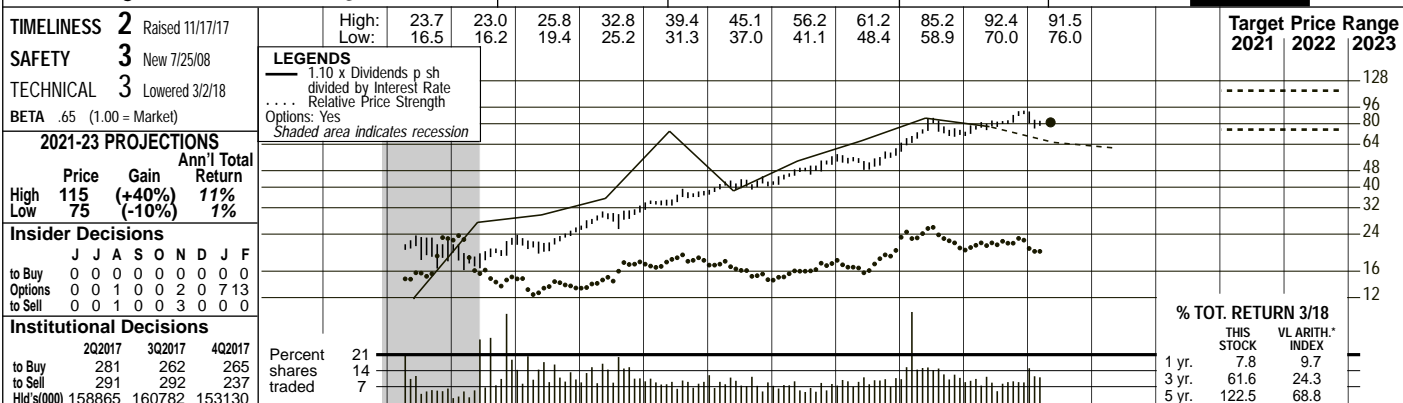


AMER. STATES WATER NYSE-AWR										RECENT PRICE	52.01	P/E RATIO	28.9 (Trailing: 27.7; Median: 20.0)	RELATIVE P/E RATIO	1.56	DIV'D YLD	2.1%	VALUE LINE	Target Price Range			
TIMELINESS	3	Raised 3/9/18	High: 23.1	21.0	19.4	19.8	18.2	24.1	33.1	38.7	44.1	47.2	58.4	60.0								
SAFETY	2	Raised 7/20/12	Low: 16.8	13.5	14.9	15.6	15.3	17.0	24.0	27.0	35.8	37.3	41.1	50.1								
TECHNICAL	2	Raised 4/13/18	LEGENDS 1.35 x Dividends p sh divided by Interest Rate ..... Relative Price Strength 2-for-1 split 9/13 Options: Yes Shaded area indicates recession																			
BETA	.75	(1.00 = Market)																				
2021-23 PROJECTIONS																						
		Ann'l Total																				
Price	60	Gain																				
Low	45	(-15%)																				
High	60	(+15%)																				
Insider Decisions																						
		J J A S O N D J F																				
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Options	2	0	3	4	0	2	1	1	1	1	1	1	1	1	1	1	1					
to Sell	3	2	4	3	2	4	0	1	0	1	0	1	0	1	0	1	0					
Institutional Decisions																						
		202017	3Q2017	4Q2017																		
to Buy	96	104	104																			
to Sell	84	79	77																			
Hld's(000)	28355	27860	24143																			
Percent shares traded																						
24																						
16																						
8																						
2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019																						
6.89 6.99 6.81 7.03 7.88 8.75 9.21 9.74 10.71 11.12 12.12 12.19 12.17 12.56 11.92 12.01 12.65 12.45																						
1.27 1.04 1.11 1.32 1.45 1.65 1.69 1.70 2.11 2.13 2.48 2.65 2.67 2.81 2.70 2.96 3.05 3.25																						
.67 .39 .53 .66 .67 .81 .78 .81 1.11 1.12 1.41 1.61 1.57 1.61 1.62 1.88 1.85 2.00																						
.44 .44 .44 .45 .46 .48 .50 .51 .52 .55 .64 .76 .83 .87 .91 .99 1.07 1.15																						
1.34 1.88 2.51 2.12 1.95 1.45 2.23 2.09 2.12 2.13 1.77 2.52 1.89 2.39 3.55 3.09 3.40 3.40																						
7.02 6.98 7.51 7.86 8.32 8.77 8.97 9.70 10.13 10.84 11.80 12.72 13.24 12.77 13.52 14.45 15.20 15.95																						
30.36 30.42 33.50 33.60 34.10 34.46 34.60 37.06 37.26 37.70 38.53 38.72 38.29 36.50 36.57 36.68 36.80 37.00																						
18.3 31.9 23.2 21.9 27.7 24.0 22.6 21.2 15.7 15.4 14.3 17.2 20.1 24.6 25.6 25.7																						
1.00 1.82 1.23 1.17 1.50 1.27 1.36 1.41 1.00 .97 .91 .97 1.06 1.24 1.34 1.25																						
3.6% 3.5% 3.6% 3.1% 2.5% 2.5% 2.9% 2.9% 3.0% 3.2% 3.1% 2.7% 2.6% 2.2% 2.0%																						
CAPITAL STRUCTURE as of 12/31/17																						
Total Debt \$380.3 mill. Due in 5 Yrs \$100.7 mill.																						
LT Debt \$321.0 mill. LT Interest \$21.3 mill.																						
(38% of Cap'l)																						
Leases, Uncapitalized: Annual rentals \$2.3 mill.																						
Pension Assets-12/17 \$173.6 mill.																						
Oblig. \$207.7 mill.																						
Pfd Stock None.																						
Common Stock 36,715,525 shs.																						
as of 2/22/18																						
MARKET CAP: \$1.9 billion (Mid Cap)																						
CURRENT POSITION																						
		2015	2016	12/31/17																		
		(\$MILL.)																				
Cash Assets		4.4	4	2																		
Accts Receivable		18.9	20.0	26.1																		
Other		109.4	146.5	129.2																		
Current Assets		132.7	166.9	155.5																		
Accts Payable		50.6	43.7	51.0																		
Debt Due		28.3	90.3	59.3																		
Other		44.6	43.9	46.4																		
Current Liab.		123.5	177.9	156.7																		
ANNUAL RATES																						
		Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '21-'23																		
Revenues		5.5%	3.0%	4.5%																		
"Cash Flow"		7.5%	6.5%	6.0%																		
Earnings		10.0%	9.5%	6.5%																		
Dividends		7.0%	10.5%	7.5%																		
Book Value		5.5%	5.0%	4.0%																		
QUARTERLY REVENUES (\$ mill.)																						
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																	
2015	100.9	114.6	133.0	110.1	458.6																	
2016	93.5	112.0	123.8	106.8	436.1																	
2017	98.8	113.2	124.4	104.2	440.6																	
2018	100	115	130	105	450																	
2019	102	118	133	107	460																	
EARNINGS PER SHARE ^																						
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																	
2015	.32	.41	.56	.31	1.60																	
2016	.28	.45	.59	.30	1.62																	
2017	.34	.62	.57	.35	1.88																	
2018	.35	.50	.60	.40	1.85																	
2019	.37	.58	.63	.42	2.00																	
QUARTERLY DIVIDENDS PAID ^																						
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																	
2014	.2025	.2025	.213	.213	.83																	
2015	.213	.213	.224	.224	.87																	
2016	.224	.224	.224	.242	.91																	
2017	.242	.242	.255	.255	.99																	
2018	.255																					
BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Co., it supplies water to 258,949 customers in 70 cities in 10 counties. Service areas include the metropolitan areas of Los Angeles and Orange Counties. The company also provides electricity to 24,274 customers in Big Bear Lake and San Bernardino Cnty. Provides water & wastewater services to U.S. military bases through its ASUS sub. Sold Chaparral City Wtr. of AZ. (6/11). Employs 758. BlackRock, Inc. owns 11.7% of out. shares; Vanguard, 9.5%; off. & dir. 1.5%. (4/17 Proxy). Chairman: Lloyd Ross. Pres. & CEO: Robert Sprowls. Inc. CA. Addr.: 630 East Foothill Blvd., San Dimas, CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.																						
California regulators recently granted American States Water a better return than it originally proposed. In February, the California Public Utility Commission (CPUC) recommended an allowed return on equity (ROE) of 8.23% for the Golden State Water subsidiary, compared to the previous permitted rate of 9.43%. In the final ruling in March, however, the CPUC raised the level to 8.9%. Management believes that the top line will only be impacted by \$3.6 million with this new decision, as compared to the \$9.5 million in revenues it thought would be lost with a ROE of 8.23%. Share earnings should be better than they appear this year. We expect the company's share net to fall 2%, to \$1.85 in 2018. Last year's figures include a \$0.13-a-share gain resulting from the forced sale of its Ojai operations. Without this asset sale, however, the rise in estimated earnings per share would be a healthy 6%. The momentum should continue into 2019. We are introducing our share-earnings estimate for next year at \$2.00, reflecting a solid 8% increase over 2018. Our numbers are based upon the assumption of reasonable regulatory treatment. In 2017, American States filed a petition seeking higher revenues for 2019-2021. A final decision should be made by yearend. Lower taxes should not have an impact on the company. In 2017, the new tax legislation was basically a wash for American States. The savings generated from the reduced taxes in the years ahead will most certainly be passed on to customers. The nonutility segment continues to grow in importance. Last year, the ASUS business, which provides water services to 11 military installations, posted an 11% gain in earnings per share, to \$0.37. As the U.S. military privatizes more bases, we expect ASUS to win its fair share of these 50-year contracts. The stock does not stand out at this juncture. AWR's positives include low volatility, strong finances, and well-defined earnings and dividend growth prospects. Nevertheless, despite raising our 3-to 5-year total return projections, we think investors can find stocks with similar risk profiles at better prices. James A. Flood April 13, 2018																						



