



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

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News Release

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Water Authority Adopts 2023 Rates and Charges

Strategic actions reduce water rate increases, maintaining affordability despite inflation

June 23, 2022 – Faced with the same inflationary pressures that are pushing up prices for residents and businesses, the San Diego County Water Authority Board of Directors today adopted 2023 water rates using strategies to minimize increases for its 24 member agencies and their customers.

The rates and charges will increase by 3.7% for untreated water and 5.2% for treated water in calendar year 2023 for the Water Authority's member agencies. The increases – adopted after a public hearing – 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 strategic steps taken to minimize rate increases in the face of rising costs reflects the Board’s commitment to water affordability,” said Water Authority Board Chair Gary Croucher. “We continue to ensure a safe and reliable regional water supply for residents and businesses as California endures a third straight year of drought.”

Water Authority 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.

To reduce 2023 rate increases by approximately \$39 per acre-foot, the Water Authority plans to draw \$14 million from the Rate Stabilization Fund. Strategic withdrawals from the fund help avoid rate spikes, especially those driven by reduced water sales.

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 \$90 million over the past two years through advocacy efforts and distributing that money to member agencies; avoiding hundreds of millions of dollars in future costs on water deliveries; and maintaining strong credit ratings that reduce the cost of debt.

In 2023, the Water Authority will charge 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 for each retail 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, increases to water treatment (driven by energy costs) and conserved water supplies (driven by inflation), and continued increases from MWD.

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.

"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. "The actions we've taken from 2019 through 2021 have resulted in \$130 million in net present value savings from several refundings to lower our debt."

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 adopted 2023 rates, go the June Board packet starting on page 65 at: www.sdcwa.org/wp-content/uploads/2021/11/2022_06_23BoardPacketSEC.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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