

ATTACHMENT 2
SECURING SAFE, RELIABLE WATER TO MEET CUSTOMERS’ NEEDS

Sweetwater Authority (Authority) is a public water agency serving safe, reliable drinking water to approximately 200,000 people in a 36 square-mile service area including Bonita, National City, and the western portions of Chula Vista. The Authority delivers water to its customers through a complex infrastructure system including nearly 400 miles of pipelines, three treatment facilities, reservoirs, and other facilities.



Water is procured from four sources: (1) deep freshwater wells located in National City; (2) capture of local runoff in the Sweetwater River with subsequent storage at Loveland Reservoir in Alpine, and Sweetwater Reservoir in Spring Valley; (3) San Diego Formation Wells in the lower Sweetwater River basin; and (4) purchase of imported water delivered by the San Diego County Water Authority (SDCWA) and the Metropolitan Water District (MWD).

In order to continue to provide high quality water service to its customers now and for generations to come, the Authority continually strives to maximize cost reductions and better utilize its assets. The Authority also works carefully and strategically to ensure financial stability in the future through development of lower cost local water sources and improving operational efficiency.

WHY ARE MY WATER RATES CHANGING?

The Authority only charges its customers their proportionate share of the cost of providing water service. The Authority is facing inflationary pressures and cost increases related to the cost of providing water service. In addition, the Authority purchases a portion of its water supplies from the SDCWA to deliver to its customers, and the SDCWA's wholesale rates for water are similarly increasing to other operational costs.



A cost-of-service study and water rate analysis was conducted for the Authority by an independent water rate consultant determined the cost of providing water service and the revenue required to maintain current water service levels. The rate study can be reviewed by visiting www.sweetwater.org/ratestudy.

The Authority's water rate analysis was undertaken with a few specific objectives, including:

- Generating sufficient revenue to meet anticipated operating and maintenance costs and fund necessary capital improvement projects for the next three years.
- Continuing with a rate design that promotes revenue stability.
- Verifying the cost-of-service linkage between the current rate structure and the proposed water rates, including the residential tiered water rates.
- Maintaining adequate reserve levels to ensure continuity in operations. Complying with the legal requirements of Prop 218 to ensure the cost of providing service is properly allocated amongst user classifications. This was the basis for eliminating tiered water rates.

Based on the rate study, the Authority anticipates that rate adjustments to the water service charges are necessary to:

- Generate sufficient revenue to meet anticipated operating and maintenance costs and fund necessary capital improvement projects for the next three years.
- Continue with a rate design that promotes revenue stability.
- Verify the cost-of-service linkage between the current rate structure and the proposed water rates, including the residential tiered water rates.
- Maintain adequate reserve levels to ensure continuity in operations.

UNDERSTANDING WATER RATES

The Authority bills customers for water service every two months (bi-monthly). The Authority's rate structure includes fixed charges and variable charges, and the specific fixed and variable charges and structure applicable to each customer depends on the type of customer, size of the meter serving the parcel, and type of service received.

FIXED CHARGE

The Authority proposes to impose a fixed meter charge to recover a portion of the Authority's fixed costs for providing potable water service. Two components comprise the fixed meter charge: (1) the capacity component, and (2) the customer component. The capacity component recovers costs associated with sizing the water system to ensure there is sufficient capacity in the system to meet peak demand. The customer component includes those costs related to reading and maintaining meters, customer billing and collection, and other customer service-related costs.

Additionally, certain parcels will be subject to a separate private fire line charge to recover the costs associated with a separate dedicated private fire line installed on such property. Finally, the SDCWA charges a fixed infrastructure access charge per meter, which is separately passed through and collected from all meters. All fixed charges are based on the size of the meter serving the parcel, and increase in proportion to the individual capacity demands placed on the system in accordance with industry standards and meter ratios. Since a large portion of utility costs are typically related to meeting capacity requirements, individual capacity demands are important in establishing equitable rates for customers. See Table A, B, C and H.

VARIABLE CHARGE

The variable charge covers the cost of supplying, treating and distributing water from any of the Authority's sources, including imported water. The variable charge is a volumetric rate that is determined by a property's water usage measured per hundred cubic feet (HCF). One hundred cubic feet is equal to 748 gallons of water. For all customers, the variable charge is divided into two components: first, the Authority charges a variable charge to account for the Authority's costs allocated to this variable component of its rates; second, that charges a SDCWA Wholesale Water Purchase Charge, which recovers a portion of the the SDCWA Municipal and Industrial Untreated Supply Rate, Transportation Rate, and Treatment Rate associated with the cost of purchasing and importing unanticipated increases in the volume of water purchased from SDCWA when necessary. The SDCWA Wholesale Water Purchase Charge recovers revenue to fund the Authority's rate stabilization fund, which will be used offset impacts of reduced local water supply on rates when additional water supplies are purchases from SDCWA.

