



Notice of Residential and Multi-Residential Sewer Rate Increase

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

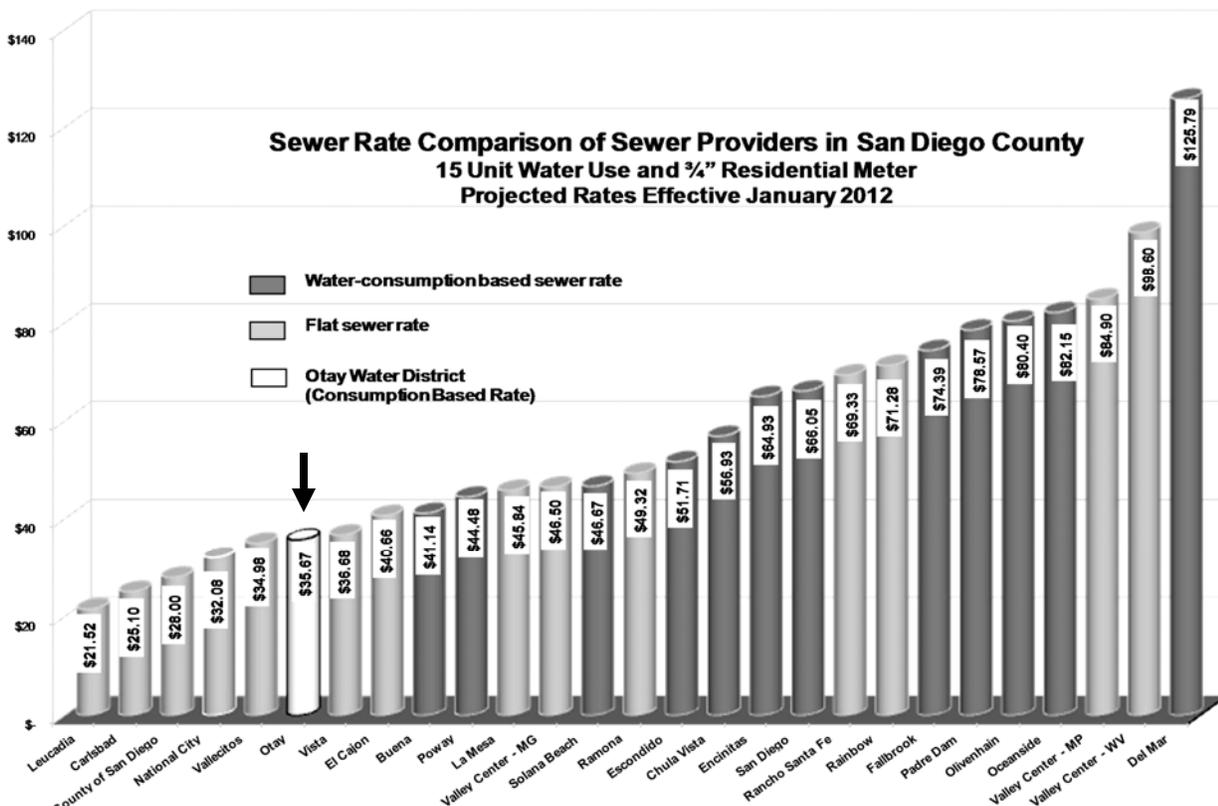
Dear Customer,

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. One hundred percent of this increase is the result of higher service rates for wastewater disposal from the City of San Diego. 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. For a typical residential sewer customer whose water usage is approximately 15 units per month, your sewer bill will increase by \$1.96 per month. **This letter serves as a 30-day 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. Though the County of San Diego has decreased its rates for service, this positive action was offset by a 9.4% increase from the City of San Diego.

On August 24, 2009 the District adopted a five-year schedule of rates in compliance with applicable provisions of law. 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 sewage treatment providers. The chart below shows how the District's sewer rates compare to other agencies in San Diego County. For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.



* Rates include availability charges collected on the property tax bill.

Residential Sewer Rate Increase

The monthly sewer service charge for a typical single-family residential customer with either a 3/4" or 1" water meter and a Winter Average of 15 HCF (hundred cubic feet or one unit) will be calculated as follows:

Usage Fee Rate x Winter Average + a Monthly Base Fee

| | <u>Usage Fee</u> | <u>Base Fee</u> | <u>Total</u> |
|----------------|------------------|-----------------|--------------|
| Current | \$21.30 | \$11.57 | \$32.87 |
| New | \$22.57 | \$12.26 | \$34.83 |

| Meter Size | <u>Current</u> | <u>New</u> |
|-------------------|----------------|------------|
| 3/4" | \$11.57 | \$12.26 |
| 1.00" | \$16.87 | \$17.88 |
| Usage Fee | \$1.67 | \$1.77 |

A typical bill is based on 12.75 HCF of water (15 HCF - 2.25 HCF). This 15% discount is an acknowledgement that not all water purchased goes to the sewer system. The maximum bill for a 3/4" meter is \$65.36. The maximum bill for a 1.0" meter (based on 30 HCF, which has already been reduced by the 15% discount) is \$70.98.

The Winter Average is defined as the units of water billed from January through April of the previous year divided by four. New customers will have a Winter Average assigned of 15 HCF and pay \$34.83 per month until a Winter Average can be established.

Multi-Residential

The total sewer bill for multiple residential customers is calculated just like a residential customer with the exception that the base fee is multiplied by the number of dwelling units, and the Winter Average, after being reduced by 15%, has no maximum.

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.