

# *Lincoln Avenue Water Company*

*Established 1896*

January 22, 2026

RE: Water Rates

Dear Shareholders and Water Customers:

The past year has been an extraordinarily difficult one for our community. Many of our customers experienced profound loss as a result of the Eaton Fire, and we recognize the emotional and financial toll this has taken on families, neighborhoods, and the community as a whole. Our thoughts remain with everyone who has been affected.

Throughout this recovery period, our staff has continued to work tirelessly to assess damage, make necessary repairs, maintain system integrity, and ensure the water system remains safe, reliable, and ready to serve customers as homes are rebuilt and residents return.

Due to prudent financial planning and the use of the Company's Catastrophic Loss Fund, we were able to defer the planned 2025 rate increase and continue operations throughout the year. But while Lincoln deferred its rate increase, neither of our water suppliers deferred their 2025 and 2026 increases, with Foothill Municipal Water District increasing its rate by a total of 12% and Metropolitan Water District increasing its by 26%. Additionally, due to inflation and tariffs Lincoln saw increases in utility costs as well as the costs for outside labor and critical materials needed to restore the system. As a result, the Company ended 2025 with a \$1.6 million operating deficit, choosing not to pass those costs on to customers during an already difficult time.

The Eaton Fire resulted in the loss of approximately 2,600 homes, representing 58% of the properties we serve. Like many other companies in Altadena the loss of customers and the resulting loss of revenue is a serious threat to the company's survival. But unlike other businesses, Lincoln Avenue Water occupies a place of critical importance in the community. Unlike some government entities, Lincoln Avenue must balance its budget and provide for adequate revenue to cover its expenses for the coming year. As a result, Lincoln's Board voted to implement rate increases and some additional fees effective with the bill you receive the first week of March.

**Water Rate.** In addition to the 8% rate increase authorized for 2025, which was deferred, rates for all tiers will be increased 10%. The combined increase is necessary to support the continued operation and reliability of the water system.

**Standby Charge.** As part of the 2025 planned adjustment, the standby charge is being restructured. Lincoln Avenue has significant fixed costs which don't change based on water consumption. The standby charge helps distribute these costs fairly across all customers. Since larger meters have the ability to place a greater demand on the water system, it's appropriate to establish a standby rate based on meter size. This rate structure is consistent with local and regional water companies throughout Southern California. In addition, the standby charge will now be assessed on all service connections, regardless of meter activity status. While many of these homes do not currently have active water service, the water system must still be maintained in a state of readiness so service can be safely and reliably restored as customers rebuild and return. This includes maintaining pipelines, storage, treatment, and complying with all regulatory requirements.

It's important to note that inactive accounts were not charged a standby charge during all of 2025 and the company has no plans to collect those charges retroactively. However, continuing to waive this charge is not sustainable if we are to preserve system readiness and protect the long-term viability of the water system. We understand that this change may pose a financial hardship, and we do not take this decision lightly. But adequate funding is essential to ensure the system remains operational and ready to serve the community.

The actual amount of your increase will depend on the tier level of your individual water use and meter size. However, if you are a customer with a 5/8" or 3/4" water meter, using 7 units or less, your water bill will increase by approximately \$8 per month. The average water bill using 14 units of water will see an increase of \$15 per month.

**Temporary Recovery Fee.** In addition to the increases outlined above, the Board considered, but did not implement, a \$15 per month Eaton Fire Recovery Fee on each connection. This was intended to be an emergency measure and not a permanent charge on water bills. Instead, the Board voted to withdraw an equivalent amount from the remaining Catastrophic Loss Funds and review our financial condition in six months.

The company has joined litigation against Southern California Edison for substantial damages caused by the Eaton fire. We have also filed a substantial claim with the Federal Emergency Management Agency. The company has also sought financial assistance from the State of California but so far none has been forthcoming.

Even with the water rate adjustment, revised standby charges, and additional fees, the company is still facing a funding shortfall for critical capital improvement projects needed to maintain and improve system reliability. So far, the company has not assessed individual shares, a measure permitted by our bylaws. Some shareholders believe that this is a more equitable way to share the burden of keeping the company financially healthy and able to perform its essential function. It is hard to predict what this year will bring and to budget accordingly. Our plan, for now, is to closely monitor our financial condition and make necessary adjustments as we go. We remain optimistic that West Altadena will be rebuilt and that our company will thrive again.

We welcome your input and invite our shareholders and customers to attend a special meeting to discuss the company's financial position and anticipated needs for 2026.

**The meeting will be held on February 5, 2026, 5:30 p.m. at the Loma Alta Park Community Room, 3330 N Lincoln Avenue, Altadena. This meeting is open to eligible participants only. You must be a shareholder, tenant or occupant receiving water service from the company.**

The Board of Directors and staff at Lincoln Avenue Water Company remain committed to meeting the challenge of providing high quality, reliable water service to our customers at the most economically feasible cost. We appreciate your patience, understanding, and continued support as we move forward together.

If you have questions regarding this notice, please contact our office at (626) 798-9101.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Clairday". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Clairday".

John Clairday  
President

## **New Water Rates**

### **Commodity (Usage) Rates**

Tier I	-	increased by 0.76¢ from \$4.03 to \$4.79 per unit
Tier II	-	increased by 0.90¢ from \$4.76 to \$5.66 per unit
Tier III	-	increased by \$1.00 from \$5.31 to \$6.31 per unit
Tier IV	-	increased by \$1.11 from \$5.92 to \$7.03 per unit

### **Standby / Service Charge by Meter Size**

5/8" and 3/4"	-	\$34.10
1"	-	\$38.50
1 1/2"	-	\$44.00
2"	-	\$55.00
3"	-	\$66.00
4"	-	\$77.00

A complete list of rates is available on our website:

[lawc.org/general-information/customer-service/water-rates/](http://lawc.org/general-information/customer-service/water-rates/)