2002	2003	2004	2005	2006	2007	2008 <sup>E</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
--	--	--	--	13.08	13.84	14.61	13.98	15.49	15.18	16.25	16.28	16.78	17.72	18.54	18.81	19.05	19.85	Revenues per sh	22.95
--	--	--	--	.65	d.47	2.87	2.89	3.56	3.73	4.27	4.36	4.75	5.13	5.26	5.80	5.75	6.30	"Cash Flow" per sh	7.70
--	--	--	--	d.97	d.14	1.10	1.25	1.53	1.72	2.11	2.06	2.39	2.64	2.62	3.03	3.25	3.50	Earnings per sh <sup>A</sup>	4.50
--	--	--	--	--	--	.40	.82	.86	.90	1.21	.84	1.21	1.33	1.47	1.62	1.78	1.95	Div'd Decl'd per sh <sup>B</sup>	2.60
--	--	--	--	4.31	4.74	6.31	4.50	4.38	5.27	5.25	5.50	5.33	6.51	7.36	8.05	9.60	9.55	Cap'l Spending per sh	9.20
--	--	--	--	23.86	28.39	25.64	22.91	23.59	24.11	25.11	26.52	27.39	28.25	29.24	30.18	31.75	33.90	Book Value per sh <sup>D</sup>	42.00
--	--	--	--	160.00	160.00	160.00	174.63	175.00	175.66	176.99	178.25	179.46	178.28	178.10	178.44	179.00	180.00	Common Shs Outst'g <sup>C</sup>	187.50
--	--	--	--	--	--	18.9	15.6	14.6	16.8	16.7	19.9	20.0	20.5	27.7	26.5	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	21.5
--	--	--	--	--	--	1.14	1.04	.93	1.05	1.06	1.12	1.05	1.03	1.45	1.29			Relative P/E Ratio	1.20
--	--	--	--	--	--	1.9%	4.2%	3.8%	3.1%	3.4%	2.0%	2.5%	2.5%	2.0%	2.0%			Avg Ann'l Div'd Yield	2.7%

<b>CAPITAL STRUCTURE as of 12/31/17</b>				2336.9	2440.7	2710.7	2666.2	2876.9	2901.9	3011.3	3159.0	3302.0	3357.0	3410	3575	Revenues (\$mill)	4300
Total Debt \$7717.0 mil. Due in 5 Yrs \$2192.0 mil.				187.2	209.9	267.8	304.9	374.3	369.3	429.8	476.0	468.0	542.4	580	630	Net Profit (\$mill)	845
LT Debt \$6490.0 mil. LT Interest \$320.0 mil. (55% of Cap'l)				37.4%	37.9%	40.4%	39.5%	40.7%	39.1%	39.4%	39.1%	39.2%	40.0%	21.0%	21.0%	Income Tax Rate	21.0%
<b>Leases, Uncapitalized:</b> Annual rentals \$15.0 mil.				--	--	--	--	6.2%	5.1%	--	--	5.1%	4.0%	5.0%	5.0%	AFUDC % to Net Profit	5.0%
<b>Pension Assets 12/16</b> \$1649.0 mil.				53.1%	56.9%	56.8%	55.7%	53.9%	52.4%	52.4%	53.7%	52.4%	54.6%	56.5%	57.5%	Long-Term Debt Ratio	57.5%
Oblig. \$2034.0 mil.				46.9%	43.1%	43.2%	44.2%	46.1%	47.6%	47.4%	46.2%	47.5%	45.3%	43.5%	42.5%	Common Equity Ratio	42.5%
Pfd Div'd \$4 mill				8750.2	9289.0	9561.3	9580.3	9635.5	9940.7	10364	10911	10967	11883	13085	14400	Total Capital (\$mill)	18625
<b>Pfd Stock</b> \$8.0 mil.				9991.8	10524	11059	11021	11739	12391	12900	13933	14992	16246	17400	18800	Net Plant (\$mill)	21200
<b>Common Stock</b> 178,551,923 shs. as of 2/15/17				3.7%	3.8%	4.4%	4.8%	5.4%	5.1%	5.5%	5.7%	5.6%	6.0%	5.0%	5.5%	Return on Total Cap'l	6.5%
<b>MARKET CAP: \$14.5 billion (Large Cap)</b>				4.6%	5.2%	6.5%	7.2%	8.4%	7.8%	8.7%	9.4%	9.0%	10.1%	10.0%	10.5%	Return on Shr. Equity	10.5%
<b>CURRENT POSITION</b> 2015 2016 12/31/17 (\$MILL.)				4.6%	5.2%	6.5%	7.2%	8.4%	7.8%	8.7%	9.4%	9.0%	10.1%	10.0%	10.5%	Return on Com Equity	10.5%
Cash Assets				3.0%	1.8%	2.8%	3.5%	3.6%	4.7%	4.3%	4.7%	4.0%	4.7%	4.5%	4.5%	Retained to Com Eq	4.5%
Accts Receivable				34%	65%	56%	52%	57%	40%	50%	50%	56%	53%	55%	55%	All Div'ds to Net Prof	58%
Other																	
Current Assets																	
Accts Payable																	
Debt Due																	
Other																	
Current Liab.																	

