



Important Information for Santa Ana Heights Customers

October 2004

Understanding IRWD's Tiered Rate Structure

As we told you in our first mailing last month, water bills will soon be going **down** for the vast majority of residents in the Santa Ana Heights portion of the Irvine Ranch Water District Service area.

Your monthly water bill is made up of three components: 1) the fixed water service charge 2) the water commodity rate paid for water used and 3) the sewer service charge, which will remain unchanged.

When the new rate structure goes into effect in early 2005, all residential customers will see a reduction in their fixed water service charge from \$4.55 per month to \$3.90 per month (up to a one-inch meter).

Commodity charges will move from a flat rate of \$1.54 per ccf* to the new tiered rate structure outlined below. This tiered structure has been in use in the IRWD service area since 1991. The five-tiered rate structure rewards water conservation and helps prevent urban runoff. Customers who remain in the first two tiers pay rates that are among the lowest in Orange County. Here's how the residential commodity charge works:

Tier	% of Allocation	Base Rate	Cost per ccf
Low Volume	0-40%		\$0.67
Base Rate	41-100%	Base Rate	\$0.83
Inefficient	101-150%	2x Base Rate	\$1.66
Excessive	151-200%	4x Base Rate	\$3.32
Wasteful	201%+	8x Base Rate	\$6.64

The IRWD allocation system is based on science, taking into consideration both indoor and outdoor water use. Allocations are based on the number of residents in the home, the type of home (detached home, attached

home or apartment), landscape square footage and actual daily weather and evapotranspiration (ET) data. The system provides ample water for healthy landscaping.

For the vast majority of customers, the new rate structure will mean a decrease in both the commodity rate and the monthly service charge. Here's an **example** for a typical residential customer:

Charge	Current rates	New rates
Water service charge	\$4.55	\$3.90
Commodity charge**	\$30.80	\$15.32
Total	\$35.35	\$19.22

***Assumes customer remains within his/her typical allocation of 20 ccf (14,960 gallons) per month. Your actual allocation may be different based on your type of home, amount of landscaping and number of residents living in the home.*

Questions and Answers

If just a few units of my water use fall into the Inefficient Tier, will my entire bill be based on that tier?

No. You would only be charged the Inefficient Tier rate for that percentage of your water use that falls into that tier. The same is true for the other tiers in the rate structure.

What if a leak causes me to enter the penalty tiers?

The IRWD tiered rate structure is intended to serve as a warning sign to alert customers to possible water waste. A leak may temporarily put you into a penalty tier and help alert you to the problem. If you fix the leak and send our Customer Service Department a copy of the repair bill, the penalty charges will be reversed on your next bill. You will still pay the base rate for the water used, but any penalties will be removed. In addition, IRWD has free water conservation devices (low flow showerheads, faucet aerators, leak detection tablets, etc.) and other free programs available to assist you in saving water. If you find that you are consistently receiving penalties, you can request that IRWD send a conservation specialist to your home to help find the problem. Our goal is stop water waste, not to penalize customers.

Coming up...

This is one in a series of monthly mailers to brief you on the changing rate structure. Here's a look at topics we'll cover in future editions:

November

- * More details on how your allocation is determined
- * Seasonal changes due to weather conditions
- * Sample water bills
- * The variance form and how to use it

December

- * Recap of rate change
- * Answers to frequently asked questions

**A ccf, or one hundred cubic feet, is the basic measurement of water use and equals approximately 748 gallons.*