



## San Diego County Water Authority

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### News Release

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June 24, 2010

### **Water Authority Adopts 11.3 Percent Treated Water Rate Increase for 2011**

*Increase driven by rising costs to buy, deliver imported water and infrastructure investments*

The San Diego County Water Authority Board of Directors today adopted rates and charges for water purchased in calendar year 2011 by the Water Authority's 24 member retail agencies. The total Municipal and Industrial cost of treated water will rise to \$1,026 per acre-foot, effective January 1. That is an increase of \$104, or 11.3 percent.

Two factors are driving the bulk of the rate increase for 2011. The first is rising costs to purchase and deliver imported water to the San Diego region. The second is rising costs for operating, maintaining and financing the region's water system – major investments in infrastructure designed to improve the region's long-term water reliability.

“The costs to provide our region with a safe and reliable water supply are continuing to rise, but the Water Authority is working aggressively to mitigate these rising costs and protect

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the interests of our member agencies and their ratepayers,” said Claude A. “Bud” Lewis, chair of the Water Authority Board of Directors.

Earlier this year the Metropolitan Water District of Southern California, the Water Authority’s largest water supplier, approved rate increases for calendar years 2011 and 2012, including an 18.5 percent increase in its 2011 transportation rate – the rate the Water Authority pays MWD to transport its Colorado River water supplies to San Diego County. Overall, MWD’s adopted rates for 2011 result in an estimated 12.2 percent cost increase to the Water Authority. That equates to about \$49 per acre foot, accounting for nearly half of the Water Authority’s rate increase for 2011. (An acre-foot is 325,900 gallons, enough to meet the needs of two single-family homes of four people for a year.)

Earlier this month, the Water Authority filed a lawsuit challenging MWD’s 2011 and 2012 water rates. The Water Authority believes MWD improperly overcharges for transporting water through its facilities and uses those funds to subsidize water MWD sells to its member agencies. This violates California law and standard water utility practice. (More information on this challenge is at [www.sdcwa.org/mwdrates](http://www.sdcwa.org/mwdrates).)

The Water Authority’s rates also reflect the increasing debt service costs associated with financing of the Water Authority’s \$3.8 billion Capital Improvement Program. Over the last decade, the Water Authority has made historic investments in major new regional water infrastructure, including new and expanded dams, tunnels and pipelines, pumping stations and a new water treatment plant. Projects currently under construction include the San Vicente Dam Raise Project, the largest dam raise in the United States. That project will provide the region an additional 152,000 acre feet of local water storage capacity for use during emergencies and extended periods of water shortages.

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Steps the Water Authority has taken to mitigate rate increases for 2011 include making a projected draw of \$10.7 million from the Water Authority's rate stabilization fund to offset the impact of anticipated reduced water sales in 2011. This projected fund withdrawal is estimated to cover nearly 90 percent of lost revenue from reduced water sales next year. The Water Authority also is making a \$2.4 million mid-term cut to the Water Authority's 2010-2011 multi-year operating budget.

More than 92 percent of the Water Authority's two-year budget for 2010-2011 is dedicated to covering the costs of water purchases and treatment, capital improvements and prudent debt service schedules that keep financing costs for capital projects as low as possible. Other costs included in the Water Authority's wholesale rates include system operations, maintenance and repairs, as well as agency administration.

The Water Authority has bond ratings of AA+ from both Fitch and Standard and Poor's and Aa2 from Moody's. These credit ratings help lower the cost of borrowing for the Water Authority. Earlier this year, the Water Authority's excellence in budgeting practices was recognized with several awards, including the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada and the Excellence in Budgeting Award from the California Society of Municipal Finance Officers.

The Water Authority's wholesale acre-foot cost is based on water sales estimates to its member agencies. It includes fixed customer service and storage charges and variable supply and transportation charges. Each local member agency has its own policy and structure for determining rates and charges paid by retail customers in its service area.

To read the information and view the presentation submitted to the Board of Directors on the Water Authority's 2011 rates, visit [www.sdcwa.org](http://www.sdcwa.org).

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*The San Diego County Water Authority is a public agency serving the San Diego region as a wholesale supplier of water from the Colorado River and Northern California. The Water Authority works through its 24 member agencies to provide a safe, reliable water supply to support the region's \$174 billion economy and the quality of life of 3.2 million residents.*