

# Frequently Asked Questions about the Proposed Water Rate Changes for 2014 and 2015

## **When will water rates go up and by how much?**

The City of San Diego is proposing to increase its revenue from water rates by 7.25% on January 1, 2014, and 7.5% on January 1, 2015. How much each customer's bill will go change is based on customer class, meter size and the amount of water used. Some low-water users may see their bill go down. More information is available in the Notice of Public Hearing mailed to all customers and posted on <http://www.sandiego.gov/water/rates/increases/index.shtml>

## **When was the last time water rates were increased?**

The most recent rate increase was passed in March, 2011. Although the City's wholesale water supplier, the San Diego County Water Authority, has increased the cost of water it sells to the City every year, the Public Utilities Department absorbed the last two rate increases rather than pass these increases along to its customers.

## **What about sewer rates – are they being increased as well?**

No. Sewer rates are not being increased during the next two years.

## **Where does my money go?**

The largest portion of the revenue that the Public Utilities Department receives for water goes to purchase water. The next largest portions are debt for previously constructed system upgrades, supplies and energy needed to treat and distribute water to customers and current capital improvement projects.

## **Why can't you just absorb the increased cost of purchasing water? Everything is going up and I can't afford to pay more.**

The City did absorb the water rate increases imposed by their wholesale supplier, San Diego County Water Authority, during the past two years. Unfortunately, the City is unable to continue this practice and maintain the revenue needed to treat and deliver water to customers, as well as maintain necessary debt service coverage. Since the city is proposing to decrease the meter charges this year, many customers may see a lower water bill in 2014.

## **To help lower your water bill, the City encourages customers to conserve water. You may find numerous ways to conserve water at home and in your office at:**

<http://www.sandiego.gov/water/conservation/index.shtml>. Be sure to also check your home for any possible leaks, which often lead to higher than normal water bills

## **What happens if a water rate increase is not implemented?**

The City will not be able to maintain an adequate debt service coverage, which could, in turn, result in the City having to pay higher interest rates on money it borrows to maintain, repair and renovate the treatment facilities, pipes and pump stations required to deliver water to its customers.

## **How do you know that the Water Authority will continue to increase rates for the water the City buys?**

Just like the City purchases its water from the Water Authority, the Water Authority purchases its water from the Metropolitan Water District of Southern California. Rates have been increasing each year at both of the City's water providers and have doubled since 2008.

**Can't we just use more local water and not have to pay the Water Authority so much?**

Our customers have done such a good job of conserving water but the fact remains that approximately 90 percent of the water we use each year is imported. The cost of imported water has doubled since 2008. The City is continuing to diversify its water supply and is acting to increase local water supplies to reduce our dependency on imported water.

**I try really hard to conserve water, but you continue to raise rates anyway. Why is that?**

Thank you for all you do to conserve water. But the main driver for water rate increases in 2014 and 2015 is the cost of imported water. Another way the City is recognizing those customers who use water efficiently is by changing from a three-tier water rate structure to a four-tier structure. The new proposed rate tables are included in the Notice of Public Hearing mailed to all customers and posted on <http://www.sandiego.gov/water/rates/increases/index.shtml>

**What is the City doing to keep water rates as low as possible?**

The City has done a lot to make its operations much more efficient and minimize the need to pass down the increased cost of imported water to its customers. For example, the number of full-time employees in the Public Utilities Department has been significantly reduced without affecting service quality. Outstanding debt has also been reduced and the City will continue to seek lower interest rate loans. Projected savings from low interest loans is \$148 million over the 20-30 year life of those loans.

**How many more water rate increases are anticipated?**

At this point the water rate increases are proposed for calendar year 2014 and 2015. The City will conduct a five-year cost of service study next year to determine what types of rate increases might be necessary for future years.

**What sort of capital improvement projects are planned? Will this mean my bill will go up even more?**

For the next two years, the City intends to pay for capital construction projects on a "pay as you go" basis using available cash and reserves. Paying for pipeline repairs and other smaller projects with budgeted revenue will allow the water treatment and distribution system to be maintained. There are no large capital projects expected through calendar year 2015.

**How can I tell what size meter I have at my home/office?** Your meter size is noted on your bill. Almost all single-family residential customers have a 5/8" or 3/4" meter.

**How can I conserve water to lower my water bill?** We have lots of great ideas and programs available at <http://www.sandiego.gov/water/conservation/index.shtml>