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Zone 7 Board Postpones Action on Water Rates *Economic downturn prompts further review*

Concerned about impacts to customers in light of the national financial crisis, the Zone 7 Water Agency Board of Directors on Wednesday postponed taking action on a proposed 16 percent increase in wholesale water rates for 2009 to allow for further review and discussion. The matter will come back to the Board in one month, at its Nov. 19 meeting.

“We take any rate increase seriously and want to ensure we are indeed taking the most prudent action, being sensitive both to our customers’ financial needs and to our financial ability to continue providing a reliable, safe and high-quality water supply,” said Board President Sarah Palmer. “We recognize that our customers are experiencing hard times, and also that if we’re not assuring Zone 7’s financial health, we’re not providing the level of service owed to our customers.”

Water agencies statewide face similar rate pressures. Unprecedented water-reliability challenges related to the ecological crisis in the Delta, along with reduced water sales due both to the drought and to court-imposed Delta pumping restrictions, are the biggest factors in Zone 7’s proposed rate increase. The next biggest component is the cost to operate a new facility that will help reduce the hardness of our groundwater supplies.

The Board is considering proposals for an increase of wholesale rates of 9 percent, plus a special Delta charge of 7 percent, for a total increase of 16 percent. The potential impact on water bills would be smaller because wholesale water costs are only a portion of the water bill charged by Valley retailers – Pleasanton, Livermore, the California Water

Service Company and the Dublin San Ramon Services District. If fully passed on to customers by retailers, the increase would boost the monthly bill for the typical household by \$4.79.

The current proposal also involves dipping into various reserve funds, including taking \$3.4 million of a \$5 million reserve specifically designed to stabilize rates during times of drought, and deferring some facilities maintenance and improvement projects.

The Board also delayed until November action on a separately proposed increase in untreated water rates for agricultural customers.

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Zone 7 Water Agency is one of the 10 active zones of the Alameda County Flood Control and Water Conservation District. The District was established by the State Legislature in October 1949 to solve problems of flooding, drainage, channel erosion and water supply and conservation in Alameda County. In 1957, by popular vote, Zone 7 became a special district governed by a seven-member board of directors. Along with flood protection, Zone 7 supplies water to all of eastern Alameda County and a population of more than 190,000. Treated water is sold wholesale to local retailers, including the cities of Livermore and Pleasanton, the Dublin San Ramon Services District, and the California Water Service Company. Zone 7 also distributes untreated water to local agriculture operations and golf courses.