

WALNUT PARK MUTUAL WATER COMPANY
2460 EAST FLORENCE AVENUE
WALNUT PARK, CALIFORNIA 90255-5783
E-Mail wpmwc@sbcglobal.net

August 15, 2022

TO OUR SHAREHOLDERS AND CUSTOMERS

On account of rising costs, your Board of Directors at their regular Board of Directors meeting convened on August 15, 2022, under Article V of the By-Laws, reluctantly resolved to increase the water usage charge effective January 1st, 2023. This increase will amount to 9% or .29 per unit from \$3.31 to \$3.60 per unit. One unit equals 748 gallons of water.

The Water Replenishment District (WRD) has increased the replenishment rate from \$394.00 an acre foot to \$411.00 an acre foot effective July 1st, 2022 an increase of 4.3% and we expect another increase in 2023

For example, between January and June 2021 and January and June 2022 our Southern California Edison power costs have increased from \$58,354.00 to \$71,696.00, an increase of 22.8%.

Between January and June 2022, on account of the drought conditions and our costumers' conservation efforts, our water consumption has decreased by 16 acre feet and has caused a 3% decrease in revenue. This decrease in water usage and revenue is projected to continue in the foreseeable future.

Unfortunately, your water company has had to expend additional funds for new security fencing, outdoor lighting and high-resolution cameras along with other security measures in order to prevent trespassing and vandalism when our office and plant are closed. This has created an unnecessary financial burden on your water company.

We also have had to replace Booster Pump #1. This is one of four booster pumps that maintains pressure in the water system.

Along with other cost increases such as labor, insurance, utilities and plant supplies, your water company can no longer absorb these increased costs within our operating budget. We cannot use our reserve funds to offset budget deficits, as these funds are for emergency use only.

Keep in mind that under Assembly Bill 54, your water company is required to build and maintain a reserve fund to finance any future emergencies. Any surplus operating funds are deposited into your water company's reserve accounts.

Respectfully,

YOUR BOARD OF DIRECTORS