

NOTICE OF PUBLIC HEARING
Concerning Proposed Rate Increases for Fallbrook Public Utility District
Water, Recycled Water, and Wastewater Service Charges

The Fallbrook Public Utility District (the “District”) previously mailed a Notice of a Public Hearing originally scheduled for November 15, 2017, at 6 p.m., to consider the adoption of adjustments to the rates for its water, recycled water, and wastewater service charges. Since that notice was mailed, the District has determined to include its previously adopted capital improvement charges, which pay for capital improvements for the District’s water (“Water CIC”) and wastewater (“Wastewater CIC”) systems, as well as capital improvements for the District’s DeLuz High Pressure Service Area (“DSA”) and Toyon Heights (“Toyon”) service areas, payable only by customers and property owners therein (“Water CIC Pumping”).

At the public hearing, the District will consider adopting a 5-year schedule of rates for water, recycled water, and wastewater service charges. The public hearing will be held at 4 p.m., December 11, 2017, at 990 East Mission Road, Fallbrook, California. The public hearing previously scheduled for 6 p.m. on November 15, 2017 will instead be a Public Comment and Information Meeting at the same location at 6 p.m., in order to allow for additional public input on the proposed rates. If adopted, the rates will be effective January 1, 2018, and will be adjusted as provided in this notice. The capital improvement charges are shown on this page, and the remainder of the notice is also included below. **Written protests previously submitted to the District need not be resubmitted, and will be counted as valid protests for the rescheduled Public Hearing scheduled on December 11, 2017.**

Water CIC (\$/meter size) (effective Jan 1, 2018)		
Meter Size	Water CIC (Regular Service)*	Water CIC (Standby Service)*
3/4”	\$8.58	\$3.89
1”	\$14.30	\$6.48
1½”	\$28.60	\$12.96
2”	\$45.76	\$20.74
3”	\$91.52	\$41.47
4”	\$143.00	\$64.80
6”	\$286.00	\$129.59

*The Water CIC pays for capital improvements to the District’s water system. The maximum rates for the Water CIC above are proposed to take effect January 1, 2018. Water CIC (Standby Services) are charged to customers with standby service accounts with the District, and do not include peaking components of the Water CIC (Regular Service). If adopted, each July 1 thereafter through and including July 1, 2022, the District will be authorized to increase rates for the Water CIC according to the Engineering News Record Construction Cost Index of February for Los Angeles of the preceding year (“ENR CCI”), plus 3%, not to exceed 10%.

Water CIC Pumping (\$/kgal) (effective Jan 1, 2018)	
Water CIC Pumping	\$0.10*

*The Water CIC Pumping pays for capital improvements in the DSA and Toyon service areas, and is charged only to customers and property owners therein. The maximum rate above is proposed to take effect January 1, 2018. If adopted, each July 1 thereafter, through and including July 1, 2022, the District will be authorized to increase the Water CIC Pumping based on the ENR CCI, not to exceed 10%.

Wastewater CIC (\$/EDU) (effective Jan 1, 2018)	
Wastewater CIC	\$11.16*

*The Wastewater CIC pays for capital improvements to the District’s wastewater system. The maximum rate for the Wastewater CIC is proposed to take effect January 1, 2018. If adopted, each July 1 thereafter, through and including July 1, 2022, the District will be authorized to increase the Wastewater CIC in accordance with the ENR CCI, not to exceed 10%.

Below, please find the full Notice of Public Hearing, amended to include the above-described rates. ***The rates described above are the only rates changed by this amended notice.***

NOTICE OF PUBLIC HEARING
Concerning Proposed Rate Increases for Fallbrook Public Utility District
Water, Recycled Water, and Wastewater Service Charges

NOTICE IS HEREBY GIVEN THAT the Board of Directors (“Board”) of the Fallbrook Public Utility District (the “District”) will conduct a public hearing on December 11, 2017, at 4 p.m. at the District offices located at 990 East Mission Road, Fallbrook, California, to consider adopting increases in the rates for its water, recycled water, and wastewater service charges.

