

**RESOLUTION NO. 3198**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CASTAIC LAKE WATER AGENCY  
APPROVING THE SANTA CLARITA WATER DIVISION'S (SCWD)  
NOTICE OF PUBLIC HEARING ON THE PROPOSED RETAIL WATER RATE  
CHARGES AND DIRECTING THAT A PUBLIC HEARING BE HELD**

**WHEREAS**, California Constitution Articles XIII D, section 6(a) ("Article XIII D") requires government agencies to hold a public hearing and mail a notice of the public hearing regarding proposed new or increases in existing water service charges; and

**WHEREAS**, the notice of the public hearing must be mailed to the record owner of a parcel upon which the water service charges are proposed for imposition, or any tenant who is directly responsible for the payment of water service charges (i.e., a customer of record who is not a property owner); and

**WHEREAS**, the notice must be mailed not less than forty-five days prior to the public hearing; and

**WHEREAS**, because the Santa Clarita Water Division (SCWD) of the Castaic Lake Water Agency is proposing to adjust and increase the rates for its water service charges it must comply with the procedural requirements of Article XIII D; and

**WHEREAS**, the Agency's Board of Directors desires to take action to comply with the applicable procedural requirements of Article XIII D by approving the Notice of the Public Hearing on the Proposed Retail Water Service charges (the "Notice").

**NOW, THEREFORE, BE IT RESOLVED** that the Agency's Board of Directors as follows:

1. The Board of Directors approves the form of the Notice attached as Exhibit A to this Resolution and directs SCWD staff to mail the Notice in accordance with Article XIII D.
2. The Board of Directors directs that a public hearing on the proposed rate adjustments and increases shall be held not less than forty-five days after the Notice has been mailed.

  
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President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Castaic Lake Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on September 27, 2017, the foregoing Resolution No. 3198 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: September 27, 2017



  
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Secretary

# EXHIBIT A

## NOTICE OF PUBLIC HEARING PROPOSED ADJUSTMENTS TO AND INCREASES IN THE RATES FOR RETAIL WATER SERVICE CHARGES Santa Clarita Water Division of the Castaic Lake Water Agency

The Board of Directors of the Castaic Lake Water Agency (CLWA) will be holding a public hearing on a date not less than 45 days after the mailing date of this notice, at 6:15 p.m. in its Boardroom at the Rio Vista Treatment Plant, located at 27234 Bouquet Canyon Road, Santa Clarita, California, to consider the adoption of adjustments to and increases in the rates of the retail water service charges for its Santa Clarita Water Division (SCWD).

### WHY ARE RATE INCREASES NEEDED?

SCWD is committed to providing the highest quality water services at the lowest possible rates for our customers. To meet this commitment, SCWD engaged an independent consultant to perform a cost of service and water rate study (Study) that (1) evaluates the infrastructure needs, programs, and operations and maintenance costs of SCWD water services; and (2) develops rates necessary to recover the costs for these services for the next three years. A cost of service and rate study demonstrates what it costs SCWD to provide water service and the appropriate rates to fairly and appropriately allocate the costs of providing water to our customers. The cost of providing water includes not only the water it purchases, but the infrastructure that treats and delivers the water, and its water conservation and efficiency and water demand management programs to ensure that there is safe and reliable water to meet the demands of all water customers twenty-four hours a day, seven days a week.

Based upon evaluation performed in the Study, it has been determined that adjustments to and increases in the rates of the SCWD's water service charges are necessary to enable it to:

- recover current and projected costs of operations and maintenance, and capital infrastructure improvements needed to repair and update SCWD's aging water system;
- maintain the operational and financial stability of the utility;
- comply with State mandated regulatory requirements;
- meet and comply with annual debt service requirements; and
- avoid operational deficits and depletion of reserves.

