

FOR IMMEDIATE RELEASE
October 19, 2006

Contact: Bonita Brewer
925-454-5015

Zone 7 Increases Wholesale Water Rates
Water Quality, Reliability Improvements on the Horizon

The board of the Zone 7 Water Agency, the Livermore-Amador Valley's water supplier, approved a 7.45 percent increase in 2007 wholesale water rates Wednesday night.

The increase potentially affects only a portion of the total residential water bill charged by the Valley's retail water agencies – Pleasanton, Livermore, the California Water Service Co. and the Dublin San Ramon Services District. That means that even if the retailers fully pass the increase on to their customers, it would add a smaller percentage -- about 4 percent, or \$1.83 per month -- to the typical household bill.

Nearly 30 percent of Zone 7's increase is needed to cover the higher cost of the water it buys from the state, and to improve drought protection by expanding its underground water-banking program. A portion of the increase is to remove more of the earthy-musty taste and odor of Delta water, to increase treatment-plant production so the agency can rely less regularly on groundwater supplies, and to plan and design a project to reduce the hardness of our groundwater. Zone 7 also faces increased costs of water-treatment chemicals because of higher gas prices, negotiated salary and benefit increases for personnel, and inflation.

The agency expects similar increases will be needed over the next few years to meet the cost of future projects aimed at further improving water quality, maintaining water-supply

reliability, and repairing and making improvements to our existing water-system facilities.

“It’s important to keep pace with our water infrastructure needs so that we can provide the best service at the lowest cost in the long term,” said board Vice President Bill Stevens.

“Our water has always met or exceeded all state and federal health standards, and we are working hard to respond to public requests for softer, better-tasting water.”

Zone 7 did not increase rates in 2004 and 2005, and it raised 2006 rates by 5.16 percent primarily to address water taste and odor concerns. Over the past decade, the agency’s average rate increases have hovered around the annual Bay Area Regional Consumer Price index (CPI).

In order to continue the agency’s policy of requiring that new development pay for expansion of the water system, the Zone 7 board on Wednesday also approved an increase in initial connection fees charged to developers. The connection fee for the average new home will increase 45 percent, from \$13,500 to \$19,570.

A large portion of Zone 7’s developer-funded water-system expansion program to accommodate expected growth through 2035 is expected to occur over the next four to five years. This includes the first phase of the Altamont Water Treatment Plant and Altamont pipeline, half the cost of a groundwater demineralization plant expected to come on line in early 2009, initial wells in the agency’s Well Master Plan and Zone 7’s share of the South Bay Aqueduct expansion.

###

The 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.