The specific variable charge and rate structure depends on the type of customer served, based on an analysis of shared usage characteristics and demand patterns. Single-Family Residential customers are subject to a tiered rate structure, that imposes incrementally higher rates to account for incremental costs associated with higher water usage. All other customers are proposed to be subject to a uniform rate, as further described below. See Table D, E, F, G and I.



WE'RE HERE TO SERVE

As a public water agency, the Authority is prohibited from earning a profit from the services it provides, and must charge no more than the costs associated with providing water to its customers.

PUBLIC PARTICIPATION

Sweetwater Authority welcomes and encourages customer participation and input throughout the process as the Governing Board considers the changes explained in this notice. If you have any questions or comments about the proposed water rate adjustments, you can:



VISIT OUR WEBSITE

The cost-of-service study and more information on the proposed changes are available for review on our website: www.sweetwater.org/ratestudy



CONTACT US

If you have any questions regarding the proposed changes, you can contact Sweetwater Authority staff in a number of ways:

- Website: Visit www.sweetwater.org/contactus and send us a message through our website
- Phone: Call (619) 420-1413 - we're available to answer your questions during regular business hours (Monday-Friday, 8:00 am - 5:00 pm)



WRITE TO US

Should you wish to protest the proposed changes, owners of real property who will be affected by the proposed rate changes, as well as tenants who will be directly responsible for payment, may file a written protest against the proposed rate adjustment; however only one written protest per parcel shall be counted in calculating a majority protest. Written protests will be treated as public records once opened. Written protest may be mailed, placed in our dropbox or submitted in-person at our Administrative Offices located at 505 Garrett Avenue, Chula Vista, CA 91910, Attn: Board Secretary. Protests must specify that they are submitted in opposition to the proposed rates, and must include: your name, parcel number and/or service address, and your signature. Objections submitted by email or other electronic means do not count as formal written protests per State statute. All written protests must be received prior to the conclusion of the public comment portion of the public hearing in order to be considered by the Governing Board.



ATTEND THE PUBLIC HEARING

Members of the public are welcome to attend the public hearing regarding the proposed rate changes. The public hearing will take place on Wednesday, December 6, 2023 at 5:00 pm in-person and via Zoom. At the hearing, all members of the public will have an opportunity to provide comments on the proposed rate adjustment, however, only written protests count toward a majority protest. Written protests may be delivered in-person during the hearing.



AVISO DE AUDIENCIA PÚBLICA
Y AJUSTES DE TARIFAS

Wednesday, December 6, 2023 *En Español
5:00 pm

505 Garrett Avenue, Chula Vista, CA 91910

VIRTUAL OPTION AVAILABLE VIA ZOOM

For Zoom meeting details, please refer to the Public Hearing Agenda that will be posted on www.sweetwater.org/URL no later than DAY, DATE, TIME.

*En Español

The Governing Board of Sweetwater Authority (Authority) will conduct a public hearing on **December 6, 2023 at 5:00 p.m.**, in the Board Room of the Authority's Administrative Office, located at 505 Garrett Avenue, Chula Vista, California 91910, to consider adjusting the rates for its water service charges. The proposed rates are described in this notice.

Any property owner of a parcel upon which the water service charges are proposed for imposition or any tenant directly liable for the payment of water service charges (i.e., a water customer who is not a property owner) may submit a written protest to the proposed adjustments to the rates of the Authority's water service charges described in this notice; 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 rate adjustments; (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 property owner or tenant submitting the protest. Written protests may be submitted by mail or in person to the Board Secretary at Sweetwater Authority, 505 Garrett Avenue, Chula Vista, California 91910, or at the public hearing, so long as they are received prior to the close of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted.

The Governing Board will accept and consider all written protests and hear and consider all oral comments to the proposed rate adjustments 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 Governing Board will consider adoption of the proposed changes to the rates for water service charges as described herein. If written protests against the proposed rates, as outlined above, are not presented by a majority of the property owners or tenants of the identified parcels subject to the water service charges, the Governing Board will be authorized to adopt the rate adjustments to the water service charges. If approved, the Governing Board will set rate adjustments effective on January 1, 2024, January 1, 2025 and January 1, 2026.

Please note that there is a 120-day statute of limitations to challenge the water service charges described in this notice. The statute of limitations commences on the day the resolution establishing the proposed rates for the water service charges is adopted.

