To: Las Flores Water Company, Lincoln Avenue Water Company, and Rubio Cañon Land and Water Association Shareholders and Residents

Subject: Altadena Water Systems Consolidation Study – What to Expect

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The January 2025 Eaton Fire had a significant and lasting impact on Altadena, displacing many residents who continue to rebuild their homes and community. As recovery and infrastructure restoration efforts move forward, the Boards of Directors of Las Flores and Lincoln Avenue Water Companies requested Technical Assistance from the California State Water Resources Control Board, which agreed to oversee and fund a consolidation study. The three Altadena mutual water companies that were substantially impacted by the fire—Las Flores Water Company, Lincoln Avenue Water Company, and Rubio Cañon Land and Water Association—have agreed to participate in the study and to consider its findings, though Rubio Cañon Land and Water Association did not participate in the request for Technical Assistance.

Stantec Consulting Services was assigned to conduct a study evaluating potential consolidation options that could allow the three neighboring water companies to increase resilience and long-term affordability together. The Altadena Water Systems Consolidation Study is funded through the State Water Resources Control Board Safe and Affordable Funding for Equity and Resilience (SAFER) Program and will be completed with no cost to shareholders and customers.

What is the study evaluating?

All three participating mutual water companies are recovering from the impacts of the Eaton Fire. This study will evaluate three consolidation options as potential strategies for strengthening Altadena's long-term resilience:

> **Option 1)** Las Flores Water Company and Lincoln Avenue Water Company consolidating into a single water company with one board, one staff, one physical system for delivering water, and one set of finances. Rubio Cañon Land and Water Association would remain separate and independent.
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> **Option 2)** Las Flores Water Company, Lincoln Avenue Water Company, and Rubio Cañon Land and Water Association consolidating into a single water company with one board, one staff, one physical system for delivering water, and one set of finances.
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> **Option 3)** No consolidation taking place; the three systems remain independent.

The study will evaluate each option based on factors such as system reliability, drinking water quality, long-term management and operations, regulatory requirements, cost and affordability, and ability to implement the option successfully.

Consolidation is often considered a strategy to improve resilience for some water systems, depending on the specific context. This study will identify and evaluate the potential benefits and drawbacks of consolidation specific to the three participating mutual water companies and will document the potential process to consolidate. The study will not determine a final path forward. Any next steps would be up to the participating water systems and would require additional discussion, public process, regulatory approvals, agreements between systems, and funding before they could proceed.

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Frequently Asked Questions

- ***What is consolidation?***

"Consolidation" refers to two kinds of change, one where two water companies merge their boards and staff, called managerial consolidation, and another where two water companies merge their boards and staff and their infrastructure also gets tied together into a single system, called physical consolidation.

- ***How does this impact me right now?***

This study will not approve consolidation plans, authorize construction, change water rates, change ownership of any water system, or result in immediate changes to water service. The study will analyze the potential benefits and drawbacks of the three consolidation options for each of the three participating mutual water companies. The study will not determine a final path forward. Any next steps would be up to the participating water systems and would require additional discussion, public process, regulatory approvals, agreements between systems, and funding before they could proceed.

- ***How will this study contribute to current rebuilding efforts?***

The study will assess and provide information about potential consolidation options to the water system boards. The study will not result in any immediate changes to current rebuilding efforts. The study, however, will assess options that could increase long-term resilience in Altadena.

- ***Will my rates change as a result of this study?***

No rate changes will occur as a direct result of this study. The study is funded by the State Water Resources Control Board through the SAFER Program and will be completed at no cost to shareholders and customers. As part of the evaluation, the study will examine three options and consider how each option might affect future water rates.

- ***What is the timeline of this Study?***

The Study's final evaluations from the study are anticipated to be completed and presented to all three water system boards in January 2028.

- ***How can I participate and provide my input?***

Community input is important to identify areas of strength and opportunities. Stantec will periodically attend water system board or shareholder meetings throughout the study. Las Flores Water Company, Lincoln Avenue Water Company, and Rubio Cañon Land and Water Association will publicize upcoming meetings. Shareholders and residents are encouraged to attend these meetings to stay informed of the study and provide input when opportunities are available. The water systems will also share a summary of the study's key findings.

- ***What happens after this study is completed?***

The boards of Las Flores Water Company, Lincoln Avenue Water Company, and Rubio Cañon Land and Water Association will receive the results of the study. Any future decisions will be made by those boards following their own processes.

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