

# California Water Association Small Company Training

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California Small Water Companies  
Overview and Environment

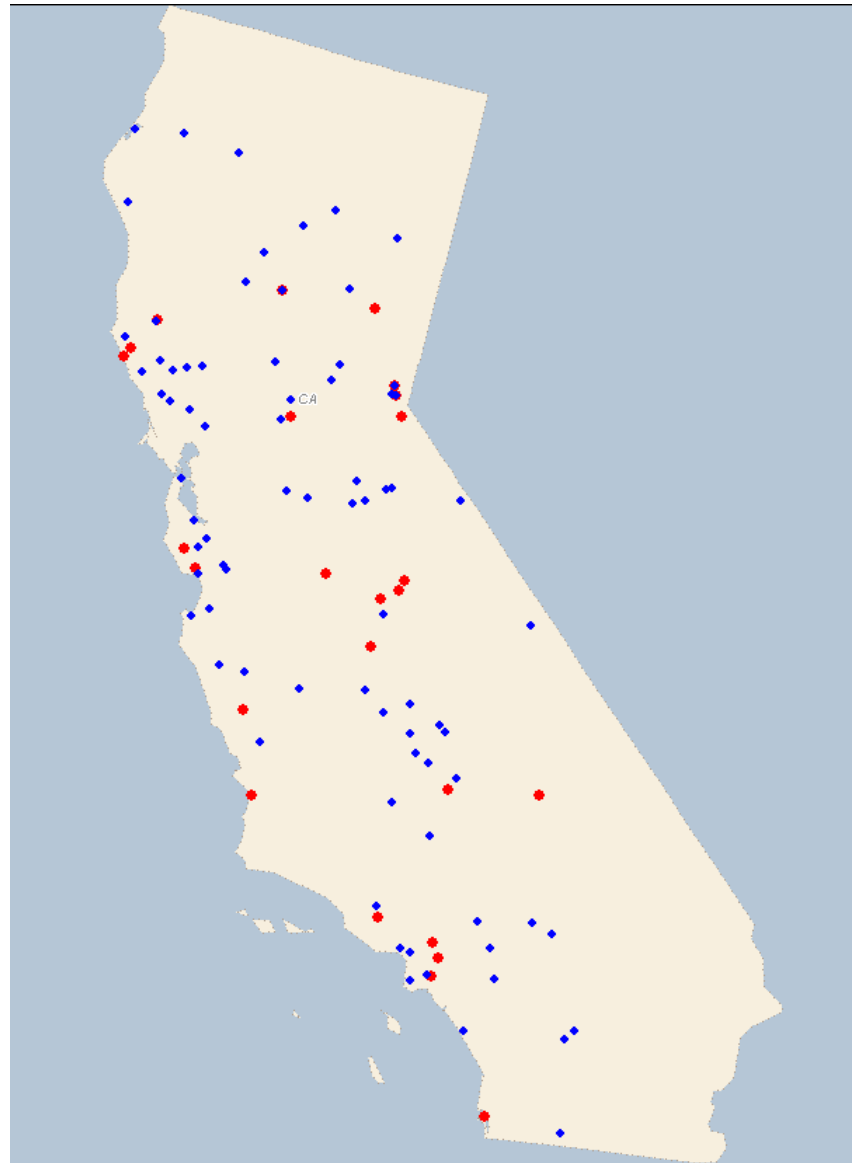
