



**NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING REGARDING PROPOSED WATER RATES**

Hearing Date & Time: October 11, 2023, at 5:00 PM  
Hearing Location: Phelan Community Center  
4128 Warbler Road, Phelan, CA 92371

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**WHY ARE YOU RECEIVING THIS NOTICE?**

The Phelan Piñon Hills Community Services District (the “District”) is mailing this notice to you because you are a water customer directly liable for the payment of water service fees, or the owner of record of a property that receives water service. This notice describes proposed changes to the rates for the District’s water service fees, and provides notice of a public hearing regarding these proposed changes to be held on: Wednesday, October 11, 2023, at 5:00 p.m. at Phelan Community Center, 4128 Warbler Road, Phelan, CA 92371.

**WHAT DO WATER RATES FUND?**

The District provides water service to approximately 7,200 customers, and monthly water service fees are the primary source of revenue to operate the water system. Service fees fund costs related to system operations, capital projects, debt service, administration, as well as costs related to prudent long-term operational or financial management of the water system, such as maintaining adequate fund reserves and planning for contingencies.

Revenues received from water service fees are used solely to fund the water enterprise. The objective of the proposed five-year rate schedule is to fully fund operations, address capital replacement, and adequately build-up reserves to meet reserve policies through Fiscal Year 2028. In addition, the District needs to ensure adequate funding to address additional capital and operating expenses related to new requirements for the allowable levels of Chromium-6 in water produced for sale. The proposed rates for the District’s water service fees are based on a comprehensive rate study prepared by an independent consultant. The Chromium-6 surcharge will remain at \$9.71 and is set to expire by Fiscal Year 2031.

**WHY ARE RATE INCREASES NEEDED?**

The District anticipates purchasing replacement water from Mojave Water Agency as the District's Free Production Allowance (FPA) is scheduled to reduce over time. Note: FPA is the amount of water the District is allowed to pump free-of-charge utilizing existing water rights. The cost of water has increased, and will continue to increase, every year.

Additionally, the District will be investing approximately \$18 million to repair and replace critical water facilities over the next five years. Compliance with regulatory requirements, maintaining emergency and fire response capabilities, labor and employment costs, energy costs, increasing costs for materials, and the need for prudent reserves are also drivers of costs that were factored into the proposed new rates and charges described in this notice and in the Rate Study.

The rates presented herein were developed as part of a comprehensive Cost of Service Study. As part of this detailed process, consumption data by account was analyzed to create an appropriate and equitable rate design. The total cost of serving various customers is determined by distributing utility cost components among all accounts based upon the respective service requirements of each. As such, a cost of service rate study enables a water utility to proportionately allocate costs to customers based on consumption, and adopt rates that equitably recover those costs from all accounts in the existing system.

**PUBLIC MEETING OUTREACH SCHEDULE**

DATE	TIME	TOPIC	LOCATION
August 2, 2023	4:00 PM	Water Rate Workshop	Phelan Community Center & Zoom
August 9, 2023	5:00 PM	Regular Board Meeting: Water Rate Presentation	Phelan Community Center & Zoom
August 23, 2023	5:00 PM	Regular Board Meeting: Authorization to Mail Proposition 218 Notification	Phelan Community Center & Zoom
September 27, 2023	5:00 PM	Regular Board Meeting: Water Rate Study Presentation	Phelan Community Center & Zoom
October 11, 2023	5:00 PM	Regular Board Meeting: Public Hearing & Possible Adoption of Rate Study	Phelan Community Center & Zoom



**Phelan Piñon Hills Community Services District**

P.O. BOX 294049 • 4176 Warbler Road • Phelan, CA 92329  
Phone: 760-868-1212 • Website: www.PPHCSD.org



