follows:

Meter Size	Meter Charge	Meter Size	Meter Charge
5/8" x 3/4"	\$ 27.30	2"	\$145.57
3/4"	27.30	3"	327.54
1"	45.49	4"	545.90
1-1/2"	81.89	6"	909.83

### *Quantity Water Rates in Addition to Monthly Service Charge*

Commercial	\$ 4.25 per hcf <sup>3</sup>
Domestic	3.47 per hcf
Schools	3.23 per hcf
Recreational	1.96 per hcf <sup>4</sup>
Agricultural	1.56 per hcf <sup>4</sup>
Non-Potable	1.40 per hcf

<sup>3</sup> Hundred Cubic Feet (hcf)

<sup>4</sup> Recreational and Agricultural users with dwelling units on the property are charged 12 hcf per month at the domestic rate for each dwelling unit

Connection Fees. The District charges connection fees to cover the costs of installing meters. (Please note that the District no longer installs 5/8"x 3/4" meters.) In addition, a Capital Cost Recovery Fee is charged as a buy-in fee for new customers to buy into the District's capital facilities. The breakdown of Connection and Capital Cost Recovery Fees as of June 30, 2006 is as follows:

Meter Size	Connection Fee	Capital Cost Recovery Fee
3/4"	\$ 1,380.00	\$ 9,500.00
1"	1,422.00	15,833.00
1-1/2"	2,145.00	28,499.00
2"	2,614.00	50,664.00

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 2005/06. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditors:

MONTECITO WATER DISTRICT

<b>REVENUES</b> <sup>5</sup>	<b>June 30, 2006</b>
Water Sales	6,974,046
Water Service Charges	2,563,720
Connection/Capital Cost Recovery Fees	144,671
Water Availability Charge	313,490
Interest Income	206,461
Other Income	306,665
<b>TOTAL REVENUES</b>	<b>10,509,053</b>
<b>OPERATING EXPENSES</b>	
Water Purchased	856,148
Pumping	206,209
Water Treatment	1,102,513
General & Administrative	1,717,586
<b>Operations &amp; Maintenance</b>	<b>973,078</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>4,855,534</b>
<b>NET REVENUES</b>	<b>5,653,519</b>
Rate Coverage Reserve Fund Deposit	973,053
Adjusted Net Revenues	6,626,572
State Water Payments	4,723,577
Total Contract Payments	4,723,577
<b>Coverage Ratio</b>	<b>1.40</b>
Other Debt Service <sup>6</sup>	1,360,785
Available for Capital Improvements and Other Purposes	(430,843)

<sup>5</sup> Excludes taxes and assessments.

<sup>6</sup> Inclusive of the 2004 COMB Bonds, 1993 Department of Water Resources Loan, Department of Water Resources Cater Loan, Department of Water Resources Ortega Improvement Project Loan and 1998A Revenue Bonds.

Source: Montecito Water District

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**CITY OF SANTA BARBARA**

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The information set forth below has been provided by the City of Santa Barbara (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	<u>Connections</u>		<u>Sales Revenues</u>	
	<u>Dom.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>
2002	25,388	100	\$ 21,121,848	100
2003	25,527	100	20,822,544	100
2004	25,653	100	23,127,138	100
2005	25,809	100	24,447,594	100
2006	25,821	100	24,765,305	100

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	<u>Urban Deliveries</u>
2002	13,423
2003	12,779
2004	13,568
2005	12,724
2006	13,257

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>1</sup></u>	<u>Annual Payments</u>
Santa Barbara Cottage Hospital	59,197	\$ 313,523
Fess Parker's Double Tree Inn	28,404	123,985
City of Santa Barbara	63,180	104,814
Montecito Country Club	49,599	80,501
S.B. Zoological Foundation	14,965	71,524
Mission Linen Supply	9,826	48,933
National Retail Partners, LLC	9,601	46,539
M. Barry Semler	10,435	46,226
Samarkand, Inc.	9,921	45,237
La Colina Junior High School	<u>8,986</u>	<u>42,899</u>
Total:	264,114	\$ 924,181

These ten customers accounted for approximately 5% of the annual water system sales for Fiscal Year 2005/06.