As described below, SCWD is proposing to adjust the method for calculating its water service charges for Single Family Residential customers. This adjustment will result in Single Family Residential customers no longer being subject to tiered water rates, rather they will be subject to the same uniform volumetric rate structure (i.e., constant unit price for all metered volumetric units of water) as all other customer classes. A substantial portion of SCWD's costs to operate and maintain the water system are fixed, meaning the costs remain the same regardless of how much water is used by customers. Over the last several years, SCWD has experienced declines in water demand resulting from the drought and state-mandated water use reductions, and therefore, reductions in water revenues. While experiencing these declines in water demand and revenues, SCWD has exercised fiscal discipline by utilizing reserves and managing operating costs to avoid significant increases in the rates for its water service charges. The rate consultant studied the effects of the reduction in water use and revenues, and developed rates that will ensure there are stable revenues and reserves to fund utility obligations going forward.

The proposed rate increases for the water service charges will allow SCWD to provide safe, reliable drinking water to its customers. Absent critical rate increases, SCWD would experience budget shortfalls for each year of the three-year forecast performed in the Study. As described in more detail below, the rate adjustments and increases are proposed to commence January 1, 2018, and each January 1 thereafter, through and including January 1, 2020. The Study supporting the financial plan and the proposed rates is available for review at SCWD's Administrative Offices located at 26521 Summit Circle in Santa Clarita on Monday through Thursday, 7:30 a.m. to 5:30 p.m., and alternating Fridays, 7:30 a.m. to 4:30 p.m., excluding holidays.

### HOW ARE OUR WATER RATES CALCULATED?

SCWD has three distinct customer classes: Single-Family Residential (SFR), Irrigation (customers with dedicated irrigation meters), and All Other Customers (multi-family residential, institutional, commercial, and industrial customers). The rate structure for the SCWD retail water service charges is comprised of three components: (1) a fixed monthly Meter Service Charge, determined on the basis of the size of the meter serving the property (in inches); (2) a variable

Commodity Charge, determined on the basis the number of metered units of water delivered (with each unit equal to one hundred cubic feet (CCF), or 748 gallons); and (3) a Private Fire Service Protection Charge, determined on the basis of the diameter of the fireline serving the property (in inches).

The Meter Charge is designed to recover a significant portion of SCWD's fixed costs, including certain operations and maintenance costs, and meter reading, billings and collections, and accounting costs. The rates for the Meter Charge are the same for all customer classes depending on the size of the water meter serving a property.

The Commodity Charge is designed to recover a portion of SCWD's fixed costs and its variable costs of purchasing and delivering water. Currently for SFR customers, the Commodity Charge consists of three tiers that impose higher rates as the level of consumption increases. At this time, SCWD is transitioning from the SFR tiered rate structure to a uniform volumetric rate structure for all classes of customers.

The Private Fire Service Protection Charge is designed to recover the cost of providing water for private fire protection services and is imposed only on properties that, as a condition of extending or initiating water service, are required to install a private fire suppression system, or have requested the delivery of water for the purpose of private fire service protection.

Together, the three rate components are designed to proportionately allocate the cost of providing water service on a parcel basis among the customer classes. If approved, all adjustments to and increases in the rates will be effective on January 1 for the years shown in the tables below.

### **WHOLESALE WATER PASS-THROUGH ADJUSTMENTS**

SCWD purchases a portion of its water from CLWA. CLWA obtains its water from two sources—imported water from the Sacramento-San Joaquin Delta (the "Delta") via the over 400-mile California Aqueduct, and local groundwater. The proposed rates for the Commodity Charges include CLWA approved wholesale water rate increases for the water SCWD purchases through calendar year 2018. For calendar years 2019 and 2020, SCWD is proposing to automatically pass through to customers any future incremental increases in the costs for wholesale water that CLWA imposes upon SCWD (each a "CLWA Pass-Through Adjustment"). Provided, however, that: (1) any CLWA Pass-Through Adjustment shall not exceed ten percent per year in 2019 and 2020; (2) in no event shall such rates be increased by more than the cost of providing water service; and (3) SCWD shall provide all customers at least 30 days' written notice prior to implementing any CLWA Pass-Through Adjustment. Any CLWA Pass-Through Adjustment will only impact the rates of the Commodity Charges in 2019 and 2020 set forth in the tables below.

