



Notice of Public Hearing

Considering proposed changes to
rates and service charges

July 13, 2022
6:00pm

Padre Dam Municipal Water District's Board of Directors invites the public to attend a public hearing to consider the adoption of adjustments to its water and sewer rates and service charges on July 13, 2022 at 6:00 pm in the boardroom of its Customer Service Center, located at 9300 Fanita Parkway, Santee, California, or virtually through our livestream link available at: www.padredam.org/boardagenda.

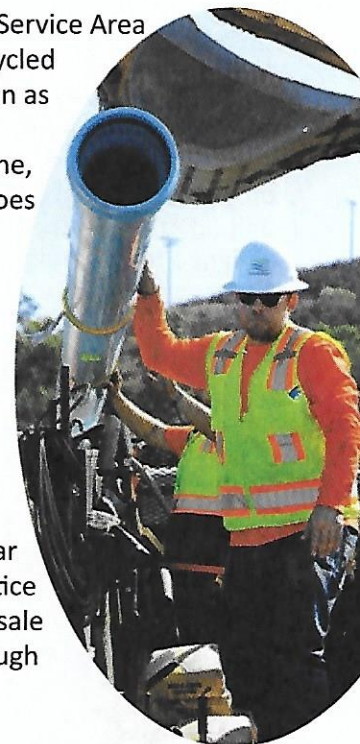
Padre Dam's goal for our next 5-Year Strategic Business Plan has been to set rates that minimize the financial impact to our customers while providing the high level of service needed to operate our service area spanning 72 square miles, 38,920 connections and three-quarters of a billion dollars of infrastructure. Because of the Board's strong leadership and the fiscal responsibility of our employees, the District has recovered from a position of deficit spending, brought on by the Great Recession in 2011 and severe drought conditions, and become financially secure. This didn't happen overnight - it was a concerted effort over many years that took planning and fiscal restraint. **As a result, we are pleased to propose internal water and sewer rates for the next five years that provide a 0% increase in revenue and a 0% increase to our typical residential customer.**

Padre Dam's service area covers two distinct geographic areas - the Western Service Area (WSA) and Eastern Service Area (ESA). The District's WSA provides water, recycled water and sewer services to the City of Santee and parts of the City of El Cajon as well as sewer-only services to some customers in Helix and Lakeside water districts. The District's ESA provides water service to the communities of Alpine, Crest, Blossom Valley, Dehesa, Flinn Springs and Harbison Canyon. The ESA does not receive sewer service or recycled water.

A Cost of Service study, completed by an independent rate consultant, is the basis for the proposed rates and charges in this notice. Minor adjustments in rates were required by the Cost of Service study results. The full Cost of Service study can be found at: www.padredam.org/coss.

The proposed rates and charges would be implemented between 2023 and 2027, and are shown on the following pages. The rates and charges being considered would apply to services provided beginning in January of each year and will appear on customer bills beginning in February of each year. This notice includes information on pass-through rate increases from some of our wholesale suppliers that may go into effect with services beginning August 1, 2022 through June 30, 2027. Additional pass-through information is available on page 9.

Should the District determine that, due to a state of emergency or public health concerns, the meeting at which the hearing will be held will be entirely virtual, in accordance with AB 361 or other applicable law, information to that effect will be posted on the District's website as soon as such information is available, and will be included on the meeting agenda for the public hearing.



Water Rate Structure

Padre Dam's water rates are structured to proportionately allocate the cost of providing water service among customer classes and service areas. The rate structure for Padre Dam's water service fees is comprised of four components: a commodity charge, a water systems charge, a San Diego County Water Authority (SDCWA) infrastructure access charge (IAC), and a pumping charge.

There are five water customer classes – residential, which includes single-family and multi-family residential; commercial, which includes government, rest homes, hotels, motels and RVs; potable irrigation; agriculture; and fire service, which is composed of customers with a private fire service line and connection serving their property. Rates for residential customers are tiered, and increase based on the amount of water consumed, in order to reflect residential customer behaviors and allocate costs to those that place the highest demand on the system. Based on customer usage patterns, commodity rates for non-residential customers are uniform by customer class.

While the rates for residential customers are the same within each tier, the amount of water allocated to each tier varies based on whether the residential customer is categorized as MF, SF1, SF2, or SF3.

Your water bill is comprised of two types of charges for water – fixed and variable. The water systems charge and the SDCWA IAC are fixed charges; the commodity charge and pumping charge are variable.