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<sup>1</sup> Hundred Cubic Feet

*Water System Rates and Charges During FY 2005/06*

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.47 Next 16 HCF @ \$4.14 All other @ \$4.37
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.47 Next 8 HCF per dwelling unit @ \$4.14 All other @ \$4.37
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.47 Next 8 HCF per dwelling unit @ \$4.14 All other @ \$4.37
Commercial	100% of base allotment <sup>2</sup> @ \$4.14 per HCF; All other @ \$4.37
Industrial	100% of base allotment <sup>2</sup> @ \$4.14 per HCF; All other @ \$4.37
Irrigation - Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$4.14; all other @ \$4.37
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$1.95 Next 240 HCF/acre/year @ \$4.14 All other @ \$4.37
Irrigation – Commercial	100% of base allotment <sup>2</sup> @ \$4.14 per HCF; All other @ \$4.37
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @\$1.56 Next 240 HCF/acre/year @ \$4.14 All other @ \$4.37
Recycled Water	All usage @ \$1.56/HCF
Outside City Limits	130% of corresponding in-City rates

*Monthly Service Charges for Water Meters by Size During FY 2005/06*

Meter Size	Monthly Service Charge
5/8"	\$ 10.42
3/4"	15.64
1"	26.06
1 1/2"	52.11
2"	83.38
3"	166.76
4"	260.56
6"	521.12
8"	833.80
10"	1,198.58

*Connection Charges During Fiscal Year 2005/06*

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$1,771	\$2,173
Buy-in Fee (per detached single family residence)	2,039	5,098
	\$3,810	\$7,271

<sup>2</sup> Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2005/06. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<b>REVENUES</b>	<b>June 30, 2006</b>
M&I Sales	\$ 24,765,305
Service Charges	718,183
JPA Reimbursement	1,861,058
Interest Income	826,516
Other Revenues	<u>84,221</u>
<b>TOTAL REVENUES:</b>	<b><u>28,255,283</u></b>
<b>OPERATING EXPENSES</b>	
Salaries & Benefits	5,978,859
Materials & Supplies	9,490,959
Interest Expense <sup>(1)</sup>	491,065
Other	<u>32,370</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>15,993,253</u></b>
<b>NET REVENUES</b>	<b>12,262,030</b>
State Water Payments	4,524,129
Parity Debt Service <sup>(2)</sup>	<u>1,861,889</u>
Total Contract Payments	<b><u>6,386,018</u></b>
<b>Coverage Ratio:</b>	<b>1.92</b>
Available for Capital improvements and other purposes	\$ 5,876,012

(1) Includes 1989 and 1991 DWR Water Reclamation Loans.

(2) Represents debt service on the 1994 Water Revenue Refunding Bonds and the 2002 Water Refunding COP's which are on a parity with payments to the Authority under the Water Supply Agreement. Coverage calculations take into consideration both payments to the Authority under the Water Supply Agreement and Parity Debt Service.

Source: City of Santa Barbara

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**CITY OF SANTA MARIA**

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The information set forth below has been provided by the City of Santa Maria (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER AND WASTEWATER CONNECTIONS AND SALES AND SERVICE REVENUES**

The following table shows the number of active water and wastewater connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water and wastewater sales revenues.

*Historic Water and Wastewater Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues	Wastewater Service Revenues
2002	17,735	\$ 16,350,234	\$ 3,786,941
2003	18,301	17,569,216	3,981,184
2004	19,170	19,392,893	4,332,027
2005	19,596	20,479,665	4,786,818
2006	20,588	20,901,096	5,230,268

**HISTORIC WATER DELIVERIES**

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 11,375 acre-feet in fiscal year 2005 to a high of approximately 13,267 acre-feet in fiscal year 2004. The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries In Acre-Feet per Year*

Fiscal Year Ending June 30	Deliveries
2002	12,990
2003	12,647
2004	13,267
2005	11,375
2006	13,026

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2006 as determined by the amount of their respective annual payments.

Customer <sup>1</sup>	Water Usage <sup>2</sup>	Annual Payments
City of Santa Maria	216,170	\$ 841,265
Santa Maria Elementary School	109,330	405,107
Allan Hancock College	50,995	184,684
SP Village Green LLC	51,569	177,854
Casa Grande Mobile Homes	61,503	157,925
Marian Hospital & Facilities	33,323	141,736
S.B. County Housing Authority	31,173	120,750
Mission Linen Supply	27,744	94,654
Santa Maria Joint Union High School	21,470	88,211
El Capitan Trailer Park	<u>20,748</u>	<u>54,637</u>
TOTAL	624,025	\$ 2,266,823

The ten largest water customers accounted for approximately 11.4% of water service by volume in fiscal year 2006.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2006 and their respective annual payments.

### *Largest Wastewater Customers*

Customer	Wastewater Usage <sup>2</sup>	Annual Payments
Sure-Fresh	132,746	\$ 185,362
Casa Grande Mobile Homes	57,358	31,943
SP Village Green LLC	51,569	42,223
Frozsun Foods	30,139	41,921
Mission Linen Supply	27,744	36,566
Santa Maria Elementary School	26,820	30,877
Allan Hancock College	22,672	26,695
El Capitan Trailer Park	20,748	12,827
Village Townhomes-SM LLC	20,575	12,483
Casa Del Rio	<u>19,705</u>	<u>21,015</u>
TOTAL	410,076	\$ 441,912

The ten largest wastewater customers accounted for approximately 10.0% of wastewater service by volume in fiscal year 2006.

