

**WALNUT PARK MUTUAL WATER COMPANY**  
**2460 EAST FLORENCE AVENUE**  
**WALNUT PARK, CALIFORNIA 90255**  
**PHONE: (323) 585-7321 NIGHT & EMERGENCY: (323) 585-0450**

May, 2015

Dear Shareholder and Customers:

Beginning with your billing after July 1, 2015 the water usage rate will increase from \$2.80 per unit to \$3.00 per unit. One unit is approximately 748 gallons. Additionally, the Service Charge will increase from \$10.00 to \$20.00 for each two (2) month billing period.

Although your water company is trying to keep its operating costs as low as possible, we are experiencing higher costs in our ability to deliver water to our customers. Your continued conservation during this drought is greatly appreciated, however reduced water sales translates into reduced revenue.

The Water Replenishment District has informed your water company that they will increase their rate assessment (RA) 5.6% to \$283.00 an acre foot on July 1, 2015. Additional rate increases from Southern California Edison and other monthly expenses such as insurance, workman's compensation and fuel have driven up our operating costs.

Additionally, as required under Assembly Bill 240, we must continue to increase our Emergency Reserve Fund.

Your Water Company's Directors feel that there is no other alternative but to increase the water rates to you, our shareholders and customers. Your Water Company can no longer absorb these additional costs without jeopardizing the financial health of the company. We also must maintain an adequate reserve fund for any unforeseen emergencies.

The Board of Directors of the Walnut Park Mutual Water Company deeply regrets that we have to increase water rates and service charges at this time. But, we must be fiscally responsible to you, our share holders and customers.

Thank you,

**YOUR BOARD OF DIRECTORS**