Water Tiers and Rates

The commodity rate structure for residential customers has three tiers with higher rates per unit of water as the level of water consumption increases. One unit of water is equal to one hundred cubic feet (HCF) or 748 gallons, and is calculated to recover a portion of the District's fixed costs and its variable costs of providing water service. The amount of water allotted to each tier varies for residential customers, depending on whether a customer is categorized as MF, SF1, SF2, or SF3.

Water Tier Allocations (in HCF per month)				
Multi-Family & Single Family				
Tier	MF	SF1	SF2	SF3
1	0-7 HCF	0-9 HCF	0-14 HCF	0-18 HCF
2	8-17 HCF	10-20 HCF	15-30 HCF	19-40 HCF
3	18+ HCF	21+ HCF	31+ HCF	41+ HCF

The tiers are designed to recover the incremental costs to the District of serving more water to those who place higher demands and greater burdens on the District's water system and resources. These costs include, for example, sizing, operating and maintaining water system pipes, reservoirs, pump stations and other related facilities. The tiers also recognize certain residential customers have already paid for a portion of the costs related to sizing the water system to provide additional capacity to serve them. The amount of capacity purchased is determined on an equivalent dwelling unit (EDU) basis; therefore, the allotment of water within each tier is determined on the basis of the number of EDUs assigned to the multi-family residential customer class and each of the single-family residential sub-classes.

The commodity rate for non-residential customers are uniform by customer class. Water use within each non-residential customer class varies widely. Charging a uniform rate to each service type provides the most equitable means of allocating the cost of service among these customers. The proposed rates were determined based on the amount needed to cover and not exceed the cost of providing water service to each customer class.

Current and proposed water rates and charges are identified on page 4. Recycled water rates are identified on page 6.



Padre Dam completes over 1,454 water quality samples a year to ensure our water meets and exceeds all regulatory drinking water standards.

Monthly Water Systems Charges (\$/Account/Month) Effective January 1

Meter Size	Current Charges	Proposed				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
5/8"	\$40.97	\$40.97	\$40.97	\$40.97	\$40.97	\$40.97
3/4"	\$40.97	\$40.97	\$40.97	\$40.97	\$40.97	\$40.97
1"	\$55.66	\$55.66	\$55.66	\$55.66	\$55.66	\$55.66
1 1/2"	\$89.93	\$89.93	\$89.93	\$89.93	\$89.93	\$89.93
2"	\$143.79	\$143.79	\$143.79	\$143.79	\$143.79	\$143.79
3"	\$251.50	\$251.50	\$251.50	\$251.50	\$251.50	\$251.50
4"	\$417.97	\$417.97	\$417.97	\$417.97	\$417.97	\$417.97
6"	\$750.89	\$750.89	\$750.89	\$750.89	\$750.89	\$750.89
8"	\$1,289.45	\$1,289.45	\$1,289.45	\$1,289.45	\$1,289.45	\$1,289.45
10"	\$1,925.93	\$1,925.93	\$1,925.93	\$1,925.93	\$1,925.93	\$1,925.93

Padre Dam's water systems charge is used to help recover a portion of fixed operating and infrastructure costs. Fixed costs account for approximately 56% of the District's total water operating costs. However, the fixed charge only recovers approximately 29% of total costs. The remaining 71% are recovered through commodity rates. Monthly water systems charges are proposed to remain flat for the next five years.

Commodity Water Rates (\$/HCF) Effective January 1

Customer Class	Current	Proposed				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential						
Tier 1	\$7.31	\$7.31	\$7.31	\$7.31	\$7.31	\$7.31
Tier 2	\$8.59	\$8.48	\$8.48	\$8.48	\$8.48	\$8.48
Tier 3	\$9.68	\$10.01	\$10.01	\$10.01	\$10.01	\$10.01
Commercial	\$7.36	\$7.78	\$7.78	\$7.78	\$7.78	\$7.78
Irrigation	\$9.54	\$9.36	\$9.36	\$9.36	\$9.36	\$9.36
Agriculture	\$8.39	\$8.23	\$8.23	\$8.23	\$8.23	\$8.23
Construction	\$17.95	\$17.95	\$17.95	\$17.95	\$17.95	\$17.95

The County Assessor's Office allocates the District a higher percent of property taxes it received from properties in the ESA. Therefore, ESA customers are provided a credit for each unit of water they use. The credit for rates in FY 2023 that are effective January 1 will be \$0.74 per unit. If the County reduces the amount allocated to the District in the future, ESA customers will receive a lower credit or no longer receive the credit.