### **POWER PASS-THROUGH ADJUSTMENTS**

SCWD purchases power from Southern California Edison (SCE). For calendar years 2018, 2019 and 2020, SCWD has estimated a five percent annual increase for power costs. The proposed rates for the Commodity Charges include projected annual five percent increases in the cost of the power it purchases. To ensure that there are sufficient revenues to provide water services, SCWD is also proposing to automatically pass through to customers any future incremental increases in the costs for power that SCE imposes upon SCWD that are greater than the five percent projected in the Study. Any Power Pass-Through Adjustment will only impact the rates in the Commodity Charge set forth in the table below. If approved, SCWD may implement any SCE pass-through adjustment at any time during the three-year period commencing January 1, 2018 and ending on December 31, 2020. Provided, however that (1) any Power Pass-Through Adjustment shall not exceed five percent per year in 2018, 2019 and 2020; (2) in no event shall such rates be increased by more than the cost of providing water service; and (3) SCWD shall provide all customers at least 30 days' written notice prior to implementing any Power Pass-Through Adjustment.

### **CURRENT AND PROPOSED WATER RATES**

The current and proposed maximum rates for SCWD's Meter Service Charge, Commodity Charge (exclusive of any CLWA Pass-Through Adjustments described above) and (exclusive of additional Power Pass-Through beyond the estimated five percent described above), Private Fire Service Protection Charge and the effective dates for the implementation of the rates are shown in the tables below. The amount paid for the Meter Service Charge and Private Fire Protection Service Charge are the same each month. The amount paid for the Commodity Charge varies each month depending on the number of units (CCF) of water each customer uses during the prior month.

**Current and Proposed Fixed Meter Service Charges by Meter Size (\$ per Month)**

| Meter Size (inches) | Current 2017 | Proposed January 1, 2018 | Proposed January 1, 2019 | Proposed January 1, 2020 |
|---------------------|--------------|--------------------------|--------------------------|--------------------------|
| 5/8 by 3/4          | \$19.98      | \$21.45                  | \$21.88                  | \$22.32                  |
| 3/4                 | \$25.26      | \$29.09                  | \$29.68                  | \$30.28                  |
| 1                   | \$35.80      | \$44.36                  | \$45.25                  | \$46.16                  |
| 1 1/2               | \$62.16      | \$82.55                  | \$84.21                  | \$85.90                  |
| 2                   | \$93.80      | \$128.37                 | \$130.94                 | \$133.56                 |
| 3                   | \$178.18     | \$250.58                 | \$255.60                 | \$260.72                 |
| 4                   | \$273.11     | \$388.05                 | \$395.82                 | \$403.74                 |
| 6                   | \$536.79     | \$769.93                 | \$785.33                 | \$801.04                 |
| 8                   | \$853.19     | \$1,228.18               | \$1,252.75               | \$1,277.81               |

**Current and Proposed Private Fire Service Protection Charges by Meter Size (\$ per Month)**

| Fireline size in inches | Current 2017 | Proposed January 1, 2018 | Proposed January 1, 2019 | Proposed January 1, 2020 |
|-------------------------|--------------|--------------------------|--------------------------|--------------------------|
| 1"                      | \$2.84       | \$2.95                   | \$3.01                   | \$3.08                   |
| 2"                      | \$5.68       | \$5.90                   | \$6.02                   | \$6.15                   |
| 4"                      | \$11.36      | \$11.79                  | \$12.03                  | \$12.28                  |
| 6"                      | \$17.04      | \$17.68                  | \$18.04                  | \$18.41                  |
| 8"                      | \$22.72      | \$23.57                  | \$24.05                  | \$24.54                  |
| 10"                     | \$28.40      | \$29.46                  | \$30.05                  | \$30.66                  |
| 12"                     | \$34.08      | \$35.35                  | \$36.06                  | \$36.79                  |
| 14"                     | \$39.76      | \$41.24                  | \$42.07                  | \$42.92                  |
| 16"                     | \$45.44      | \$47.13                  | \$48.08                  | \$49.05                  |
| 18"                     | \$51.12      | \$53.02                  | \$54.09                  | \$55.18                  |
| 20"                     | \$56.80      | \$58.91                  | \$60.09                  | \$61.30                  |

