



Irvine Ranch Water District Notice of Proposed Water and Sewer Rate Change

Background

The Irvine Ranch Water District is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide these services and are set each year during the annual budget process. The budget is adopted by the Board of Directors and goes into effect on July 1. A critical IRWD business objective is to keep costs, and therefore rates, as low as possible for our customers. When compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

Basic Components of Residential Rates

- **Commodity Charge** is based on the amount of water used both inside and outside the home each month. It is based on the cost of local and imported water.
- **Fixed Service Charges** do not vary each month and include costs for operations, maintenance and infrastructure. There are separate service charges for water and sewer service.

Commodity Charge:

Commodity charges are billed monthly based on the actual volume of water used. Customers are billed in tiers based on the actual water used as a percentage of the monthly water budget. A description of how monthly water budgets are determined is described in more detail at <https://www.irwd.com/services/proposed-rates>. Effective July 1, 2018, IRWD is proposing a commodity charge increase shown in the chart below. The Low Volume rate tier rewards customers who use the least amount of water, which reduces the need for IRWD to purchase more expensive water supplies. The Base rate tier is for customers that stay within their monthly water budget allocation. The Inefficient and Wasteful tiers are for customers that exceed their monthly water budget. The standard Billing Unit is called a ccf (hundred cubic feet) and is equal to 748 gallons of water.

Proposed Residential Commodity Rates				
Tier	% of Monthly Water Budget Residential with Outdoor	% of Monthly Water Budget Multi- Family with No Outdoor	FY 2017-18 Rates per ccf	Effective July 1, 2018 per ccf
Low Volume	0 -40 %	0-50%	\$ 1.36	\$1.40
Base Rate	41 -100%	51-100%	\$ 1.70	\$1.89
Inefficient	101-140%	101-120%	\$ 4.09	\$4.73
Wasteful	141+	121+	\$12.06	\$13.35

Why Did the Cost of Water Increase?

The main reasons for the change include uncontrollable costs attributed to:

- Pass through charges from the Orange County Water District (OCWD) for pumping local groundwater (3.8% increase) which is the lowest cost of water.
- Pass through charges from the Metropolitan Water District (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (between 3.4% and 5.2% increase).

Understanding the IRWD Budget Based Rate Structure

Since 1991, IRWD customer bills have been calculated using a budget based rate structure. Usage up to 100 percent of the water budget is billed at the low volume and base rate. The rate structure uses property-specific water budgets and tiered pricing to provide an economic incentive to encourage efficient water use.

- Each customer receives a monthly water budget that provides for a reasonable amount of water for indoor and outdoor use. It can be adjusted by a variance for more people living in the home, medical needs, additional irrigated landscape area or other special circumstances.
- The monthly water commodity charge is calculated based upon how much water is used.
- If a customer goes over their monthly water budget, the water is billed at increasingly higher tiers based on IRWD's cost to provide the water.
- Costs associated with the purchase of additional imported water (the most expensive source of water for IRWD), urban runoff programs, water banking and water conservation programs are allocated to the higher tiers.

Monthly Water Budgets, Rate Calculator & Sample Bills Available on Website

To find out more information on the rate tiers, the types of usage that determine the monthly water budget, how the monthly water budget is calculated and to use the IRWD budget based rate calculator, please visit the IRWD website at <https://www.irwd.com/services/proposed-rates>. The calculator shows how staying within your monthly water budget or exceeding it will affect your monthly bill. Provide your account number from a recent bill and you can see how your bill will be recalculated using the proposed rates, water budgets and tiers, and any variances you have on your account. Sample bills are also provided as well as technical water budget formulas. Free internet access is available Monday – Friday from 8am to 5pm in the IRWD lobby at 15600 Sand Canyon Avenue, Irvine, CA.

Water & Sewer Fixed Service Charges:

Monthly service charges are fixed monthly charges which cover IRWD's cost of operations, maintenance and infrastructure and do not change based on the amount of a customers' monthly water or sewer use. Monthly service charges are based on a 30 day calendar month so billing cycles which are longer or shorter than 30 days are billed based on the proportional number of days. The fixed charge includes an amount set aside for the future inevitable repair and

replacement of infrastructure such as pipes, pumping stations and treatment facilities. This way, the District can avoid significant one time rate spikes when the repairs and replacements are made. These charges are not used to pay for facilities that extend service to new development.

Water Fixed Service Charges: The fixed monthly water service charges for the average residential customer are used to pay for operations and maintenance costs, including inevitable infrastructure enhancements and replacements. The charge is based on the size of your meter.

