



Please visit our website for additional information on the proposed changes described in this notice, as well as Council's April 17, 2023 approval of electric and gas rate changes, effective July 1, 2023.
[CityofPaloAlto.org/RatesOverview](https://www.cityofpaloalto.org/RatesOverview)

For assistance determining the cost of the proposed adjustments to you, please contact the City of Palo Alto Utilities Customer Service Center at UtilitiesCustomerService@cityofpaloalto.org or (650) 329-2161.

NOTICE OF PUBLIC HEARING

Proposed Water and Wastewater Rate Changes

Monday, June 19, 2023 at 5:00PM



The City of Palo Alto annually reviews its utility rates and charges to determine if they will generate adequate revenue to operate and maintain the City's utilities and associated infrastructure, fund necessary capital improvement projects to preserve and enhance system safety and reliability, and maintain appropriate financial reserves.

On June 19, 2023, the Palo Alto City Council will consider proposed changes to the City's **water and wastewater rates** that, if approved, will become effective on July 1, 2023. The rates can only be used, respectively, for water and wastewater services, and cannot be used for any other purpose.

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Water Rates

Water rates are designed to cover the City’s costs of obtaining water from the San Francisco Public Utilities Commission (the “SFPUC”) as well as operating, maintaining and improving the system that distributes that water to the City’s water customers, while maintaining adequate financial reserves. The City continues to implement a proactive schedule to upgrade its water distribution pipelines, as well as a multi-year project to rehabilitate and seismically strengthen its reservoirs. The costs to perform this type of work have increased, and these costs are reflected in the City’s rate increase proposal. Each water customer is charged three separate rate components:

- 1. a commodity rate charged per hundred cubic feet (CCF), or 748 gallons, of metered water use¹;
- 2. a distribution rate charged per hundred cubic feet of metered water use; and
- 3. a monthly service charge based on water meter size².

¹ The commodity rate is designed to recover the rates charged by SFPUC to the City for the water that the City delivers to its customers. In its June 17, 2019 rate proceeding, the City Council approved the commodity rate as a “pass-through” rate that automatically adjusts through June 30, 2024 each time the SFPUC changes the wholesale water rate it charges the City. The commodity rate is not a subject of the City Council’s June 19, 2023 public hearing. On July 1, 2023, the SFPUC is expected to increase its current \$4.75 per CCF rate to \$5.21 per CCF as a result of drought-related declines in water use, and to fund multiple capital improvement programs. When the SFPUC adopts its new rates, the City will send you a notice informing you of the automatic adjustment to the commodity rate.

² Your meter size is indicated on your water bill, or you can find out the size of your meter by calling the City of Palo Alto Utilities Customer Service Center at (650) 329-2161.

Current and Proposed Volumetric Water Rates (\$/CCF)

Rate Schedule	Applicable Volume	Current Rate	Proposed Rate	Change
Commodity Rate (Applicable to all customers)				
Commodity Rate	All CCF	\$ 4.75	\$ 5.21	\$ 0.46
Distribution Rate				
W-1—Residential	First 6 CCF	\$ 2.67	\$ 2.72	\$ 0.05
	Over 6 CCF	6.21	6.33	0.12
W-2—Hydrants	All CCF	3.76	3.83	0.07
W-4—Residential Master-Metered and General Non-Residential	All CCF	3.76	3.83	0.07
W-7—Non-Residential Irrigation	All CCF	5.72	5.83	0.11

Current and Proposed Monthly Water Service Charges (\$/month)

Rate Schedule	Meter Size	Current Monthly Charge	Proposed Monthly Charge	Change
W-1 – General Residential	5/8”	\$ 21.06	\$ 21.48	\$ 0.42
	3/4”	21.06	21.48	0.42
	1”	21.06	21.48	0.42
W-4 – Residential Master-Metered and General Non-Residential	5/8”	\$ 18.42	\$ 18.78	\$ 0.36
	3/4”	24.62	25.11	0.49
	1”	37.02	37.76	0.74
W-1 – General Residential	1 1/2”	\$ 68.02	\$ 69.38	\$ 1.36
	2”	105.22	107.32	2.10
	3”	223.02	227.48	4.46
	4”	396.63	404.56	7.93
	6”	812.03	828.27	16.24
	8”	1,494.04	1,523.92	29.88
	10”	2,362.05	2,409.29	47.24
W-4 – Residential Master-Metered and General Non-Residential	12”	3,106.07	3,168.19	62.12
	2”	\$ 4.34	\$ 4.42	\$ 0.08
	4”	26.85	27.38	0.53
	6”	77.96	79.51	1.55
	8”	166.13	169.45	3.32
W-7 – Non-Residential Irrigation	10”	298.77	304.74	5.97
	12”	482.59	492.24	9.65

