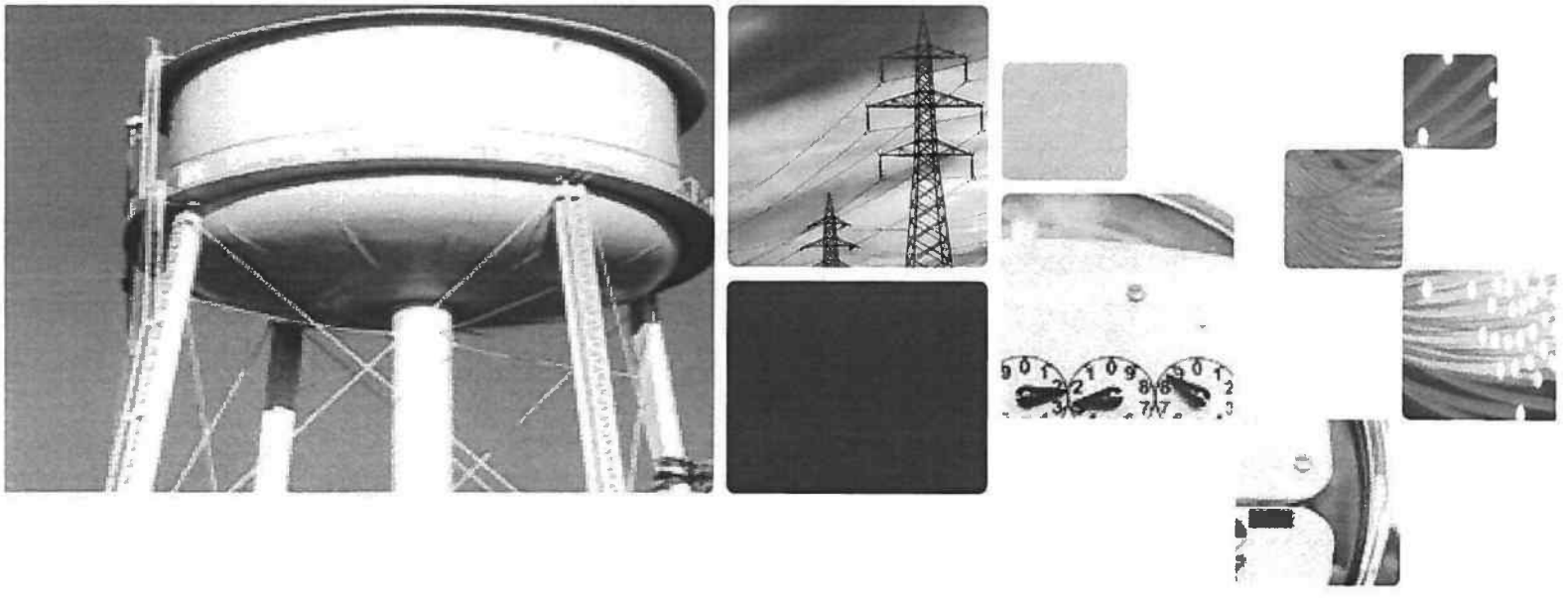
FINAL REPORT | September 2013

CONFIDENTIAL - PROTECTED BY ATTORNEY-CLIENT PRIVILEGE

APPRAISAL REPORT - CLAREMONT WATER SYSTEM

Best, Best & Krieger, LLP on Behalf of the City of Claremont, California

Claremont, California



PREPARED BY:

NewGen Strategies & Solutions

ECONOMICS STRATEGY STAKEHOLDERS SUSTAINABILITY www.newgenstrategies.net

Final Report | September 2013

CONFIDENTIAL – PROTECTED BY ATTORNEY-CLIENT PRIVILEGE

Appraisal Report
Claremont Water System

Best, Best & Krieger, LLP on behalf of
the City of Claremont, California

Prepared by:

NewGen Strategies & Solutions

Table of Contents

List of Exhibits

List of Tables

List of Figures

Section 1
PREMISE OF THE APPRAISAL

Purpose and Intended Use

NewGen Strategies & Solutions, LLC (NewGen) was retained by Best, Best & Krieger, LLP (BBK), attorneys for the City of Claremont, California (City) to update the 2012 appraisal of the Claremont District water system (Claremont Water System) presently owned by Golden State Water Company (GSWC or Company). GSWC is a subsidiary of American States Water Company. The purpose of the appraisal is to determine the estimated fair market value of the Claremont Water System in anticipation of the City making an offer to purchase the Claremont Water System from GSWC.

The 2012 appraisal of the Claremont Water System was prepared by Science Applications International Corporation (SAIC). The certified appraiser preparing this report worked as a subconsultant for SAIC and led SAIC's work efforts on the 2012 appraisal project. The same appraiser also performed appraisals of the Claremont Water System in 2004 and 2008 while employed at R. W. Beck, Inc.

In undertaking the studies and analyses required to provide an opinion with respect to the fair market value of the Claremont Water System, we have relied on generally accepted valuation methods and procedures in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This report is a Summary Appraisal Report as that term is defined in USPAP.

Date of Valuation

The fair market value of the property was estimated as of August 1, 2013.

Definition of Fair Market Value

Fair market value is defined in the California Code of Civil Procedure (Section 1263.320) as follows:

> "(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
>
> "(b) The fair market value of property taken for which there is no relevant market is its value on the date of valuation as determined by any method of valuation that is just and equitable."

Property Interest Appraised

The property interest being valued is the fee simple ownership rights of GSWC in the Claremont Water System to be acquired with no restrictions, indebtedness, or other encumbrances. The Claremont Water System includes all property, real and personal, including records, books and accounts, utility plant in service, water supply contracts and water rights, and "water system" property as defined under Section 240 of the California Public Utilities Code owned by GSWC and comprising its water service system for, and used and useful in providing water service to, the "Claremont District Water System" as that District is shown on the records of the California Public Utilities Commission (CPUC).

A description of the property appraised is provided in Section 3 of this appraisal report.

Highest and Best Use

Highest and best use is defined as "the most reasonably probable and legal use of a property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.[1]" In our opinion, the highest and best use of the Claremont Water System is its current use, to provide municipal water utility service.

Scope of Work

This appraisal addresses the fair market value of GSWC's water system serving customers in the Claremont Customer Service Area (CSA). The Claremont CSA includes customers located within the City limits and some customers located in unincorporated areas that receive water from the Claremont Water System.

The appraiser, Nancy Heller Hughes, ASA, CDP, previously performed appraisals of the Claremont Water System in 2004 and 2008 when she was employed by R. W. Beck, Inc. In 2009, R. W. Beck was acquired by SAIC. For the 2012 appraisal, Ms. Hughes led the appraisal efforts as a subconsultant to SAIC. On September 1, 2012, NewGen was formed by Ms. Hughes and colleagues to provide management and economic services to the utility industry and market. Ms. Hughes became an employee of NewGen on January 1, 2013.

BBK requested that NewGen perform an update of the 2012 appraisal to reflect the outcome of the May 9, 2013 final decision by the CPUC in GSWC's recent general rate case (A.11-07-017) and 2012 financial data for the Claremont District that GSWC reports annually to the CPUC. BBK requested the appraisal report be in the same format as previous appraisal reports Ms. Hughes prepared of the Claremont Water System.

Following is the scope of work for the updated 2013 appraisal report:

- Update the income approach analysis to reflect the outcome of the May 9, 2013 final decision by the CPUC in GSWC's recent general rate case (A.11-07-017) and financial data used in the income approach analysis to reflect data filed in GSWC's 2012 Annual Report for the Claremont District filed at the CPUC.

1 *Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets*, Second Edition, American Society of Appraisers, Glossary of Terms, page 570.

- Update the cost approach analysis to reflect 2012 plant investment and accumulated depreciation using the Handy-Whitman Index of Public Utility Construction Costs to update the replacement cost value of the facilities developed in the 2012 appraisal study.
- The scope of services does not include any system inventory or condition assessment work. NewGen will rely on the results of inspections and analyses performed for the 2012 appraisal study.
- Update the market approach analysis to reflect recent water utility sales transactions, to the extent information is available, and update the market capitalization analysis to reflect current stock price data.
- NewGen will prepare an appraisal report summarizing the results of our analyses and provide our opinion of the fair market value of GSWC's water facilities in the Claremont Water System. The appraisal will be certified by Nancy Heller Hughes, ASA, CDP. The appraisal report will be similar in format to previous appraisals Ms. Hughes has performed for the City.

In undertaking the studies and analyses required to provide an opinion of the fair market value of the water system as of August 1, 2013, NewGen has relied on generally accepted valuation methods and procedures in accordance with USPAP. As part of the appraisal, NewGen considered all three generally accepted approaches to valuation (cost, income, and market) and their degree of applicability in estimating the value of the Claremont Water System. The results of our analyses and the indicators of value developed are described in Section 4 of this appraisal report.

An inspection of the above-ground and accessible facilities in the Claremont Water System took place on September 5, 2012 in connection with the 2012 appraisal. Ms. Hughes, Paul T. Johnson, P.E. of SAIC, Craig Bradshaw, City Engineer for Claremont, and Kendall H. MacVey of BBK law firm, represented the City on the inspection. Tom Travis, GSWC Superintendent for the Claremont Water System, Denise L. Kruger, Senior Vice President of Regulated Utilities for GSWC and Joe A. Conner of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC represented GSWC on the inspection. The results of the inspection are summarized in Section 3 of the 2012 appraisal report.

No inspection of the property was performed in connection with this appraisal update.

Information Reviewed

In performing the appraisal, NewGen relied on publicly available information, including:

- Annual Reports to the CPUC for the Claremont District for 2003 through 2012 filed by GSWC.
- 2010 Urban Water Management Plan for the Claremont Water System prepared by GSWC.
- GSWC's 2011 General Rate Case (GRC) filing in Application A.11-07-017 and filed workpapers for Region 3, which includes the Claremont Customer Service Area (CSA), the initial settlement agreement, dated June 21, 2012, in the case, and the revised settlement agreement, dated September 28, 2012, filed as Exhibit JP-1 in A.11-07-017.

- CPUC Proposed Decision, dated March 19, 2013, and Final Decision, dated May 9, 2013, approving the settlement agreement in A.11-07-017.
- CPUC Final Decision, dated July 12, 2012, in A.11-05-001 approving settlement agreement regarding the authorized cost of capital for the period January 1, 2012 through December 31, 2014 for California Water Service Company, San Jose Water Company, California-American Water Company, and GSWC.
- Handy-Whitman Index of Public Utility Construction Costs.
- Blue Chip Economic Indicators, March 2013.

NewGen

NewGen is a management and economic consulting firm serving the energy and water/wastewater utility industry and market. NewGen currently maintains offices in Austin, Dallas, Denver, Nashville, and Seattle. NewGen provides financial, cost of service, rate design, valuation, strategy, expert witness, stakeholder, and sustainability consulting services to its clients. NewGen's staff includes three Accredited Senior Appraisers (ASAs) of Public Utility property certified by the American Society of Appraisers; there are only 24 people in the U.S. holding this designation.

The appraisers and other personnel working on this assignment have the knowledge and experience to complete the assignment competently. A list of individuals contributing to the appraisal report and a summary of their qualifications and experience are provided in Exhibit 1 to this report.

Section 2
ASSUMPTIONS AND LIMITING CONDITIONS

In the preparation of this appraisal report and the opinions that follow, we have made certain assumptions with respect to conditions that may occur in the future. In addition, we have used and relied upon certain information and assumptions provided to us by sources which we believe to be reliable. We believe the use of such information and assumptions is reasonable for the purposes of this report. However, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those forecasted to the extent that actual future conditions differ from those assumed by us or provided to us by others. Also, if new or additional information becomes available, the results of the appraisal could change.

The conclusions and opinions of value found in this report are made expressly subject to the following conditions and stipulations:

1. No responsibility is assumed by NewGen for matters that are legal in nature, nor do we render any opinion as to the title, land and/or land rights, which are assumed to be good and marketable.
2. No opinion is intended to be expressed for matters that would require specialized investigation or knowledge beyond that normally used by an appraiser engaged in valuing the type of assets described in this report.
3. All existing liens and encumbrances have been disregarded and the value of the property was appraised as though free and clear and under responsible ownership.
4. Extraordinary Assumption:[2] On the advice of legal counsel, GSWC's rights to groundwater produced from the Six Basins and Chino Basin and GSWC's right to water from Three Valleys Municipal Water District (TVMWD) are assumed to be real property that belongs to the Claremont Water System and cannot be severed from the Claremont Water System. NewGen did not separately appraise the value of water rights that are part of the Claremont Water System; however, the value of these water rights are reflected in the income indicator of value developed in this appraisal.
5. Nancy Heller Hughes, ASA, CDP, performed an official inspection of the above-ground and accessible facilities in the Claremont Water System with representatives for GSWC on September 5, 2012. Based on the observations of Ms. Hughes and the SAIC engineer who worked on the 2012 appraisal of the visible above-ground and accessible equipment, the facilities appeared to be in average condition for plant of comparable type and age; however, we noted several well sites that were abandoned, out of service, or inactive. No additional site inspections were performed in connection with this appraisal update. For the purpose of this appraisal, NewGen assumes that the property

[2] An extraordinary assumption, as defined in USPAP, is an assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions.

is in essentially the same condition as it was 11 months earlier and there are no hidden or unapparent conditions that would make the property more or less valuable.

6. NewGen relied on the inventory of facilities developed in SAIC's 2012 appraisal report. The inventory was updated to reflect current facility data reported in GSWC's 2012 annual report for the Claremont District. The Reproduction Cost New (RCN) value of the facilities at the date of value was estimated by trending the 2012 RCN values to 2013 price levels using the Handy Whitman Construction Cost Index and deducting an appropriate amount of depreciation.
7. NewGen has not separately appraised the value of land, easements, and other rights of way upon which facilities of the Claremont Water System are located. However, the value of land and land rights that are part of the Claremont Water System are reflected in the income indicators of value developed in this appraisal. In developing the indicators of value under the cost approach, we assumed the value of land and land rights is equal to the value of the assets recorded on GSWC's books.
8. For the purpose of the appraisal, we have assumed that the property conforms to all applicable zoning and use regulations and restrictions.
9. NewGen has not conducted any investigations, nor have we reviewed studies performed by others, regarding environmental issues. For the 2012 Appraisal, SAIC performed a limited review of data received from a records request made of the California Department of Public Health (CDPH) regarding GSWC's compliance with federal and state environmental regulations. The results of SAIC's limited environmental review are discussed in Section 3 of the 2012 appraisal report.
10. No one outside NewGen has provided significant assistance to the preparation of this report. Individuals affiliated with NewGen and contributing to this report are Nancy Heller Hughes, ASA, CDP, Senior Appraiser and Gina Baxter, Project Analyst. A description of the qualifications and experience of the individuals contributing to the appraisal report is provided in Exhibit 1.
11. The studies and analyses undertaken in the preparation of the opinion contained herein have been performed in accordance with standard engineering practices and the USPAP as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Section 3
DESCRIPTION OF THE PROPERTY

Overview of System

The Claremont Water System is located in Los Angeles County, California and serves the entire City of Claremont, small adjacent portions of the cities of Montclair, Pomona and Upland, and the adjacent unincorporated area in Los Angeles County north of the City of Claremont. A map of the Claremont Water System, obtained from GSWC's Urban Water Management Plant, is provided in Exhibit 2.

At December 31, 2012, the Claremont Water System provided municipal water service to 11,065 customers. Table 3-1 below shows a breakdown of the number of customers by customer class. Most of the customers in the Claremont Water System are residential customers.

Table 3-1:
Claremont Water System
Customers at December 31, 2012

Customer Classification	Number of Customers
Residential	9,753
Commercial	791
Industrial	9
Public Authorities	24
Irrigation	266
Other	63
Private Fire Connections	159
Total Connections	**11,065**

Source: GSWC 2012 Annual Report to the CPUC for the Claremont District.

GSWC's last rate case heard before the CPUC for GSWC's Region 3 Service Area, which includes the Claremont District, was the 2011 Rate Case (Application 11-07-017). A settlement agreement in the case was reached by GSWC, the Division of Ratepayer Advocate, and The Utility Reform Network (TURN) and filed with the CPUC on June 21, 2012. A revised settlement agreement between the parties was filed on September 28, 2012 as Exhibit JP-1 in A. 11-07-017; the revised settlement agreement corrected some computational errors. The administrative law judge in the case issued the Proposed Decision on March 19, 2013 and the Final Decision in the case was issued on May 9, 2013 approving the terms of the settlement agreement.