For Sales of Systems

Bob Kelly

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**

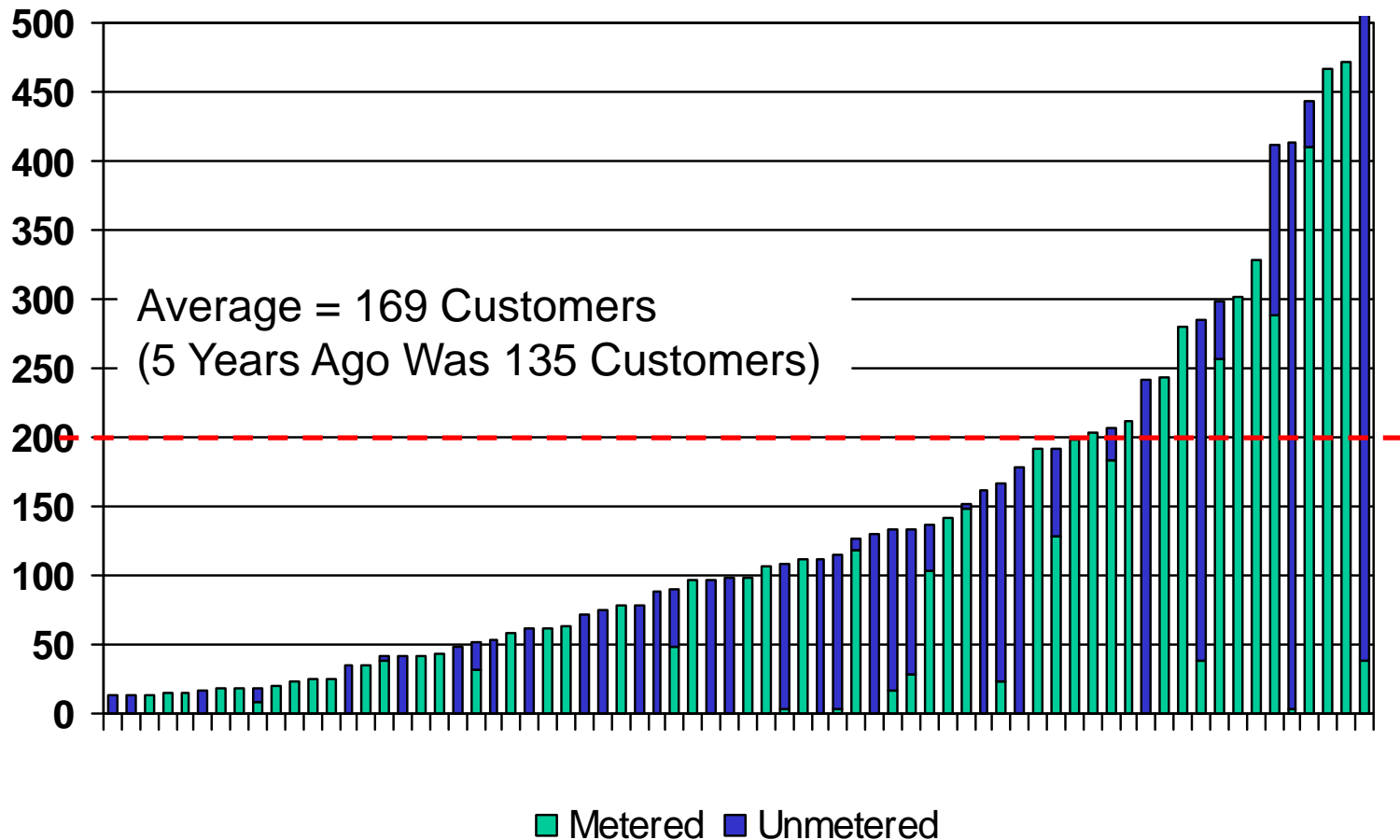
**Interest Expense**

**CIAC Amortization**

