COMMUNITY WATER OF AMERICA

COMMUNITY WATER OF AMERICA INC.

Subject: Important Update Regarding Water System Investments and Upcoming Applications to the Arizona Corporation Commission

Dear Valued Pueblo del Sol Water Company Customer,

At Community Water of America, our commitment is to provide safe, reliable water service while preserving the long-term sustainability of the water resources that serve the customers of Pueblo del Sol Water Company.

Over the past year, we have made significant investments in the water system to improve reliability, maintain regulatory compliance, and support continued service for current and future customers. These improvements include:

- Ongoing maintenance and repair of water system infrastructure.
- Upgrades to equipment and operational systems.
- Enhanced monitoring and operational practices to maintain water quality standards.
- Improvements designed to strengthen system reliability and resiliency.

We are committed to making additional investments in the future to ensure the high standard of water service is essential to your quality of life and wellbeing.

Pueblo del Sol Water Company relies entirely on ground water to serve its customers. In 2013, the Arizona Department of Water Resources (ADWR) granted the Company a Designation of Adequate Water Supply (DAWS), recognizing that its water supply met the state's requirements for long-term water availability.

To remain in effect the DAWS is required to be renewed periodically, and the Company is preparing for that process. The Company will be incurring costs associated with the renewal of the DAWS as well as potentially responding to any third-party challenges to the renewal of the DAWS and the Company's continued right to supply groundwater to its customers. As part of these efforts, Pueblo Del Sol plans to submit an application to the Arizona Corporation Commission (Commission) requesting an Accounting Order to allow certain costs associated with protecting its water resources to be separately tracked for future regulatory consideration.

. If approved by the Commission recovery of these costs will be subject to determination by the Commission after regulatory review. Approval of an accounting order does not automatically result in a rate increase. Rather, it allows these costs to be tracked and evaluated by the Commission in future proceedings.

As part of the operations typical of a well-managed utility the Company will be evaluating its cost to provide safe and reliable service and how those costs are covered by existing customer rates. Pueblo Del

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Sol's customer rates were last reviewed by the Commission in 2020, and since that time, operating expenses, infrastructure maintenance, and regulatory compliance costs have increased.

In 2027, it is anticipated that the outcome of this review will be that the Company will be filing a rate application for a review and an increase in customer rates since costs to maintain and operate the utility have risen substantially over the time period since the last rate review. Any proposed rate adjustment will be subject to a thorough regulatory review process, and no rate changes can take effect without the approval of the Commission.

We believe it is important to be transparent about the investments being made in your water system, the actions being taken to protect the resources that support your community and the requirements needed to maintain the standard of water service you expect of us. Our goal remains the same: to provide safe, reliable water service while being responsible stewards of this essential public resource.

As the regulatory process moves forward, we will continue to keep customers informed and provide additional information regarding the rate application, opportunities for public participation, and any decisions made by the Arizona Corporation Commission.

We appreciate the opportunity to serve you and thank you for your continued trust and support.

Sincerely,

Community Water of America Inc.