**Leases, Uncapitalized:** Annual rentals \$15.0 mil.  
**Pension Assets 12/16** \$1649.0 mil.  
 Oblig. \$2034.0 mil.  
**Pfd Stock** \$8.0 mil.  
**Common Stock** 178,551,923 shs. as of 2/15/17  
**MARKET CAP: \$14.5 billion (Large Cap)**

**CURRENT POSITION** 2015 2016 12/31/17 (\$MILL.)

	2015	2016	12/31/17
Cash Assets	45.0	75.0	82.0
Accts Receivable	255.0	269.0	272.0
Other	357.0	440.0	366.0
Current Assets	657.0	784.0	720.0
Accts Payable	126.0	154.0	195.0
Debt Due	682.0	1423.0	1227.0
Other	725.0	815.0	903.0
Current Liab.	1533.0	2392.0	2325.0

**BUSINESS:** American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 15 million people in 46 states and Canada. (Regulated presence in 16 states.) Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 88% of 2017 revenues.

<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 to '21-'23				of change (per sh)	3.0%	3.5%	4.5%
Revenues				"Cash Flow"	23.0%	8.5%	7.0%
Earnings				Dividends	--	11.0%	8.5%
Book Value					--	9.0%	10.0%
1.5%				4.0%	5.0%		
Cal-endar	<b>QUARTERLY REVENUES (\$ mill.)</b>				<b>Full Year</b>		
	Mar.31	Jun.30	Sep.30	Dec.31			
2015	698.0	782.0	896.0	783.0	3159.0		
2016	743.0	827.0	930.0	802.0	3302.0		
2017	756.0	844.0	936.0	821.0	3357		
2018	725	850	1010	825	3410		
2019	765	890	1055	865	3575		
Cal-endar	<b>EARNINGS PER SHARE <sup>A</sup></b>				<b>Full Year</b>		
	Mar.31	Jun.30	Sep.30	Dec.31			
2015	.44	.68	.96	.56	2.64		
2016	.46	.77	.83	.57	2.62		
2017	.52	.73	1.13	.65	3.03		
2018	.55	.82	1.19	.69	3.25		
2019	.60	.88	1.27	.75	3.50		
Cal-endar	<b>QUARTERLY DIVIDENDS PAID <sup>B</sup></b>				<b>Full Year</b>		
	Mar.31	Jun.30	Sep.30	Dec.31			
2014	.28	.31	.31	.31	1.21		
2015	.31	.34	.34	.34	1.33		
2016	.34	.375	.375	.375	1.47		
2017	.375	.415	.415	.415	1.62		
2018	.415						

**American Water Works' earnings and dividend growth prospects remain the most attractive in the water utility sector.** Over the next five-year period, management expects both the bottom line, and the distribution paid to shareholders to increase 7%-10% annually. This easily surpasses the market consensus for the other members of the group. How does the company achieve such success? Much can be attributed to its aggressive policy of acquiring small, inefficient water districts and reducing their expenses substantially. **The capital budget is very large.** American Water estimates that outlays to refurbish and modernize its infrastructure will average as much as \$1.7 billion per year through 2022. Financing these expenditures will require a fair amount of external financing. Management has stated that no major new equity offering is forthcoming. (We have shares outstanding rising only about 1% per annum.) Thus, the company's balance sheet should come under some pressure as it will probably become more leveraged. Even with the higher reliance on debt, however, American Water's finances should be adequate.

**The regulatory climate will like continue to have a significant impact on the company's performance.** The utility is so large that it operates in all but four of the 50 states. As it is a regulated entity, state authorities determine the rate of return that can be earned on investments. Most regulators realize that all of the water utilities are playing catch-up as they try to modernize pipeline and wastewater facilities. In the past, mostly to keep water bills low, both utilities and authorities ignored the disrepair of the nation's water system. As a result, regulators have taken a constructive approach in dealing with utilities. Because it is by far the largest member of the group, American Water has benefited the most from the policy. Conversely, any change in the nation's regulatory climate would have the biggest effect on the company. **These shares are timely.** Also, AWK's yield is now not too much lower than the median for a water utility. Thus, investors do not have to pay much of a premium for the equity's better-than-average dividend growth potential.

*James A. Flood* *April 13, 2018*

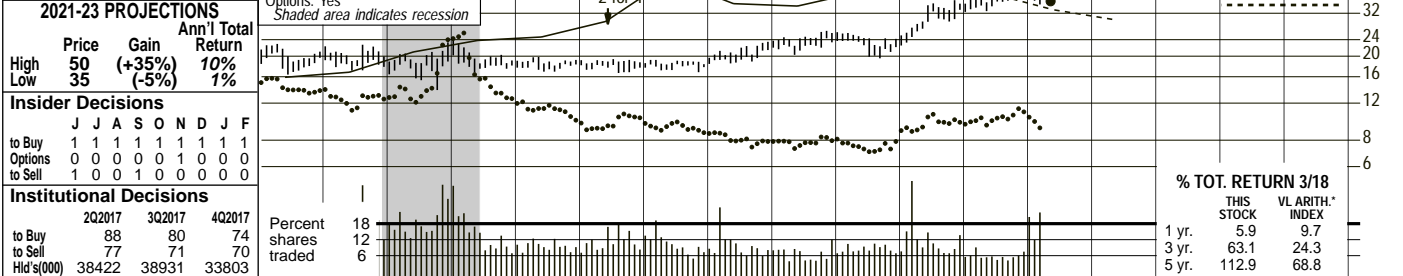




# CALIFORNIA WATER NYSE-CWT

RECENT PRICE **36.50** P/E RATIO **24.2** (Trailing: 26.1 Median: 20.0) RELATIVE P/E RATIO **1.31** DIV'D YLD **2.1%** **VALUE LINE**