<sup>1</sup> Some food processors use private well water for their operations and therefore do not appear as largest water customers. However, their wastewater is treated by the City and they are among the largest wastewater customers.

<sup>2</sup> Hundred Cubic Feet

WATER AND WASTEWATER SYSTEM RATES AND CHARGES

*General.* The City is not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission. City staff annually determines the adequacy of Water and Wastewater System rate structure after full consideration of expected operations, maintenance, and capital costs. The City currently sets water and wastewater charges to pay water costs for purchased water, wastewater treatment costs, costs of groundwater pumping and current operating expenses for the Water and Wastewater System. Capital improvements are funded from water/wastewater charges and from connection fees.

*Water Service Charges.* A schedule of the City’s current monthly water rates and charges as of 7/1/06 is set forth below:

*Monthly Service Charges for Water Meters by Size*

Meter Size	Inside City
5/8 x 3/4"	\$ 20.31
1"	31.86
1 1/4"	37.78
1 1/2"	50.35
2"	69.64
3"	151.12
4"	251.89
6"	629.81

*Capacity Charge*

1 – 500 cubic feet	\$ 2.214 per 100 cubic feet
501 – 1000 cubic feet	2.626 per 100 cubic feet
1001 – 1500 cubic feet	3.069 per 100 cubic feet
Above 1501 cubic feet	3.494 per 100 cubic feet

*Wastewater Treatment Charges.* A schedule of the City’s current monthly wastewater treatment rates and charges as of 7/1/06 is set forth below:

*Monthly Wastewater Rates*

Single Family Residence	\$ 10.48
Multiple Apartments:	
2 Rooms or Less	7.42
3 + Rooms	8.06
Mobile Homes (number of spaces)	7.42
Motel/Hotel (per unit)	5.16

*Per 100 cubic feet*

Office Buildings	\$ 1.23
Restaurants	2.93
Commercial	1.77
Food Processing	1.71
Machinery	1.42
Miscellaneous	1.42

## SIGNIFICANT EVENT RESOLUTION

In mid-2005, the City was advised by the IRS that a Preliminary Adverse Determination was issued on the City of Santa Maria Water and Wastewater Revenue Subordinate Certificates of Participation, Series 1997A (COPs).

On October 28, 1997, the COPs were issued to advance refund certain outstanding obligations of the City and to finance certain new capital projects.

The IRS contended that the interest paid on the COPs was not excludable from gross income under Section 103 of the Internal Revenue Code of 1986 (the "Code") because the COPs were considered "arbitrage bonds" under Section 148 of the Code. The IRS stated that proceeds of the COPs were invested in a refunding escrow, at a materially higher yield, through the use of a forward supply contract that provided a put option to the City.

The City contended that all requirements for interest on the COPs to be tax-exempt were satisfied.

In February 2006, the City reached a settlement with the IRS. The City disputed all findings and legal conclusion of the IRS Preliminary Adverse Determination. However, in order to protect bondholders from taxation of interest received from the COPs, the City agreed to finally and completely resolve this dispute by causing the payment of the agreed amount of \$207,237.

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2005/06. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA MARIA

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water & Wastewater Fees & Charges	\$ 26,131,364
Other Revenues	1,596,886
Interest Income	1,082,070
<b>TOTAL REVENUES:</b>	<b>28,810,320</b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries, Wages & Benefits	2,842,964
Materials & Supplies	1,189,848
Equipment Maintenance & Operations	(937,603)
Contracts & Services	3,067,439
Bad Debts	101,444
<b>TOTAL OPERATING EXPENSES:</b>	<b>6,264,092</b>
NET REVENUES	22,546,228
Rate Coverage Fund Deposit	<b>4,034,968</b>
Adjusted Net Revenues	26,581,196
State Water Payments	<b>15,658,361</b>
<b>Coverage Ratio:</b>	<b>1.70</b>
Other Debt Service	\$ 2,203,828
Available for Capital improvements and other purposes	\$ 4,684,039

Source: City of Santa Maria

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT,  
Improvement District #1**

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The information set forth below has been provided by the Santa Ynez River Water Conservation District, Improvement District No. 1 (the “District”), with the exception of the information presented for the City of Solvang. The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

Solvang has represented to the District that the information presented for the City is accurate, and the District has (i) relied on this information in preparing this information, and (ii) not independently investigated that information. The District makes no representations or warranties as to the accuracy or completeness of any information set forth in the City’s continuing disclosure information.

