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# Got questions about water rates? Logical answers await

There's a natural series of reactions people have when they are told they will soon be asked to pay more for something.

Their first reaction — understandably, especially in this economy — is to object. Why should I pay more than I've been paying all along?

After that initial reaction, it's only natural to become a little more analytical about it: What factors are causing this increase? Is it reasonable? How much will it really cost me?

After seeking and absorbing the answers to these questions, the customer then comes to some sort of conclusion about the increase and forms an opinion on whether it's reasonable and warranted.

If you are a Santa Clarita Water Division customer, you may be going through these reactions now, as you have received — or will soon receive — a notice by mail informing you of a public hearing scheduled at 6:15 p.m. Sept. 9 at the Castaic Lake Water Agency headquarters, 27234 Bouquet Canyon Road, adjacent to Central Park.

During the hearing, the agency's Board of Directors will hear public input and consider a new proposed rate structure for Santa Clarita Water Division's retail customers.

We're not beating around the bush. It's an increase. However, we are confident that once customers have reviewed the current proposed change in retail rates, they will find the changes are well-reasoned, warranted, conservation-minded and will still make the water delivered to their homes and businesses one of the best bargains in town.

Several factors are important to



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bear in mind. The increase is the result of current and projected increases in actual operating expenses due to inflation and other factors.

The dollar amounts of the increases are modest. The new rates would still keep Santa Clarita Water's rates quite competitive compared to other water retailers in the region and state.

And perhaps most importantly, the new rate structure is designed to reward those who conserve water and place the greatest share of the financial burden on those who use the most water.

It's a fact of life that costs tend to increase over time, and the cost of delivering water to your home or business is no different.

Factors affecting Santa Clarita Water's expenses include energy, operations and capital improvement costs that are necessary to continue improving delivery systems, to maintain reliability and ensure equipment and technology stay current.

(The costs to expand the system for new development are paid by developers and are not included in the water rates.)

Additionally, Santa Clarita Water must address increasing wholesale costs of water. You are probably becoming more aware of the challenges facing water agen-

cies throughout California due to the ongoing drought, as well as court rulings limiting the export of water from the Sacramento-San Joaquin Delta to protect certain fish species there.

These factors have increased costs for water agencies statewide, and the Castaic Lake Water Agency is no exception.

Castaic Lake Water is the Santa Clarita Valley's wholesaler of imported water — which comprises about half our local supply — and is considering a wholesale-rate increase.

This is being done to help the agency continue dealing with the increasing costs of acquiring, treating and delivering quality water to the valley's four retailers, who sell water directly to residential and business customers.

Castaic Lake Water, which owns the Santa Clarita Water Division, operates the retailer at "arm's length" with an independent, business-like approach in which Santa Clarita Water's operating expenses are paid by its sales revenue.

Like any retailer, Santa Clarita Water, which has a service area of approximately 32 square miles and 28,220 service connections, must bear its wholesale costs in mind when determining retail prices.

If Castaic Lake Water's costs go up, those costs unavoidably get passed along not only to Santa Clarita Water, but also to the other three local retailers.

Particularly in such a difficult financial environment, it's worth pointing out that Santa Clarita Water has a record of keeping rates as affordable as possible, and even passing on new savings to

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customers when it can.

One recent example of this: Santa Clarita Water recently qualified for almost \$111,000 in rebates from Southern California Edison as a result of its efforts to improve energy efficiency.

As a result, Santa Clarita Water passed those savings through to customers by reducing customers' energy charge effective April 1 and continuing at least through the end of this year.

So, the water division not only passes along increases in its costs, as it must, but also, when possible, its savings.

Santa Clarita Water is determining how to deal with increased expenses. Yet the rate increases un-

der consideration are still modest ones for the typical customer.

For example, a typical household using 1,800-cubic-feet (18 Ccf) per month would see an increase from a monthly cost of \$39.92 in 2009 to \$42.31 in 2010, with similar increases for 2011 and 2012. The average user's bill of 29 Ccf would go from \$54 to \$58 per month in 2010.

The increases are even more modest for those who use little water and/or conserve aggressively. A household using a minimal amount of water, 9 Ccf per month or less, would have an increase from \$28.57 in 2009 to \$29.99 in 2010 — less than \$1.50 per month.

The highest "tier" in the new rate structure is designed specifically to promote conservation by charging a higher rate for higher water use. Conservation is an ongoing goal of the Santa Clarita

Valley family of water suppliers, a group consisting of Castaic Lake, Santa Clarita Water and the other three local retailers.

A "high use" Santa Clarita Water monthly bill for 100 Ccf would increase from \$143 to \$185 a month.

The message: We are promoting an ongoing ethic of smart water use in dry and wet years alike. Water is a precious resource that should be prudently managed, not just by water suppliers but also by their customers.

Last but not least, it's worth noting that, even at the increased rates, Santa Clarita Water's customers would continue to pay rates that are quite competitive with those of other water suppliers throughout the state.

According to the 2006 California Water Rate Survey by Black & Veatch, an independent engi-

neering firm, the average monthly charge in California was \$36.39 for a customer using 15 Ccf per month. The average rate for that amount of water in Los Angeles County was \$37.38, and the average throughout Southern California was \$35.45.

By comparison, Santa Clarita Water's current rate for 15 Ccf is \$36.14 — less than the average rate for all of Los Angeles County four years ago.

Even under the proposed rate increase, Santa Clarita Water's 2010 rate for 15 Ccf would be just under \$38, which is about the same as the average rate for all of Los Angeles County four years ago.

The 2006 survey is the most recent edition (another is expected later this year). However, water suppliers throughout California are dealing with the same eco-

nomical forces that affect us here in the Santa Clarita Valley, so their rates are likely to have also gone up from 2006.

That's one thing water suppliers throughout California have in common: The cost of doing business is increasing. Here in the Santa Clarita Valley, we are diligently working to cope with those costs while always keeping our customers' best interests in mind.

When it's all said and done, we hope you'll agree that even under the new proposed water rates Santa Clarita Water Division customers are getting a quality product at a reasonable price.

*Peter Kavounas is vice president of the Castaic Lake Water Agency Board of Directors and chairman of the Retail Operations Committee. His column reflects the agency's views and not necessarily those of The Signal.*