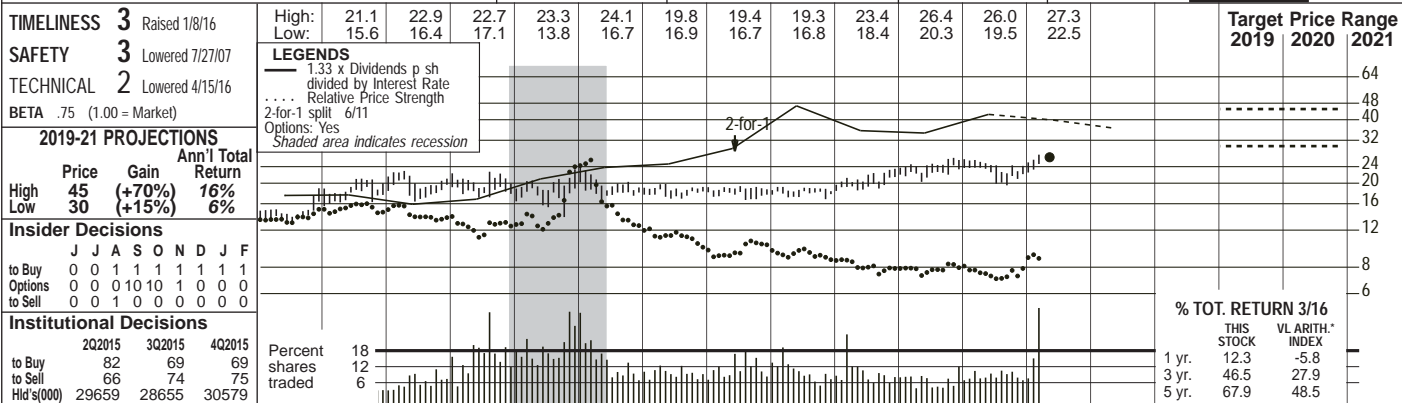


CALIFORNIA WATER NYSE-CWT

RECENT PRICE **26.59** P/E RATIO **25.8** (Trailing: 28.3; Median: 20.0) RELATIVE P/E RATIO **1.41** DIV'D YLD **2.6%** VALUE LINE



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
8.08	8.13	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	12.60	13.00	Revenues per sh	14.70
1.26	1.10	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	2.35	2.65	"Cash Flow" per sh	3.25
.66	.47	.63	.61	.73	.74	.67	.75	.95	.98	.91	.86	1.02	1.02	1.19	.94	1.05	1.35	Earnings per sh ^A	1.60
.55	.56	.56	.56	.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.65	.67	.69	.71	Div'd Decl'd per sh ^B	.99
1.23	2.04	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	3.65	3.55	Cap'l Spending per sh	3.30
6.45	6.48	6.56	7.22	7.83	7.90	9.07	9.25	9.72	10.13	10.45	10.76	11.28	12.54	13.11	13.41	13.55	14.25	Book Value per sh ^C	16.00
30.29	30.36	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	48.00	48.00	Common Shs Outst'g ^D	50.00
19.6	27.1	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	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	23.0
1.27	1.39	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	1.26			Relative P/E Ratio	1.45
4.3%	4.4%	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%			Avg Ann'l Div'd Yield	2.6%