**TIMELINESS** 4 Lowered 3/9/18  
**SAFETY** 3 Lowered 7/27/07  
**TECHNICAL** 3 Lowered 3/30/18  
**BETA** .75 (1.00 = Market)



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
8.67	8.18	8.59	8.72	8.10	8.88	9.90	10.82	11.05	12.00	13.34	12.23	12.50	12.29	12.70	13.89	14.10	14.40	Revenues per sh	15.20
1.32	1.26	1.42	1.52	1.36	1.56	1.86	1.93	1.93	2.07	2.32	2.21	2.47	2.22	2.34	3.00	2.90	3.00	"Cash Flow" per sh	3.30
.63	.61	.73	.74	.67	.75	.95	.98	.91	.86	1.02	1.02	1.19	.94	1.01	1.40	1.55	1.65	Earnings per sh <sup>A</sup>	1.90
.56	.56	.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.65	.67	.69	.72	.75	.78	Div'd Decl'd per sh <sup>B</sup>	1.02
2.91	2.19	1.87	2.01	2.14	1.84	2.41	2.66	2.97	2.83	3.04	2.58	2.76	3.69	4.77	5.40	4.35	3.95	Cap'l Spending per sh	3.65
6.56	7.22	7.83	7.90	9.07	9.25	10.13	10.45	10.76	11.28	12.54	13.11	13.41	13.75	14.44	14.75	15.00		Book Value per sh <sup>C</sup>	16.70
30.36	33.86	36.73	36.78	41.31	41.33	41.45	41.53	41.67	41.82	41.98	47.74	47.81	47.88	47.97	48.01	48.50	49.00	Common Shs Outst'g <sup>D</sup>	50.00
19.8	22.1	20.1	24.9	29.2	26.1	19.8	19.7	20.3	21.3	17.9	20.1	19.7	24.8	29.6	26.9			Avg Ann'l P/E Ratio	23.0
1.08	1.26	1.06	1.33	1.58	1.39	1.19	1.31	1.29	1.34	1.14	1.13	1.04	1.25	1.55	1.34			Relative P/E Ratio	1.25
4.5%	4.2%	3.9%	3.1%	2.9%	3.0%	3.1%	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	2.9%	2.3%	1.9%			Avg Ann'l Div'd Yield	2.4%

<b>CAPITAL STRUCTURE as of 12/31/17</b>										410.3	449.4	460.4	501.8	560.0	584.1	597.5	588.4	609.4	666.9	685	705	Revenues (\$mill) <sup>E</sup>	760
Total Debt \$806.8 mill. Due in 5 Yrs \$291.0 mill.										39.8	40.6	37.7	36.1	42.6	47.3	56.7	45.0	48.7	67.2	75.0	80.0	Net Profit (\$mill)	95.0
LT Debt \$515.8 mill. LT Interest \$36.0 mill. (43% of Cap'l)										37.7%	40.3%	39.5%	40.5%	37.5%	30.3%	33.0%	36.0%	35.5%	30.1%	21.0%	21.0%	Income Tax Rate	21.0%
<b>Pension Assets-12/17</b> \$460.9 mill. <b>Oblig.</b> \$671.3 mill.										8.6%	7.6%	4.2%	7.6%	8.0%	4.3%	2.7%	4.3%	6.1%	3.5%	5.0%	5.0%	AFUDC % to Net Profit	5.0%
<b>Pfd Stock</b> None										41.6%	47.1%	52.4%	51.7%	47.8%	41.6%	40.1%	44.4%	44.6%	42.7%	42.5%	42.5%	Long-Term Debt Ratio	42.0%
<b>Common Stock</b> 48,012,000 shs.										58.4%	52.9%	47.6%	48.3%	52.2%	58.4%	59.9%	55.6%	55.4%	57.3%	57.5%	57.5%	Common Equity Ratio	58.0%
<b>MARKET CAP:</b> \$1.8 billion (Mid Cap)										690.4	794.9	914.7	931.5	908.2	1024.9	1045.9	1154.4	1191.2	1209.3	1240	1280	Total Capital (\$mill)	1435
<b>CURRENT POSITION</b> 2015 2016 12/31/17										1112.4	1198.1	1294.3	1381.1	1457.1	1515.8	1590.4	1701.8	1859.3	2048.0	2075	2100	Net Plant (\$mill)	2200
Cash Assets										7.1%	6.5%	5.5%	5.5%	6.3%	6.0%	6.3%	5.2%	5.5%	7.1%	7.0%	7.5%	Return on Total Cap'l	7.5%
Other										9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	7.0%	7.4%	9.7%	10.5%	11.0%	Return on Shr. Equity	11.5%
Current Assets										9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	7.0%	7.4%	9.7%	10.5%	11.0%	Return on Com Equity	11.5%
Accts Payable										3.8%	3.8%	3.0%	2.3%	3.4%	3.4%	4.1%	2.0%	2.4%	4.7%	5.5%	6.0%	Retained to Com Eq	5.5%
Debt Due										61%	60%	66%	71%	62%	56%	55%	71%	68%	51%	49%	47%	All Div'ds to Net Prof	54%
Other																							
Current Liab.																							

**BUSINESS:** California Water Service Group provides regulated and unregulated water service to 484,900 customers in 100 communities in the state of California. Accounts for over 94% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '17: residential, 72%; business, 19%; industrial, 4%; public authorities, 4%; other 1%. Off. and dir. own 1% of common stock (4/17 proxy). Has 1,163 employees. Pres. and CEO: Martin A. Kropelnicki Inc.: DE. Addr.: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.

