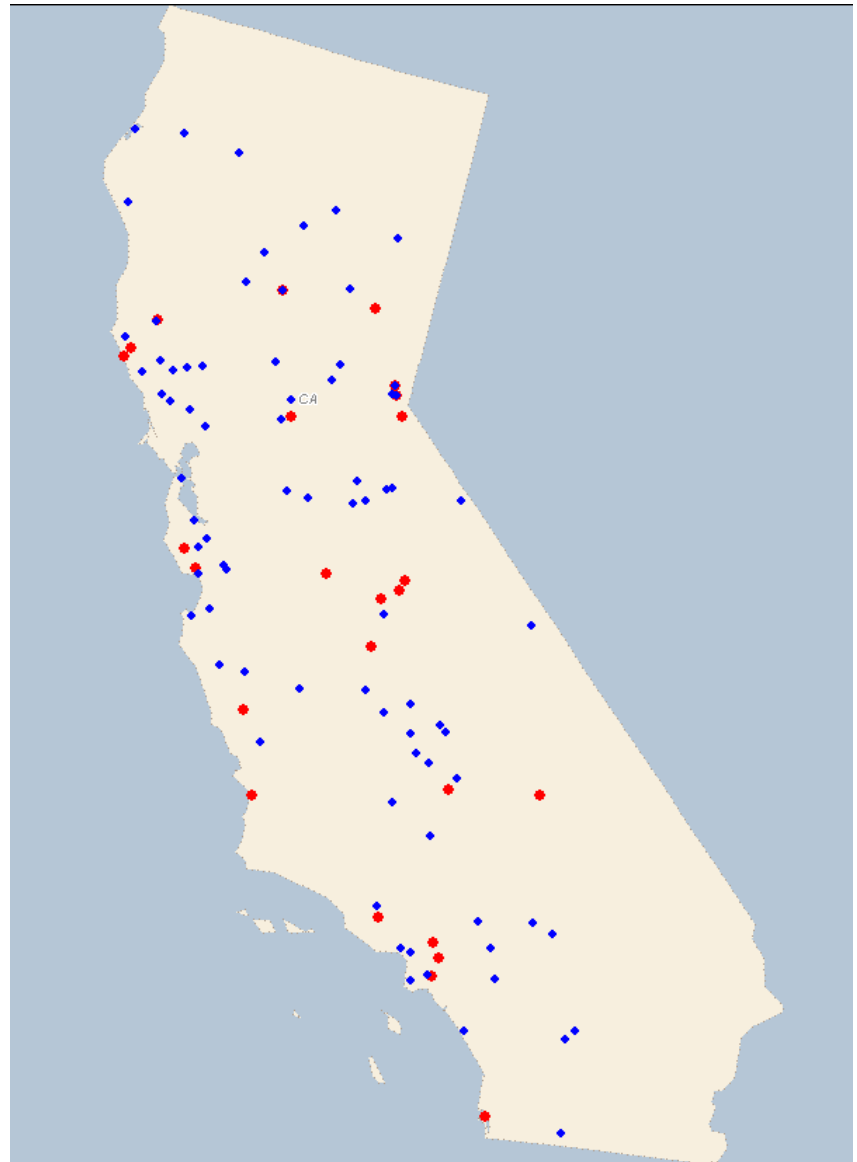


California Water Association Small Company Training

California Small Companies
Overview and Environment
For Sales of Systems
November 9, 2009



