

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 are able to purchase 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 [logging in to your account](#) or by calling 1-800-DIAL DWP and following the prompts.

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, effective June 1, 2009, 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 \$5.19 per HCF, which amounts to an additional \$20.76 for a total of \$90.84. Notes: the Tier 2 rate will be \$5.48 per HCF effective July 1, 2009. One HCF equals 748 gallons.

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. 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

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