



Water Rates



2023-2024 GENERAL RATE CASE FACT SHEET

Fontana Water is regulated by the California Public Utilities Commission (CPUC) to ensure rates are reasonable and reflect the full cost to provide water service, maintain utility infrastructure and make needed water system improvements.

Every three years, Fontana Water is required to file a General Rate Case (GRC) application with the CPUC to propose a rate structure that recovers the revenue needed to meet operating expenses and necessary infrastructure improvements over a three-year period. Fontana Water filed its GRC application for the fiscal years (July through June) 2023-2024, 2024-2025 and 2025-2026 on January 3, 2022.

The GRC process is thorough and takes approximately 18 months to ensure rates are fair and provide for reliable, quality water service. A state-funded independent public advocate also participates in the proceeding to ensure customers receive fair rates.

If Fontana Water's GRC application is approved as filed, a local customer on Conservation Rate Schedule FO-1C with a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter who uses 14 units (10,473 gallons) of water per month, would see their monthly bill increase by \$4.64, or 5.9% from \$78.57 to \$83.21, effective July 1, 2023.

The typical customer who qualifies for Fontana Water's low income rate assistance program would see their monthly bill increase by \$2.63, or 4.0%, from \$65.41 to \$68.04.

Costs of Providing Water Service are Rising



Fontana Water has an obligation to provide safe water that meets increasingly stringent water quality and environmental regulations, as well as reliable fire protection. Our application includes budgeted capital improvements, including replacements of aging water infrastructure, for the years 2022 - 2025.

SUMMARY OF KEY PROJECTS (2022 – 2025)

- Water Mains, Pipes & Service Lines:**
Approximately \$70,000,000 is budgeted for water mains, pipelines and service lines, including approximately \$64,300,000 to replace aging water pipes and service lines to improve water system efficiency and reliability.

Approximately \$5,700,000 is budgeted for a new transmission main needed to efficiently transfer water from the Summit Water Treatment plant, located at the east end of Fontana Water's service area, to Plant F19 located at the west end of the service area. This project will result in significant annual energy cost savings.
- Water Storage Tanks & Reservoirs:**
Approximately \$45,900,000 is budgeted for seven new water storage reservoirs in the Baseline, Alder and Highland pressure zones to meet customer demands and fire flow requirements during peak periods, and to eliminate storage deficiencies caused by new seismic standards. This will also allow us to store more water during off-peak hours when electricity for pumping is less costly. This amount includes \$21,575,000 for the replacement of two aging water storage reservoirs at Plants F2 and F10.
- Summit Water Treatment Plant Solids Handling Facility:**
Approximately \$14,500,000 is budgeted for the construction of a solids handling facility at the Summit Water Treatment plant. This project will eliminate the need to pay outside contractors to haul away and dispose of high moisture-containing solids that are removed in the treatment process. We expect this project to pay for itself within ten (10) years as a result of reduced operating costs.
- Conservation Programs:**
Approximately \$700,000 is budgeted annually to fund education/outreach, high efficiency/recycled water retrofits, and other programs designed to meet the goals of recent conservation legislation.
- Automated Meter Reading (AMR) Deployment:**
Approximately \$5,700,000 is budgeted for the installation of AMR meters and meter reading equipment. AMR meters store water usage data and can be read remotely, allowing us to resolve customer inquiries and detect customer leaks in near-real time, all while reducing our carbon footprint. Fontana Water estimates present-worth savings of over \$4 million from the reduction in labor expense and vehicle operating costs over the 15-year lifecycle of AMR meters.
- Drinking Water Supply Wells:**
Approximately \$17,800,000 is budgeted to drill and equip replacement groundwater supply wells at Plants F10, F21, F30, and F31 to restore approximately 7,750 gallons per minute (gpm) in lost production capacity due to age and contamination.
- Well, Booster Pump & Electrical Equipment Refurbishments:**
Wells need to be refurbished about every five (5) to seven (7) years and booster pumps and/or motors need to be repaired or replaced approximately every thirteen (13) years. Approximately \$5,300,000 is budgeted for the refurbishment of six well pumps and six booster pumps per year, as well as electrical panel upgrades. Electricity for pumping water is one of Fontana Water's largest operating costs, and these refurbishments will help increase the efficiency of our pumping equipment and reduce our electric bill.
- Security Improvements:**
Fontana Water maintains many facilities in remote areas that are not regularly patrolled by law enforcement. Approximately \$400,000 is budgeted for security improvements such as security fences, cameras, intrusion sensors and alarms, bollards and other devices at vital drinking water production facilities.