REASONS FOR THE PROPOSED RATE INCREASES

The District provides water, recycled water and wastewater service to its customers, and continually strives to provide excellent service while maximizing cost reductions and better utilization of its assets. The District must also be fiscally responsible to ensure financial stability in the years to come. To this end, the District engaged an independent consultant to perform a cost of service analysis and rate study for the rates for its water, recycled water, and wastewater service charges. Based upon the rate study, the District anticipates there will be future increases in the costs of operating and maintaining the water, recycled water, and wastewater systems. The proposed water, recycled water, and wastewater rate increases are necessary to enable the District to: (1) maintain the operational and financial stability of the District, including keeping pace with inflation and other cost increases including water supply costs; (2) comply with State and Federal regulations governing drinking water and the treatment, disposal, and reuse of wastewater; (3) fund capital infrastructure improvements needed to repair and update the District’s aging water, recycled water, and wastewater systems; and (4) avoid operational deficits and depletion of reserves. A copy of the rate study and cost of service analysis providing justification for the proposed rates for water, recycled water, and wastewater service charges is on the District’s website (<http://www.fpud.com>) and on file at the District, and is available for inspection during regular office hours of the District.

Water, Recycled Water, and Wastewater Systems

Almost all of the District’s water is purchased from the San Diego County Water Authority (“CWA”), which in turn purchases water from the Metropolitan Water District of Southern California (“MWD”). In addition to the wholesale water the District purchases, one percent of its water comes from its Capra Well, when available.

The District’s wastewater system consists of more than 78 miles of sewage collection pipelines, 4 miles of force mains and 18 miles of outfall, 6 lift stations and a 2.70 million gallons per day Water Reclamation Plant. Approximately 60% of force main pipelines and 68% of sewage collection pipelines were installed more than 30 years ago.

PROPOSED RATES FOR WATER SERVICE CHARGES

The District bills customers monthly for water, recycled water, and/or wastewater service. The proposed rate structure for the water service charges has eight customer classes: special agriculture water rate (“Ag SAWR”), special agriculture water rate domestic (“Ag domestic”), domestic and multi-unit residential (collectively “Residential”), commercial agricultural (“Commercial Ag”), commercial domestic agricultural (“Commercial Domestic Ag”), commercial, government, and irrigation. Regular monthly billing for water service is comprised of two components: (1) fixed service charges (“Water Fixed Charges”), which include charges for capital improvement projects (the “Water CIC”), and (2) variable volumetric water consumption charges (“Water Volumetric Charges”). In addition, certain customers may see other components based on special services received, including: (1) fixed standby charges (“Standby Service Charge”); (2) fixed charges for private fire systems (“Private Fire Services Charge”); (3) variable pumping charges (“Pumping Charge”); and (4) variable capital improvements charges associated with areas that require pumping (the “Water CIC Pumping”). Not all of these charges for special services are imposed on every water customer.

Water Fixed Charges

The rates for Water Fixed Charges, Water CIC, Standby Services Charges, and Private Fire Services Charge are determined based on the size of the water meter serving a property, and are designed to recover a portion of the District’s fixed costs of providing water service, including billing and customer service and meter service costs. The District imposes the Private Fire Service Charge on certain properties that have a private fire service meter. The payment of the charge is a condition of extending or initiating water service (1) by the installation of a private fire suppression system, and (2) upon the request of the customer or property owner for delivery of water to the property for the purpose of fire protection service. Certain customers receive standby services. Such accounts are connected to the water system but have opted to not receive water for a period of time. These customers share billing and customer service as well as meter service costs but do not pay Water Volumetric Charges. As such, even though such customers have chosen not to receive water, the District still incurs costs to maintain their meter connection, which it recovers through Standby Service Charges. With the exception of the Water CIC, the maximum rates for the monthly Water Fixed Charges are proposed to take effect each January 1 beginning January 1, 2018, through and including January 1, 2022, and are set forth in the tables below.