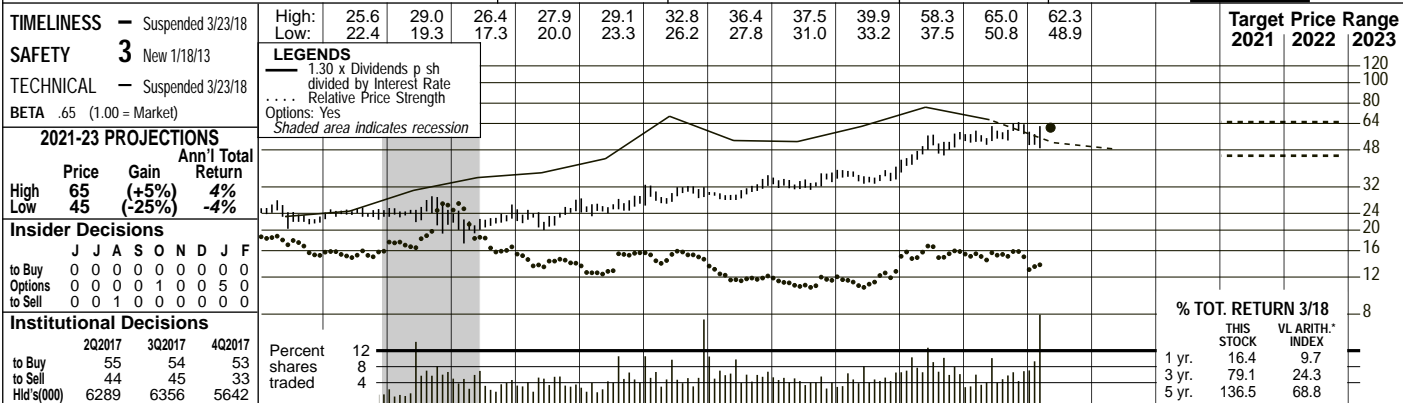
<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '15-'17 of change (per sh)										4.0%	1.5%	2.5%
Revenues										5.5%	3.5%	4.5%
"Cash Flow"										4.5%	4.0%	9.5%
Earnings										2.0%	2.5%	6.5%
Dividends										4.5%	5.0%	3.0%
Book Value												
Cal- endar	QUARTERLY REVENUES (\$ mill) <sup>E</sup>				Full Year							
	Mar.31	Jun.30	Sep.30	Dec.31								
2015	122.0	144.4	183.5	138.5	588.4							
2016	121.7	152.4	184.3	151.0	609.4							
2017	122.1	171.1	211.7	162.0	666.9							
2018	130	175	215	165	685							
2019	135	180	220	170	705							
Cal- endar	EARNINGS PER SHARE <sup>A</sup>				Full Year							
	Mar.31	Jun.30	Sep.30	Dec.31								
2015	.03	.21	.52	.18	.94							
2016	d.02	.24	.48	.31	1.01							
2017	.02	.39	.70	.29	1.40							
2018	.08	.42	.72	.33	1.55							
2019	.11	.45	.74	.35	1.65							
Cal- endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year							
	Mar.31	Jun.30	Sep.30	Dec.31								
2014	.1625	.1625	.1625	.1625	.65							
2015	.1675	.1675	.1675	.1675	.67							
2016	.1725	.1725	.1725	.1725	.69							
2017	.18	.18	.18	.18	.72							
2018	.1875											

(A) Basic EPS. Excl. nonrecurring gain (loss): '02, 4¢; '11, 4¢. Next earnings report due late May.  
 (B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.  
 (C) Incl. intangible assets. In '17 : \$24.8 mill., \$0.52/sh.  
 (D) In millions, adjusted for splits.  
 (E) Excludes non-reg. rev.

**To subscribe call 1-800-VALUELINE**

# CONNECTICUT WATER NDQ-CTWS

RECENT PRICE **61.21** P/E RATIO **27.8** (Trailing: 28.7 Median: 20.0) RELATIVE P/E RATIO **1.50** DIV'D YLD **1.9%** **VALUE LINE**



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
5.77	5.91	6.04	5.81	5.68	7.05	7.24	6.93	7.65	7.93	9.47	8.29	8.45	8.58	8.77	8.87	9.45	9.95	Revenues per sh	12.80
1.78	1.89	1.91	1.62	1.52	1.90	1.95	1.93	2.04	2.11	2.64	2.63	2.97	3.18	3.31	3.58	3.80	3.90	"Cash Flow" per sh	4.50
1.12	1.15	1.16	.88	.81	1.05	1.11	1.19	1.13	1.13	1.53	1.66	1.92	2.04	2.08	2.13	2.30	2.40	Earnings per sh <sup>A</sup>	2.90
.81	.83	.84	.85	.86	.87	.88	.90	.92	.94	.96	.98	1.01	1.05	1.12	1.18	1.24	1.30	Div'd Decl'd per sh <sup>B</sup>	1.52
1.98	1.49	1.58	1.96	1.96	2.24	2.44	3.28	3.06	2.61	2.79	3.02	4.11	4.29	5.93	4.50	4.45	4.00	Cap'l Spending per sh	3.35
10.06	10.46	10.94	11.52	11.60	11.95	12.23	12.67	13.05	13.50	20.95	17.92	18.83	20.01	20.98	24.32	24.70	25.70	Book Value per sh <sup>D</sup>	26.80
7.94	7.97	8.04	8.17	8.27	8.38	8.46	8.57	8.68	8.76	8.85	11.04	11.12	11.19	11.25	12.07	12.15	12.25	Common Shs Outst'g <sup>C</sup>	12.50
24.3	23.5	22.9	28.6	29.0	23.0	22.2	18.4	20.7	23.0	19.4	18.4	17.5	17.6	23.3	26.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	19.0
1.33	1.34	1.21	1.52	1.57	1.22	1.34	1.23	1.32	1.44	1.23	1.03	.92	.89	1.22	1.32			Relative P/E Ratio	1.05
3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%	3.9%	3.6%	3.2%	3.2%	3.0%	2.9%	2.3%	2.1%			Avg Ann'l Div'd Yield	2.9%
CAPITAL STRUCTURE as of 12/31/17						61.3	59.4	66.4	69.4	83.8	91.5	94.0	96.0	98.7	107.1	115	122	Revenues (\$mill)	160
Total Debt \$259.6 mill. Due in 5 Yrs \$6.2 mill.						9.4	10.2	9.8	9.9	13.6	18.3	21.3	22.8	23.4	25.7	28.0	29.5	Net Profit (\$mill)	36.0
LT Debt \$253.4 mill. LT Interest \$9.0 mill. (46% of Cap'l)						27.2%	19.5%	35.2%	41.3%	32.0%	28.0%	14.4%	3.5%	9.9%	19.0%	20.0%	21.0%	Income Tax Rate	21.0%
						1.7%	--	--	--	1.7%	2.0%	2.4%	2.3%	5.1%	3.0%	3.0%	2.5%	AFUDC % to Net Profit	2.5%
Leases, Uncapitalized: Annual rentals \$3 mill.						46.9%	50.6%	49.5%	53.2%	49.0%	46.9%	45.7%	44.1%	45.4%	46.3%	46.5%	45.5%	Long-Term Debt Ratio	45.0%
Pension Assets-12/16 \$73.1 mill.						52.7%	49.1%	50.2%	46.5%	50.8%	52.9%	54.1%	55.7%	54.4%	53.7%	53.5%	54.5%	Common Equity Ratio	55.0%
Oblig. \$88.6 mill.						196.5	221.3	225.6	254.2	364.6	373.6	386.8	402.4	433.8	547.0	560	580	Total Capital (\$mill)	610
Pfd Stock \$0.8 mill. Pfd Divd NMF						302.3	325.2	344.2	362.4	447.9	471.9	506.9	546.3	601.4	697.7	700	715	Net Plant (\$mill)	750
						5.9%	5.5%	5.4%	4.9%	4.8%	5.9%	6.4%	6.5%	6.3%	5.5%	5.5%	6.0%	Return on Total Cap'l	6.5%
Common Stock 12,065,016 shs.						9.0%	9.3%	8.6%	8.3%	7.3%	9.2%	10.1%	10.1%	9.9%	8.8%	9.5%	9.5%	Return on Shr. Equity	11.0%
						9.1%	9.4%	8.7%	8.3%	7.3%	9.2%	10.2%	10.1%	9.9%	8.8%	9.5%	9.5%	Return on Com Equity	11.0%
MARKET CAP: \$750 million (Small Cap)						1.9%	2.3%	1.6%	1.4%	2.8%	3.8%	4.8%	4.9%	4.6%	3.9%	4.5%	4.5%	Retained to Com Eq	5.0%
CURRENT POSITION (\$MILL.)						79%	76%	81%	83%	62%	59%	53%	52%	54%	55%	54%	54%	All Div'ds to Net Prof	52%
<b>BUSINESS:</b> Connecticut Water Service, Inc. is a non-operating holding company, whose income is derived from earnings of its wholly-owned subsidiary companies (regulated water utilities). In 2017, 95% of net income was derived from these activities. Provides water services to 450,000 people in 80 municipalities throughout Connecticut and Maine. Acquired The Maine Water Company, January, 2012; Biddeford and Saco Water, December, 2012; Heritage Village, February, 2017. Inc.: Conn.. Has 294 employees. Chairman/President/Chief Executive Officer: Eric W. Thornburg. Officers and directors own 2.5% of the common stock; BlackRock, Inc., 7.2% (4/17 proxy). Address: 93 West Main Street, Clinton, CT 06413. Telephone: (860) 669-8636. Internet: www.ctwater.com.																			

