



To Our Valued Customers,

As with the cost of anything in our world today, the cost of purchasing the energy LID delivers to our customers has increased dramatically over the past year and one-half. Recently, the cost of the energy and the costs associated with getting the energy delivered to the LID system have at times exceeded what LID charges customers. The overall cost of energy delivered to Lathrop Irrigation District has increased over 40% since 2015, the majority of the increases are the costs associated with delivering the energy to the LID system, not the cost of the energy itself. While the team at LID has taken many steps to cut expenses, reduce costs, and manage the District as efficiently as possible, this is not sustainable and we must make adjustments to align the costs of providing services with rates.

After many meetings and careful deliberation, the LID Board of Directors accepted staff's recommendations to add an increase to certain rates charged to ensure financial stability of the utility. This letter is to inform you that a rate increase of \$.02 per kwh (approximately 9.75%) has been approved effective with the April 1st, 2023 billing statement. This increase is on the kwh (energy) portion of the bill, and is not applied to the other state and locally mandated charges which you see on your bill. While this increase may seem difficult for customers to understand, it is important to recognize that most utilities have increased rates by 15-17 percent or more in the past six months to cover these increased costs. Other small adjustments to fees for services charged (such as NSF and Disconnection for Non-Payment fees) have also been implemented, but those fees are specific to instances where the fee is originated and will not affect most customers.

As a public entity we are a NOT-FOR-PROFIT company. All costs to deliver power must be supported through rates charged. LID rates are consistently lower than PG&E and we keep our overhead to a minimum while providing excellent service. LID works hard to keep the expenses as low as possible and has and has never had to increase rates until this past year.

While current market conditions are still highly volatile, LID may need to implement periodic Energy Rate Adjustments (ERA) to the monthly bills to cover any gaps in the cost of the energy purchased as compared to the set rates. This will allow small adjustments to customer bills and provide for larger amounts to be broken down into payments if the need arises. Should the rate to purchase energy significantly drop in the short-run, we will also be prepared to react quickly to pass along that decrease to customers using the ERA tool.

As always, The LID Board and staff are here to serve our customers and work very hard to provide the best service at the lowest possible cost. We are constantly trying to update our website with helpful information, but feel free to contact us if you have any concerns. The best way is by email or phone. Thank you for understanding.

Sincerely,

Curtis A. Bryant
General Manager, Lathrop Irrigation District