



Walnut Valley Water District

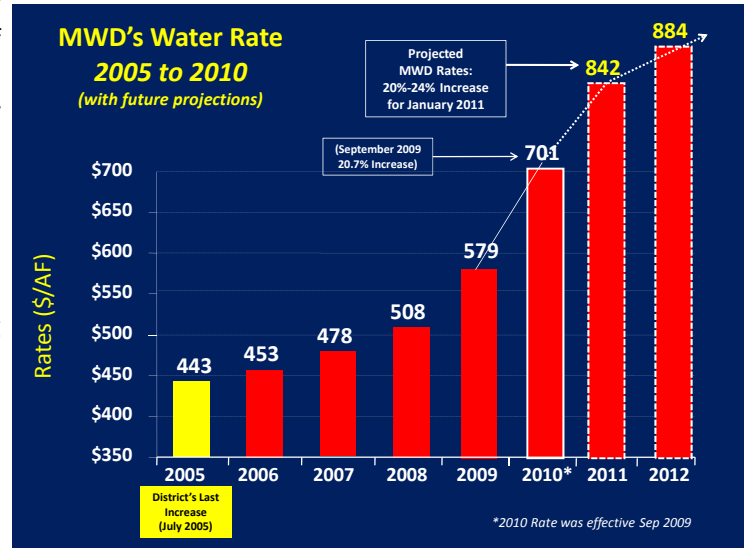
Background: Proposed Water Rates

Hearing Date and Time: Thursday, February 18, 2010 at 6:00 p.m. The hearing location is: South Coast Air Quality Management District (in the main auditorium), 21865 Copley Drive, Diamond Bar, CA 91765

Proposed Water Rate Increase: An analysis of the Walnut Valley Water District's (District) expenses and revenues indicates an increase is needed by March 1, 2010 to offset significant wholesale water cost increases. Approximately 98% of the increase is due to higher costs from our wholesale suppliers, Metropolitan Water District of Southern California (MWD) and Three Valleys Municipal Water District (TVMWD). The remaining 2% is due to other cost increases.

WVWD has not raised your rates since July 2005. Since then (2005-2010), we have absorbed a 58% increase in wholesale water costs. For the current fiscal year (2009-10) we are projecting a nearly \$5 million deficit that is currently being offset by our rate stabilization fund.

Proposed Rate Structure Changes: The District's proposed new rate structure would help maintain the wholesale water costs, high level of customer service, ongoing infrastructure improvements, water supply reliability, and a balanced budget. Components of the proposed rate structure include the following:



- **Multi-year Rate Setting Strategy:** A detailed rate study included a five-year look ahead at operating, capital improvement, and replacement programs in order to properly estimate revenue requirements to meet projected expenses. Rates for the years 2011 to 2014 will be subject to increase based upon the District's operational costs and increases in the wholesale water costs the District incurs from MWD and TVMWD, in addition to Southern California Edison electrical rate increases for power used to pump and transmit the District's water supply, and increases in the Consumer Price Index (CPI-U) for Los Angeles-Riverside-Orange County (calculated on a September 1 to August 31 annual basis).
- **Impact of Proposed MWD Rate Increases:** Potential increases would be evaluated annually, and if necessary, implemented over a five-year period beginning with bills mailed out after March 1, 2010.
- **Base (or Meter) Charge:** This is a standard charge that is based on the size of your meter. This charge is proposed to cover costs associated with billing, collection service calls, meter reading, and maintenance. Costs are allocated based on meter size and capacity.
- **Tiered-Water System Proposed for Single-family Homes:** The District currently uses a flat (i.e., single) rate for all water use, and this is proposed to continue for industrial, commercial, irrigation, government, and multi-family customers. In order to encourage conservation, the District proposes to move to a three-tiered water rate structure for all single-family residential customers. The term "tiered" refers to a "block-type" rate structure where the unit price of water changes with each of several preset consumption blocks for each billing period. As your usage increases, the unit price or rate for the block increases as shown inside.
- **Pumping Zone Surcharge Proposed:** A pumping zone surcharge is being proposed based on the energy costs of providing water. This proposed charge is "revenue neutral" to the District and funds collected will cover additional costs of infrastructure and power to pump water to higher elevations. Fifty-one percent of our customers will not be impacted by this charge. The billing differs by each of two zones, with people living at higher elevations paying higher costs per unit of water. A detailed map is available on the District's website at www.wvwd.com.

