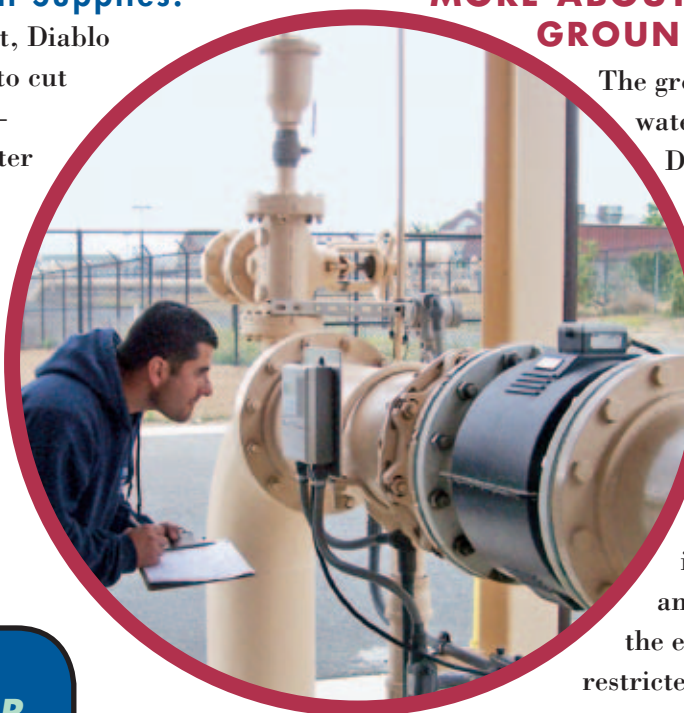


GOOD WATER NEWS: WATER SUPPLIES ARE UP

With a fortunate combination of water conservation, a wet winter, and additional supplies from the District's well, the community's water supply is in excellent shape this year. Although, mandatory water-use restrictions from Contra Costa Water District have been lifted, customers are still encouraged to continue conserving because there is never enough water to waste.

New Well Boosts Local Supplies.

Due to the prolonged drought, Diablo Water District was required to cut back use of the water we purchase from Contra Costa Water District by 20%. Thanks to the District's groundwater well, our customers were asked to voluntarily cut back by 10%. As a bonus, well water costs the District less to deliver than purchased water.



MORE ABOUT THE DISTRICT'S GROUNDWATER WELLS

The groundwater well provides a local water supply to supplement the District's purchased water from Contra Costa Water District, and serves as a backup to ensure a normal level of water distribution to our customers. The decision by the District's Board of Directors in 2002 to proceed with the well project has now produced significant benefits, including long-term savings and a backup water supply in the event that water supplies are restricted again.

**THANK YOU
CUSTOMERS FOR
CONSERVING...
AND PLEASE
KEEP IT UP**

Even though we had improved rainfall this year, there is never enough water to waste.



Second Well to Improve Water Supply, and Lower Long Term Costs.

Favorable construction bids have been received for the construction of a second well and pipeline in the Stonecreek area, adjacent to Sellers Avenue. This second well would further increase the District's local water supply.

The well, expected to be online by spring 2011, will be the same size as the first well—up to two million gallons a day—which will double our local pumping capacity. The two wells together can produce 50% of the District's total annual water demand, if needed in an emergency.

RESERVOIRS MEET DAILY AND EMERGENCY NEEDS

Q: What part of our water system is especially needed on hot summer days, during fires and when electrical power cuts out?

A: Our large capacity reservoir tanks.

The customers of Diablo Water District depend on the District's water reservoirs everyday—especially during emergencies. The District recently constructed its third reservoir, creating a combined capacity of 12.5 million gallons of water, which is about a 5-day supply for the entire district during the winter.

Having this massive supply of water stored and always available provides many vital benefits to our customers:

- **Meet peak customer demands:** On hot summer days when water use can triple.
- **Lower electrical power costs:** The District can run its pumps at times when power costs are lower and then allow gravity to let the water flow when electricity is more expensive.
- **Meet fire flow needs:** During fires when large amounts of water are needed.
- **Meet emergency water needs:** If a major pipeline or pump breaks, or if power is out, water flows by gravity into the system from the reservoirs.