California Class C and D Regulated Water Utilities



Key Data Extracted Annually From Small Company Annual Reports

Gross Plant

Net Plant

Advances

Contributions

Revenue

Depreciation

Stockholder's Equity

Net Income

Metered Connections

Flat Rate Connections

Plant Additions

Long Term Debt

Notes Payable

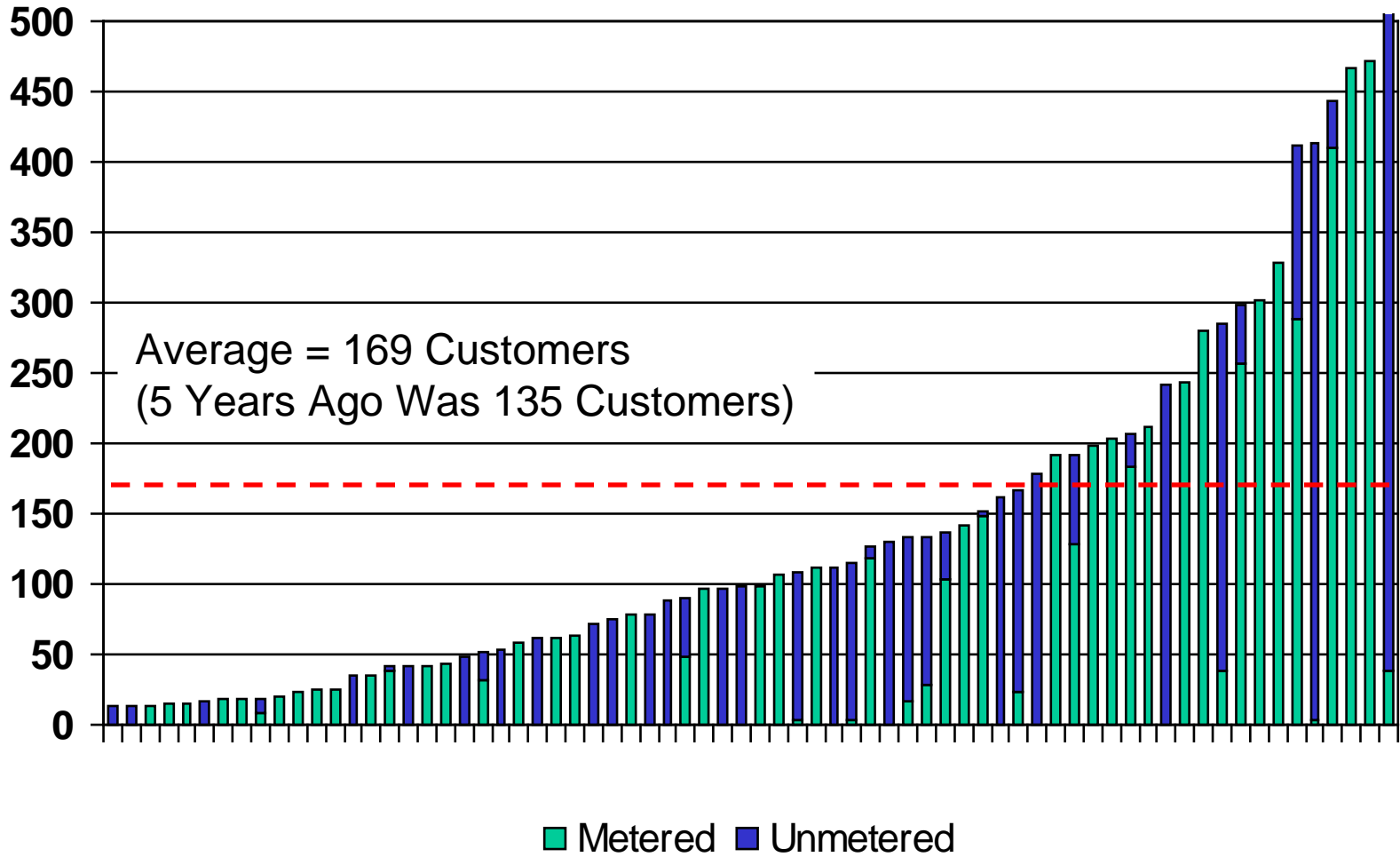
Interest Expense

CIAC Amortization

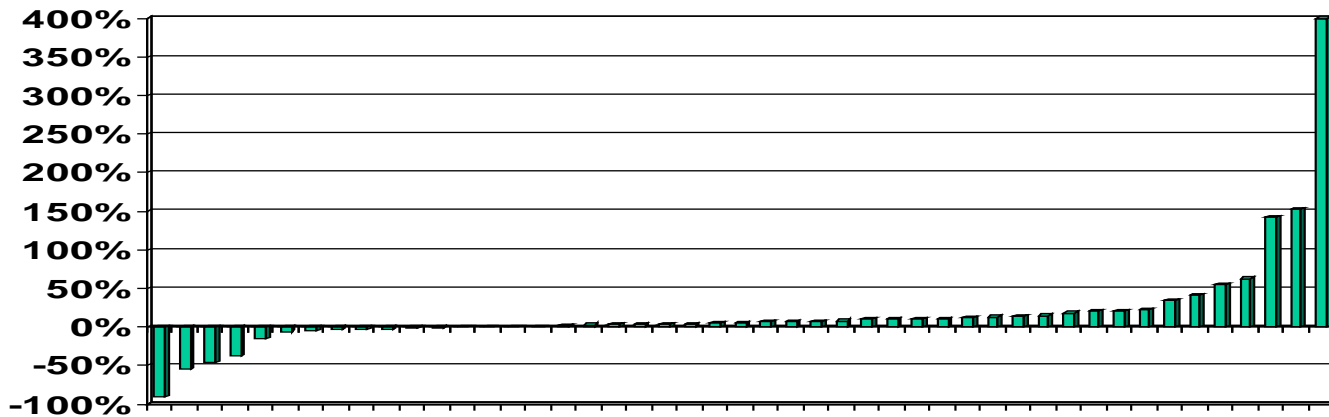
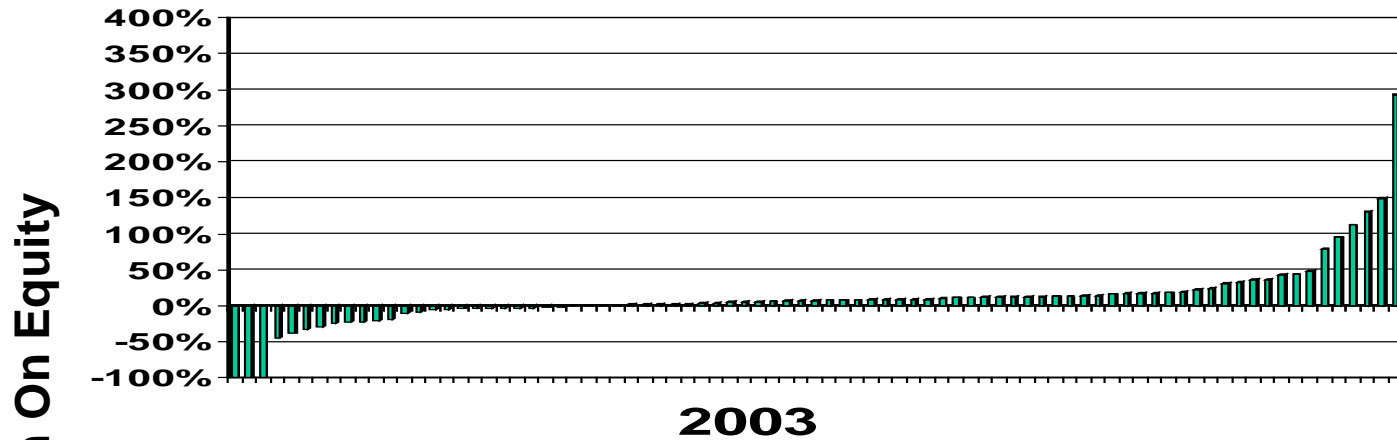
Depreciation



