

La Cumbre Mutual Water Company

695 Via Tranquila, Santa Barbara, CA 93110-2296

Phone 805 967-2376 Fax 805 967-8102

WWW.LACUMBREWATER.COM

DIRECTORS

JANE LODAS

PRESIDENT

JIM SCORSO

VICE-PRESIDENT

ALEX RODRIGUEZ

MARC RUSSO

BOB URADNICEK

MIKE ALVARADO

GENERAL MANAGER

5/15/2015

STAGE II DROUGHT LEVEL - WATER RATE INCREASE

Dear La Cumbre Water Customer,

We recently received the official details of the Governor's April 1, 2015 Executive Order. Below is an excerpt:

"Small suppliers will need to contribute to achieving the statewide 25% potable urban water use reduction called for in the Executive Order."

La Cumbre Water is considered a small supplier. So far this year, compared to 2013, we are at a 25% reduction, thanks to your outstanding efforts. Our goal is continuing that level of conservation into the upcoming summer period and into next year.

Because of the need for continued conservation, to keep our revenue stream steady despite the usage reduction, and to have the ability to buy outside sources of water and fund capital improvement projects that will help keep us from going into rationing, the Board of Directors at their May 4th meeting unanimously approved a new rate effective July 1st, 2015.

The new rate is a 20% increase in the water rate for all of the Tiers. The Tiers of water usage levels 2, 3, & 4 have been reduced as well. Tier 1 is still from 0 to 40 HCF, but Tier 2 goes from 41 to 80 (previously 41 to 90), Tier 3 is 81 to 120 (previously 91 to 190), and Tier 4 is all water used over 120 HCF (previously 190).

In addition, to help fund a smart meter program that we have been beta testing, we are increasing the fixed water meter charge by 40%. The meter program will significantly enhance our conservation efforts by detecting leaks and has the ability to notify you, as well as us, within 24 hours of a serious leak or incident. You will be able to log in with a computer, tablet, or phone, and see graphs of your hourly/daily/monthly water use. We have already seen the positive effects of the meter system with the 24 customers who are currently using the system.

Even with this latest increase, your cost of water remains comparable to or lower than that of other South Coast water agencies. For conservation ideas please check out the following websites: sbwater.org and saveourwater.com. A Water Rates and Charges sheet is enclosed. Please feel free to call our office for any help you need. Thank you for your continued support and your continued conservation efforts.

Your annual meeting is scheduled for Tuesday June 9th at Vieja Valley School at 6 pm. Hope to see you there. We welcome your questions and comments.

Sincerely,

For the Board of Directors



Jane Lodas

Board President