



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

Notice of Commercial Sewer Rate Increase

NOTICE OF INCREASED SEWER RATES AND CHARGES EFFECTIVE ON SEWER SERVICE BEGINNING IN JANUARY 2012

Dear Customer,

An overall rate increase of 7.5% 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. The new sewer rates and charges will apply to service billed beginning February 1, 2012 and, depending on your billing cycle, may apply to service as early as the beginning of January 2012. **This letter provides a 30-day prior notice of rate increases.**

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 services, the District must adjust its rates for service, implement certain rate increases and pass-through higher costs to its customers based on rate changes from the District's sewage treatment and disposal providers. For instance, while the County of San Diego decreased its rates for service, this positive action was offset by a 9.4% increase from the City of San Diego for wastewater disposal.

On August 24, 2009 the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a pass-through increase of 7.5%. One hundred percent of this increase is the result of higher service rates for wastewater disposal from the City of San Diego. The sewer rate increase is within the limits contemplated in the five-year schedule of rates.

For its part, the District has worked diligently to reduce internal costs to minimize the impact of higher costs from public sewage treatment and disposal agencies. For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

Rate Increase Notice

Non-Residential Sewer Rates

To meet State of California requirements, customers must pay their fair share of sewer costs. The Otay Water District is required to determine sewer rates in accordance with the State's Revenue Program Guidelines. The formula takes into consideration the cost associated with the Daily Flow, Chemical Oxygen Demand and the removal of Suspended Solids. The Chemical Oxygen Demand and Suspended Solids determine whether the Strength Factor is high, medium, or low, consistent with the State Water Resources Control Board's guidelines.

Monthly bills are calculated based on Assigned Service Units (ASU). One ASU is equal to the demand placed on the system by a residential unit. ASUs are calculated by multiplying the Daily Flow by the Strength Factor.

Daily Flow x Strength Factor = Assigned Service Unit

Strength Factors

1.0	Churches
1.0	Low Strength Commercial
1.238	Medium Strength Commercial
2.203	High Strength Commercial

	<u>Current</u>	<u>New</u>
Rate per ASU	\$ 39.39	\$41.75

The sewer bill is then calculated by multiplying the ASUs by the rate per ASU. This charge is increasing by \$2.36 per ASU from \$39.39 to \$41.75.

A \$54 per ASU assessment will no longer be collected on the property tax bill for sewer debt. The state sewer loan was paid in full in 2011.

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.