Description of Facilities

The property that is the subject of this appraisal report are the assets that are used and useful in the operation of the Claremont Water System as reported by GSWC in the 2012 Annual Report for the Claremont Water District to the CPUC. A detailed description of the assets in the Claremont Water System is provided in GSWC's 2012 Annual Report to the CPUC for the Claremont District. A copy of Schedules D-1 through D-7 and the 2012 Plant Facility Index from GSWC's 2012 Annual Report to the CPUC for the Claremont District is provided in Exhibit 3.

The regular water supply for the Claremont Water System includes a blend of local groundwater as well as imported surface water purchased from TVMWD. Customers in Claremont are served through eight gravity-fed pressure zones and one booster pressure zone. Groundwater is currently supplied from 13 active groundwater wells located throughout the Claremont Service Area. A new well is currently under construction. Claremont's imported surface water supply is treated by TVMWD at the Miramar Water Treatment Plant and delivered to Claremont through four master metered interconnections. Each master meter is owned by TVMWD.

The Claremont Water System has two emergency interconnections, one with the City of La Verne and one with Monte Vista Water District, which would be utilized only in an emergency. GSWC recently constructed one new interconnection with the City of Upland. The amount of water and regularity of operation of the Upland interconnection is not well known and no information was made available from GSWC regarding its use.

Rate Regulation

GSWC is subject to rate regulation by the CPUC. Under rate regulation, prices (i.e., rates) are set to recover the utility's operating expenses, including taxes, plus allow the utility to earn a fair return on rate base, as shown in the equation below:

$$\text{Operating Revenues} = \text{Operating Expenses} + (\text{Rate of Return})(\text{Rate Base})$$

Rate base is generally equivalent to the utility's net investment in plant, property, and equipment that is used to provide service, excluding any amounts that were contributed by the customer (or developer), such as Contributions In Aid of Construction and Advances for Construction. Rate base also excludes reserves for deferred income taxes, which are amounts already recovered through customer rates but not been paid yet by the utility (e.g., due to timing differences between book and tax depreciation). Rate base includes amounts for materials and supplies and cash working capital.

GSWC's most recent rate case before the CPUC was its 2011 General Rate Case (A.11-07-017). A settlement agreement in the case was reached by GSWC, the Division of Ratepayer Advocate, and TURN and filed with the CPUC on June 21, 2012. A final decision in the case approving the settlement agreement was issued on May 9, 2013. GSWC is on a three-year rate filing schedule with the CPUC.

Condition of Facilities

An official inspection of the above-ground facilities in the Claremont Water System took place on September 5, 2012. GSWC representatives accompanied Ms. Hughes and SAIC staff on the inspection and provided access to the facilities. The inspection was limited to above-ground and easily accessible facilities so as not to disrupt continuous water service to customers. For example, SAIC did not inspect underground piping or the interior of reservoirs within the system.

During the inspection, Ms. Hughes and SAIC staff visited facilities reported to be owned by GSWC including wells, booster pump stations, and reservoirs. We observed and noted several facilities, which were either abandoned, out-of-service, inactive, or active. GSWC was generally unresponsive to any information requested during the inspection regarding the status of the facilities, age or year of installation, typical operations and maintenance procedures, environmental and regulatory compliance, etc.

Based on the field observations of the above-ground and accessible facilities, the water facilities appeared to be in average condition for plant of comparable type and age. The year of installation listed in the 2011 Plant Facility Index was confirmed during the site inspection either by viewing nameplate records or through observation of condition and type of construction. The overall quality of construction and maintenance appeared to be consistent with standard water utility practices. We could not view the pipe in the system, which is buried, and therefore cannot comment on the condition or maintenance of the pipe in the distribution system.

Section 4
ANALYSES

Fair Market Value Analyses

There are three generally accepted approaches to estimating the value of property: the cost approach, the income approach, and the market approach. Under the cost approach, the value of the property is based on the premise that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. Under the income approach, the value of the property is estimated by capitalizing or determining the present worth of the prospective net income from the property. The market approach assesses value based on recent fair market sales of similar facilities under similar circumstances.

All three approaches to value: cost, income, and market were considered in performing the appraisal.

Cost Approach

OCLD and RCNLD Indicators of Value

The cost approach is based on the premise that an informed buyer would pay no more than the cost of producing a substitute property with the same function or utility as the Subject Property. Two indicators of value that are commonly considered under the cost approach when valuing regulated public utility property are the Reproduction Cost New Less Depreciation (RCNLD) value and the Original Cost Less Depreciation (OCLD) value.

Replacement cost is defined as the current cost of a similar new property having the nearest equivalent utility as the property being appraised. In contrast, reproduction cost is the current cost of reproducing a new replica of the property being appraised using the same, or closely similar, materials.[3] Since there have not been major changes in the way water systems are constructed, there is typically not a significant difference between replacement cost and reproduction cost, and the terms are often used synonymously.

For rate regulated utility property, such as the Claremont Water System, the OCLD value is a relevant indicator of value because it is generally equivalent to the rate base value of the property, which is the value of the property on which the regulated utility is allowed to earn a return.[4] Under the principle of substitution, an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the Subject Property. However, an informed buyer would also pay no more than the income value of the property.

---

[3] *Valuing Machinery and Equipment*, American Society of Appraisers, Second Edition, page 44.

[4] Rate base also includes amounts for materials and supplies and cash working capital, less amounts for customer contributed capital, such as contributions in aid of constructions and accumulated deferred income taxes.

In the case of rate regulated utility property, the income value is generally equivalent to the rate base value of the property, assuming that utility rates are based on cost of service. Therefore, in theory, an informed buyer would not pay more than the rate base value of the property. The relationship between the rate base value and income value of regulated utility property is discussed in more detail later in this appraisal report.

Exhibit 4 shows the calculation of the estimated RCNLD and OCLD values for the facilities to be acquired.

In the 2012 appraisal report, the inventory of facilities in the Claremont Water System was developed using data reported in GSWC's 2011 Annual Report for the Claremont District filed with the CPUC. Based on this inventory, SAIC estimated the current construction cost, or Reproduction Cost New (RCN) value, for the facilities. Average unit costs were developed based on vendor and contractor cost estimates and industry costs guides. All costs include labor, materials, and equipment. Overhead percentages were added to the direct costs to account for engineering, construction management, and other costs not specifically identified. Details regarding inventory quantities and the development of the RCN value as of September 1, 2012 were provided in Exhibit 4 of the 2012 appraisal report.

To update the appraisal report to 2013, NewGen estimated the 2013 RCN value of the Claremont Water System by trending the 2012 values using the Handy Whitman Index of Public Utility Construction Costs. The 2012 Plant Facility Index provided in GSWC's 2012 Annual Report for the Claremont District indicated there is a new well under construction at Indian Hill North; however, no specific data was provided for the well and pump. NewGen assumed that the RCN value of the new well was equal to the RCN value of the existing well at the site. We assumed the well would be put into service in 2013.

Comparing the pipe lengths reported in the 2011 and 2012 Plant Facility Indexes, we noted a small (0.1 percent) increase in the total length of pipe in the Claremont Water System; however, the 2012 pipe inventory indicated substantially more cast iron (CI) pipe and substantially less cement-lined (CML) steel pipe than reported in the 2011 pipe inventory. It appeared that the quantities for the two types of pipes were switched in the 2012 inventory listing. NewGen's scope of work did not include any system inventory or condition assessment work, therefore, we relied on the inventory developed in the 2012 appraisal report and trended the RCN value from 2012 to 2013 construction cost amounts.

NewGen (and SAIC) did not separately appraise the value of land, easements, and other rights of way upon which the Claremont Water System facilities are located. In developing the indicators of value under the cost approach, NewGen assumed the value of land and land rights is equal to the value of the assets recorded on GSWC's books.[5]

5 During the inspection of the Claremont Water System, we observed several parcels of land that were surplus property (e.g., abandoned well sites) that are no longer used and useful. The 2012 appraisal assumed the investment in these land parcels is still recorded in the financial statements for the Claremont Water System because GSWC included the parcels on the list of facilities for the inspection. The investment in these land parcels may also be included in rate base for ratemaking purposes. These surplus parcels have little or no value to the Claremont Water System from an operational perspective and may require remediation costs to remove abandoned facilities in order to use the land for another purpose.

The amount of accumulated depreciation was estimated based on the age of the facilities and depreciation parameters (average service life, survivor curve, and net salvage) reported by GSWC in its 2011 GRC application to the CPUC. The accumulated depreciation was then subtracted from the RCN value to determine the RCNLD value. The OCLD value was estimated by trending the current cost figures to the year of installation using the Handy Whitman Index.

Table 4-1 shows the estimated RCNLD and OCLD values of the Claremont Water System developed by SAIC.

Table 4-1:
Claremont Water System
Estimated RCNLD and OCLD Values
as of August 1, 2013

Reproduction Cost New	$180,957,000
Less Depreciation	100,939,000
Reproduction Cost New Less Depreciation (RCNLD)	**$78,852,000**
Original Cost	$65,154,000
Less Depreciation	31,420,000
Original Cost Less Depreciation (OCLD)	**$33,734,000**

As indicated previously, the OCLD value is an estimate of the net book value of the property. As of December 31, 2012, GSWC reported a net book value of water system property in the Claremont District equal to $43,498,751. All or a portion of the difference between the net book value reported on GSWC's books and the estimated OCLD value may be attributed to the book cost of plant facilities that are abandoned, out of service, or inactive. NewGen does not know whether these plant facilities have been retired from GSWC's books; however, they were assigned a zero value for the purpose of this appraisal.

Depreciation and Obsolescence Adjustments

Depreciation is the estimated loss in value of an asset, compared with a new asset. There are three basic types or causes of depreciation:

- Physical deterioration – the loss in value or usefulness resulting from the wear and tear of an asset in operation and exposure to various elements.
- Functional obsolescence – the loss in value or usefulness caused by inefficiencies or inadequacies of the property itself, when compared to a more efficient or less costly replacement property that new technology has developed.
- Economic obsolescence – the loss in value caused by factors external to the property.[6]

[6] American Society of Appraisers, *Appraising Machinery and Equipment*, Second Edition, pages 66-67.

The deduction for depreciation made to the cost approach indicators of value shown in Table 4-1 reflects the physical deterioration based on the observed age and expected life of the facilities.

No additional adjustment was made to the cost approach indicators of value for functional obsolescence, although zero value was assigned to facilities we observed in the Claremont Water System that were abandoned, out-of-service, or inactive.

Regarding economic obsolescence, it can be said that utility rate regulation, which restricts the earnings of the utility to an allowed rate of return times an original cost rate base, is a form of economic obsolescence.[7] No adjustment was made to the RCNLD value of the Subject Property to reflect economic obsolescence. However, the relationship between the cost and income indicators of value for rate regulated utility property is discussed later in this report.

Rate Base Value

Table 4-2 shows the rate base value of the Claremont Water System reported in GSWC's 2012 Annual Report to the CPUC for the Claremont District. As discussed in Section 3, under utility rate regulation the value of contributed plant is excluded from the calculation of rate base. In other words, the value of the water system on which GSWC can earn its authorized rate of return excludes the value of contributed plant. As shown in Table 4-2, a significant portion (19.7 percent) of the Claremont Water System net plant is contributed plant that has been paid for by customers. In addition, accumulated deferred income taxes and other reserves, which are sources of customer contributed capital, represent another 12.7 percent of the net book value of the Claremont Water System.

[7] Woolery, *Valuation of Railroad and Utility Property*, page 44.

Table 4-2:
Claremont Water System
Rate Base Value as of December 31, 2012

Plant in Service	$69,246,184
Construction Work in Progress	1,710,293
Total Gross Plant	$70,956,477
Less Accumulated Depreciation	25,744,018
Total Net Plant	**$45,212,459**
Less:	
CIAC and Advances for Construction	8,894,060
Reserves for Deferred Income Taxes and Other Reserves	5,733,201
Add:	
Materials and Supplies	25,946
Cash Working Capital	121,667
Allocation of General Office, Regions, District Office and Customer Service Area (CSA)	1,497,423
Total Claremont District Rate Base	**$32,230,234**

Any private buyer of the Claremont Water System would be subject to CPUC rate regulation and would only be allowed to earn its authorized rate of return on the rate base value of the system, which excludes the value of contributed plant and customer contributed capital. Therefore, it would be appropriate to reduce the estimated OCLD and RCNLD values shown in Table 4-1 by 32.4 percent, since the utility cannot earn a rate of return on this investment. However, legislation passed in the State of California allows water corporations to use the standard of fair market value when establishing the rate base value for distribution systems of public water systems acquired, not original cost when placed in service.[8] Therefore, an adjustment for contributed plant was not made to the estimated RCNLD and OCLD values in this appraisal.

Water Rights

GSWC owns certain water rights to groundwater produced from the Six Basins and Chino Basin and water from TVMWD. Water rights for Chino Basin were adjudicated by court order in 1978; water rights for Six Basins were adjudicated by court order in 1998. The water rights appear to be recorded at zero cost on GSWC's financial statements; SAIC saw no evidence of investment related to water rights for the Claremont Water System in annual reports filed at the CPUC or GSWC's 2011 GRC filing and workpapers.

[8] California Public Utilities Code, Section 2718-2720. The acquisition, including the purchase price paid for the system, requires CPUC approval.

NewGen was advised by legal counsel for the City that these water rights are real property rights belonging to the Claremont Water System and cannot be severed from the system.[9] Therefore, NewGen did not separately appraise the value of water rights that are part of the Claremont Water System. However, the value of these water rights are reflected in the income indicator of value developed in this appraisal.

Income Approach

The income approach estimates the value of property by capitalizing or determining the present worth of anticipated economic benefits from the property. Under the discounted cash flow (DCF) method, the direct economic benefits derived from continued ownership of the system are expressed in terms of free cash flow, which represents the total cash flow generated by the going concern that is available to the providers of both debt and equity capital.

The DCF model used to estimate the value of the Claremont Water System is essentially an after-tax cash flow model of annual revenues and expenses over a ten-year period beginning with fiscal year 2013 and ending with fiscal year 2022. The calculation of free cash flow is illustrated as follows:

Annual Operating Revenues	
Less:	*Annual Operating Expenses*
Equals:	*Pre-tax Net Operating Income*
Less:	*Income Taxes (not applicable to the City)*
Equals:	*Earnings Before Interest,*
	Depreciation & Amortization (EBIDA)
Less:	*Future Capital Expenditures*
	Net Changes in Working Capital
Equals:	*Free Cash Flow*

A description of the key assumptions used in the DCF model and a copy of the supporting analyses are provided in Exhibit 5.

Table 4-3 shows the calculation of the income value for the Claremont Water System using the DCF method. Annual revenues and expenses for the Claremont Water System were projected based on data from the CPUC's final decision in GSWC's 2011 rate case. In particular, the analysis in Table 4-3 assumes the purchaser of the system would be allowed to continue charging rates for water service on a comparable basis to existing Region 3 rates.

Under the DCF method, the income indicator of value is equal to the sum of the present value of the projected cash flows (from fiscal year 2013 through fiscal year 2022) plus the present value of the projected terminal value. The series of annual free cash flows was discounted using an 8.64 percent discount rate. The estimated terminal (residual) value at the end of the projection period, discounted to the date of valuation, was added to the net present value of the earnings stream over the projection period to determine the estimated fair market value based on the income approach

[9] See Section 2, Assumptions and Limiting Conditions.

As shown in Table 4-3, the income indicator of value of the Claremont Water System is equal to $55,094,000, assuming the purchaser of the system would be allowed to continue charging rates for water service comparable to existing Region 3 rates.

