



# Important Information for Santa Ana Heights Customers

September 2004

## A Bit of History

### **Santa Ana Heights-IRWD Consolidation Will Lead to New Water Rates in 2005**

How did Santa Ana Heights become part of Irvine Ranch Water District (IRWD)?

The annexation process was initiated by the former Santa Ana Heights Mutual Water Company in 1995 when, concerned that they could not keep up financially with needed system repairs and improvements to meet more stringent water quality requirements, sought consolidation proposals from public water agencies and private water companies. The Santa Ana Heights board of directors subsequently selected IRWD's proposal and the consolidation was approved in 1997.

While Santa Ana Heights water rates were immediately reduced by 10% upon the consolidation, the rates remained higher than other IRWD customers. The rate difference allowed Santa Ana Heights to "buy into" the existing IRWD system proportionate to their need for facilities. It was initially anticipated that the water rates would remain higher in Santa Ana Heights for approximately 10-15 years. However, IRWD recently sold the former Santa Ana Heights headquarters property and the proceeds from that transaction were applied to the acquisition balance. Therefore, the water rates in Santa Ana Heights are being converted several years sooner than expected.

## **Coming up...**

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

### **October**

- \* Understanding the tiered rate structure
- \* Example for typical residential customers

### **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

## **Good News!**

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.

Currently customers in Santa Ana Heights pay a monthly fixed service charge of \$4.55 (up to a  $\frac{3}{4}$  inch meter) and a flat commodity charge of \$1.54 per ccf based on the amount of water used. A ccf, or one hundred cubic feet, is the basic measurement of water use and equals approximately 748 gallons.

Under the new system, effective in early 2005, Santa Ana Heights customers will move to Irvine Ranch Water District's five-tier rate structure that has been used in the rest of the District for many years. **The monthly fixed service charge will drop from \$4.55 per month to \$3.90 per month (up to a one-inch meter) for all residential customers.**

For the commodity charge (the charge for water used) 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.

All customers will enjoy an immediate decrease in the monthly service charge and for the vast majority of customers, this will mean a decrease in the commodity rate as well.

Look for more details on the rate structure in coming months.