



Notice of Residential and Single-Family Sewer Rate Increase

Otay Water District
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NOTICE OF SEWER RATES AND CHARGES EFFECTIVE FOR SEWER SERVICE BILLED IN JANUARY 2016

Dear Customer,

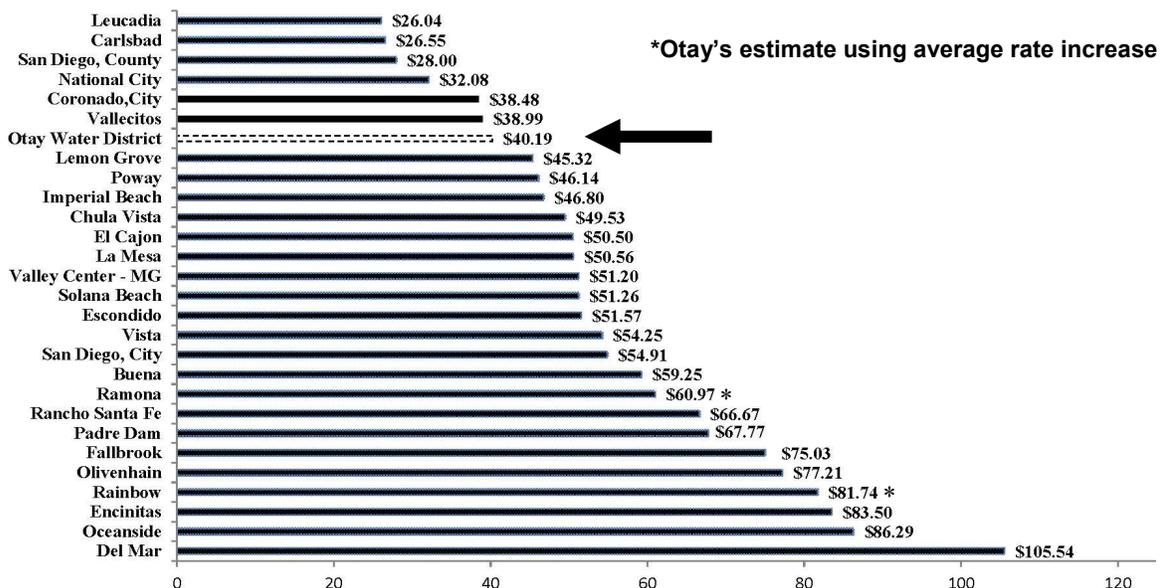
As part of the annual budget adoption process completed in June 2015, the Otay Water District (the "District") approved no variable rate increases for the calendar year 2016. However, as part of the 2013 Cost of Service Study, the District approved a three-year phase-in of the Monthly System fee. The phase-in resulted in a shortfall of \$1.30 in the 2014 Monthly System Fee to be recaptured in 2016. For a typical sewer customer, your bill will increase by \$1.30. The new sewer rates and charges will apply to service billed beginning January 1, 2016 and, depending on your billing cycle, will apply to service as early as the beginning of December 2015. **This letter provides 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 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 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 has worked 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 or contact us via email at info@otaywater.gov.

PROJECTED AVERAGE SEWER BILLS BY AGENCY EFFECTIVE FY 2016



Residential and Single Family Sewer Service Bill Calculation

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 11 HCF (hundred cubic feet) will be calculated as follows:

$$\text{((Usage Fee x Winter Average) x 85\%)} + \text{System Fee} = \text{Sewer Service bill}$$

Rates and Fees

	Current	New
Usage Fee	2.46	2.46
System Fee	15.89	17.19 ⁽¹⁾

Typical Bill at 11.9 HCF (or Units) of Water per Month

A typical bill is based on 9.35 HCF of water (11 HCF - 1.65 HCF). This 15 percent discount is an acknowledgement that not all water purchased goes to the sewer system. Based on 30 HCF, the maximum bill for a single-family residential meter is \$79.92 which has already been reduced by the 15 percent discount. One HCF equals 748 gallons or one "unit" of water.

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 11 HCF until a Winter Average can be established.

	<u>Usage Fee</u>	<u>HCF of water less 15% discount</u>	<u>System Fee</u>	<u>Total</u>
Current	\$2.46	9.35	\$15.89	\$38.89
New	\$2.46	9.35	\$17.19 ⁽¹⁾	\$40.19

Footnotes

⁽¹⁾ In September 2013, the District approved a three-year phase-in of the Monthly System Fee. The phase-in resulted in a shortfall of \$1.30 in 2014 to be recaptured in 2016.