Class D Water Utilities (<500 Customers)

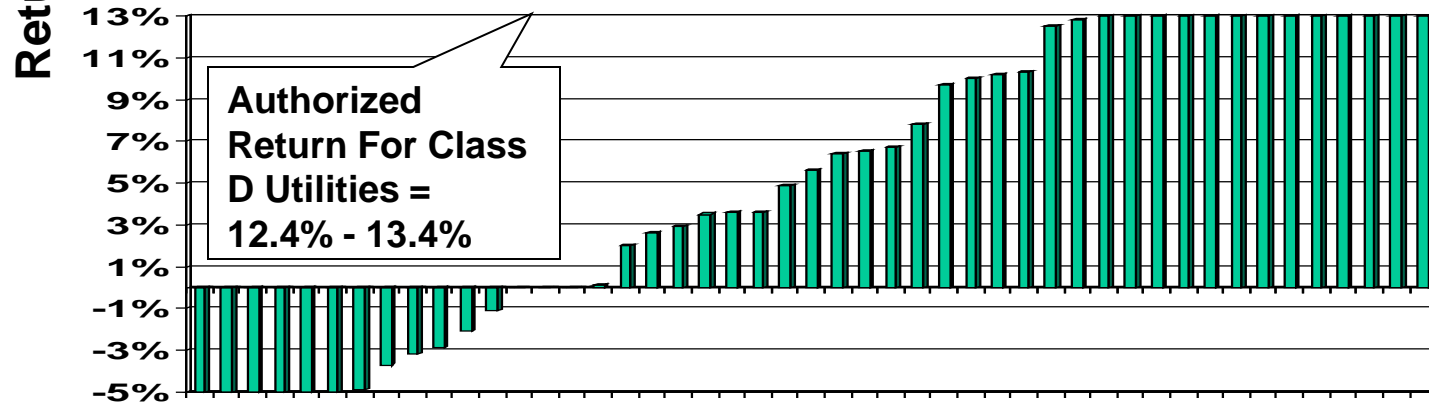
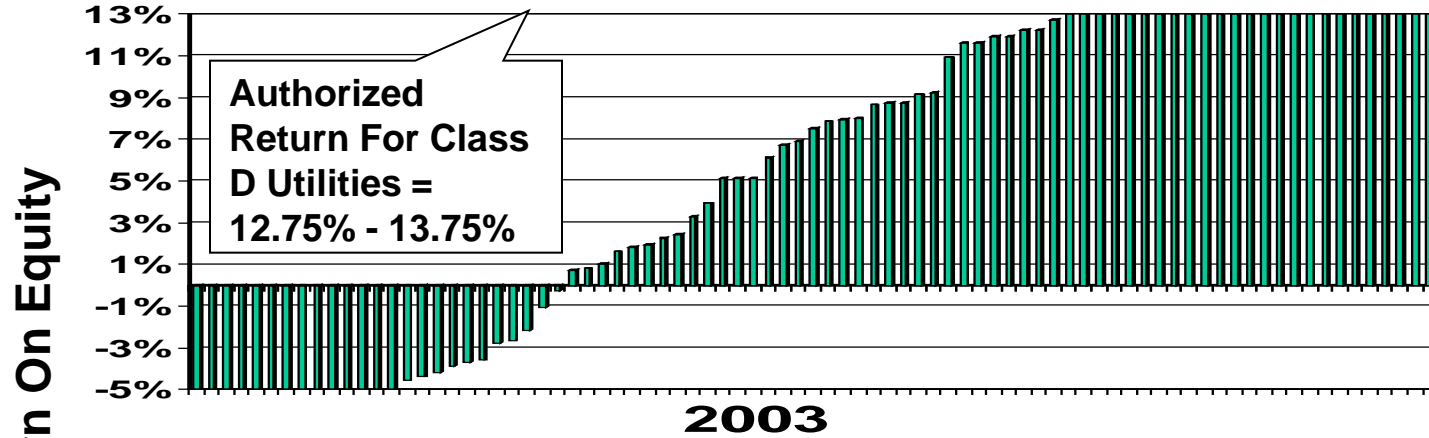


