2011 CONSUMER CONFIDENCE REPORT

Valencia Heights Water Company is committed to keeping you informed about the quality of your drinking water. This report is provided to you on an annual basis and it includes information on where your drinking water comes from, the constituents found in your drinking water and how the water quality compares with regulatory standards. We are proud to report that during 2011, the drinking water provided by Valencia Heights Water Company met or surpassed all Federal and State Drinking Water Standards. We remain dedicated to providing you with a reliable supply of high quality drinking water.

BOARD MEETINGS

Regularly scheduled Board of Directors' meetings are held on the third Wednesday of the month at 4:00 p.m., at 3009 East Virginia Avenue, West Covina, CA 91791-2252. These meetings provide an opportunity for stockholders to participate in decisions that may affect water quality.

WHERE DOES MY DRINKING WATER COME FROM?

Valencia Heights Water Company's water supply comes from two major sources: (1) groundwater from the Main San Gabriel Basin and (2) surface water from the San Gabriel River treated by Covina Irrigating Company (CIC). The water is tested and disinfected using chlorine before it is sent through a distribution of underground pipes to your home.

WHAT ARE WATER QUALITY STANDARDS?

In order to ensure that tap water is safe to drink, the United States Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. To provide the same protections, CDPH regulations also establish limits for contaminants in bottled water.

Drinking water standards established by USEPA and CDPH set limits for substances that may affect consumer health or aesthetic qualities of drinking water. The chart in this report shows the following types of water quality standards:

- **Maximum Contaminant Level (MCL)**: The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible.
- **Secondary MCLs** are set to protect the odor, taste, and appearance of drinking water.
- **Primary Drinking Water Standard**: MCLs for contaminants that affect health along with their monitoring and reporting requirements and water treatment requirements.
- **Treatment Technique**: A required process intended to reduce the level of a contaminant in drinking water.
- **Regulatory Action Level (AL)**: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.
- **Maximum Residual Disinfectant Level (MRDL)**: The highest level of a disinfectant allowed in drinking water. There is convincing evidence that the addition of a disinfectant is necessary for the control of microbial contaminants.
- **Maximum Residual Disinfectant Level Goal (MRDLG)**: The level of a drinking water disinfectant below there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

WHAT IS A WATER QUALITY GOAL?

In addition to mandatory water quality standards, USEPA and CDPH have set voluntary water quality goals for some contaminants. Water quality goals are often set at such low levels that they are not achievable in practice and are not directly measurable. Nevertheless, these goals provide useful guideposts and direction for water management practices. The chart in this report includes two types of water quality goals:

- **Maximum Contaminant Level Goal (MCLG)**: The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by USEPA.
- **Public Health Goal (PHG)**: The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

WHAT CONTAMINANTS COULD BE PRESENT IN SOURCES OF DRINKING WATER?

The sources of drinking water generally include rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- **Microbial contaminants**, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.
- **Inorganic contaminants**, such as salts and metals, which can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- **Pesticides and herbicides**, which may come from a variety of sources such as agriculture and residential uses.
- **Radioactive contaminants**, which are naturally-occurring or can be the result of oil and gas production and mining activities.
- **Organic chemical contaminants**, including synthetic and volatile organic chemicals, which are byproducts of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, and septic systems.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800-426-4791).

ARE THERE ANY PRECAUTIONS THE PUBLIC SHOULD CONSIDER?

Some people may be more sensitive to contaminants in drinking water than the general population. Immuno-compromised persons, such as; persons with cancer undergoing chemotherapy, persons who have had organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants, can be particularly at risk from infections. These people should seek advice from their health care providers. USEPA / Centers for Disease Control (CDC) guidelines on the appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available at the Safe Drinking Water Hotline (1-800-426-4791).

NITRATE

Nitrate levels may rise quickly for short periods of time as a result of rainfall or agricultural activity. Nitrate in drinking water at levels above 45 milligrams per liter (mg/l) is a health risk for infants of less than six months of age. Such nitrate levels in drinking water can interfere with the capacity of an infant's blood to carry oxygen, resulting in a serious illness; symptoms include shortness of breath and blueness of the skin. Nitrate levels above 45 mg/l may also affect the ability of the blood to carry oxygen in other individuals, such as pregnant women and those with certain specific enzyme deficiencies. If you are caring for an infant, or you are pregnant, you should ask for advice from your health care provider.

