

Purissima Hills Water District



October 19, 2007

Dear Customer/Record Property Owner:

The Board of Directors of the Purissima Hills Water District (District) will consider proposed increases to the following rates, fees and charges:

1. Water Rate Unit Charge and Readiness-to-Serve Charge,
2. Facility Charges, and
3. Installation Charges and Miscellaneous Charges.

The Board will vote on the proposed changes after a public hearing scheduled for December 5, 2007, at 7:00 p.m. The new rates will become effective with the first billing cycle commencing after December 5, 2007, and will replace the current rates, fees and charges.

The purpose of this notice is to meet our obligation under State Proposition 218 to notify you of the proposed increases, to explain the potential impact of the changes on your water bill, and to explain why we need to increase our rates, fees and charges.

1. Water Rate Unit Charge and Readiness-to-Serve Charge Increase

The proposed increases for the water rate unit charge are as follows:

For Residential Customers

Units of Water Consumed	Current Water Rate	Proposed New Water Rate
1 through 10	\$1.95 per unit	\$2.15 per unit
11 through 30	\$2.45 per unit	\$2.75 per unit
31 through 60	\$2.95 per unit	\$3.75 per unit
61 through 100	\$3.55 per unit	\$5.25 per unit
101 through 200	\$4.50 per unit	\$7.25 per unit
Over 200	\$5.00 per unit	\$10.65 per unit

For Institutional Customers

Units of Water Consumed	Current Water Rate	Proposed New Water Rate
1 through 10		\$2.15 per unit
11 through 30	\$2.95 per unit	\$2.75 per unit
31 through 60	Flat fee	\$3.00 per unit
61 through 100		\$3.25 per unit
101 through 3000		\$3.50 per unit
Over 3000		\$3.75 per unit

Readiness-to-Serve Charge

Units of Water Consumed	Current Water Rate	Proposed New Water Rate
¾"	\$13.50	\$15.00
1"	\$22.00	\$24.50
1 ½"	\$30.50	\$34.00
2"	\$44.00	\$49.00
3"	\$59.00	\$60.50
4"	\$30.50	\$112.00

How Will the Increased Rates and Charges Impact You?

The proposed increase in the water rate unit charge of 11% will result in an increase in the water bill for our customers. The following table illustrates proposed water rate unit charges for various residential customer usages.

Billed Units	Existing Rate Schedule *	Proposed Rate Schedule **	% Change
10 ccf	\$33.00	\$36.50	11%
25 ccf	\$69.75	\$77.75	11%
75 ccf	\$223.75	\$282.75	26%
150 ccf	\$537.50	\$776.50	44%
300 ccf	\$1,262.50	\$2,204.00	75%

* Including a ¾ inch meter readiness-to-serve charge of \$13.50

** Including a ¾ inch meter readiness-to-serve charge of \$15.00

What Can You Do to Reduce the Impact of the Rate Increase on Your Water Bill?

If you want to minimize the impact of the increased water rate unit charge on your water bill, you should begin now to take steps to reduce your water use. Because landscape irrigation is a major use of water in the summer, your landscape offers the greatest opportunity to save water. Watering efficiently, selecting low-water-use plants and reducing the amount of turf in your landscape are all steps you can take to reduce your water consumption this summer.

For more conservation ideas, please visit our web site at www.purissimawater.org or call our District Office at (650) 948-1217.

Why Do We Need a Rate Increase?

The District must cover its costs to continue providing high quality water to our customers. As a public agency, the District may not collect more revenue than is necessary to cover its costs to provide water services. Our costs have increased. Specifically:

- San Francisco Public Utility Commission (SFPUC), who provides the District with 100% of its water, has increased the wholesale water rates by 27% since 2004. The SFPUC is undertaking a significant capital improvement program intended to make its water system more reliable in the event of an earthquake or other disaster.
- The District has planned over \$1.3 million in capital improvement projects for this coming year to improve system reliability, and the cost of construction has increased steadily over the past several years.

- Inflation. The Consumer Price Index for the Bay Area has increased by a total of 9.1% since the District last raised its water rate unit charge in February 2004.

2. Facility Charge Increase

Description	Size	Type	Current Charge	Proposed Charge
Storage Fees	1	Facility Charge	\$1,622	\$6,996
Storage Fees	1 1/2	Facility Charge	\$3,245	\$13,993
Storage Fees	2	Facility Charge	\$5,192	\$22,389
Storage Fees	3	Facility Charge	\$11,356	\$44,777
Storage Fees	4	Facility Charge	\$16,223	\$69,964
Transmission Fees	1	Facility Charge	\$4,418	\$10,153
Transmission Fees	1 1/2	Facility Charge	\$8,835	\$20,306
Transmission Fees	2	Facility Charge	\$14,138	\$32,489
Transmission Fees	3	Facility Charge	\$30,924	\$64,978
Transmission Fees	4	Facility Charge	\$44,177	\$101,528

How Will the Increased Facility Charges Impact You? Storage and Transmission Facility Charges represent the buy-in to the system based on service size. Transmission Facility Charges represent the infrastructure required to serve every parcel in the District. Storage Facility Charges represent the logistical infrastructure to serve water upon demand. These are one-time charges based on the size of the service.

Why Do We Need to Increase the Facility Charges? The value of the water storage and transmission and distribution system has been recalculated to provide funds for the replacement with new facilities required to maintain optimal water service to the customer. These facility charges have not been increased since 1996.

Installations and Miscellaneous Charge Increase

Description	Size	Type	Current Charge	Proposed Charge
Meter	3/4"	Installation	\$150	\$300
Meter	1"	Installation	\$200	\$350
Meter	1 1/2"	Installation	\$600	\$750
Meter	2"	Installation	\$900	\$1,000
Meter	3"	Installation	\$3,000	Actual Cost
Meter	4"	Installation	\$4,000	Actual Cost
Service	1	Installation	\$1,500	\$3,000
Service	1 1/2	Installation	\$2,200	\$3,500
Service	2	Installation	\$2,500	\$3,750
Service	3	Installation	Actual Cost	Actual Cost
Service	4	Installation	Actual Cost	Actual Cost
Hydrant		Installation	Actual Cost	Actual Cost
Backflow	1	Installation	Actual Cost	\$800
Backflow	1 1/2	Installation	Actual Cost	\$1,000
Backflow	2	Installation	Actual Cost	\$1,200
Late fees	N/A		No Charge	1% of bal
Returned check fee	N/A		No Charge	\$25
Turn-off for non payment 8-5	N/A		No Charge	\$50
Turn-off for non payment 5-8	N/A		No Charge	\$150

Why Do We Need to Increase the Installation and Miscellaneous Charges? These charges are based on the cost to install certain facilities to serve the customer. Where an installation is unique and site specific, an estimated cost would be quoted to the customer. These charges have not increased since 1996 and the cost of providing these services has increased substantially over the past 11 years.

Public Hearing Scheduled for Proposed Increase in Rates, Fees and Charges

The Board of Directors will consider the increased rate, fee and charge proposal at a public hearing scheduled for 7:00 p.m., December 5, 2007 at the Purissima Hills Water District Office. You have the right to protest the proposed increased rates, fees and charges. If you do, you must submit your protest in writing, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected property owners and customers responsible for paying the water bills, the proposed increase will not be imposed.

Your written protest must be received prior to the close of the December 5, 2007 public hearing. Written protests must include an address or District account number. E-mail protests will not be accepted. Send written protest to:

**Purissima Hills Water District
26375 Fremont Road
Los Altos Hills, CA 94022
Attention: Water Rate Increase Protest**