Pumping Charges (\$/HCF)

Effective January 1

Zone	Current	Proposed FY'23
Western	\$0.30	\$0.36
Zone 1	\$0.30	\$0.36
Zone 2	\$0.60	\$0.72
Zone 3	\$0.90	\$1.07
Zone 4	\$1.20	\$1.43
Zone 5	\$1.50	\$1.79

SDCWA IAC (\$/Month/Meter)

Zone	Current
5/8"	\$4.24
3/4"	\$4.24
1"	\$6.79
1 1/2"	\$12.72
2"	\$22.05
3"	\$40.71
4"	\$69.53
6"	\$127.20
8"	\$220.48
10"	\$330.72

The SDCWA IAC is a pass-through monthly charge from the San Diego County Water Authority. At the time of this notice we did not have future rates. See page 9 for more information.

Fire Service System Charges (\$/Account/Month) Effective January 1

Service Line Size	Current Charges	Proposed				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1" or Less	\$39.17	\$23.05	\$23.05	\$23.05	\$23.05	\$23.05
Greater than 1"	\$73.44	\$66.94	\$66.94	\$66.94	\$66.94	\$66.94

Fire service charges are a flat fee charged to customers who require a water service line separate from their water service to support a fire suppression system. The cost of service study determined a decrease for fire service system charges.

Padre Dam Water Infrastructure

Padre Dam imports 100% of its drinking water supply through the San Diego County Water Authority. Our water infrastructure network includes:



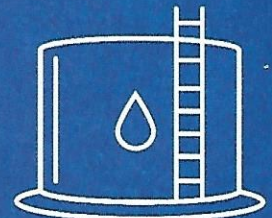
23,105

water connections



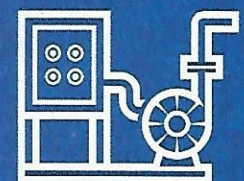
393

miles of mains



29

reservoir tanks



16 pump stations deliver water to higher elevations

11,00 Valves

3,750 Hydrants

Sewer Rate Structure

Padre Dam's sewer rates are structured to proportionately allocate the cost of providing service among its customer classes. The rate structure for Padre Dam's sewer service fees is comprised of two components: a variable sewer commodity charge; and a fixed monthly base fee established on the basis of the customer class and category of customer within a customer class.

The sewer commodity rates are determined for each customer class on the basis of the estimated amount of water returned to the sewer (wastewater flow) and the estimated sewer strength levels (the amount of biochemical oxygen demand and total suspended solids of the wastewater generated). The sewer strength levels are determined by customer class.

There are two sewer customer classes - residential and commercial. Within residential are further sub-classes of customers - single family, multi-family dwellings (apartments), mobile home parks (MHP), and condominiums/townhomes. Within the commercial class there are further sub-classes - government and hotels, motels, RV parks and rest homes. Within the commercial class there are six strength concentration levels based on the type of business. Padre Dam uses State of California guidelines as the basis for commercial sewer strength concentration levels.

Single-family residential sewer charges are evaluated each calendar year in January and are based on the lowest consecutive 60-day water consumption period for an account from the previous calendar year. This method helps estimate a single-family residential customer's wastewater flow based on the period of time when outdoor watering is at its lowest and the majority of water used is returned to the sewer.

A new customer commodity charge is charged to single-family residential customers that have not established a full-year of water use history in their current place of residence. The new residential customer commodity charge is based on the District's average sewer customer's water usage amount over the last three years (7 HCF). The rates for single-family and multi-family are the same. However, the monthly base fees vary between classes based on the determined cost of service for each class. The rates for the commercial class are based on wastewater strength concentration levels determined by type of business.

Current and proposed sewer rates and charges can be found on page 6.



Single Family Sewer Charge Formula

$$\begin{aligned} & \text{(Previous year's lowest 60-day bill} \\ & \text{period water units} \\ & \div \text{ number of billing days} \\ & \quad \times 30.417 \text{ days)} \\ & \times \text{ Sewer Commodity Rate} \\ & \quad + \text{ base fee} \\ & = \text{Total Sewer monthly bill} \end{aligned}$$

Multi-Family Sewer Charge Formula

$$\begin{aligned} & \text{(Water consumption units per} \\ & \text{billing period} \\ & \quad \times \text{ Return to Sewer \%)} \\ & \times \text{ Sewer Commodity Charge} \\ & + \text{(base fee} \times \text{ EDUs per account)} \\ & = \text{Total Sewer monthly bill} \end{aligned}$$

Commercial Sewer Charge Formula

$$\begin{aligned} & \text{(Water consumption units per} \\ & \text{billing period} \\ & \quad \times \text{ Return to Sewer \%)} \\ & \times \text{ Commercial Strength Rate} \\ & + \text{(base fee} \times \text{ EDUs per account)} \\ & = \text{Total Sewer monthly bill} \end{aligned}$$

