

FAST FACTS on the **VALUE OF WATER SERVICE**



June 2015

With California now in a fourth consecutive year of drought, water is in the spotlight like never before. As communities throughout the state work to achieve state-mandated urban water conservation targets this summer, many Californians are rethinking how they use water on a daily basis – both inside and outside their homes.

The drought underscores the essential role water plays in our daily lives, yet few people stop to consider the extensive delivery systems and advanced treatment facilities involved in supplying safe, reliable water to homes 24 hours a day.

Depending on where you live in California, your water may come from a nearby well or river. Or it may travel hundreds of miles through canals or pipelines to reach your tap. Regardless of where it originates, your tap water is filtered, cleaned, tested and distributed in an exhaustive process that produces some of the highest quality drinking water in the nation and the world.

In most communities, all of this happens at a cost of less than a penny per gallon at the tap for customers of California's local public water agencies. That makes tap water service an incredible value, especially when compared to bottled water and other everyday products and services.

WHAT DETERMINES THE COST OF WATER?

Water is a great value in California. But the cost to treat and deliver water to your tap is becoming more expensive. Here are some of the factors contributing to increased costs:

Rising Costs and Reduced Revenues as a Result of the Drought

Droughts are costly for local water agencies. Expanded public outreach and education, enforcement of water use restrictions and acquiring supplemental supplies, if available, are just some of the drought-related costs agencies are incurring this year.

In addition, urban water agencies are required to meet state-mandated urban water conservation targets this summer. Customers are being asked to significantly reduce their water use, which will help meet the state's conservation goals but also will result in reduced revenues for water agencies. Since agencies must continue to pay the fixed costs of operating their systems — regardless of the amount of water sold — and absorb additional drought-related costs, it is necessary for many agencies to raise rates this summer and / or adopt drought surcharges or other pricing adjustments to offset revenues lost this year.

Rising Water Treatment Costs

California tap water meets some of the most stringent water quality standards in the nation. Producing that high-quality water requires significant investments in treatment technologies.

In addition, new drinking water regulations continue to be established as technology allows for detection of contaminants at extremely small concentrations. Stringent new regulations add to the cost of providing water.



Aging Water Infrastructure

From treatment plants to pumping stations to local storage tanks to pipelines, much of the system that delivers water to Californians was built decades ago. Aging parts of that system must be upgraded, repaired and / or replaced to ensure reliable water deliveries for future residents and businesses. Capital expenses and debt service to fund those repairs and upgrades can account for a significant portion of monthly water bills.

Increasing Energy Costs

It takes a tremendous amount of electricity to pump, treat and deliver water in California. Electricity costs can account for a substantial portion of a local water agency's operating expenses. As energy costs rise, the increases directly affect the cost of delivering water to consumers.

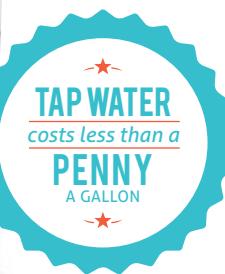
Investing in New Water Supplies

Local water agencies have invested billions of dollars in local resource strategies such as water recycling, groundwater storage, conservation, desalination, local and regional water storage and other projects to stretch supplies and increase reliability. Water agencies continue to make additional investments in these programs. Monthly water bills may reflect a share of those costs.

WATER SERVICE REMAINS THE BEST DEAL AROUND

Besides delivering safe, reliable water to your home 24/7, water agencies provide other important services such as water for fire protection, water quality monitoring and testing, flood control, groundwater cleanup and replenishment, leak detection, ongoing maintenance and planning for future water needs.

Even though the cost of providing water service is increasing, California tap water is still the best deal around.



A GALLON OF



\$54.00

A GALLON OF



\$11.00

THE BEST DEAL AROUND

On average, a gallon of California tap water costs less than a penny. When compared with the cost of other products we use every day, tap water is clearly one of the best deals around.

A GALLON OF



\$2.00 – \$10.00

A GALLON OF



\$3.51

A GALLON OF



\$3.82

(*Prices based on California averages. The average cost for bottled water varies greatly based on brand and unit size.)