

NOTICE TO CUSTOMERS

On October 16, 2017, Lukins Brothers Water Company (Lukins) filed Advice Letter No. 71-W with the Public Utilities Commission requesting authorization to borrow \$ 2,200,000 for 20 years, at 6.5 per cent interest per year from financial institutions or from the State Water Resources Control Board (SWRCB) under the Safe Drinking Water State Revolving Fund program. The proceeds of the loan will be used to finance:

The construction of a Granular Activated Carbon Treatment (GAC) facility to address tetrachloroethylene (PCE) groundwater contamination at the site where Lukins' Well Nos. 2 and 5 are located at 2133 Twelfth Street, (APN 23-553-021) Lot 66, as required under the safe water drinking standards set forth by the state Department of Health Services.

As required by the financial institution, Lukins also requests for a surcharge to repay the principal and interest of the loan and to provide a sinking fund reserve equal to six month's debt service. The monthly requirement for debt service for the first 11 months is estimated at \$8,946.88 per month and \$16,402.61 per month for the remainder of the term of the loan.

The proposed surcharge rates to make the loan payment are:

	Proposed Monthly Surcharge	Proposed Monthly Surcharge
Metered Service	1 to 11 months	12th month and thereafter
5/8 x 3/4-inch meter	3.31	6.07
3/4-inch meter	4.97	9.10
1-inch meter	8.28	15.17
1 1/2-inch meter	16.55	30.35
2-inch meter	26.48	48.56
3-inch meter	49.66	91.04
4-inch meter	82.76	151.74
6-inch meter	165.53	303.47

The monthly bill for a 1-inch metered customer using an average of approximately 600 cubic feet of water per month, at a quantity rate of \$1.86 per 100 cubic feet, and a service charge of \$36.68 is currently \$47.84.

With the proposed surcharge, Lukins estimates that the monthly bill for a 1-inch metered customer for the first 11 months would increase by \$8.28 or 17.3% from \$47.84 to \$56.12. Thereafter, the increase would be \$15.17 or 31.7% from \$47.84 to \$63.01 per month for the remainder of the term of the loan.

The monthly bill for a typical single-family residential flat-rate customer with a 1-inch service connection is currently \$57.10 (\$685.16 annually).

With the proposed surcharge, Lukins estimates that the monthly bill for a typical single-family residential flat-rate customer with a 1-inch service connection for the first 11 months would increase by \$8.28 or 14.5% from \$57.10 to \$65.38. Thereafter, the increase would be \$15.17 or 26.6% from \$57.10 to \$72.27 per month for the remainder of the term of the loan.

Currently, Lukins is negotiating for a loan with a bank. However, if Lukins will be provided by the SWRCB with a construction loan, the surcharge rates will be revised based on the terms and conditions of the loan contract.

Protest and Responses

A protest is a document objecting to the granting in whole or in part of the authority sought in the advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

A protest must be mailed within 20 days. It must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the filing.

All protests or responses to this filing should be sent to:

California Public Utilities Commission, Water Division
505 Van Ness Avenue
San Francisco, CA 94102
Fax: (415) 703-4426
E-Mail: water.division@cpuc.ca.gov

Protests should also be sent to:
Lukins Brothers Water Company
2031 West Way
South Lake Tahoe, CA 96150

E-Mail Address: jennifer@lukinswater.com

If you have not received a reply to your protest from the utility within 10 business days, contact the utility at (530) 541-2606.

A copy of Lukins Brothers Water Company's Advice Letter No. 71-W filing, and work papers may be mailed to you by calling (530) 541-2606. You will be billed \$0.20 per page.

Further information may be obtained from the utility at its business office or from the Commission at the above address.

Lukins Brothers Water Company

Mailed: December 14, 2017