



November 21, 2022

Subject: Notice of Change in Water Commodity Delivery Charges

Dear Water Customer:

The City of Garden Grove is committed to providing over 34,000 customers with a reliable, high quality and cost efficient water service that protects public health, provides fire protection and creates opportunities for economic growth within the community. We value customer service first and foremost by keeping our customers well-informed.

To fully serve our customers, the City must purchase water from wholesale providers including Metropolitan Water District of Southern California (MET) and Municipal Water District of Orange County (MWDOC). We are also required to pay a replenishment assessment fee to Orange County Water District (OCWD). These wholesale providers and OCWD have adopted their rate and fee adjustments for FY 2022-23.

The City needs to pass through wholesale water rate and assessment fee increases to generate sufficient funds required to maintain and operate the City's water system, repay bonded indebtedness, and comply with regulations imposed by State and Federal agencies. Therefore, in 2018, pursuant to Government Code section 53756, the Garden Grove City Council adopted an ordinance providing for automatic adjustment to the water commodity delivery charges to offset changes in wholesale water rates and replenishment assessment.

City water rates for metered service include three components: (1) a minimum service charge based on meter size; (2) a capital recovery charge based on meter size; and (3) a commodity delivery charge based on water usage. This adjustment applies only to the commodity delivery charge.

Based on the calculations, the commodity delivery charge will increase by \$0.10 per billing unit for both Tier 1 and Tier 2 customers in FY 2022-23 comparing to the current rates. The commodity delivery charge for Tier 1 will increase from \$3.16 per one hundred cubic feet ("HCF") to \$3.26 per HCF, and for Tier 2 it will be from \$4.70 per HCF to \$4.80 per HCF. With this adjustment, the average residential customer's water bill will increase by approximately \$1.50 per month (assuming a 5/8 x 3/4-inch meter and 30 HCF of water usage), or \$3.00 on each bi-monthly bill. Actual increase will be based on usage. The new rates will take effect on January 1, 2023.

The City deeply appreciates your understanding and support. If you have any questions regarding this notice, please call the Water Billing Division at (714) 741-5078.