

NOTICE

The City of Bell Gardens (City) has started a public process to sell the City's Municipal Water System (Water System). On June 8, 2026, the City Council adopted a resolution (No. 2026-53), supporting a potential sale of the Water System and ordering an election, so residents can vote on the sale. The date of the election is November 3, 2026.

Golden State Water Company (Golden State) has been selected by the City as the potential purchaser of the Water System. Golden State has been providing water to Southern Californians since 1929. Golden State is among the largest and most experienced water companies in California, providing water services to more than one million Californians in 81 communities.

Golden State already provides water services to more than 10,000 City residents. Following approval of the sale, Golden State would deliver water to 100% of the City's residents.

Pursuant to Public Utilities Code section 10061, Golden State hereby provides the following information regarding the proposed sale:

Golden State has agreed to pay the City \$41,000,000 upon completion of the sale. Golden State has agreed to acquire the entirety of the Water System's assets needed to deliver water services to the City's existing customers. Those assets consist of wells, pipes, certain real property, water rights, and other conveyance infrastructure. Following a local vote, completion of the sale requires approval by the California Public Utilities Commission (CPUC).

Residential customers of the City's Water System currently pay rates comparable to those charged by Golden State to its residential customers in Region 2. For example, the City charges residential customers a commodity charge of \$5.60 per hundred cubic feet of water (CCF) and a monthly service/meter charge of \$43.12 for a standard 5/8" meter, while Golden State's Region 2 has a three-tier commodity rate structure, which allows residential customers more control over their water bills. The commodity charge for the first-tier rate is \$5.657 per CCF of water usage up to 9 CCF. The next 12 CCF of water use is charged the second-tier rate of \$6.505 per CCF. Water usage above 21 CCF is charged the third-tier rate of \$7.481 per CCF. Golden State's monthly service/meter charge for a 5/8" meter is \$37.81.

Current City residential customers using 15 CCF of water per month and a 5/8" meter pay a monthly bill of approximately \$127, while current residential customers of Golden State's Region 2 using the same amount of water pay approximately \$131 a month, which includes applicable surcharges that are approved by the CPUC as of October 11, 2026. When factoring in the costs associated with the acquisition and the impact of the additional customers being acquired by Golden State, the monthly bills of City residents using 15 CCF of water and a 5/8" meter are estimated to increase by approximately \$5 to \$132 per month, which amounts to a per month increase of approximately 4% .

As to commercial customers, the rates charged by Golden State for Region 2 are generally higher than the rates the City currently charges its customers, across all meter sizes. For example, the City currently charges a commodity rate of \$5.60 per CCF and a monthly service/meter charge of \$107.80 for a standard 1" meter, while current commercial customers of Golden State pay a single tier commodity rate of \$5.657 per CCF and a monthly service/meter charge of \$136.83 for a 1" meter.

Current City commercial customers using 33 CCF of water per month and a 1" meter pay a monthly bill of approximately \$293, while current commercial customers of Golden State's Region 2 using the same amount of water pay approximately \$332 a month, which includes all applicable surcharges that are approved by the CPUC as of October 11, 2026. When factoring in the costs associated with the acquisition and the impact of the additional customers being acquired by Golden State, the monthly bills of City commercial customers using 33 CCF of water and a 1" meter are estimated to increase by approximately \$39 to \$332 per month, which amounts to a per month increase of approximately 13%.

Existing City water rates will remain in effect until at least January 1, 2028. Following that period, current City customers will be integrated into Golden State's Region 2 ratemaking area and pay the Region 2 rates in place at that time. The above estimates are subject to change, and actual rates could be higher than the above estimates based on a number of factors, including CPUC approval of Golden State recovering its costs of acquiring the Water System through the rate setting process and the applicable surcharges in effect.

The above estimates also do not include the impact that Golden State's current General Rate Case application may have on Region 2 rates. Rate setting before the CPUC is a public process that occurs every 3 years. The average approved increases in revenues for Golden State's Region 2 customers over the last three rate setting processes (2019-2027) have ranged from 4%-7% annually.

Additional information is available here: www.gswater.com/CityOfBellGardens