Table 4-3:
Claremont Water System
Discounted Cash Flow Indicator of Value
Based on Projected Regional Water Rates

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Projected Annual Revenue										
Water Service Revenues	$19,917,275	$20,315,620	$20,782,879	$21,552,616	$22,347,672	$23,169,335	$24,018,998	$24,898,114	$25,808,193	$26,750,830
Other Revenue	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798
Total Revenue	$19,922,073	$20,320,418	$20,787,677	$21,557,414	$22,352,470	$23,174,133	$24,023,796	$24,902,912	$25,812,991	$26,755,628
Projected Annual Expenses										
Supply Expenses	$5,245,611	$5,510,581	$5,790,198	$6,085,297	$6,396,773	$6,725,561	$7,072,666	$7,439,152	$7,826,137	$8,234,794
Operation & Maintenance Expense	2,015,322	2,083,364	2,153,321	2,225,251	2,299,216	2,375,277	2,453,498	2,533,945	2,616,686	2,701,789
Administrative & General Expenses	3,443,607	3,584,855	3,730,841	3,881,733	4,037,704	4,198,933	4,365,603	4,537,906	4,716,039	4,900,203
Total Operating Expenses	$10,704,540	$11,178,800	$11,674,360	$12,192,281	$12,733,693	$13,299,770	$13,891,767	$14,511,004	$15,158,861	$15,836,785
Depreciation	$2,104,860	$2,186,570	$2,270,000	$2,355,180	$2,442,150	$2,530,940	$2,621,600	$2,714,170	$2,808,680	$2,905,170
Property Taxes	$256,643	$262,990	$269,249	$275,418	$281,495	$287,479	$293,367	$299,157	$304,848	$310,436
Payroll Taxes	59,918	61,302	62,718	64,166	65,648	67,164	68,715	70,302	71,925	73,586
Local Taxes	19,675	20,088	20,510	20,940	21,380	21,829	22,288	22,756	23,233	23,721
Total Taxes Not on Income	$336,236	$344,380	$352,476	$360,524	$368,523	$376,472	$384,369	$392,214	$400,006	$407,744
Total Expenses Before Interest and Income Taxes	$13,145,635	$13,709,750	$14,296,836	$14,907,986	$15,544,366	$16,207,182	$16,897,736	$17,617,389	$18,367,548	$19,149,699
Earnings and Cash Flow										
Operating Income	$6,776,437	$6,610,668	$6,490,841	$6,649,428	$6,808,104	$6,966,951	$7,126,059	$7,285,523	$7,445,443	$7,605,929
Income Taxes	2,187,434	2,133,924	2,095,244	2,146,435	2,197,656	2,248,932	2,300,292	2,351,767	2,403,389	2,455,194
Net Income	$4,589,003	$4,476,744	$4,395,597	$4,502,993	$4,610,448	$4,718,019	$4,825,767	$4,933,756	$5,042,054	$5,150,735
Plus Depreciation Expense	2,104,860	2,186,570	2,270,000	2,355,180	2,442,150	2,530,940	2,621,600	2,714,170	2,808,680	2,905,170
Earnings Before Interest, Depreciation & Amort.	$6,693,863	$6,663,314	$6,665,597	$6,858,173	$7,052,598	$7,248,959	$7,447,367	$7,647,926	$7,850,734	$8,055,905
Less Capital Expenditures	$3,063,000	$3,127,320	$3,193,000	$3,260,050	$3,328,510	$3,398,410	$3,469,780	$3,542,640	$3,617,040	$3,692,990
Less Changes in Working Capital	24,148	56,911	59,467	62,151	64,969	67,929	71,040	74,308	77,743	81,351
Free Cash Flow	$3,606,716	$3,479,083	$3,413,130	$3,535,973	$3,659,118	$3,782,619	$3,906,547	$4,030,978	$4,155,951	$4,281,564
Estimated Income Value										
Discount Rate	8.64%									
Growth Rate	1.92%									
Net Present Value of 2013-2022 Free Cash Flow	$24,291,396									
Terminal Value	$64,937,056									
Net Present Value of Terminal Value	$30,802,416									
Income Value as of January 1, 2013	$55,093,812									
Rounded Value	$55,094,000									

Source: Exhibit 5.

NewGen also projected annual revenue requirements for the Claremont Water System assuming rates for water service only recover Claremont District costs as reported in by GSWC to the CPUC. The projected revenue requirement that recovers only Claremont costs are less than the projected revenue requirement assuming regional rates. While this suggests that Claremont District customers are subsidizing other areas in Region 3, NewGen does not have sufficient evidence to conclude that this is the case.

Table 4-4 shows the income indicator of value of the Claremont Water System assuming projected rates only recover Claremont District costs; the resulting income value is equal to $34,216,000.

This value is close to the rate base value of the Claremont Water System reported by GSWC (see Table 4-2), which is to be expected, since for rate regulated utilities, the rate base value

is the value of the property on which the utility is allowed to earn its authorized rate of return.

Table 4-4:
Claremont Water System
Discounted Cash Flow Indicator of Value
Based on Rates that Recover Only Claremont District Costs

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Projected Annual Revenue										
Water Service Revenues	$17,302,602	$17,950,064	$18,618,054	$19,307,611	$20,019,851	$20,755,927	$21,517,085	$22,304,629	$23,119,911	$23,964,359
Other Revenue	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798
Total Revenue	$17,307,400	$17,954,862	$18,622,852	$19,312,409	$20,024,649	$20,760,725	$21,521,883	$22,309,427	$23,124,709	$23,969,157
Projected Annual Expenses										
Supply Expenses	$5,245,611	$5,510,581	$5,790,198	$6,085,297	$6,396,773	$6,725,561	$7,072,666	$7,439,152	$7,826,137	$8,234,794
Operation & Maintenance Expense	2,015,322	2,083,364	2,153,321	2,225,251	2,299,216	2,375,277	2,453,498	2,533,945	2,616,686	2,701,789
Administrative & General Expenses	3,443,607	3,584,855	3,730,841	3,881,733	4,037,704	4,198,933	4,365,603	4,537,906	4,716,039	4,900,203
Total Operating Expenses	$10,704,540	$11,178,800	$11,674,360	$12,192,281	$12,733,693	$13,299,770	$13,891,767	$14,511,004	$15,158,861	$15,836,785
Depreciation	$2,104,860	$2,186,570	$2,270,000	$2,355,180	$2,442,150	$2,530,940	$2,621,600	$2,714,170	$2,808,680	$2,905,170
Property Taxes	$256,643	$262,990	$269,249	$275,418	$281,495	$287,479	$293,367	$299,157	$304,848	$310,436
Payroll Taxes	59,918	61,302	62,718	64,166	65,648	67,164	68,715	70,302	71,925	73,586
Local Taxes	19,675	20,088	20,510	20,940	21,380	21,829	22,288	22,756	23,233	23,721
Total Taxes Not on Income	$336,236	$344,380	$352,476	$360,524	$368,523	$376,472	$384,369	$392,214	$400,006	$407,744
Total Expenses Before Interest and Income Taxes	$13,145,635	$13,709,750	$14,296,836	$14,907,986	$15,544,366	$16,207,182	$16,897,736	$17,617,389	$18,367,548	$19,149,699
Earnings and Cash Flow										
Operating Income	$4,161,765	$4,245,112	$4,326,015	$4,404,424	$4,480,283	$4,553,543	$4,624,147	$4,692,039	$4,757,161	$4,819,458
Income Taxes	1,343,418	1,370,322	1,396,438	1,421,748	1,446,235	1,469,884	1,492,675	1,514,590	1,535,612	1,555,721
Net Income	$2,818,347	$2,874,790	$2,929,577	$2,982,676	$3,034,048	$3,083,659	$3,131,472	$3,177,449	$3,221,549	$3,263,737
Plus Depreciation Expense	2,104,860	2,186,570	2,270,000	2,355,180	2,442,150	2,530,940	2,621,600	2,714,170	2,808,680	2,905,170
Earnings Before Interest, Depreciation & Amort.	$4,923,207	$5,061,360	$5,199,577	$5,337,856	$5,476,198	$5,614,599	$5,753,072	$5,891,619	$6,030,229	$6,168,907
Less Capital Expenditures	$3,063,000	$3,127,320	$3,193,000	$3,260,050	$3,328,510	$3,398,410	$3,469,780	$3,542,640	$3,617,040	$3,692,990
Less Changes in Working Capital	24,148	56,911	59,467	62,151	64,969	67,929	71,040	74,308	77,743	81,351
Free Cash Flow	$1,836,059	$1,877,129	$1,947,110	$2,015,655	$2,082,719	$2,148,259	$2,212,252	$2,274,670	$2,335,446	$2,394,566
Estimated Income Value										
Discount Rate	8.64%									
Growth Rate	2.99%									
Net Present Value of 2012-2022 Free Cash Flow	$13,492,813									
Terminal Value	$43,688,605									
Net Present Value of Terminal Value	$20,723,369									
Income Value as of January 1, 2013	$34,216,182									
Rounded Value	$34,216,000									

Source: Exhibit 5

Discount Rate

The discount rate used to calculate the net present value of the projected cash flow stream is equal to the weighted average cost of capital for a typical purchaser of the Claremont Water System, rather than any actual financing associated with the Subject Property. For the purpose of this appraisal, NewGen assumed the typical purchaser would be a taxable entity, i.e., a corporate buyer. However, we are fully aware that the City of Claremont, which is considering the purchase of the Claremont Water System, is a government entity. The cost of capital is generally less for a government buyer than for a corporate buyer, which could lead to the erroneous conclusion that the value of the property is higher for the government buyer than for a corporate buyer. However, in an open and competitive market with all parties having reasonable knowledge of the relevant facts, there is no reason for a government buyer to pay substantially more than a corporate buyer would pay to purchase the same property. Therefore, to estimate the income value of the Claremont Water System, we assumed the typical purchaser would be a corporate entity.

Market Approach

The comparable sales method under the market approach involves review of recent sales of similar facilities between a willing buyer and a willing seller, who are unrelated, as an indication of the general market price for such facilities. Caution must be exercised when using the comparable sales method as an indicator of value for utility property. Normally, the appraiser will, when necessary, make adjustments to the comparable sales transactions in order to correlate the sales price to the characteristics of the subject property. There are many factors that can influence sales price including, among others, market area, age, and other considerations that may be reflected in the sales price. Each party's motivation can affect the negotiation and the terms of the sale. Strategic objectives are the driving motivator for some sales. These objectives are often kept confidential and are not available to the appraiser for evaluation.

The comparable sales method is primarily applicable to property that is readily substitutable and where a number of similar type properties have recently been sold. However, the market approach is difficult to apply in valuing utility property due to the lack of comparable utility sales transactions.

Table 4-5 shows water system sales transactions in California from 2006 to 2012; our research did not identify any water system sales in 2013. All of the sales transactions shown in Table 4-5 involved water systems that are substantially smaller than the Claremont Water System in terms of number of customers except for one system. In addition, the two largest system sales were the result of eminent domain actions and do not represent sales transactions between willing buyers and willing sellers. More information about the transactions is provided in Exhibit 6. Given the lack of sales transactions for systems comparable in size to the Claremont Water System, we did not rely on the comparable sales transaction method under the market approach.

Table 4-5:
Summary of Water System Sales in California, 2006-2012

Year of Agreement	Seller	Purchaser	Sales Price	Number of Customers	Sales Price per Customer
2012	Valencia Water Company*	Castaic Lake Water Agency	$73,800,000	30,000	$2,460
2012	Garrapata Water Company	California-American Water Company	50,000	49	1,020
2012	Lake Forest Water Company	Tahoe City PUD	370,000	118	3,136
2012	Riverview Acres Water Company	Salyer Mutual Water Company	1	53	--
2011	Yermo Water Company	Yermo Community Services District	259,000	300	863
2009	Ponderosa Sky Ranch Water System	Sky View County Water District	50,000	110	455
2008	California American	San Lorenzo Valley Water District	13,400,000	1,330	10,075
2007	Peerless Water Company	City of Bellflower Municipal Water	5,800,000	1,815	3,196
2006	Garberville Water Company	Garberville Utility District	320,000	388	825

* Stipulated condemnation, transaction currently under review by the CPUC.

Another method under the market approach to test the reasonableness of the results of the cost and income value approaches is to estimate the portion of the parent company market capitalization that is attributable to the Subject Property. Using market price data for July 31, 2013, the market capitalization of American States Water Company was allocated to the Claremont Water System using three measures: customers, revenues, and net plant. We also examined the 52-week high and low values for American States Water Company at July 31, 2013, to develop a range of possible values for the market capitalization attributable to the Claremont Water System.

The results of the market capitalization analysis shown in Figure 4-1 indicate a wide range of value ($28.9 million to $59.2 million), however, the analysis suggests that the indicators of value produced by the cost and income approaches to valuation are reasonable. A copy of the market capitalization analysis is provided in Exhibit 6.

In our opinion, the market approach is not as reliable as the cost and income approaches for estimating the value of utility property; therefore, we did not rely on the market approach to determine the estimated fair market value of the Claremont Water System.

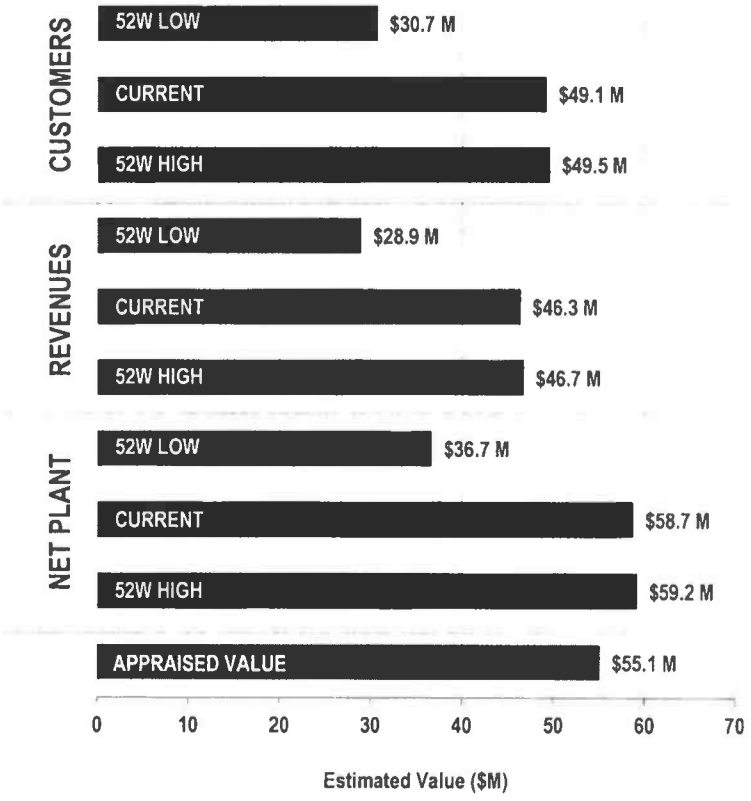


Figure 4-1. Claremont Water System Market Value based on Parent Company Market Capitalization

Section 5
SEVERANCE DAMAGES

Severance damages are the costs to physically and operationally separate the Subject Property from the larger system, as well as the loss in value to the remaining system due to its inability to use the acquired property.

NewGen has not performed technical studies regarding the operation of the Claremont Water System as a stand-alone water system; however, based on our knowledge of the system, we expect severance costs to be minimal.

The Claremont Water System is largely a self-contained water system with limited interconnection points with neighboring water utilities (four interconnections with TVMWD and one each with the Monte Vista Water District, City of La Verne, and City of Upland). The Claremont Water Service area is bordered on all sides by non-GSWC water utilities, so physical separation should not be difficult.

Some systems, such as telecommunications, supervisory control and data acquisition (SCADA), computer and customer billing systems, may be shared with other GSWC entities at the corporate, regional, or district level; however, information about these systems is not available at this time.

Any compensation to GSWC for damages related to loss of income from the Claremont Water System used to support other GSWC Region 3 water system operations is reflected in the discounted cash flow indicator of value based on projected regional rates (Table 4-3).

Section 6
CONCLUSIONS

Table 6-1 is a summary of the various indicators of value NewGen developed as part of this appraisal to estimate the fair market value of the Claremont Water System. These indicators of value are based on the limiting assumptions and conditions described in this report.

Table 6-1:
Claremont Water System
Summary of Indicators of Value

	Indicators of Value
Cost Approach:	
Reproduction Cost New Less Depreciation (RCNLD	$78,852,000
Original Cost Less Depreciation (OCLD)	$33,734,000
Rate Base Value	$32,230,000
Income Approach:	
Rates based Only on Claremont District Costs	$34,216,000
Rates based on Continued Regional Rate Levels	$55,094,000
Market Approach	Not Relied Upon
Fair Market Value as of August 1, 2013	**$55,094,000**

In the preparation of this appraisal, NewGen considered and examined all three generally accepted approaches to valuation, i.e., the cost, income, and market approaches to value. However, the market approach was not relied upon in this appraisal due to a lack of relevant comparable sales data.

As shown in Table 6-1, the OCLD and RCNLD indicators of value range from $33.7 million to $78.9 million. The OCLD and RCNLD values tend to set the lower and upper limits, respectively, on the range of fair market value for regulated utility property. The income indicators of value developed in this appraisal fall within this range of value.