SWEETWATER AUTHORITY
505 GARRETT AVENUE
CHULA VISTA, CA 91910



IMPORTANT INFORMATION
ABOUT YOUR WATER RATES

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December 6, 2023 at 5:00 pm

in the Board Room of the Authority's Administrative Office, located at 505 Garrett Avenue, Chula Vista, California 91910, to consider adjusting the rates for its water service charges. The proposed rates are described in this notice.

To see how these proposed rates may impact you, visit our Bill Estimator at: www.sweetwater.org/billestimator

Para información en Español, visite www.sweetwater.org/URL

NOTICE OF PUBLIC HEARING
AND RATE ADJUSTMENTS

Wednesday, December 6, 2023
5:00 pm

505 Garrett Avenue, Chula Vista, CA 91910

VIRTUAL OPTION AVAILABLE VIA ZOOM

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The Governing Board will accept and consider all written protests and hear and consider all oral comments to the proposed rate adjustments 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 Governing Board will consider adoption of the proposed changes to the rates for water service charges as described herein. If written protests against the proposed rates, as outlined above, are not presented by a majority of the property owners or tenants of the identified parcels subject to the water service charges, the Governing Board will be authorized to adopt the rate adjustments to the water service charges. If approved, the Governing Board will set rate adjustments effective on January 1, 2024, January 1, 2025 and January 1, 2026.

Please note that there is a 120-day statute of limitations to challenge the water service charges described in this notice. The statute of limitations commences on the day the resolution establishing the proposed rates for the water service charges is adopted.

PROPOSED WATER RATES

PROPOSED FIXED CHARGES

Table A, B and C shows the current and proposed bi-monthly Authority fixed charges. 5/8 inch is the typical single-family residential meter size.

Table A: Sweetwater Authority Rates for Bi-Monthly Fixed Meter Charge				
Meter Size	Current Rate	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
¾ inch	\$21.70	\$X.XX	\$X.XX	\$X.XX
1 inch	\$32.30	\$X.XX	\$X.XX	\$X.XX
1 ½ inches	\$51.18	\$X.XX	\$X.XX	\$X.XX
2 inches	\$72.40	\$X.XX	\$X.XX	\$X.XX
3 inches	\$137.90	\$X.XX	\$X.XX	\$X.XX
4 inches	\$232.76	\$X.XX	\$X.XX	\$X.XX
6 inches	\$468.52	\$X.XX	\$X.XX	\$X.XX
8 inches	\$772.48	\$X.XX	\$X.XX	\$X.XX
10 inches	\$1,175.02	\$X.XX	\$X.XX	\$X.XX

Table B: Sweetwater Authority Rates for Bi-Monthly Fixed Irrigation Meter Charge				
Meter Size	Current Rate	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
¾ inch	\$21.70	\$X.XX	\$X.XX	\$X.XX
1 inch	\$32.30	\$X.XX	\$X.XX	\$X.XX
1 ½ inches	\$51.18	\$X.XX	\$X.XX	\$X.XX
2 inches	\$72.40	\$X.XX	\$X.XX	\$X.XX
3 inches	\$137.90	\$X.XX	\$X.XX	\$X.XX
4 inches	\$232.76	\$X.XX	\$X.XX	\$X.XX
6 inches	\$468.52	\$X.XX	\$X.XX	\$X.XX
8 inches	\$772.48	\$X.XX	\$X.XX	\$X.XX
10 inches	\$1,175.02	\$X.XX	\$X.XX	\$X.XX

Table C: Sweetwater Authority Rates for Bi-Monthly Fixed Fire Service Meter Charge				
Meter Size	Current Rate	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
1 inch	\$1.18	\$X.XX	\$X.XX	\$X.XX
1 1/2 inches	\$3.42	\$X.XX	\$X.XX	\$X.XX
2 inches	\$7.30	\$X.XX	\$X.XX	\$X.XX
3 inches	\$21.24	\$X.XX	\$X.XX	\$X.XX
4 inches	\$45.28	\$X.XX	\$X.XX	\$X.XX
6 inches	\$131.58	\$X.XX	\$X.XX	\$X.XX
8 inches	\$280.42	\$X.XX	\$X.XX	\$X.XX
10 and over inches	\$504.30	\$X.XX	\$X.XX	\$X.XX

PROPOSED SINGLE-FAMILY RESIDENTIAL TIERS VARIABLE CHARGES

Based on analysis of Authority-specific data, Single-Family Residential customers exhibit similar water usage demand patterns. Consequently, the Authority has historically allocated costs to be recovered through variable charges to Single-Family Residential customers based on tiers, in order to shift costs associated with higher levels of water consumption to higher water users. Currently, the variable water usage charge consists of four tiers which impose higher rates per HCF of water usage as the level of water consumption increases. The rates within each tier are designed to proportionately allocate the incrementally higher costs of providing service to those whose water usage creates greater demands and burdens on the Authority’s water system and water resources and therefore generates additional costs to the Authority for providing water service.

