



## 2023 CONSUMER CONFIDENCE REPORT WILL BE AVAILABLE IN JUNE

San Juan's mission is to ensure the delivery of a reliable water supply of the highest quality at the lowest reasonable price. In June, be sure to review our annual Consumer Confidence Report, which will provide information on San Juan's 2023 water quality. The report will be posted on [sjwd.org/consumer-confidence-reports](https://sjwd.org/consumer-confidence-reports), mailed or distributed in an e-newsletter to customers of each of our five wholesale customer agencies.

# PUTTING CUSTOMERS FIRST



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# Water Update

SPRING 2024



## Precipitation Lower, Storage Levels Above Normal for Water Year 2024

Despite the increased number of atmospheric rivers hitting the west coast in Water Year 2024 versus Water Year 2023 (51 in 2024, compared to 38 in 2023), precipitation and snowpack in Northern California have been lower in 2024. As of the end of May 2024, precipitation is 94% of average. Snowpack was just above normal on April 1 when the snowpack peaked, and it has started to melt as temperatures have risen. That runoff is now making its way to the state's reservoirs, all of which are above normal storage levels for this time of year. Folsom Reservoir, the source of San Juan's water supplies, will fill completely in June, and **San Juan has 100% of its water supplies available this year.**



## San Juan Hit with More Nuisance Litigation

On April 10, 2024, San Juan was hit with a lawsuit from two of its five wholesale customer agencies (WCAs) – Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD). 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 lawsuit, which will likely cost ratepayers in Granite Bay, Folsom, and Orangevale (as well as in Fair Oaks and Citrus Heights) tens of thousands of dollars to defend, challenges the five-year wholesale rate plan that San Juan adopted in December of 2023.

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.

Contrary to the complaint filed by CHWD and FOWD, **San Juan's wholesale rates are fair, reasonable, responsible, and meet all legal requirements.** San Juan's five-year financial plan and rates are based on operating, maintenance, and future capital investment needs funded by targeted savings, an ultra-low interest loan for infrastructure projects, and rate increases that primarily address projected inflation.



## How Does San Juan Water District Keep Wholesale Water Rates So Low?

**San Juan Water District has some of the oldest water rights in the state of California, dating back to 1853.** This means that most of the water San Juan pulls from the American River is free. The water is taken from an outlet in Folsom Lake and delivered to the water treatment plant. If the lake level is high enough, the water flows naturally by gravity. Other times it is pumped by the Bureau of Reclamation. The Bureau is not able to meter the power used for pumping water to us. We are grandfathered in on a very low, fixed rate schedule. That means the amount we pay for pumping doesn't change with the amount of water that is pumped. San Juan has a few other sources of water, for which it has to pay, but they are supplemental to the water rights water.

Because most of the water is free, the wholesale water rate is comprised predominately of the fixed cost of running the treatment plant and administering the wholesale division. In fact, in our recent wholesale rate study we determined that 83% of our wholesale costs are fixed – they do not change with the amount of water that is produced. Our variable costs include things such as water purchased from Placer County Water Agency (PCWA) or the Central Valley Project, treatment chemicals, energy costs, disposal costs, hazardous waste removal, some maintenance costs, and fuel. Despite the high level of fixed costs, the **overall rate is the lowest in the state of California** – due to the extremely low cost of the water itself.

In addition to the low cost of the water supply, San Juan works hard across the board to keep rates low by using external funding sources. The most frequent external source is from the treatment of raw water and sales of treated water to Sacramento Suburban Water District (SSWD). SSWD frequently purchases raw water from PCWA, and they pay us to treat the water for them. In some years, when they can't purchase PCWA water, we will sell them our treated water, after making sure your water needs are met. Without this discretionary and supplemental revenue source, your wholesale rates would be 16% higher than they are today.

We are actively working on securing a grant from the U.S. EPA for a reservoir replacement project, and we are gearing up to utilize a federal rebate program to help pay for solar improvements. By constantly scanning the horizon for existing and future external revenues sources, **we can reduce upward pressure on wholesale water rates now and in the future!**

