

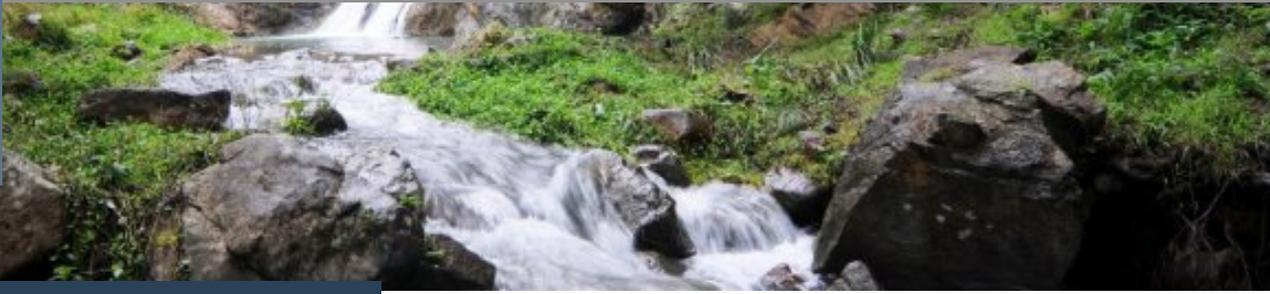


NOVEMBER
2025

Serving our shareholders for 139 Years!

THE CAÑON FLOW

END-OF-YEAR NEWSLETTER



PRESIDENT'S MESSAGE

Dear Shareholders,

As 2025 comes to a close, we find ourselves reflecting on an extraordinarily difficult year for our community of Altadena. The devastation caused by the fire has deeply affected all of us. We grieve for the lives lost, the homes and neighborhoods destroyed, and the sense of normalcy that has been disrupted. We also recognize the frustration and uncertainty that many are facing as recovery efforts continue.

Rubio Cañon Land and Water Association, like the rest of our community, has not been spared. Portions of our infrastructure sustained significant damage. Yet, through the dedication of our staff, we continue to make steady progress toward restoring our facilities and ensuring that clean, reliable water continues to reach our customers.

Our Water Company has benefited from the strong partnership between our dedicated staff and board of directors. That teamwork, along with years of careful planning and steady investment in our system, has placed us in a stronger position to face the challenges brought on by the fire. It's far from "business as usual," but our long-standing commitment to maintaining and upgrading our infrastructure, and building our financial reserves, allow us to continue essential operations.

This newsletter includes answers to some of the most frequently asked questions we've received from you by phone and email. We're also making important improvements to our website so that information and updates can reach everyone more quickly and easily. We truly appreciate your continued engagement, partnership, and patience as we navigate this unprecedented time together and work toward recovery as a community.

Janet Fahey
President, Board of Directors

HOW WAS OUR WATER SYSTEM IMPACTED BY THE FIRE?

The Eaton Fire devastated our community — destroying homes, infrastructure, and critical services, including water. In the early days of recovery, our team worked tirelessly to restore safe, reliable service. Portions of the system had to be flushed due to benzene detection, and main lines repressurized, temporarily limiting water use. Thanks to these efforts, full service was restored as quickly as the region's largest water supplier. While this marks significant progress, recovery is far from over.

We continue to face challenges as we rebuild and work toward welcoming back the shareholders and customers we had prior to the fire. Every returning household represents renewed participation and investment in strengthening our system. Together, we're reinforcing the strong foundation that has long sustained Rubio, ensuring our water system remains reliable and resilient for generations to come.

HOW HAS DAMAGED INFRASTRUCTURE AFFECTED OUR WATER SUPPLY AND SYSTEM RELIABILITY?

Even with the loss of some reservoirs, your water service remains uninterrupted and continues to meet all state water quality standards.

Groundwater Supply: Our groundwater from the Raymond Basin meets current demand and is also helping us serve portions of the City of Pasadena during their recovery.

Regional Partnerships: Through our physical connection to Foothill Municipal Water District, we can access imported water when needed.

System Redundancy: Our network is designed with built-in flexibility; if one part is affected, others keep the water flowing.

Reservoir Rebuilding: Restoring storage capacity is a top priority, with plans underway for replacement and long-term resilience.

THE CAÑON FLOW

SERVING OUR SHAREHOLDERS SINCE 1886

END-OF-YEAR
NEWSLETTER

HOW IS RUBIO CAÑON PARTNERING WITH OTHERS TO REBUILD AND STRENGTHEN OUR COMMUNITY?

