



FACT-CHECKING Claims About Water Rates in Oroville

Cal Water is one of Oroville’s oldest businesses, as it has provided safe, reliable, and high-quality water utility service to the community since 1927.

Unfortunately, there is a fair amount of inaccurate information about Cal Water floating around. And most of the claims you hear are like a leaking bucket; **They don’t hold water.**

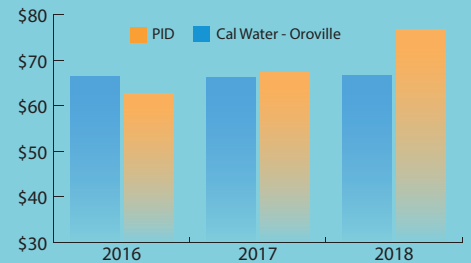
We’ll use the following scale of leaking buckets to evaluate these claims:



CLAIM: Water rates for Cal Water’s customers in Oroville are the highest in Butte County.

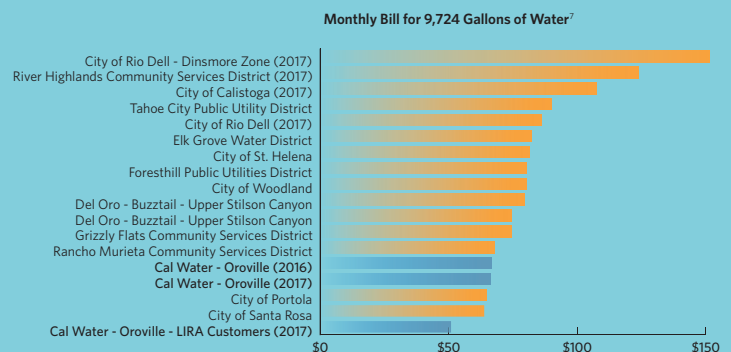
FACT: Rates for Cal Water’s customers in Oroville are about average; they aren’t the lowest, but they are far from the highest. A typical Cal Water customer pays a little over \$2 per day for safe, reliable, and high-quality water utility service, and **less than 1 penny per gallon of water.**

Paradise Irrigation District (PID) recently adopted new water rates. Under the new rates, a typical PID customer¹ will be paying about **15% more**² for their monthly water service than a typical³ Cal Water customer in Oroville⁴. And by 2018, typical PID customers will see their monthly bill **increase by more than 22%**, while typical Cal Water customers in Oroville will see an increase of less than 1%.



CLAIM: Water rates for Cal Water’s customers in Oroville are the highest in the nation.

FACT: Rates for Cal Water’s customers in Oroville are about average.⁵ Just in northern California, a number of water suppliers have rates that are substantially higher. Cal Water’s customers in Oroville would be paying **significantly more** for the same amount of water⁶ if they were customers of those suppliers.



¹ "PID average residential customer uses 2,100 Cu. Ft./Month," Paradise Irrigation District, Comparative Water Rates, March 2016.
² Rates based on tariff sheets presented during a Special Meeting of the Paradise Irrigation District's Board of Directors on April 7, 2016.
³ "The typical customer in Oroville currently uses 9,724 gallons of water per month (13 Ccf)," Cal Water, Water Rates—Oroville District Fact Sheet, 2015.
⁴ Rates based on the Settlement Agreement filed in September 2016 as part of the California Public Utilities Commission's proceeding A.15-07-015.
⁵ California-Nevada Section of the American Water Works Association, "2015 California-Nevada Water and Wastewater Rate Survey."
⁶ Assumes typical monthly water use of 9,724 gallons (13 Ccf).
⁷ Sources: City of Rio Dell, "Notice of Public Hearing on Proposed New/Increased Water Rates," 2015; County of Yuba, "Initiate Proposition 218 Process to Increase Fees at River Highlands CSD," 2014; City of Calistoga, Ordinance No. 696, 2013; Tahoe City Public Utility District, Ordinance No. 281, Exhibit A-1; Elk Grove Water District, "Water Rates," available at: <http://www.egws.org/waterrates.html>; City of St. Helena, "Water Rates," Exhibit I-1; City of Foresthill, "Rates & Billing Fiscal Year 2016-2107," 2016; City of Woodland, "Metered Rates," available at: <http://www.cityofwoodland.org/gov/depts/pw/waterrates.asp>; Del Oro Water Company, "General Metered Service Charges," available at: <http://www.delorowater.com/deloro/water-districts/buzztail.html>; Del Oro Water Company, "Service Charges," available at: <http://www.delorowater.com/deloro/water-districts/magalia-district.html>; Grizzly Flats Community Services District, "Frequently Asked Questions: Rate Structure Change," 2016; Rancho Murieta Community Services District, "Rate Structure & Fees," 2016; City of Portola, "Fee Schedule," 2015; City of Santa Rosa, "Rate Table," 2016.



