

Frequently Asked Questions (FAQ's) regarding the proposed rate structure

Background Information

The Walnut Valley Water District (District) provides water service to more than 26,000 residential and business connections, serving a population of nearly 100,000 customers in all of the city of Diamond Bar, portions of the cities of Industry, Pomona, Walnut, and West Covina, and the easterly section of the unincorporated area of Rowland Heights.

Our local water supply is 100% dependent on water imported by the Metropolitan Water District of Southern California (MWD) and Three Valleys Municipal Water District (TVMWD) from the Colorado River and northern California. From these distant sources there are two major conveyance systems that bring water to District customers, the 242-mile long Colorado River Aqueduct and the State Water Project's (SWP) 444-mile long California Aqueduct. The Colorado River Aqueduct begins its journey at Lake Havasu on the California-Arizona border and ends at Lake Mathews near Riverside. Water from Northern California originates in the Sacramento-San Joaquin Delta and is transported to Silverwood Lake in Hesperia.



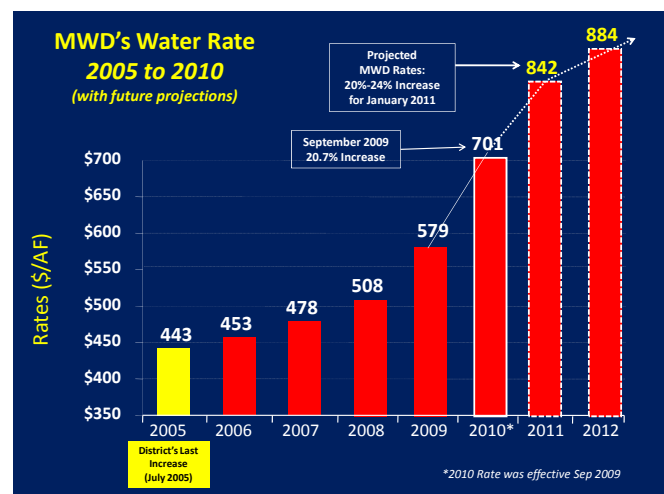
Frequently Asked Questions

Q: *Why is there a need for a new rate structure?*

A: Rate increases at MWD have a dramatic impact on the District's rates as we are 100% dependent on MWD's imported water. Since January of this year, MWD has raised their rates 37%! Since our last rate increase in July 2005, we have absorbed a 58% cumulative wholesale water rate increase. Further, MWD is projecting an additional increase of more than 20% effective January 2011:

Q: *Why has MWD raised rates?*

A: According to MWD, purchased water costs have significantly increased due to dry conditions throughout California and a court imposed cutback in State Water Project (SWP) deliveries from the Sacramento-San Joaquin Delta. The reduced supplies have resulted in MWD having "lost" a substantial portion of its SWP water delivery allocation. In turn, those reduced supplies necessitate MWD having to acquire additional costly water transfers in 2009-10 and beyond. The



reduced supplies have not only resulted in higher costs from MWD for the imported water the District must purchase, but also have reduced the District's available water supply by more than 10% starting July 1, 2009.

Q: *When was the last time the District raised rates?*

A: The District has not raised rates since July 2005. Since the last rate increase (2005-2010), the District has absorbed a 58% increase in MWD/TVMWD wholesale water costs.

Q: *What has the District done to control costs?*

A: To mitigate impacts on our customers, the District has reduced the number of full-time employees by 8% and has held departmental operating budgets "flat" when compared to the previous year's budget. Our current year estimated reductions total \$750,000.

Q: *What factors did the proposed rate structure incorporate?*

A: The proposed rate structure was designed to provide sufficient revenues to meet the operational costs of the District and to provide funding for the Capital Improvement and Asset Replacement programs.

Q: *What are the primary changes to the rate structure that has been proposed?*

A: In order to encourage conservation and to properly estimate revenue requirements to meet projected expenses, 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. This rate would apply to approximately 90% of our customers.

A pumping zone surcharge is also proposed and will be based on the energy and maintenance costs for pumping water to higher elevations. The District's pressure zones have been combined into three separate pumping zones. Pump Zone 1 comprises the portion of the system that is fed entirely by gravity and has no associated surcharge (approximately 51% of the District's metered services are located in Pump Zone 1). Pump Zones 2 and 3 will be charge based on the costs of delivering water to higher elevations in the District.

A map showing the boundaries of the three pumping zones is available on the District's website: www.wvwd.com

Q: How can I identify what size meter I have?

A: The size of the meter for an account is under the Service Type section on your water bill.

 WALNUT VALLEY WATER DISTRICT 271 SOUTH BREA CANYON ROAD WALNUT, CALIFORNIA 91789 (909) 595-7554 • (626) 964-6551 www.wvwd.com		PLEASE PAY AMOUNT DUE \$82.76									
Prepared on 10/30/09 IMPORTANT MESSAGE CONSERVATION IS ALWAYS A GOOD IDEA											
ACCOUNT INFORMATION Statement Number 102124 Account Number 599999-199999 Service Address 2006 Waterway Dr Customer Name Water Customer Cycle-Class W4-RES		PREVIOUS ACTIVITY Last Bill Amount \$68.76 Payments Received -\$68.76 Adjustments \$0.00 Late Charge \$0.00 Balance Forward \$0.00									
SERVICE TYPE Residential 5/8"	SERVICE PERIOD 09/22/09 - 10/27/09	METER NUMBER 19726401	<table border="1"> <thead> <tr> <th>CURRENT READ</th> <th>PREVIOUS READ</th> <th>WATER USED</th> <th>WATER COST</th> </tr> </thead> <tbody> <tr> <td>280</td> <td>239</td> <td>41</td> <td>71.75</td> </tr> </tbody> </table>	CURRENT READ	PREVIOUS READ	WATER USED	WATER COST	280	239	41	71.75
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Q: Is there a public hearing regarding the proposed rate structure?

A: Yes. A public hearing to consider the proposed rate increases will be held on Thursday, February 18, 2010, 6:00 p.m., at the **South Coast Air Quality Management District (in the main auditorium) 21865 Copley Drive, Diamond Bar, CA, 91765.**

Q: When will I get my first bill with the new rate structure and base charges?

A: Upon final approval, the first water bills issued to our customers with the new proposed rate structure will be after March 1, 2010.

Q: How do I protest the rate increases?

A: You may file a written and signed protest against the proposed increases with the Board Secretary at or before the close of the public hearing. A protest must contain a description of the property owned sufficient to identify the property. If you own more than one parcel, you may file a single protest, but it must identify each parcel you own. If the name on the written protest is not shown on the last equalized assessment roll of the county as the owner of the property, the signer of the protest must submit written evidence of entitlement to protest. At the hearing, the Board of Directors will consider all protests. Written protests may be mailed to:

Walnut Valley Water District
 Attn: Board Secretary
 271 S. Brea Canyon Road
 Walnut, California 91789

Written protests may also be delivered in person to the Walnut Valley Water District, Board Secretary, 271 S. Brea Canyon Road, Walnut, or at the public hearing.

Q: How can I find out more about the proposed rate structure?

A: Information on how the proposed rates may affect your bill has been mailed to all of the District's customers. You may also call (909) 348-8219, Monday to Friday, 8:00 a.m. to 4:00 p.m., to talk with District staff, or email questions to waterbill@wvwd.com.