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Images available upon request

Valencia Water Company's Tiered Rate System, Rate Request Approved by CPUC

*WaterSMART allocation system with price signals set to go into effect February 2011.
Program designed to encourage water-use efficiency and meet state mandate.*

VALENCIA, Calif. (Dec. 16, 2010) – The California Public Utilities Commission today approved Valencia Water Company's rate request to meet future operational needs, as well as the company's request for an allocation-based tiered rate structure to encourage water-use efficiency under its WaterSMART program.

The tiered rate system and modest rate increase are scheduled to go into effect in February, 2011. In conjunction with the new tiered pricing system, Valencia Water Company has now measured the landscaped areas of all residential customers (with individual water meters) to more accurately set individual water allocations.

“Allocation-based tiered rate systems are increasingly being used by water agencies throughout California to reward water efficiency and provide customers with economic price signals to discourage wasteful water use,” said Keith Abercrombie, Valencia Water Company's general manager. “Valencia Water Company has carefully reviewed this process and has listened to its customers to ensure it is the most fair and equitable system for all residential customers.”

The original application, filed with the CPUC in January 2010, had been amended to request a lower increase. Valencia Water Company has decided, in light of national economic issues still impacting its customers and the general population, it was appropriate and manageable to defer certain capital improvements. Additionally, Valencia Water Company was able to realize cost savings through recent refinancing of its debt. These actions served to reduce the rate increase to a minimum.

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The CPUC today approved a general water rate increase of 4 percent in 2011 and an increase of 1.8 percent to take affect in 2012. The rate increase is needed to account for general increases in the cost of treating and delivering quality water to customers. Even with the increase, Valencia Water Company’s rates remain among the lowest in the Santa Clarita Valley. Adoption of the tiered rate structure – even with the general rate increase – means many Valencia Water Company customers will see no annual increase in their water bills, provided they continue to be water efficient. In fact, some customers will see a decrease in their bills.

Valencia Water Company has worked extensively with CPUC staff and others to ensure the new rate structure is fair and equitable to all customers and that it would be effective at helping customers use water efficiently. Tiered rates are viewed as one important step to meet state legislation requiring all Californians to reduce water use 20 percent by 2020.

Valencia Water Company launched in early 2010 the WaterSMART program to give customers the opportunity to understand the new water allocation system before rates would be applied. The introductory period – unprecedented among California water agencies – permitted customers an opportunity to become more familiar with their water use and to identify any additional steps needed to use water in an efficient manner.

A customer’s individual allocation, how their actual use compares to their allocation, and other helpful details will be provided both on their bills and on their private online accounts on the Valencia Water Company website (www.valenciawater.com). A helpful chart easily shows customers whether they are using an efficient level of water in any given month. The chart is divided into five categories: Super Efficient, Efficient, Inefficient, Excessive and Wasteful.

Allocations vary by month depending on weather conditions. In warmer months, customers will generally receive larger allocations primarily to accommodate needs to maintain landscapes. The tiered pricing system approved by the CPUC and shown below will begin to appear on customer bills in February, 2011.

Efficiency Level	Water Use by Tiers	Quantity rate per 100 cubic ft.
Super Efficient	Tier 1: Indoor monthly water allocation	\$1.144
Efficient	Tier 2: Outdoor monthly water allocation	\$1.362
(Tiers 1+2 = 100% of total monthly allocation)		
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$1.703
Excessive	Tier 4: 151%-200% of monthly water allocation	\$2.214
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$2.878

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Based on random reviews of water use during the introductory period, many customers have reached the “Super Efficient” level. This tier is achievable for many without sacrificing lifestyle.

One important update since WaterSMART was introduced is that Valencia Water Company has now measured – through aerial imaging – all landscaped areas of individual residential lots. The earlier method “assigned” landscape measurements based on averages within specific neighborhoods. Actual landscaped readings will appear both online, via a customer’s private account, and on their bills. Customers will notice changes in their outdoor allocations based on this more precise method of measuring landscaped areas.

Valencia Water Company’s goal is to help its customers be water efficient without sacrificing lifestyle. To that end, Valencia Water Company will conduct additional outreach in 2011 to help its customers become more familiar with the WaterSMART program. Customers also are encouraged to take advantage of Valencia Water Company’s rebate for high efficiency toilets, free water audits and landscape education classes. In most cases, customers who find themselves in the “inefficient” tier can take just a few simple steps, such as adjusting their automatic sprinkler timer, to be within the “efficient” tier.

Customers can also inquire about seeking a variance for water needs outside of normal use. Variances, which increase the water allocation, can be reviewed and granted in accordance with rules approved by the CPUC. Customers who have questions about the allocation program are encouraged to [visit the website](#), which includes a [Frequently Asked Questions](#) section, or to call the customer service department at 661-294-0828.

About Valencia Water Company

Valencia Water Company (Valencia) serves approximately 120,000 people in the Santa Clarita Valley, including Valencia, Stevenson Ranch, and portions of Newhall, Saugus and Castaic. Valencia supplies its customers with clean water supplied from local wells and from imported supplies. Valencia is a public water utility regulated by the California Public Utilities Commission (CPUC), the state agency charged with regulatory oversight of public utilities in California.

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