Class D Water Utilities (<500 Customers) 2008



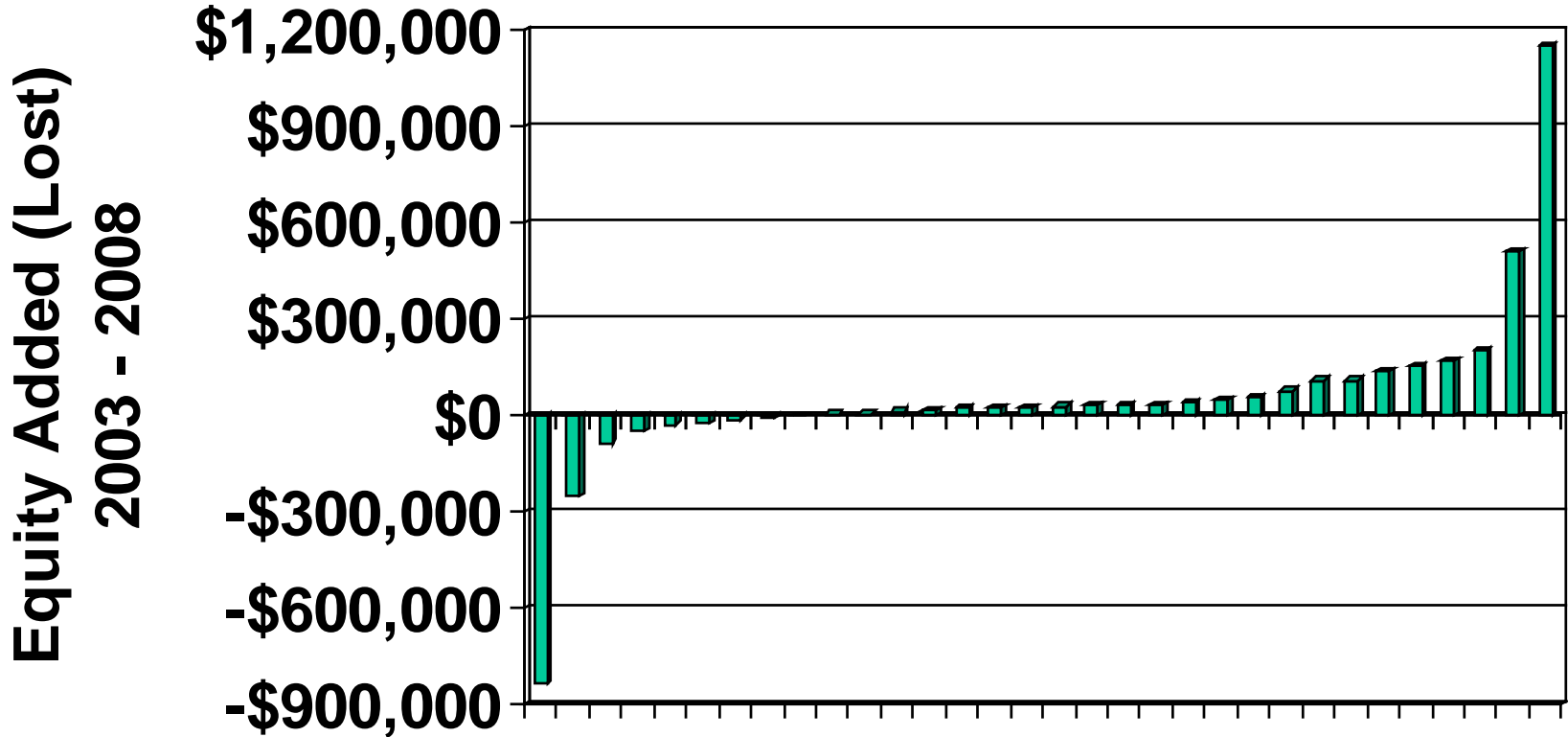
Class D Water Utilities (<500 Customers)

2008





Class D Water Utilities (<500 Customers)





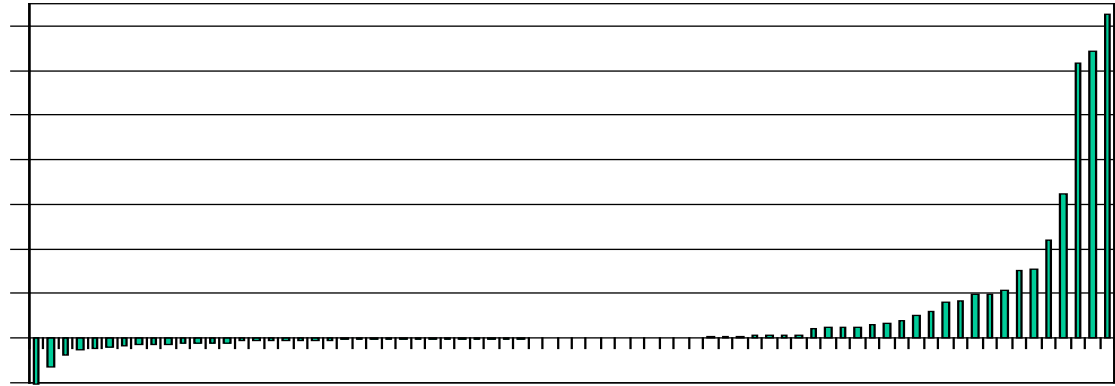
California Water Association

Class D Water Utilities (<500 Customers)