LEAD

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Valencia Heights Water Company is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at ***www.epa.gov/safewater/lead.***

DOES YOUR DRINKING WATER MEET THE STANDARD?

Your drinking water is regularly tested using State-approved methods to ensure its safety and quality. The chart in this report lists all the drinking water constituents that we detected in 2011, or in other recent tests. We are pleased to report, that once again this year, we met or *surpassed* all the Federal and State drinking water standards. Please review the chart on the reverse side for more details.

DRINKING WATER SOURCE ASSESSMENT

In accordance with the Federal Safe Drinking Water Act, an assessment of the drinking water sources for Valencia Heights Water Company was completed in October 2002. An additional assessment for Well #7 was completed in July 2008. The purpose of the drinking water source assessment is to promote source water protection by identifying types of activities in the proximity of the drinking water sources which could pose a threat to water quality. The assessment concluded that Valencia Heights Water Company's sources are considered most vulnerable to the following activities or facilities associated with contaminants detected in the water supply: known contaminant plumes, campgrounds/ recreational areas and high-density housing. In addition, the sources are considered most vulnerable to the following activities or facilities not associated with contaminants detected in the water supply: gas stations, dry cleaners and transportation corridors.

In addition, Valencia Heights Water Company purchases groundwater and surface water from CIC. CIC completed its groundwater source assessment in July 2002 and surface water sanitary survey in December 2000. The assessment concluded that CIC's groundwater sources are not considered vulnerable to any activity associated with contaminants detected in the water supply. However, the groundwater sources are considered vulnerable to the following activities or facilities not associated with contaminants detected in the water supply: gas stations, known contaminant plumes and leaking underground storage tanks. Also CIC's surface water source is considered vulnerable to sewer lines, pesticide and herbicide applications, and recreational activities.

A copy of the complete assessment is available at Valencia Height Water Company at 3009 East Virginia Avenue, West Covina, CA 91791-2252. You may request a summary of the assessment to be sent to you by contacting Mr. David Michalko, General Manager at 626-332-8935.

Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien.

