



Our Region's Trusted Water Leader  
**San Diego County Water Authority**

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## News Release

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### **Water Authority Proposes 2023 Rates and Charges for Member Agencies**

*Proposal includes strategic steps to reduce water rate increases*

May 26, 2022 – The San Diego County Water Authority is taking strategic steps to minimize rate increases for its 24 member agencies and their customers, while ensuring a safe, reliable, and affordable water supply as drought grips California for a third consecutive year.

Water Authority staff today proposed increasing rates and charges for member agencies by 5.2% for treated water and 3.7% for untreated water in calendar year 2023. The increases are attributable to historically high inflation, significant energy cost increases from SDG&E, and continued cost increases by the Metropolitan Water District of Southern California. The Water Authority Board is expected to vote on rates for next year at its regular meeting on June 23, following a public hearing.

The rate proposal for 2023 includes strategic withdrawals from the Water Authority's Rate Stabilization Fund, which was created in 1990 to help avoid rate spikes, especially those driven by reduced water sales. To reduce 2023 rate increases by approximately \$39 per acre-foot, the Water Authority plans to draw \$14 million from that fund.

#### **Water Authority Proposed 2023 Rates**

Treated Water Cost increasing from CY 2022: All-In rate of \$1,833 to \$1,929 per acre-foot in CY 2023 rates, an \$96/AF or 5.2% increase.

Untreated Water Cost increasing from CY 2022: All-In rate of \$1,523 to \$1,579 per acre-foot in CY 2023, rates a \$56/AF or 3.7% increase.

#### **Breakdown of all-in water rates**

*The municipal and industrial water rate is the estimated average cost of water that includes the Water Authority's rates for supply, treatment (if applicable) and transportation, along with fixed charges for storage, customer service and supply reliability. Actual figures will vary by member agency.*

“We recognize inflationary pressures are challenging for many residents and we are working collaboratively with all levels of government to identify, advocate for, and improve water affordability,” said Water Authority General Manager Sandra L. Kerl. “As our rate-setting

process moves forward, we will remain focused on maintaining the lowest possible rates while delivering a safe and reliable water supply during the driest period in more than 1,200 years.”

The Water Authority's commitment to affordability includes securing \$25 million from the State of California to pay water bills for San Diego County residents impacted by COVID-19; securing \$80 million through advocacy efforts in 2021 and distributing that money to member agencies; avoiding hundreds of millions in future costs on water deliveries; and maintaining strong credit ratings that reduce the cost of debt.

In 2023, the Water Authority proposes charging its 24 member agencies the equivalent to an all-in rate of \$1,579 per acre-foot for untreated water, or \$56 more per acre-foot than they currently pay. Charges would be \$1,929 per acre-foot for treated water, or \$96 more per acre-foot than in 2022. (Note: An acre-foot is about 325,900 gallons, enough to serve the annual needs of 2.5 typical four-person households in San Diego County.)

Actual figures will vary by member agency, and each member agency will incorporate costs from the Water Authority into the retail rates it charges to residents, businesses, and institutions.

The Water Authority's overall rate increase is driven by multiple factors, including rising costs for its water supplies, including increases to water treatment (driven by energy costs), conserved water supplies driven by inflation, and continued increases from Metropolitan Water District of Southern California, including a 7% increase for untreated supplies.

Each year, the Water Authority's rate proposal is developed in conjunction with an independent cost-of-service study to ensure rates and charges comply with state law, legal requirements, cost-of-service standards, and Board policies. For 2023, an additional consultant hired to perform a cost-of-service review again affirmed the Water Authority's process. Throughout the six-month rate setting process, the Water Authority worked closely with its member agencies to keep the proposed rates and charges at the low end of earlier projections.

“Despite the current inflationary environment and the challenges of the pandemic, our strategic financial planning and management of debt allows us to keep the proposed rates at the low end of our projections,” said Water Authority Finance Director Lisa Marie Harris. “We continue to control rates while maintaining a complex water production, treatment and delivery system that supports the region now, and for decades to come.”

The rate proposal also includes strategic management of the Water Authority debt portfolio resulting in \$130 million in net present value savings from several refundings.

The 2023 rate proposal ensures debt-coverage ratios that maintain the Water Authority's strong credit ratings and minimize the cost of borrowing money for construction projects, an approach that saves ratepayers money over the long run. The Water Authority has senior lien credit ratings of AAA from Standard & Poor's, AA+ from Fitch ratings and Aa2 from Moody's.

For more information about the Water Authority's proposed 2023 rates, go the May Board packet starting on page 215 at: [https://www.sdcwa.org/wp-content/uploads/2021/11/2022\\_05\\_26BoardPacketSEC.pdf](https://www.sdcwa.org/wp-content/uploads/2021/11/2022_05_26BoardPacketSEC.pdf)

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*The San Diego County Water Authority sustains a \$240 billion regional economy and the quality of life for 3.3 million residents through a multi-decade water supply diversification plan, major infrastructure investments and forward-thinking policies that promote fiscal and environmental responsibility. A public agency created in 1944, the Water Authority delivers wholesale water supplies to 24 retail water providers, including cities, special districts and a military base.*



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