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November 12, 2021

Subject: Water Rate Proposal for 2022

GENERAL MANAGER
Stephen J. Welch, P.E., S.E.

Dear Valued Water Customer,

The past two years have been a challenge on so many levels and Contra Costa Water District (CCWD) appreciates your support and flexibility as we have been working to keep your water service up and running. Part of providing sustainable water service is conducting an annual review of water rates and charges. Water rates are increased only in an amount necessary to pay for the purchase, treatment, transport, and delivery of safe, high-quality, and reliable water to your home or business, and for the employees needed to sustain a complex water system. For 2022, we are proposing rate adjustments to generate **up to a 5.00% revenue increase**. On the reverse side of this letter are details of the proposal that will be presented at the public hearing to be held on January 5, 2022.

Our water rate proposal for 2022 supports the following priorities to ensure your water system remains sound:

- **Meet the increasing costs of operating a water system:** The costs of purchased water, fuel and energy have risen sharply in the recent year. The District strives to manage costs, seeking lowest costs when possible, while focusing on affordable water rates.
- **Replace aging water infrastructure:** Reliable water service requires increasing investment in the maintenance and replacement of aging canals, pipes, and other critical facilities. Implementing well planned and timely investments as identified in the District's 10-year capital improvement plan provide a high return in cost savings over the life of the facilities.
- **Maintain financial stability:** Annual rate adjustments combined with use of reserves provide the funding necessary to sustain quality operations and service.

We welcome your comments and questions on the proposed changes. Written protests to the proposed rate changes must be submitted prior to the conclusion of the public hearing. To submit a written protest, please include identification of the affected property (by assessor's parcel number, street address, or account number). Only one protest per parcel will be counted. Pursuant to Government Code section 53759, enacted by Senate Bill 323, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge. Please send or deliver written protests to: Contra Costa Water District, 1331 Concord Avenue, Concord, CA 94520. Protests may also be submitted through the online form at www.ccwater.com/rates.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Welch".

Stephen J. Welch
General Manager

NOTICE OF PUBLIC HEARING

Contra Costa Water District’s (CCWD) Board of Directors will consider adoption of proposed rate adjustments at a public hearing. The public hearing will be held on Wednesday, January 5, 2022 at 6:30 p.m. at 1331 Concord Avenue, Concord, CA in the Board Room. **You may participate in this meeting remotely by calling (617) 829-7560 up to 10 minutes before the scheduled start time. Any changes to rates and charges will become effective February 1, 2022.** The tables below show the full list of proposed rates and charges for wholesale municipal, industrial, landscape irrigation (metered), and temporary service customers with untreated water service.

Wholesale Municipal, Industrial, Landscape Irrigation, Temporary Service Customers	Current	Proposed
Service Charge (per month)	\$7.47	\$8.20
Usage Charge (\$/unit) ¹	\$2.28	\$2.44
Demand Charge (\$/unit) ^{1,2}	\$3.63	\$3.57

¹Unit = 1,000 gallons

²The demand charge unit is assessed by thousand gallons based on maximum month usage in each of the three past years, averaged. The demand charge is used to calculate an annual amount, spread over 12 months of billing.

EXAMPLE: Current Rates Compared to Proposed Rates

For a landscape irrigation customer with metered untreated water service using 5,000 gallons per day (150,000 gallons per month, as illustrated in the example below), the proposed rate adjustments may equate to an increase of \$23.73 per month. The example below assumes a customer uses 150,000 gallons a month. The demand charge is reset every year based on a rolling historical average. The example illustrates the user’s maximum monthly usage is 200,000 gallons (based on fiscal year 2019 through fiscal year 2021 usage).

Water Charges	Current			Proposed			Dollar Difference
	Unit Charge	Units	Charge	Unit Charge	Units	Charge	
Monthly Service Charge			\$7.47			\$8.20	\$0.73
Usage Charge	\$2.28	150	\$342.00	\$2.44	150	\$366.00	\$24.00
Demand Charge	\$3.63	200	\$60.50	\$3.57	200	\$59.50	-\$1.00
Total Monthly Bill			\$409.97			\$433.70	\$23.73

¹Unit = 1,000 gallons

²The demand charge is used to calculate an annual amount, spread over 12 months of billing.

Impacts to Customers with Larger Water Usage

An industrial or municipal customer with untreated water service using 45 million gallons per month (for the usage charge) with a maximum monthly usage of 60 million gallons (for the demand charge as noted above) currently pays \$120,757 per month. With the proposed rate adjustments, the monthly cost would change to \$127,658 for an increase of \$6,901 per monthly billing cycle.

Pursuant to Senate Bill 323, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge.

For further information on the proposed water rate/charge adjustments or to review the CCWD’s Code of Regulations regarding rates, please visit www.ccwater.com/rates or call Customer Service at (925) 688-8044.