**Depreciation**

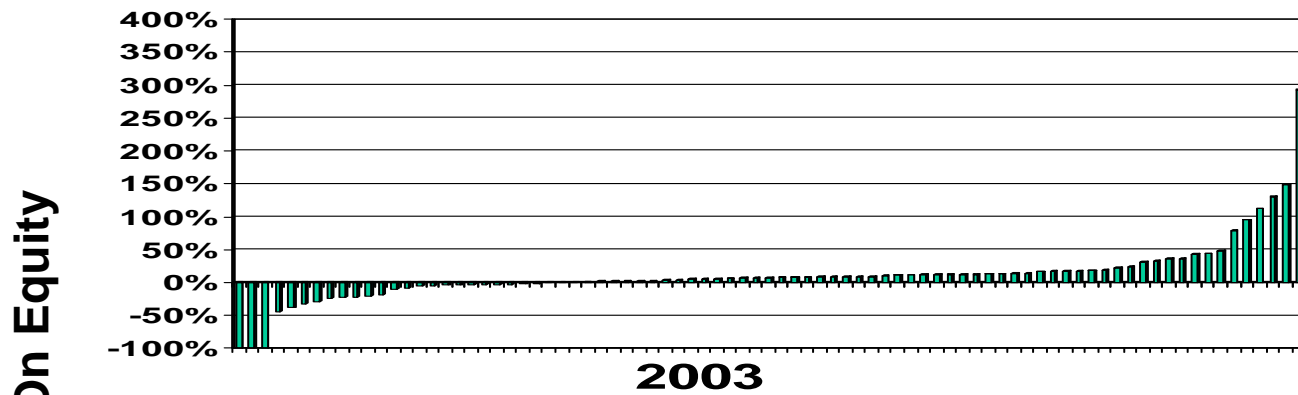


## Class D Water Utilities (<500 Customers)

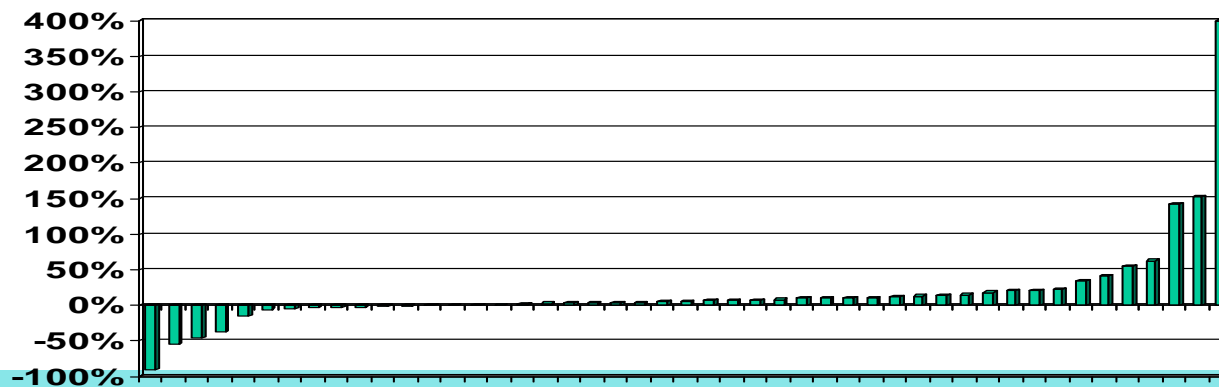


# Class D Water Utilities (<500 Customers)

2008

