



Otay Water District
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www.otaywater.gov

Notice of Commercial Sewer Rate Increase

NOTICE OF INCREASED SEWER RATES AND CHARGES EFFECTIVE FOR SEWER SERVICE BILLED IN JANUARY 2013

Dear Customer,

An overall rate increase of 7.9 percent was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2012. The new sewer rates and charges will apply to service billed beginning January 1, 2013 and, depending on your billing cycle, will apply to service as early as the beginning of December 2012. **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 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 August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of the law. This 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 and continues to be one of the lowest cost sewer service providers in San Diego County. To learn more about the Otay Water District, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

Rate Increase Notice

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 State Water Resources Control Board (SWRCB) has grouped commercial customers into various categories and has identified strength factors for each of these business categories. The standard of measure for strength factors is the typical sewer strength of a single family residence (SFR). The strength factors established by the SWRCB are listed below and are used by the District in the calculation of commercial sewer rates. These factors are in terms of the strength relative to a SFR, with a SFR having a strength factor of 1.000.

Strength Factors

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

Monthly bills are calculated based on Assigned Service Units (ASUs). The formula to calculate ASUs is as follows:

$$\text{Number of ASUs} = (((\text{Flow in gallons per day} \times 0.85) / 250) \times \text{Strength Factor})$$

The typical SFR's estimated daily flow is 250 gallons per day (GPD). This flow level for the typical SFR is the baseline or standard of measure by which flows are measured. Flows for commercial entities vary and are calculated using the reads from the business' water meter. This flow is converted to GPD then divided by 250 to put the flow in terms of a residential equivalence. The reduced flow factor of 85 percent is used to reflect that not all water used flows into the sewer system.

The number of ASUs is multiplied by the following district-wide sewer rate to get the monthly sewer bill. The minimum charge for commercial shall be no lower than 1 ASU at low strength.

	<u>Current</u>	<u>New</u>
Rate per ASU	\$41.75	\$45.30

This charge is increasing by \$3.55 per ASU from \$41.75 to \$45.30.

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