**NEW WATER RATES:**

The District is proposing to phase in a series of annual water rate adjustments. After the initial rate adjustment on November 1, 2023, the yearly rate adjustments will take place July 1st of each year, starting on July 1, 2024, in the amounts and period of time set forth in the chart below. The District may elect to pass-through wholesale water rate increases that are beyond the annual adjustments that are assumed in the Rate Study and incorporated into the proposed rate/charge schedules. Water rate increases that are imposed on the District by its water wholesalers - Mojave Water Agency and Antelope Valley Water Master - may impact District costs of service and may require adjustments of rates over and above the rates/charges set out in the schedules below. If such an adjustment is implemented, the water pass-through rate for each subsequent fiscal year will be calculated as the difference between actual wholesale purchased water costs and projected wholesale water purchased costs imposed on the District divided by the estimated water use for that fiscal year. Future year wholesale water costs and the resulting pass-through costs/rates are not known at this time, but customers will receive at least 30 days' notice prior to an increase greater than that shown in this notice.

FIXED CHARGES						
METER SIZE	EXISTING RATE	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
3/4"	\$25.63	\$31.02	\$35.76	\$39.75	\$45.88	\$53.13
1"	\$38.77	\$46.70	\$53.61	\$59.41	\$68.36	\$78.95
1 1/2"	\$71.64	\$85.90	\$98.22	\$108.56	\$124.56	\$143.50
2"	\$111.08	\$132.94	\$151.76	\$167.54	\$192.00	\$220.96
3"	\$235.96	\$281.90	\$321.31	\$354.31	\$405.56	\$466.25
4"	\$420.01	\$501.42	\$571.16	\$629.55	\$720.28	\$827.73

VARIABLE CHARGES						
CUSTOMER CLASS	EXISTING RATE	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Residential</b>						
Tier 1	\$3.08	\$3.46	\$4.04	\$4.55	\$5.20	\$5.96
Tier 2	\$3.51	\$4.25	\$4.97	\$6.27	\$7.28	\$8.36
Tier 3	\$8.47	N/A	N/A	N/A	N/A	N/A
<b>Commercial</b>						
Tier 1	\$4.11	\$3.46	\$4.04	\$4.55	\$5.20	\$5.96
Tier 2	N/A	\$4.25	\$4.97	\$6.27	\$7.28	\$8.36
<b>Institutional</b>						
Tier 1	\$4.46	\$3.46	\$4.04	\$4.55	\$5.20	\$5.96
Tier 2	N/A	\$4.25	\$4.97	\$6.27	\$7.28	\$8.36