Even as we maintain reliable water service, recovery is about more than infrastructure. Rebuilding our community requires coordination at every level, and Rubio Cañon is actively working with local agencies to ensure a safe, efficient, and resilient recovery process.

Just as residents and businesses continue to face challenges rebuilding after the fire, Rubio Cañon faces similar obstacles: rebuilding infrastructure, restoring systems, and stabilizing operations. The size of our system is not what makes recovery difficult; every sector, including homeowners, businesses, and Los Angeles County and City agencies alike are navigating complex recovery issues.

Rubio Cañon meets regularly with Los Angeles County officials and other fire-impacted water systems to discuss ongoing challenges and needs.

We continue to work hand-in-hand with the County to integrate and streamline our processes, all with the goal of supporting the expeditious recovery of Altadena. We are proud to share that our will-serve letters, which confirm Rubio's capacity to provide water service to specific properties, now have an average turnaround time of just 3 to 6 days.

COORDINATED RECOVERY EFFORTS

🔥 Regular meetings with LA County and Fire Department

🔍 Focus: Fire flow improvements and rebuilding support

🕒 Average turnaround for will-serve letters: 3-6 days

HOW IS RUBIO CAÑON KEEPING WATER SERVICE RELIABLE AND RATES STABLE AFTER THE FIRE?

We remain committed to financial stability as we continue rebuilding after the Eaton Fire. Our focus is on maintaining reliable water service while supporting our community through recovery.

FINANCIAL HIGHLIGHTS:

- **Stable Rates**: Rates have remained stable throughout 2025. We have also chosen not to pursue any rate increases for the remainder of the year and have waived several fees to support customers during this initial recovery period. However, if external funding from state or federal sources remains unavailable, future rate adjustments may be necessary until our customer base fully recovers.
- **Why Rates Matter**: Rates and fees fund daily operations, system maintenance, and reliable service.
- **Fire Impacts**: Revenue losses from the fire disrupted long-term improvement plans and slowed new infrastructure investments.
- **Visionary Leadership**: Rubio Cañon helped create an affordable insurance program for small water systems along with other mutual water companies: South Mesa Water Company, Sunny Slope Water Company, Valencia Heights Water Company, Bellflower-Somerset Mutual Water Company, Valley Water Company, Montebello Land and Water Company, and California Domestic Water Company. The Joint Powers Authority (JPA) we helped establish will support our most challenging and critical rebuilding needs, including replacing infrastructure damaged by the Eaton Fire.
- **Building Back Better**: Recovery efforts focus on stronger, more fire-resilient infrastructure.
- **Strong Reserves**: A record of careful financial planning and reserves has allowed us to avoid rate increases during this first year of recovery.
- **External Funding**: We continue to actively pursue state and federal funding to help offset significant rate increases.



THE CAÑON FLOW

END-OF-YEAR NEWSLETTER

ARE WATER SYSTEMS DESIGNED TO PUT OUT WILDFIRES?

According to research from UCLA Luskin's Center for Innovation, water systems are designed to deliver safe and reliable drinking water to homes and businesses, not to fight wildfires of the size and intensity of the Eaton or Palisades Fires.

While fire flow is an important part of system design, no community water system is built to withstand or supply enough water for wildfires of this magnitude. These fires demand extraordinary volumes of water and resources that far exceed the normal operational capacities of even the largest water systems.

Our system, like others across the state, is designed to provide safe, dependable drinking water under a range of conditions. However, when catastrophic wildfires strike, water infrastructure can be damaged or overwhelmed, just as home fire suppression systems, roads, and power systems can be.

Link to full discussion by UCLA researchers of this: <https://innovation.luskin.ucla.edu/water/local-water-resiliency/do-urban-water-supply-systems-put-out-wildfires/#faq-29396>

HAVE YOU CONSIDERED CONSOLIDATION?

Questions have been raised about potential consolidation(s) of fire-impacted systems. While we remain open to future discussions, consolidation is not a viable short-term solution for Rubio Cañon.

Here's why:

- State-funded consolidations prioritize small, failing systems that cannot provide safe drinking water.
- Rubio Cañon Land and Water Association continues to meet all drinking water standards and is recognized as a high-functioning, compliant system.
- Physical consolidations can take up to nine years! Our community cannot afford to wait that long.
- Our immediate priorities remain:
 - Rebuilding fire-damaged infrastructure
 - Stabilizing operating costs
 - Keeping rates as close as possible to current levels

