



Notice of Residential Water Rate Increase

Otay Water District
 2554 Sweetwater Springs Blvd.
 Spring Valley, CA 91978
www.otaywater.gov

NOTICE OF INCREASED WATER RATES AND CHARGES EFFECTIVE ON WATER USAGE BEGINNING IN JANUARY 2012

Dear Customer,

An overall rate increase of 7.7% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2011. This action is necessary due to higher costs from wholesale water suppliers. The rate increase herein noticed is a 100% pass-through to those suppliers. The new water rates and charges will apply to water billed beginning February 1, 2012 and, depending on your billing cycle, may apply to water usage as early as the beginning of January 2012. **This letter serves as a 30-day notice of rate increases.**

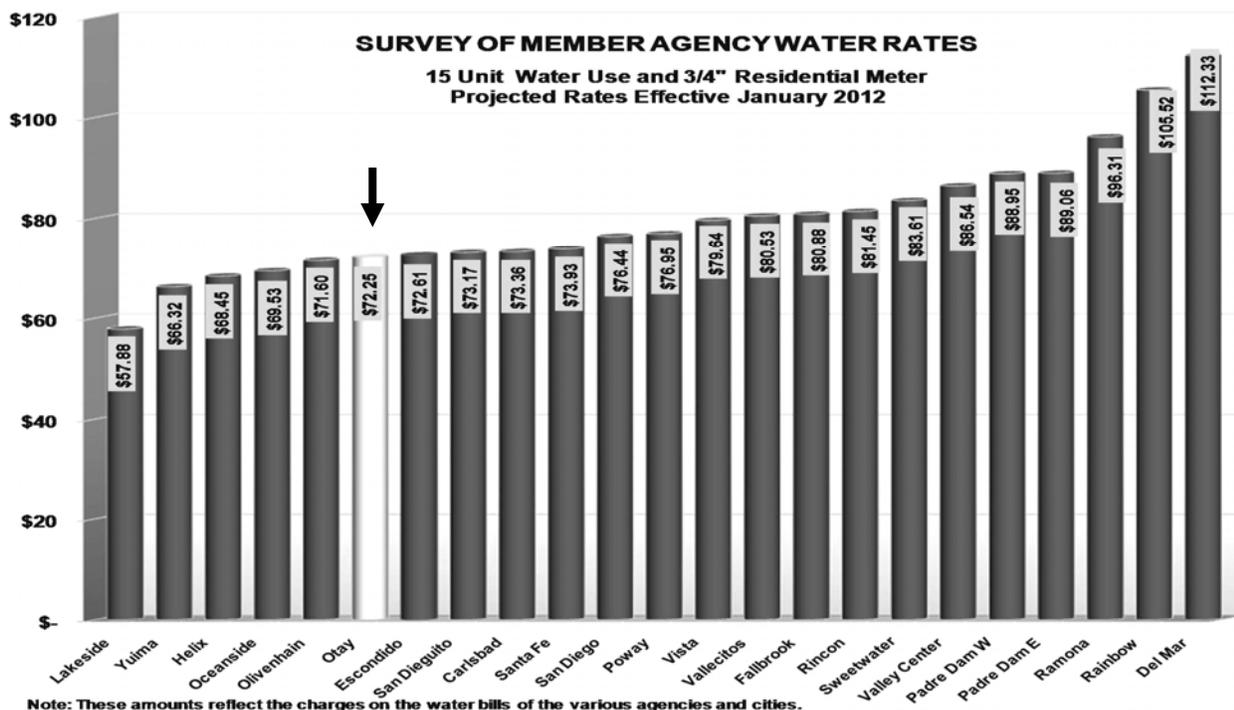
The District is a revenue neutral public agency. To continue providing reliable high-quality water services, the District must implement rate increases and must pass-through to its customers higher costs from suppliers including the Metropolitan Water District of Southern California (MWD), San Diego County Water Authority (CWA), and the City of San Diego.

Water wholesalers are raising their rates to obtain new and more reliable supplies of water. These include more reliable emergency supplies, agricultural to urban water transfers, canal lining projects that conserve water in Imperial County and transfer that water to end users in San Diego County, as well as new potential sources of water. In addition, rate increases cover the higher cost of acquiring imported water from the Colorado River and Northern California.

Water wholesalers are raising their rates by 9.97% in January 2012, but by cutting internal costs, including reducing the number of full-time employees and efficiency programs such as automated meter reading and online billing services, the District is able to absorb a significant amount of those costs and pass-through a smaller rate increase to its customers.

On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. This increase is within the limits contemplated in that five-year schedule of rates.

Customers interested in learning ways they can reduce their water usage to minimize the effects of the higher cost of water can visit the District's Conservation page at www.otaywater.gov. Additionally, the Water Conservation Garden located in Rancho San Diego offers various conservation exhibits and classes. To learn more about the Garden, visit www.thegarden.org. For more information about the District, please go to www.otaywater.gov or contact us via email at info@otaywater.gov.



Typical Bill for 15 HCF² (or Units) per Month

For a typical single-family residential customer, your bill will increase by \$4.53. Your bill will vary based on meter size, water consumption, and geographic location.

	MWD/CWA ¹	System Fee ¹	Water Rate ²	Energy Charge ⁴	Water Charge by Improvement District ⁵	Total ⁶
Current	\$11.82	\$14.58	\$38.10	\$2.34	\$0.88	\$67.72
New	\$14.01	\$14.58	\$40.45	\$2.36	\$0.85	\$72.25
Increase in monthly water bill:						\$4.53

New Rates and Fees

Single Family Consumption Blocks (Units or HCF)²

Conservation Tier³

6 - 10
11 - 22
23 +

Current

\$1.49
\$2.31
\$3.00
\$4.63

New

\$1.58
\$2.45
\$3.19
\$4.92

Current

Meter Size	System Fee	MWD/CWA	Total
3/4"	\$14.58	\$11.82	\$26.40
1"	\$18.52	\$19.69	\$38.21
1 1/2"	\$28.37	\$39.44	\$67.81
2"	\$40.18	\$63.07	\$103.25

New

System Fee	MWD/CWA	Total
\$14.58	\$14.01	\$28.59
\$18.52	\$23.33	\$41.85
\$28.37	\$46.74	\$75.11
\$40.18	\$74.74	\$114.92

Energy Charges⁴

Improvement District⁵ No. 3

Improvement District⁵ No. 10

La Presa⁵

Current

\$0.044
\$0.19
\$0.27
\$0.08

New

\$0.045
\$0.20
\$0.27
\$0.08

Footnotes

- These fees are based on the meter size. The MWD/CWA fee is increasing to reflect the full pass-through of this cost by the District's water suppliers.
- This cost varies based on water usage and can be calculated using the consumption block tables. One unit of consumption equals 748 gallons or one HCF (hundred cubic feet).
- The Conservation Tier discount applies toward the first five units when overall consumption is ten units or less.
- The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This is charged proportionately for every foot of elevation over 450 feet. This increase is necessary due to increased power costs to the District.
- This charge is a per unit charge and your bill will vary based on water consumption. Improvement district charges do not apply to the first five units of water per month.
- Charges collected through the property tax role (Availability Fees and general obligation debt) are not included in this total.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinance at www.otaywater.gov.