Based on current water usage patterns, the Authority proposes to change the amount per HCF consumed associated with each tier in Tables D and E.

Note: HCF = one hundred cubic feet or 748 gallons of water

Table D: Sweetwater Authority Bi-Monthly Charge for Single-Family Residential (in \$/HCF)					
Tiers by Units of Water Served	Current Rate	Proposed Tiers (new HCF)	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
Tier 1 (0-10 HCF)	\$4.31	Tier 1 (0-4 HCF)	\$X.XX	\$X.XX	\$X.XX
Tier 2 (11-16 HCF)	\$5.14	Tier 2 (4-13 HCF)	\$X.XX	\$X.XX	\$X.XX
Tier 3 (16-27 HCF)	\$5.29	Tier 3 (13-24 HCF)	\$X.XX	\$X.XX	\$X.XX
Tier 4 (27+ HCF)	\$6.37	Tier 4 (24+ HCF)	\$X.XX	\$X.XX	\$X.XX

Table E: SDCWA Bi-Monthly Wholesale Water Purchase Charge (in \$/HCF)					
Tiers by Units of Water Served	Current Rate	Proposed Tiers (new HCF)	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
Tier 1 (0-10 HCF)	\$0.54	Tier 1 (0-4 HCF)	\$X.XX	\$X.XX	\$X.XX
Tier 2 (11-16 HCF)	\$0.65	Tier 2 (4-13 HCF)	\$X.XX	\$X.XX	\$X.XX
Tier 3 (16-27 HCF)	\$0.66	Tier 3 (13-24 HCF)	\$X.XX	\$X.XX	\$X.XX
Tier 4 (27+ HCF)	\$0.80	Tier 4 (24+ HCF)	\$X.XX	\$X.XX	\$X.XX



PROPOSED VARIABLE CHARGES FOR ALL OTHER CUSTOMER CLASSES

Tables F and G provide the variables rates for all customer classes other than single-family residential. Note: Irrigation, Industrial and Fire Protection classes were previously combined with other classes and now are stated distinctly.

Table F: Sweetwater Authority Bi-Monthly Variable Charge (in \$/HCF)				
Customer Class	Current Rate	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
Multi-Family	\$5.92	\$X.XX	\$X.XX	\$X.XX
Commercial	\$5.66	\$X.XX	\$X.XX	\$X.XX
Public Agencies	\$6.99	\$X.XX	\$X.XX	\$X.XX
Irrigation (new)	N/A	\$X.XX	\$X.XX	\$X.XX
Other - Construction	\$8.54	\$X.XX	\$X.XX	\$X.XX
Industrial (new)	N/A	\$X.XX	\$X.XX	\$X.XX
Fire Protection (new)	N/A	\$X.XX	\$X.XX	\$X.XX

Table G: SDCWA Bi-Monthly Wholesale Water Purchase Charge (in \$/HCF)				
Customer Class	Current Rate	Proposed Rate Effective 1/1/24	Proposed Rate Effective 1/1/25	Proposed Rate Effective 1/1/26
Multi-Family	\$0.74	\$X.XX	\$X.XX	\$X.XX
Commercial	\$0.71	\$X.XX	\$X.XX	\$X.XX
Public Agencies	\$0.87	\$X.XX	\$X.XX	\$X.XX
Irrigation (new)	N/A	\$X.XX	\$X.XX	\$X.XX
Other - Construction	\$1.07	\$X.XX	\$X.XX	\$X.XX
Industrial (new)	N/A	\$X.XX	\$X.XX	\$X.XX
Fire Protection (new)	N/A	\$X.XX	\$X.XX	\$X.XX