Monthly Water Fixed Charges (\$/meter size)					
Rates and Effective Date					
Meter Size	Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
3/4"	\$44.72	\$48.30	\$52.17	\$56.35	\$60.86
1"	\$68.27	\$73.74	\$79.64	\$86.02	\$92.91
1½"	\$127.12	\$137.29	\$148.28	\$160.15	\$172.97
2"	\$197.75	\$213.57	\$230.66	\$249.12	\$269.05
3"	\$386.09	\$416.98	\$450.34	\$486.37	\$525.28
4"	\$597.97	\$645.81	\$697.48	\$753.28	\$813.55
6"	\$1,186.53	\$1,281.46	\$1,383.98	\$1,494.70	\$1,614.28
Monthly Standby Service Charge					
3/4"	\$20.06	\$21.67	\$23.41	\$25.29	\$27.32
1"	\$27.17	\$29.35	\$31.70	\$34.24	\$36.98
1½"	\$44.93	\$48.53	\$52.42	\$56.62	\$61.15
2"	\$66.24	\$71.54	\$77.27	\$83.46	\$90.14
3"	\$123.08	\$132.93	\$143.57	\$155.06	\$167.47
4"	\$187.02	\$201.99	\$218.15	\$235.61	\$254.46
6"	\$364.64	\$393.82	\$425.33	\$459.36	\$496.11
Monthly Private Fire Services Charge					
2"	\$9.74	\$10.52	\$11.37	\$12.28	\$13.27
3"	\$10.39	\$11.23	\$12.13	\$13.11	\$14.16
4"	\$11.51	\$12.44	\$13.44	\$14.52	\$15.69
6"	\$15.51	\$16.76	\$18.11	\$19.56	\$21.13
8"	\$22.42	\$24.22	\$26.16	\$28.26	\$30.53

The District proposes to continue charging the Water CIC for water capital improvement projects. Water CIC (Standby Services) are charged to customers with standby service accounts with the District, and do not include peaking components of the Water CIC. The maximum rates for the Water CIC set forth below take effect January 1, 2018. If adopted, each July 1 thereafter, through and including July 1, 2022, the District will be authorized to increase the Water CIC in accordance with the Engineering News Record Construction Cost Index of February for Los Angeles of the preceding year (“ENR CCI”) plus 3%, not to exceed 10%.

Water CIC (\$/meter size)		
Effective January 1, 2018		
Meter Size	Water CIC (Regular Service)*	Water CIC (Standby Service)
3/4"	\$8.58	\$3.89
1"	\$14.30	\$6.48
1½"	\$28.60	\$12.96
2"	\$45.76	\$20.74

3"	\$91.52	\$41.47
4"	\$143.00	\$64.80
6"	\$286.00	\$129.59

Water Volumetric Charges and Pumping Charges

The Water Volumetric Charge is a variable charge imposed per unit of delivered water during a billing period, with one unit equal to one kilogallon, and is calculated to recover a portion of the District’s fixed costs and its variable costs of providing water service. The District’s rate structure for the Volumetric Charges is designed to recover water supply costs, water reliability, delivery, and conservation costs. For some customers, the rate structure for the Water Volumetric Charges has two or three tiers which impose higher rates as the level of consumption increases. For all other customers the rates are uniform, meaning the same rate is paid for each unit of water. 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: sizing, operating and maintaining water pipes, reservoirs, pump stations and other related facilities to meet this additional demand.

The District is also proposing to impose Pumping Surcharges on customers whose properties are located in the higher elevation zones of the DeLuz High Pressure Service Area (“DSA”) and Toyon Heights (“Toyon”) service area to recover the additional cost of electricity necessary to pump water to those areas.

Water supply for certain agricultural customers (classified as Ag SAWR and Ag Domestic (Tier 3 only)) is purchased by the District at a special rate from CWA. The SAWR program is set to expire on December 31, 2020. The table below shows the rates applicable to Ag SAWR and Ag Domestic customers commencing January 1, 2018 through and including January 1, 2022, assuming the SAWR program is extended. However, if the SAWR program is not extended, Ag SAWR and Ag Domestic (Tier 3 only) customers will be charged at the agricultural water rate applied to Commercial Ag customers (\$6.18/kgal effective January 1, 2021, and \$6.68/kgal effective January 1, 2022.)

The maximum rates for the monthly Water Volumetric Charges are proposed to take effect each January 1 beginning on January 1, 2018, through and including January 1, 2022, and are set forth in the table below.

