

PALOMINO LAKES MUTUAL WATER COMPANY

POST OFFICE BOX 687 CLOVERDALE, CALIFORNIA 95425

mailed 6/27/2011

June 27, 2011

NOTICE OF RATE INCREASE

The California Department of Public Health has ordered your water company to reduce the rate at which it pumps water and to increase water treatment. The pumping rate will change weekly as water temperature and pH change. The appropriate pumping rate will be determined by Weeks Water Treatment, our state certified water treatment specialist, in order to meet disinfectant requirements. Pumping rates will be as low as 90 gallons per minute compared to our usual pumping rate of 180 gallons per minute.

While we should be able to meet demand at the reduced pumping rate, we will have to pump at times outside of the lowest electric rates. For years we have pumped only at night to avail ourselves of the \$0.12 per kilowatt hour PG&E tier 1 rate. During periods of high demand we will now be forced to pump during the day at tier 3 rates, currently \$0.47 per kilowatt hour. This is a 300% increase in energy cost during peak day periods.

In order to encourage conservation and to pass the cost of high demand to those few high users, the following rates will be in effect beginning on August 1, 2011.

- Tier 1 – the first 30,000 gallons in a 3 month period, \$2.25 per 1,000 gallons.
NO CHANGE. 60 of our 110 home owners use less than 30,000 gallons.
- Tier 2 – the second 30,000 gallons in a 3 month period, \$3.45 per 1,000 gallons.
NO CHANGE. 38 of our 110 home owners use 30,000 to 60,000 gallons.
- Tier 3 – the third 30,000 gallons in a 3 month period, \$6.70 per 1,000 gallons.
A 25% INCREASE. 7 of our 110 home owners use 60,000 to 90,000 gallons.
- Tier 4 – the fourth 30,000 gallons in a 3 month period, \$10.00 per 1,000 gallons.
A 50% INCREASE. 2 of our 110 home owners use 90,000 to 120,000 gallons.
- Tier 5 – use over 120,000 gallons in a 3 month period, \$18.00 per 1,000 gallons.
A 100% INCREASE. 3 of our 110 home owners use more than 120,000 gallons.

Those 5 customers falling in the top 2 tiers will receive individual letters and will be offered assistance in managing their water use.