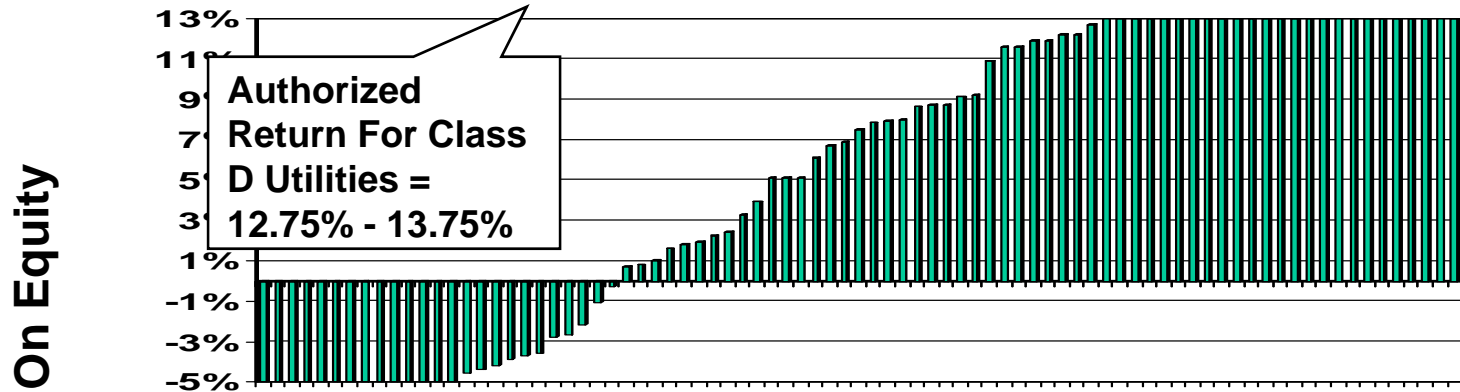


2003

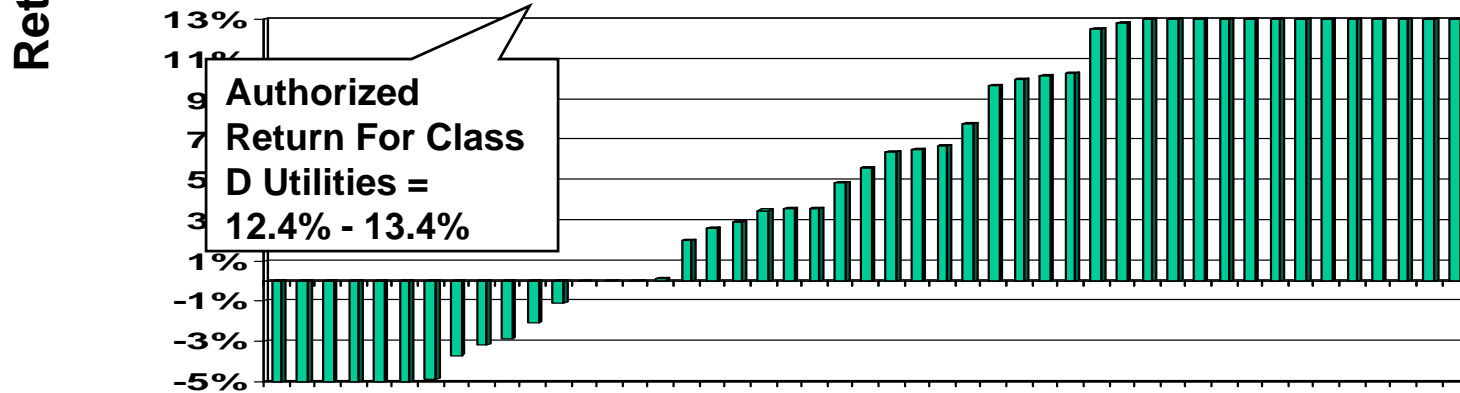


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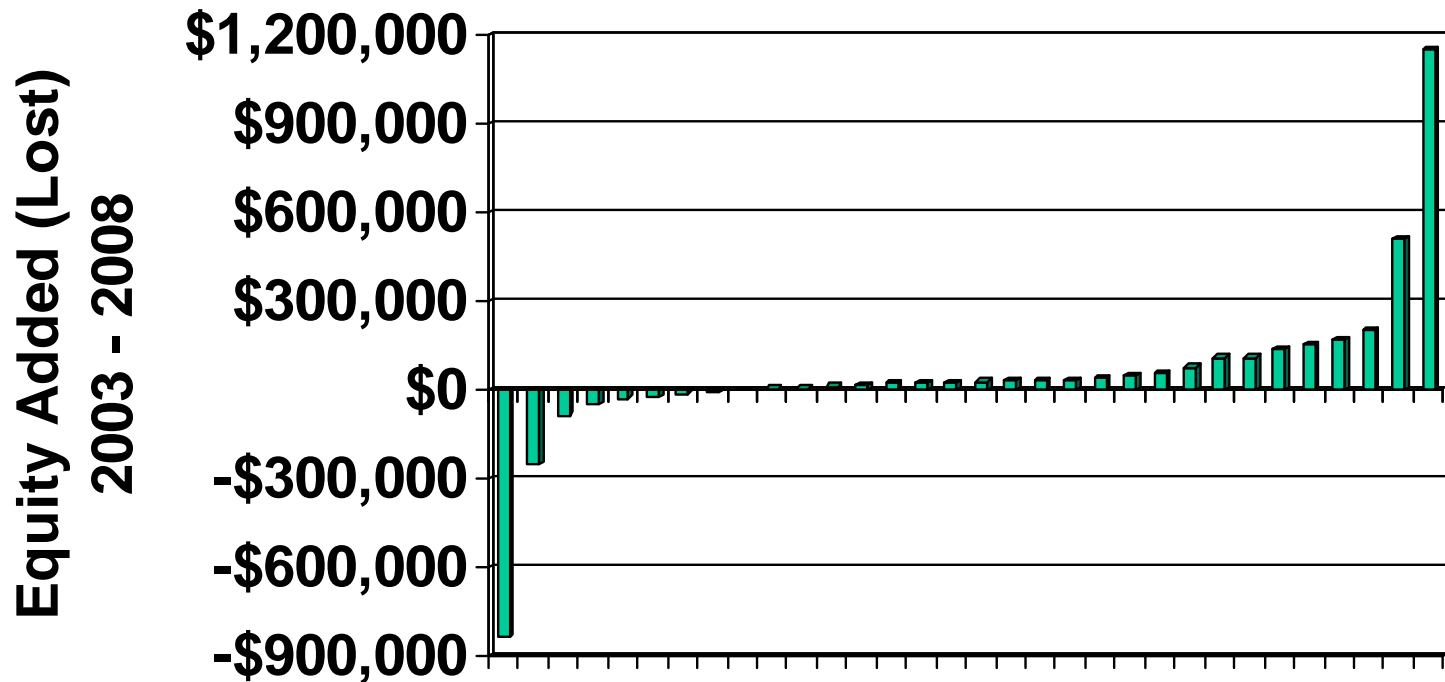
2008



