Form No. 3-A

Form for "ANNUAL BILL INSERT"

14698-1392 (04/02)

VALENCIA WATER COMPANY
WATER RATE INFORMATION

Dear Customer:

This sheet is provided to explain our water rates and to show how a sample water bill is calculated. This rate information will be provided to you annually, or whenever there is a change to our general rates. Please contact our office at (661) 294-0828 if you have additional questions after reading this sheet.

Your bill includes a monthly service charge, which is a readiness-to-serve charge. The monthly service charge is what you pay for the ability to turn on your tap and have water anytime you choose. The monthly service charge is fixed regardless of how much water you use, and is based on the size of your meter. Your bill also includes a consumption charge, which is based solely on the quantity of water that flows through your meter. You are billed the consumption charge based on each hundred cubic feet of water measured by your meter. (One hundred cubic feet of water = approximately 750 gallons.)

Reducing the amount of water you use will save you money by reducing your total consumption charge. However, the monthly service charge will not change with changes in your water use.

Your bill also includes a Public Utilities Commission ("PUC") surcharge, which is a fee paid by all customers to fund the cost of the PUC regulation of all private water utilities in California. The fee is 1.4% of your total water bill. We collect the fee from customers and then pass it on directly to the PUC.

Valencia Water Company's current rates are as follows:

Monthly Service Charge:

If your meter is this size:	You pay this much per month:
5/8 inch	$ 7.66
3/4 inch (most homes have this size)	$ 11.37
1 inch	$ 22.84
1-1/2 inch	$ 40.91
2 inch	$ 52.33

(If your meter is larger than 2 inches, you may call our office for the service charge.)

Consumption Charge:

The rate per hundred cubic feet (ccf) of water (750 gallons) is $.834, or about 1.1 cents for 10 gallons.

EXAMPLE

If you use 20 ccf (or about 15,000 gallons) of water this month and you have a 3/4 inch meter, how much is your bill?

Monthly Service Charge (3/4 inch meter)	$ 11.37
Consumption Charge (20 ccf X $.834)	$ 16.68
Subtotal	$ 28.05
1.4% PUC Surcharge	.39
Your total water bill	$ 28.44