SAN ANTONIO WATER COMPANY



CORPORATE COMMITMENT

To provide our shareholders with reliable and good quality water service at a cost effective rate

SUMMER EDITION 2017

sawco waterworks

INSIDE THIS

Managers Message	2
Board Members	2
Toilet Giveaway	3
13th Annual Clean Up Day	3
What's your water consumption?	3

Employee's Anniversary

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RAINFALL DATA

	2015	2016	2017
Jan	.82	5.44	14.74
Feb	1.61	.62	3.89
Mar.	.32	2.54	.74
April	.41	.86	.09
May	1.59	.06	.39
June	.01	.01	
July	.79	.00	
Aug.	.00	.00	
Sept.	1.20	.19	
Oct.	1.07	.53	
Nov	.41	.67	
Dec	1.30	6.00	
TOTAL	9.53	16.92	19.85

1958-2013 Annual rainfall average: 22.40" Rainfall data collected from www.sbcounty.gov. & www.usace.army

New Water Rates and Entitlement in Effect July 1, 2017

On April 18, 2017 the Board adopted new rates that will take effect on July 1, 2017.

- Tier 1 Rate of \$0.51/hcf increased to \$0.68/hcf. (Base Rate)
- · Tier 2 Rate of \$1.33/hcf increased to \$1.78/hcf
- Tier 3 Rate of \$3.78/hcf is a new charge for those who exceed more than double their monthly entitlement.
- · An \$8/month per share "Water Availability Charge".

Current annual Water Supply/Entitlement is 10,086AF which is prorated among all the outstanding shares and allocated in our monthly entitlement schedule. Year to date rainfall and snowpack run-off contributed to increased water supply as opposed to last year at this time. Staff will be submitting to the Board for approval an early projection of an increased water supply up to 19% to take effect on July 1, 2017, in conjunction with the rate increase. This may help those that currently exceed their monthly entitlement from having incurred the Tier 2 or Tier 3 rate.

Consumer Confidence Report

Do you ever wonder what is in your drinking water? If your water has an undesirable taste, odor or color, or you want to learn more about your water quality, you may want to look in detail at your water quality report for the cause of these issues. Water quality reports help you identify if there are contaminants present in your tap water and how these may affect your health. To be environmentally friendly we are offering to email this report to our customers. This will help us reduce our costs to print and mail the report. If you would like to receive your report by email, please send us a request that you would like a copy of the CCR to info@sawaterco.com. The CCR is also available on our website at:

sawaterco.com/sites/default/files/archive/ccr/2016%20CCR.pdf Lastly, if you would like us to send you a copy by regular mail, you may request it by phoning our office at (909)982-4107.

PAGE 2 SUMMER EDITION 2017

MANAGER'S MESSAGE

The Trouble with Water

You may have heard the term "paper water" and thought what the heck is that? It is the idea of a promise of more in rights to water than there may actually be water flowing. The trouble with that is that there is more water on paper in California than there is water available. I've always expressed that although the San Antonio Water Company has an abundance of water rights, "if it does not fall from the sky, it's just ink on paper." Perhaps it's just magical thinking like "I can't be out of money, I still have checks."

It is much like the issue of overbooking with the airlines. As you may know that could get out of hand as to who gets on the airplane first whether its first come first serve, or if your rights are junior or senior, or if you have priority booking and similarly, complicates water issues in California.

In the 19th century the adage was that "It is better to be upstream with a shovel than downstream with a water right." However, with the recent drought there has been several cases of emergency rooms treating irrigators for shovel wounds incurred during volatile water disputes.

I suppose the only truth is that water is only real when it's wet.

Charles Moorrees

Welcome New Board Members

San Antonio Water Company shareholders have elected two new board members, Gino Filippi and Jose Sanchez. We look forward to their experience and guidance as new directors.



Gino Filippi, with roots in the historic Cucamonga Valley winegrowing appellation, has long been committed to the improvement of the region and the city of his birth - its government and business life, libraries and housing, and preserving rich history. First elected as an Upland City Council Member in 2010, Gino lives this commitment as a Council Member, business leader, community volunteer, successful preservationist and wine writer. He serves on regional boards, commissions and task forces to advance and protect the interests of residents and businesses.