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FREQUENTLY ASKED QUESTIONS

Q. Why did Fontana Water file this application requesting a rate increase?

A. Fontana Water's rates are set by the California Public Utilities Commission (CPUC). The CPUC is an independent state agency whose purpose is to protect California utility customers by ensuring that the rates they pay are fair and reasonable. The CPUC also ensures that safe and reliable water service is maintained, all necessary improvements are made to the water system, and that the system is operated efficiently. The CPUC requires all Class A water utilities it regulates to file a general rate case (GRC) every three years so that it can conduct a comprehensive review of the utility's rates and operations.

Fontana Water filed its last GRC in 2019, with new rates effective in July 2020. The new rates approved by the CPUC in the current GRC will go into effect in July 2023.

Q. How are Fontana Water's rates determined?

A. The CPUC sets rates based upon "cost of service." This means that the rates are set to cover the costs of providing water service and to allow the company to earn a reasonable return on its investment in water system infrastructure. Major costs to operate a water system include purchased water, groundwater extraction taxes, electricity for pumping, treatment costs for chlorination and to remove contaminants, and employee labor.

Q. Why do I have to pay more for using less water?

A. Water utilities are the most capital-intensive public utilities. It is very expensive to install new or replace old water mains, build new tanks, drill new wells, construct costly treatment facilities, and install fire hydrants. These costs are fixed, meaning they must be paid no matter how much water flows through the system – similar to a home mortgage or rent payment that does not change based on the number of people living in a home. In fact, approximately 60% - 70% of the costs of operating a water system are fixed. In contrast, Fontana Water's rates are 70% variable to encourage conservation. Unfortunately, this means that when customers do the right thing and conserve, rates must be increased to cover the difference. But this also means you can lessen the impact of such rate increases by reducing the amount of water you use even further.

Q. How affordable is Fontana Water's service?

A. Fontana Water delivers high quality water on demand to our customers' taps 24 hours a day, 365 days a year for less than a penny per gallon. Compared to a number of products we buy every day, tap water is the best deal around:



Q. How can Fontana Water help customers manage their bills?

A. Fontana Water offers a comprehensive water conservation program to help customers use water more efficiently. Fontana Water provides water audits, free conservation kits and may be able to point you to available rebates to help offset the costs of water-saving appliances and landscaping.

Fontana Water also has a low income rate assistance program, known as California Alternative Rates for Water (CARW). Under the CARW program, discounted rates are offered to qualifying low income residential customers living in a single family dwelling or duplex, being served through a 1-inch or smaller meter, and meeting the income criteria established each year by the CPUC. Customers can apply for discounts under the CARW program by filling out an application, available on Fontana Water's website www.fontanawater.com, or by visiting our local office.

Q. What does Fontana Water do to control its costs?

A. Water conservation has been a focus of Fontana Water for many years, resulting in a reduced need for additional infrastructure and lower water production costs. Some municipal water providers put-off or delay the replacement of old water mains in order to keep water rates down, only to see broken mains cause damage to both public and private property, which results in even higher repair costs. Fontana Water has been able to avoid similar problems by maintaining its ongoing infrastructure replacement program, which includes only those projects which cannot be delayed.

To minimize water supply costs, Fontana Water delivers high quality, low-cost Lytle Creek surface water and local, low-cost groundwater to the extent these sources are available in order to avoid having to purchase costly imported water from Northern California or the Colorado River. Fontana Water also recently completed the first phase of a recycled water distribution system that began delivering recycled water in 2016. Recycled Water is a drought-proof, lower cost renewable water supply that replaces the use of drinking water for watering landscaping. As a result, Fontana Water will be able to minimize the impact of rising imported water costs.

Electricity for pumping is one of largest costs of operating a water system, and Fontana Water works closely with Southern California Edison to ensure the water pumping equipment at each of its plant sites is operating efficiently and served under the most economical electric rate schedules.

Q. Are Fontana Water's shareowners guaranteed a rate of return on their investment?

A. No. On the contrary, there is no guaranteed rate of return on investment. The CPUC simply allows Fontana Water an opportunity to earn what the CPUC establishes as a reasonable rate of return. Fontana Water often earns less than what the CPUC authorizes for a variety of reasons, like unexpectedly lower water sales or higher necessary costs.