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Stockholders:

The Board of Directors has approved that the El Dorado Mutual Water Company will be hooked up to the AVEK water system. This would provide continuing water service in the event of an emergency (such as well failure) or disaster (such as an earthquake) situation. However, the cost of this hookup is considerable and the Board has decided that should the Company be in a position to use the AVEK emergency water, that the water rates would be doubled during that time. Rates would return to normal on resumption of our own water supply. Remember this would apply only in the event of an emergency.

Please be reminded that there is Stock to be transferred if you should sell your property. The buyer and the escrow company should be notified that the property is served by a private Mutual Water Company and there is Water Stock in the Company to be transferred to the new owner.

The need to send out Past Due Notices seems to be on the rise. Increased postage rates, and the time involved in sending out the notices, seems an unnecessary expense to your Company when prompt payment of your water bill could solve this problem.

We have so many new property owners, perhaps it would be helpful to explain our billing procedure. The summer months of May, June, July, August are billed monthly, and for the balance of the year the billing is every other month; September-October, November-December, January-February, March-April.

Water charges are for the amount of water consumed. There is a Minimum charge of $4.80 per month for 20,000 gallons. The excess over 20,000 gallons is billed at the rate of 18¢ per thousand gallons.

The Standby charge is for the general upkeep of the Company and the charge is based on the number of shares (acres) owned. The charge is $3.00 per month per share. Example for ½ shares (acres): 1.25 x $3.00 = $3.75 per month. Water users have the Standby charge added to their monthly (or bi-monthly) billing. All other property owners are billed quarterly for the Standby charge.

The Annual Road Assessment charge is $6.40 per year per share. The charge for ½ shares (acres) is computed: 1.25 x $6.40 = $8.00 per year. This charge is billed on the June 30th billing each year and is for the following fiscal year. The Road Assessment charge on the June 30, 1978 billing is for the period July 1, 1978 thru June 30, 1979.

All property owners pay the Standby and Road Assessment regardless of whether they are water users.

We have a 24-hour Answering Service and a listing in the telephone book. The phone number is 947-3255.

MICHAEL D. CASEY, Secretary-Treasurer
El Dorado Mutual Water Co.