2003



# Class D Water Utilities (<500 Customers)

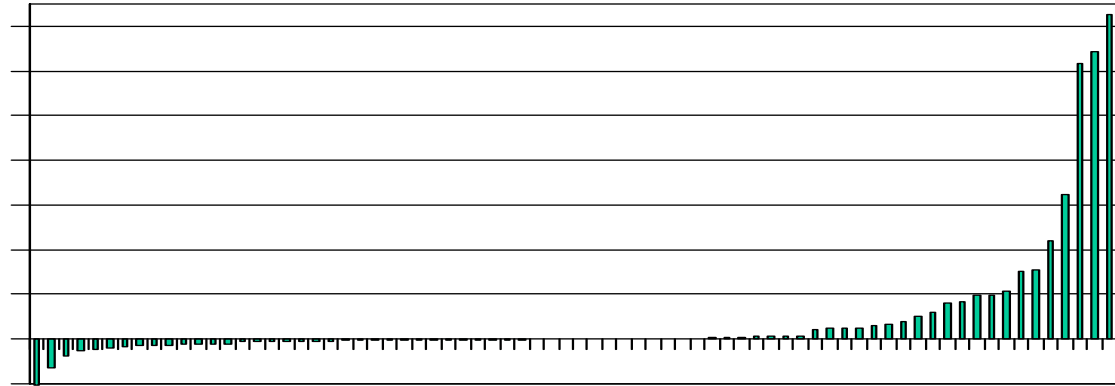


# Class D Water Utilities (<500 Customers)

## 2008

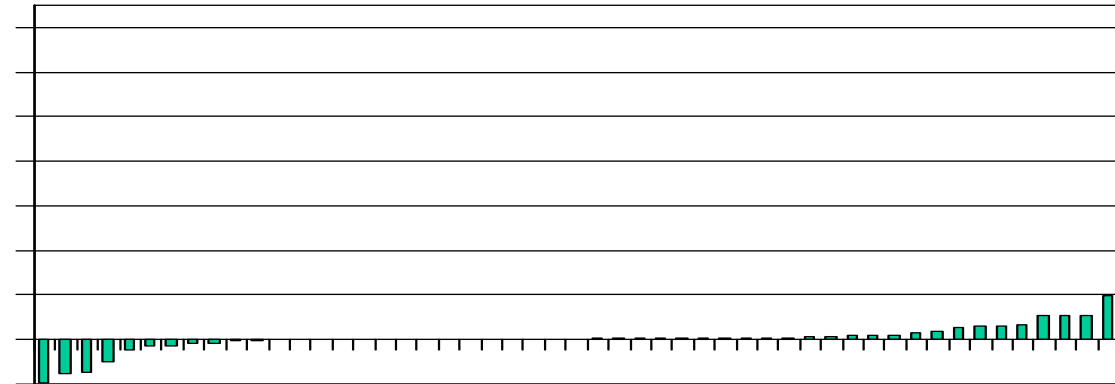
Capital Expenditures Exceed (Less Than) Depreciation

\$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)





California  
Water  
Association



## SB1268 Enacted October 6, 1997

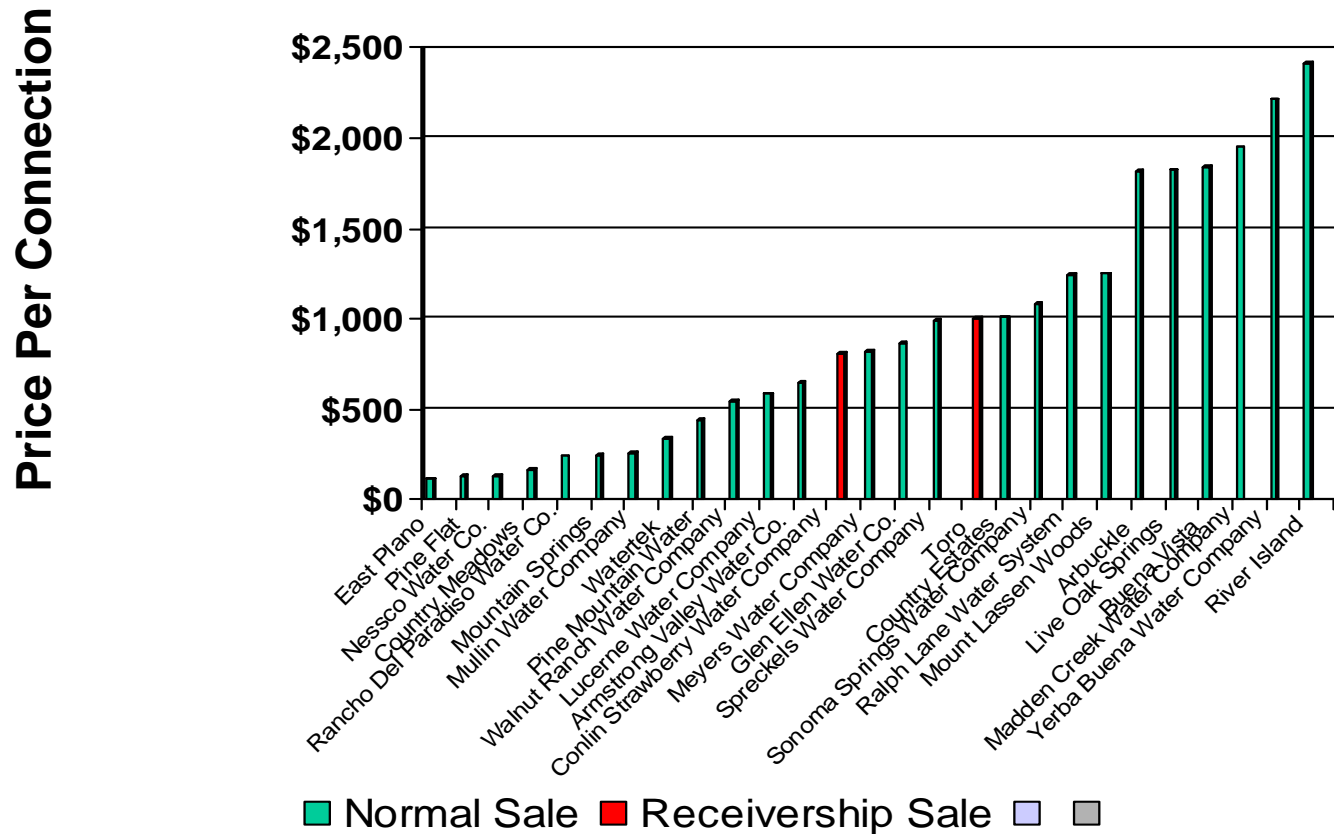
- Adopted standard of “Fair Market Value” for water utility acquisitions
- Applies to asset *and stock* sales
- Applies to sales of “public water systems”
- Acquisition incentives limited to “Troubled Systems”



