



Notice of Recycled Water Rate Increase

Otay Water District
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NOTICE OF INCREASED RECYCLED WATER RATES AND CHARGES EFFECTIVE FOR WATER BILLED IN JANUARY 2015

Dear Customer,

An overall rate increase of 5.8 percent was approved by the Otay Water District (the "District") as part of the annual budget adoption process completed in May 2014. The new water rates and charges will apply to water billed beginning January 1, 2015 and, depending on your billing cycle, will apply to water used as early as the beginning of December 2014. **This letter serves as a 30-day notice of rate increases.**

Recycled water rates are based in part on the cost of potable water from the District's wholesale suppliers. To continue providing reliable high-quality service, the District must implement rate increase and pass-through to its customers higher costs by those water wholesalers. A large percentage of this increase is a direct pass-through from those suppliers, which include the Metropolitan Water District of Southern California (MWD), San Diego County Water Authority (CWA), and the City of San Diego.

Producing and distributing recycled water is also costly and the District is a revenue-neutral public agency. To help offset the cost of supplying alternative water sources, the District receives financial incentives from its wholesale water suppliers. Everyone benefits from recycled water, including potable water customers, because it diversifies our water sources. Therefore, potable and recycled water rates are calculated in a combined manner. Recycled rates are then discounted by 15 percent, recognizing the added expense to use recycled water. Today, approximately 13 percent of the District's water supply is made up of recycled water and there are plans to continue expanding the system.

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

Water wholesalers raise their water rates as they work to obtain new and more reliable supplies of water or build new and more reliable infrastructure. This includes agricultural to urban water transfers expansion of reservoirs, pipeline relining projects, new water treatment plants, as well as potential new sources of water supplies such as ocean water desalination. In addition, rate increases cover the cost of acquiring imported water from the Colorado River and Northern California.

For its part, the District continues to work to reduce internal costs including reducing the number of full-time employees and instituting efficiency programs that help reduce the impact of higher rates from suppliers. The District also continually strives to be among the lower cost water service providers in San Diego County.

With water resources stretched thin across California and mandates on all Californians to save water, customers interested in learning ways in which they can reduce their water use to minimize the effects of this rate increase can visit the District's Conservation pages at www.otaywater.gov. The District provides information on rebates, incentives, water audits, and other resources to help you save water.

The Water Conservation Garden in Rancho San Diego is free to the public and offers various conservation exhibits and classes to help you save water. Please visit the Water Conservation Garden, or go to www.thegarden.org.

For more information about the Otay Water District, visit www.otaywater.gov or contact us at info@otaywater.gov.

Consumption Fees by Meter Size

Current		New		Current	New
<u>Recycled Irrigation Usage Fee¹ (3/4" to 1.0" meter)</u>			<u>Recycled Irrigation Usage Fee¹ (1 1/2" to 2.0" meter)</u>		
Consumption Blocks (units)¹			Consumption Blocks (units)¹		
0 - 32	\$3.56	\$3.73	0 - 130	\$3.56	\$3.73
33 - 75	\$3.61	\$3.79	131 - 325	\$3.61	\$3.79
76 or more	\$3.68	\$3.84	326 or more	\$3.68	\$3.84
<u>Recycled Irrigation Usage Fee¹ (3" & 4" meter)</u>			<u>Recycled Irrigation Usage Fee¹ (>6" meter)</u>		
Consumption Blocks (units)¹			Consumption Blocks (units)¹		
0 - 440	\$3.56	\$3.73	0 - 4,000	\$3.56	\$3.73
441 - 1,050	\$3.61	\$3.79	4,001 - 10,000	\$3.61	\$3.79
1,051 or more	\$3.68	\$3.84	10,001 or more	\$3.68	\$3.84
<u>Recycled Water Usage Commercial¹ (<10" meter)</u>			<u>System Fees²</u>		
Consumption Blocks (units)¹			Meter Size		
0 - 173	\$2.56	\$2.72	3/4"	\$16.19	\$19.39
174 - 831	\$2.64	\$2.77	1"	\$22.87	\$27.39
832 or more	\$2.66	\$2.81	1 1/2"	\$39.58	\$47.40
 			2"	\$59.62	\$71.39
 			3"	\$113.08	\$135.41
 			4"	\$173.22	\$207.43
 			6"	\$340.29	\$407.50
 			8"	\$540.76	\$647.56
 			10"	\$774.64	\$927.63
<u>Government Fee⁴</u>			<u>Energy Charges³</u>		
	\$0.31	\$0.32		\$0.048	\$0.50

Footnotes

1. Recycled water rates are based on meter size and the number of recycled water units used each month. Customers outside the Otay Water District, an Improvement District, or using temporary meters pay two times this rate. A unit of recycled water equals 748 gallons.
2. Systems Fees are based on meter size. The fee is increasing to pay for higher water system replacement, maintenance, and operating expenses.
3. The Energy Charge represents the cost of energy required to pump each unit of recycled water 100 feet in elevation. This is charged proportionately for every foot of elevation over 450 feet.
4. This charge is a per unit charge in lieu of tax revenues paid by non-government customers.

This information reflects only changes to rates. For a comprehensive listing, please see the Otay Water District's Code of Ordinances at www.otaywater.gov. Prolonged drought conditions or declared water shortages may impact rates.