*Historic Water Connections and Sales Revenues*

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections				Sales Revenues					
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Dom.</u> <sup>(1)</sup>	<u>%</u>	<u>Ag.</u> <sup>(2)</sup>	<u>%</u>	<u>Solvang</u>	<u>%</u>
2002	2,256	95	116	5	\$ 2,264,474	65	\$ 818,995	23	\$ 353,215	10
2003	2,270	95	116	5	2,410,599	71	830,755	25	132,116	4
2004	2,278	95	117	5	2,718,591	71	1,065,931	28	32,180	1
2005	2,305	95	117	5	2,508,484	61	949,438	37	60,110	2
2006	2,328	95	114	5	2,869,259	75	922,986 <sup>(3)</sup>	24	56,537	1

The actual FY 2005/2006 total water sales revenues are approximately 9 percent higher than the FY 2004/05 revenues due to an increase in domestic water use, additional water service connections and the annual water rate adjustment for all user classifications. There was a slight decrease in agricultural and limited agricultural water use due to above average precipitation during the rain season.

- (1) Domestic Revenues are shown to include a pro-rata share of the Rural Residential sales revenues.
- (2) Ag Sales Revenues are shown to include a pro-rata share of Limited Ag water sales revenues.
- (3) Non-payment of past due accounts at year end for certain agricultural water customers.

### HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(in acre feet)*

Fiscal Year Ending June 30	Ag. Deliveries <sup>1</sup>	Domestic	Solvang	Total
2002	2,742	2,630	487	5,859
2003	2,362	2,452	154	4,968
2004	2,972	3,031	9	6,012
2005	2,320	2,276	41	4,637
2006	2,325	2,443	32	4,800

The FY 2005/06 actual overall water deliveries are about 3.5 percent higher than FY 2004/05 due to an increase in domestic and agricultural use because of below average precipitation during the rain season. The FY 2005/06 water usage and revenues reflect an increase in water rates and meter charges and typical water usage in below average rainfall years.

### LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Chumash Casino	68	\$ 55,531
Cachuma Sanitation District	60	51,322
Santa Ynez Valley Farming	209	32,702
Gainey Ranch	71	16,470
Gainey Vineyard	40	10,651
Don Smith	61	10,507
Elizabeth Williams	65	10,267
Doug Herthel	62	10,253
John Harmon	27	8,487
Oak Hill Cemetery District	<u>48</u>	<u>7,989</u>
TOTAL	711	\$ 214,179

These ten customers accounted for approximately 6% of the water service revenues for Fiscal Year 2005/06.

<sup>1</sup> Acre Feet

WATER SYSTEM RATES AND CHARGES

The District's rates and charges for FY 2005/06 are as follows:

<i>Monthly Meter Charge</i>		
Meter Size	Domestic/Limited	
	Agricultural	Agricultural
$\frac{5}{8}$ " - $\frac{3}{4}$ "	\$ 23.00	
$\frac{3}{4}$ "	27.60	
1"	46.00	
1 $\frac{1}{2}$ "	91.80	\$ 44.00
2"	145.80	71.00
3"	293.20	141.00
4"	413.50	196.00
6"	917.20	437.00
8"	1,467.70	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$2.02 per HCF	1 <sup>st</sup> 70: \$2.02 per HCF Over 70: \$0.45 per HCF	\$0.31 per HCF
Temporary Rate \$2.86 per HCF	(Conn. Fee \$50.00; minimum chg.: \$25.00)	Cachuma Park & City of Solvang \$2.02 per HCF

Connection Charge

Meter Size	Meter Only	Service and Meter
$\frac{5}{8}$ " - 1"	\$ 2,908.71	\$ 5,117.09 Short Side (1" service) 7,711.84 Long Side (1" service)
$\frac{3}{4}$ "	\$ 3,480.19	\$ 5,688.56 Short Side (1" service) 8,283.31 Long Side (1" service)
1"	\$ 5,717.33	\$ 7,939.21 Short Side (1" service) 10,533.96 Long Side (1" service)
(2) $\frac{5}{8}$ " - 1"		\$ 5,448.30 Short (1" double service) 8,043.05 Long (1" double service)
1 $\frac{1}{2}$ "	\$ 11,404.23	\$ 13,899.98 Short Side (2" service) 16,480.72 Long Side (2" service)
2"	\$18,152.14	\$ 20,688.89 Short Side* (2" service) 23,269.63 Long Side* (2" service)
3"	*see below	*see below

\*2-inch and 3-inch meter only prices are listed for standard style meters. Prices vary for Compound Meters. Installation prices for 3-inch meters are figured on an individual basis.

Fire Service Connection Fee: \$400 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 35,035.78	+ Serv. & Meter Costs
4"	\$ 49,269.07	+ Serv. & Meter Costs
6"	\$ 109,486.82	+ Serv. & Meter Costs
8"	\$ 175,178.91	+ Serv. & Meter Costs

Installation Charge: The meter and service installation charge shall equal the cost of installation as determined by the District from time to time.