CAPITAL STRUCTURE as of 12/31/15				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC		19-21
Total Debt \$552.5 mill. Due in 5 Yrs \$175.3 mill.				334.7	367.1	410.3	449.4	460.4	501.8	560.0	584.1	597.5	588.3	605	625	605	625	Revenues (\$mill) ^E	735	
LT Debt \$512.3 mill. LT Interest \$27.2 mill. (44% of Cap'l)				25.6	31.2	39.8	40.6	37.7	36.1	42.6	47.3	56.7	45.0	50.0	65.0	65.0	65.0	Net Profit (\$mill)	80.0	
Pension Assets-12/15 \$328.6 mill. Oblig. \$501.9 mill.				37.4%	39.9%	37.7%	40.3%	39.5%	40.5%	37.5%	30.3%	33.0%	35.3%	32.0%	32.0%	32.0%	32.0%	Income Tax Rate	35.0%	
Pfd Stock None				10.6%	8.3%	8.6%	7.6%	4.2%	7.6%	8.0%	4.3%	2.7%	4.2%	5.0%	5.0%	5.0%	5.0%	AFUDC % to Net Profit	5.0%	
Common Stock 47,875,000 shs.				43.5%	42.9%	41.6%	47.1%	52.4%	51.7%	47.8%	41.6%	40.1%	44.4%	44.5%	43.5%	43.5%	43.5%	Long-Term Debt Ratio	42.0%	
MARKET CAP: \$1.3 billion (Mid Cap)				55.9%	56.6%	58.4%	52.9%	47.6%	48.3%	52.2%	58.4%	59.9%	55.6%	55.5%	56.5%	56.5%	56.5%	Common Equity Ratio	58.0%	
CURRENT POSITION				670.1	674.9	690.4	794.9	914.7	931.5	908.2	1024.9	1045.9	1154.5	1175	1210	1175	1210	Total Capital (\$mill)	1375	
Cash Assets				941.5	1010.2	1112.4	1198.1	1294.3	1381.1	1457.1	1515.8	1590.4	1701.8	1775	1815	1775	1815	Net Plant (\$mill)	1900	
Other				5.2%	5.9%	7.1%	6.5%	5.5%	5.5%	6.3%	6.0%	6.3%	5.1%	5.5%	6.5%	6.5%	6.5%	Return on Total Cap'l	7.0%	
Current Assets				6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	7.0%	7.5%	9.5%	9.5%	9.5%	Return on Shr. Equity	10.0%	
Accts Payable				6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	7.0%	7.5%	9.5%	9.5%	9.5%	Return on Com Equity	10.0%	
Debt Due				1.0%	1.8%	3.8%	3.8%	3.0%	2.3%	3.4%	3.4%	4.1%	2.0%	2.5%	4.5%	4.5%	4.5%	Retained to Com Eq	4.0%	
Other				86%	77%	61%	60%	66%	71%	62%	56%	55%	71%	66%	52%	52%	52%	All Div'ds to Net Prof	62%	
Current Liab.				BUSINESS: California Water Service Group provides regulated and nonregulated water service to 477,900 customers in 85 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, '15: residential, 70%; business, 20%; industrial, 5%; public authorities, 4%; other 1%. '15 reported depreciation rate: 4.0%. Has 1,155 employees. President, Chairman, and CEO: Peter C. Nelson, Inc.: DE. Address: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.																

The California Water Service Group did not have the best financial showing in 2015. Both the top and bottom lines contracted on a year-over-year basis. Revenues of \$588 million slipped nearly \$10 million from the prior-year tally. The earnings decline was even more pronounced. Annual share net shrank by a quarter, to \$0.94, its lowest figure in almost five years. Indeed, the ongoing pressures of the California drought, alongside higher maintenance and pension expenses, contributed to the lackluster performance. **Our approach to 2016 is a cautious one.** Namely, the unbilled revenues figure (incurred expenses that CWT is waiting to be reimbursed for) is slightly thinner than for previous quarters. On top of that, with a higher tax rate in place, bottom-line growth will probably be limited. As a result, we have trimmed our 2016 share-net estimate by \$0.15, to \$1.05. **However, earnings should see a meaningful rebound in 2017.** At the moment, unfavorable drought conditions seem to be on their last leg. As the environment improves, related expenses will probably abate. Too, the main catalyst on the horizon is the California General Rate Case, which has an ask of just below \$700 million. All in all, we think CWT will earn \$1.35 a share in 2017. Revenues should get a lift, as well. **Further capital investments might be in the cards over the pull to late decade.** Improvements to the infrastructure, water supply, and tanks are at the top of the list. We think there is the potential for some acquisition activity, too. CWT is in good financial shape, with decent liquidity and a debt profile in line with the industry's average. **The dividend remains a feature here.** At present, CWT shares yield 2.6%, somewhat low compared to historical levels. Nevertheless, we think the payout ratio will be consistent through late decade, with steady dividend hikes. **California Water shares are neutrally ranked for relative year-ahead price performance.** What's more, investors with a long-term bent will find better options elsewhere, at this juncture, as total return potential three to five years hence is below the *Value Line* median.