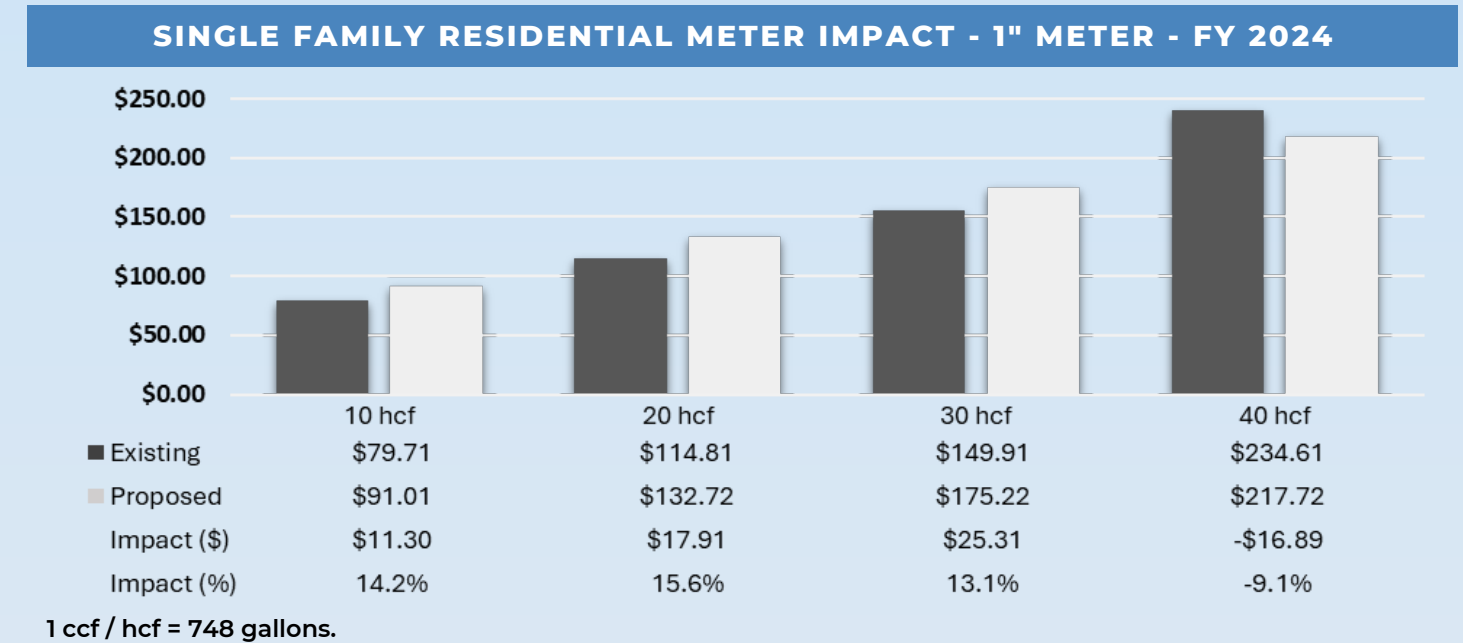
**NEW TIER STRUCTURE:**

The tier structure will vary each year based upon the amount of Free Production Allowance (FPA) the District has available. Tier 1 will allocate FPA evenly to all customers. Tier 2 captures water usage above the District's FPA. In Fiscal Year (FY) 2024 and FY 2025, carryover water is expected to be available to cover excess water demand without needing to purchase replacement water. Beginning in FY 2026, replacement water purchases will likely be required causing the Tier 2 rate to increase in FY 2026 and beyond.

TIER DEFINITIONS - ALL CUSTOMER CLASSES						
	CURRENT	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Tier 1	0-9 hcf	0-11 hcf	0-11 hcf	0-9 hcf	0-8 hcf	0-7 hcf
Tier 2	9-29 hcf	11+ hcf	11+ hcf	9+ hcf	8+ hcf	7+ hcf
Tier 3	29+ hcf	N/A	N/A	N/A	N/A	N/A

**IMPACT ON YOUR BILL:**

The District is proposing to phase in a series of annual water rate adjustments. After the initial rate adjustment on November 1, 2023, the yearly rate adjustments will take place July 1st of each year, starting on July 1, 2024, in the amounts and period of time set forth in the charts on Page 2.



**HOW DO YOU FILE A PROTEST OR PARTICIPATE IN THE PUBLIC HEARING?**

Any property owner of a parcel upon which the water service fees will be imposed or any tenant directly responsible for the payment of water service fees (i.e., a customer of record) may submit a written protest to the proposed increases to the water service fees; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or customer of record is in opposition to the proposed water service fees; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the name and signature of the property owner or customer of record submitting the protest.

Written protests may be submitted by mail to the Phelan Piñon Hills Community Services District at: 4176 Warbler Road, Phelan, CA 92371, or in person, or at the Public Hearing (date and time noted above). Regardless of how the written protest is submitted, it must be received by the District prior to the conclusion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the Board Secretary, that the enclosed protest is for the Public Hearing on the Proposed Water Service Fees.

The Board of Directors will hear and consider all written and oral protests to the proposed rate increases at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest, submitted prior to the conclusion of the Public Hearing. Upon the conclusion of the Public Hearing, the Board of Directors will consider adoption of the proposed rates for water service described in this notice. If written protests against the proposed rates, as outlined above, are not presented by a majority of property owners or customers of record, the Board of Directors may adopt the proposed rates. If adopted, the proposed rates for the water utility will be in effect beginning November 1, 2023, and be adjusted each July 1st beginning in 2024 and thereafter through June 30, 2028. Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water fee or charge.

If you have any questions about the proposed rate increase, please contact the District at (760) 868-1212 during normal business hours. For additional information on the water rate study and the proposed water rate increase, visit [www.PPHCSD.org/water-rate-study](http://www.PPHCSD.org/water-rate-study)