

MANDATORY WATER CONSERVATION

FACT SHEET: Shortage Year Water Rates

SHORTAGE YEAR WATER RATES EXPLAINED

Southern California is facing a water supply shortage for the third year in a row. Most of Los Angeles' water supplies are imported and the sources of this water are impacted by drought and regulatory restrictions. As a result, more water conservation is urgently needed.

Beginning June 1, shortage year rates will become effective and will be applied to all LADWP customers.

Under shortage year rates, the amount of water you regularly receive at the lowest price – indicated on your bill as “Tier 1” – will be reduced by 15%. Customers already conserving 15% below their Tier 1 allotment will not be affected. Customers who exceed the reduced Tier 1 allotment, and go into the more expensive Tier 2, will pay a higher rate for every gallon over Tier 1. These customers will see their water bills rise.

Learn what your new water allotment is, and ways you can reduce your use, by going to www.ladwp.com or by calling 1-800-DIAL DWP.

IMPACT OF SHORTAGE YEAR RATES

Customers already conserving 15% below their Tier 1 allotment will not be affected and those who reduce by more than 15% will actually see their bills go down. Conversely, customers who usually stay within their regular allotment and do not reduce their water use by 15% will pay a higher rate for each gallon they use beyond their new reduced water allotment. Customers who exceed their regular allotment and pay Tier 2 rates routinely, and do not significantly cut their water use under shortage year rates, will see their water bills increase.

As an example, a typical two-month billing cycle for a single-family residential customer who is allocated 28 hundred cubic feet (HCF) of water pays \$81.76, or 2.92 cents per cubic foot. After a 15% reduction, that customer's allocation allows them to purchase 24 HCF of Tier 1 water, which amounts to \$70.08. If the customer does not cut back, he/she will pay for 24 HCF at the Tier 1 rate, or \$70.08, plus 4 HCF at the Tier 2 rate, or \$4.98 per HCF, which amounts to an additional \$19.92 for a total of \$90.

IMPACT OF SHORTAGE YEAR RATES ON LOW INCOME CUSTOMERS

There is no exemption for low income customers under shortage year rates, but LADWP's assessment is that most low income and Lifeline customers will not be impacted. On average, this group of customers does not exceed Tier 1 water allocations and typically uses far less than the maximum Tier 1 water budget. However, all customers should review their use to determine their own water use against the new lower Tier 1 allotment and to learn steps to take if they believe they could exceed their Tier 1 allotment.

HOW TIER 1 WATER BUDGET IS SET: SINGLE FAMILY RESIDENTIAL CUSTOMERS

The amount of water a single family residential customer can use, and stay within his/her water budget, is determined by lot size, temperature zone, time of year and the number of persons in the household. LADWP has established five lot sizes, three temperature zones and adjusts the Tier 1 allotment in HCF according to season. One HCF equals 748 gallons. Customers may confirm the number of persons per household by calling 1-800-DIAL DWP and speaking to a customer service representative.

HOW TIER 1 ALLOTMENT IS SET: MULTI-FAMILY, COMMERCIAL AND INDUSTRIAL CUSTOMERS

The Tier 1 water budget for multi-family, commercial and industrial customers is based on a percentage of the customer's maximum daily average during winter (December through March) over the past three years, reduced by 15%. The allocation is applied year-round. For multi-family units, the formula is calculated for each individual meter. Commercial and industrial customers' water budgets work out to be 97.75% of three-year winter high averages.

CALCULATING SHORTAGE YEAR RATES

Customers can learn their new water allotments by going to www.ladwp.com or by calling 1-800-DIAL DWP to get this important information.

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FREQUENTLY ASKED QUESTIONS: Shortage Year Water Rates

Q: WHAT ARE SHORTAGE YEAR RATES?

A: With shortage year rates, LADWP reduces a customer's water budget by allotting less water at the cheaper rate, known as Tier 1. Those who conserve will not be penalized. Those who exceed their budgets at the lower water price will see their water bills rise.

Q: HOW MUCH DO I HAVE TO CONSERVE TO AVOID BEING PENALIZED?

A: LADWP asks customers to reduce their water use by 15%. All customers get a specific water budget determined by a formula and the type of customer they are -- single family, multi-family, commercial, industrial or governmental. The formula is based upon the amount of hundred cubic feet (HCF) of water provided to each customer at the lower price point, Tier 1. If the customer exceeds the Tier 1 budget, he/she goes into Tier 2 pricing, which is more costly.

Q: HOW DO I KNOW IF I EXCEED TIER 1?

A: Look at your bill. If you have exceeded your Tier 1 water budget, there will be a line that shows Tier 2 pricing. If there is no reference to Tier 2, you have stayed in your allotted Tier 1 water budget.

Q: HOW DO I CUT 15% OF MY WATER USE?

A: Start by consulting our [residential Tier 1 water allotments chart](#) or call 1-800-DIAL DWP to get this essential information. Make water conservation a common practice in your household.

Q: ARE SHORTAGE YEAR RATES THE SAME THING AS WATER RATIONING?

A: No. Water rationing means allotting a certain amount of water for each customer and no more. The LADWP is not doing this. The Department has enacted shortage year rates as an incentive for people to save money by cutting their water use. Under shortage year rates, each customer is allotted 15% less water at the lowest price, called Tier 1. If the customer stays 15% or more below this water budget, he/she will avoid paying more. When the Tier 1 water budget is exceeded, the customer will be subject to Tier 2 prices, which are considerably higher. This "price signal" is intended to encourage customers to conserve water.

Q: IS IT REALLY NECESSARY TO IMPOSE SHORTAGE YEAR RATES? IT SNOWED IN THE SIERRAS DURING WINTER AND THERE WAS ALSO QUITE A BIT OF RAIN IN LOS ANGELES.

A: Yes, it is necessary. Snowfall in the Sierras for the last three years has been significantly less than normal. 2007 was an exceedingly dry year that has resulted in low reservoir levels throughout California. Additionally, court approved restrictions on imported water from the San Joaquin-Sacramento Delta means less water is available to Southern California for our customers. Therefore it is prudent and responsible to conserve as much as possible. These factors are sufficient reason to institute shortage year rates.

Q: HOW LONG WILL SHORTAGE YEAR RATES BE IN EFFECT?

A: Shortage year rates are likely to be in effect for at least one year. During late winter and early spring 2010, we will have a better idea of how this year's snowpack and rainfall levels will affect our water supply.

Q: ARE SHORTAGE YEAR RATES A WAY FOR THE LADWP TO GENERATE ADDITIONAL REVENUE?

A: No. Shortage year rates are not for increasing revenue; they are for encouraging conservation.

Q: WHY NOT JUST ASK CUSTOMERS TO CUT THEIR USE BY 15% VOLUNTARILY?

A: We believe shortage year rates will be more effective. By reducing water consumption by 15% or more, our customers will save money on their bills. Additionally, customers will be less likely to violate the City's Water Conservation Ordinance which restricts outdoor watering to two days a week and prohibits washing down sidewalks and hard surfaces. With monetary incentives and the prohibited uses law, we have our greatest chance for successfully conserving this precious resource.

Q: WHERE CAN I GET MORE INFORMATION ON WAYS TO SAVE WATER?

A: LADWP offers [these water conservation tips](#) or please visit www.bewaterwise.com.