DEVELOPERS PAY ALL COSTS FOR NEW CUSTOMERS

Construction of the reservoirs, new wells and the laying of new pipelines are paid for through developer fees and not from water charges.

HOW WE KEEP OUR RATES LOW

There are many costs involved in providing quality water that together create your water charges:

Service Charge Covers Operating Costs. The Service Charge that appears on your monthly bill covers all of the District's operating expenses, including: fixing broken pipes; water quality testing; reading water meters and much more. Thanks to efficient management, employee multi-tasking, and other money saving techniques—for

example; reading our own meters and printing our own bills—the District has kept its rates lower than most local water providers.

Water Charge. The Water Charge pays for purchasing, treating and pumping of the water that is delivered to you. The Water Charge is \$2.53 per hundred cubic feet of water you use. Each hundred cubic feet is about 748 gallons.

Check Valve Charge. Customers with an alternate source of water on their property will have a Check Valve Charge on their monthly bill. This covers the annual cost of testing and repairing the check valve, which is required by law.

S AND IMPROVING SERVICE USING GOOD MANAGEMENT,... AND GOATS

MODERN SYSTEM AND MULTI-TRAINED EMPLOYEES MAKE THE DIFFERENCE

Let's start with the Goats....

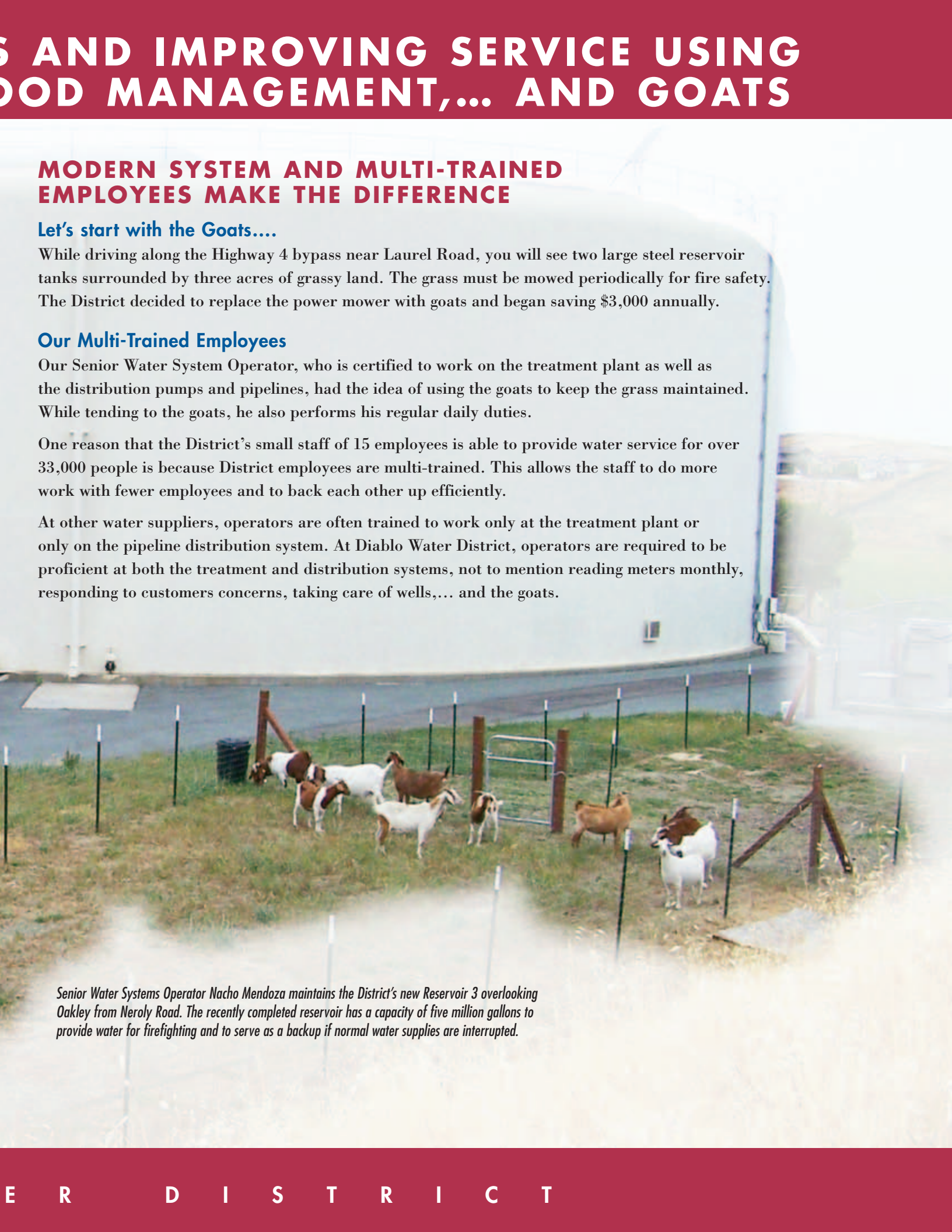
While driving along the Highway 4 bypass near Laurel Road, you will see two large steel reservoir tanks surrounded by three acres of grassy land. The grass must be mowed periodically for fire safety. The District decided to replace the power mower with goats and began saving \$3,000 annually.

