

A NOTE FROM THE AUTHOR

“Since this paper and its companion were accepted, the growing severity of the drought has resulted in water rate reform as predicted herein. The Colorado River watershed, a major water source for California, has experienced a drought for the last 8 of 9 years. After a record dry spring in the Sierra Nevada Mountains, another major water source for California, in June 2008 the Governor of California declared a drought. For a third year in a row, Southern California has faced a water shortage, and the

City of Los Angeles, on June 1, 2009, declared a 15% shortage and implemented drought rates, reducing the threshold by 15% between the low tier rate charged for initial amounts of water and raising the high tier rate charged for amounts greater than the threshold. The high tier rate is an eye popping \$5.48 per 100 cubic feet (748 gallons) of water. This equals a price equivalent to \$2,383.80 per acre foot, the price expected to result in a sufficient reduction in consumption to accommodate the shortage.”