



WESTERN MUNICIPAL WATER DISTRICT NEW DATE SCHEDULED FOR PUBLIC HEARING

Proposed Increases in Water Rates and Service Charges

Date: Wednesday, October 4, 2017

Time: 6 p.m.

Location: Western Municipal Water District Board Room
14205 Meridian Parkway, Riverside, 92518

The Western Municipal Water District (Western) Board of Directors will conduct a Public Hearing to consider a proposed schedule of increases to the rates our agency will charge for water service over the next three years.

In March of this year, we had scheduled a Public Hearing; it was canceled by the Board of Directors. The reason for canceling the rate hearing was so that our agency could have time to finalize a local water purchase agreement which would affect the rates in our Riverside Service Area.

Western is now moving forward with proposed rates with a Public Hearing set for Oct. 4, 2017 at 6 p.m. at Western's office location, 14205 Meridian Parkway in Riverside.

This notice is being sent to the owners of property upon which the water rates and service charges are proposed for imposition and any tenants directly liable for the payment of the proposed water rates

and service charges (i.e., customers of record who are not property owners). The proposed rates will be applicable to all parcels that receive water service from Western.

The Public Hearing will be conducted at the time, date and location specified above to consider proposed increases to Western's water rates and service charges. Members of the public are invited to attend the hearing. Additionally, property owners and tenants directly responsible for the payment of water service charges may submit a written protest to the proposed rates. All written protests must be received prior to the conclusion of the Public Hearing.

See "How to Participate" to learn more. Additional information about the proposed rates is available in this document and online at wmwd.com/WaterRates

Informacion importante sobre los aumentos propuestos de la tasa de agua. Si tiene alguna pregunta sobre esta informacion, por favor comuniquese con nuestra oficina al 951.571.7104 o por correo electronico a outreach@wmwd.com

WHY HAVE I RECEIVED THIS NOTICE?

You have received this notice because Western is considering increases to water rates and service charges. To continue Western's commitment to transparency, as well as to fulfill legal requirements, we are sending you the proposed rates and charges in this document. The proposed rates will be presented at the Public Hearing at 6 p.m., Oct. 4, 2017.

HOW TO PARTICIPATE

Western Municipal Water District welcomes your participation as our Board of Directors considers the increases explained in this notice. If you have any questions or comments about the proposed rates, you can:

Attend a Town Hall Meeting. Western will be mailing out invitations to attend a Town Hall meeting for members of the public to ask questions and learn more about the need for the proposed rates and the cost of providing water service.



Visit, call or email. The Cost of Service study, the proposed Resolution, and proposed rates are available for review at the Western Municipal Water District office, or on our website: wmwd.com/WaterRates. You can also call Western at 951.571.7104, or email us at outreach@wmwd.com with any questions.



Write. Any record owner of a parcel upon which the water service charges are proposed to be imposed and any tenant directly liable for the payment of water service charges (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed water rates and service charges; however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or tenant is opposed to the proposed water rates; (2) provide the location of the identified parcel (by street address, assessor's parcel number, or customer account number); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be mailed or delivered in-person to **Western Municipal Water District, Attention: Secretary of the Board, 14205 Meridian Parkway, Riverside CA 92518**. Protests submitted by email or other electronic means do not count as formal written protests. All written protests must be received prior to the conclusion of the Public Hearing.



Attend the Public Hearing. Members of the public are welcome to attend the Public Hearing regarding the proposed rates. The hearing will take place on **Oct. 4, 2017 at 6 p.m.** in the **Western Municipal Water District, Board Room, 14205 Meridian Parkway, Riverside CA 92518**. At the Public Hearing, members of the public will have an opportunity to speak, but verbal comments alone do not qualify as a formal protest.

Public Hearing process. At the time of the Public Hearing, the Board of Directors will hear and consider all written protests and public comments. After the hearing, if a majority of the property owners of parcels upon which the water service charges are proposed to be imposed or tenants directly liable for the payment of water service charges submit written protests in opposition to the proposed rates, the rates will not be imposed. If a majority protest is not received, Western's Board of Directors may adopt the proposed rates and charges, though they are not obligated to. If adopted, the proposed rates will be applied to all water services billed on or after Jan. 1, 2018, 2019 and 2020.

SAVING MONEY ON YOUR WATER BILL

Partnering with our customers to use water efficiently is part of our core mission. Rebates are available on a variety of water-efficient items for inside and outside of your home or business. Go to wmwd.com/411/rebates to learn more.

UNDERSTANDING WATER RATES AND THE NEED FOR CHANGES

With the phasing out of Metropolitan Water District's Interim Agricultural Water Program (IAWP) in 2012, coupled with no increases to agricultural rates for a 12-year period (from 1995 to 2007), Western needs to adjust agricultural customers' rates to ensure equity with all water customers.