Monthly Water Volumetric Charges and Pumping Charges (\$/kgal)						
		Rates and Effective Dates				
Customer Class		Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
Ag SAWR		\$4.22	\$4.56	\$4.93	\$5.33*	\$5.76*
Commercial Ag		\$4.89	\$5.29	\$5.72	\$6.18	\$6.68
Ag Domestic						
Tier 1	0 – 5 kgal	\$5.69	\$6.15	\$6.65	\$7.19	\$7.77
Tier 2	6 – 20 kgal	\$4.89	\$5.29	\$5.72	\$6.18	\$6.68
Tier 3	Above 20 kgal	\$4.22	\$4.56	\$4.93	\$5.33*	\$5.76*
Commercial Domestic Ag						
Tier 1	0 – 5 kgal	\$5.69	\$6.15	\$6.65	\$7.19	\$7.77
Tier 2	Above 5 kgal	\$4.89	\$5.29	\$5.72	\$6.18	\$6.68
Residential						
Tier 1	0 – 5 kgal	\$5.69	\$6.15	\$6.65	\$7.19	\$7.77
Tier 2	6 – 30 kgal	\$5.79	\$6.26	\$6.77	\$7.32	\$7.91
Tier 3	Above 30 kgal	\$7.04	\$7.61	\$8.22	\$8.88	\$9.60
Commercial		\$5.87	\$6.34	\$6.85	\$7.40	\$8.00
Government		\$5.78	\$6.25	\$6.75	\$7.29	\$7.88
Irrigation Only		\$5.88	\$6.36	\$6.87	\$7.42	\$8.02
Pumping Surcharges (DSA, Toyon service areas)		\$0.69	\$0.75	\$0.81	\$0.88	\$0.96
<i>*The SAWR program expires on December 31, 2020. If the SAWR program is not extended, Ag SAWR and Ag Domestic customers (Tier 2 only) will be charged the rates for Commercial Ag customers (i.e. \$6.18/kgal effective</i>						

January 1, 2021, and \$6.68/kgal effective January 1, 2022.)

The Water CIC Pumping charge applies only to customers within DSA and Toyon service areas for capital improvements benefiting properties only within those areas. The proposed maximum rate for the Water CIC Pumping is proposed to take effect January 1, 2018. If adopted, each July 1 thereafter, through and including July 1, 2022, the District will be authorized to increase the Water CIC Pumping in accordance with the ENR CCI, not to exceed 10%.

Water CIC Pumping (\$/kgal)	
Effective January 1, 2018	
Water CIC Pumping	\$0.10

Drought Rates for the Monthly Water Volumetric Charges

California recently experienced a devastating, multi-year drought. In order to prepare for and manage future periods of water shortage and mandatory conservation, the District adopted a water shortage contingency plan called the Water Shortage Response Program (the “Program”). Pursuant to the Program, the District established four Water Shortage Response Levels (each a “Level”), which are determined and declared by the District’s General Manager or the Board (depending on the Level), based on information provided by CWA. Each Level contains conservation programs, reduction requirements, and water use restrictions.

The General Manager must declare a **Level 1 (Water Shortage Watch Condition)** when CWA notifies the District that due to water shortage or other supply reductions, customers must reduce water use by up to 10%. The Board must declare a **Level 2 (Water Shortage Alert Condition)** when CWA notifies the District that due to reduced water supply, customers must cut use of water by up to 20%. The Board must declare a **Level 3 (Water Shortage Critical Condition)** when CWA notifies the District that due to increasing cutbacks and an expected water supply shortage, a customer reduction of up to 40% is required. The Board must declare a **Level 4 (Drought Emergency Condition)** when the CWA Board of Directors declares a water shortage emergency pursuant to State law, and notifies the District that customers must reduce water usage by more than 40%.

A substantial portion of the District’s costs to operate and maintain the water system are fixed, meaning most costs remain the same regardless of how much water is used by customers. Over the last several years, the District has experienced declines and changes in water demand resulting from the drought and state-mandated water use reductions, and, thus, reductions in water revenues. While experiencing these declines, the District has exercised fiscal discipline by managing operating costs to avoid significant increases in the rates for its water service charges. The District’s rate consultant studied the effects of the reduction in water use on projected revenues and developed rates that may be implemented for the Water Volumetric Charges (the “Drought Rates”) during declared Levels as described above, to ensure sufficient revenues are available to fund the District’s obligations in the event the District must implement mandatory conservation measures.

The proposed Drought Rates would be implemented during declaration of Levels 1, 2, 3 and 4 described above. The District is not currently charging Drought Rates, and Drought Rates would only be in effect during declared drought Levels 1-4. The maximum Drought Rates that are proposed to be implemented in any year during drought Levels 1-4 are set forth in the tables below.