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	20.0	26.6	28.4	21.0	96.0
2016	21.6	26.1	29.5	21.5	98.7
2017	22.5	27.9	31.8	24.9	107.1
2018	<b>25.5</b>	<b>30.0</b>	<b>33.5</b>	<b>26.0</b>	<b>115</b>
2019	<b>27.0</b>	<b>32.0</b>	<b>35.0</b>	<b>28.0</b>	<b>122</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.28	.77	.79	.20	2.04
2016	.28	.89	.84	.07	2.08
2017	.36	.73	.90	.14	2.13
2018	<b>.37</b>	<b>.77</b>	<b>.92</b>	<b>.24</b>	<b>2.30</b>
2019	<b>.38</b>	<b>.80</b>	<b>.95</b>	<b>.27</b>	<b>2.40</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.2475	.2475	.2575	.2575	1.01
2015	.2575	.2575	.2675	.2675	1.05
2016	.2675	.2825	.2825	.2825	1.12
2017	.2825	.2975	.2975	.2975	1.18
2018	.2975				

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '21-'23
Revenues	4.0%	3.0%	6.0%
"Cash Flow"	6.5%	9.5%	5.0%
Earnings	8.0%	12.0%	5.5%
Dividends	2.5%	3.0%	5.5%
Book Value	6.0%	9.0%	4.5%