Like all public water agencies, Western can only charge our customers what it costs to provide water service. Our agency is committed to providing water at the lowest possible rates for our customers. Rates are driven by how much Western pays to buy water and the costs to operate and maintain the water system.

The majority of Western's water is purchased (i.e., imported from other water agencies). The cost of purchasing water as well as the cost to operate and maintain the water distribution system, continues to rise, yet Western's rates have not changed since January 2015.

Western hasn't recovered increased costs for water purchases, energy, nor day-to-day operations. For example, the Metropolitan Water District of Southern California, which supplies the bulk of Western's water, has increased what it charges for potable water by 2.1% in January 2016, 3.9% in January 2017, and looking ahead to January 2018, 3.7% - a total of 9.7% (a total of 18.6% for nonpotable water). Over the last nearly two years, Western has drawn from reserves (savings) instead of increasing water rates,

despite rising costs.

Conducting a Cost of Service Study

Western engaged an independent water rate consultant to analyze the existing rate structure and propose changes needed to fairly recover the costs to provide water service to our various customer types. Based on the rate consultant's analyses, it has been determined that over the next three years rate increases are necessary to enable Western to:

- Recover current and long-term projected costs of operating and maintaining the water system, including current and projected increases in the costs of the imported water we purchase
- Fund capital infrastructure improvements needed to repair and update Western's aging water system
- Maintain the operational and financial stability of Western
- Avoid operational deficits and depletion of reserves

Copies of the rate study are available at Western's headquarters or online at wmwd.com/WaterRates

EXPLAINING PASS-THROUGH RATES

The proposed Commodity Charge and MWD Readiness-To-Serve (RTS) Charge rates in this document are based on current and estimated future rates and charges to be imposed on Western by our water providers. If the actual rates and charges imposed on Western by our water providers are higher than the estimated amounts, then Western is proposing to pass through to our customers the incremental difference by increasing the proposed rates of the Commodity Charge and/or the MWD RTS Charge accordingly. Such increases, if any, will not exceed 12 percent per year, and in no event will such rates be increased by more than the cost of providing water service.

In addition, the proposed Pumping Charge rates in this document are based on current and estimated future rates and charges to be imposed on Western by its energy providers. If the actual rates and charges imposed on Western are higher than the estimated amounts, then Western is proposing to pass through the incremental difference by increasing the proposed rates of the Pumping Charge accordingly. Such increases, if any, will not exceed 12 percent per year, and in no event will such rates be increased by more than the cost of providing water service.



PROPOSED AGRICULTURAL WATER RATES

A typical potable agricultural customer in Power Zone 1 with a 2" meter uses a monthly average of 238 HCF (hundred cubic feet, also referred to as a unit of water). Under the proposed rates, their average bill will increase from \$542.04 to \$622.73, \$80.69 per month or 14.9 percent; an increase of about 15 percent is proposed for the second year, and about 12 percent for the third year. This is explained above in the section titled, "Understanding Water Rates and the Need for Changes".

A typical nonpotable agricultural customer in Power Zone 1 with a 2" meter uses a monthly average of 217 HCF (hundred cubic feet, also referred to as a unit of water). Under the proposed rates, their average bill will increase from \$448.80 to \$516.35, \$67.55 per month or 15.1 percent; an increase of about 15 percent is proposed for the second year, and about 12 percent for the third year. This is explained above in the section titled, "Understanding Water Rates and the Need for Changes".

The actual impact of the rates for each customer will ultimately depend on the amount of water delivered to the customer each month and the meter size.