**Current 2017 Commodity Charges (\$ per CCF)**

| Customer Class        | Current 2017 |
|-----------------------|--------------|
| <b>SFR</b>            |              |
| Tier 1 (0-14 CCF)     | \$1.8015     |
| Tier 2 (15-49 CCF)    | \$2.0094     |
| Tier 3 (50 and > CCF) | \$2.6417     |
| Landscape             | \$2.6417     |
| All Others            | \$2.0094     |

**Proposed Commodity Charges (\$ per CCF)**

|               | Proposed January 1, 2018 | Proposed January 1, 2019 | Proposed January 1, 2020 |
|---------------|--------------------------|--------------------------|--------------------------|
| All Customers | \$1.91                   | \$1.95                   | \$1.99                   |

## WHAT DOES THIS MEAN TO ME?

The table below is provided as a reference for estimating your bill under the proposed rates, assuming an SFR customer has a ¾ inch water meter.

### **Sample Impact on Monthly Water Bills of Single-Family Residential Customers Based on Various Levels of Water Usage (in CCFs)**

| Monthly Bill<br>(¾-inch meter) | Current 2017 | Proposed<br>January 1, 2018 | Proposed<br>January 1, 2019 | Proposed<br>January 1, 2020 |
|--------------------------------|--------------|-----------------------------|-----------------------------|-----------------------------|
| 8 Ccf                          | \$39.67      | \$44.37                     | \$45.28                     | \$46.20                     |
| 18 Ccf                         | \$58.52      | \$63.47                     | \$64.78                     | \$66.10                     |
| 27 Ccf                         | \$76.60      | \$80.66                     | \$82.33                     | \$84.01                     |
| 40 Ccf                         | \$102.73     | \$105.49                    | \$107.68                    | \$109.88                    |

## HOW DO I PROTEST THE PROPOSED RATE ADJUSTMENTS AND INCREASES?

Any record owner of a parcel upon which the water service charges are proposed for imposition and any tenant who is directly responsible for the payment of water service charges (i.e., a customer of record who is not a record owner) may submit a written protest to the proposed rates for SCWD's water service charges; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state the identified record owner or tenant is in opposition to the proposed water service charges; (2) provide the location of the identified parcel (by street address or assessor's parcel number); and (3) include the name and signature of the record owner or tenant submitting the protest. Written protests may be submitted by mail to the Board Secretary at Santa Clarita Water Division, P.O. Box 903, Santa Clarita CA 91380-9003, or in person at 26521 Summit Circle in Santa Clarita, or at the public hearing to be held on November 20, 2017. All written protests must be received prior to the close of the public hearing, which will occur when public testimony on the proposed rates is concluded.

Any protest submitted via email or other electronic means will not be accepted. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the CLWA Secretary, Attn: Public Hearing on Water Rates. The CLWA Board of Directors will hear all oral testimony and consider all written protests to the proposed rate adjustments and increases at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the public hearing, the Board of Directors will consider adoption of the rate adjustments and increases to SCWD's water service charges as described herein. If written protests against the proposed rate adjustments and increases are not presented by a majority of the record owners of the identified parcels upon which the rates are proposed to be imposed or any tenants directly liable for the payment of water service charges, the Board of Directors will be authorized to impose the rate adjustments and increases. If adopted, the rates will be in effect on the dates noted above.

If you have questions regarding this Notice, the public hearing, the proposed retail water rates or how the proposed rates will affect your water bill, please contact our Customer Service Department at (661) 259-2737 or visit our website at [www.santaclaritawater.com](http://www.santaclaritawater.com). Efficient water use and avoidance of water waste will save our customers money and protect water resources. Moreover, in coordination with CLWA and other local water retailers (known collectively as the Family of Water Suppliers), it is SCWD's policy to encourage a permanent water use efficiency ethic. To learn more about how to efficiently use water and lower your water bill, please contact us at (661) 259-2737, or visit our website at [www.santaclaritawater.com/your-water/rebates](http://www.santaclaritawater.com/your-water/rebates).