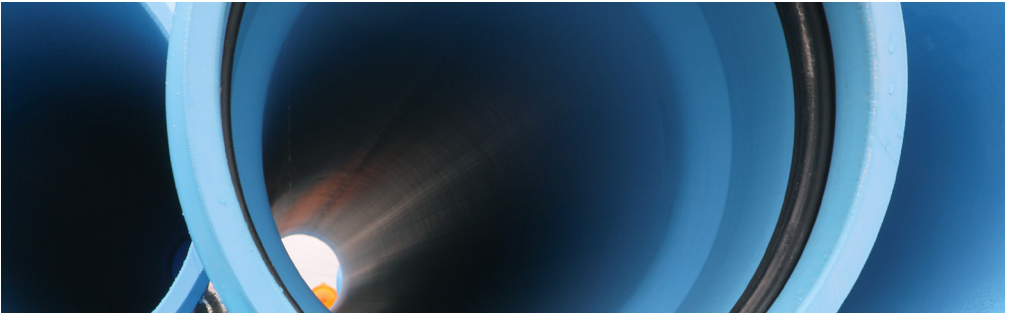
PROPOSED PASSTHROUGH CHARGES

PROPOSED SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) AND METROPOLITAN WATER DISTRICT (MWD) PASSTHROUGH CHARGES

The Authority indirectly purchases wholesale water from MWD through SDCWA. Regardless of how much water is purchased from SDCWA, SDCWA imposes on the Authority: (1) an Infrastructure Access Charge (IAC); (2) a Customer Service Charge (CSC); (3) an Emergency Storage Charge (ESC); and (4) a Supply Reliability Charge (SRC and, together with the IAC, CSC, ESC, and SRC, the SDCWA Pass-Throughs). The IAC is a fixed charge that is determined based on meter size, and is imposed on the Authority as an additional source of revenue to SDCWA to provide better coverage for SDCWA’s projected fixed costs. The CSC is imposed on the Authority as an allocation of SDCWA’s customer service related costs. The ESC is imposed on the Authority as an allocation of SDCWA’s costs for its emergency and carryover water storage program to provide sufficient water to the region in the event of an emergency. The SRC is imposed on the Authority as an allocation of SDCWA’s cost to maintain reliable water supplies. These latter three charges are determined on the basis of a multi-year average of the amount of water purchased by the Authority from SDCWA.

MWD imposes on the Authority: (1) a Readiness-to-Serve charge (MWD-RTS) and (2) a Capacity Charge (MWD-CC and, together with the MWD-RTS, the MWD Pass-Throughs). The MWD-RTS is imposed on the Authority as an allocation of MWD’s cost to provide peak capacity within the MWD’s distribution system. The MWD-CC is imposed on the Authority as an allocation of MWD’s costs associated with standby and peak conveyance capacity and system emergency storage capacity. These MWD charges are determined on the basis of multi-year averages of the amount of water purchased by the Authority from SDCWA.

Effective January 1, 2024, the Authority proposes to pass-through the SDCWA IAC to customers based on meter size, as set forth in Table G. The remaining SDCWA Pass- Throughs, and the MWD Pass-Throughs, are proposed to be passed-through to customers effective January 1, 2024 per HCF of water used, in the amounts set forth in Table H. The Authority anticipates that MWD and SDCWA will increase the MWD Pass-Throughs and the SDCWA Pass-Throughs in the future, and the Authority is proposing to authorize automatic pass-throughs of any



future increases to customers. If approved, the Governing Board may implement any increase to the MWD Pass-Throughs and SDCWA Pass-Throughs for the three-year period commencing January 1, 2025, through and including December 31, 2026, provided, however, that (1) any increase in the rates of the MWD Pass-Throughs or SDCWA Pass-Throughs described above shall not exceed 10 percent per year; (2) in no event shall the rates be increased by more than the cost of providing water service; and (3) the Authority shall provide all customers at least 30 days’ written notice prior to implementing any MWD or CWA Pass-Through adjustment. Tables H and I provide the proposed pass-through rates.

Table H: SDWCWA Pass-Through Charges for Bi-Monthly Infrastructure Access Fixed Charge		
Meter Size	Current Rate	Proposed Rate Effective 1/1/24
¾ inch	\$9.16	\$X.XX
1 inch	\$14.66	\$X.XX
1 ½ inches	\$27.48	\$X.XX
2 inches	\$47.62	\$X.XX
3 inches	\$87.94	\$X.XX
4 inches	\$150.22	\$X.XX
6 inches	\$274.80	\$X.XX
8 inches	\$476.32	\$X.XX
10 inches	\$714.48	\$X.XX

Table I: SDCWA/MWD Bi-Monthly Volumetric Pass Through Charge Rates					
Uniform Rate for all Customer Classes (\$/HCF)	SDCWA Customer Service Charge	SDCWA Emergency Storage Charge	SDCWA Supply Reliability Charge	MWD Readiness to Serve Charge	MWD Capacity Charge
Current Rate	\$0.03	\$0.08	\$0.08	\$0.01	\$0.04
Proposed Rate Effective 1/1/24	\$X.XX	\$X.XX	\$X.XX	\$X.XX	\$X.XX

