

July 23, 2024

Dear Shareholder,

Of the nearly 1,000 water systems in Utah, Holliday Water Company (HWC) is one of a few privately-owned "public water suppliers." You, as a shareholder, own the company with its associated pipes, property, facilities and access to water. We are fortunate to have such an abundant water supply so close to home. As a privately-owned water company, however, we do not enjoy the same benefits as government-owned water systems, which have government immunity. As such, it makes us more vulnerable to "damages" arising from potential lawsuits.

Even with an aggressive pipeline-replacement program, daily maintenance and 24-hour monitoring of the system, water pipelines can break. Typically, water from a broken water line flows down the road surface, into gutters and storm drains until we can shut off valves to make repairs. Last year, a water line broke and instead of water rising to the road, the water pushed through a brick-and-mortar wall around a sewer manhole. Gravel and debris ended up clogging the sewer line, resulting in sewer water coming up through toilets and floor drains into about a dozen shareholders' basements. When their home insurance policies didn't cover the costs, they looked to the company for help. HWC, along with our insurance provider, took care of the damage, but as result, HWC's insurance provider has chosen to decline future coverage. As a consequence, HWC has been compelled to obtain a new insurance general liability policy at a cost increase of approximately \$140,000/year with reduced coverage and higher deductibles.

Because of the foregoing, it is imperative that our shareholders make sure they have adequate flood or "buried utility" insurance to cover potential damage in case of future water line breaks. This is, especially the case if the shareholder's foundation is lower than the road, has a downward sloping driveway, is on a street with a ditch or outdated storm drain or near areas with standing water or prone to flooding. In the future, if the company is shown to be negligent, it will work to take care of damages directly caused by a water line break. But if there is no negligence on the company's part, the property owner may have to bear the cost. Please contact your insurance carrier to determine what coverage you have, and determine if any adjustments are needed.

With higher insurance costs combined with higher prices for materials, labor and regulation, and the need to build an emergency fund, our Board of Directors has approved a slight increase in the quarterly minimum charge, and a new tiered-rate structure to help cover the increasing costs facing the company. Note: one full stock share will still provide 60,000 gallons of unbilled water annually – divided into four billing quarters: 1st and 4th quarters (winter), 10,000 gallons each; 2nd and 3rd quarters (summer) 20,000 gallons each.

Effective July 1, 2024, the quarterly minimum charge will be \$90 for residential standard meters (\$30 per month) and additional water will be billed according to the following modified new tiered-rate schedule:

(over)

\$1.84/thousand gallons for first 30,000 gallons
\$2.28/thousand gallons for next 30,000 gallons
\$2.86/thousand gallons for next 30,000 gallons
\$3.42/thousand gallons for additional.

Even with this change, HWC's water charges are lower than surrounding water systems, and no tax is assessed by the company. If these changes do not help us reach our financial needs, the company will explore other options. You can view the company's rates for all meter sizes at www.HollidayWaterCompany.com.

Lastly, as previously disclosed to shareholders, the EPA is requiring all water systems to identify the type of water service pipe going into each customer's house. The most cost-effective way for HWC to collect this data is to ask shareholders to snap a photo of the water pipe entering their house or building and send it to us. Please visit our website and click "Lead and Copper Survey" to send photo.

Thank you for your ownership in the company. It is a pleasure to serve you.

Sincerely,
Holliday Water Company