For more information about the proposed increase visit our website at www.wvwd.com or call (909) 348-8219, Monday through Friday, 8:00 a.m. to 4:00 p.m.

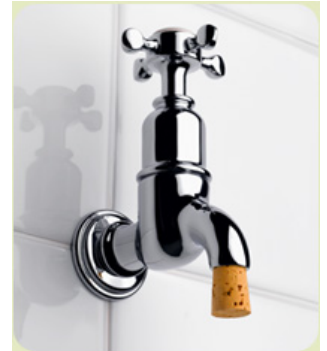
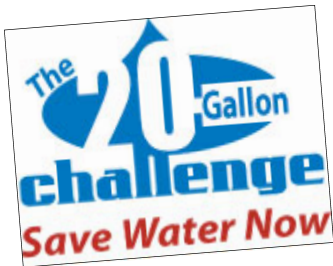
How Can I Find Out More About the Proposed Increase?

Information on how the proposed rates may affect your bill is listed on the accompanying pages. Additional information and background materials may be found on our website: www.wvwd.com. You may also call at (909) 348-8219, Monday to Friday, 8:00 a.m. to 4:00 p.m., to speak to a District representative, or email questions to waterbill@wvwd.com.



The 20-Gallon challenge is a call to reduce water use by 20 gallons per day for each person living in their home—this will assist with meeting our needed 10% reduction from MWD.

Below are some helpful tips to achieve this goal.



Water Saving Tips

<p>Water your yard before 8 a.m. or after 5 p.m. <i>Save up to 20 gallons</i></p>	<p>Turn your sprinklers off before, during, and after it rains</p>
<p>Cut your sprinkler run time by 1 to 3 minutes <i>Save up to 5-20 gallons per minute</i></p>	<p>Eliminate 1 irrigation cycle per week <i>Save up to 100 gallons per cycle</i></p>
<p>Use a broom to clean driveways and sidewalks <i>Save up to 20 gallons</i></p>	<p>Don't let the water run while brushing your teeth <i>Save up to 5 gallons</i></p>
<p>Adjust your sprinklers to prevent overspray <i>Save 15—25 gallons per day</i></p>	<p>Take a five-minute shower <i>Save up to 10 gallons</i></p>
<p>Install pool cover to reduce evaporation <i>Save up to 30 gallons per day</i></p>	<p>Fix leaky faucets and toilets <i>Save from 20 to 30 gallons</i></p>



For more conservation tips go to:
www.wvwd.com or bewaterwise.com

Current, Proposed, and Projected Water Rates

Please note: These projected future rates are based on the District's projected operating expenses and on estimates of future MWD and TVMWD rate increases. These rates are subject to revision (increase or decrease) based upon the actual rate increases implemented by those suppliers and Southern California Edison, as well as upon the actual inflation conditions that exist, as measured by CPI-U for Los Angeles-Riverside-Orange County (calculated on a September 1 to August 31 annual basis).

Monthly Meter Charges	Current	Current	Proposed	Projected Residential/Commercial/Industrial/Recycled			
Meter Size	Residential	Comm/ Industrial/ Recycled	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
5/8" or 3/4"	11.01	13.43	16.03	16.44	17.17	17.30	17.75
1"	17.82	21.63	20.21	20.71	21.65	21.77	22.33
1 1/2"	33.64	40.25	42.74	43.74	45.71	45.84	46.94
2"	53.59	64.05	65.25	66.74	69.75	69.87	71.52
3"	100.94	118.71	118.67	121.34	126.82	126.95	129.90
4"	164.19	194.97	194.78	199.13	208.14	208.26	213.07
6"	318.25	384.76	380.43	388.82	406.30	406.43	415.71
8"	503.10	613.20	603.79	617.04	644.74	644.85	659.52

Potable Commodity Rate	Proposed	Projected				
	Current	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Single Family Residential						
Tier I (0-12 Units)	1.75	1.75	2.02	2.28	2.38	2.49
Tier II (13-39)	1.75	2.19	2.53	2.85	2.98	3.11
Tier III (40+)	1.75	3.50	4.04	4.56	4.76	4.98
Multi-Family Residential						
Commercial/Industrial	1.75	2.06	2.38	2.69	2.81	2.94
	1.75	2.10	2.43	2.74	2.86	3.00

Recycled Commodity Rate	Proposed	Projected				
	Current	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Recycled - All Users	1.49	1.49	1.49	1.49	1.49	1.49

Note: There is no change proposed for the recycled commodity rate.

