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**FOR IMMEDIATE RELEASE**

## **Valencia Water Company to Hold Meeting on Rate Proposal**

VALENCIA, Calif. (Sept. 29, 2017) – Valencia Water Company (VWC) customers will receive notices regarding a November 14 Board of Directors meeting to consider adoption of new water rates. The meeting begins at 6 p.m. at the multi-purpose room of Valencia High School, 27801 Dickason Drive.

About every three years, VWC conducts a thorough analysis to project its financial requirements for operations and maintenance for the next three years. Customers who receive notices will see two key items. One change will begin Jan. 1, 2018, with the reconfiguration of the tiered rate structure to a uniform flat-rate system. Rates for the single-quantity charge will slightly increase over the next two years to cover VWC's costs to deliver high-quality water and to maintain a reliable system, but customers will see a decrease in the single-quantity charge in 2020. Rates will increase primarily because of operational expenses, which are projected to rise through normal inflation, and from increased labor costs due to additional water-quality testing requirements and other mandates placed upon the water company. The adjusted rates will also pay for key capital improvement projects planned to ensure system reliability.

The proposed increase to VWC's overall revenue requirement is 6.3% in 2018, but the impact to each customer depends on their water usage and the size of their meter. An average monthly residential customer bill for 17 ccf of water will increase by \$6.25 to \$54.69 in 2018. In 2019, the average monthly bill will decrease by \$4.00 to \$50.69, and by 2020, the monthly bill for the average customer would increase another \$3.21 to \$53.90. These changes account for the elimination of tiered rates in VWC's "commodity" charge for actual water used as well as an increase in its monthly "fixed" meter charge.

VWC also forecasts it will end the Revenue Adjustment Surcharge in 2019. The temporary surcharge was put into place in 2016 to recover nearly \$5 million in lost revenue related to a decline in water sales from the recent multi-year state drought.

Although tiered rates were implemented by VWC in early 2011 as an incentive to promote water conservation, VWC officials said moving to a single-quantity rate will not diminish water-use efficiency incentives. Customers will still receive monthly water bills that separate water use into

the various efficiency ratings, including super-efficient to wasteful. Customers will still save money by using water efficiently. The water company offers a range of helpful water-saving tips, an online “WaterSMART” workshop, as well as rebates for water-saving devices.

As it has done in prior rate reviews, VWC first examined where it could reduce expenses. Valencia Water has embarked on several efficiency programs to reduce operating costs. These have included the installation of “radio-read” water meters, which have helped reduce labor costs. Other cost-saving measures have included switching the timing of some operations to take advantage of better electric rates, greater use of mobile computers by field staff, and utilizing technology to avoid the need to hire more staff.

The new rate structure takes into account significant changes that will occur under new state legislation that forms a new retail water agency in the Santa Clarita Valley. The change will mean Valencia Water will become a public agency, and will no longer have access to private shareholder equity to fund capital improvement projects. Those funds will now have to come from rates or by taking on debt. While cost savings are expected under the newly formed agency, officials emphasized that these savings will work to lessen the magnitude of future rate increases.

VWC last reviewed its rates in 2015 after careful analysis of its expenses and revenue requirements. This latest rate proposal was based on a cost of service study, a process similar to requirements public agencies face under Prop. 218 and mirroring the steps VWC has taken in prior rate reviews.

A few other changes within VWC’s rate structure are planned, including adding a pass-through surcharge to recover incremental increases in purchased water and power costs not covered by rates. VWC also will establish reserve fund accounts for the first time to help it withstand expected fluctuations in water sales caused by future droughts or above average rainfall.

At the public meeting, the board will take oral and written testimony on the rate proposal. Information about the rate proposal is available for review and copying at VWC’s offices, 24631 Avenue Rockefeller, Valencia, CA 91355. Documents pertaining to the rate proposal also are available on VWC’s website, [www.valenciawater.com](http://www.valenciawater.com).

### **About Valencia Water Company**

Valencia Water Company serves approximately 98,300 people in the Santa Clarita Valley, including Valencia, Stevenson Ranch and portions of Newhall, Saugus and Castaic. Valencia supplies its customers with high-quality water supplied from local wells and from imported supplies. Valencia has served the Santa Clarita Valley since 1965. Valencia Water Company can be reached at: [ValenciaWater.com](http://ValenciaWater.com) or 661-294-0828.

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