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2005/06. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT, NO. 1

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
M&I Water Sales	\$ 3,395,099
Ag. Water Sales	397,146
Water Sales to City of Solvang	56,537
SWP Revenue from City of Solvang <sup>(1)</sup>	2,189,627
Connection Fees	177,196
Special Assessments <sup>(2)</sup>	722,100
Other Fees & Income	73,633
Interest Income	291,532
<b>TOTAL REVENUES:</b>	<b><u>7,302,870</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	181,621
Pumping	421,312
Water Treatment	35,787
Transmission & Distribution	491,841
Other/Litigation Fees	219,942
Administration & General	1,628,480
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>2,978,983</u></b>
<b>NET REVENUES</b>	4,323,887
Rate Coverage Reserve Fund Deposit (Includes Solvang)	<u>933,145</u>
Adjusted Net Revenues	<u>5,257,032</u>
State Water Payments (Includes Solvang)	3,584,153
<b>Coverage Ratio:</b>	<b>1.46</b>
Other Debt Service <sup>(3)</sup>	241,613
Available for Capital improvements and other purposes	\$ 498,121

(1) City of Solvang payments based on State water payments calculated for FY 2005/06 on a cash basis.

(2) Special assessment levied to pay operation and maintenance expenses for the water system.

(3) Debt service on 12004 Cachuma Project Authority Revenue Bonds

Source: Santa Ynez Improvement District #1

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**CITY OF SOLVANG**

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Except as otherwise noted, the information set forth below has been provided by the City of Solvang (the “City”). Neither the Central Coast Water Authority (the “Authority”) nor the Santa Ynez River Water Conservation District, Improvement District No. 1 (the “District”) makes any representations or warranties as to the accuracy or completeness of any of the information set forth below except to the extent that either of them is identified as the source thereof.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	1,893	\$ 3,108,477	1,594
2003	1,901	2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1903	3,543,426	1,321

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2006, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 2006*

Customer	Water Usage <sup>1</sup>	Annual Payments
Rancho Santa Ynez Mobile Estate	24,266	\$ 69,643
Alisal Guest Ranch	11,365	32,504
Royal Scandinavian Inn	7,567	21,642
Solvang Lutheran Home	7,074	20,418
Mission Oaks	7,139	20,232
Mission Ready Mix	5,771	16,505
Petersen’s Village Hotel	5,392	15,421
Solvang School	5,265	15,058
City of Solvang	5,258	15,038
Wine Valley Inn	<u>3,797</u>	<u>10,859</u>
TOTAL	82,894	\$237,320

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<sup>1</sup> Hundred Cubic Feet

*Monthly Service Charges for Water Meters by Size*

<u>Meter Size</u>	<u>Rated Flow (gpm)<sup>2</sup></u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users<sup>3</sup></u>
5/8" x 3/4"	20	1.0	\$ 3.55	\$ 5.32
3/4"	30	1.5	5.32	8.87
1"	50	2.5	8.87	13.32
1-1/2"	100	5.0	17.75	26.63
2"	160	8.0	28.41	42.61
3"	320	16.0	56.82	85.22
4"	450	22.5	79.89	119.85
6"	1,000	50.0	177.55	266.32

*Monthly Water Demand Units*

For each water unit allocated to a property use pursuant to the Water Unit Schedule set forth in this section, a Water Demand Unit fee of \$11.12 per unit shall be imposed and collected monthly.

*Water Demand Unit Schedule*

<i>Property Use</i>	<i>Water Unit Allocation</i>
Single Family Dwellings (including Mobile homes on separate parcels)	4.00
Individual Condominium Units in Residential Condominium Developments	4.00
Multiple Dwellings other than Residential Condominium Developments	
First Occupancy Unit	4.00
Each additional occupancy unit	1.30
Mobile Home Parks Each mobile home	4.00
Motels and Hotels	
First occupancy unit	4.00
Each additional occupancy unit	1.10
Professional Offices other than Medical, Dental and Veterinary	
Single Office Suite or first Suite in a structure containing multiple Office Suites	4.00
Each additional suite in a structure containing multiple office suites	.89
Medical and Dental Offices and Laboratories (including photography laboratories)	
First Physician, Dentist or Other principal professional	4.00
Each additional Physician, Dentist or other principal professional	3.00
Each Laboratory (Dental, Medical, Photographic)	3.00

*Quantity Charge*

In addition to the monthly meter charge, a monthly quantity charge shall be applied to each user. The charge shall be \$2.87 for each ccf<sup>4</sup> per month of consumption. Outside Users will be charged 150% (\$4.30) of current quantity charges, monthly meter charges are based on flow capacities of meter with four demand units.