# Where's The Grist?



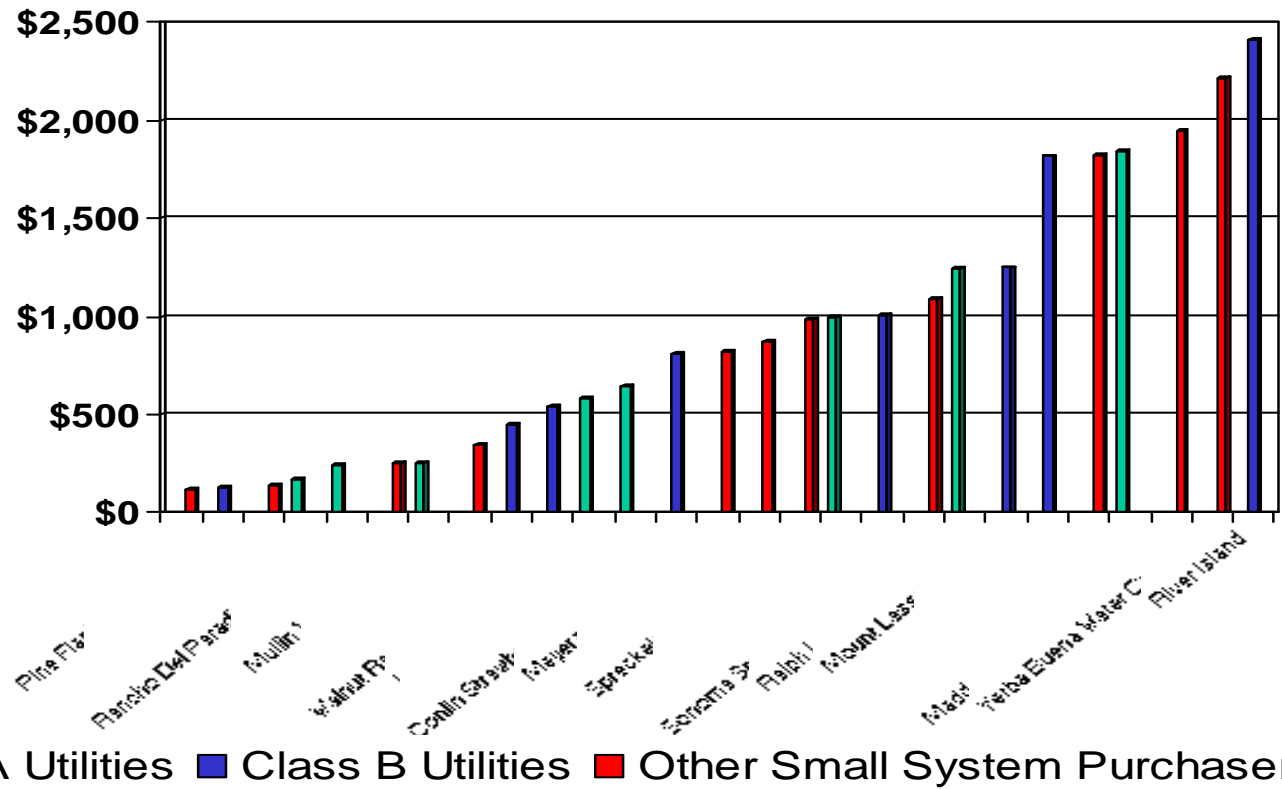
# Sales of Small Companies to Other California IOU's Since 1997 \*