Our Multi-Trained Employees

Our Senior Water System Operator, who is certified to work on the treatment plant as well as the distribution pumps and pipelines, had the idea of using the goats to keep the grass maintained. While tending to the goats, he also performs his regular daily duties.

One reason that the District's small staff of 15 employees is able to provide water service for over 33,000 people is because District employees are multi-trained. This allows the staff to do more work with fewer employees and to back each other up efficiently.

At other water suppliers, operators are often trained to work only at the treatment plant or only on the pipeline distribution system. At Diablo Water District, operators are required to be proficient at both the treatment and distribution systems, not to mention reading meters monthly, responding to customers concerns, taking care of wells,... and the goats.



Senior Water Systems Operator Nacho Mendoza maintains the District's new Reservoir 3 overlooking Oakley from Neroly Road. The recently completed reservoir has a capacity of five million gallons to provide water for firefighting and to serve as a backup if normal water supplies are interrupted.



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DID YOU KNOW? DIABLO WATER DISTRICT

YOU CAN GET REBATES AND FREE HOME WATER USE SURVEYS:

Get Paid to Save Water

Diablo Water District's customers are eligible to receive water conservation rebates and FREE Home Water Use Surveys from Contra Costa Water District, which supplies the District with imported water. Rebates of varying amounts and eligibility are offered for:

- Residential high-efficiency clothes washers
- Residential, multi-family and commercial high-efficiency toilets
- Residential and commercial smart sprinkler timers
- Commercial water-saving devices and SMART irrigation equipment
- Water-Efficient Landscape Program



Contra Costa Water District also offers FREE Home Water Use Surveys that provide information on how to check for leaks, assist with programming your sprinklers, and offer many more water saving tips.

For information about the rebates including how to apply for them or a FREE Home Water Use Survey:

Please Visit: www.ccwater.com/consERVE

Or Call: 925-688-8320.

CONVENIENT ONLINE SERVICES OFFERED

The District's website, www.diablowater.org, features cost saving, convenient features to improve our customer service and to make our operations more user friendly.

Online Forms to Start or Stop Service

Applications to connect or disconnect water service are available on-line. The fastest and most convenient way to start or stop water service is to complete the form on-line, print it, and fax or bring it into the District office.

On-line Bill Pay Coming Soon

We are also working towards offering the option to pay your bill on-line, which should be available this summer. Soon, you will be able to go on our website and pay by MasterCard or Visa. It is secure and could avoid delays and possible late fees from mailed checks. We will provide you with a notice in your water bill when the on-line bill pay service becomes available.