Wastewater Rates

Wastewater rates are designed to recover the City’s costs to transport and treat wastewater (sewage). Wastewater collection costs are increasing due to higher sewer main replacement costs. Treatment costs are also increasing due to planned and in progress infrastructure upgrades at the Regional Water Quality Control Plant (RWQCP) and to cover other increasing costs. The RWQCP has been in use for over 40 years, and rehabilitation and replacement of RWQCP equipment is necessary to ensure the City can continue to operate the facility in a manner that is safe, cost effective, and in compliance with regulatory requirements.

Residential customers are subject to Rate Schedule S-1 and pay a monthly rate for each dwelling unit. Other customers pay a rate based on metered water use.

Your Opportunity to Get Involved

After reading the information in this letter and reviewing our website, you may wish to provide input to the City Council. Proposed rate changes will be considered by the City Council at a public hearing to be held:

Monday, June 19, 2023 at 5:00PM
250 Hamilton Avenue—Council Chambers
Palo Alto, California 94301

The City welcomes your feedback at the hearing. All residents and other interested persons are invited to submit written or oral testimony at this hearing.

Any customer or owner of property subject to the charges may submit a written or emailed protest against any or all of the proposed charges outlined above. **If you choose to submit a written protest, the City must receive your signed, written protest prior to the close of the public input portion of the public hearing on June 19, 2023.**

A protest must include the name and signature of the person submitting the protest, and must indicate that it is a protest. Protests by customers must include the City of Palo Alto Utilities account number(s) or street address(es). Protests by property owners must include the Assessor’s Parcel Number(s) or street address(es) of the parcels for which protests are submitted. Unless a written protest states that it is only with respect to water rates or only with respect to wastewater rates, it will be assumed to be a protest against both. You may mail written protests in advance to: **City Clerk, 250 Hamilton Avenue,**

Current and Proposed Wastewater Rates and Charges

Rate Schedule	Current Monthly Charge	Proposed Monthly Charge	Change
Monthly Service Charge (\$/month)			
S-1 – Residential ¹	\$ 44.62	\$ 48.64	\$ 4.02
Quantity Rate (\$/CCF)			
S-2 – Commercial ²	\$ 8.33	\$ 9.08	\$ 0.75
S-6 – Restaurant ³	12.43	13.55	1.12
S-7 – Industrial Discharger ³	5.79	6.31	0.52

¹ Residential customers are subject to Rate Schedule S-1 and pay a monthly rate for each dwelling unit. Other customers pay a rate based on metered water use.

² For S-2 (Commercial) customers, quantity charges will be based upon average water usage for the months of January, February, and March and applied in the following July. (For example, quantity rates for each month from July 2023 through June 2024 will be equal to the average of metered monthly water use in January, February and March of 2023).

³ For S-6 (Restaurant) and S-7 (Industrial Discharger) customers, quantity rates will be based on monthly metered water usage.

Palo Alto, California 94301 or submit them to the City Clerk during the public input portion of the public hearing.

Written protests may also be sent via email to: **City.Clerk@CityofPaloAlto.org**. An emailed protest must be sent as a PDF file, which must either contain a scan of a signed protest letter or be electronically signed.

All written protests must be received by the City Clerk no later than the close of the public input portion of the public hearing. The City Clerk will follow the guidelines for the submission and tabulation of protests adopted by the City Council on February 13, 2023 as Resolution No. 10095. If written protests are filed against the proposed water rates, the proposed wastewater rates, or both rates with respect to a majority of parcels subject to such rates, then the proposed rates will not be imposed and the current rates will continue in effect. Pursuant to Section 53759 of the California Government Code, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge adopted pursuant to this notice.

City Council meetings are currently being held as “hybrid” meetings, with the option to attend remotely by teleconference/video conference, or in person. You can attend remotely by via the following link: **<https://cityofpaloalto.zoom.us/j/362027238>**

You can also dial into the meeting by calling: 1 (669) 900-6833 and entering Meeting ID: 362 027 238.