2018 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
Residential			
Tier 1	\$5.98	\$6.24	\$7.01
Tier 2	\$6.08	\$6.35	\$7.13
Tier 3	\$7.40	\$7.72	\$8.67
Ag Domestic			
Tier 1 only	\$5.98	\$6.24	\$7.01
Commercial Dom Ag			
Tier 1	\$5.98	\$6.24	\$7.01
Tier 2	\$5.14	\$5.36	\$6.02
Uniform			
Commercial Ag	\$5.14	\$5.36	\$6.02

Commercial	\$6.17	\$6.44	\$7.23
Irrigation Only	\$6.07	\$6.34	\$7.12
Government	\$6.18	\$6.45	\$7.24
2019 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
Residential			
Tier 1	\$6.46	\$6.75	\$7.57
Tier 2	\$6.58	\$6.87	\$7.71
Tier 3	\$7.99	\$8.35	\$9.37
Ag Domestic			
Tier 1 only	\$6.46	\$6.75	\$7.57
Commercial Dom Ag			
Tier 1	\$6.46	\$6.75	\$7.57
Tier 2	\$5.56	\$5.80	\$6.51
Uniform			
Commercial Ag	\$5.56	\$5.80	\$6.51
Commercial	\$6.66	\$6.95	\$7.81
Irrigation Only	\$6.57	\$6.86	\$7.69
Government	\$6.68	\$6.98	\$7.83

2020 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
Residential			
Tier 1	\$6.99	\$7.29	\$8.19
Tier 2	\$7.11	\$7.43	\$8.33
Tier 3	\$8.63	\$9.01	\$10.12
Ag Domestic			
Tier 1 only	\$6.99	\$7.29	\$8.19
Commercial Dom Ag			
Tier 1	\$6.99	\$7.29	\$8.19
Tier 2	\$6.01	\$6.27	\$7.04
Uniform			
Commercial Ag	\$6.01	\$6.27	\$7.04
Commercial	\$7.20	\$7.51	\$8.43
Irrigation Only	\$7.09	\$7.40	\$8.31
Government	\$7.22	\$7.53	\$8.46

2021 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
Residential			
Tier 1	\$7.55	\$7.89	\$8.85
Tier 2	\$7.69	\$8.03	\$9.01
Tier 3	\$9.33	\$9.74	\$10.93
Ag Domestic			
Tier 1 only	\$7.55	\$7.89	\$8.85
Commercial Dom Ag			
Tier 1	\$7.55	\$7.89	\$8.85
Tier 2	\$6.49	\$6.78	\$7.61
Uniform			
Commercial Ag	\$6.49	\$6.78	\$7.61

Commercial	\$7.77	\$8.12	\$9.11
Irrigation Only	\$7.66	\$8.00	\$8.97
Government	\$7.79	\$8.14	\$9.13
2022 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
Residential			
Tier 1	\$8.16	\$8.52	\$9.56
Tier 2	\$8.31	\$8.67	\$9.74
Tier 3	\$10.08	\$10.53	\$11.82
Ag Domestic			
Tier 1 only	\$7.55	\$7.89	\$8.85
Commercial Dom Ag			
Tier 1	\$8.16	\$8.52	\$9.56
Tier 2	\$7.02	\$7.33	\$8.22
Uniform			
Commercial Ag	\$7.02	\$7.33	\$8.22
Commercial	\$8.40	\$8.77	\$9.85
Irrigation Only	\$8.28	\$8.64	\$9.70
Government	\$8.42	\$8.80	\$9.87

Water Pass-through Adjustments

The District pays a Readiness-to-Serve Charge (“MWD RTS Charge”) to MWD, and an Infrastructure Access Charge (“CWA IAC”) to CWA, which are directly passed through to customers as separate charges on their billing statements. The District anticipates that CWA and MWD will increase these charges in the future, and is proposing to authorize automatic pass-throughs of any future increases to customers. If approved, the Board may implement CWA and any MWD pass-through adjustment at any time for the five-year period commencing January 1, 2018 and ending on December 31, 2022, provided, however, that (1) any increase in the rates of the MWD RTS Charge or CWA IAC described above as a result of any CWA or MWD pass-through adjustment shall not exceed ten percent (10%) per year; (2) in no event shall such rates be increased by more than the cost of providing water service; and (3) the District shall provide all customers at least 30 days’ written notice prior to implementing any MWD or CWA pass-through adjustment. The rates for the monthly MWD RTS Charge and CWA IAC Charge are effective January 1, 2018 and shown in the table below, and may be adjusted at any time as described above.