	Current As of 1/1/15	Proposed Rates		
		Effective 1/1/18	Effective 1/1/19	Effective 1/1/20
Commodity Charge (per HCF, 1 HCF = 748 gallons)				
El Sobrante Tier 1 (1-26 HCF) *	\$1.905	\$1.216	\$1.262	\$1.313
El Sobrante Tier 2 (27+ HCF)	\$1.592	\$1.833	\$2.106	\$2.326
Agricultural Potable	\$1.592	\$1.833	\$2.106	\$2.326
Agricultural Nonpotable	\$1.351	\$1.558	\$1.790	\$1.977
Pumping Charge (per HCF)				
Potable				
Power Zone 1	\$0.112	\$0.117	\$0.122	\$0.127
Power Zone 2	\$0.168	\$0.175	\$0.182	\$0.189
Power Zone 3	\$0.153	\$0.159	\$0.165	\$0.172
Power Zone 4	\$0.377	\$0.392	\$0.408	\$0.424
Power Zone 5	\$0.655	\$0.681	\$0.708	\$0.736
Power Zone 6	\$0.725	\$0.754	\$0.784	\$0.815
Nonpotable				
Power Zone 1 & 2	\$0.095	\$0.104	\$0.108	\$0.112
Power Zone 3	\$0.129	\$0.141	\$0.147	\$0.153
Power Zone 4	\$0.320	\$0.349	\$0.363	\$0.378
Power Zone 5	\$0.557	\$0.608	\$0.632	\$0.657
Power Zone 6	\$0.616	\$0.672	\$0.699	\$0.727
Water Reliability Charge (per HCF)	\$0.070	\$0.140	\$0.210	\$0.280
Fixed System Charge (per month) – based on meter size				
5/8" Meter	\$26.38	\$25.71	\$28.00	\$30.43
3/4" Meter	\$26.38	\$34.67	\$37.94	\$41.40
1" Meter	\$42.66	\$52.29	\$57.49	\$62.99
1.5" Meter	\$85.34	\$96.48	\$106.51	\$117.13
2" Meter	\$105.67	\$114.64	\$126.62	\$139.31
3" Meter	\$128.02	\$205.40	\$265.42	\$333.98
4" Meter	\$148.31	\$310.74	\$466.81	\$647.69
6" Meter	\$168.65	\$384.41	\$598.78	\$847.75
8" Meter	\$190.99	\$442.70	\$694.23	\$986.44
10" Meter	\$211.30	\$508.17	\$808.31	\$1,157.24
12" Meter	\$233.63	\$603.77	\$985.43	\$1,429.61

* Agricultural customers in the El Sobrante service area having one meter with incidental domestic use related to a residence shall be charged the full service rate (i.e. non-agricultural rate) for the first 26 HCF.

MWD Readiness-To-Serve Charge (per month) - based on meter size

5/8" Meter	\$3.55	\$1.78	\$1.89	\$1.99
3/4" Meter	\$3.55	\$2.67	\$2.83	\$2.99
1" Meter	\$5.75	\$4.45	\$4.71	\$4.98
1.5" Meter	\$11.45	\$8.89	\$9.43	\$9.96
2" Meter	\$14.15	\$10.67	\$11.31	\$11.96
3" Meter	\$17.15	\$26.67	\$28.28	\$29.89
4" Meter	\$19.90	\$53.34	\$56.56	\$59.78
6" Meter	\$22.60	\$120.02	\$127.26	\$134.51
8" Meter	\$25.60	\$160.02	\$169.68	\$179.34
10" Meter	\$28.30	\$213.36	\$226.24	\$239.12
12" Meter	\$31.30	\$300.04	\$318.15	\$336.26

The Readiness-To-Serve charge (RTS) is a pass-through to Western from the Metropolitan Water District of Southern California (MWD). MWD uses the RTS charge it collects to pay for emergency and standby storage facilities, such as Diamond Valley Lake.

DESCRIPTION OF RATE STRUCTURE

Western's rate structure for water service charges is comprised of both variable and fixed charges.

VARIABLE CHARGES – The variable charges described below are based on the number of units of water delivered to a property during the billing period. A "unit" of water is one hundred cubic feet (HCF), which is equal to 748 gallons.



COMMODITY CHARGE: The Commodity (water) Charge pays for the actual cost to purchase water and to pay for recycled water from Western's wastewater treatment plant. In addition, it recovers a portion of the costs to operate and maintain the entire water system.



PUMPING CHARGE: The Pumping Charge pays for the cost of power to distribute water to Western's customers. This charge varies depending on which "Power Zone" the property receiving water is located in. Power Zones have been established depending on the property's distance from its water source and the property's elevation. The further and higher the property is, the greater the cost per unit to pump the water.



WATER RELIABILITY CHARGE: The Water Reliability Charge generates revenue dedicated to fund projects related to increasing water system reliability and developing local water sources.

FIXED CHARGES – The fixed charges described below are based primarily on the potential capacity demand that a meter can place on Western's water system. The potential capacity demand is reflected by the size of the meter (3/4", 2", etc.) serving the customer's property. The larger the meter, the greater the potential water capacity demand. The charges remain the same (i.e., "fixed") for each full month of water service.



FIXED SYSTEM CHARGE: The Fixed System Charge recovers most of Western's costs to operate and maintain the entire water system, such as maintenance and repair of the system's infrastructure (reservoirs, pipelines, pumping stations, etc.), meter repair and replacement, asset replacement funding, meter reading, billing, engineering work, and customer service.



MWD READINESS-TO-SERVE CHARGE: The Readiness-To-Serve Charge (RTS) is a charge imposed on Western by the Metropolitan Water District of Southern California (MWD) that is passed through to our customers. MWD uses the RTS charge it collects from Western (and other member agencies like Western) to pay for emergency and standby storage facilities, such as Diamond Valley Lake.

Western can assist you with answering questions regarding the information in this notice. Please contact us at 951.571.7104, or email outreach@wmwd.com, or go to wmwd.com/WaterRates