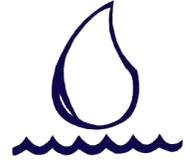


Purissima Hills Water District



January 21, 2010

Dear Customer/Record Property Owner:

The Board of Directors of the Purissima Hills Water District (District) will consider proposed increases to the Water Rate Unit Charge. **The Board will vote on the proposed increases after a public hearing scheduled for March 10, 2010, at 6:30 p.m.** The new water unit rates will become effective with the first billing cycle commencing after March 10, 2010, and will replace the current rates, which have been in place for residential customers since December 2007.

The purpose of this notice is to meet our obligation under State Proposition 218 to notify you of the proposed increases, to explain the potential impact of the changes on your water bill, and to explain why we need to increase our water unit rates.

Water Unit Rate Charge. The proposed water unit rate increases are as follows:

For Residential Customers

A. *Current Tiers and Rates*

Units of Water Consumed	Current Water Rate
1 through 10	\$2.15 per unit
11 through 30	\$2.75 per unit
31 through 60	\$3.75 per unit
61 through 100	\$5.25 per unit
101 through 200	\$7.25 per unit
Over 200	\$8.05 per unit

B. *Proposed Tiers and Rates*

Units of Water Consumed	Proposed New Water Rate
1 through 5	\$2.70 per unit
6 through 30	\$4.15 per unit
31 through 60	\$5.60 per unit
61 through 100	\$7.05 per unit
101 through 200	\$8.50 per unit
Over 200	\$9.95 per unit

For Institutional Customers

Current Water Rate	Proposed New Water Rate
\$3.75 per unit	\$5.60 per unit

How Will the Increased Water Unit Rates Impact You?

Customer bills will increase by varying amounts depending on the amount of water consumed. The following table illustrates proposed water rate unit charges for various residential customer usages.

Billed Units	Existing Rate Schedule*	Proposed Rate Schedule *
5 units	\$25.75	\$28.50
10 units	\$36.50	\$49.25
25 units	\$77.75	\$111.50
50 units	\$166.50	\$244.25
75 units	\$282.75	\$406.00
150 units	\$776.50	\$1,007.25
300 units	\$1,944.00	\$2,427.25

* Includes a 3/4 inch meter readiness-to-serve charge of \$15.00

Why Do We Need a Rate Increase?

The District must cover its costs to continue providing high quality water to its customers. As a public agency, the District may not collect more revenue than is necessary to cover its costs to provide water services. District costs have increased. Specifically:

- The District has not raised rates for the past two years despite cost increases.
- The San Francisco Public Utilities Commission (SFPUC), which provides the District with 100% of its water, has increased the wholesale water rates by 46% since 2007. The SFPUC is undertaking a significant capital improvement program intended to make its water system more reliable in the event of an earthquake or other disaster.
- The District has planned over \$1.0 million in capital improvement projects for the next year to maintain and improve system reliability.
- To promote State mandated water reduction goals, the District proposes to realign the first two tiers of the residential water rate structure. Customers who use more water will pay a higher cost for that water.

What Can You Do to Reduce the Impact of the Rate Increase on Your Water Bill?

If you want to minimize the impact of the increased water rate unit charge on your bill, you should begin now to take steps to reduce your use. Because landscape irrigation is a major use of water in the summer, your landscape offers the greatest opportunity to save water. Watering efficiently, selecting low-water-use plants and reducing the amount of turf in your landscape are all steps you can take to reduce your consumption.

For more conservation ideas, please visit our website at www.purissimawater.org or call the District Office at (650) 948-1217.

Public Hearing Scheduled for Proposed Increase in Water Rate Unit Charge

The Board of Directors will consider the increased water rate unit charge proposal at a public hearing scheduled for 6:30 p.m., March 10, 2010, at the Purissima Hills Water District Office. You have the right to protest the proposed rate increases. If you do, you must submit your protest in writing, even if you plan to attend the public hearing. Your written protest must be received prior to the close of the March 10, 2010, public hearing. Written protests must include an address or District account number. E-mail protests will not be accepted. Send written protest to:

**Purissima Hills Water District
Attn: Water Rate Increase Protest
26375 Fremont Road
Los Altos Hills CA 94022**