<sup>2</sup> gallons per minute

<sup>3</sup> outside users are properties outside of City limits

<sup>4</sup> 100 cubic feet

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2005/06. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SOLVANG

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Sales	\$ 3,543,426
Other Fees & Income	23,178
Interest Income	61,566
<b>TOTAL REVENUES:</b>	<b><u>3,628,170</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Operating Expenses	1,068,282
Interest Expense	123,493
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,191,775</u></b>
<b>NET REVENUES</b>	<b>2,436,395</b>
Rate Coverage Fund Deposit	<u>547,407</u>
Adjusted Net Revenues	<u>2,983,802</u>
State Water Payments	2,189,627
<b>Coverage Ratio:</b>	<b>1.36</b>
Available for Capital improvements and other purposes	\$ 246,768

Source: City of Solvang

SAN LUIS OBISPO COUNTY

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**AVILA COMMUNITY SERVICES DISTRICT**

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The information set forth below has been provided by the Avila Beach Community Services District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending	<u>Connections</u>	<u>Sales Revenues</u>
<u>June 30</u>		
2002	171	\$ 125,791
2003	176	160,395
2004	209	171,315
2005	213	163,847
2006	244	174,948

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries and the source of that water in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending	Deliveries <sup>1</sup>
<u>June 30</u>	
2002	44
2003	52
2004	52
2005	51
2006	52

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<sup>1</sup> All Lopez Project Water

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>2</sup>	Annual Payments
Custom House	3,204	\$ 18,519
Western Inns	2,171	12,548
SLO Co Park Irrigation	1,504	8,693
Villa Avila	1,293	7,473
SLO County Park Restroom	1,019	5,889
Martin Resorts	932	5,387
Port San Luis Harbor Restrooms	841	4,861
Dun Sailing Apts.	542	3,133
La Casita	322	1,861
Kelsey Apts.	<u>310</u>	<u>1,792</u>
TOTAL	12,138	\$ 70,156

These ten customers accounted for approximately 40% of water service revenues in fiscal year 2005/06.

## RATES AND CHARGES

	Domestic/ Residential	Commercial	Institutional
Consumption Charge <sup>3</sup>	\$28.90	\$28.90	\$28.90
Meter Charge	\$ 0.00	\$ 0.00	\$ 0.00
Connection Charge <sup>4</sup>	Varies	Varies	Varies
Immediate Availability Charge	\$ 0.00	\$ 0.00	\$ 0.00
Other Charges <sup>5</sup>	\$ 5.78	\$ 5.78	\$ 5.78

The rates and charges shown above reflect recent increases that went into effect after June 30, 2000. The water rate increase adopted by the District's Board of Directors targets a 70% increase in revenues, and connection fees approximately doubled.

<sup>2</sup> Hundred Cubic Feet

<sup>3</sup> Minimum consumption charge

<sup>4</sup> Varies from \$4,780.57 to \$11,951.43 based on anticipated use for residential use for residential customers.

Commercial charges based on \$17,057.09 per acre-foot and the anticipated use.

<sup>5</sup> All customers charged \$5.78 per cubic foot for consumption above 5 cubic feet.

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 2005/06. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

AVILA COMMUNITY SERVICES DISTRICT  
*(Formerly Avila Beach County Water District)*

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Sales	\$ 174,948
Assessment & Connection Fees	271,648
Interest	1,343
Other	37,982
<b>TOTAL REVENUES:</b>	<b><u>485,921</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Lopez Water	58,232
Operations	137,941
General & Administrative	43,664
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>239,837</u></b>
<b>NET REVENUES</b>	246,084
Rate Coverage Fund Deposit	27,992
Adjusted Net Revenues	<b><u>274,076</u></b>
State Water Payments	<b><u>83,213</u></b>
Total Contract Payments	<b><u>83,213</u></b>
<b>Coverage Ratio:</b>	<b>3.29</b>
Available for Capital improvements and other purposes	\$ 162,871

Source: Avila Beach Community Services District

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**CITY OF MORRO BAY**

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The information set forth below has been provided by the City of Morro Bay (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30 2006	Connections	Sales Revenues
2002	5,251	\$3,857,137
2003	5,254	3,802,287
2004	5,383	3,852,954
2005	5,399	3,436,322
2006	5,473	3,884,085

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Deliveries
2002	1,253
2003	1,349
2004	1,205
2005	976
2006	1,009

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Morro Bay High School	1,410,700	\$ 166,769
City of Morro Bay	1,804,100	148,126
Inn At Morro Bay	1,000,500	114,377
Mission Linen	946,900	107,109
Pacific Care	1,008,200	102,008
Morro Elementary School	542,500	49,306
Morro Dunes Trailer Park	514,500	46,412
Department of Parks & Rec.	480,300	40,720
Silver City Manor 1& 2	369,700	32,099
Accor Economy Lodge	<u>331,700</u>	<u>31,186</u>
TOTAL	8,409,100	\$ 838,112

These ten customers accounted for approximately 22% of water services revenues in fiscal year 2005/06.

