

California Proposal for New Statewide Tax on Water Bills

Dear Customer,

At our annual Members meeting and again at the Board Meeting of August 4, the Company warned those present of the States utilization of Governor Brown's drought declaration to impose laws that could negatively impact our customer base.

The most recent attempt by your elected officials is to require you the customer to pay a tax based on your water bill or usage.

The Company would be required to collect those funds and then submit them to the State for subsequent distribution to other water utilities that have not allotted funds for improvements to their water system. An example could be a water utility that is short of water due to not preparing for drought conditions. Although your Company has prepared itself to enable you to have the water you desire during these periods, you the customer may be penalized through a taxation on your water use that will be used for other communities that did not plan or prepare for such instances.

As we understand it, this bill may come before the legislature prior to September 10 for approval and signature by Governor Brown. We suggest you contact your State Representative and Senators if you object to this taxation.

Pine Valley Mutual Water Company