Cal-endar	QUARTERLY REVENUES (\$ mill) ^E	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2013	111.4 154.6 184.4 133.7	584.1
2014	110.5 158.4 191.2 137.4	597.5
2015	122.0 144.4 183.5 138.4	588.3
2016	125 150 190 140	605
2017	130 155 195 145	625

Cal-endar	EARNINGS PER SHARE ^A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2013	.01 .28 .61 .12	1.02
2014	d.11 .36 .70 .24	1.19
2015	.03 .21 .52 .18	.94
2016	.03 .22 .60 .20	1.05
2017	.05 .35 .65 .30	1.35

Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2012	.1575 .1575 .1575 .1575	.63
2013	.16 .16 .16 .16	.64
2014	.1625 .1625 .1625 .1625	.65
2015	.1675 .1675 .1675 .1675	.67
2016	.1725	

Nicholas P. Patrikis April 15, 2016

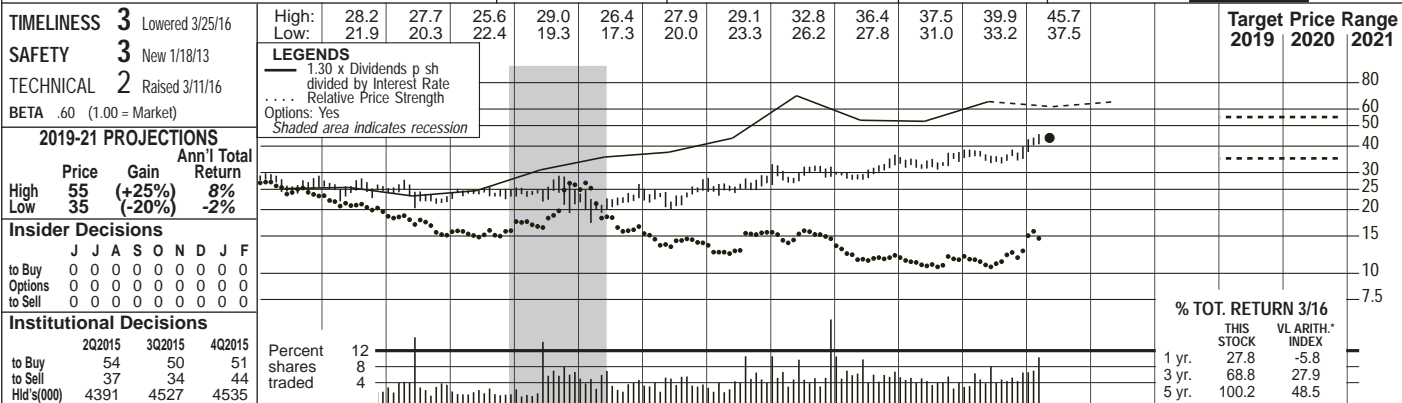
(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (4c); '01, 2c; '02, 4c; '11, 4c. Next earnings report due late May. (B) Dividends historically paid in late Feb., May, Aug., and Nov. Div'd reinvestment plan available. (C) Incl. intangible assets. In '15: \$.75 mill., \$0.16/sh. (D) In millions, adjusted for splits. (E) Excludes non-reg. rev.

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Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	85

CONNECTICUT WATER NDQ-CTWS

RECENT PRICE **43.81** P/E RATIO **21.4** (Trailing: 21.5, Median: 21.0) RELATIVE P/E RATIO **1.17** DIV'D YLD **2.4%** VALUE LINE



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
5.70	5.93	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	9.00	9.20	Revenues per sh	13.35
1.73	1.78	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	3.25	3.45	"Cash Flow" per sh	3.60
1.09	1.13	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	2.10	2.20	Earnings per sh ^A	2.35
.79	.80	.81	.83	.84	.85	.86	.87	.88	.90	.92	.94	.96	.98	1.01	1.05	1.09	1.30	Div'd Decl'd per sh ^B	1.35
1.43	1.86	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	5.80	4.35	Cap'l Spending per sh	3.35
8.92	9.25	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	20.02	21.15	21.75	Book Value per sh ^D	22.90
7.28	7.65	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	11.35	11.50	Common Shs Outst'g ^C	12.00
18.2	21.5	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	17.5	17.6	Avg Ann'l P/E Ratio	19.0
1.18	1.10	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	.89	.89	Relative P/E Ratio	1.20
4.0%	3.3%	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%	2.9%	2.9%	Avg Ann'l Div'd Yield	3.0%