Padre Dam has allocated sewer costs into two categories: fixed (base charges) and variable (commodity rates). Fixed costs are any costs not related to the treatment function. Variable costs include all costs related to the treatment function. In this context, the treatment function includes not only the direct cost of wholesale treatment services provided by City of San Diego's Metropolitan Wastewater System (Metro) but also a portion of treatment related District operating expenses (e.g. Water Recycling Facility and Laboratory Monitoring). Monthly sewer base charges and residential commodity sewer rates are proposed to remain flat for the next five years.

Monthly Sewer Base Charges (\$/EDU/Month) Effective January 1						
Customer Class	Current	Proposed				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential						
Single Family	\$41.12	\$41.12	\$41.12	\$41.12	\$41.12	\$41.12
Townhouse or Condo	\$34.13	\$34.13	\$34.13	\$34.13	\$34.13	\$34.13
Apartment, Mobile Home Park	\$27.97	\$27.97	\$27.97	\$27.97	\$27.97	\$27.97
Commercial/Government	\$41.12	\$41.12	\$41.12	\$41.12	\$41.12	\$41.12
Other: Rest Home/Hotel/Motel/RV Park	\$11.52	\$11.52	\$11.52	\$11.52	\$11.52	\$11.52

Commodity Sewer Rates (\$/HCF) Effective January 1						
Customer Class	Current	Proposed				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
All Residential	\$3.73	\$3.73	\$3.73	\$3.73	\$3.73	\$3.73
Commercial/Gov/Other						
0-400 mg/L	\$3.40	\$3.44	\$3.44	\$3.44	\$3.44	\$3.44
401-500 mg/L	\$3.73	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28
501-799 mg/L	\$4.70	\$4.93	\$4.93	\$4.93	\$4.93	\$4.93
800-1000 mg/L	\$5.35	\$6.85	\$6.85	\$6.85	\$6.85	\$6.85
1001-1600 mg/L	\$7.31	\$8.15	\$8.15	\$8.15	\$8.15	\$8.15
1601 & above	\$8.61	\$12.02	\$12.02	\$12.02	\$12.02	\$12.02

Commercial Strength Rate concentration level is determined by the sewer strength level of suspended solids and defined by the District. Call Customer Service at 619-258-4600 for more information on your strength concentration level.

Recycled Water Rates and Structure

Recycled water is provided to two customer classes - recycled irrigation and recycled construction. The commodity rate for recycled customers is a uniform rate by customer class and a fixed charge based on meter size. Rates are based on the cost of providing recycled water service. The recycled water infrastructure is now reaching an age where increased maintenance and replacement is needed for reliability and continued operation. In addition, recycled water program credits are not available from SDCWA and MWD after 2023. Because of these factors the Cost of Service study determined the need for rate increases for recycled water rates. Monthly recycled water base charges are proposed to remain flat for the next five years.

Monthly Recycled Water Systems Charge Effective January 1										
Meter Size	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Current	\$40.97	\$40.97	\$55.66	\$89.93	\$143.79	\$251.50	\$417.97	\$750.89	\$1289.45	\$1925.93
FY '23-'27	\$40.97	\$40.97	\$55.66	\$89.93	\$143.79	\$251.50	\$417.97	\$750.89	\$1289.45	\$1925.93

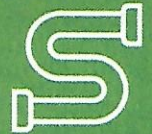
Variable Recycled Water Rates Effective January 1						
Type of Service	Current	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Recycled Irrigation	\$7.50	\$8.60	\$8.62	\$8.90	\$9.19	\$9.49
Recycled Construction	\$11.60	\$13.31	\$13.36	\$13.79	\$14.24	\$14.70

Padre Dam Sewer

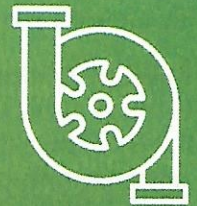
Padre Dam recycles approximately half of our wastewater and contracts with Metropolitan Wastewater for safe treatment and disposal of the rest.



15,573 sewer connections



169 miles of mains



4 Lift Stations



140 miles of Sewer Line Cleaning Maintenance Annually



2 Million Gallons of wastewater recycled every day

Sample Bills

Proposed Residential Water Bill

The information below provides examples of what the impact of the proposed rates would be on a single-family residential customer with low, average and high water use. If you are a commercial customer or multi-family customer and would like more information on what your proposed bill looks like please contact Customer Service at 619-258-4600. The proposed rates below are effective January 2023. Numbers shown in this section are for water use only and do not include pumping charges, sewer charges, the ESA credit or any increases from pass-through rates/charges.