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

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

Price Per Connection



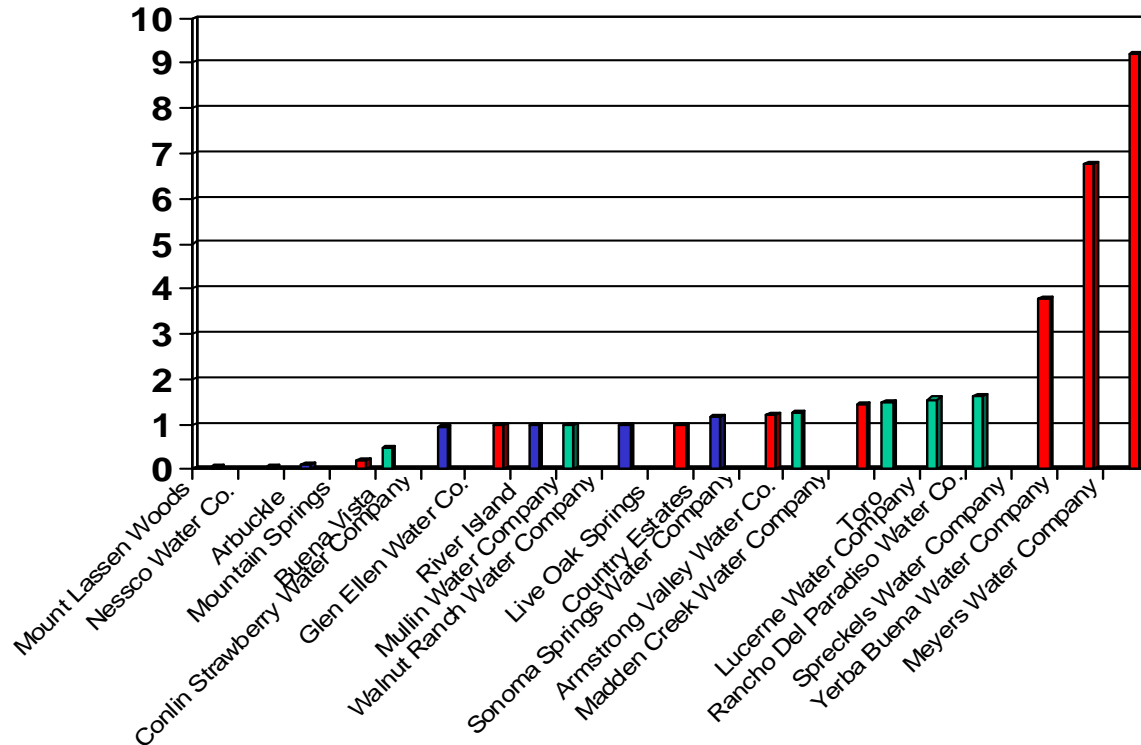
■ Class A Utilities ■ Class B Utilities ■ Other Small System Purchasers



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

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

Rate Base Multiple (Selling Price Divided By Rate Base)