2008

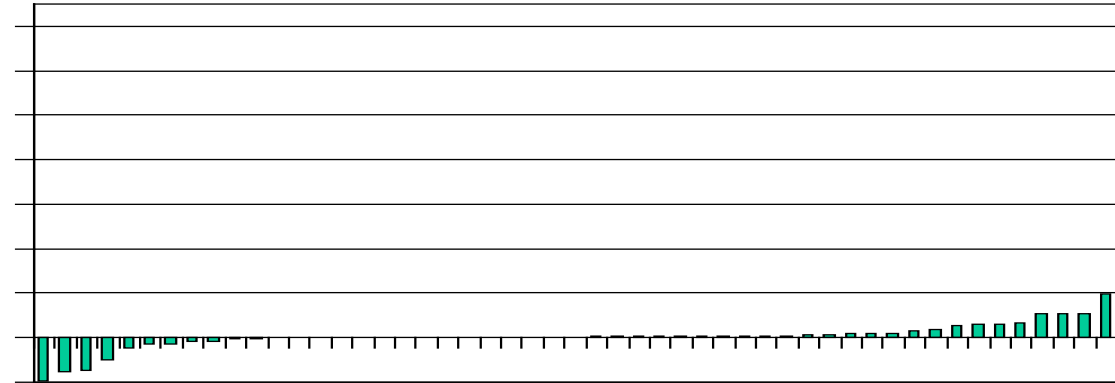
Capital Expenditures Exceed (Less Than) Depreciation

\$280,000
\$240,000
\$200,000
\$160,000
\$120,000
\$80,000
\$40,000
\$0
(\$40,000)



2003

\$280,000
\$240,000
\$200,000
\$160,000
\$120,000
\$80,000
\$40,000
\$0
(\$40,000)





SB1268 Enacted October 6, 1997

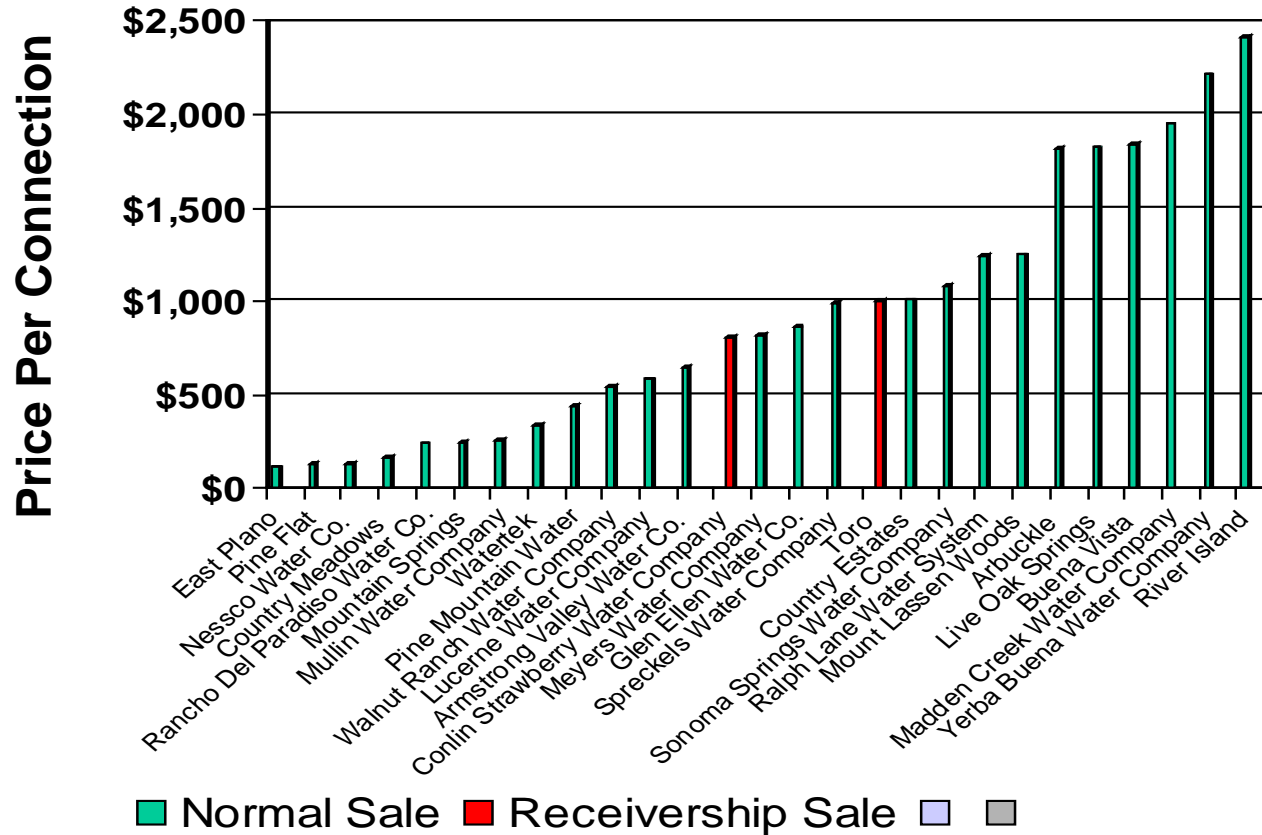
- Adopted standard of “Fair Market Value” for water utility acquisitions
- Applies to asset *and stock* sales
- Applies to sales of “public water systems”
- Acquisition incentives limited to “Troubled Systems”



Where's The Grist?