Low Water Use Bill

Based on 7 HCF per month
for all single family residential

Rate/Charge	Current	FY 2023
Systems Charge	\$40.97	\$40.97
SDCWA IAC	\$4.24	\$4.24
Commodity Rate: Tier 1 Water (7 HCF)	\$51.17	\$51.17
Monthly Total	\$96.38	\$96.38

Average Water Use Bill

Based on 9 HCF per month
for all single family residential

Rate/Charge	Current	FY 2023
Systems Charge	\$40.97	\$40.97
SDCWA IAC	\$4.24	\$4.24
Commodity Rate: Tier 1 Water (9 HCF)	\$65.79	\$65.79
Monthly Total	\$111.00	\$111.00

High Water Use Bill

Based on 25 HCF per month
for single family residential in SF1 class

Rate/Charge	Current	FY 2023
Systems Charge	\$40.97	\$40.97
SDCWA IAC	\$4.24	\$4.24
Commodity Rate:		
Tier 1 Water (9 HCF)	\$65.79	\$65.79
Tier 2 Water (11 HCF)	\$94.49	\$93.28
Tier 3 Water (5 HCF)	\$48.40	\$50.05
Monthly Total	\$253.89	\$254.33

Proposed Average Sewer Customer Bill

The examples below show what a typical customer sewer bill would look like for an average customer charged for 7 HCF of wastewater per month and what the maximum monthly residential sewer customer charge would be with the proposed rates effective January 2023. 7 HCF is an average of the current residential sewer customers. These are sewer bill samples only and do not include water charges, pumping charges or any increases from pass-through rates/charges.

Average Residential Customer Sewer Bill

(Effective January 1)

Based on the average of 7HCF of wastewater per month

Type of Rate/Charge	Current	FY 2023
Sewer Base Charge	\$41.12	\$41.12
Commodity Rate (for 7 HCF)	\$26.11	\$26.11
Total Sewer Bill	\$67.23	\$67.23

Maximum Residential Customer Sewer Bill

(Effective January 1)

Based on the 12 HCF maximum monthly residential customer

Type of Rate/Charge	Current	FY 2023
Sewer Base Charge	\$41.12	\$41.12
Commodity Rate (for 12 HCF)	\$44.76	\$44.76
Total Sewer Bill	\$85.88	\$85.88

Proposed Water and Sewer Residential Customer Bill

The information to the right provides an example of the average current and proposed water and sewer bill. If you are a commercial customer or multi-family customer and would like more information on what your proposed bill is, please contact Customer Service at 619-258-4600. The rates shown here are effective January 2023 but do not include any pass-through increases that would go into effect at that time. At the time of this notice the District did not have future pass-through rates. See pass-through section on page 9 for more information.

Rate/Charge	Current	FY 2023
Water Systems Charge	\$40.97	\$40.97
SDCWA IAC	\$4.24	\$4.24
Commodity Rate: Tier 1 Water (9 HCF)	\$65.79	\$65.79
Sewer Base Charge	\$41.12	\$41.12
Commodity Rate (for 7 HCF)	\$26.11	\$26.11
Monthly Total	\$178.23	\$178.23



View Your Water Use Online

You can view your hourly, daily, and monthly water use data online through Aquahawk, Padre Dam's water use portal. Visit www.padredam.org and click on "My Water Use" to check it out.

Demand Management Rates and Charges

The District's independent rate consultant studied the effects of the reduction in water use on projected revenues if the District has to implement mandatory conservation measures in the next five years from August 1, 2022 through June 30, 2027. Based on that study, they developed rates and charges that may be implemented to ensure that there are sufficient revenues to fund the District's obligations in the event of a mandatory water use reduction.

The Demand Management Rates and Charges could be implemented during locally declared water shortages, state mandated reductions in the level of potable water usage, or other natural disaster or event that requires reductions in water usage. The Board of Directors may implement the Demand Management Rates and Charges as necessary, depending on the level of potable water use cutbacks required, to ensure that the District recovers sufficient revenues to meet its ongoing costs and debt obligations.

Demand Management Rates and Charges are comprised of two components to aid in cost recovery. The proposed water system charge increase will provide a fixed revenue stream to help pay for District fixed costs, including fixed costs imposed by SDCWA. The remaining revenue needs will be recovered through the variable component. The rates and charges shown below would be in addition to the rates in effect at the time the Demand Management Rates and Charges are implemented.