Pump Zone Surcharges*	Proposed	Projected				
	Current	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Zone 1 (Gravity System)	-	-	-	-	-	-
Zone 2	-	0.18	0.19	0.20	0.21	0.22
Zone 3	-	0.33	0.35	0.37	0.39	0.41

* Note: Pump Zone Surcharges applies to potable water users only.

Current, Proposed, and Projected Water Rates (continued)

Size of Connection	Private Fire Protection		Proposed	Projected			
	Current Residential	Current Comm./Ind./Recyl.	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
1"	11.01	13.43	16.04	16.61	17.20	17.81	18.43
1 1/2"	11.01	13.43	16.43	17.01	17.61	18.23	18.88
2"	11.01	13.43	16.81	17.40	18.02	18.65	19.31
4"	11.01	13.43	19.43	20.11	20.82	21.26	22.32
6"	11.01	13.43	22.13	22.91	23.72	24.56	25.43
8"	17.82	21.63	25.51	26.41	27.34	28.31	29.31
10"	33.64	40.25	28.89	29.91	30.97	32.06	33.19

Private Fire Hydrant Maintenance							
Monthly Charge Per Hydrant	22.00	22.00	22.13	22.91	23.72	24.56	25.43

Impact of Proposed and Projected Water Rates on Average Residential Customer

The figures below are examples of the application of the projected rates and charges, as set forth on the prior page, based upon typical residential consumption of 24 units (or approximately 748 gallons per unit) during a one month billing period.

Year	Meter Size	Meter Charge	Consumption Charge (24 Units)	Pump Zone Surcharge (24 Units)	Total	Increase	% Increase
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Current 5/8" or 3/4" \$ 11.01 \$ 42.00 \$ - \$ 53.01

FY 09-10—Proposed

Pump Zone 1	5/8" or 3/4"	\$ 16.03	\$ 47.28	\$ -	\$ 63.31	\$ 10.30	19.4%
Pump Zone 2	5/8" or 3/4"	\$ 16.03	\$ 47.28	\$ 4.32	\$ 67.63	\$ 14.62	27.6%
Pump Zone 3	5/8" or 3/4"	\$ 16.03	\$ 47.28	\$ 7.92	\$ 71.23	\$ 18.22	34.4%

FY 10-11—Projected

Pump Zone 1	5/8" or 3/4"	\$ 16.44	\$ 54.60	\$ -	\$ 71.04	\$ 7.73	12.2%
Pump Zone 2	5/8" or 3/4"	\$ 16.44	\$ 54.60	\$ 4.56	\$ 75.60	\$ 7.97	11.8%
Pump Zone 3	5/8" or 3/4"	\$ 16.44	\$ 54.60	\$ 8.40	\$ 79.44	\$ 8.21	11.5%

FY 11-12—Projected

Pump Zone 1	5/8" or 3/4"	\$ 17.17	\$ 61.56	\$ -	\$ 78.73	\$ 7.69	10.8%
Pump Zone 2	5/8" or 3/4"	\$ 17.17	\$ 61.56	\$ 4.80	\$ 83.53	\$ 7.93	10.5%
Pump Zone 3	5/8" or 3/4"	\$ 17.17	\$ 61.56	\$ 8.88	\$ 87.61	\$ 8.17	10.3%

FY 12-13—Projected

Pump Zone 1	5/8" or 3/4"	\$ 17.30	\$ 64.32	\$ -	\$ 81.62	\$ 2.89	3.7%
Pump Zone 2	5/8" or 3/4"	\$ 17.30	\$ 64.32	\$ 5.04	\$ 86.66	\$ 3.13	3.7%
Pump Zone 3	5/8" or 3/4"	\$ 17.30	\$ 64.32	\$ 9.36	\$ 90.98	\$ 3.37	3.8%

FY 13-14—Projected

Pump Zone 1	5/8" or 3/4"	\$ 17.75	\$ 67.20	\$ -	\$ 84.95	\$ 3.33	4.1%
Pump Zone 2	5/8" or 3/4"	\$ 17.75	\$ 67.20	\$ 5.28	\$ 90.23	\$ 3.57	4.1%
Pump Zone 3	5/8" or 3/4"	\$ 17.75	\$ 67.20	\$ 9.84	\$ 94.79	\$ 3.81	4.2%