The effect of utility rate regulation is an important consideration in valuing public utility property. Under standard ratemaking procedures, rate regulated utilities are only allowed to earn a fair and reasonable rate of return on their OCLD rate base; operating expenses are essentially a pass-through cost recovered through rates. Thus, in theory, one would expect the income value for rate regulated utility property to be close to or equal to its rate base value since this is the value of the utility's investment on which it is allowed to earn its authorized rate of return or profit.

As shown in Table 6-1, the income value of the water system based on Claremont District costs ($34.2 million) is close to the rate base value ($32.2 million) of the system. This is as expected since the income value for rate regulated property is generally equal to the rate base value of the property, assuming rates are based on cost of service. Since rates for the

Claremont District are determined on a regional basis, which are generally higher than Claremont specific rates, the income value based on regional rate levels ($55.1 million) is higher than the rate base value of the system.

The income indicators of value shown in Table 5-1 reflect the going concern value of the Claremont Water System as a whole, including all assets that are part of the Claremont Water System and used to provide water service to customers in Claremont. In particular, the income indicators of value incorporate the value of the physical facilities, any land, easements, and rights of way on which these facilities are located, and any water rights that are attached to the Claremont Water System.

In our opinion, the highest price for the Claremont Water System that would be agreed to by a willing seller and willing buyer is equal to the value indicated by the income approach assuming that rate levels in the future are comparable to current regional rates. If the prospective buyer were to pay an amount greater than the income value, the buyer would be unable to earn its desired return on equity. However, if the CPUC approved rates in the future that recover only Claremont District costs, the income value would be less.

Based on the results of the analyses described in this appraisal report, and the relative strengths and weaknesses of the indicators of value developed herein, it is our opinion that the fair market value of the Claremont Water System at August 1, 2013 is equal to $55,094,000.

Appraisal Certification

I, the undersigned, certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are impartial and unbiased professional analyses, opinions, and conclusions.
- NewGen has no present or prospective interest in the properties that are the subject of this report, and NewGen has no interest or bias with respect to the parties involved.
- The appraiser signing this report previously performed appraisals of the property in 2004, 2008, and 2012.
- NewGen has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- NewGen's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- NewGen's compensation is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the USPAP promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers.
- The American Society of Appraisers has a mandatory recertification program for all its Senior Members and Nancy Heller Hughes, ASA, CDP, is in compliance with that program.
- No site review of the property was performed as part of the 2013 appraisal. Ms. Hughes and representatives from SAIC, the City and GSWC made an inspection of the property that is the subject of this report on September 5, 2012 in connection with the 2012 appraisal.
- NewGen support staff, under the principal supervision of the undersigned, provided assistance in the preparation of this report. A list of significant contributors is included in the report.

Respectfully submitted,

NewGen Strategies & Solutions, LLC

Nancy Heller Hughes, ASA, CDP

September 5, 2013
NewGen Strategies & Solutions, LLC
20014 SE 19th Street
Sammamish, Washington 98075

Exhibit 1
QUALIFICATIONS AND EXPERIENCE OF PROJECT TEAM

QUALIFICATIONS AND EXPERIENCE OF THE APPRAISAL PROJECT TEAM

Nancy Heller Hughes, ASA, CDP | Senior Appraiser

B.A. in Business and Statistics, University of Chicago

M.B.A. in Finance and Accounting, University of Chicago

Ms. Hughes is an Accredited Senior Appraiser (ASA) of Public Utility property certified by the American Society of Appraisers and a Certified Depreciation Professional (CDP) certified by the Society of Depreciation Professionals. She has worked in the public utility industry since 1977 specializing in utility valuation, depreciation, rates and regulation. Ms. Hughes has testified as an expert witness on these issues before federal and state regulatory commissions, city councils and courts of law.

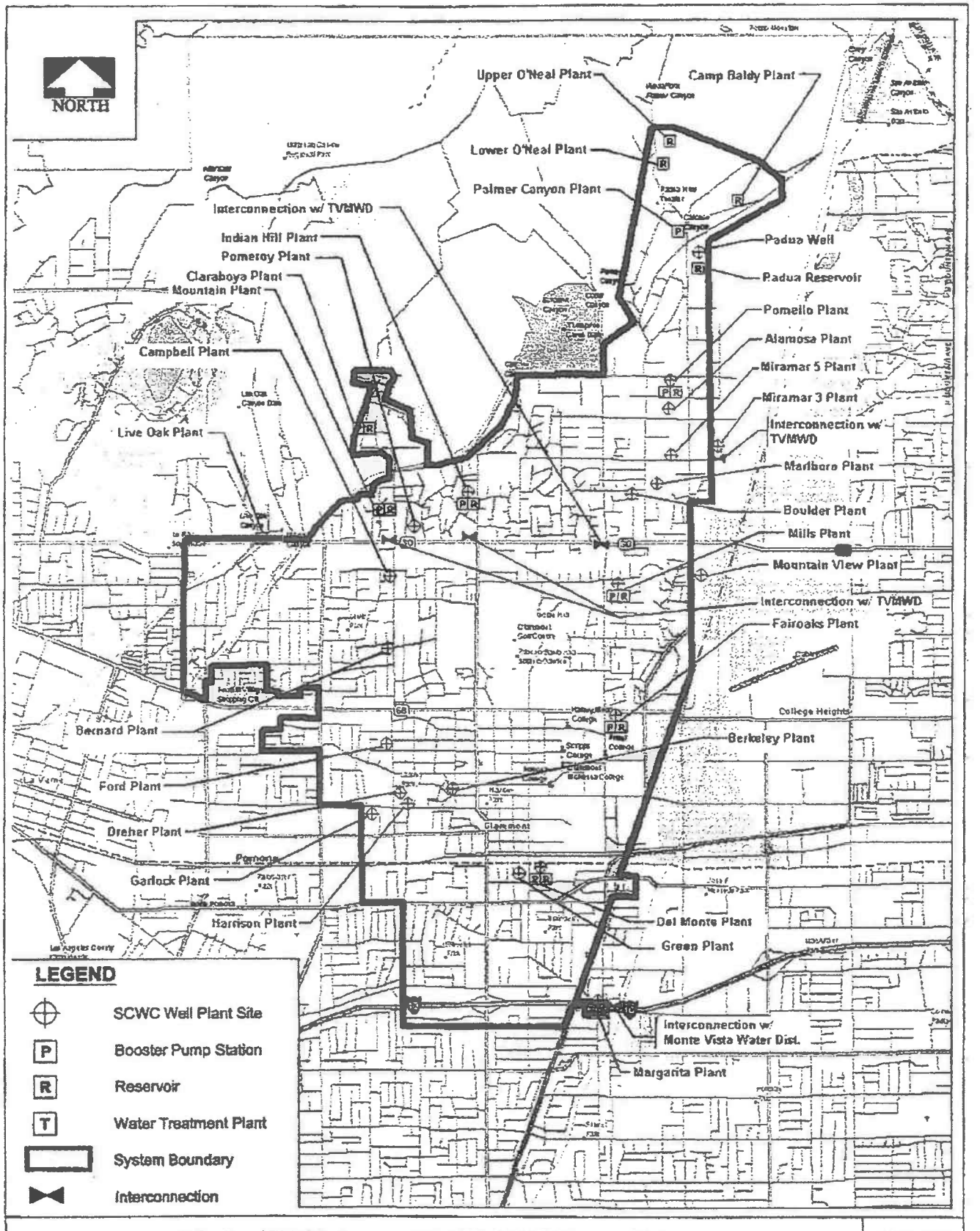
Ms. Hughes has performed valuation and appraisal studies to determine the value of a wide range of utility property including water, wastewater, electric, natural gas, telecommunications and solid waste property. These studies have been performed in connection with the sale and acquisition of property, eminent domain cases, property tax issues, fixed asset inventory development and utility rate cases.

Gina M. Baxter | Project Analyst

B.A. in Business Administration, University of Puget Sound

With more than eight years of experience as a utility analyst, Ms. Baxter is skilled in the compilation and analysis of complex economic and financial data in a variety of consulting projects for electric, water, wastewater and solid waste utilities. This experience has facilitated a combination of technical expertise and business acumen for a range of projects that included preparing financial plans, cost of service and rate studies, depreciation studies, life cycle assessments, appraisals, sustainability studies and feasibility studies. She also has experience providing regulatory support to expert witnesses on a variety of issues in utility rate cases.

Exhibit 2
MAP OF CLAREMONT WATER SYSTEM



SOUTHERN CALIFORNIA WATER COMPANY

Claremont System Plant Sites

FIGURE 2-3

Exhibit 3
PLANT FACILITY DATA

SCHEDULE D-1
Sources of Supply and Water Developed

Line No.	STREAMS			FLOW IN ... (Unit)[2]				Annual Quantities Diverted ____ (Unit)[2]	Remarks
1 2 3	Diverted Into [1]	From Stream or Creek *(Name)*	Location of Diversion Point	Priority Right		Diversions			
				Claim	Capacity	Max	Min		
4									"None"
5									
6									
7									
8	WELLS					Pumping Capacity ____ (Unit)[2]		Annual Quantities Pumped ____ (Unit)[2]	Remarks
9 10 11	At Plant *(Name or Number)*	Location	Number	Diversions	[3] Depth in Water				
12	"REFER TO ATTACHED SCHEDULE"								
13									
14									
15									
16									
17 18 19	TUNNELS AND SPRINGS			FLOW IN ____ (Unit)[2]				Annual Quantities Used ____ (Unit)[2]	Remarks
20	Designation	Location	Number	Maximum		Minimum			
21									
22									
23									
24									
25									
26 27 28	**Purchased Water for Resale**								
29	Purchased from								
30	Annual quantities purchased			(Unit chosen) [2]		"REFER TO COMPANY			
31						SCHEDULE D-1"			
32									

[1] State ditch, pipe line, reservoir, etc., with name, if any.

[2] The quantity unit in established use for expressing water stored and used in large amounts is the acre foot, which equals 43,560 cubic foot; in domestic use the thousand gallons or the hundred cubic feet. The rate of flow or discharge in larger amounts is expressed in cubic feet per second, in gallons per minute, in gallons per day, or in the miner's inch. Please be careful to state the unit used.

[3] Average depth to water surface below ground surface.

SCHEDULE D-2
Description of Storage Facilities

Line No.	Type	Number	Combined Capacity *(Gallons or Acre Feet)*	Remarks
1	A. Collecting Reservoirs			"REFER TO ATTACHED SCHEDULE"
2	Concrete			
3	Earth			
4	Wood			
5	B. Distribution Reservoirs			
6	Concrete			
7	Earth			
8	Wood			
9	C. Tanks			
10	Concrete			
11	Earth			
12	Wood			
13	Steel			
	Total			

SCHEDULE D-3
Description of Transmission and Distribution Facilities

A. Length of Ditches, Flumes and Lined Conduits in Miles for Various Capacities
Capacities in Cubic Feet Per Second or Miner's Inches (state which)

Line No.	Description	0 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 75	76 to 100
1	Ditch								
2	Flume								
3	Lined conduit								
4									
5	Total								

A. Length of Ditches, Flumes and Lined Conduits in Miles for Various Capacities (Continued)
Capacities in Cubic Feet Per Second or Miner's Inches (state which)

Line No.	Description	101 to 200	201 to 300	301 to 400	401 to 500	501 to 750	751 to 1000	Over 1000	Total All Lengths
6	Ditch								
7	Flume								
8	Lines conduit								
9									
10	Total								

B. Footages of Pipe by Inside Diameters in Inches - Not Including Service Piping

Line No.	Description	1	1 1/2	2	2 1/2	3	4	5	6
11	Cast Iron								
12	Cast iron (cement lined)								
13	Concrete								
14	Copper								
15	Riveted Steel								
16	Standard Screw			"REFER TO ATTACHED SCHEDULE"					
17	Screw or Welded Casing								
18	Cement - Asbestos								
19	Welded Steel								
20	Wood								
21	Other (specify)								
22	Total								

B. Footages of Pipe by Inside Diameters in Inches - Not Including Service Piping (Continued)

Line No.	Description	8	10	12	14	16	20	Other Sizes (Specify Sizes)		Total All Sizes
23	Cast Iron									
24	Cast iron (cement lined)									
25	Concrete									
26	Copper									
27	Riveted Steel									
28	Standard Screw				"REFER TO ATTACHED SCHEDULE"					
29	Screw or Welded Casing									
30	Cement - Asbestos									
31	Welded Steel									
32	Wood									
33	Other (specify)									
34	Total									

SCHEDULE D-4
Number of Active Service Connections

Classification	Metered - Dec 31		Flat Rate - Dec 31	
	Prior Year	Current Year	Prior Year	Current Year
Residential	9,763	9,753	-	-
Commercial (including domestic)	776	791	-	-
Industrial	10	9	-	-
Public authorities	24	24	-	-
Irrigation	266	266	-	-
Other (specify)	69	63	-	-
	-			-
Subtotal	**10,908**	**10,906**	-	-
Private fire connections	-	-	157	159
Public fire hydrants	-	-	-	-
Total	**10,908**	**10,906**	**157**	**159**

SCHEDULE D-5
Number of Meters and Services on Pipe Systems at End of Year

Size	Meters	Services
5/8 x 3/4 - in	3,701	
3/4 - in	892	1,992
1 - in	5,807	8,179
1 1/2 - in	145	3
2 - in	471	580
3 - in	80	48
4 - in	29	97
6 - in	10	73
8 - in	6	63
Other	1	30
Total	**11,142**	**11,065**

SCHEDULE D-6
Meter Testing Data

A. Number of Meters Tested During Year as Prescribed in Section VI of General Order No. 103:	
1. New, after being received	2
2. Used, before repair	87
3. Used, after repair	14
4. Found fast, requiring billing adjustment	-
B. Number of Meters in Service Since Last Test	
1. Ten years or less	8,710
2. More than 10, but less than 15 years	2,133
3. More than 15 years	431

SCHEDULE D-7

Water delivered to Metered Customers by Months and Years in _____CCF_____ (Unit Chosen)[1]

Classification of Service	January	February	March	April	May	June	July	Subtotal
Commercial	236,516	210,782	215,516	212,883	251,344	392,366	449,596	**1,969,003**
Industrial	2,067	2,056	1,053	1,728	2,035	2,987	2,783	**14,709**
Public authorities	5,563	6,494	4,555	4,674	4,979	13,307	15,522	**55,094**
Irrigation	10,850	10,444	10,207	7,191	12,417	38,242	48,490	**137,841**
Other (specify)	33	(9)	-	5	6	17	4	**56**
Contract	23,962	-	18,179	6,178	11,259	14,653	15,634	**89,865**
Total	**278,991**	**229,767**	**249,510**	**232,659**	**282,040**	**461,572**	**532,029**	**2,266,568**

Classification of Service	August	September	October	November	December	Subtotal	Total Current Year	Total Prior Year
Commercial	452,548	516,846	398,790	346,191	219,569	**1,933,944**	**3,902,947**	3,671,469
Industrial	6,705	5,387	5,228	4,973	2,974	**25,267**	**39,976**	28,989
Public authorities	15,626	18,459	14,586	9,742	1,732	**60,145**	**115,239**	108,389
Irrigation	59,424	57,313	46,616	24,710	9,337	**197,400**	**335,241**	244,302
Other (specify)	36	17	10	-	1	**64**	**120**	112,876
Contract	14,559	15,765	13,222	12,716	7,686	**63,948**	**153,813**	-
Total	**548,898**	**613,787**	**478,452**	**398,332**	**241,299**	**2,280,768**	**4,547,336**	**4,166,025**

[1] Quantity units to be in hundreds of cubic feet, thousands of gallons, acre-feet, or miner's inch-days.

Total acres irrigated_____ Total population served 45,735 *

* Assumes 4.1333 per household.

