



ATTEND THE VIRTUAL COMMUNITY FORUM ON CUSTOMER RATES

Monday, May 24, 6:30 PM to 8:30 PM

A study is underway to ensure continued fair rates to everyone

Learn more and have your questions answered

For Information and a link to the meeting:

www.foresthillpud.com | 530-367-2511 | customerservice@foresthillpud.com

What You Should Know About the Water Rate Study:

Rate Structure Change

Q: What is a rate structure change?

A: The rate structure portion of the study reviews every aspect of the District's service, including managing the dam and reservoir, treatment and delivery, facility replacement and upgrades, daily operations, and many other factors. The purpose is to identify the changes in the proportion of costs required to serve each customer class (residential and commercial). The rate structure must be updated because there are changes in customer water use, state regulations, service costs, and other factors over time. The overall amount of revenue collected by the District may not change after the rate structure change. However, some customers' bills may increase, and others may decrease. Rate structures must be updated periodically to ensure rates are fair and comply with state law.

Q: When was the last time the rate structure was updated?

A: The last approved rate structure was 2014. The District completed a study in 2020, but it was not approved.

Q: What rate structure changes are the District considering?

A: The District is seeking to follow the recommendations of the Community Advisory Committee that met in 2019, studied the District's rate structure, and published seven key recommendations. The following four recommendations are being evaluated in the rate structure study and will be brought to the Board of Directors:

1. Abandon the multi-unit charge rate structure
2. A single tier for all water use
3. Eliminate or reduce higher costs for commercial accounts
4. 80% fixed cost /20% variable cost rates

The Board will review the other community recommendations before the end of the year:

5. Eliminate or substantially reduce charges for inactive meters
6. Establish a low-income rate assistance program
7. Reduce "will serve" or connection fees

Rate Change

What is the difference between a rate structure change and a rate change?

A: The rate structure tells what proportion of costs is allocated to different classes of customers. The rate change is designed to adjust the amount of revenue the District receives. The District will only collect the revenue needed to provide reliable and quality service over the next five years.

Q: When was the last rate increase?

A: The last rate increase was July 2018. The rates have remained unchanged for the past few years.

Q: How much will my water bill increase?

A: The rate study will determine how rates are affected. Both the rate structure change and the change in rates can affect your bill. Overall, we expect most water bills will change little in the first year, and in the next few years at about the rate of inflation. However, in the first year some customers may receive larger water bill increases and some may receive decreases.

Q: Can the District postpone the rate structure and rate changes?

A: It has been seven years since the rate structure has been examined and three years since a rate change. The District must review rates and is committed to completing this critical task by August 2021.

How the District Keeps Costs Down

Q: What has the District done to keep costs down?

A: We work every day to provide excellent water service and always look for ways to work more efficiently and lower costs. Here are a few examples:

Small staff — Our lean staff of seven are hard at work each day operating the dam, treatment plant, pipelines, pumps, fixing fire hydrants, answering questions, and more.

We obtained \$75,000 in grants last year — funding used to invest in the community and not billed to our customers. The District continues to apply for grants to save your money.

\$1.89 million in benefits from outside water sales — Since 2015, we have received \$1.89 million in outside revenue to pay for critical water system improvements without using funds from our customers.

Long-term planning for cost savings and reliability — We must invest about \$1 million each year to ensure that the water system is always reliable and provides the water you need.

Next Steps

Q: What are the next steps in the rate study process?

A: The Board is expected to review proposed rates and approve sending a notice to customers in late May. The final hearing to approve rates is expected to be at the end of July. The District will undertake outreach to inform the public of the proposal, answer questions, and obtain input between now and July.

If you have questions, comments, or want to sign up to receive email updates about the rate study:

CALL: 530-367-2511

EMAIL: customerservice@foresthillpud.com

You are invited to attend the virtual public meeting on rates. See the other side of this document for details.
