

Lincoln Avenue Water Company

564 W Harriet St, Altadena, CA 91001 (626)798-9101 Fax (626)798-9446

March 15, 2017

RE: Water Rate Adjustment

Dear Lincoln Avenue Water Customers:

Conditions have certainly improved from this time last year when we were entering an unprecedented sixth year of drought. Statewide, we are in good shape, as Northern California reservoirs are at full capacity and Sierra Nevada snowpack levels are far above normal levels for this time of year. Locally, we have also enjoyed above normal rainfall, which will allow us to use our local supplies and avoid, to some extent, the increasing costs of imported water. And, at last our local groundwater levels are increasing, although we will need additional rainfall before they fully recover.

Unfortunately, we're not entirely out of woods yet. Local restrictions limiting outdoor watering to two days per week remain in place and Governor Brown's emergency drought declaration remains in effect. Additionally, with continued conservation by our customers, company revenues have not fully recovered from the tremendous impact of the 28% drop in water sales and revenue that occurred in 2015.

To maintain the health of the company and to assure that our infrastructure is maintained adequately, Lincoln's Board of Directors adopted a rate increase at its March meeting to become effective with the May 2017 bill.

Under the new rate structure, the monthly standby charge will be decreased for all customers from \$30.90 to \$29.90. If you are a Tier I customer, using 7 units or less, your water bill will actually be reduced.

Each of our tier rates will be adjusted as follows:

Tier I	-	increased by \$ 0.06 per unit
Tier II	-	increased by \$ 0.25 per unit
Tier III	-	increased by \$ 0.31 per unit
Tier IV	-	increased by \$ 0.42 per unit

The variation of the tiered increase amount is intended to encourage conservation. Of course, the actual amount of your increase will depend on the tier level of your individual water use.

We will continue to keep you informed as to changes to our water availability status. We assure you that rates will only be adjusted when necessary.

The Board of Directors and staff at Lincoln Avenue Water Company are committed to meeting the challenge of providing high quality, reliable water service to our customers at the most economically feasible cost.

If you have any questions, please contact this office.

Sincerely,



Lincoln Avenue Water Company
John Clairday
President