



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

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September 21, 2009

GENERAL MANAGER
CAROL RISCHE

NOTICE OF PUBLIC HEARING PROPOSED RETAIL WATER RATE INCREASE

Thursday, November 12, 2009 at 5:30 P.M.

**Humboldt Bay Municipal Water District
828 Seventh Street
Eureka, CA 95501**

To: Humboldt Bay Municipal Water District's Retail Water Customers

As you may know, two informational letters have been sent and two informational meetings have been held to notify you of the proposed increase in the rates you pay for retail water. Notice is hereby given that at the date, time and place shown above, the Board of Directors of the Humboldt Bay Municipal Water District (HBMWD) will hold a public hearing to consider the proposed increase in rates HBMWD charges its retail water customers. The District charges these rates to fund costs to provide water service, including operating and capital costs. Customers pay monthly water bills based on a monthly charge plus a rate for the amount of water consumed as shown in the table included in this notice.

There are three reasons for the proposed increase. The primary reason is due to the closure of the Evergreen Pulp Mill. The mill contributed over \$1 million annually to HBMWD's overall cost of service. In response, HBMWD has reduced its costs substantially this year, but a large cost shift has occurred to the Municipalities that HBMWD serves at the wholesale level. HBMWD's retail customers must also pay their fair share of the wholesale-level cost increases. The second reason for the proposed rate increase is that costs to provide retail water service have also increased since the last Rate Study, which was completed seven years ago. The third reason is to cover capital replacement costs for the retail water system which previously were not adequately included in the rate.

If approved by the Board of Directors, rates will increase effective with the November 2009 water bill to reflect the amounts shown in the table included in this notice. The Board of Directors will also consider approving a rate adjustment formula for inflation based on any annual increase change in the Consumer Price Index (CPI for West-Size B/C). If approved, HBMWD will adjust rates each July 1st through the year 2014. If the Board of Directors approves the rate adjustment formula following the hearing, it will not need to hold additional public hearings to adjust rates, pursuant to the formula, over the next five years.

Pursuant to California Government Code Section 53755(a) (3) (b), only one written protest will be counted per parcel. If protests are received from property owners or customers with respect to a majority of the affected parties, then the Board cannot approve the proposed rate increase. To be included in the protest count, a protest must be signed, include the address of the owner or customer submitting the protest, be timely submitted, and state that it is protesting the proposed water rate increase. Protests from HBMWD retail water customers or property owners may be submitted, in writing, any time before closing of the public hearing.

Humboldt Bay Municipal Water District

Comparison of Proposed Monthly Retail Water Rate Increase to Current Rates

Water Rates	Old Rates	Proposed New Rates*		
	Effective Date	November 2009		
	Base Rate	Base Rate	Capital Replacement	Monthly Charge
Monthly Charge (By Meter Size)				
Category 1 - Domestic and Small Businesses Located Within the Fairhaven Distribution Grid				
5/8" x 3/4"	\$ 9.00	\$ 21.60	\$ 4.80	\$ 26.40
1"	\$ 12.00	\$ 28.80	\$ 4.80	\$ 33.60
1.5"	\$ 15.00	\$ 36.00	\$ 4.80	\$ 40.80
Category 2 - Domestic and Small Businesses Located Outside the Fairhaven Distribution Grid				
5/8" x 3/4"	\$ 9.00	\$ 21.60	\$ 2.00	\$ 23.60
1"	\$ 12.00	\$ 28.80	\$ 2.00	\$ 30.80
1.5"	\$ 15.00	\$ 36.00	\$ 2.00	\$ 38.00
Category 3 - Large Businesses				
4" - DG Fairhaven Power	\$ 90.00	\$ 216.00	\$ 71.00	\$ 287.00
4" - Samoa Pacific Group (Town of Samoa)	\$ 90.00	\$ 216.00	\$ 48.00	\$ 264.00
6" - Pulp Mill (Freshwater)	\$ 130.00	\$ 312.00	\$ 66.00	\$ 378.00
6" - United States Coast Guard	\$ 130.00	\$ 312.00	\$ 76.00	\$ 388.00
Category 4 - Standby Fire Charges				
DG Fairhaven Power	\$ 367.50	\$ 553.00	\$ 7.00	\$ 560.00
California Redwood Company	\$ 708.75	\$ 921.00	\$ 66.00	\$ 987.00
Sequoia Investments	\$ 708.75	\$ 921.00	\$ 148.00	\$ 1,069.00
Consumption Rates (in Cubic Feet)				
	\$/100 CF	\$/100 CF		
Categories 1, 2 and 3				
0 - 500 CF	\$ -	\$ -		
501 - 1,500 CF	\$ 1.55	\$ 1.20		
1,501 - 5,000 CF	\$ 1.37	\$ 1.30		
5,001 - 100,000 CF	\$ 0.75	\$ 1.40		
Over 100,000 CF	\$ 0.32	\$ 0.55		
Category 4 - Standby Fire Charges				
Consumption rates not applicable	\$ -	\$ -		

* New rates are composed of a base rate, capital replacement costs, and consumption.
 The range in the charge for capital replacement costs is due to size and type of equipment.

Note: See next page for examples of how to calculate your monthly water bill.

Examples of How to Calculate Your Monthly Water Bill
(HCF = 100 Cubic Feet)

If you are in:

Category 1 - Domestic or Small Businesses Located **Within** the Fairhaven Distribution Grid and you have a 5/8" x 3/4" meter and use 400 cubic feet during the month:

Monthly Water Bill

Monthly Charge:

Base Charge	\$21.60
Capital Replacement Charge	<u>\$ 4.80</u>
Subtotal - Monthly Charge	\$26.40
Water Consumption Charge @400 CF:	
0 - 400 CF (= 4 HCF x \$0.00/HCF)	\$ 0.00 (first 5 HCF included in Monthly Charge)
Total Water Bill for Month	<u>\$26.40</u>

Category 2 - Domestic or Small Businesses Located **Outside** the Fairhaven Distribution Grid and you have a 1" meter and use 4,500 cubic feet during the month:

Monthly Water Bill

Monthly Charge:

Base Charge	\$28.80
Capital Replacement Charge	<u>\$ 2.00</u>
Subtotal – Monthly Charge	\$30.80
Water Consumption Charge @ 4,500 CF:	
0 - 500 CF (= 5 HCF x \$0.00/HCF)	\$ 0.00 (first 5 HCF included in Monthly Charge)
501 – 1,500 CF (= 10 HCF x \$1.20/HCF)	\$12.00
1,501 – 4500 CF (= 30 HCF x \$1.30/HCF)	<u>\$39.00</u>
Total Water Bill for Month	<u>\$81.80</u>

Category 3 and 4 – Large Businesses and Standby Fire Charges:

See Table for individual monthly charges and consumption rates.

Contact Information

You may contact the HBWWD at 707-443-5018 or by email at office@hbmwd.com if you have any questions about this notice or the proposed water rate increase.

Address written protests as follows:

HBWWD – Retail Rate Increase
PO Box 95
Eureka, CA 95502