



UNION PUBLIC UTILITY DISTRICT
339 MAIN STREET
MURPHYS, CA 95247-9626
(209) 728-3651

August 31, 2016

**NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING ON PROPOSED CHANGES TO
WATER RATES**

Hearing Date & Time: Thursday, November 3, 2016 at 7:00 PM

Hearing Location: Native Sons Hall
389 Main Street
Murphys, CA

Notice is hereby given that a Public Hearing will be held by the Union Public Utility District Board of Directors regarding changes to that portion of the District's monthly water rate pertaining to the Utica Water and Power Authority hereinafter (UWPA).

The purpose of this hearing is to discuss and possibly take action to revise that portion of the current monthly water rates pertaining to the (UWPA) component. Currently, the rate is \$1.00 per month, which was established on July 2, 1994 and is insufficient to cover the District's increasing cost to purchase water from UWPA and fund its operation. The District has a Water Rate Cost of Service Study (UWPA Fee dated August 18, 2016) which recommends an increase to meet the costs of purchasing water from UWPA and fund its operation by the District. The 2016 Water Rate Cost of Service Study is on file and available for review at the District office at 339 Main Street, Murphys, CA 95247 and will also be reviewed at the Public Hearing on Thursday, November 3, 2016.

During the Public Hearing any person may appear before the Board of Directors and be heard as to the proposed changes.

PROPOSED CHANGES EFFECTIVE DECEMBER 1, 2016

The increases to the District water rates effective November 1, 2014 did not include a raise of the \$1.00 monthly charge established to cover the cost of purchase of water from UWPA. The study recommends an increase. The cost to purchase water from UWPA is a complex process based upon power rates, availability of water and UWPA's budget.

Table 1 attached hereto sets forth the final proposed UWPA's fee amounts. The monthly fee will be established on a year to year basis by the UPUD Board of Directors and will depend on the water year that is established for UWPA and whether or not UWPA is successful in obtaining a ReMat contract for the Murphys Powerhouse. Table 1 presents the proposed UWPA fee by water year and by current or Renewable Energy Market Adjusting Tariff Program (ReMat) contract. Once the water year is established (yearly basis) and the power contract for the year determined, the UPUD Board may adopt the corresponding UWPA fee for the succeeding fiscal year.

Table 1: Proposed UWPA Fee

| PROPOSED UPUD UWPA FEE(2) | | | | | | | | | |
|---------------------------|-----------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
| Water Year | 2016/2017(1) | 2017/2018 | | 2018/2019 | | 2019/2020 | | 2020/2021 | |
| | Current | Current | ReMat | Current | ReMat | Current | ReMat | Current | ReMat |
| | MPH+APH \$35/MW hr | MPH+APH \$35/MW hr | APH \$35/MW hr | MPH+APH \$35/MW hr | APH \$35/MW hr | MPH+APH \$35/MW hr | APH \$35/MW hr | MPH+APH \$35/MW hr | APH \$35/MW hr |
| | | | | | | | | | |
| I | \$17.46 | \$19.98 | \$1.70 | \$21.84 | \$1.70 | \$23.80 | \$3.48 | \$25.85 | \$5.53 |
| II | | \$22.03 | \$4.03 | \$23.89 | \$5.89 | \$25.84 | \$7.85 | \$27.89 | \$9.90 |
| III | | \$24.05 | \$8.34 | \$25.91 | \$10.20 | \$27.87 | \$12.15 | \$29.92 | \$14.20 |
| IV | | \$26.91 | \$14.23 | \$28.77 | \$16.09 | \$30.72 | \$18.04 | \$32.77 | \$20.09 |
| V | | \$28.81 | \$18.26 | \$30.67 | \$20.12 | \$32.62 | \$22.07 | \$34.67 | \$24.13 |
| VI | | \$30.38 | \$22.24 | \$32.24 | \$24.10 | \$34.19 | \$26.05 | \$36.24 | \$28.10 |

(1) 2016/2017 increase in UWPA fee effective on December 1, 2016. Future year increases will be effective July 1 of each fiscal year.

(2) Includes contractual payment of \$40,000/year from UPUD to UWPA in addition to UWPA projected deficit.

Compliance with Proposition 218

In 1996, California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property-related fees. "Prop 218" requires that local governments follow a strictly defined process for setting fees such as water or sewer bills. Generally speaking, the District must (1) inform rate-payers that a proposed rate increase is being considered (this notice), (2) clearly demonstrate the basis on which these fees are calculated (this letter and the Rate Report), and (3) hold a public hearing at least 45 days after noticing property owners at which time the District hears all protests to the rate increase. These rates are subject to "majority protest" meaning they **cannot be passed** if a majority of property owners (or renters/lessees, where the renter/lessee is financially responsible for the bill) impacted by the rate change submit written and signed protests opposing the increase.

To Protest These Changes

If you have questions or comments about the proposed rate changes or wish to protest, you may:

Address the Board of Directors: Attend the Public Hearing on Thursday, November 3, 2016, at 7 PM at the Native Sons Hall in Murphys, CA.

Write: Written protests against the proposed rate change must be received by the District by the close of the public hearing on Thursday, November 3, 2016 and must identify an owner of the property, the parcel (APN) number or address of the affected property, and include the original signature of an owner or renter/lessee (if they are financially responsible for the bill) of the parcel. Only one objection per parcel will be counted in calculating a majority protest to the proposed rate change.

If the District receives written protests against the proposed rates by a majority of the affected property owners/renters/lessees prior to the end of the hearing, the District cannot approve the change.

Written protests may be sent to:
Union Public Utility District
339 Main Street, Murphys, CA 95247

Please note that e-mail and photo copies of signed protests will not be accepted.