Proposed Water Systems Charge Increase during water supply shortage (Additional \$/Meter/Month)					
Meter Size	Water Shortage Contingency Plan Level				
	Level 1	Level 2	Level 3	Level 4	Level 5 & 6
5/8"	\$2.71	\$5.42	\$8.10	\$10.69	\$13.20
3/4"	\$2.71	\$5.42	\$8.10	\$10.69	\$13.20
1"	\$3.68	\$7.36	\$11.00	\$14.52	\$17.93
1 1/2"	\$5.95	\$11.90	\$17.77	\$23.46	\$28.96
2"	\$9.51	\$19.02	\$28.42	\$37.51	\$46.31
3"	\$16.64	\$33.27	\$49.70	\$65.61	\$81.00
4"	\$27.65	\$55.30	\$82.60	\$109.03	\$134.62
6"	\$49.67	\$99.34	\$148.39	\$195.88	\$241.84
8"	\$85.30	\$170.59	\$254.82	\$336.38	\$415.30
10"	\$127.40	\$254.80	\$380.61	\$502.41	\$620.29

Proposed Commodity Water Rate Increase during water supply shortage (Additional \$ are per Hundred Cubic Foot of Water)					
Customer Class	Proposed				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential					
Tier 1	\$0.30	\$0.67	\$1.15	\$1.77	\$2.60
Tier 2	\$0.34	\$0.78	\$1.34	\$2.06	\$3.01
Tier 3	\$0.40	\$0.92	\$1.58	\$2.43	\$3.56
Commercial	\$0.31	\$0.71	\$1.23	\$1.88	\$2.76
Irrigation	\$0.38	\$0.86	\$1.48	\$2.27	\$3.33
Agriculture	\$0.33	\$0.76	\$1.30	\$2.00	\$2.93
Construction	\$0.72	\$1.65	\$2.83	\$4.35	\$6.38

Pass-Through Rate Increase Authorization

Padre Dam's water utility is provided wholesale services by two entities—San Diego County Water Authority (SDCWA) and SDG&E. SDCWA sells wholesale water to the District and SDG&E provides electric services. The rates put forth in this notice do not include any future increases to rates and charges that are imposed on Padre Dam by SDCWA or SDG&E. Padre Dam anticipates there will be future increases in the rates and charges imposed by these wholesale entities. Additionally, under Proposition 1A, the State of California is allowed to borrow local government property taxes on the condition that they are paid back within three years.

Padre Dam's wastewater utility is provided wastewater treatment and disposal services by the City of San Diego's Metropolitan Wastewater System (Metro). The rates put forth in this notice do not include any increases to rates and charges that are imposed on Padre Dam by Metro in 2022. Padre Dam anticipates there will be future increases in the rates and charges imposed by Metro. Upon completion of the East County Advanced Water Purification (AWP) Program, the Joint Powers Authority will provide wastewater treatment and disposal services to Padre Dam.

To ensure that there are sufficient revenues to provide water and sewer services to our customers, maintain the safety and reliability of the District's water infrastructure and sewer systems, and avoid deficits and depletion of financial reserves, Padre Dam is also proposing to pass through to our customers the following:

- 1) Any increases in the rates for wholesale water and the SDCWA IAC and any other charges that SDCWA imposes on the District for wholesale water service (each an SDCWA Pass-Through Adjustment);
- 2) Any increases in the energy rates or any other charges SDG&E imposes on Padre Dam for pumping water (each an SDG&E Pass-Through Adjustment);
- 3) Any reduction in the allocation of ad valorem taxes by the State of California pursuant to Proposition 1A, which was approved by voters in 2004, with the intent of protecting the property tax revenues of local governments (a Prop 1A Pass-Through Adjustment). This would impact all water customers' rates.
- 4) Any increases in the rates and charges imposed on Padre Dam by the City of San Diego's Metro System to treat and dispose of Padre Dam's wastewater (each a Metro Pass-Through Adjustment).
- 5) Any increases in the rates and charges imposed on Padre Dam by the East County Advanced Water Purification JPA once the East County AWP Program begins operations.

Any SDCWA Pass-Through Adjustment due to a wholesale water rate increase will only impact the rates of the water commodity charge. Any SDCWA Pass-Through Adjustment due to an increase in the rates of the SDCWA IAC will only impact the IAC that Padre Dam passes through to its water customers. Any SDG&E pass-through adjustment will only impact the pumping charges. Any Prop 1A pass-through adjustment will affect all water rates and charges. Any Metro Pass-Through Adjustment will only impact the sewer commodity rates of all sewer customers. Any East County AWP JPA Pass-Through Adjustment would impact the sewer commodity rates of all sewer customers.

