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ORANGE COUNTY WATER DISTRICT

ORANGE COUNTY'S GROUNDWATER AUTHORITY

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May 31, 2017

CITY OF NEWPORT BEACH
 MUNICIPAL OPERATIONS DEPT.
 ATTN: Mr. George Murdoch
 Utilities General Manager
 100 Civic Center Drive
 Newport Beach, CA 92660

Subject: 2017-2018 GREEN ACRES PROJECT WHOLESALE WATER RATE

Dear Mr. Murdoch:

This letter is to inform you of the Green Acres Project Wholesale Water rate for 2017-2018 (period July 1, 2017 through June 30, 2018).

For project water served to water customers of the City of Newport Beach (City), City shall purchase the Project Water from OCWD, at the point of its metered connection, for an amount equal to OCWD's cost of producing and distributing Project Water based on the methodology set forth in Exhibit D (attached), as determined by OCWD after consultation with the Operating Group defined in Paragraph 3.3

Paragraph 3.3 of the Green Acres Project water agreement between City and OCWD, staff representatives of OCWD, City, and other retail agencies participating in the Green Acres Project shall form an "Operating Group" to meet at least once prior to the annual publishing of the revised Exhibit D by OCWD.

The wholesale project water pricing, effective July 1, 2017 is: **\$738.00/af**

Should you have any questions, please contact Joanne Goco at (714) 378-3306.

Very truly yours,

Randy Fick
 Randy Fick
 CFO/Treasurer

Attachment

cc: Chris Auger, Water System Services Supervisor
 File

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Exhibit D: OCWD Unit Price Calculation Project Water Sold to RETAILER

Revisions to Exhibit D by OCWD do not require an amendment to this Agreement.

Fiscal Year 2015-2016 calculation listed below. This unit price shall be effective for Fiscal Year 2017-2018.

Previous fiscal year operational and maintenance cost to operate, treat, and distribute Product Water (Electricity, Chemicals, Labor, Maintenance, Testing, Utility Location Services, Replenishment Assessment Value of Deep Well Blending Water) \$1,173,230.46	+	Previous fiscal year Repair and Rehabilitation Fund contribution for Project Facilities. This figure may be periodically reviewed and adjusted by OCWD Board as necessary \$936,678.00	+	Debt service payments. This figure may vary as terms for loans, certificates of participation, and other Project Facilities financing change. Smoothing may occur to avoid sudden increases to this figure \$980,296.67	=	\$738 per acre foot
Previous fiscal year Project Water in acre-feet 4,186.09						

Estimated future fiscal year rates provided for planning purposes only. Rates are subject to substantive change prior to implementation.

FY 2018-19: \$778 per acre foot

FY 2019-20: \$769 per acre foot

FY 2020-21: \$741 per acre foot

FY 2021-22: \$761 per acre foot

FY 2022-23: \$782 per acre foot