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<sup>1</sup> Cubic Feet

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2005/06. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF MORRO BAY

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Service Charge	\$ 3,671,259
Connection Fees	89,260
Penalties & Reconnections	41,588
Miscellaneous	81,978
<b>TOTAL REVENUES:</b>	<b><u>3,884,085</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration & General	1,141,002
Maintenance	9,534
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,150,536</u></b>
<b>NET REVENUES</b>	<b>2,733,549</b>
State Water Payments	1,854,271
<b>Coverage Ratio:</b>	<b>1.47</b>
Available for Capital improvements and other purposes	\$ 879,278

Source: City of Morro Bay - Preliminary-Prior to final audit report.

Source: City of Morro Bay

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**OCEANO COMMUNITY SERVICES DISTRICT**

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The information set forth below has been provided by the Oceano Community Services District (the District) except as noted. The Central Coast Water Authority (the Authority) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the District's water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections	Sales Revenues
2001	1,942	\$1,093,686
2002	1,956	1,101,900
2003	1,999	1,087,896
2004	2,024	1,217,461
2005	2,046	1,141,014

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Urban Deliveries
2001	814
2002	815
2003	817
2004	839
2005	839

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2005, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Canyon Crest Mutual Benefit Water	11,221	\$ 44,647
Caritas Corporation/Rancho Del Arroyo MHP	11,308	33,022
Oceano 1 Condo HOA	7,906	22,236
Lucia Mar Unified School District	6,185	21,509
Sand and Surf (Transient) RV Park	6,166	20,847
Duna Vista Mobile Home Park	5,961	19,989
Pismo-Oceano Vegetable Exchange	5,638	18,328
Porticos Mobile Home Park	5,131	15,241
State of California	4,569	15,174
Pleasant Hill Mobile Home Manor MHP	<u>4,539</u>	<u>12,340</u>
TOTAL	68,624	\$223,333

These ten customers accounted for approximately 19.6% of water service revenues in fiscal year 2004/05.

## RATES AND CHARGES

*Bi-Monthly Charges for Non-Residential Accounts.* The following bi-monthly charges for water service for non-residential accounts were established April 12, 1997:

Meter Size	Domestic/Residential	Bi-Monthly Non-Residential Charge
5/8"	\$23.94	\$ 29.15
3/4"		36.55
1"		58.40
1 1/2"		109.20
2"		172.30
3"		276.95
4"		473.80
6"		741.30

The minimum bi-monthly charge, as listed, allows six hundred cubic feet of water. Additional needs shall be charged at the metered rate of:

7 - 25 ccf	\$2.25/ccf
Additional Needs	\$2.95/ccf

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<sup>1</sup> Hundred Cubic Feet

*Bi-monthly Charges for Residential Accounts.* The minimum bi-monthly charges for residential accounts will be \$23.94, which will allow six hundred cubic feet. Additional needs shall be charged at the metered rate of:

7 - 25 ccf	\$2.25/ccf
Additional Needs	\$2.95/ccf

For meters serving more than one residential dwelling unit, the minimum bi-monthly charge shall be calculated at \$3.99 multiplied by six (hundred cubic-feet), multiplied by the number of dwelling units served. All consumption above the minimum, but less than the amount equal to twenty-five multiplied by the number of dwelling units, shall be charged at the metered rate of \$2.25/ccf. Additional needs shall be charged at the metered rate of \$2.95/ccf.

For those properties that are outside the District boundaries but are receiving District water or sewer services, not on an emergency basis, there will be a \$7.10 administration charge per billing period.

*Connection Charges*

Meter Size	Domestic/Residential	Bi-Monthly Non-Residential Charge
5/8"	\$675	\$ 675
3/4"		950
1"		1,350
1 1/2"		2,700
2"		5,400
3"		10,800
4"		18,900
6"		43,200

FISCAL YEAR 2005 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 2004/05. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

OCEANO COMMUNITY SERVICES DISTRICT

**Information Not Provided**

Source: Oceano Community Services District

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**CITY OF PISMO BEACH**

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The information set forth below has been provided by the City of Pismo Beach (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections <sup>1</sup>	Sales Revenues
2002	4,233	\$1,751,585
2003	4,234	1,772,352
2004	4,365	1,872,673
2005	4,405	1,888,635
2006	4,443	1,994,992

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Urban Deliveries <sup>2</sup>
2002	2,219
2003	2,001
2004	1,962
2005	1,953
2006	1,924

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<sup>1</sup> The connections for 1999 through 2000 have been corrected. An error was discovered in the computer program which counted some meters twice.