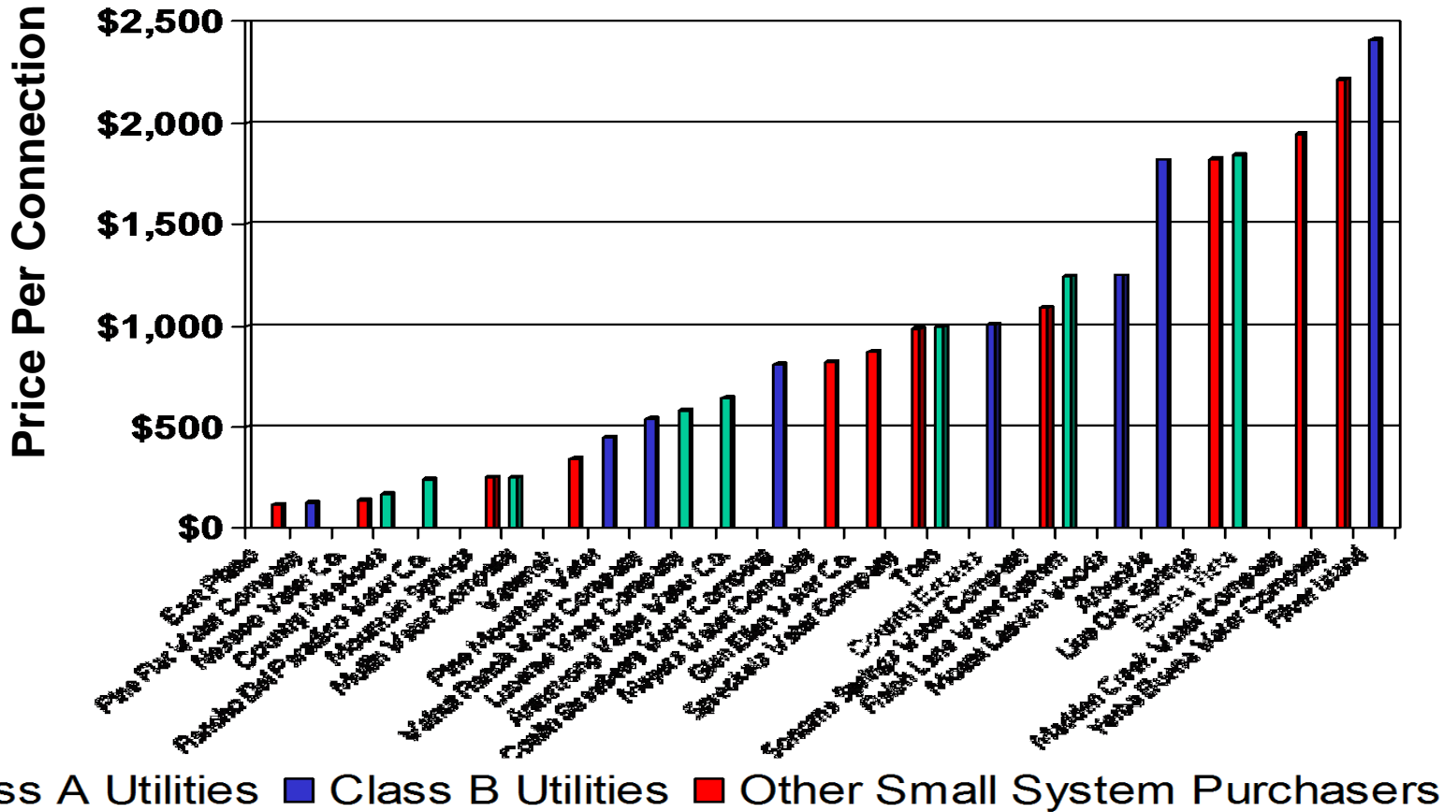


Sales of Small Companies to Other California IOU's Since 1997 *



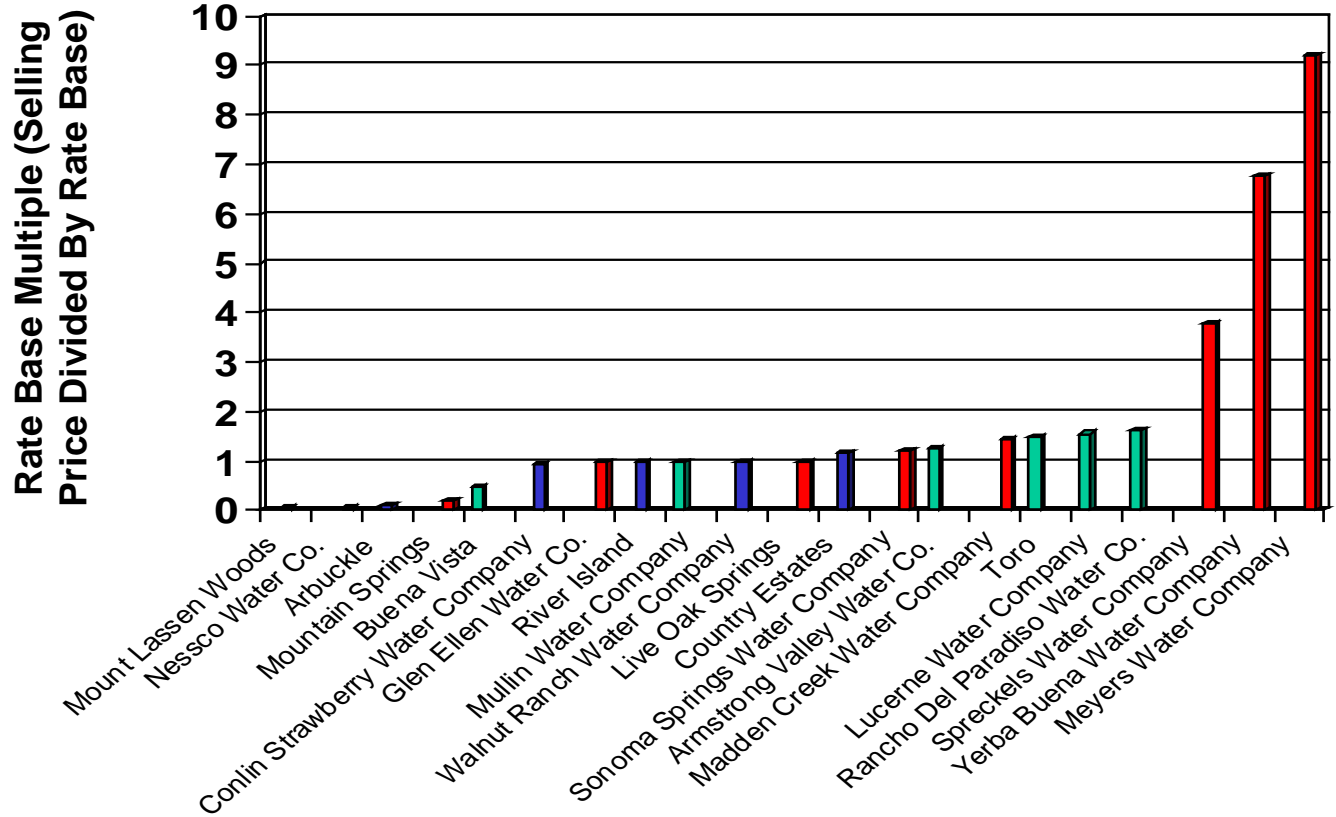
* Year That California's Public Water System Investment and Consolidation Act Became Law

Sales of Small Companies to Other California IOU's Since 1997 *



* Year That California's Public Water System Investment and Consolidation Act Became Law