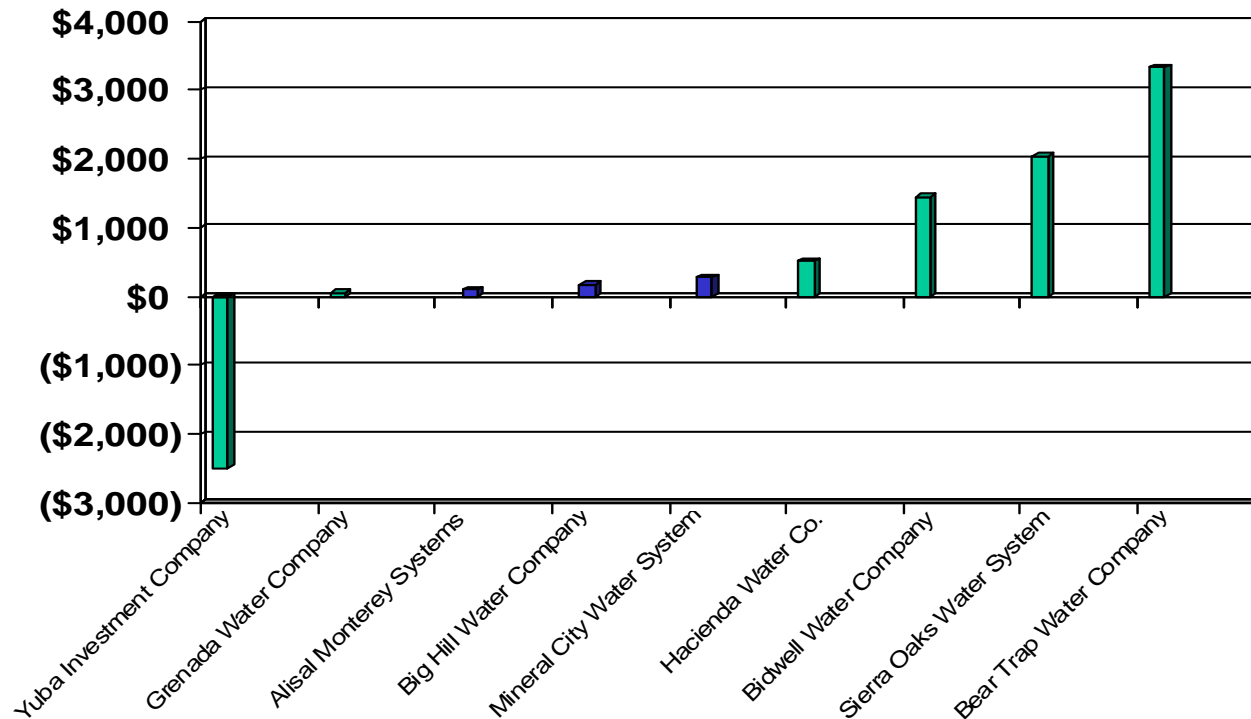
■ Class A Utilities ■ Class B Utilities ■ Other Small System Purchasers



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

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

Price Per Connection



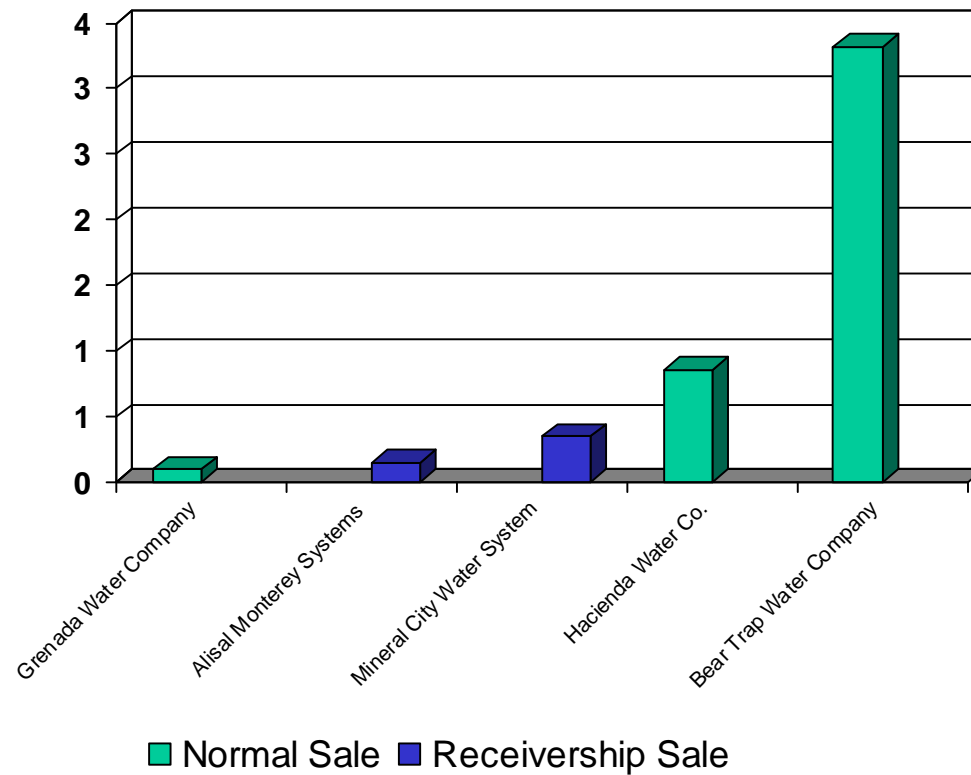
■ Normal Sale 
 ■ Receivership Sale 
 ■
■
■
■



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

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

Rate Base Multiple (Selling  
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