MIDDLESEX WATER NDQ-MSEX										RECENT PRICE	36.54	P/E RATIO	23.9 (Trailing: 26.5 Median: 20.0)	RELATIVE P/E RATIO	1.29	DIV'D YLD	2.5%	VALUE LINE																		
TIMELINESS	3	Raised 3/23/18	High: 20.2	19.8	17.9	19.3	19.4	19.6	22.5	23.7	28.0	44.5	46.7	41.4				Target Price Range	2021	2022	2023															
SAFETY	2	New 10/21/11	Low: 16.9	12.0	11.6	14.7	16.5	17.5	18.6	19.1	21.2	25.0	32.2	34.0																						
TECHNICAL	3	Lowered 3/30/18	<div>LEGENDS</div> <div>1.20 x Dividends p sh divided by Interest Rate</div> <div>Relative Price Strength</div> <div>Options: Yes</div> <div>Shaded area indicates recession</div>																																	
BETA	.80	(1.00 = Market)																																		
2021-23 PROJECTIONS																																				
		Price	Gain	Ann'l Total																																
High	Low	50	35	(+35%) (-5%)	10%	2%																														
Insider Decisions																																				
		J	J	A	S	O	N	D	J	F																										
to Buy		0	0	0	0	0	0	0	0	0																										
Options		0	0	0	0	0	0	0	0	0																										
to Sell		0	0	0	1	1	1	1	0	0																										
Institutional Decisions																																				
		2Q2017	3Q2017	4Q2017																																
to Buy		60	46	49																																
to Sell		44	41	36																																
Hld's(000)		9201	9500	8418																																
		Percent	shares	traded																																
		12	8	4																																
		1 yr.	1.6	9.7																																
		3 yr.	74.2	24.3																																
		5 yr.	118.4	68.8																																
		% TOT. RETURN 3/18																																		
		THIS STOCK																																		
		VL ARITH. INDEX																																		
		1 yr.	1.6	9.7																																
		3 yr.	74.2	24.3																																
		5 yr.	118.4	68.8																																
		© VALUE LINE PUB. LLC																																		
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019																			
5.98	6.12	6.25	6.44	6.16	6.50	6.79	6.75	6.60	6.50	6.98	7.19	7.26	7.77	8.16	8.00	8.30	8.50	Revenues per sh		9.40																
1.20	1.15	1.28	1.33	1.33	1.49	1.53	1.40	1.55	1.46	1.56	1.72	1.84	1.97	2.17	2.23	2.45	2.55	"Cash Flow" per sh		3.15																
.73	.61	.73	.71	.82	.87	.89	.72	.96	.84	.90	1.03	1.13	1.22	1.38	1.38	1.55	1.65	Earnings per sh <sup>A</sup>		2.10																
.63	.65	.66	.67	.68	.69	.70	.71	.72	.73	.74	.75	.76	.78	.81	.86	.91	.96	Div'd Decl'd per sh <sup>B</sup>		1.11																
1.59	1.87	2.54	2.18	2.31	1.66	2.12	1.49	1.90	1.50	1.36	1.26	1.40	1.59	2.91	1.80	2.85	2.75	Cap'l Spending per sh		2.50																
7.39	7.60	8.02	8.26	9.52	10.05	10.03	10.33	11.13	11.27	11.48	11.82	12.24	12.74	13.40	14.02	14.85	15.15	Book Value per sh		16.75																
10.36	10.48	11.36	11.58	13.17	13.25	13.40	13.52	15.57	15.70	15.82	15.96	16.12	16.23	16.30	16.35	16.50	16.75	Common Shs Outst'g <sup>C</sup>		17.00																
23.5	30.0	26.4	27.4	22.7	21.6	19.8	21.0	17.8	21.7	20.8	19.7	18.5	19.1	25.6	28.4	Avg Ann'l P/E Ratio		21.0																		
1.28	1.71	1.39	1.46	1.23	1.15	1.19	1.40	1.13	1.36	1.32	1.11	.97	.96	1.34	1.41	Relative P/E Ratio		1.15																		
3.7%	3.5%	3.4%	3.5%	3.7%	3.7%	4.0%	4.7%	4.2%	4.0%	4.0%	3.7%	3.7%	3.3%	2.3%	2.2%	Avg Ann'l Div'd Yield		2.6%																		
CAPITAL STRUCTURE as of 12/31/17						91.0	91.2	102.7	102.1	110.4	114.8	117.1	126.0	132.9	130.8	137	142	Revenues (\$mill)		160																
Total Debt \$173.9 mill. Due in 5 Yrs \$34.9 mill.						12.2	10.0	14.3	13.4	14.4	16.6	18.4	20.0	22.7	22.6	25.5	27.5	Net Profit (\$mill)		35.5																
LT Debt \$139.0 mill. LT Interest \$5.5 mill.						33.2%	34.1%	32.1%	32.7%	33.9%	34.1%	35.0%	34.5%	34.0%	32.0%	21.0%	21.0%	Income Tax Rate		21.0%																
(Total interest coverage: 9.5x)						--	--	6.8%	6.1%	3.4%	1.9%	1.7%	1.9%	2.7%	2.0%	2.0%	2.0%	AFUDC % to Net Profit		2.5%																
(38% of Cap'l)						45.6%	46.6%	43.1%	42.3%	41.5%	40.4%	40.5%	39.4%	37.9%	37.5%	37.0%	37.0%	Long-Term Debt Ratio		37.0%																
Pension Assets-12/17 \$69.2 mill.						51.8%	52.1%	55.8%	56.6%	57.4%	58.7%	58.8%	59.8%	61.5%	61.8%	62.5%	62.5%	Common Equity Ratio		62.5%																
Oblig. \$88.0 mill.						259.4	267.9	310.5	312.5	316.5	321.4	335.8	345.4	355.4	370.6	390	410	Total Capital (\$mill)		460																
Pfd Stock \$2.4 mill. Pfd Div'd: \$.1 mill.						366.3	376.5	405.9	422.2	435.2	446.5	465.4	481.9	517.8	557.2	565	575	Net Plant (\$mill)		600																
Common Stock 16,352,000 shs.						5.8%	5.0%	5.7%	5.2%	5.4%	5.9%	6.3%	6.6%	7.1%	6.8%	7.0%	7.5%	Return on Total Cap'l		8.5%																
						8.6%	7.0%	8.1%	7.5%	7.8%	8.7%	9.2%	9.6%	10.3%	9.8%	10.5%	11.0%	Return on Shr. Equity		12.5%																
						8.9%	7.0%	8.2%	7.5%	7.8%	8.7%	9.3%	9.6%	10.3%	9.8%	10.5%	11.0%	Return on Com Equity		12.5%																
MARKET CAP: \$600 million (Small Cap)						2.0%	.1%	2.1%	1.0%	1.4%	2.4%	3.1%	3.5%	4.3%	3.7%	4.5%	4.5%	Retained to Com Eq		6.0%																
						78%	98%	75%	87%	83%	73%	67%	63%	58%	62%	59%	58%	All Div'ds to Net Prof		53%																
CURRENT POSITION (SMILL)						2015	2016	12/31/17																												
Cash Assets		3.5	3.9	4.9																																
Other		20.9	22.8	24.3																																
Current Assets		24.4	26.7	29.2																																
Accts Payable		6.5	12.3	13.9																																
Debt Due		8.7	18.2	34.9																																
Other		13.1	16.6	15.7																																
Current Liab.		28.3	47.1	64.5																																
ANNUAL RATES of change (per sh)						Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '21-'23																												
Revenues						2.0%	3.0%	3.0%																												
"Cash Flow"						4.5%	6.5%	6.5%																												
Earnings						5.0%	8.0%	8.0%																												
Dividends						1.5%	1.5%	5.0%																												
Book Value						4.0%	3.0%	4.0%																												
Cal-endar	QUARTERLY REVENUES (\$mill.)				Full Year																															
	Mar.31	Jun.30	Sep.30	Dec.31																																
2015	28.8	31.7	34.7	30.8	126.0																															
2016	30.6	32.7	37.8	31.8	132.9																															
2017	30.1	33.0	36.2	31.5	130.8																															
2018	32.0	34.0	38.0	33.0	137																															
2019	33.0	36.0	39.0	34.0	142																															
Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year																															
	Mar.31	Jun.30	Sep.30	Dec.31																																
2015	.22	.31	.41	.28	1.22																															
2016	.29	.36	.54	.19	1.38																															
2017	.27	.33	.46	.32	1.38																															
2018	.29	.37	.55	.34	1.55																															
2019	.32	.39	.59	.35	1.65																															
Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year																															
	Mar.31	Jun.30	Sep.30	Dec.31																																
2014	.19	.19	.19	.19	.76																															
2015	.1925	.1925	.1925	.19875	.78																															
2016	.19875	.19875	.19875	.21125	.81																															
2017	.21125	.21125	.21125	.22375	.86																															
2018	.22375																																			

**BUSINESS:** Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2016, the Middlesex System accounted for 58% of operating revenues. At 12/31/17, the company had 315 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.5% of the common stock; BlackRock Institutional Trust Co., 7.2% (4/17 proxy). Add.: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: www.middlesexwater.com.

normalize somewhat.

**That said, we are scaling back our current-year revenue call by \$6.0 million, to \$137 million.** This still represents a notable 5% annual improvement. At the same time, we are unveiling our introductory projection for 2019. We look for revenues to increase to \$142 million (+4% year over year).

**Substantial capital investment should remain the main theme into early next decade.** The company is embarking on its new plan, known as "Water for Tomorrow." With the abovementioned rate increase, plus savings on the income tax front (lower effective tax rate), MSEX aims to allocate nearly \$300 million over the next five years to a variety of infrastructure upgrades, water main replacements, and utility plant upgrades.

**This issue has been raised one notch for Timeliness, to 3.** But aside from its above-average dividend yield, MSEX shares do not presently stand out for either the short or long haul. Therefore, we continue to recommend staying on the sidelines, for now.

