



NEWS RELEASE

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San Juan Water District hit with nuisance litigation on wholesale water rates

Granite Bay, CA – The San Juan Water District (San Juan) was hit with a nuisance lawsuit on April 10, 2024 from two of its five Wholesale Customer Agencies (WCAs) - Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD). The lawsuit, which will cost ratepayers in Granite Bay, Folsom, and Orangevale (as well as in Fair Oaks and Citrus Heights) at least tens of thousands of dollars to defend, challenges the five-year wholesale rate plan that San Juan adopted in December of 2023. This is the second nuisance lawsuit filed by CHWD and FOWD against San Juan in the last seven months; the first was dismissed by the Sacramento Superior Court in January.

The suit was filed even when San Juan's wholesale rates are the lowest in California, due to San Juan's senior water rights on the American River and its efficient operations. San Juan's process for updating its wholesale rates included the use of respected industry consultants recommended by CHWD and FOWD to prepare a plan for allocating costs to San Juan's wholesale and retail operations. Using this cost allocation plan, a separate industry expert assisted San Juan in preparing its five-year wholesale rate plan, which was delivered to the WCAs five months before it was adopted by the San Juan Board of Directors, to allow for robust review and input by the WCAs. The comments from the WCAs during this review period were thoroughly addressed by San Juan, and adjustments were made to reduce the impact of rate increases.

"San Juan's wholesale rates that I and my fellow Board members approved in December are fair, reasonable, responsible and meet all legal requirements," said Manuel Zamorano, President of the San Juan Board of Directors. "Our five-year plan is based on operating, maintenance, and future capital investment needs funded by targeted savings, an ultra-low interest loan for infrastructure projects, and rate increases driven mainly by the need to address inflation."

San Juan's five-year wholesale rate plan includes annual rate increases of 5% for 2024-26, dropping to 4% in 2027 and 2028. San Juan's projections of inflation are 4% in 2024 and 2025, dropping to 3% thereafter. Part of the reason for the additional 1% increase above base inflation is the repayment costs of a \$24 million dollar State Revolving Fund loan that funded the 62-million-gallon Hinkle Reservoir cover and lining project, which includes an interest rate of just 1.2% for the 30-year life of the loan.

"This litigation is completely unnecessary and misguided, and we anticipate that the Superior Court will rule in our favor," continued President Zamorano. "The fact is, San Juan provides the best water in the state at the lowest rates going, and this litigation will be a waste of ratepayer dollars."

San Juan's response to the April 10 petition for writ of mandate from CHWD and FOWD is due to the court on May 27, 2024. It will be posted on San Juan's website, along with other documents associated with this case.

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[San Juan Water District](#) provides reliable, high-quality water service to approximately 265,000 retail and wholesale customers in eastern Sacramento and southern Placer counties. In addition to serving its own retail customers, San Juan delivers wholesale water supplies to Citrus Heights and Fair Oaks water districts, Orange Vale Water Company, the City of Folsom (for customers north of the American River) and, periodically, to Sacramento Suburban Water District.