

Dear Valued Customers,

I hope this message finds you well. As we continue to navigate through challenging times, I wanted to take a moment to update you on the recent developments at Lukins Brothers Water Company, Inc. (LBWC).

Since the Caldor Fire in 2021, LBWC has faced significant challenges due to the escalating insurance costs. Despite our best efforts to engage with state regulators and the California Insurance Commission, we have not been successful in mitigating these rising expenses.

To provide some context, in 2020, LBWC's comprehensive insurance policy amounted to \$43,000 annually. However, following the Caldor Fire, our property insurance skyrocketed to \$141,000 in 2021 and has now reached \$269,584 in 2024. Faced with limited options, LBWC was compelled to file an expense offset advice letter with the California Public Utilities Commission on January 17, 2024. This advice letter, labeled as Advice Letter 96-W, became effective on February 16, 2024, authorizing LBWC to increase revenue by 21.39% or \$269,584.

Enclosed with this communication is a statement reflecting the new rates for water services from July 1, 2024, through September 30, 2024. Additionally, a one-time surcharge has been applied to cover the difference between the effective date of February 16, 2024, and June 30, 2024, already billed.

Despite these challenges, LBWC remains committed to finding sustainable solutions. We continue to engage with state legislators, regulators, and the California Insurance Commission to address this pressing issue. As part of our efforts, we have introduced AB 2735, a proposed legislation that, if passed, would enable regulated water utilities to participate in pooled insurances.

We urge you, our valued customers, to join us in advocating for change by writing letters to our legislators regarding the insurance crisis affecting all Californians. Contact information for our representatives is provided on the reverse side of this page.

Furthermore, we understand the financial strain these increases may pose on some of our customers. Therefore, we encourage you to reach out to our office to explore options such as our payment plan program to avoid late fees if you need assistance with payments.

Your understanding, support, and cooperation during these challenging times are greatly appreciated. At LBWC, we remain committed to providing you with reliable and sustainable water services while navigating through these obstacles together.

Thank you for your continued trust in us.

Sincerely,

Lukins Brothers Water Company, Inc.

AB 2735 Representative:

The Honorable Blanca E. Rubio  
The California State Assembly  
1021 O Street, Suite 5250  
Sacramento, CA 95814

El Dorado County State Senator:

The Honorable Marie Alvarado-Gil  
California State Senator, District 4  
1021 O Street, Suite 7240  
Sacramento, CA 95814

El Dorado County State Assembly:

The Honorable Megan Dahle  
The California State Assembly  
1021 O Street, Suite 5710  
Sacramento, CA 95814