Nicholas P. Patrikis

April 13, 2018



SJW GROUP NYSE-SJW				RECENT PRICE	52.41	P/E RATIO	17.4	(Trailing: 18.3 Median: 21.0)	RELATIVE P/E RATIO	0.94	DIV'D YLD	2.1%	VALUE LINE		
TIMELINESS	3	Raised 6/30/17	High: 43.0	35.1	30.4	28.2	26.8	26.9	30.1	33.7	35.7	56.9	69.3	64.6	Target Price Range 2021 2022 2023 -----

RECENT PRICE	30.80	P/E RATIO	29.6 (Trailing: 30.5 Median: 24.0)	RELATIVE P/E RATIO	1.60	DIV'D YLD	2.2%	VALUE LINE
--------------	-------	-----------	------------------------------------	--------------------	------	-----------	------	------------

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
2.05	2.17	2.18	2.58	2.56	2.79	2.89	2.95	3.07	3.18	3.21	3.27	3.58	3.68	3.70	3.77	3.90	4.05	Revenues per sh	5.40
.57	.65	.65	.79	.77	.86	.88	.95	1.07	1.09	1.12	1.19	1.36	1.45	1.42	1.53	1.65	1.75	"Cash Flow" per sh	2.25
.40	.47	.49	.56	.58	.57	.57	.64	.71	.71	.72	.75	.89	.97	.92	1.01	1.05	1.15	Earnings per sh <sup>A</sup>	1.60
.35	.37	.39	.42	.45	.48	.49	.51	.52	.53	.54	.55	.57	.60	.63	.65	.70	.75	Div'd Decl'd per sh <sup>B</sup>	1.00
.66	1.07	2.50	1.69	1.85	1.69	2.17	1.18	.83	.74	.94	.76	1.10	1.11	1.03	1.95	1.50	1.25	Cap'l Spending per sh	1.05
3.90	4.06	4.65	4.85	5.84	5.97	6.14	6.92	7.19	7.45	7.73	7.98	8.15	8.51	8.88	9.28	9.80	10.30	Book Value per sh	11.60
9.55	9.63	10.33	10.40	11.20	11.27	11.37	12.56	12.69	12.79	12.92	12.98	12.83	12.81	12.85	12.87	12.75	12.65	Common Shs Outst'g <sup>C</sup>	12.50
26.9	24.5	25.7	26.3	31.2	30.3	24.6	21.9	20.7	23.9	24.4	26.3	23.1	23.5	32.8	34.6	<i><b>Bold figures are Value Line estimates</b></i>		Avg Ann'l P/E Ratio	22.5
1.47	1.40	1.36	1.40	1.68	1.61	1.48	1.46	1.32	1.50	1.55	1.48	1.22	1.18	1.72	1.72			Relative P/E Ratio	1.25
3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	3.6%	3.5%	3.1%	3.1%	2.8%	2.8%	2.6%	2.1%	1.9%			Avg Ann'l Div'd Yield	2.7%

Cash Assets	2.9	4.2	4.5	<b>BUSINESS:</b> The York Water Company is the oldest investor-owned regulated water utility in the United States. It has operated continuously since 1816. As of December 31, 2017, the company's average daily availability was 35.4 million gallons and its service territory had an estimated population of 198,000. Has more than 69,000 customers. Residential customers accounted for 64% of 2017 revenues; commercial and industrial (28%); other (8%). It also provides sewer billing services. Incorporated: PA. York had 102 full-time employees at 12/31/17. President/CEO: Jeffrey R. Hines. Officers/directors own 1.1% of the common stock (3/18 proxy). Address: 130 East Market Street, York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: <a href="http://www.yorkwater.com">www.yorkwater.com</a> .
Accounts Receivable	3.5	4.3	4.5	
Inventory (Avg. Cost)	.8	.7	.9	
Other	4.6	3.4	3.2	
Current Assets	11.8	12.6	8.6	
Accts Payable	1.8	3.7	3.1	
Debt Due	--	--	--	
Other	4.4	4.5	6.0	
Current Liab.	6.2	8.2	9.1	<b>We are modestly scaling back our full-time York nearly doubled its ex-</b>

Calendar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2015	11.2	11.9	12.4	11.6	47.1
2016	11.3	11.8	12.6	11.9	47.6
2017	11.3	12.3	12.7	12.3	48.6
2018	11.5	12.5	13.0	12.5	49.5
2019	12.0	12.8	13.3	12.9	51.0

Cal- endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.1431	.1431	.1431	.1431	.572
2015	.1495	.1495	.1495	.1555	.604
2016	.1555	.1555	.1555	.1602	.627
2017	.1602	.1602	.1602	.1666	.647
2018	.1666				

**BUSINESS:** The York Water Company is the oldest investor-owned regulated water utility in the United States. It has operated continuously since 1816. As of December 31, 2017, the company's average daily availability was 35.4 million gallons and its service territory had an estimated population of 198,000. Has more than 69,000 customers. Residential customers accounted for 64% of 2017 revenues; commercial and industrial (28%); other (8%). It also provides sewer billing services. Incorporated: PA. York had 102 full-time employees at 12/31/17. President/CEO: Jeffrey R. Hines. Officers/directors own 1.1% of the common stock (3/18 proxy). Address: 130 East Market Street, York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: [www.yorkwater.com](http://www.yorkwater.com).

**We are modestly scaling back our profit outlook for York Water.** The utility posted net income of \$1.01 a share for 2017, \$0.04 shy of our call, but up nicely on an annual basis. Operation and maintenance expenses, plus general and administrative costs, were nearly 38% of total revenues last year. And we suspect that rising water production costs and higher salaries ought to persist in 2018. While a lower effective tax rate is undoubtedly a positive, we think the above-noted factors are apt to be offsetting. Thus, we are trimming a dime from our 2018 earnings estimate, to \$1.05 a share. Bottom-line growth may be more apparent in 2019, though, as our model forecasts share net of \$1.15.

**York stock is off to a rocky start to the year.** Shares of the regulated water utility are down almost 10% in value since the beginning of the year. We think this is due partly to selling pressure from broader market indices, as well as York's relatively stretched valuation. Shares hit an all-time high of just under \$40 per share midway through 2017.

**Capital spending ought to continue in full force.** York nearly doubled its expenditures last year (\$24.6 million) when compared to 2016. We expect similar (albeit slightly less aggressive) spending over the pull to next decade, as the company looks to rapidly improve its aging infrastructure, namely raw water pumping stations and pipe replacements. In fact, management guided capital spending of about \$23 million and \$20 million for 2018 and 2019, respectively. Furthermore, in our view, hardware upgrades ought to translate into more-efficient service and operations over the long haul. Lastly, we would not be surprised to see a rate-hike filing sometime this year, which helps recoup some of the projected spending.

**We think investors can find more attractive options elsewhere, at this juncture.** York Water shares are ranked to move in line with the year-ahead broader market averages (Timeliness: 3). Meanwhile, capital appreciation potential over the 3- to 5-year stretch is subpar. What's more, the dividend yield is just about level with the *Value Line* median and the majority of its utility peers.

*Nicholas P. Patrikis* April 13, 2018

	<b>Company's Financial Strength</b>	<b>Rating</b>
--	-------------------------------------	---------------

(A) Diluted earnings. Next earnings report due late May.	(C) In millions, adjusted for split.	Company's Financial Strength	B+
(B) Dividends historically paid in late February, June, September, and December.		Stock's Price Stability	60
		Price Growth Persistence	55
		Earnings Predictability	90

© 2018 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

**To subscribe call 1-800-VALUELINE**