



3 DAIRY LANE – POST OFFICE BOX 129  
BELMONT, CA 94002  
(650) 591-8941  
[www.midpeninsulawater.org](http://www.midpeninsulawater.org)

May 23, 2016

## **NOTICE OF INCREASE IN WATER RATES**

Since 1929, the Mid-Peninsula Water District (MPWD) has been reliably delivering high quality Hetch Hetchy drinking water to the communities of Belmont, San Carlos, and unincorporated areas of San Mateo County. We sincerely appreciate the opportunity to serve you.

The MPWD is a self-supporting agency, relying primarily on revenues from water charges and service fees to fund its operations. Understanding that rate increases may present financial challenges for some consumers, we hope the following information provides clarification why the MPWD water service rate increase is needed effective July 1, 2016.

### **BACKGROUND ON APPROVED MPWD 5-YEAR RATE PLAN**

Following a formal notice and Proposition 218 majority protest hearing process on June 25, 2015, the MPWD Board of Directors approved a series of annual water rate adjustments over a 5-year period (July 1, 2015, through June 30, 2020), including a pass through provision of any excess SFPUC wholesale water rate increases.

### **UPDATE ON SAN FRANCISCO REGIONAL WATER SUPPLY SYSTEM IMPROVEMENT PROGRAM**

The MPWD relies on imported treated water from the San Francisco Public Utility Commission (SFPUC) for 100% of its water supply. The SFPUC is undertaking a \$4.8 billion Water Supply Improvement Program (WSIP) for much needed capital replacement and rehabilitation of the almost 100-year-old Hetch Hetchy water supply system. This multi-year capital improvements program will meet water quality requirements, and ensure the reliability, capacity and seismic safety of the aging Hetch Hetchy water infrastructure system in an environmentally sustainable and cost-effective manner. May 2019 is the anticipated completion of the WSIP. For more detailed information, please review the recent SFPUC WSIP Regional Projects Quarterly Report (2<sup>nd</sup> Quarter FY 2015/2016) for a summary of the program's regional projects at <http://www.sfwater.org/modules/showdocument.aspx?documentid=8436>.

### **MPWD'S SUSTAINED FOCUS ON COST-EFFICIENCY AND PRUDENT FINANCIAL MANAGEMENT**

Through diligent budgeting, financial management, and cost controls, the MPWD continues its commitment to providing high-quality cost-efficient services. The MPWD has prudently managed its annual operations and capital improvements despite continued reduced revenues as a result of customer water conservation achievements.

### **WHY ARE WATER SERVICE RATES BEING INCREASED?**

The SFPUC will impose a wholesale water rate increase of 9.3% effective July 1<sup>st</sup>. That means the charge for wholesale customers, like the MPWD, will be increased from \$3.75 hcf to \$4.10 hcf. SFPUC's rate increase is primarily due to the reduced wholesale customer sales projections from 130 mgd for FY 2015/2016 to 107 mgd for FY 2016/2017.

Pursuant to California Government Code Section 53756, the MPWD adopted the pass through of any additional increases in SFPUC wholesale water rates above the previously projected SFPUC rate for FY 2016/2017 (\$3.78CCF). That means the MPWD's tiered customer rates will increase by \$0.32 hcf effective July 1, 2016, as reflected in the table on the reverse side.

Also effective July 1, 2016, will be minimal increases to the MPWD monthly fixed system charges and breakpoint transitions for Residential Tiers 2, 3, and 4 as shown in the table on the reverse side.

## Rates Effective July 1, 2016 with SFPUC Wholesale Pass-Through

		Proposed Rates Effective July 1, 2016		
		Previously Adopted Rates	SFPUC Wholesale Rate Pass Through*	Total With SFPUC Rate Pass Through
<b>Fixed Monthly Charges</b>				
<i>Billed based on meter size</i>				
<u>Meter</u>	<u>Meter Ratio</u>			
5/8"	1.00	\$24.00		<b>\$24.00</b>
1"	1.50	36.00		<b>36.00</b>
1 1/2"	2.50	60.00		<b>60.00</b>
2"	4.00	96.00		<b>96.00</b>
3"	6.00	144.00		<b>144.00</b>
4"	10.00	240.00		<b>240.00</b>
6"	25.00	600.00		<b>600.00</b>
<b>Water Consumption Charges</b>				
<i>Billed based on monthly metered water use (\$/hcf)</i>				
<u>Residential Rate Tiers</u>				
Tier 1	0 - 2 hcf	\$5.30	\$0.32	<b>\$5.62</b>
Tier 2	3 - 8 hcf	7.90	0.32	<b>8.22</b>
Tier 3	9 - 20 hcf	9.50	0.32	<b>9.82</b>
Tier 4	Over 20 hcf	11.10	0.32	<b>11.42</b>
<u>Commercial Rate Tiers</u>				
Tier 1	0 - 5 hcf	\$7.25	\$0.32	<b>\$7.57</b>
Tier 2	Over 5 hcf	8.35	0.32	<b>8.67</b>
Note: 1 hcf = one hundred cubic feet or approximately 748 gallons.				

\* The SFPUC wholesale water rate pass through effective July 1, 2016 equals \$0.32 per hcf based on the incremental difference between the baseline rate of \$3.78 per hcf referenced in the MPWD's Proposition 218 Notice and SFPUC's wholesale rate of \$4.10 per hcf adopted on May 10, 2016.

### WHAT WILL THE MPWD WATER RATE INCREASE LOOK LIKE?

As a result of the rate increase effective on July 1, 2016, a typical single family water bill (7 hcf) will be approximately \$6.84 higher per month.

### CONTACT INFORMATION

Please contact us should you have any questions or comments at [mpwd@midpeninsulawater.org](mailto:mpwd@midpeninsulawater.org) or call 650-591-8941.



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