



LAS FLORES WATER COMPANY

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Las Flores Water Company 2018 Update

On behalf of the Las Flores Water Company, the Board of Directors extends its best wishes to all of you as we move into the New Year. Here are a few topics related to your water company that we want to share with you.

Capital Improvement Program: The Company continues to focus efforts on upgrading our aging infrastructure. This year, we completed a major pipeline replacement project on Hill Street between Atchison Street and New York Drive. This project replaced 1,200 linear feet of four-inch pipeline with six-inch cement lined and coated 10-gage steel pipe. We purchased an emergency generator that will enable us to pump water from our Sacramento facility to the Poppyfields and Lake Reservoirs in case of a power outage. Other projects completed included security enhancements at the Cobb and Lake Reservoir properties and ADA modifications at the Sacramento facility. In 2018, we will be replacing another major pipeline in our service area. We expect to begin construction of a new building at the Sacramento site to replace the current shop building that is more than 80 years old and is not seismically resilient. Collectively over the last 20 years, the Company has invested more than \$3 million in new pipelines and facilities. It is our goal to continue with this program, while being capable of promptly responding to any unplanned incidents that may occur.

Water Conservation: We are pleased to report that Company shareholders have positively responded to our request to maintain water conservation efforts. For more information on sustainable landscapes, local plant nurseries, and gardening tips at conservation, please visit www.bewaterwise.com.

Water Rates: Imported water costs continue to rise. In 2017, both Foothill Municipal Water District and the Metropolitan Water District of Southern California increased their rates; and they are increasing rates again in 2018. While Las Flores was able to absorb the increased costs in 2017 with no rate increase, it is necessary to implement a modest rate increase for 2018. The table below shows the new rates:

Tier	Range	Rate per units consumed
1	1 to 10 HCF	\$3.49
2	10.1 to 20 HCF	\$3.83
3	20.1 to 39 HCF	\$4.40
4	39.1 HCF and greater	\$5.50
Foothill MWD Charge	Per HCF	\$0.53

The first 10 HCF of monthly usage will be charged at the Tier 1 rate. One hundred cubic feet (HCF) is equivalent to 750 gallons. The second 10 HCF of monthly usage will be charged at the Tier 2 rate, and so forth. If you use 10 HCF or less, you will see an increase of less than \$2.00 per month. If you use between 10.1 HCF and 20 HCF, you will see an increase of \$2.20 - \$4.10 per month. If you use between 20.1 HCF and 39 HCF, you will see an increase of \$4.34 - \$8.66 per month. Usage over 39 HCF will result in increases of \$10 or more per month. The new rates go into effect January 1, 2018 and will be reflected on the bill you receive in February for your January usage.

If there are any questions, please feel free to call our General Manager, William Kimberling, at 626-797-1138.

John Bednarski
Board President