2011 WATER QUALITY REPORT

CONSTITUENTS AND (UNITS)	MCL	PHG or (MCLG)	DLR	GROUNDWATER SOURCES		SURFACE WATER SOURCES		TYPICAL ORIGINS	POSSIBLE HEALTH EFFECTS
				Results (a)	Range (Min-Max)	Results (a)	Range (Min-Max)		
PRIMARY DRINKING WATER STANDARDS--Health-Related Standards									
CLARITY									
Effluent Turbidity (NTU) (b)	0.3	NA	–			0.06	(0.03 - 0.19)	Soil Runoff	None, is an indicator of water quality
DISINFECTION BYPRODUCTS (c)									
Total Trihalomethanes (TTHM) (ug/l)	80	NA	0.5	39.5	(19 - 66)	33.1	(23 - 43)	Byproduct of drinking water disinfection	Liver, kidney or central nervous system, cancer risk
Haloacetic Acids (five) (HAA5) (ug/l)	60	NA	1	7.4	(0 - 25)	36.6	(17 - 59)	Byproduct of drinking water disinfection	Increased cancer risk
INORGANIC CHEMICALS (d)									
Aluminum (mg/l)	1	0.6	0.05	ND	ND	0.22	(0.09 - 0.45)	Residue from water treatment process	Short-term gastrointestinal tract effects
Arsenic (ug/l)	10	0.004	2	ND	ND	ND	ND	Erosion of natural deposits	Skin damage, circulatory problems, increased cancer risk
Barium (mg/l)	1	(2)	0.1	ND	ND	ND	ND	Erosion of natural deposits	Increase in blood pressure
Copper (mg/l) (e)	AL = 1.3	0.17	0.05	0.73	(ND - 1.2)	ND	ND	Corrosion of household plumbing system	Liver or kidney damage
Fluoride (mg/l)	2	1	0.1	0.4	(0.3 - 0.49)	0.31	(0.26 - 0.36)	Erosion of natural deposits	Bone disease, mottled teeth
Lead ug/L (e)	AL = 15	2	5	6.7	(ND - 15)	ND	ND	Corrosion of household plumbing system	Mental development, kidney problems, high blood pressure
Nitrate as NO3 (mg/l)	45	45	2	23	(25 - 46)	3.1	(ND - 6.1)	Leaching from fertilizer use	Loss of oxygen to the body, shortness of breath, blue skin
Perchlorate (ug/l)	6	6	4	ND	(ND - 7.0)	ND	ND	Industrial waste discharge	Interferes with the uptake of iodide by the thyroid gland
RADIOACTIVITY									
Gross Alpha Activity (pCi/l)	15	NA	3	11.2	(5 - 20)	ND	ND	Erosion of natural deposits	Increased cancer risk
Uranium (pCi/l)	20	0.43	1	8.9	(7.3 - 18)	ND	ND	Erosion of natural deposits	Kidney problems, increased cancer risk
SECONDARY DRINKING WATER STANDARDS–Aesthetic Standards, Not Health-Related (d)									
System Turbidity (NTU)	5	NA	0.1	0.6	(0.0 - 1.1)			Soil runoff	None, is an indicator of water quality
Odor-Threshold (Units)	3	NA	1	1	1	1	1	Naturally-occurring organic materials	None, is an indicator of water quality
Chloride (mg/l)	500	NA	1	100	(90 - 110)	4.2	(2.5 - 6.2)	Runoff/leaching from natural deposits	
Sulfate (mg/l)	500	NA	0.5	235	(230 - 260)	16	(14 - 19)	Runoff/leaching from natural deposits	
Total Dissolved Solids (mg/l)	1,000	NA	1	410	(800 - 880)	173	(150 - 210)	Runoff/leaching from natural deposits	
Specific Conductance (umho/cm)	1,600	NA	10	1,200	1200	290	(260 - 310)	Substances that form ions in water	
UNREGULATED CHEMICALS									
Boron (ug/l)	AL = 1,000	NA	100	ND	ND	ND	ND	Erosion of natural deposits	
Vanadium (ug/l)	AL = 50	NA	3	16	(16 - 17)	ND	ND	Erosion of natural deposits	
OTHER CONSTITUENTS OF INTEREST									
Hardness as CaCO3 (mg/l)	NA	NA	2	280	(490 - 550)	143	(140 - 150)	Runoff/leaching from natural deposits	
Sodium (mg/l)	NA	NA	1	72	(62 - 74)	9	(7.2 - 10)	Runoff/leaching from natural deposits	

NOTES

mg/l = parts per million or milligrams per liter
ug/l = parts per billion or micrograms per liter
pCi/l = picoCuries per liter
umho/cm = micromhos per centimeter
NTU = Nephelometric Turbidity Units

DLR = Detection Limit for the Purpose of Reporting
ND = Not Detected at DLR
NA = No Applicable Limit
NR = Monitoring Not Required

AL = Action Level
MCL = Maximum Contaminant Level
MCLG = Maximum Contaminant Level Goal
PHG = Public Health Goal

(a) The results reported in the table are average concentrations of the constituents detected in your drinking water during year 2011 or from the most recent tests, except for filter effluent turbidity, TTHM, HAA5, and copper which are described below.

(b) The turbidity level of filtered water shall be less than or equal to 0.3 NTU in 95% of the measurements taken each month and shall never exceed 1 NTU. Turbidity, is a measure of the cloudiness of water and is a good indicator of the effectiveness of the treatment process and water quality.

(c) TTHM and HAA5 samples are collected in VHWC's distribution system. The running annual averages of all the samples collected in 2011 are reported as "Results"; while the maximum and minimum of the individual samples collected in 2011 are reported as "Range". Compliance is based on the running annual averages.

(d) Not all sources were sampled in year 2011, some sources were sampled in previous years, and all of the most recent results are included.

(e) Concentrations were measured at the tap. The 90th percentile concentration is reported in the table. Out of 20 distribution system locations sampled, none of the results for both lead and copper exceeded the ALs. The samples were collected in August 2011. The next samples will be taken in 2014.

In addition to the above constituents, we continue to conduct monitoring for more than 60 other constituents, and all results have been below the detection limits.

For more information or questions regarding water quality, please contact Mr. David Michalko, General Manager, at Valencia Heights Water Company, 3009 East Virginia Avenue, West Covina, CA 91791 Phone: (626)332-8935.