



Western’s Responses to Public Hearing Questions

Prepared December 11, 2017

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Why are Western's water rates so much higher than Riverside Public Utilities' (RPU) or Eastern Municipal Water District's (Eastern)?

Due to the geology of Western's service area, Western has limited options for producing groundwater (water that is pumped from the ground, treated, and placed into distribution pipelines). As a result, Western must purchase most of the water delivered to its customers. Purchasing water that is transported hundreds of miles from northern California or purchased from neighboring water agencies is substantially more expensive than locally-produced groundwater. Consequently, Western will have higher rates than other local agencies that have significant groundwater resources, like RPU and Eastern.

What is Western doing to manage costs?

Western is doing its part to keep costs to our customers as low as possible. We are currently undertaking several local water projects to reduce our dependence on more costly imported water. In addition, we work to secure Federal and State grants for water supply projects to lower our costs, and look for ways to extend the life of our infrastructure (pipelines, tanks, etc.). We have also refinanced outstanding debt to lower interest costs, left staff positions unfilled, and reduced employee retirement costs by reducing retirement benefits and shifted certain costs to our employees.

What does the *Fixed System Charge* on my water bill pay for?

Reliable water delivery to our customers' homes and businesses requires continual investment in maintaining and repairing the entire water distribution system, including pipelines, pump stations, storage tanks and meters, as well as performing routine tasks, such as water quality testing, meter reading, preventive maintenance and governance. These costs are paid for by the Fixed System Charge and do not vary based on your water use.

Why are there so many charges on my water bill?

Western wants customers to know where their money goes, and we strive to be as open and informative as possible on our water bill. Like Western, other utilities have multiple costs that need to be recovered through rates. But other utilities may choose to combine these costs on just a few lines on the bill in order to keep it *simple* rather than providing more detail, like Western does. Details of the various charges appearing on our bill can be found on page 5 of the "Riverside Potable Service Area Rate Notice" available at wmwd.com/waterrates

Why does my billing period vary most months, and how does that affect my water budget?

Your meter is read once each month, generally within the same week. Due to the varying number of days in each month, plus the particular day the meter is read during its assigned week, the number of billing days can fluctuate. Though effort is made to have bills reflect 30–31 days of service, this number can vary +/- 4 days.

Both the indoor and outdoor water budgets are calculated based on the actual number of days in the billing period. Therefore, customers are not penalized by the fluctuating length of their billing period. In other words, if the billing period is 33 days, then the customer's indoor budget (Tier 1) is based on 33 days. Likewise, the customer's outdoor budget (Tier 2) is based on 33 days.

Wasn't there a court ruling stating that tiered water rates are illegal?

Various courts in the State of California have concluded that tiered rates are legal under Proposition 218. This was recently affirmed by the Court of Appeal, Fourth District, Division 3 in the case of *Capistrano Taxpayers Association v. City of San Juan Capistrano*.

Didn't the court rule that Metropolitan Water District's rates are illegal?

In *San Diego County Water Authority (SDCWA) v. Metropolitan Water District of Southern California (MWD)*, the appellate court concluded that MWD failed to justify including a Water Stewardship Charge as a transportation cost recovered through its wheeling charge ("wheeling" means to convey or transport water). This ruling affected only one component of their wheeling charge, not their wholesale water service charges, therefore, not impacting our rates.

What does Western do to make sure its employees' salaries are in line with other government agencies?

Western routinely conducts or participates in salary surveys among water agencies in southern California and compares very closely to other agencies. Like both private and public companies, Western must compete to attract and maintain qualified staff to plan, build, and maintain a complicated water system.

What is Western doing to control staff retirement costs?

All employees are now paying toward their own retirement. Within the next four years, every Western employee will pay 100 percent of what's called the "employee share," and this cost will no longer be passed along to customers.

Why are many District vehicles fairly new?

Western's territory is one of the largest in the region and Operations staff are required to drive many miles each day to perform their jobs. The accumulating mileage results in increased maintenance costs. At a certain point it makes financial sense to replace a vehicle due to high mileage even if it still looks relatively new. To further reduce maintenance costs, we are moving to a vehicle lease program. Leasing provides a competitive cost per mile to operate compared to ownership, and requires no upfront capital cost to the District. Nearly 30 percent of our light-duty fleet is now leased, and more will be leased as older vehicles need to be replaced.

My sewer charge is sometimes higher than my water charges. Why is this?

The cost of collecting, treating, and disposing of sewage (wastewater) is completely separate from the cost of delivering safe drinking water. Rates for sewer service are determined based on the cost of providing that service. Unlike water service, which has a higher demand in the summer than in the winter resulting in fluctuating bills, the amount of wastewater sent to the treatment plant does not vary much month to month. Therefore, like most agencies, Western charges a fixed dollar amount each month for sewer service to recover chemical, energy, disposal, maintenance, and capital costs.

Do any of the Board of Directors pay Western's water rates?

Western was formed in 1954 to be the region's wholesale water supplier. Western's service area stretches from the city of Riverside, Jurupa Valley, and Rubidoux in the north, to Temecula in the south—over 527 square miles. This area is referred to as Western's "general service area." Imported water from MWD is sold by Western to eight other water agencies located throughout the general service area. In the early 1960s, Western was asked by property owners in the area to serve water directly to them since Riverside Public Utilities declined to provide water service. The geographic area where these residential and commercial customers are located is referred to as Western's "retail service area." The retail service area size is about a fifth of Western's general service area.

Western is governed by a five-member Board of Directors elected by the registered voters in five geographic divisions (Divisions 1–5) that make up the general service area. These five divisions are apportioned by population, and the Board member must reside in the division from which he or she is elected. At this time, only one Board member, Brenda Dennstedt (Division 3), resides both within her division boundary and one of Western's retail service areas, and therefore, is a rate payer. There is no requirement for a Board member to live within the retail service area.

A map of Western's general service area with the Division boundaries is available online at ca-wmwd2.civicplus.com/DocumentCenter/Home/View/368

Is ocean desalination an option rather than importing water from northern California?

It's not an option at this time. Production costs for desalinated ocean water are more than twice Western's most expensive water; plus, there's the cost to build and operate the pipes and pumps needed to transport the water inland. Use of ocean desalination would result in significantly higher rates. Instead, we are focusing on local groundwater desalination, recycled water and groundwater storage projects to supply us with reliable local sources of water.

Are there programs available to assist low-income customers?

Western offers bill payment assistance to qualified low-income residential water customers. Additional details can be found at www.wmwd.com/394/Bill-Payment-Assistance

Now that the drought is over, why are water rates not going down with all the extra water that is available?

The cost of providing water service does not change with an abundance of water. The water treatment and distribution infrastructure has considerable fixed costs associated with them, such as pipeline, pump station and storage tank maintenance, water quality testing and monitoring, and preventive maintenance. The fixed costs to maintain and administer the system are not reduced during the wetter winter months when customers use less water, nor do they increase during the drier summer months when demand for water is higher. Similarly, the rate for imported water charged by the Metropolitan Water District of Southern California and neighboring water agencies did not go up because of the drought nor have they gone down because of the abundant rain water since they, too, have considerable fixed costs.

With limited local and State water supplies available, why is Western allowing new water connections?

Western is not a land use agency and cannot directly control growth in our service area. The law requires that when our agency has the water supply resources and the requesting entity meets the conditions required, water will be supplied to the new customer. Western estimates a two to three percent customer growth annually, or roughly 500 new water meters. Our agency also plans for a 20 percent "buffer" of water to consistently and reliably meet new demand. Western is continually seeking sources of additional water supplies that new customers would pay to acquire.