



Frequently Asked Questions Regarding Your Water Bill

Why does your water statement bill continue to increase or fluctuate from time to time?

Water and sewer statements now reflect rate increases to the ready-to-serve water charge and the sewer service. A tiered rate structure to encourage customers to conserve water is also now in effect.

Rate increases are necessary to cover the escalating cost of wholesale water, efforts to comply with environmental regulations, mandated water reductions to maintain and periodically replace aging water infrastructure, and to provide safe, reliable and sustainable water and sewer service to its customers.

As Vallecitos has no local water supplies, 100% of our water is imported. Therefore, when our wholesalers raise the water rates, this significantly affects your water bill.

In addition to rate increases, your bill may also fluctuate from time to time because meter reading is not necessarily performed on a thirty-day cycle. Some bill statements could reflect a twenty-nine through thirty-four day cycle depending on the month, weekends, and holidays.

Your water bill includes the following charges:

Ready-to-Serve Charge

The ready-to-serve charge is assessed on all meters, whether active or not, to cover fixed costs. Whether water deliveries are up or down, some costs will always be incurred.

For example, the recent increase in the ready-to-serve charge for a standard single family meter covers our fixed administrative and operating costs and wholesaler charges. Vallecitos' wholesale supplier, the San Diego County Water Authority, charges Vallecitos not only a charge based on consumption, but also fixed charges regardless of the amount of water we request to be delivered.

Sewer Charge

Sewer charges are usually assessed on a fixed basis, regardless of the flow from your residence to the sewer. The sewer charge is fixed for the same reason the ready-to-serve charge is fixed – if sewer flows are up or down we will always need certain operational resources, and must adhere to stringent regulatory requirements.

Water Charge

The cost of water use during a month includes wholesale cost plus local treatment, storage, distribution and facility replacement costs. Vallecitos has implemented a tiered rate structure to pass through wholesaler premiums and encourage conservation.

With the new drought rate structure effective as of July 1, three significant changes have occurred:

1. The number of billing tiers increased from three to six.
2. Rates associated with higher tiers are more accelerated.
3. Tier limits are established by meter size rather than customer type (residential, irrigation, commercial, etc.).

Please note that our supplier has raised their rates effective September 1. Our rates reflect this change for your September usage. A retail increase (much less than the wholesale) will be effective on January 1.

Pump Zone Charge

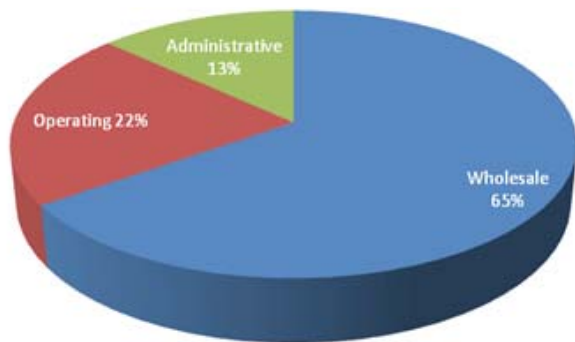
This charge is used to recover power costs if you live in a zone where water must be pumped to a higher elevation. (Most customers do not live in a pump zone).

Where does the money from your water bill payment go?

The payment on water bills covers wholesale water costs, administrative expenses, operating costs, debt service, and asset replacement.

- Administrative expenses include labor costs, outside services, utilities, insurance, materials, and any costs related to engineering, customer service, information technology, facilities, conservation, and other administrative type activities.
- Operating costs include labor costs, materials, utilities, outside services, repairs, and any costs related to transmission, distribution, tanks, reservoirs, meters, and any other activities related to maintaining and operating the water system.
- Debt service (principal and interest) is incurred from the issuance of Vallecitos' bonds to finance the construction of major projects, such as tanks and infrastructure development.
- Asset replacement is achieved by using available reserve funds. Some parts of the system are over 50 years old. Future rate increases are planned to provide revenue for replacements and avert further declines in reserves.

Costs Paid for with an Average Monthly Single Family Water Bill

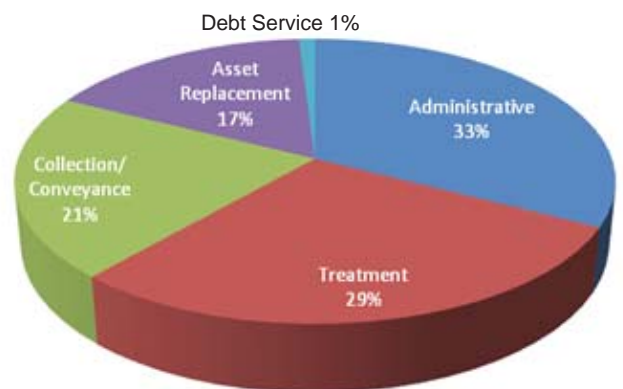


Note: Remaining operating costs, debt service, asset replacement, and conservation are covered from water sales in higher tiers paid by customers who use water above average levels.

Where does the money from your sewer bill payment go?

Sewer service charges cover payments to the Encina Wastewater Authority for treatment and disposal, collection, conveyance, treatment at our reclamation plant, all other operating costs, administrative expenses, debt service related to sewer projects, and sewer asset replacement.

Costs Paid for with Monthly Single Family Sewer Bill



How can I use so much water while on vacation?

Most of the residential water usage comes from outdoor irrigation. Fifty to eighty percent of water is used for watering landscapes. Therefore, water usage may not really fluctuate while you are on vacation and water bills may still reflect similar monthly usage.

Checking for leaks and irrigation maintenance issues might be something to consider before leaving for a vacation or business trip. In addition, making sure the irrigation controller is programmed with a current schedule that meets the needs of the soil and plant material are essential for water efficiency.

For More Information

Our customer service department is available at 760-744-0460 or visit our website at www.vwd.org. For information on our current Capital Improvement Projects go the Engineering, Capital Improvement section of our website.