



Otay Water District  
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 www.otaywater.gov

## Notice of Residential Sewer Rate Increase

### NOTICE OF SEWER RATES AND CHARGES EFFECTIVE FOR SEWER SERVICE BILLED IN JANUARY 2017

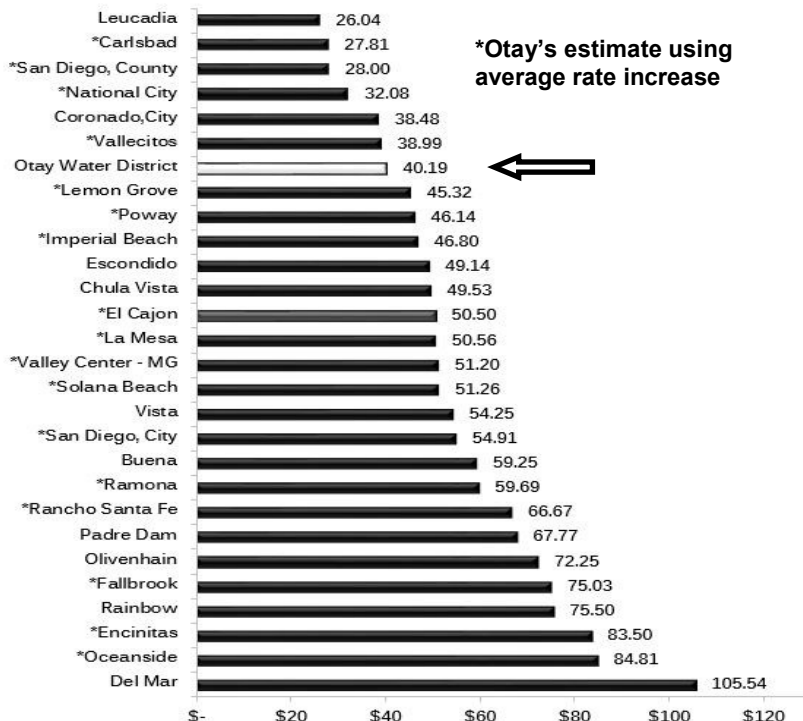
Dear Customer,

An overall average rate increase of 3.0 percent was approved by the Otay Water District (the "District") as part of the annual budget adoption process completed in May, 2016. The District also authorized the discontinuance of the monthly system fee recapture, which was part of a 2013 Cost of Service study. With implementation of the rate increase, and the discontinuance of the system fee recapture, the average customer using 11 units of water will have a decrease of 18 cents per month effective January 1, 2017. **The new sewer rates and charges will apply to service billed beginning January 1, 2017 and, depending on your billing cycle, will apply to service as early as the beginning of December, 2016. This letter provides a 30-day notice of rate increases.**

The implementation of the 2013 Cost of Service study was phased-in over a three-year period. The phase-in resulted in an initial shortfall in overall Monthly System Fees collected. That shortfall was recaptured in calendar years 2014, 2015, and 2016. Recapture of the monthly system fees ends this year.

The District is a revenue-neutral public agency. Your sewer bill reflects only those charges sufficient to support your sewer service. To continue providing sewer service, the District must adjust its rates for service, implement certain rate increases, and pass-through costs from the District's treatment and disposal providers (including but not limited to the County of San Diego and the City of San Diego) to its customers that reflect the full cost of providing the service. Such costs include inspection and preventative maintenance of the public sewer system and replacement of aging sewer

**PROJECTED AVERAGE SEWER BILLS BY AGENCY EFFECTIVE FY 2017**



infrastructure. These actions protect the public's investment in the public sewer system, minimize maintenance costs, reduce the possibility of pipeline breaks, blockages or spills, and keep sewer rates affordable.

On September 4, 2013, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. This sewer rate increase is within the limits approved in the five-year schedule of rates.

For its part, the District works diligently to reduce internal costs and continues to be one of the lowest cost sewer service providers in San Diego County. For more information about the Otay Water District, please visit [www.otaywater.gov](http://www.otaywater.gov) or contact us via email at [info@otaywater.gov](mailto:info@otaywater.gov).

**Residential Sewer Service Bill Calculation**

The District uses the customer’s winter average consumption in determining the Sewer Service bill (“Winter Average”). The winter average is defined as the units<sup>2</sup> of water billed from January through April of the previous year divided by four. New customers will have a winter average of 11 HCF<sup>2</sup> until a winter average can be established. A 15 percent usage discount is applied to all sewer customers to acknowledge that not all water purchased goes to the sewer system.

**(Winter Average x 85% x Usage Fee) + System Fee = Sewer Service bill**

**Rates and Fees**

	<b>Current</b>	<b>New</b>
Usage Fee	2.46	2.58
System Fee	17.19	15.89 <sup>(1)</sup>

**Average Bill using 11 HCF (or Units)<sup>2</sup> of Water per Month**

The monthly sewer service charge for the average residential customer based on water meter and 9.35 HCF of water (11 HCF - 1.65 HCF), which is 85% of the winter average is as follows:

	<u><b>Usage Fee</b></u>	<u><b>Winter Average</b></u>	<u><b>System Fee</b></u>	<u><b>Total</b></u>
<b>Current</b>	\$2.46	9.35	\$17.19	\$40.19
<b>New</b>	\$2.58	9.35	\$15.89 <sup>1</sup>	\$40.01

The maximum sewer bill is \$81.68. This is calculated using the maximum consumption of 30 HCF, which has already been reduced by the 15 percent discount.

**Footnotes**

<sup>1</sup> In September 2013, the District approved a three-year phase-in of the Monthly System Fee. The phase-in resulted in a shortfall in 2014 to be recaptured through calendar years 2014, 2015, and 2016. The recapture fee will be discontinued beginning January 1, 2017.

<sup>2</sup> One hundred cubic feet (HFC) equals 748 gallons or one “unit” of water.