Proposed Water Service Fixed Monthly Charges for System Operation and Maintenance		
Residential meter size – homes, condos, apartments	Current Rates	Effective July 1, 2018
5/8 x 3/4"	\$10.30/meter	\$10.35/meter
3/4" disc meter	\$15.45/meter	\$15.55/meter
1" disc meter	\$25.75/meter	\$25.90/meter
1 1/2" disc meter	\$51.50/meter	\$51.75/meter
2" disc meter	\$82.40/meter	\$82.80/meter
2" turbo meter	\$108.15/meter	\$108.70/meter
3" turbo meter	\$247.20/meter	\$248.40/meter
4" turbo meter	\$515.00/meter	\$517.50/meter
6" turbo meter	\$1,030.00/meter	\$1,035.05/meter
6" Omni F2 meter	\$1,440.45/meter	\$1,447.50/meter
8" Omni F2 meter	\$2,561.60/meter	\$2,574.15/meter
Residential master meter (shared) apartments and condominiums 5/8 x 3/4" meter	\$10.30/meter	\$10.35/meter

The current amount for your meter size appears on your bill. Customers that remain in the low volume tier for most of the year will have a larger percentage of their bill made up of the fixed charge. Customers that remain in the low volume tier for 9 out of 12 months of the prior calendar year will receive a \$2.00 credit per month which will be itemized on each bill. New customers do not receive this credit unless they have been with the District for a full calendar year.

Sewer Fixed Service Charges: The proposed fixed monthly sewer service charges for the average residential customer are used to pay for operations and maintenance costs including inevitable infrastructure enhancements and replacements. The tiered sewer service fixed charge is based on the 3 months with the lowest potable water usage from the prior calendar year. New customers are billed at the highest tier until they have established a full calendar year of usage history.

Proposed Changes for Sewer Service Fixed Monthly Charges for System Operation and Maintenance (No Change)		
Usage	Current Rates	Effective July 1, 2018
Average water usage exceeds 10 ccfs per month	\$25.75/month	No change
Average water usage falls between 5 and 10 ccfs	\$23.20/month	No change
Average water usage falls below 5 ccfs	\$19.30/month	No change
Collection Service Charge	\$8.40/month	No change
Treatment Service Charge	\$14.80/month	No change

Pumping Surcharges: A pumping surcharge will be added to the commodity rate for those customers who reside at higher elevations and cause the District to incur additional pumping costs to supply their water. The surcharge is based on the actual prevailing energy costs and varies depending upon the elevation of the area served. If you live in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. Please visit the IRWD website at <https://www.irwd.com/services/proposed-rates> to see charges by zone.

Proposed Changes to Pumping Surcharges, Set-up and Reconnection Fees		
Component	Current Rates	Effective July 1, 2018
Pumping Surcharges by Zone	\$0.21 to \$0.64/ccf	\$0.21 to \$0.65/ccf
One-time Setup Fee for New Accounts	\$25.00	No change
Shutoff Reconnection Fees	\$70.00 - \$95.00	No change

Automatic Pass-Through Adjustments

IRWD has used its best available information to calculate proposed increases in the cost of imported water IRWD purchases from MWD through MWDOC, the replenishment charges paid by IRWD to OCWD for pumping groundwater, and the cost for regional treatment of sewage paid by IRWD to the Orange County Sanitation District (OCS). IRWD has no control over the amounts set by MWD, MWDOC, OCWD and OCS (the "Regional Agencies"), and must pass those costs through to IRWD customers. Should any of the Regional Agencies adopt an additional increase (or decrease) in its charges ("Pass-Through Amount"), IRWD will automatically recalculate its rates to include the Pass-Through Amount. If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any additional action by the IRWD Board of Directors. At least 30 days before the effective date of the adjustment, IRWD will provide its customers with the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption or annual total sewage flow as appropriate. This calculation will vary as necessary to reflect IRWD's different service areas and service classes.

Public Hearing

Any customers or property owners within the IRWD service area may file a written protest for the proposed rate increases with IRWD by sending a letter to IRWD, P.O. Box

5149, Irvine, CA 92616. A valid protest letter must include your name, the address at which you receive service from IRWD, a statement of protest and your original signature. Protest letters received by June 25 will be tabulated and presented to the Board of Directors at a public hearing regarding the rate increase to be held on June 25, 2018 at 5 p.m. in the IRWD Board Room, 15600 Sand Canyon Ave., Irvine, CA. Any customers or property owners may appear at the hearing to make comments regarding the proposed rates. Letters may be delivered in person at the hearing, and must be received prior to the conclusion of the June 25 public hearing.

Additional Information

For more information on IRWD's water efficiency programs, rebates and tips on how you can conserve, visit www.irwd.com. If you have any additional questions, please contact IRWD Customer Service at 949-453-5300.