Plant Facility Index

Region: III
District: Foothill
CSA: Claremont
System: 317 - Claremont

Plant	Major Facility	Year Built	Base Elev.	2012 Prod (AF)	Wells: Well No.	Depth (ft)	Casing Diam (in)	Column Setting	Pumps: Pump Type	Energy Type	Size (HP)	Design Flow (gpm)	Design Head (ft)	Tanks: Volume (MG)	Type	Material	Remarks
Alamosa	Well 2	1913	1636	90	01S08W34A04S	470	14	380	Subm.	Elec.	50	375	400				Well to Pomello Resv
Berkeley	Well 2	1927	1190	894	01S08W09G03S?	154	14	130	Subm.	Elec.	75	500	450				Well to Main Zone
Bernard																	No Facilities
Boulder																	No Facilities
Camp Baldy	Reservoir	2004	1870											0.500	Elev Resv	W. Steel	Floats on Camp Baldly Zone
Campbell																	No Facilities
City of La Verne Connection - Williams & Smith	Interconnection			0													Emergency connection with City of La Verne
	PRV Station CI29																Co-op West Zone to Main Zone
City of La Verne Connection - Williams N of College Way	Interconnection		1261	0													Emergency connection with City of La Verne
City of Upland Connection				974													
Claraboya	Reservoir	1963	1640											0.250	Elev Resv	W. Steel	Floats on Claraboya Reservoir Zone
	Booster A	1964	1640						V.T.	Elec.	50	500	320				Booster A,B & C pump
	Booster B	1966	1640						V.T.	Elec.	60	600	320				to Claraboya Booster
	Booster C	1997	1640						V.T.	Elec.	50	400	375				Zone. Backup Generator
College # 1	Well 1	1924	1573	478	01N08W35Q01S	539	24	425	DWT	Elec.	150	400	550				Well to Indian Hill Zone Owned by Pomona College
College # 2	Well 2	1998	1233	1220	Unk	830	16		DWT	Elec.	350	1750	634				Well to Main Zone. VFD Owned by Pomona College
Del Monte	Well 1	1925	1145	32	01S08W10N01S	450	18	344	DWT	Elec.	50	300	436				Wells 1 & 4 pump through
	Well 2	1928	1151	367	01S08W10N03S	644	16	290	DWT	Elec.	60	375	410				GAC Filter to Del Monte
	Well 4	1991	1147	0	01S08W10N16S	775	16	342	DWT	Elec.	125	700	420				Resv. Well 2 to Del Monte Resv
	East Reservoir	1992	1149											1.500	Ground	W. Steel	Forebay for Boosters
	Backwash Tank	1959	1147											0.250	Backwash	W. Steel	Filter backwash retention
	Booster A	1949	1147						H.S.C	Elec.	150	1100	350				All Boosters pump to
	Booster B	1959	1147						H.S.C.	Elec.	75	700	330				Main Zone
	Booster C	1960	1147						H.S.C.	Elec.	75	700	300				
	GAC Filters																
Dreher	Well 1	1913	1172	0	01S08W09L04S	364	16	320	DWT	Elec.	50	260	502				Out of Service
Fairoaks	Well 1	1930	1295	0	01S08W10B01S	800	18	540	DWT	Elec.	125	650	550				Well to Forebay
	Forebay	1931	1295											0.021	Forebay	W. Steel	
	Booster A	1931	1295						H.S.C	Elec.	30	450	150				Booster A & B pump
	Booster B	1931	1295						E.S.	Elec.	30	450	160				from forebay to system
Fergus Falls	Booster A	2006	2086						H.S.C	Elec.	5	150	75				Pump through hydro tank
	Booster B	2006	2086						H.S.C	Elec.	5	150	75				to Fergus Falls Booster
	Pressure Tank	2006	2086											0.0032	Pressure	Steel	Zone
Ford																	No Facilities
Harrison	Well 2	1998	1170	306	Unk	495	16	150	Subm	Elec.	40	230	390				Well thru PRV to Main Zone
Indian Hill North	Well 3	1947	1418	568	01S08W04B03S	645	16	480	DWT	Elec.	100	850	205				Well to Indian Hill Resv

Plant Facility Index

Region: III
District: Foothill
CSA: Claremont
System: 317 - Claremont

Plant	Major Facility	Year Built	Base Elev.	2012 Prod (AF)	Wells: Well No.	Depth (ft)	Casing Diam (in)	Column Setting	Pumps: Pump Type	Energy Type	Size (HP)	Design Flow (gpm)	Design Head (ft)	Tanks: Volume (MG)	Type	Material	Remarks
	Well 4	2012															Under Construction
	Reservoir	1965	1418											1.000	Ground	W. Steel	Blends with TVMWD
	Booster C	1965	1418						H.S.C.	Elec.	75	750	290				All Boosters pump to
	Booster D	1970	1418						H.S.C.	Elec.	125	1250	300				Indian Hill Zone
	Booster E	1977	1418						H.S.C.	Elec.	125	1000	290				
Indian Hill South	MWD Connection		1394	1784								5000					PRV's to Main Zone & Co-op East Zone, and Indian Hill Resv
Lower O'Neil	Reservoir		2018											0.100	Elev Resv	Concrete	Floats on Lower O'Neil Zone, Out of Service
Margarita	Well 1	1928	1055	956	01S08W15P02S	742	20	590	DWT	Elec.	150	550	650				Well to Margarita Resv
	Connection																Emergency connection with MVWD
	Reservoir	1955	1055											0.500	Ground	W. Steel	
	Booster A	1955	1055						V.T.	Elec.	75	840	316				All Boosters pump to
	Booster B	1956	1055						V.T.	Elec.	75	840	316				Lower Zone
	Booster C	1962	1055						V.T.	Elec.	100	750	348				
	Booster D	1975	1055						V.T.	Elec.	75	600	350				
Mariboro	Well 2	1930	1545	341	01S08W34R01S	776	16	350	DWT	Elec.	60	350	475				Well to Indian Hill Zone
Mills	Well 1	1916	1436	674	01S08W03G02S	309	18	180	DWT	Elec.	40	510	250				Well to Main Zone
	Booster A	1962	1436						V.T.	Elec.	25	550	140				All boosters pump to
	Booster B	1964	1436						V.T.	Elec.	25	600	140				Co-op East Zone
	Booster C	1967	1436						V.T.	Elec.	30	600	140				
	Booster D	1978	1436						V.T.	Elec.	20	450	140				
Miramar 3	Well 3	1911	1624	353	01S08W35E01S	734	18	470	DWT	Elec.	100	600	500				Pumps to Pomello Resv
Miramar 5	Well 5	1934	1588	466	01S08W34H01S	666	16	400	DWT	Elec.	50	250	550				Pumps to Pomello Resv
Mountain	Reservoir		1368											1.500	Ground	W. Steel	Booster A & C pump to
	Booster A	1960	1368						V.S.C.	Elec.	30	550	150				Co-op West Zone
	Booster C	1962	1368						V.T.	Elec.	50	1000	170				Booster D & E pump to
	Booster D	1962	1368						V.T.	Elec.	50	450	342				Claraboya Reservoir
	Booster E	1966	1368						V.T.	Elec.	50	450	342				Backup Generator
Mountain View	Well 1	1924	1485	0	01S08W02D01S	380		300	DWT	Elec.	75	500	417				Well to Indian Hill Zone. Owned by WECWC
Padua Resv	Reservoir		1780											0.350	Elev Resv	W. Steel	Floats on Claremont Heights Zone
Padua Well																	No Facilities
Palmer Canyon	Booster A	2004	1860						V.T.	Elec.	50	400	325				Boosters pump to
	Booster B	2004	1860						V.T.	Elec.	50	400	325				Upper O'Neil Zone
	Booster C	2004	1860						V.T.	Elec.	50	400	325				Backup Generator
Pomello	Well 1	1912	1670	211	01S08W34A01S	346	18	310	Subm.	Elec.	30	275	284				Well 1 & 4 pump to
	Well 4	1930	1654	0	01S08W34A02S	480	16	320	DWT	Elec.	25	200	290				Pomello Reservoirs
	Reservoir	1992	1659											1.500	Elev Resv	W. Steel	Float on Indian Hill Zone
	North Forebay		1663											0.095	Elev Resv	W. Steel	Out of Service
	South Forebay		1657											0.123	Elev Resv	W. Steel	Out of Service
	Booster A		1662						V.T.	Elec.	40	650	190				Pumps to Claremont Heights Zone
	Booster B		1662						V.T.	Elec.	25	600	125				Pumps to Claremont Heights Zone
	Booster E	1987	1662						V.T.	Elec.	50	600	215				Pumps to Camp Baldy Zone
	Booster F	1987	1662						V.T.	Elec.	40	600	215				Pumps to Camp Baldy Zone

Plant Facility Index

Region: III
District: FoothIII
CSA: Claremont
System: 317 - Claremont

Plant	Major Facility	Year Built	Base Elev.	2012 Prod (AF)	Wells: Well No.	Depth (ft)	Casing Diam (in)	Column Setting	Pumps: Pump Type	Energy Type	Size (HP)	Design Flow (gpm)	Design Head (ft)	Tanks: Volume (MG)	Type	Material	Remarks
Booster G		2000	1662						V.T	Elec.	100	1000	285				Pumps to Camp Baldy Zone
PRV Station CI1 - Alamosa & Bonnie Brae																	Claremont Heights Zone to Limestome Zone
PRV Station CI2 - Baseline E of Indian Hill																	Indian Hill Regulator Zone to Co-op East Zone
PRV Station CI3 - Baseline W of Indian Hill																	Indian Hill Regulator Zone to Co-op East Zone
PRV Station CI4 - Bennett & Bonnie Brae																	Claremont Heights Zone to Limestome Zone
PRV Station CI5 - S of 1st St & W of Hope St																	Main Zone to Lower Zone
PRV Station CI6 - Bridgeport S of Atlanta																	Co-op West Zone to Main Zone
PRV Station CI7 - Cambridge S of RR Tracks																	Main Zone to Lower Zone
PRV Station CI8 - Cape Cod & Baseline																	Indian Hill Zone to Indian Hill Regulator Zone
PRV Station CI10 - Danbury S of Cascade																	Co-op West Zone to Main Zone
PRV Station CI11 - Garey & Smith																	Co-op West Zone to Main Zone
PRV Station CI12 - Grand & Pomello																	Camp Baldy Zone to Claremont Heights Zone
PRV Station CI13 - Grand & Miramar																	Claremont Heights Zone to Indian Hill Zone
PRV Station CI14 - Hollins & Pomello																	Camp Baldy Zone to Claremont Heights Zone
PRV Station CI15 - Indian Hill & Monterey																	Indian Hill Zone to Indian Hill Regulator Zone
PRV Station CI16 - Indian Hill & Santa Fe																	Main Zone to Lower Zone
PRV Station CI17 - Mills S of 1st Street																	Main Zone to Lower Zone
PRV Station CI18 - Mills & Miramar																	Camp Baldy Zone to Claremont Heights Zone
PRV Station CI19 - Monte Vista N of Shenandoah																	Indian Hill Zone to Co-op East Zone
PRV Station CI20 - Mountain S of Via Espirito Santo																	Claraboya Booster Zone to Claraboya Intermediate Zone

Plant Facility Index

Region: III
District: Foothill
CSA: Claremont
System: 317 - Claremont

Plant	Major Facility	Year Built	Base Elev.	2012 Prod (AF)	Wells: Well No.	Depth (ft)	Casing Diam (in)	Column Setting	Pumps: Pump Type	Energy Type	Size (HP)	Design Flow (gpm)	Design Head (ft)	Tanks: Volume (MG)	Type	Material	Remarks
PRV Station Cl21 - Padua N of Via Saint Ambrose																	Upper O'Neal Zone to Lower O'Neal Zone
PRV Station Cl22 - Radcliff & Wagner																	Co-op East Zone to Co-op West Zone
PRV Station Cl23 - Sage & Rockmont																	Claraboya Resv Zone to Co-op West Zone
PRV Station Cl24 - Sage W of San Benito																	Indian Hill Zone to Claraboya Resv Zone
PRV Station Cl25 - San Angelo & Via Espirito Santos																	Claraboya Booster Zone to Claraboya Intermediate Zone
PRV Station Cl26 - Silvertree W of San Benito																	Indian Hill Zone to Co-op West Zone
PRV Station Cl27 - Sweetbriar & Nassua																	Limestone Zone to Indian Hill Zone
PRV Station Cl28 - Tulane & Hood																	Co-op West Zone to Main Zone
Richards 160																	No Facilities
Three Valleys	MWD Connection		1690	546								1800					
	Booster A	1991	1690						V.T.	Elec.	25	600	115				Pumps to Indian Hill Zone
	Booster B	1991	1690						V.T.	Elec.	25	600	115				Pumps to Indian Hill Zone
	Booster C	1991	1690						V.T.	Elec.	25	600	111				Pumps to Indian Hill Zone
Towne Home Resv Site																	No Facilities
TVMWD Intercon - Mills	MWD Connection		1467	736								2000					PRV to Co-op East Zone or Mills Boosters
TVMWD Intercon - Mountain	MWD Connection		1347	313								3500					PRV to Main Zone
Upper O'Neil	Reservoir	1991	2160											0.750	Elev Resv	W. Steel	Floats on Upper O'Neil Zone

Claremont Pipe Lengths 2012

	DIAMETER (Inches)												
MATERIAL	1	1.5	2	3	4	6	8	10	12	14	16	18	Grand Total
Asbestos Cement	394	-	-	57	30,551	132,503	161,168	20,438	31,005	4,899	-	-	381,015
Cast Iron	108	-	-	-	32,614	50,424	30,987	8,569	3,398	-	-	-	126,098
Cement Lined Steel	-	-	-	-	-	-	3,143	-	1,286	-	-	-	4,430
Ductile Iron	74	-	-	-	151	6,192	81,402	296	33,131	-	1,904	-	123,151
HDPE	-	-	-	-	248	-	-	3,468	-	-	-	-	3,716
PVC	113	-	-	-	1,182	8,712	27,289	1,485	10,797	-	-	-	49,577
Steel	-	430	524	739	8,877	32,727	38,454	5,431	13,284	72	908	65	101,511
Total	689	430	524	796	73,623	230,556	342,444	39,686	92,901	4,971	2,812	65	789,497

