



City of Corona
Department of Water & Power
P.O. Box 950
Corona, CA 92878-0950

December 18, 2009

Mailing Address Line 1
Mailing Address Line 2
Mailing Address Line 3
Mailing Address Line 4
Mailing Address Line 5

NOTICE OF PUBLIC HEARING TO CONSIDER ADOPTION OF A NEW SYSTEM OF TIERED RATES AND WATER BUDGETS

NOTICE IS HEREBY GIVEN that the City Council of the City of Corona (the "City") will conduct a Public Hearing on **February 3, 2010 at 7:00 p.m., in the Council Chambers at 400 S. Vicentia Avenue, Corona, California 92882**, or as soon thereafter as the matter may be heard to consider adopting changes in the current rates for its water service fees.

PROPOSED WATER RATE STRUCTURE

The City of Corona Department of Water and Power ("DWP") obtains approximately 51% of the City's water supply from sources outside of the City. This water is referred to as "imported water." In recent years, several factors have impacted the cost and availability of imported water supplies. The State is in the third year of a drought and the Colorado River system is also experiencing a nine year drought. Major reservoirs are at historic lows and pumping restrictions in the Sacramento-San Joaquin Delta (the "Delta") have been imposed to protect the Delta Smelt and Chinook Salmon. State Water Project supplies from the Delta were reduced by nearly 30 percent this year due to the court-ordered pumping restrictions to protect endangered species. The cost of imported water increased 16.4% in 2009 and costs could rise an additional 37% in 2010.

Many of these factors are not expected to change in the immediate future, therefore DWP is taking steps to conserve, protect, and manage our water supplies and water usage. In 2009, Corona's Drought Ordinance was enacted which implemented restrictions on wasteful water practices. The focus now is to reduce our demand on the increasingly more expensive and limited imported water supply by revising DWP's water rate structure. DWP's goal is to:

Promote efficient water use, fair rates, and resource conservation through a tiered rate and water budget structure.

The rate structure for the City's monthly water service fees is comprised of two components: (1) a Readiness to Serve Charge, which is a fixed charge established on the basis of the meter size of the parcel of property receiving water service; and (2) a Commodity Charge, which is determined on the basis of the amount of water served to a parcel of property in hundreds of cubic feet ("HCF"). For the Readiness to Serve Charge, no rates are proposed to be changed. The rates for the Commodity Charge component are proposed to be revised by establishing five tiers and establishing water budgets for all customers. The tiers and the water budgets are designed to promote and encourage efficient water use.

Pursuant to this proposed rate structure, each residential and multi-family customer will be allocated a reasonable amount of water for efficient indoor and outdoor water use based on that customer's particular needs. This allocation is referred to as a "water budget." For residential customers, such factors as the number of persons residing in the household, the size of irrigable landscaped area, and actual daily weather will be used to determine their water budgets. Commercial, industrial, institutional, governmental, and recycled water customers will be assigned a water budget determined by using a three year average of water use, specifically for each such customer. If three years of data is not available, existing data will be used to determine a water budget. A variance program has been established for water budget change requests. Landscape accounts, such as homeowner associations, golf courses, schools and parks are assigned a water budget based on irrigated, landscaped area. Water use within a customer's water budget will be charged at the lowest applicable rate(s). The incremental water use in excess of a customer's water budget will be charged at progressively higher rates, depending on the level of overuse.

A more detailed explanation of the tiered water rate and water budget structure and how water budgets are derived is included as an attachment to this Notice.

For residential and multi-family customers, the rate structure for the Commodity Charge has five tiers. Residential customers who stay within their water budget will remain in the first two tiers.

- **Indoor (Tier 1):** Based on the number of people in your household and staying within your indoor water budget
- **Outdoor (Tier 2):** Based on the total irrigated, landscaped area for your property and staying within your outdoor water budget
- **Inefficient (Tier 3):** Based on exceeding your total water budget by up to 20%
- **Excessive (Tier 4):** Based on exceeding your total water budget by 21-40%
- **Wasteful (Tier 5):** Based on exceeding your total water budget by more than 40%

For commercial, industrial, institutional, governmental and recycled water customers, the rate structure for the Commodity Charge has four tiers. Customers who stay within their water budget will remain in the first tier.

- **Water Budget (Tier 1):** Based on your water budget
- **Inefficient (Tier 2):** Based on exceeding your water budget by up to 20%
- **Excessive (Tier 3):** Based on exceeding your water budget by 21-40%
- **Wasteful (Tier 4):** Based on exceeding your water budget by more than 40%

The proposed tiers and rates for the Commodity Charge and the existing rates for the Readiness to Serve Charge are represented in the tables below.

Residential and Multi-Family Rates	
Tier	Rate
Indoor Budget	\$1.810/HCF
Outdoor Budget	\$1.991/HCF
Inefficient Use	\$2.716/HCF
Excessive Use	\$5.431/HCF
Wasteful Use	\$9.957/HCF

	Commercial, Industrial, Institutional & Governmental	Recycled Water Customers
Tier	Rate	Rate
Water Budget	\$1.991/HCF	\$1.390/HCF
Inefficient Use	\$2.716/HCF	\$2.085/HCF
Excessive Use	\$5.431/HCF	\$2.780/HCF
Wasteful Use	\$9.957/HCF	\$4.169/HCF

Readiness to Serve Charge (No Change)	
Water Meter Size	Rate
5/8"	\$18.04
3/4"	\$23.66
1"	\$33.85
1 1/2"	\$58.99
2"	\$86.09
3"	\$147.13
4"	\$226.02
6"	\$415.08
8"	\$610.50

PUBLIC HEARING AND PROTESTS

Any property owner or any tenant directly responsible for the payment of water service fees (i.e., a customer of record) may submit a written protest to the proposed rate changes to the City's water service fees; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or customer of record is in opposition to the proposed water rate changes; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the name and signature of the property owner or customer of record submitting the protest. Written protests may be submitted by mail or in person to the City Clerk at 400 S. Vicentia Avenue, Corona, California 92882, or at the Public Hearing (date and time noted above), provided they are received prior to the conclusion of the public comment portion of the Public Hearing. Any protest submitted via e-mail 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 City Clerk, Attn: Public Hearing on Water Rate Changes.

The City Council will hear and consider all written and oral protests to the proposed rate changes 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 City Council will consider adoption of an ordinance authorizing the rate changes to the City's water service fees as described herein. If written protests against the proposed rate changes as outlined above are not presented by a majority of property owners or customers of record of the identified parcels upon which the rates are proposed to be imposed, the City Council will be authorized to impose the rate changes. If adopted, the proposed rate changes to the water service fees will be in effect beginning April 26, 2010.

For further details regarding the basis and reasons for the proposed rate changes to the City's water service fees or for any questions you may have regarding the proposed fees to be imposed on your parcel, please contact DWP at (951) 736-2407.