CLAIM: Water Rates in Oroville would go down if we forced Cal Water out of business and had South Feather Water & Power take over.

FACT: The only way to take over Cal Water's operations in Oroville would be to use the state-sanctioned power of eminent domain—a process **not subject to a vote of the people**.

If the City or South Feather went down this road, they would be required to pay Cal Water **millions of dollars for seizing its property and business**, not to mention the millions they would have to pay attorneys and consultants. They would have to take on **millions of dollars of debt** to finance the takeover, and the only way to pay it off would be with **substantially higher water rates, taxes, or both**.

One community that was led down this path has seen its water rates double during the first eight years after a takeover of their local water system. On top of that, property **taxes have increased by \$500 per year**.⁸

“The cost residents would have to bear to pay off the financing for a Cal Water takeover...would not result in a reduction...in their monthly water bills...”⁹”

Mike Glaze
South Feather CEO



CLAIM: Water rates for Cal Water's customers in Oroville are different than they are for Cal Water's customers in Chico and for South Feather Water & Power customers.

FACT: Cal Water's rates are set by an independent state agency to ensure they **accurately reflect the cost** of providing customers in different communities with safe, reliable water utility service. And just like housing costs in different communities, the cost of service differs service area to service area. These differences do not mean one is right and the other is wrong, it just means the rates are different because the costs are different.

And any comparison to South Feather's rates is faulty because their water rates are, by their own admission, “substantially below the cost of producing and delivering water, which costs are being subsidized...”¹⁰

“Drawing conclusions from rate comparisons... should be done only after evaluating several community characteristics (such as geography, climate, and service area, as well as the use of taxes, subsidies, and grants).

The determinants of utility rates are varied and complex and do not necessarily reflect the true cost of service. A low rate or a high rate does not necessarily mean that a utility is more or less efficient, respectively.”¹¹”

California-Nevada Section
American Water Works Association



CLAIM: Businesses won't move to Oroville because Cal Water's rates are too high.

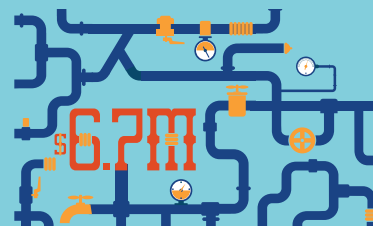
FACT: Cal Water is extremely business-friendly. Cal Water has been a member of the **Oroville Chamber of Commerce** for years.

Businesses actually have a number of incentives for locating in Cal Water's service area. It doesn't charge a fee for connecting to the water system for the first time like many utilities do. Also, Cal Water's commitment to ensuring the water system remains safe and reliable means a new business has one less thing to worry about as a Cal Water customer. It is for these reasons that many businesses, **large and small**, become Cal Water customers in Oroville each year.¹²



CLAIM: Cal Water has not effectively maintained the water system in Oroville.

FACT: Cal Water is committed to ensuring its customers have a water system they can rely on for decades to come. Just between 2007 and 2015, Cal Water completed more than **\$6,700,000** of improvements to the water system in Oroville. These efforts help to ensure that the residents and businesses of Oroville do not have to worry if water will be there when they need it.



For more information, visit www.calwater.com

www.facebook.com/CalWaterOroville

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⁸ Truth from the Tap, “The Truth about Private Water in Felton, CA,” available at: http://truthfromthetap.com/wp-content/uploads/2015/04/TruthFromTheTap_CaseStudy_Felton_040615.pdf

⁹ South Feather Water & Power Agency, “Minutes of the Regular Meeting of the Board of Directors of South Feather Agency,” March 26, 2013.

¹⁰ South Feather Water & Power Agency, “Notice of Change in Rates for Treated Water Purchased from South Feather Water & Power Agency,” 2011.

¹¹ California-Nevada Section of the American Water Works Association, “2015 California-Nevada Water and Wastewater Rate Survey.”

¹² Ryan Olson, “Oroville Permits for New Wal-Mart Store, Two Eateries Moving Forward,” Oroville Mercury Register, January 17, 2016.