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Subject: Notice of a Water Rate Increase

Dear Paradise View Estates Customers,

Effective March 1, 2026, Covina Valley Water Company (Company) received notice that Los Angeles County Waterworks (County) would be adjusting its water rates and charges for the water we purchase to serve the Paradise View Estates (PVE). The County will continue to increase its rates annually for the foreseeable future. During the past five (5) years, the County has raised water rates between 4.5% and 8.5% annually. This change is projected to be 6.6%. This year, the County changed the rate structure, which simplified the County water rates, as reflected in the rate table below. However, this simplification came at a cost of about \$3,000 per month.

The Board of Directors does its best to control the continued increase in water rates. However, we cannot control the increases in the cost of purchasing water from the County. Depending on how much water you use, this change will have a minimal impact on residential rates. The majority of the impact (an increase in fixed charges) will be charged to the HOA, as has historically been the case. The new water rates will become *effective on November 11, 2026*.

Also, for those shareholders who have not taken advantage of selling back their Class B shares, that opportunity is still available. Covian Valley is offering \$5,650 per share, and each property has two shares.

2026 Residential Tier Water Rates for Malibu System

Units, 100 Cubic Feet (HCF)	CVWC New Water Rate \$/HCF
0-10	\$10.56
11 - 51	12.19
51-100	NA
100-400	NA
400+	NA

2026 Monthly Service Charge for Malibu System

Monthly Meter Charge	New Monthly Service Charge
¾" Meter	\$38.46
1" Meter	\$52.57
HOA Meter	\$3,896

If you should have any questions regarding this matter, please do not hesitate to call the office at (626) 332-8935.

The Board of Directors
Covina Valley Water Company