Exhibit 4
COST APPROACH
RCNLD AND OCLD ANALYSIS

Claremont Water System
Estimated RCNLD and OCLD Values
As of August 1, 2013

Acct. No.	Description	Reproduction Cost New 2013	Install Year	Age	Quantity	Avg. Service Life	Survivor Curve	Age % of ASL	Unadjusted Depreciation %	Net Salvage %	Adjusted Depreciation %	RCN Depreciation	RCNLD	Handy-Whitman Cost Index Line No.	Handy-Whitman Cost Index Year Installed	Handy-Whitman Cost Index 2013	Handy-Whitman Cost Index Factor	Original Cost	Original Cost Depreciation	OCLD
(a)	(b)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	[r]	(s)	(t)	(u)
Wells																				
Well Structures and Improvements																				
315	Alamosa #2	$244,336	1913	100		30	S1	333%	100.0%	0%	90.0%	$218,174	$24,242	37	9	636	0.014	$3,430	$3,087	$343
315	Berkeley #2	106,683	1998	15		30	S1	50%	42.0%	0%	42.0%	44,455	61,390	37	341	636	0.536	56,750	23,835	32,915
315	Bernard #1	Previously abandoned, not visited in 2012																		
315	Boulder #1	Abandoned between 2007 and 2012																		
315	Campbell #1	Abandoned between 2007 and 2012																		
315	College #1	Leased from Pomona College																		
315	College #2	Leased from Pomona College																		
315	Del Monte #1	Inactive - Power tagged out due to no suction																		
315	Del Monte #2	360,488	1928	85		30	S1	283%	100.0%	0%	90.0%	321,889	35,765	37	17	636	0.027	9,560	8,604	956
315	Del Monte #3	Abandoned - Power tagged out due to no suction																		
315	Del Monte #4	Out of Service - Power tagged out due to water quality and pipe disconnected																		
315	Dreher #1	Out of Service - Pipe disconnected																		
315	Fairoaks #1	Out of Service - No well pump installed																		
315	Garlock #1	Previously abandoned, not visited in 2012																		
315	Green #1	Previously abandoned, not visited in 2012																		
315	Harrison #2	287,378	1998	15		30	S1	50%	42.0%	0%	42.0%	119,750	165,369	37	341	636	0.536	152,871	64,206	88,665
315	Indian Hill #3	401,296	1947	66		30	S1	220%	100.0%	0%	90.0%	358,327	39,814	37	28	636	0.044	17,528	15,775	1,753
315	Indian Hill #4 (under construction)	401,296	2013	0		30	S1	0%	0.0%	0%	0.0%	0	398,141	37	636	636	1.000	398,141	0	398,141
315	Margarita #1	571,673	1928	85		30	S1	283%	100.0%	0%	90.0%	510,461	56,718	37	17	636	0.027	15,160	13,644	1,516
315	Marlboro #2	465,574	1930	83		30	S1	277%	100.0%	0%	90.0%	415,722	46,191	37	17	636	0.027	12,347	11,112	1,235
315	Mills #1	225,015	1916	97		30	S1	323%	100.0%	0%	90.0%	200,921	22,325	37	11	636	0.017	3,861	3,475	386
315	Miramar #3	456,840	1911	102		30	S1	340%	100.0%	0%	90.0%	407,923	45,325	37	8	636	0.013	5,701	5,131	570
315	Miramar #5	371,283	1934	79		30	S1	263%	100.0%	0%	90.0%	331,528	36,836	37	15	636	0.024	8,688	7,819	869
315	Mountain View #1	Leased from WECWC; Inactive																		
315	Padua #1	Previously abandoned, no well currently onsite																		
315	Pomello #1	471,980	1912	101		30	S1	337%	100.0%	0%	90.0%	421,442	46,827	37	8	636	0.013	5,890	5,301	589
315	Pomello #4	Inactive - Power off and valve closed																		
315	Pomeroy #1	Abandoned between 2007 and 2012																		
315	Richards 160 #1	Previously abandoned, not visited in 2012																		
	Subtotal Well Structures and Improvements	$4,363,842										$3,350,592	$978,943					$689,927	$161,989	$527,938
Well Pumping Equipment																				
315	Alamosa #2	197,448	2005	8	350 gpm	25	S1	32%	29.1%	0%	29.1%	$56,419	$137,327	9	611	800	0.764	$147,974	$43,090	$104,884
315	Berkeley #2	215,102	2005	8	500 gpm	25	S1	32%	29.1%	0%	29.1%	61,463	149,606	9	611	800	0.764	161,204	46,943	114,261
315	Bernard #1	Previously abandoned, not visited in 2012																		
315	Boulder #1	Abandoned between 2007 and 2012																		
315	Campbell #1	Abandoned between 2007 and 2012																		
315	College #1	Leased from Pomona College																		
315	College #2	Leased from Pomona College																		
315	Del Monte #1	Inactive - Power tagged out due to no suction																		
315	Del Monte #2	204,660	2005	8	375 gpm	25	S1	32%	29.1%	0%	29.1%	58,479	142,343	9	611	800	0.764	153,378	44,664	108,714
315	Del Monte #3	Abandoned - Power tagged out due to no suction																		
315	Del Monte #4	Out of Service - Power tagged out due to water quality and pipe disconnected																		
315	Dreher #1	Out of Service - Pipe disconnected																		
315	Fairoaks #1	Out of Service - No well pump installed																		
315	Garlock #1	Previously abandoned, not visited in 2012																		
315	Green #1	Previously abandoned, not visited in 2012																		
315	Harrison #2	190,037	2005	8	230 gpm	25	S1	32%	29.1%	0%	29.1%	54,301	132,173	9	611	800	0.764	142,420	41,473	100,947
315	Indian Hill #3	231,509	1994	19	850 gpm	25	S1	76%	56.9%	0%	56.9%	129,236	97,932	9	428	800	0.535	121,535	69,141	52,394
315	Margarita #1	260,578	2005	8	550 gpm	25	S1	32%	29.1%	0%	29.1%	74,458	181,235	9	611	800	0.764	195,285	56,867	138,418
315	Marlboro #2	204,660	1994	19	350 gpm	25	S1	76%	56.9%	0%	56.9%	114,248	86,575	9	428	800	0.535	107,440	61,123	46,317
315	Mills #1	190,037	2005	8	510 gpm	25	S1	32%	29.1%	0%	29.1%	54,301	132,173	9	611	800	0.764	142,420	41,473	100,947
315	Miramar #3	231,509	2005	8	600 gpm	25	S1	32%	29.1%	0%	29.1%	66,151	161,017	9	611	800	0.764	173,500	50,523	122,977
315	Miramar #5	197,448	2005	8	250 gpm	25	S1	32%	29.1%	0%	29.1%	56,419	137,327	9	611	800	0.764	147,974	43,090	104,884
315	Mountain View #1	Leased from WECWC; Inactive																		
315	Padua #1	Previously abandoned, no well currently onsite																		
315	Pomello #1	182,427	1994	19	275 gpm	25	S1	76%	56.9%	0%	56.9%	101,837	77,170	9	428	800	0.535	95,768	54,483	41,285
315	Pomello #4	Inactive - Power off and valve closed																		
315	Pomeroy #1	Abandoned between 2007 and 2012																		
315	Richards 160 #1	Previously abandoned, not visited in 2012																		
	Subtotal Well Pumping Equipment	$2,305,416										$827,313	$1,434,877					$1,588,898	$552,870	$1,036,028
	Total Wells	$6,669,258										$4,177,905	$2,413,820					$2,278,825	$714,859	$1,563,966

Claremont Water System
Estimated RCNLD and OCLD Values
As of August 1, 2013

Acct. No.	Description	Reproduction Cost New 2013	Install Year	Age	Quantity	Avg. Service Life	Survivor Curve	Age % of ASL	Unadjusted Depreciation %	Net Salvage %	Adjusted Depreciation %	RCN Depreciation	RCNLD	Handy-Whitman Cost Index Line No.	Handy-Whitman Cost Index Year Installed	Handy-Whitman Cost Index 2013	Handy-Whitman Cost Index Factor	Original Cost	Original Cost Depreciation	OCLD
(a)	(b)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	[r]	(s)	(t)	(u)
Booster Pumps																				
BP Structures and Improvements																				
321	Del Monte A	$486,693	1949	64		40	S1	160%	88.9%	0%	88.9%	418,846	52,562	8	34	605	0.056	26,492	23,538	2,954
321	Margarita A	139,055	1955	58		40	S1	145%	84.2%	0%	84.2%	113,434	21,254	8	42	605	0.069	9,350	7,875	1,475
321	Palmer Canyon A	304,183	2004	9		40	S1	23%	21.7%	0%	21.7%	63,994	230,636	8	416	605	0.688	202,589	44,002	158,587
	Total BP Structures and Improvements	$929,930										$596,274	$304,452					$238,431	$75,415	$163,016
BP Equipment																				
324	Claraboya A	$197,448	1990	23	500 gpm	25	S1	92%	64.5%	0%	64.5%	$124,889	$68,857	9	349	800	0.436	$84,522	$54,483	$30,039
324	Claraboya B	204,660	1986	27	600 gpm	25	S1	108%	71.1%	0%	71.1%	142,865	57,957	9	284	800	0.355	71,292	50,717	20,575
324	Claraboya C	197,448	1997	16	400 gpm	25	S1	64%	50.5%	0%	50.5%	97,803	95,943	9	473	800	0.591	114,552	57,826	56,726
324	Del Monte A	246,667	1997	16	1100 gpm	25	S1	64%	50.5%	0%	50.5%	122,183	119,859	9	473	800	0.591	143,108	72,241	70,867
324	Del Monte B	215,102	2005	8	700 gpm	25	S1	32%	29.1%	0%	29.1%	61,463	149,606	9	611	800	0.764	161,204	46,943	114,261
324	Del Monte C	215,102	1993	20	700 gpm	25	S1	80%	58.9%	0%	58.9%	124,278	86,792	9	386	800	0.483	101,841	59,964	41,877
324	Fairoaks A	182,427	1999	14	450 gpm	25	S1	56%	45.8%	0%	45.8%	81,949	97,057	9	505	800	0.631	112,998	51,730	61,268
324	Fairoaks B	182,427	2005	8	450 gpm	25	S1	32%	29.1%	0%	29.1%	52,127	126,880	9	611	800	0.764	136,716	39,812	96,904
324	Fergus Falls A	162,527	2006	7	150 gpm	25	S1	28%	25.9%	0%	25.9%	41,321	118,158	9	619	800	0.774	123,397	31,972	91,425
324	Fergus Falls B	162,527	2006	7	150 gpm	25	S1	28%	25.9%	0%	25.9%	41,321	118,158	9	619	800	0.774	123,397	31,972	91,425
324	Indian Hill C	215,102	2002	11	750 gpm	25	S1	44%	38.0%	0%	38.0%	80,143	130,926	9	533	800	0.666	140,625	53,395	87,230
324	Indian Hill D	246,667	2005	8	1250 gpm	25	S1	32%	29.1%	0%	29.1%	70,483	171,560	9	611	800	0.764	184,860	53,831	131,029
324	Indian Hill E	246,667	2003	10	1000 gpm	25	S1	40%	35.2%	0%	35.2%	85,078	156,964	9	546	800	0.683	165,194	58,066	107,128
324	Margarita A	215,102	1969	44	840 gpm	25	S1	176%	93.5%	0%	90.0%	189,962	21,107	9	84	800	0.105	22,162	19,946	2,216
324	Margarita B	215,102	1982	31	840 gpm	25	S1	124%	77.1%	0%	77.1%	162,798	48,272	9	260	800	0.325	68,598	52,909	15,689
324	Margarita C	231,509	2005	8	750 gpm	25	S1	32%	29.1%	0%	29.1%	66,151	161,017	9	611	800	0.764	173,500	50,523	122,977
324	Margarita D	215,102	1975	38	600 gpm	25	S1	152%	86.4%	0%	86.4%	182,406	28,663	9	155	800	0.194	40,895	35,341	5,554
324	Mills A	Inactive - Power off and valves closed																		
324	Mills B	Inactive - Power off and valves closed																		
324	Mills C	Inactive - Power off and valves closed																		
324	Mills D	Out of Service - No pump																		
324	Mountain A	182,427	2005	8	550 gpm	25	S1	32%	29.1%	0%	29.1%	52,127	126,880	9	611	800	0.764	136,716	39,812	96,904
324	Mountain C	197,448	2005	8	1000 gpm	25	S1	32%	29.1%	0%	29.1%	56,419	137,327	9	611	800	0.764	147,974	43,090	104,884
324	Mountain D	178,547	2005	8	250 gpm	25	S1	32%	29.1%	0%	29.1%	51,018	124,181	9	611	800	0.764	133,808	38,965	94,843
324	Mountain E	197,448	2005	8	500 gpm	25	S1	32%	29.1%	0%	29.1%	56,419	137,327	9	611	800	0.764	147,974	43,090	104,884
324	Palmer Canyon A	197,448	2004	9	400 gpm	25	S1	36%	32.2%	0%	32.2%	62,386	131,360	9	569	800	0.711	137,802	44,372	93,430
324	Palmer Canyon B	197,448	2004	9	400 gpm	25	S1	36%	32.2%	0%	32.2%	62,386	131,360	9	569	800	0.711	137,802	44,372	93,430
324	Palmer Canyon C	197,448	2004	9	400 gpm	25	S1	36%	32.2%	0%	32.2%	62,386	131,360	9	569	800	0.711	137,802	44,372	93,430
324	Pomello A	190,037	1998	15	650 gpm	25	S1	60%	48.2%	0%	48.2%	89,843	96,631	9	489	800	0.611	113,982	54,917	59,065
324	Pomello B	178,547	2005	8	600 gpm	25	S1	32%	29.1%	0%	29.1%	51,018	124,181	9	611	800	0.764	133,808	38,965	94,843
324	Pomello E	197,448	2005	8	600 gpm	25	S1	32%	29.1%	0%	29.1%	56,419	137,327	9	611	800	0.764	147,974	43,090	104,884
324	Pomello F	190,037	2005	8	600 gpm	25	S1	32%	29.1%	0%	29.1%	54,301	132,173	9	611	800	0.764	142,420	41,473	100,947
324	Pomello G	231,509	2005	8	1000 gpm	25	S1	32%	29.1%	0%	29.1%	66,151	161,017	9	611	800	0.764	173,500	50,523	122,977
324	Three Valleys A	178,547	1991	22	600 gpm	25	S1	88%	62.7%	0%	62.7%	109,780	65,419	9	355	800	0.444	77,744	48,715	29,029
324	Three Valleys B	178,547	1991	22	600 gpm	25	S1	88%	62.7%	0%	62.7%	109,780	65,419	9	355	800	0.444	77,744	48,715	29,029
324	Three Valleys C	178,547	2003	10	600 gpm	25	S1	40%	35.2%	0%	35.2%	61,582	113,616	9	546	800	0.683	119,573	42,030	77,543
	Total BP Equipment	$6,423,023										$2,729,235	$3,573,356					$3,935,484	$1,488,172	$2,447,312
	Total Booster Pumps	$7,352,953										$3,325,509	$3,877,808					$4,173,915	$1,563,587	$2,610,328
Water Treatment Plant																				
331	Structures & Improvements	$239,112	2004	9		40	S1	23%	21.7%	0%	21.7%	$50,304	$181,298	15	416	605	0.688	159,251	$34,589	$124,662
332	Water Treatment Equipment	1,578,954	1999	14		20	S1	70%	53.8%	0%	53.8%	834,844	717,487	17	414	771	0.537	833,547	448,282	385,265
	Total Water Treatment Plant	$1,818,066										$885,148	$898,786					$992,798	$482,871	$509,927
Reservoirs																				
342	Camp Baldy	$1,271,866	2004	9	500000 g	40	R2	23%	20.1%	0%	20.1%	$266,690	$1,057,489	23	313	778	0.402	$532,735	$107,293	$425,442
342	Claraboya	746,740	1963	50	250000 g	40	R2	125%	82.5%	0%	82.5%	641,166	136,288	23	41	778	0.053	40,971	33,789	7,182
342	Del Monte East	3,012,185	1992	21	1500000 g	40	R2	53%	43.8%	0%	43.8%	1,372,035	1,764,044	23	261	778	0.335	1,052,078	460,284	591,794
342	Del Monte West	746,740	1959	54	250000 g	40	R2	135%	85.7%	0%	85.7%	666,278	111,176	23	36	778	0.046	35,975	30,830	5,145
342	Fairoaks	234,117	2011	2	21000 g	40	R2	5%	4.5%	0%	4.5%	10,969	232,778	23	771	778	0.991	241,554	10,870	230,684
342	Fergus Falls	96,049	2006	7	3200 g	40	R2	18%	15.9%	0%	15.9%	15,890	84,110	23	375	778	0.482	48,201	7,659	40,542
342	Indian Hill	2,214,062	1965	48	1000000 g	40	R2	120%	80.7%	0%	80.7%	1,860,239	444,890	23	45	778	0.058	133,330	107,597	25,733
342	Lower O'Neil	Out of Service																		
342	Margarita	1,271,866	1955	58	500000 g	40	R2	145%	88.7%	0%	88.7%	1,174,547	149,632	23	33	778	0.042	56,167	49,820	6,347
342	Mountain	3,012,185	1998	15	1500000 g	40	R2	38%	32.4%	0%	32.4%	1,015,149	2,120,930	23	268	778	0.344	1,080,295	349,691	730,604
342	Padua	961,112	1970	43	350000 g	40	R2	108%	76.0%	0%	76.0%	759,989	240,655	23	75	778	0.096	96,463	73,264	23,199
342	Pomello Main	3,012,185	1992	21	1500000 g	40	R2	53%	43.8%	0%	43.8%	1,372,035	1,764,044	23	261	778	0.335	1,052,078	460,284	591,794
342	Pomello North	Inactive																		
342	Pomello South	Inactive																		
342	Upper O'Neil	1,760,973	1991	22	750000 g	40	R2	55%	45.2%	0%	45.2%	828,699	1,004,705	23	253	778	0.325	596,210	269,487	326,723
342	Mills	Abandoned																		
	Total Reservoirs	$16,340,079										$9,983,684	$9,110,742					$4,966,057	$1,960,868	$3,005,189