<sup>2</sup> The Water Deliveries for 2002 through 2005 have been corrected. Water production was reported instead of water deliveries.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Mobile Home Park	16,203	\$ 27,398
Cliffs Shell Beach	15,997	27,100
Oxford Suites	9,121	14,745
Seacrest Motel II	9,428	14,326
Motel 6	8,773	13,481
Pismo Lighthouse Suites	7,226	12,127
Hacienda Del Pismo	6,574	11,239
Seaventure	7,030	11,062
Shorecliff Lodge	7,470	10,893
Kon Tiki	<u>6,703</u>	<u>10,591</u>
TOTAL	94,528	\$ 152,962

These ten customers accounted for approximately 7.7% of water service revenues in fiscal year 2005/06.

### *Rates and Charges* Bi-monthly fixed charges are as follows:

	Meter Size All Meters	
	5/8" & 3/4"	\$ 22.70
	1"	45.15
	1-1/2"	78.75
	2"	127.50
	3"	247.28
	4"	382.00
	6"	906.00
	Single Family <u>Residential</u>	All Other Metered <u>Users</u>
Consumption Charge:		
0-15 HCF	\$1.34/HCF	\$1.50/HCF
16 HCF and higher	\$1.70/HCF	\$1.50/HCF
Construction Meter		\$3.01/HCF
Connection Charges:		
A) State Water Supply Fee	\$ 6,475.00 per equivalent dwelling unit	
B) Special Tax Levy FY 2005-06	\$ 144.08 per year per equivalent dwelling unit.	

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2005/06. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Service Charge	\$ 2,027,770
State Water Impact Fee	289,144
Interest	121,374
Assessments	1,038,399
Miscellaneous	-
Other Revenues	8,327
<b>TOTAL REVENUES:</b>	<u>3,485,014</u>
<b><u>OPERATING EXPENSES</u></b>	
Admin & General	586,265
Lopez Contract Payments	570,272
Operations & Maintenance	447,941
Utilities	127,762
<b>TOTAL OPERATING EXPENSES:</b>	<u>1,732,240</u>
<b>NET REVENUES</b>	<b>1,752,774</b>
State Water Payments	1,204,253
Total Contract Payments	1,261,518
<b>Coverage Ratio:</b>	<b>1.46</b>
Available for Capital improvements and other purposes	\$ 548,521

Source: City of Pismo Beach

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**COUNTY OF SAN LUIS OBISPO C.S.A. NO. 16, ID#1**

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The information set forth below has been provided by the County of San Luis Obispo (the “County”) on behalf of San Luis Obispo County Service Area No. 16, Improvement District No. 1 (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections	Sales Revenues
2002	304	\$ 195,366
2003	309	175,353
2004	319	194,205
2005	335	189,481
2006	341	203,385

The number of connections in FY 2005/06 increased by approximately 2% over the number of connections in FY 2004/05, and sales revenues for the same periods increased by approximately 3%.

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Total Production	Total Sold	Park Irrigation
2002	143.4	103.8	26.4
2003	136.5	112.5	20.3
2004	153.9	116.0	24.4
2005	147.2	113.8	22.3
2006	156..2	122.3	23.5

The actual water deliveries for FY 2005/06 are approximately 7% more than actual water deliveries for FY 2004/05.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2006, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Shandon Unified School District	817	\$ 3,010
Caltrans	656	2,390
Shandon Park	505	1,813
EOC	353	1,351
Residence	358	1,257
Residence	353	1,238
Residence	346	1,213
Residence	311	1,101
Residence	304	1,075
Residence	<u>297</u>	<u>1,015</u>
TOTAL	4,300	\$ 15,463

These ten customers accounted for approximately 7.6% of water service revenues in fiscal year 2005/06.

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<sup>1</sup> Hundred Cubic Feet

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 2005/06. These results have been derived from the County's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the County's auditor.

SAN LUIS OBISPO COUNTY SERVICE AREA NO. 16  
IMPROVEMENT DISTRICT NO. 1

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Service Charge	\$ 203,385
New Services	7,567
Water Availability	10,130
Connection Fees	10,400
Interest	16,989
Other	12,605
<b>TOTAL REVENUES:</b>	<b><u>261,076</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Utilities	14,037
General & Administrative	34,146
Operations & Maintenance	108,492
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>156,675</u></b>
<b>NET REVENUES</b>	104,401
Rate Coverage Fund Deposit	14,723
<b>Adjusted Net Revenues</b>	<b><u>119,124</u></b>
State Water Payments	52,184
 <b>Coverage Ratio:</b>	 <b>2.28</b>
Available for Capital improvements and other purposes	\$ 52,217

Source: San Luis Obispo County