If approved by the Board of Directors, Padre Dam may implement Pass-Through Adjustments for a five-year period commencing August 1, 2022, through and including June 30, 2027. Provided, however, that (1) any increase in the rates described above as a result of any Pass-Through Adjustment by SDCWA, SDG&E, Metro or East County AWP JPA shall not exceed 20% per provider per year; (2) any Prop 1A adjustment shall not exceed 8% per year; and (3) in no event shall the District rates be increased as a result of any Pass-Through Adjustment by more than the cost of providing the applicable service. The District will provide notice to customers on bills or other communication methods at least 30 days prior to implementing any of the Pass-Through Adjustments described above.



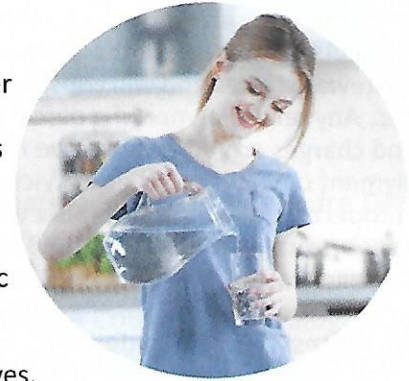
Did you know?

As a public agency, Padre Dam cannot earn a profit from the services it provides and is required to charge no more than the costs associated with providing services to our customers.

The Value of Your Water and Wastewater

Every day when you turn on the tap, water comes out. Water disappears down the drain when you take a shower or flush the toilet. What would you do without water? Can you imagine a day without water? Safe, reliable drinking water does more than just quench our thirst. It also protects public health, grows our economy, and provides a high quality of life. Do you ever think about what it takes to deliver that water to your home?

Water is essential to our daily lives. Safe and reliable water service is essential to maintaining public health, firefighting, and quality of life. In order to protect public health and safety and to continue to provide reliable service, Padre Dam must continue to invest in all water and wastewater system components, including pipelines, pumps, valves and reservoirs when they reach the end of their useful lives.

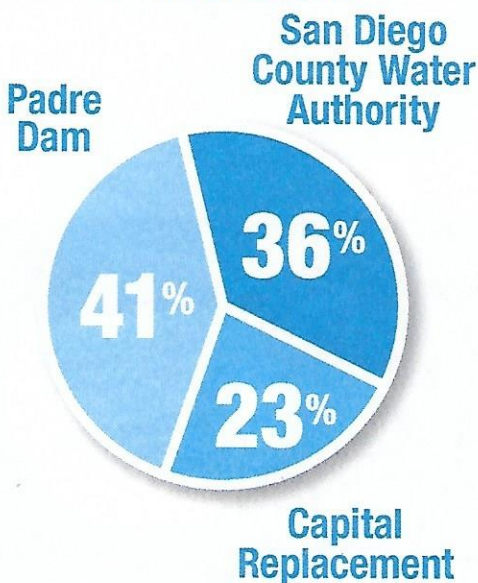


Throughout the nation, including California and Padre Dam, many water and wastewater system components such as pipes, valves, pumps and reservoir tanks are reaching the end of their useful lives and require replacement. Waiting until they fail is simply not an option. Replacing critical water system components like reservoirs and pipes is just one of the many challenges facing water systems today. Others include water supply availability, increasingly stringent water quality compliance requirements, and declining usage. All these factors contribute to the increasing costs of service.

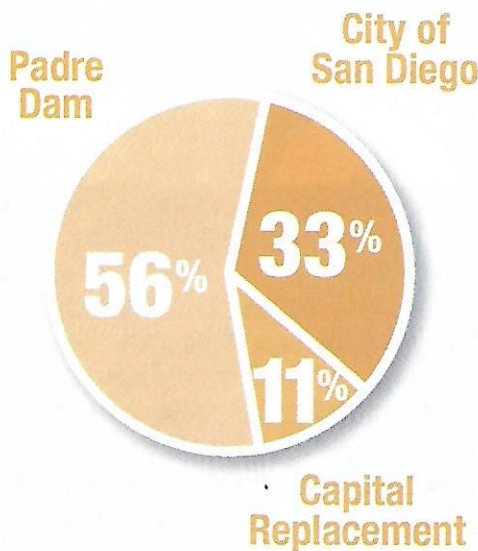
Currently, Padre Dam is 100% reliant on imported drinking water from the San Diego County Water Authority. However, the District is pursuing a water recycling opportunity that would diversify East County's water supply and reduce our dependence on imported water. The East County Advanced Water Purification Program could produce up to 30% of East County's current drinking water demands using state-of-the-art technology to purify East County's recycled water. Learn more about this program on page 11.