Monthly MWD RTS Charge and CWA IAC Charge (\$/meter size)		
Effective January 1, 2018		
Meter Size	MWD RTS	CWA IAC
3/4”	\$2.70	\$2.93
1”	\$4.49	\$4.88
1 1/2”	\$8.98	\$9.76
2”	\$14.36	\$15.62
3”	\$28.72	\$31.24
4”	\$44.87	\$48.80
6”	\$89.73	\$97.60

PROPOSED RECYCLED WATER RATES

The District’s recycled water service charges are comprised of fixed service charges (“Fixed Recycled Water Charges”) that are determined on the basis of the size of the meter serving a property, and variable volumetric charges (“Volumetric Recycled Water Charges”) that are determined on the basis of the number of units of recycled water (in kilogallons) that are delivered to a property. The Fixed Recycled Water Charge is designed to recover a portion of the District’s fixed costs of providing recycled water service and the Volumetric Recycled Water Charge is designed to recover a portion of the District’s fixed and variable costs of providing recycled

water service. The maximum rates for the monthly Fixed Recycled Water Charges and Volumetric Recycled Water Charges are proposed to take effect each January 1 beginning on January 1, 2018, through and including January 1, 2022, as set forth in the tables below.

Monthly Fixed Recycled Water Charges (\$/meter size)					
Meter Size	Rates and Effective Dates				
	Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
3/4"	\$20.06	\$21.67	\$23.41	\$25.29	\$27.32
1"	\$27.17	\$29.35	\$31.70	\$34.24	\$36.98
1½"	\$44.93	\$48.53	\$52.42	\$56.62	\$61.15
2"	\$66.24	\$71.54	\$77.27	\$83.46	\$90.14
3"	\$123.08	\$132.93	\$143.57	\$155.06	\$167.47
4"	\$187.02	\$201.99	\$218.15	\$235.61	\$254.46
6"	\$364.64	\$393.82	\$425.33	\$459.36	\$496.11

Monthly Volumetric Recycled Water Charges (\$/kgal)					
	Rates and Effective Date				
	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022
Recycled Water	\$4.92	\$5.32	\$5.73	\$6.19	\$6.69

PROPOSED WASTEWATER RATES

The District is proposing to charge fixed wastewater service charges (“Fixed Wastewater Charges”) and flow-based wastewater service charges (“Volumetric Wastewater Charges”), and to continue charging a capital improvements charge for wastewater capital improvements (“Wastewater CIC”). Fixed Wastewater Charges and Wastewater CIC are determined on the basis of equivalent dwelling unit (“EDU”) assigned to a property. An EDU is used to estimate the amount of wastewater returned to the sewer (i.e., “flow”) by a single family residential customer and certain assumptions regarding the concentration (“strength”) of the wastewater discharged by a single family residential customer. Single family residential customers are assigned 1 EDU. All other customers are assigned a fraction of one EDU or one or more EDUs depending on their customer classification, and assumptions regarding the amount of flow and strength of their discharge in relation to a single family residential customer.

Schedule of EDUs		
Class	Description of Customers within Each Class	No. of EDUs
Class 1	Single Family Residence and mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on parcel with single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
Class 3	Mobile Home Park (per separate mobile home space)	0.80
	Motel/Hotel	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50
	Separate Business, Retail Shop With Office, Or Packing House equipped With Restroom Facilities, Or Located In A Building/Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33
Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	

Schedule of EDUs		
Class	Description of Customers within Each Class	No. of EDUs
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
Class 7	Church, Fraternal Lodge Or Similar Auditorium (per 200 seating capacity)	1.00
Class 8	Bakery (per 3500 square feet (exterior building area))	1.00
Class 9	Theater (per 150 seating capacity)	1.33
Class 10	Hospital (per bed)	0.65
Class 11	Convalescent or Boarding Home (per bed)	0.30
Class 12	Labor Camp (per bed)	0.10
Class 13	Elementary School / Daycare (per 60 students)	1.00
Class 16	Junior High School (per 40 students)	1.00
Class 17	High School (per 30 students)	1.00
Class 14	Mortuary	1.00
Class 15	Special Class - EDU determined by Administrative Code Sections 20.7.3, 20.7.4	
Class 21	Car Wash	5.00
Class 23	Self Service Laundry	5.00
	Restaurants	
Class 24	Restaurant Under 2500 Square feet	3.00
Class 25	Restaurant 2501-7000 Square feet	4.00
Class 26	Restaurant Over 7000 Square feet	5.00
	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.24

The rates for Fixed Wastewater Charges are proposed to take effect each January 1 commencing on January 1, 2018, through and including January 1, 2022.

