

**NORTH EDWARDS WATER DISTRICT
NOTICE OF PUBLIC HEARING TO CONSIDER PROPOSED WATER RATE INCREASE**

Public Hearing

In accordance with the California Constitution, the North Edwards Water District's Board of Directors will hold a public hearing on 23rd day, September, 2024 at 5:00 p.m., at the District's office located at 13525 Fran Street, North Edwards, California 93523, to consider proposed additional fixed meter charges for 3-inch, 4-inch and 6-inch meters through which the North Edwards Water District (the "District") provides water service. Meters of those sizes were not included in the District's prior action to adopt its water rates and meter charges. The proposed charges for those meters were calculated in the District's 2022 rate study, which is available for review at the District's office.

Why the New Meter Charges are Needed

Background – The District provides water service to approximately 600 residents through 248 service connections through its water supply and distribution system. Many of the District's distribution and supply facilities were constructed many years ago and are now well beyond their useful lives. The District will be engaging in planning efforts in the coming years to address its aging infrastructure.

Notwithstanding its infrastructure needs, the proposed meter charges being considered are intended to meet the District's increased operational costs, as discussed in more detail below.

Current Rates and Operations – The District's operations and maintenance expenses continue to rise and the District recently installed a connection with the Antelope Valley-East Kern Water Agency ("AVEK") to supply imported water, which will result in improved water quality for the District's residents by avoiding the production of groundwater with high arsenic levels. Those increased operating costs include increased power, labor and monitoring and testing costs. In addition, the prior drought and increased water conservation efforts have resulted in decreased water sales, which has hindered the District's ability to meet its increasing costs with the resulting reduced revenues. These factors have resulted in the District generating revenues that are insufficient to meet its expenses. The District does not have accumulated reserves at a level where it can sustain such continual losses on even a short-term basis and those reserves have dwindled to a point where the District would not be able to compensate for any type of catastrophic event, such as a significant water line break. The proposed meter charges will provide additional revenues to meet those increasing operating costs.

Basis of Proposed Meter Charges

State law requires collection of revenues to cover the cost of providing water service. Such costs include cost of purchased water supplies, power (electricity & gas), insurance, management, construction, chemical and water treatment, equipment, personnel, supplies, capital improvements (infrastructure replacement) and regulatory requirements. As discussed above, the District has not been generating sufficient revenue to cover those costs, which has led to deferral of necessary capital improvements and using reserve monies the District has maintained in the event of a catastrophic event. The District engaged an independent financial consultant to review the District's costs of service and prepare recommendations for rate adjustments to allow the District to meet its expenses while also generating monies to rebuild the District's reserves to prudent levels over the coming years. The financial analyst's report is available at the District office and on the District's website at www.northedwardswaterdistrict.com. That report is incorporated into this notice by this reference. That analysis reviewed the District's revenue requirements and examined various commodity rate and meter charge adjustment scenarios that would provide revenues needed to meet the District increasing operational costs, including costs to fund future water purchases, while also providing funds to replenish the District's reserves at an estimated \$25,000 per year and address capital improvement needs. The analysis concluded that without previously approved rate increases and these proposed charges to address large capacity meters, the District would continue deplete its reserves and would eventually leave itself unable to address necessary capital improvements without taking on debt. This scenario would place a greater burden on the District's aging infrastructure and make more likely a possible serious water main failure that would in turn

make the District’s water system less reliable, while also resulting in unanticipated emergency repair costs that are typically far more expensive than costs that are incurred where projects are properly planned. Moreover, delaying necessary capital improvements to future years will likely result in increased costs when those projects are eventually undertaken in the future. The proposed meter charges are necessary to make up for many years of inadequate rate adjustments.

How will the proposed meter charges affect my water bill?

Currently, your water bill, for a typical residential customer with only one meter, consists of a commodity rate (which essentially covers the cost of water used) and a monthly meter charge. *Increases to the 5/8th inch, 3/4 inch, 1 inch, 1 and 1/2 inch and 2-inch meters, and the revised variable charges, shown in the table below were previously approved by the District in 2023. Only the specified charges for the 3-inch, 4-inch and 6-inch meters are now being proposed to be adopted.* Those proposed charges will result in increases to a customer’s bill by the differential between the 2-inch meter charge that was previously applied to the 3-inch, 4-inch and 6-inch meters and the specified amounts shown in the table below. Those charges were calculated using industry standard calculations related to the capacity for the flow of water through the larger-sized meters. Note that the “FY 2025” period will begin on July 1, 2024.

Fixed Charge					
Meter Size	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
5/8-in	\$43.34	\$56.35	\$70.44	\$78.19	\$86.01
3/4-in	\$62.06	\$80.68	\$100.85	\$111.94	\$123.13
1-in	\$99.52	\$129.38	\$161.73	\$179.52	\$197.47
1 1/2-in	\$193.16	\$251.11	\$313.89	\$348.42	\$383.26
2-in	\$305.52	\$397.18	\$496.48	\$551.09	\$606.20
3-in	\$567.71	\$738.03	\$922.53	\$1,024.01	\$1,126.41
4-in	\$942.27	\$1,224.95	\$1,531.19	\$1,699.62	\$1,869.59
6-in	\$1,878.65	\$2,442.25	\$3,052.81	\$3,388.62	\$3,727.48
Variable Charge					
Per hcf	\$2.13	\$2.77	\$3.46	\$3.84	\$4.22

Public Comments and Protests

If you oppose the proposed meter charges, your protest **must** be submitted to the District’s Administrator **in writing** prior to the closing of the public hearing on the proposed rate adjustments. Any protest must contain a description of the property owned sufficient to identify the property (for example, the property’s street address or Assessor’s Parcel Number) and must include the signature of the owner of the property or District customer at that property. If you own more than one parcel, you may file a single protest, but it must identify each parcel you own. Only one protest will be counted for any one parcel. Written protests may be mailed to:

North Edwards Water District
 Attn: Administrator
 13525 Fran Street
 North Edwards, CA 93523

Written protests may also be delivered in person to the North Edwards Water District, Administrator, 13525 Fran Street, North Edwards California 93523, at any time prior to the public hearing. E-mailed protests or protests made orally or by telephone will not be accepted. California law prohibits the District from implementing the proposed rate adjustments if a majority of the affected property owners file written protests opposing those adjustments before the end of the public hearing. There is a 120-day statute of limitations for challenging any new, increased or extended fee or charge and any such action must be commenced under the validation statutes found at Code of Civil Procedure Sections 860 and following.