Sales of Small Companies to Other California IOU's Since 1997 *

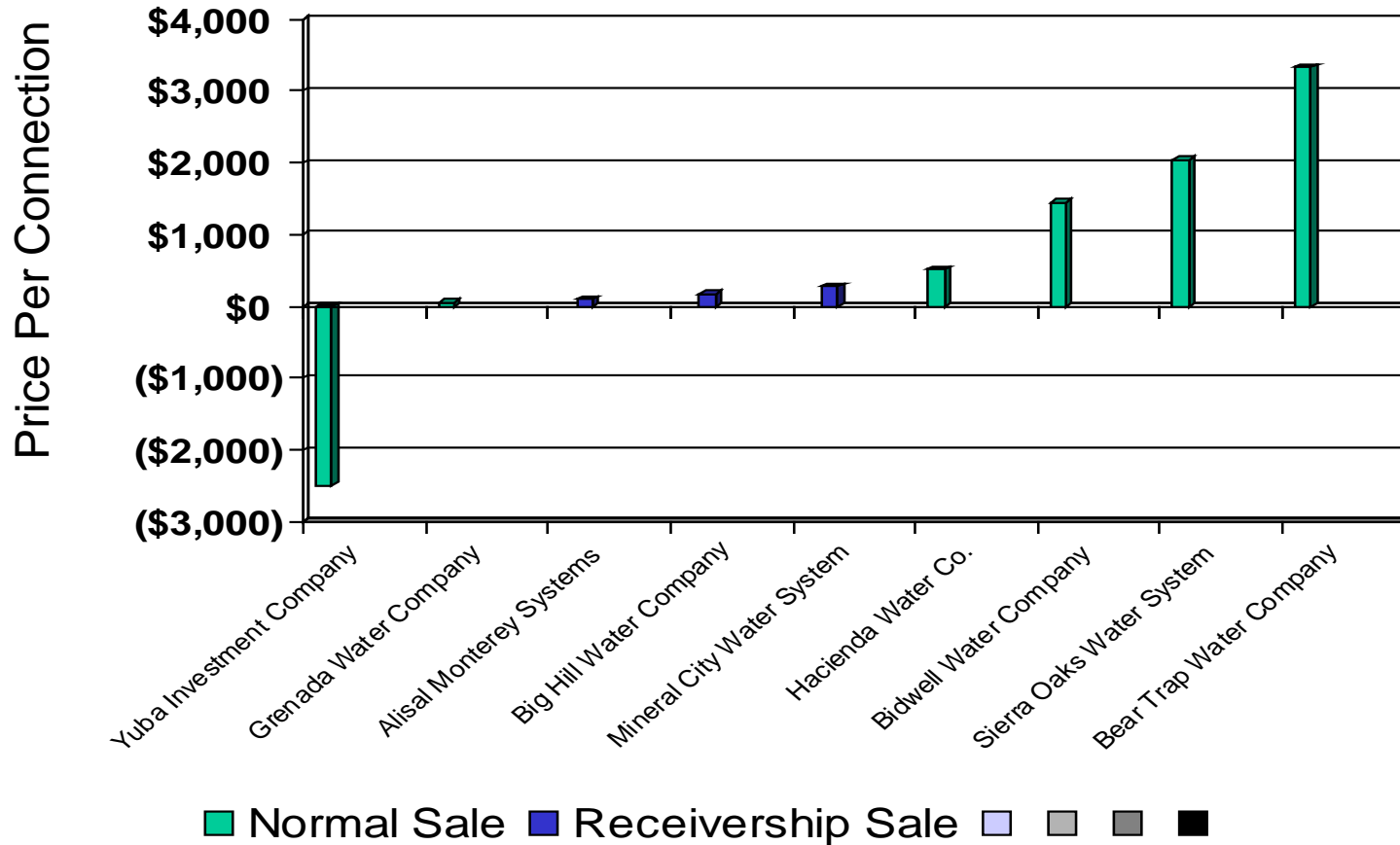


■ Class A Utilities
 ■ Class B Utilities
 ■ Other Small System Purchasers



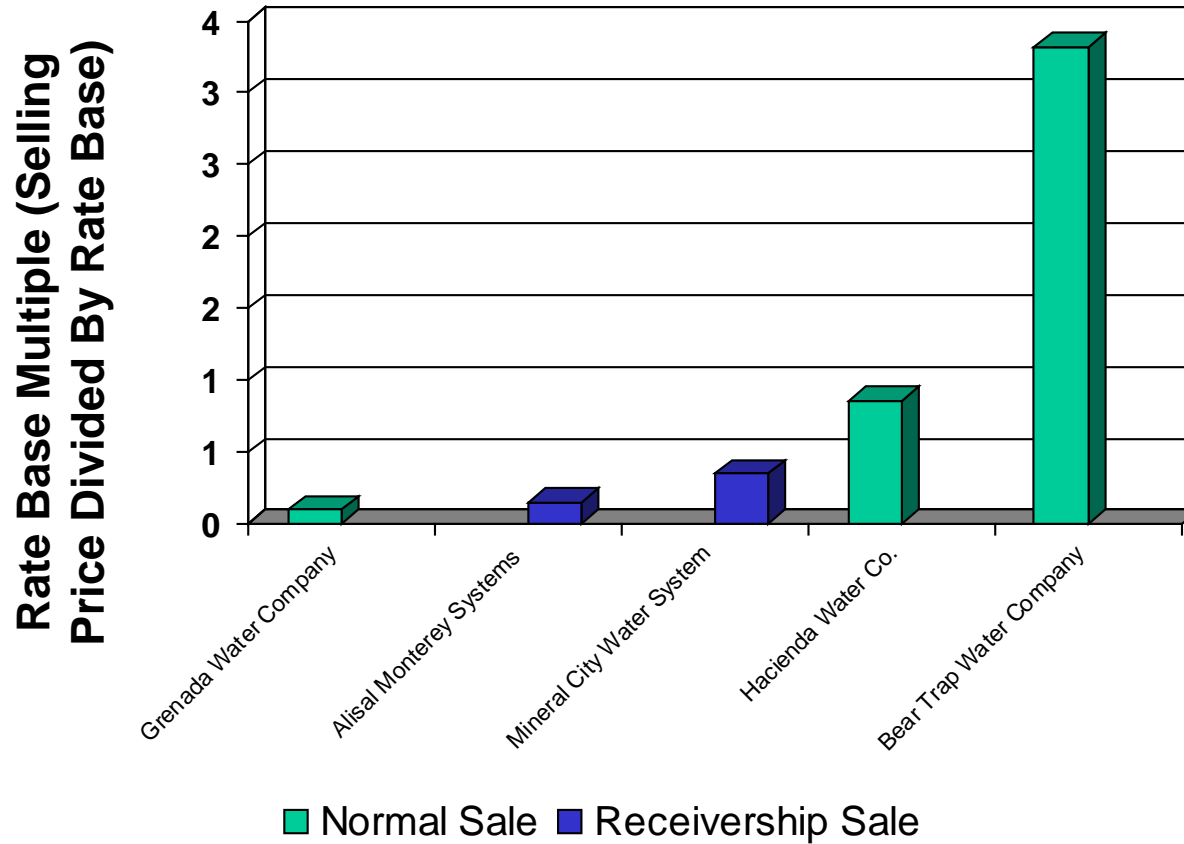
* Year That California's Public Water System Investment and Consolidation Act Became Law

Sales of Small Companies to Muni's, Mutuals & Districts Since 1997 *



* Year That California's Public Water System Investment and Consolidation Act Became Law

Sales of Small Companies to Muni's, Mutuals & Districts Since 1997 *



* Year That California's Public Water System Investment and Consolidation Act Became Law