Where Does Your Money Go?

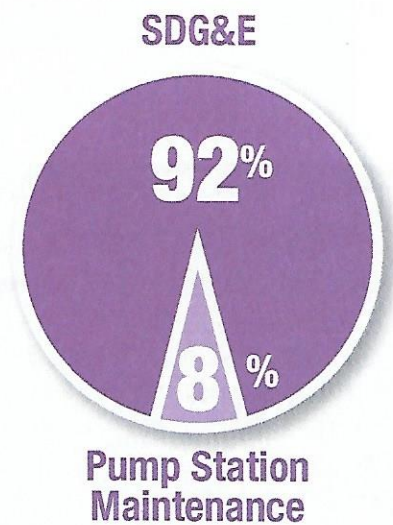
Water



Sewer



Pumping



Proposed Rate Change Protests

As part of the rate setting process, on July 13, 2022 at 6:00pm, Padre Dam will conduct a public hearing on the proposed changes to the water, recycled water and wastewater rates and will consider oral and written protests to the proposed changes. Any record owner of a parcel upon which the water or sewer service fees and charges are proposed to be imposed and any tenant directly liable for the payment of water or sewer service charges (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed rate increases and adjustments described in this notice; however, only one written protest per parcel will be counted.

Written protests must include:

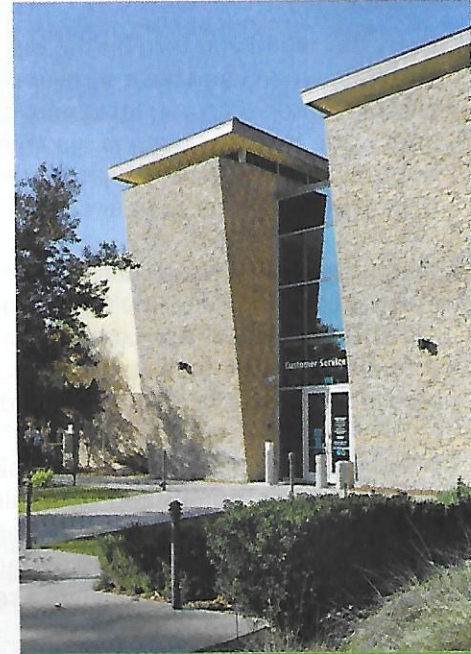
- 1) Statement that the identified property owner or tenant is opposed to the proposed water rate and/or sewer rate adjustments;
- 2) Include the property owner or tenant name, service address, or parcel number, or Padre Dam account number; and
- 3) A signature of the property owner or tenant submitting the protest.

Protests may be mailed, hand-delivered or emailed. All written protests must be received prior to the conclusion of the public hearing. Protests submitted by email must be received at least 2-hours (by 4:00pm) prior to the start of the public hearing in order to ensure it can be provided to the Board for consideration. Protests not meeting the above criteria will not be counted.

The Board of Directors will hear all oral comments and will consider all written protests to the proposed water and sewer rate increases and adjustments at the public hearing. Oral comments will not qualify as formal protests. If a majority of the affected customers do not file written protests of the proposed rate changes, the Board will consider and may adopt the rate changes described in this notice. If a majority of affected customers file written protests, the Board is not authorized to consider the proposed rates in this notice.

Please note that there is a 120-day statute of limitations for challenging all water (including potable and recycled) and wastewater rates and service charges should the proposed adjustments be adopted.

If you have any question regarding this notice, please call 619-258-4600.



Send written protests to:

**Padre Dam MWD
Board Secretary
ATTN: Rate Hearing
P.O. Box 719003
Santee, CA 92072-9003**

**Deliver in person to the
Board Secretary at 9300 Fanita
Parkway, Santee, California**

**Email signed letters to:
apederson@padre.org**

Keeping Costs as Low as Possible

Padre Dam practices an everyday commitment to working efficiently to reduce costs whenever possible while maintaining our dedication to superior customer service and infrastructure investment. We believe rate adjustments are only justified if we are doing our part to manage costs and implement operational efficiencies. Padre Dam manages costs through careful and thoughtful planning, innovative technology solutions, efficient field work and sound engineering practices. Ongoing investments to repair and replace our systems remain a key element of ensuring quality service. **We are pleased to propose minimal rate changes for the next five years with a 0% impact on the typical water and wastewater residential customer.**

