



NEWS RELEASE

FOR IMMEDIATE RELEASE:
Tuesday, June 28, 2016

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CITY OF STOCKTON WATER RATE ADJUSTMENT APPROVED

(Stockton, CA) - During the City Council Meeting this evening, the Stockton City Council held a Public Hearing on a proposed water rate adjustment for City of Stockton Municipal Utilities Department water customers. The Council approved rates that schedule annual increases over the next five years. The first increase will become effective August 1, 2016. After review and approval by Council each year, subsequent rate adjustments will be effective July 1 over the next four years.

Unlike investor-owned utilities, the City water utility does not charge rates to make a profit. Even with this increase, the City's water rates remain among the lowest rates in the region. The cost of providing water and operating the City's water utility is covered by those receiving water services from the City of Stockton Municipal Utilities Department. The rate adjustment is a result of the increased costs related to capital improvement, operations and maintenance, and debt service, including debt related to the Delta Water Treatment Plant. The Delta Water Treatment Plant diversifies and secures Stockton's water supply. The rate adjustment will allow the MUD to comply with State mandated regulatory requirements, avoid operational deficits and depletion of reserves, and maintain the operational and financial stability of the utility to provide healthy, clean, reliable drinking water to its nearly 49,000 Stockton customers.

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“While we appreciate that this is a significant increase, this rate adjustment provides the resources for the water utility to operate and meet its debt obligation,” shared Deputy City Manager Scott Carney. “The unique investment in the Delta Water Treatment Plant combined with reasonable conservation efforts will provide a secure water supply that positions Stockton better than many of our neighbors in the valley for economic development and business attraction well into the future.”

The Stockton City Council completed review of a rate study conducted on behalf of the Municipal Utilities Department by HDR Engineering, Inc., held a study session and discussion at two regularly scheduled Council Meetings, mailed notices of the increase to customers and property owners, and considered comments and feedback received at several community public meetings. At the conclusion of the scheduled Public Hearing, 364 qualifying protests were received. The Council approved the water rate adjustment with a 5 - 2 vote.

The new rate structure is designed to allocate the cost of operating the utility equitably by customer type, residential and non-residential. The structure of the rates will change to be more in line with other water service providers. Billing customers can expect to see a change in the fixed rate service charge on August bills and a drought surcharge. Increased consumption rates, based on customers’ actual water usage, will be charged beginning September for August’s water use. Rates for single family homes will reflect a fixed rate and tiered rates that will increase based on the amount of water used. Multi-

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family and non-residential customers will be billed summer rates May – September of each year, and winter rates, during the months of October – April. The drought surcharge is based on the stage of conservation required while the drought is impacting state water supplies.

A copy of the Water Rate Study, including new rates, is available on the City of Stockton's website at www.stocktonca.gov/water.

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