

Water Rates Effective 01/01/2018

The City of San Clemente bills all customers on a monthly basis. The monthly bill includes both water and sewer, each billed separately. Water rates include both a fixed service fee and a variable consumption charge for water usage.

Water Rates

Fixed Water Service Charge

All water customers are charged fixed service charges based on the service meter size. These fixed service charges are driven by costs independent of consumption. The fixed service charges funds system replacement costs, service and main line maintenance, and administrative expenses.

| Meter Size | Water |
|---|----------|
| Up to 1" <i>(92% of meters in San Clemente)</i> | \$18.71 |
| 1.5" | \$46.17 |
| 2" | \$69.70 |
| 3" | \$144.23 |
| 4" | \$254.07 |
| 6" | \$516.89 |

Water Consumption Rates

In addition to the fixed water service charge, water usage is billed at a flat rate per billing unit which varies based on customer classification with one unit equal to one hundred cubic feet ("ccf") or 748 gallons of water. The flat rate includes two components: the City Distribution Charge and a Water Supply Charge.

City Distribution Charge

The City Distribution Charge is a commodity rate which imposes a uniform rate per unit of water consumed by customer classification. The consumption-based rate has two elements; the account base costs (including baseline supplies, treatment, distribution, and storage, up to a level that meets the City's baseline demands throughout the year) and peaking costs (i.e., meeting peak, summer water demands and conservation costs).

Water Supply Charge

The Water Supply Charge is a wholesale pass-through rate which decouples the cost of wholesale water from the City Distribution Charge. The Wholesale Water Supply Pass-Through fee reflects the actual cost to purchase wholesale water and is annually recalculated based on the cost to purchase wholesale water from the City's water suppliers. The pass-through cost for 2018 is based on current wholesale water supply and is calculated as follows:

$$\text{Pass Through} = \frac{\text{Total Water Cost}}{\text{Forecasted Demand}} = \frac{\$8.10 \text{ Million}}{6,957 \text{ Acre Feet}} = \frac{\$1,164}{\text{Acre Feet}} = \$2.68 \text{ per ccf}$$

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Water Consumption Rate Table

| Classification | Tier | Price Per Unit |
|----------------------------------|--------------------------|----------------|
| Single Family Residential | City Distribution Charge | \$1.49 |
| | Water Supply Charge | <u>\$2.68</u> |
| | | \$4.17 |
| Multi Family Residential | City Distribution Charge | \$1.36 |
| | Water Supply Charge | <u>\$2.68</u> |
| | | \$4.04 |
| Commercial | City Distribution Charge | \$1.37 |
| | Water Supply Charge | <u>\$2.68</u> |
| | | \$4.05 |
| Irrigation | City Distribution Charge | \$1.98 |
| | Water Supply Charge | <u>\$2.68</u> |
| | | \$4.66 |
| Non-Potable Irrigation | Uniform Rate | \$2.66 |

Demand Management Rates

To increase revenue stability necessary to provide water service, the Demand Management Rate will be implemented during periods of decreased demand such as droughts or water supply interruptions. The Demand Management Rates take into account both the impact from reduced revenue and any cost savings from reduced operational needs, to recover the City's costs to provide service. The drought charge will be added to the commodity rate (per unit costs) shown in the table above and enacted by City Council action only.

| | 5-10% Reduction | 11-20% Reduction | Greater than 20% Reduction |
|--|-----------------|------------------|----------------------------|
| Fixed Rate Surcharge (\$/meter equivalent) | \$0.00 | \$0.74 | \$0.74 |
| Variable Rate Surcharge (\$/CCF) | \$0.19 | \$0.30 | \$0.57 |