Jose Sanchez retired from the Metropolitan Water District of Southern California in 2016 after a 30 year career. During his tenure, he worked in the operations, finance, and business services, corporate budgeting and financial analysis, and also served in their legislative affairs office in Sacramento. He was raised in Southern California and has lived in Upland since 1998. He has volunteered with the Upland Highland Regiment Band Boosters, St. Anthony Parish youth education ministry, Boy Scouts of America Troop 614 in San Antonio Heights, Acacia International Fraternity, the UCLA Alumni Band, and has been serving on the Board of Directors of the Metropolitan Water District Federal Credit Union since 1994.

San Antonio Water Company Honored Board Members

On March 30, 2017, San Antonio Water Company honored Director Ken Willis for 14 years and Director Glenn Bozar for 5 years of service with a luncheon. At the luncheon, out going members were presented with a "mock" stock certificate honoring their service. Ken's certificate stated that "he had been actively involved in civic affairs both local and statewide. His leadership, integrity and intelligence have been integral to his service on the Water Company's Board and advisory committees. His actions proved that the key to successful leadership is influence, not authority. Always quick with a joke, Ken finds a way to introduce levity without folly". Glenn's certificate read in part as "Glenn Bozar, a strong community advocate. His experience with fiscal management and expertise has served him well on the Water Company's Board and Administrative & Finance Committee. He has been reported to be 'one that does his homework and one who understands money.' Gentlemen, thank you for your years of service.

SAWCo Waterworks Page 3

Water Efficiency Corner

Toilet Giveaway

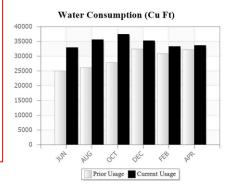
In our spring newsletter, we advertised a <u>free</u> Ultra High Efficient Toilet with installation. We had an overwhelming response and many of our shareholders participated. It seems like there is still a lot of older water guzzling toilets that need to be replaced, so we will continue to have this available, while funds last. So if you have an older, water wasting toilet, call us and we will do what we can to have a new water saving toilet installed.

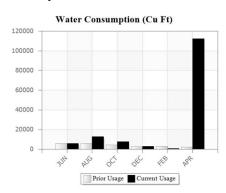
(One per customer)

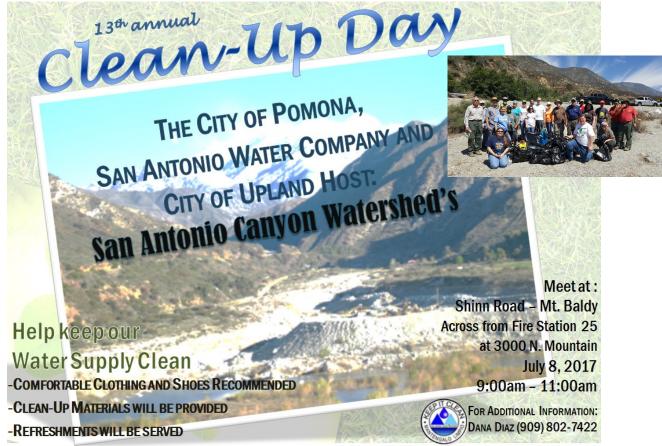


What's your water consumption?

We know when you receive your water bill, the first thing we look at is the amount due. Many times, questions arise that the bill is either higher or lower than the previous bill. What we really should focus on is your consumption for that time period (two month period). Every billing cycle your entitlement changes, which affects what your charges will be. It's important to look at your consumption. Below is 2 graphs from 2 different customers that have a significant difference in usage. The graph on the left shows consistent high usage that goes up and down and the graph on the right shows very little usage, with a slight increase in August, which is normal due to the weather. Then you see a huge increase in April usage which indicates that there is possibly a leak on the property. This customer was notified and the leak was found and fixed within 3 days.







SAWCo Waterworks

is produced quarterly to keep San Antonio Water Company shareholders informed about water-related issues and upcoming events. If you have any questions or comments, please call the office at 909-982-4107.

BOARD OF DIRECTORS

Tom Thomas-President
Will Elliott-Vice Pres.
Sue Sundell-Secretary/CFO
Bob Cable-Director
John Gerardi-Director
Gino Filippi—Director
Jose Sanchez—Director

GENERAL MANAGER

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San Antonio Employee Anniversaries

Teri Layton, our Assistant General Manager celebrated 25 years of Service in May and Jeff Barker, Water Utility Worker II, celebrated 5 years of service in June. Both employees are a great asset to the company and we value and appreciate their hard work and dedication to the water company.









Jeff Barker and Charles Moorrees