Claremont Water System
Estimated RCNLD and OCLD Values
As of August 1, 2013

Acct. No.	Description	Reproduction Cost New 2013	Install Year	Age	Quantity	Avg. Service Life	Survivor Curve	Age % of ASL	Unadjusted Depreciation %	Net Salvage %	Adjusted Depreciation %	RCN Depreciation	RCNLD	Handy-Whitman Cost Index Line No.	Year	2013	Factor	Original Cost	Original Cost Depreciation	OCLD
(a)	(b)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	[r]	(s)	(t)	(u)
Transmission and Distribution Mains																				
343	CI 8in Mains	$416,122	1958	55	3143 ft	50	R2	110%	76.8%	0%	76.8%	$311,090	$93,975	35	71	715	0.099	$40,223	$30,891	$9,332
343	CI 12in Mains	302,497	1958	55	1286 ft	50	R2	110%	76.8%	0%	76.8%	226,144	68,314	35	71	715	0.099	29,240	22,456	6,784
343	DI 3/4 to 1in Mains	5,206	2004	9	74 ft	50	R2	18%	15.9%	0%	15.9%	805	4,263	35	387	715	0.541	2,743	436	2,307
343	DI 3 and 4in Mains	9,428	2004	9	116 ft	50	R2	18%	15.9%	0%	15.9%	1,458	7,719	35	387	715	0.541	4,967	789	4,178
343	DI 5 and 6in Mains	591,887	2004	9	6085 ft	50	R2	18%	15.9%	0%	15.9%	91,552	484,607	35	387	715	0.541	311,851	49,553	262,298
343	DI 8in Mains	10,769,003	2004	9	81339 ft	50	R2	18%	15.9%	0%	15.9%	1,665,722	8,817,111	35	387	715	0.541	5,673,925	901,587	4,772,338
343	DI 9 and 10in Mains	57,532	2004	9	296 ft	50	R2	18%	15.9%	0%	15.9%	8,899	47,104	35	387	715	0.541	30,312	4,817	25,495
343	DI 12in Mains	7,646,631	2004	9	32508 ft	50	R2	18%	15.9%	0%	15.9%	1,182,762	6,260,672	35	387	715	0.541	4,028,823	640,180	3,388,643
343	DI 16 and 18in Mains	632,984	2004	9	1904 ft	50	R2	18%	15.9%	0%	15.9%	97,908	518,255	35	387	715	0.541	333,504	52,994	280,510
343	STI 1-1/2 to 2in Mains	65,855	1953	60	954 ft	50	R2	120%	80.7%	0%	80.7%	52,727	12,610	37	40	636	0.063	4,109	3,316	793
343	STI 3 and 4in Mains	766,799	1953	60	9616 ft	50	R2	120%	80.7%	0%	80.7%	613,942	146,829	37	40	636	0.063	47,847	38,613	9,234
343	STI 5 and 6in Mains	3,123,313	1953	60	32727 ft	50	R2	120%	80.7%	0%	80.7%	2,500,698	598,060	37	40	636	0.063	194,890	157,277	37,613
343	STI 8in Mains	4,995,157	1953	60	38454 ft	50	R2	120%	80.7%	0%	80.7%	3,999,401	956,486	37	40	636	0.063	311,691	251,535	60,156
343	STI 9 and 10in Mains	1,035,678	1953	60	5431 ft	50	R2	120%	80.7%	0%	80.7%	829,222	198,314	37	40	636	0.063	64,625	52,152	12,473
343	STI 12in Mains	3,065,771	1953	60	13284 ft	50	R2	120%	80.7%	0%	80.7%	2,454,627	587,042	37	40	636	0.063	191,300	154,379	36,921
343	STI 14in Mains	20,646	1953	60	72 ft	50	R2	120%	80.7%	0%	80.7%	16,530	3,953	37	40	636	0.063	1,288	1,040	248
343	STI 16 and 18in Mains	317,373	1953	60	973 ft	50	R2	120%	80.7%	0%	80.7%	254,106	60,771	37	40	636	0.063	19,804	15,982	3,822
343	AC 3/4 to 1in Mains	15,659	1972	41	394 ft	50	R2	82%	62.8%	0%	62.8%	9,854	5,832	36	98	599	0.164	2,566	1,612	954
343	AC 3 and 4in Mains	1,296,388	1972	41	30608 ft	50	R2	82%	62.8%	0%	62.8%	815,751	482,802	36	98	599	0.164	212,451	133,462	78,989
343	AC 5 and 6in Mains	7,316,636	1972	41	132538 ft	50	R2	82%	62.8%	0%	62.8%	4,603,984	2,724,867	36	98	599	0.164	1,199,044	753,239	445,805
343	AC 8in Mains	12,783,854	1972	41	161168 ft	50	R2	82%	62.8%	0%	62.8%	8,044,224	4,760,972	36	98	599	0.164	2,095,007	1,316,083	778,924
343	AC 9 and 10in Mains	1,947,093	1972	41	20438 ft	50	R2	82%	62.8%	0%	62.8%	1,225,206	725,138	36	98	599	0.164	319,088	200,451	118,637
343	AC 12in Mains	3,921,855	1972	41	31005 ft	50	R2	82%	62.8%	0%	62.8%	2,467,823	1,460,580	36	98	599	0.164	642,710	403,751	238,959
343	AC 14in Mains	690,467	1972	41	4899 ft	50	R2	82%	62.8%	0%	62.8%	434,476	257,144	36	98	599	0.164	113,153	71,083	42,070
343	PVC 3/4 to 1in Mains	4,274	1994	19	113 ft	50	R2	38%	32.4%	0%	32.4%	1,456	3,042	38	187	380	0.492	2,214	717	1,497
343	PVC 3 and 4in Mains	47,639	1994	19	1182 ft	50	R2	38%	32.4%	0%	32.4%	16,232	33,914	38	187	380	0.492	24,677	7,988	16,689
343	PVC 5 and 6in Mains	457,654	1994	19	8712 ft	50	R2	38%	32.4%	0%	32.4%	155,939	325,801	38	187	380	0.492	237,067	76,739	160,328
343	PVC 8in Mains	2,059,770	1994	19	27289 ft	50	R2	38%	32.4%	0%	32.4%	701,839	1,466,339	38	187	380	0.492	1,066,972	345,379	721,593
343	PVC 9 and 10in Mains	134,624	1994	19	1485 ft	50	R2	38%	32.4%	0%	32.4%	45,871	95,838	38	187	380	0.492	69,736	22,574	47,162
343	PVC 12in Mains	1,299,604	1994	19	10797 ft	50	R2	38%	32.4%	0%	32.4%	442,823	925,181	38	187	380	0.492	673,202	217,915	455,287
343	HDPE 10in Mains	336,433	2008	5	3468 ft	50	R2	10%	8.9%	0%	8.9%	29,586	301,356	34	551	674	0.818	270,547	24,187	246,360
343	CML STI 3/4 to 1in Mains	7,455	1993	20	108 ft	50	R2	40%	33.9%	0%	33.9%	2,510	4,886	37	312	636	0.491	3,629	1,232	2,397
343	CML STI 3 and 4in Mains	2,621,997	1993	20	32881 ft	50	R2	40%	33.9%	0%	33.9%	882,910	1,718,474	37	312	636	0.491	1,276,150	433,125	843,025
343	CML STI 5 and 6in Mains	4,812,519	1993	20	50427 ft	50	R2	40%	33.9%	0%	33.9%	1,620,528	3,154,157	37	312	636	0.491	2,342,298	794,976	1,547,322
343	CML STI 8in Mains	4,025,197	1993	20	30987 ft	50	R2	40%	33.9%	0%	33.9%	1,355,412	2,638,141	37	312	636	0.491	1,959,101	664,919	1,294,182
343	CML STI 9 and 10in Mains	1,634,087	1993	20	8569 ft	50	R2	40%	33.9%	0%	33.9%	550,249	1,070,991	37	312	636	0.491	795,325	269,933	525,392
343	CML STI 12in Mains	784,213	1993	20	3398 ft	50	R2	40%	33.9%	0%	33.9%	264,070	513,979	37	312	636	0.491	381,684	129,544	252,140
	Total Mains	$80,019,299										$37,978,335	$41,535,521					$24,977,763	$8,246,906	$16,730,857
Services, Meters, and Hydrants																				
345	Service Connections	$23,705,156	1993	20	11,065	30	R2	67%	53.5%	0%	53.5%	$12,547,714	$10,914,728	39	298	586	0.509	$11,931,412	$6,380,919	$5,550,493
346	Meters	6,689,604	1998	15	11,120	15	R3	100%	79.8%	0%	79.8%	5,326,258	1,345,742	40	197	380	0.518	3,458,905	2,761,244	697,661
348	Hydrant Connections	7,564,065	1975	38	1,325	50	R2	76%	59.2%	0%	59.2%	4,371,062	3,006,749	42	151	780	0.194	1,428,656	846,193	582,463
348	Hydrants	4,937,120	1975	38	1,331	50	R2	76%	59.2%	0%	59.2%	2,853,024	1,963,832	42	151	780	0.194	932,494	552,316	380,178
	Total Services, Meters, and Hydrants	$42,895,945										$25,098,058	$17,233,052					$17,751,467	$10,540,672	$7,210,795
Other General Plant (2)																				
371	General Plant Structures & Improvements	$308,915	1999	14		40	S1	35%	31.4%	0%	31.4%	$86,847	$189,384	MS1	876	1668	0.525	$145,012	$45,592	$99,420
372	Office Furniture & Equipment	334,016	2004	9		10	R2	90%	67.3%	5%	63.9%	$190,902	$107,775	MS2	958	1691	0.566	$169,185	$108,136	$61,049
373	Transportation Equipment	533,788	2007	6		7	R3	86%	72.3%	10%	65.1%	310,716	166,596	MS8	1393	2123	0.656	313,115	203,828	109,287
376	Communication Equipment	32,106	2004	9		10	R3	90%	74.7%	0%	74.7%	21,431	7,278	MS7	958	1691	0.566	16,262	12,140	4,122
377	Power Operated Equipment	796,348	2002	11		15	R2	73%	57.4%	0%	57.4%	408,457	303,636	MS6	986	2072	0.476	339,022	194,463	144,559
378	Tools, Shop & Garage Equipment	241,556	2002	11		15	R2	73%	57.4%	0%	57.4%	123,897	92,102	MS8	1100	2123	0.518	111,891	64,181	47,710
	Total Other General Plant	$2,246,729										$1,142,250	$866,771					$1,094,487	$628,340	$466,147
TOTAL PLANT FACILITIES		$159,342,329										$82,590,889	$75,936,500					$56,235,312	$24,138,103	$32,097,209
OTHER ASSETS																				
	Land and Land Rights	$794,889										$0	$794,889					$794,889	$0	$794,889
	Miramar Treatment Plant - Phase I	15,025,122	1986	27		30	SQ	90%	89.5%	0%	89.5%	13,220,744	1,551,037	17	306	771	0.397	5,862,730	5,247,143	615,587
	Miramar Treatment Plant - Phase II	5,794,869	1986	27		23	SQ	118%	100.0%	0%	90.0%	5,127,445	569,716	17	306	771	0.397	2,261,130	2,035,017	226,113
	Total Other Assets	$21,614,881										$18,348,188	$2,915,642					$8,918,749	$7,282,160	$1,636,589
TOTAL ESTIMATED VALUE		$180,957,210										$100,939,077	$78,852,142					$65,154,061	$31,420,263	$33,733,798
	Rounded	$180,957,000										$100,939,000	$78,852,000					$65,154,000	$31,420,000	$33,734,000

Notes:

(1) Reproduction Cost New (RCN) at 8/1/13 estimated by trending RCN values developed in 2012 Appraisal Report to 2013 using Handy Whitman Construction Cost Index.

(2) GSWC 2011 Annual Report to the CPUC; Avg Installation Year calculated from stated depreciation (used asset useful service life and survivor curve S1 from 2011 Rate Case Application, GSWC Region 3 CSA, Table 4-P)

(3) Data not available for new Well #4 under construction at Indian Hill North, assumed current construction cost is equal to RCN value of Well #3 at same site

Exhibit 5
INCOME APPROACH
DISCOUNTED CASH FLOW ANALYSIS

KEY ASSUMPTIONS USED IN DCF ANALYSIS

Following is a summary of the key assumptions used in developing the Discounted Cash Flow (DCF) analysis of the Claremont Water System.

Customer Growth

- Annual customer growth equal to 0.41 percent, based on growth projections for Claremont in Golden State Water Company's (GSWC) Urban Water Management Plan 2010.
- Average water use per customer is constant throughout the projection period.

Operating Expenses

- Purchased water costs: 5.50 percent annual increase per Metropolitan Water District 2011-2014 adopted rates.
- Chemicals and fuel: The projection for 2013 is based on 2010-2012 average expenses since 2012 was unusually low compared to historical years. Increase at inflation plus full rate of customer growth beginning in 2014.
- Energy costs: increase at rate of inflation plus full customer growth rate.
- Other operating and maintenance costs: increase at weighted annual escalation rate: labor (30%) by rate of inflation plus half the rate of customer growth, plus non-labor (70%) by rate of inflation plus change in plant.
- Administrative and general: increase at inflation plus half the change in plant.
- Billing: increase at inflation plus half the rate of customer growth.
- Other expenses: increase at rate of inflation.
- Other A&G: Adjusted 2013 to account for the anomaly of the outside services expense in 2012. Beginning in 2014, increase at inflation plus half the change in plant.

Capital Expenditures

- Annual plant additions: $3 million per year based on average of 2008-2012 plant additions reported for Claremont District.
- Contributions In Aid of Construction (CIAC): 13 percent of annual plant additions.
- Retirement rate: 12.00 percent of annual plant additions, based on GSWC methodology applied to Claremont data (six years retirements divided six years additions).
- Annual depreciation rate: 3.00 percent of average annual plant balance.
- Salvage recovered: 3.00 percent of annual retirements, based on GSWC methodology applied to Claremont data
- Cost of removal: 35.00 percent of annual retirements, based on GSWC methodology applied to Claremont data.

Key Assumptions Used in DCF Analysis, cont.

Other Assumptions

- Authorized rate of return: 8.64 percent, per Final Decision in CPUC Docket A.11-05-004.
- Property taxes: 0.59 percent times BOY net plant, based on GSWC general rate case.
- Income taxes: 32.28 percent combined effective Federal and State income tax rate, based on GSWC general rate case.
- Pensions and benefits: 2.0 times inflation rate plus half the rate of customer growth
- General inflation rate equal to 2.10 percent per year (Blue Chip Economic Indicators, March 2013).

Claremont Water System
Income Approch Valuation - Discounted Cash Flow Analysis
Based on Projected Regional Water Rates

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2022 Compound Annual Growth
Projected Annual Revenue											
Water Service Revenues	$19,917,275	$20,315,620	$20,782,879	$21,552,616	$22,347,672	$23,169,335	$24,018,998	$24,898,114	$25,808,193	$26,750,830	3.3%
Other Revenue	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	0.0%
Total Revenue	$19,922,073	$20,320,418	$20,787,677	$21,557,414	$22,352,470	$23,174,133	$24,023,796	$24,902,912	$25,812,991	$26,755,628	3.3%
Projected Annual Expenses											
Supply Expenses	$5,245,611	$5,510,581	$5,790,198	$6,085,297	$6,396,773	$6,725,561	$7,072,666	$7,439,152	$7,826,137	$8,234,794	5.1%
Operation & Maintenance Expense	2,015,322	2,083,364	2,153,321	2,225,251	2,299,216	2,375,277	2,453,498	2,533,945	2,616,686	2,701,789	3.3%
Administrative & General Expenses	3,443,607	3,584,855	3,730,841	3,881,733	4,037,704	4,198,933	4,365,603	4,537,906	4,716,039	4,900,203	4.0%
Total Operating Expenses	$10,704,540	$11,178,800	$11,674,360	$12,192,281	$12,733,693	$13,299,770	$13,891,767	$14,511,004	$15,158,861	$15,836,785	4.4%
Depreciation	$2,104,860	$2,186,570	$2,270,000	$2,355,180	$2,442,150	$2,530,940	$2,621,600	$2,714,170	$2,808,680	$2,905,170	3.6%
Property Taxes	$256,643	$262,990	$269,249	$275,418	$281,495	$287,479	$293,367	$299,157	$304,848	$310,436	2.1%
Payroll Taxes	59,918	61,302	62,718	64,166	65,648	67,164	68,715	70,302	71,925	73,586	2.3%
Local Taxes	19,675	20,088	20,510	20,940	21,380	21,829	22,288	22,756	23,233	23,721	2.1%
Total Taxes Not on Income	$336,236	$344,380	$352,476	$360,524	$368,523	$376,472	$384,369	$392,214	$400,006	$407,744	2.2%
Total Expenses Before Interest and Income Taxes	$13,145,635	$13,709,750	$14,296,836	$14,907,986	$15,544,366	$16,207,182	$16,897,736	$17,617,389	$18,367,548	$19,149,699	4.3%
Earnings and Cash Flow											
Operating Income	$6,776,437	$6,610,668	$6,490,841	$6,649,428	$6,808,104	$6,966,951	$7,126,059	$7,285,523	$7,445,443	$7,605,929	1.3%
Income Taxes	2,187,434	2,133,924	2,095,244	2,146,435	2,197,656	2,248,932	2,300,292	2,351,767	2,403,389	2,455,194	1.3%
Net Income	$4,589,003	$4,476,744	$4,395,597	$4,502,993	$4,610,448	$4,718,019	$4,825,767	$4,933,756	$5,042,054	$5,150,735	1.3%
Plus Depreciation Expense	2,104,860	2,186,570	2,270,000	2,355,180	2,442,150	2,530,940	2,621,600	2,714,170	2,808,680	2,905,170	3.6%
Earnings Before Interest, Depreciation & Amort.	$6,693,863	$6,663,314	$6,665,597	$6,858,173	$7,052,598	$7,248,959	$7,447,367	$7,647,926	$7,850,734	$8,055,905	2.1%
Less Capital Expenditures	$3,063,000	$3,127,320	$3,193,000	$3,260,050	$3,328,510	$3,398,410	$3,469,780	$3,542,640	$3,617,040	$3,692,990	2.1%
Less Changes in Working Capital	24,148	56,911	59,467	62,151	64,969	67,929	71,040	74,308	77,743	81,351	14.4%
Free Cash Flow	$3,606,716	$3,479,083	$3,413,130	$3,535,973	$3,659,118	$3,782,619	$3,906,547	$4,030,978	$4,155,951	$4,281,564	1.9%