Monthly Fixed Wastewater Charges (\$/EDU/month)					
	Effective Date				
	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022
Wastewater (\$/EDU)	\$9.28	\$9.70	\$10.14	\$10.60	\$11.08

The District is proposing to continue charging a wastewater capital improvement charge (“Wastewater CIC”). Revenues collected from the Wastewater CIC will be used exclusively for capital improvements benefiting the wastewater system, and debt service associated with wastewater capital improvements. The maximum rate for the Wastewater CIC set forth below is proposed to take effect January 1, 2018. If adopted, each July 1 thereafter, through and including July 1, 2022, the District will be authorized to increase the Wastewater CIC in accordance with the ENR CCI, for Los Angeles, in an amount not to exceed 10%.

Wastewater CIC (\$/EDU)	
Effective January 1, 2018	
Wastewater CIC	\$11.16

Volumetric Wastewater Charges are determined based on total flow, measured in dollars per kilogallon of flow, and customer class, including Ag Domestic, Commercial Domestic Ag, Residential, Government, School, Church and Commercial. Flow for Residential customers is determined at 75% of average water use (capped at 22

kilogallons per month) from December to February, meaning that sewer units billed are capped at 16.5 kilogallons per month. Flow for non-Residential customers is determined at 90% of water use each month. Non-residential customers with higher outdoor use were evaluated and a lower percentage return to sewer was established for these customers on a case by case basis. Commercial customers are divided into Low Strength (0-300 average biological oxygen demand (“BOD”) and total suspended solids (“TSS”), Medium Strength (300-550 average BOD and TSS) and High Strength (above 550 average BOD and TSS). Wastewater customer classes are classified based on type of activity and constituents discharged into wastewater, thus accounting for both strength and flow of discharge in the rates charged. The maximum rates for Volumetric Wastewater Charges are proposed to take effect on each January 1, commencing January 1, 2018, through and including January 1, 2022.

Monthly Volumetric Wastewater Charges (\$/kgal)					
Customer Classes	Rates and Effective Dates				
	Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
Ag Domestic	\$9.44	\$9.87	\$10.32	\$10.79	\$11.28
Commercial Ag	\$9.44	\$9.87	\$10.32	\$10.79	\$11.28
Residential (Single, Multi-Family)	\$9.44	\$9.87	\$10.32	\$10.79	\$11.28
Government	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
School	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
Church	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
Commercial - Low Strength	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
Commercial-Med Strength	\$11.57	\$12.10	\$12.65	\$13.22	\$13.82
Commercial - High Strength	\$14.44	\$15.09	\$15.77	\$16.48	\$17.23

PUBLIC HEARING

Any record owner of a parcel upon which water, recycled water, and/or wastewater service charges are proposed for imposition, or any tenant directly responsible for payment of water, recycled water, or wastewater service charges (i.e., a customer of record who is not a property owner), may submit a written protest to the proposed rate increases to the District’s water, recycled water, and wastewater service charges; provided, however, only one protest will be counted per identified parcel. Each protest must: (1) be in writing; (2) state whether the protest is submitted in opposition to the rate increase to the water, recycled water, or wastewater service charges; (3) provide the location of the identified parcel (by service address or assessor’s parcel number); and (4) include the name and signature of the person submitting the written protest. Written protests may be submitted by mail to the Fallbrook Public Utility District’s office, 990 East Mission Road, Fallbrook, California 92028, in person at the District’s office or at the public hearing (see date, time and location above). All written protests must be received prior to the conclusion of the public input portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on Proposed Rate Increases.

Any written protests previously submitted to the District for the Public Hearing that had been scheduled for November 15, 2017, do not need to be resubmitted but will be accepted and counted as valid written protests for the rescheduled Public Hearing to be held on December 11, 2017.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and as outlined above are not presented by a majority of the record owners or responsible tenants of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases. If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the District at (760) 728-1125.