Estimated Income Value	
Discount Rate	8.64%
Growth Rate	1.92%
Net Present Value of 2013-2022 Free Cash Flow	$24,291,396
Terminal Value	$64,937,056
Net Present Value of Terminal Value	$30,802,416
Income Value as of January 1, 2013	$55,093,812
Rounded Value	$55,094,000

Claremont Water System
Income Approch Valuation - Discounted Cash Flow Analysis
Based on Rates that Recover Only Claremont District Costs

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2022 Compound Annual Growth
Projected Annual Revenue											
Water Service Revenues	$17,302,602	$17,950,064	$18,618,054	$19,307,611	$20,019,851	$20,755,927	$21,517,085	$22,304,629	$23,119,911	$23,964,359	3.7%
Other Revenue	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798	0.0%
Total Revenue	$17,307,400	$17,954,862	$18,622,852	$19,312,409	$20,024,649	$20,760,725	$21,521,883	$22,309,427	$23,124,709	$23,969,157	3.7%
Projected Annual Expenses											
Supply Expenses	$5,245,611	$5,510,581	$5,790,198	$6,085,297	$6,396,773	$6,725,561	$7,072,666	$7,439,152	$7,826,137	$8,234,794	5.1%
Operation & Maintenance Expense	2,015,322	2,083,364	2,153,321	2,225,251	2,299,216	2,375,277	2,453,498	2,533,945	2,616,686	2,701,789	3.3%
Administrative & General Expenses	3,443,607	3,584,855	3,730,841	3,881,733	4,037,704	4,198,933	4,365,603	4,537,906	4,716,039	4,900,203	4.0%
Total Operating Expenses	$10,704,540	$11,178,800	$11,674,360	$12,192,281	$12,733,693	$13,299,770	$13,891,767	$14,511,004	$15,158,861	$15,836,785	4.4%
Depreciation	$2,104,860	$2,186,570	$2,270,000	$2,355,180	$2,442,150	$2,530,940	$2,621,600	$2,714,170	$2,808,680	$2,905,170	3.6%
Property Taxes	$256,643	$262,990	$269,249	$275,418	$281,495	$287,479	$293,367	$299,157	$304,848	$310,436	2.1%
Payroll Taxes	59,918	61,302	62,718	64,166	65,648	67,164	68,715	70,302	71,925	73,586	2.3%
Local Taxes	19,675	20,088	20,510	20,940	21,380	21,829	22,288	22,756	23,233	23,721	2.1%
Total Taxes Not on Income	$336,236	$344,380	$352,476	$360,524	$368,523	$376,472	$384,369	$392,214	$400,006	$407,744	2.2%
Total Expenses Before Interest and Income Taxes	$13,145,635	$13,709,750	$14,296,836	$14,907,986	$15,544,366	$16,207,182	$16,897,736	$17,617,389	$18,367,548	$19,149,699	4.3%
Earnings and Cash Flow											
Operating Income	$4,161,765	$4,245,112	$4,326,015	$4,404,424	$4,480,283	$4,553,543	$4,624,147	$4,692,039	$4,757,161	$4,819,458	1.6%
Income Taxes	1,343,418	1,370,322	1,396,438	1,421,748	1,446,235	1,469,884	1,492,675	1,514,590	1,535,612	1,555,721	1.6%
Net Income	$2,818,347	$2,874,790	$2,929,577	$2,982,676	$3,034,048	$3,083,659	$3,131,472	$3,177,449	$3,221,549	$3,263,737	1.6%
Plus Depreciation Expense	2,104,860	2,186,570	2,270,000	2,355,180	2,442,150	2,530,940	2,621,600	2,714,170	2,808,680	2,905,170	3.6%
Earnings Before Interest, Depreciation & Amort.	$4,923,207	$5,061,360	$5,199,577	$5,337,856	$5,476,198	$5,614,599	$5,753,072	$5,891,619	$6,030,229	$6,168,907	2.5%
Less Capital Expenditures	$3,063,000	$3,127,320	$3,193,000	$3,260,050	$3,328,510	$3,398,410	$3,469,780	$3,542,640	$3,617,040	$3,692,990	2.1%
Less Changes in Working Capital	24,148	56,911	59,467	62,151	64,969	67,929	71,040	74,308	77,743	81,351	14.4%
Free Cash Flow	$1,836,059	$1,877,129	$1,947,110	$2,015,655	$2,082,719	$2,148,259	$2,212,252	$2,274,670	$2,335,446	$2,394,566	3.0%
Estimated Income Value											
Discount Rate	8.64%										
Growth Rate	2.99%										
Net Present Value of 2012-2022 Free Cash Flow	$13,492,813										
Terminal Value	$43,688,605										
Net Present Value of Terminal Value	$20,723,369										
Income Value as of January 1, 2013	$34,216,182										
Rounded Value	$34,216,000										

Exhibit 6
MARKET APPROACH

EXHIBIT 6
SALES OF CALIFORNIA WATER SYSTEMS

Following is a summary of water system sales and transfers in California from 2006 to 2012 for identifying potentially comparable sales transactions to the proposed sale of the Claremont Water System. There were no transactions identified involving a water system of the same scale as the proposed sale of the Claremont Water System, with the exception of the sale of the City of Felton system by California American to San Lorenzo Valley Water District in 2008, which was the result of condemnation proceedings. Table 1 summarizes the transactions identified.

Table 1: Summary of California Water System Sales, 2006-2012

Year of Agreement	Seller	Purchaser	Sales Price	Number of Customers	Sales Price per Customer
2012	Garrapata Water Company	California-American Water Company	$50,000	49	$1,020
2012	Lake Forest Water Company	Tahoe City PUD	370,000	118	3,136
2012	Riverview Acres Water Company	Salyer Mutual Water Company	1	53	--
2011	Yermo Water Company	Yermo Community Services District	259,000	300	863
2009	Ponderosa Sky Ranch Water System	Sky View County Water District	50,000	110	455
2008	California American	San Lorenzo Valley Water District	13,400,000	1,330	10,075
2007	Peerless Water Company	City of Bellflower Municipal Water	5,800,000	1,815	3,196
2006	Garberville Water Company	Garberville Utility District	320,000	388	825

A brief discussion of the circumstances of these transactions is given below, with explanation for why each is not considered a comparable sale to the proposed sale of the Claremont Water System.

Garrapata Water Company

Garrapata Water Company is a surface water system that serves 49 non-metered residential connections in Monetary County. On May 8, 2012, California-American Water Company (Cal-Am) was authorized to purchase the public utility assets of Garrapata Water Company for $50,000. In addition, Cal-Am agreed to assume the State Revolving Fund Loan held by Garrapata Water Company for $114,000. The loan was not to be allowed in rate base of the acquired assets. The sale is not considered comparable to the sale of the Claremont Water System due to the small size of the Garrapata Water Company.

Lake Forest Water Company

The Lake Forest Water Company owned a water system of 118 customers in a small mixed-use neighborhood. The water system is contaminated with arsenic, with levels in one of the system's primary wells doubling the Maximum Contaminant Level. After petition from customers of the water system in 2010, Tahoe City Public Utility District (PUD) began eminent domain proceedings in 2010, and completed arbitration in 2012, acquiring the system for $370,000. The PUD plans to rebuild the entirety of the system. This sale is not comparable to the proposed sale of the Claremont Water System as it was not a willing-buyer/willing-seller transaction.

Peerless Water Company

The Peerless Water Company owned a water system of 1,815 customers in Bellflower, California. The City pursued condemnation of the Water Company, and in late 2006, Peerless Water Company and the City signed a settlement agreement for a sale price of $5.8 million. The sale was finalized in January 2007. According to the City of Bellflower's Comprehensive Annual Financial Report, the assets acquired include $1.4 million in infrastructure and improvements, $0.4 million in land, and $4.0 million in water rights. This sale is not comparable to the proposed sale of the Claremont Water System as it was not a willing-buyer/willing-seller transaction.

Riverview Acres Water Company

The Riverview Acres Water Company owned a water system of 53 customers in Trinity County, California. Riverview Acres Water Company (Seller) and Salyer Mutual Water Company (Buyer) jointly filed a request to the California Public Utilities Commission to allow the sale of the water system, for $1.00, as the current owner was unable to make necessary drinking water quality improvements. The sale was completed in April 2012. This system is not of comparable size to the Claremont Water System.

Garberville Water Company

The Garberville Water Company owned a water system serving 388 customers in unincorporated Humboldt County, California. The system was sold to the Garberville Sanitary District in 2006, in a willing-buyer/willing-seller transaction for a purchase price of $320,000, $133,285 over the net book value. This system is not of comparable size to the Claremont Water System.

Yermo Water Company

The Yermo Water Company owned a water system serving 300 customers in San Bernardino County, California. A 2008 investigation by the CPUC found that Yermo Water Company consistently violated Commission and California Department of Public Health orders, and that it was unwilling or unable to service its ratepayers. Based on these findings, the CPUC appointed Yermo Community Services District as a receiver of the water system, for a purchase price of $259,000. This sale is not comparable to the proposed sale of the Claremont Water System as it was not a willing-buyer/willing-seller transaction.

Ponderosa Sky Ranch Water System

The Ponderosa Sky Ranch Water System owned a water system serving 110 customers in Paynes Creek, California. In 2009, the CPUC found that the Ponderosa Sky Ranch Water System was unable to repair and operate the system in compliance with state and local health requirements. The Ponderosa Sky Ranch Water System and Sky View County Water District agreed to a purchase price of $50,000 for the system. This system is not of comparable size to the Claremont Water System.

California American – City of Felton Water System

California-American (Cal Am) owned a water system serving 1,330 customers in Felton, California. In 2008, San Lorenzo Valley Water District entered into condemnation proceedings with Cal Am for the water system in City of Felton. By the terms of a settlement agreement in September 2008, San Lorenzo Valley Water District paid a purchase price of $13.4 million, $2.9 million of which was assumption of the outstanding balance of a Safe Drinking Water Bond Act Loan. This sale is not comparable to the proposed sale of the Claremont Water System as it was not a willing-buyer/willing-seller transaction.

AMERICAN STATES WATER COMPANY (AWR)

Market Capitalization

Market Data dated July 31, 2013

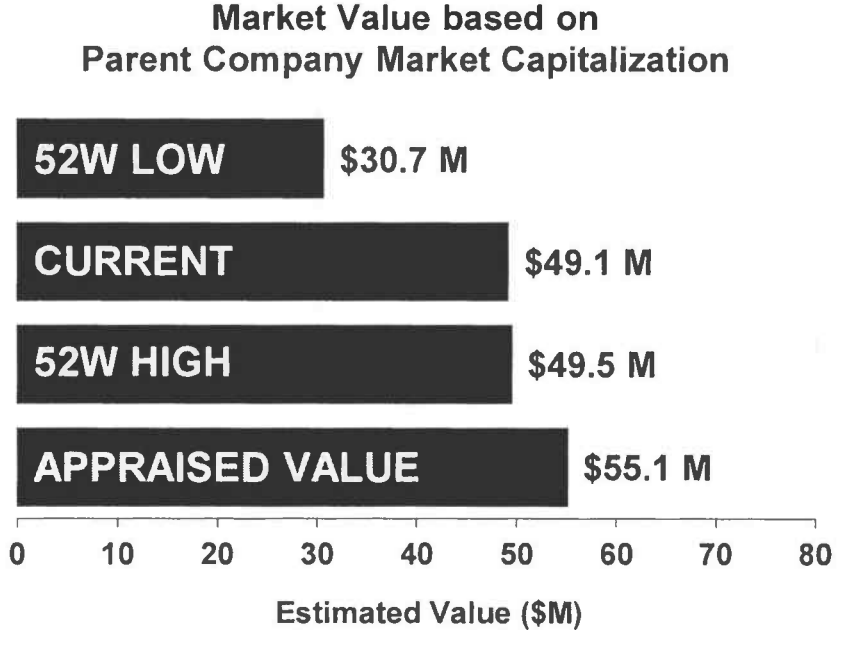
	Price ($)	Shares (M)	Market Cap. ($M)
52-Week High	64.71	19.3	1,248.9
Current Price	64.22	19.3	1,239.4
52-Week Low	40.12	19.3	774.3

Allocation of Market Cap based on Customers

	Value	%	Source
Claremont Customers	11,065	4.0%	2012 GSWC Annual Report
Other AWR Customers	267,971	96.0%	2012 Q4 Financial Statements
Total Customers	279,036	100.0%	

Estimated Value of Claremont Water System ($M)

Appraised Value	55.1
52-week High	49.5
Current Price	49.1
52-Week Low	30.7



AMERICAN STATES WATER COMPANY (AWR)

Market Capitalization

Market Data dated July 31, 2013

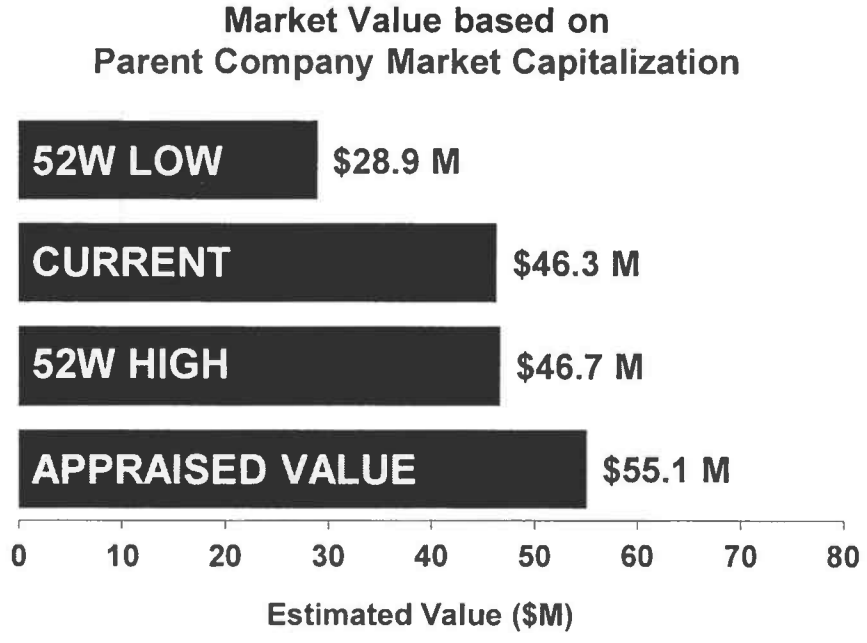
	Price ($)	Shares (M)	Market Cap. ($M)
52-Week High	64.71	19.3	1,248.9
Current Price	64.22	19.3	1,239.4
52-Week Low	40.12	19.3	774.3

Allocation of Market Cap based on 2012 Revenues

	Value ($)	%	Source
Claremont Revenue	17,454,000	3.7%	2012 GSWC Annual Report
Other AWR Revenue	449,454,000	96.3%	2012 Q4 Financial Statements
Total Revenue	466,908,000	100.0%	

Estimated Value of Claremont Water System ($M)

Appraised Value	55.1
52-week High	46.7
Current Price	46.3
52-Week Low	28.9



AMERICAN STATES WATER COMPANY (AWR)

Market Capitalization

Market Data dated July 31, 2013

	Price ($)	Shares (M)	Market Cap. ($M)
52-Week High	64.71	19.3	1,248.9
Current Price	64.22	19.3	1,239.4
52-Week Low	40.12	19.3	774.3

Allocation of Market Cap based on Net Plant

	Value ($M)	%	Source
Claremont Net Plant	43.5	4.7%	2012 GSWC Annual Report
Other AWR Net Plant	853.0	92.9%	2012 Q4 Financial Statements
Total Net Plant	917.8	97.7%	

Estimated Value of Claremont Water System ($M)

Appraised Value	55.1
52-week High	59.2
Current Price	58.7
52-Week Low	36.7