CAPITAL STRUCTURE as of 12/31/15		2013	2014	12/31/15	2013	2014	12/31/15
Total Debt \$180.5 mill.	Due in 5 Yrs \$19.3 mill.	46.9	59.0	61.3	59.4	66.4	69.4
LT Debt \$177.7 mill.	LT Interest \$7.0 mill.	6.7	8.8	9.4	10.2	9.8	9.9
(44% of Cap'l)		23.5%	32.4%	27.2%	19.5%	35.2%	41.3%
Leases, Uncapitalized: Annual rentals \$.3 mill.		--	--	1.7%	--	--	1.7%
Pension Assets-12/15 \$56.6 mill.		44.4%	47.8%	46.9%	50.6%	49.5%	53.2%
Oblig. \$75.8 mill.		55.1%	51.8%	52.7%	49.1%	50.2%	46.5%
Pfd Stock \$0.8 mill.		174.1	193.2	196.5	221.3	225.6	254.2
Pfd Divd NMF		268.1	284.3	302.3	325.2	344.2	362.4
Common Stock 11,192,882 shs.		4.9%	5.5%	5.9%	5.5%	5.4%	4.9%
MARKET CAP: \$500 million (Small Cap)		6.9%	8.7%	9.0%	9.3%	8.6%	8.3%
CURRENT POSITION (\$MILL.)		7.0%	8.7%	9.1%	9.4%	8.7%	8.3%
Cash Assets	18.4	2.5	.7	1.6%	1.9%	2.3%	1.6%
Accounts Receivable	12.3	12.0	11.0	81%	79%	76%	81%
Other	16.2	21.7	15.3	83%	83%	83%	83%
Current Assets	46.9	36.2	27.0	82%	82%	82%	82%
Accts Payable	10.8	10.0	11.9	53%	53%	53%	53%
Debt Due	4.1	4.4	2.8	59%	59%	59%	59%
Other	7.8	9.2	22.2	53%	53%	53%	53%
Current Liab.	22.7	23.6	36.9	53%	53%	53%	53%

BUSINESS: 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 2015, 92% of net income was derived from these activities. Provides water services to 400,000 people in 77 municipalities throughout Connecticut and Maine. Acquired The Maine Water Company, January, 2012; Biddeford and Saco Water, December, 2012. Incorporated: Connecticut. Has 266 employees. Chairman/President/Chief Executive Officer: Eric W. Thornburg. Officers and directors own 2.6% of the common stock; BlackRock, Inc. 7.0%; (4/16 proxy). Address: 93 West Main Street, Clinton, CT 06413. Telephone: (860) 669-8636. Internet: www.ctwater.com.

Connecticut Water Service reported fourth-quarter results roughly in line with our expectations. Earnings of \$0.20 for the period were merely a penny shy of our call. Likewise, revenues of \$21.0 million missed by a fraction. Nonetheless, year-over-year top- and bottom-line comparisons were solid, giving investors reason to cheer.

Shares of Connecticut Water have risen sharply since our January review. The stock is up approximately 15% in price over the past three months, etching a new all-time high along the way.

Dividend growth is encouraging. The company has indeed stepped up its game, increasing the payout growth rate in both 2014 and 2015. This trend ought to help the annual return catch up with the stock's steady ascent. At that point, the yield will likely hover around the 3% level over the next several years, in our view.

We are introducing our 2017 top- and bottom-line estimates. Connecticut Water should continue to reap the rewards of the repair tax credit, as well as a lower tax rate. Additionally, benefits from the pipeline in Mansfield (currently under way), a project to meet the long-term water supply for the University of Connecticut and surrounding community, ought to be noticeable next year. All told, we look for 2017 revenue and earnings of \$106 million and \$2.20 a share, respectively.

Capital expenditures ought to remain elevated in the near-to-intermediate term. Management has set aside \$66 million for major projects this year. These endeavors include the upgrading of the wastewater facility, along with repairing its aging infrastructure. Once the latter is completed, spending should return to more-normal levels.

This equity is pegged to move in line with the broader market averages over the coming six to 12 months. On top of that, these shares do not stand out for the long haul. Much of the growth we envision over the 3- to 5-year time frame appears to already be baked into the stock price, as Connecticut Water is trading well within our recently raised Target Price Range. We recommend investors remain on the sidelines, for now.

Nicholas P. Patrikis April 15, 2016

(A) Diluted earnings. Next earnings report due late May.
 (B) Dividends historically paid in mid-March, June, September, and December. ■ Div'd reinvestment plan available.
 (C) In millions, adjusted for split.
 (D) Includes intangibles. In 2015: \$30.4 million/\$2.72 a share.

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Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	50
Earnings Predictability	85

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MIDDLESEX WATER NDQ-MSEX

RECENT PRICE **31.05** P/E RATIO **24.1** (Trailing: 25.5; Median: 20.0) RELATIVE P/E RATIO **1.32** DIV'D YLD **2.6%**

VALUE LINE

TIMELINESS 2 Raised 3/18/16
SAFETY 2 New 10/21/11
TECHNICAL 2 Lowered 4/8/16
BETA .70 (1.00 = Market)

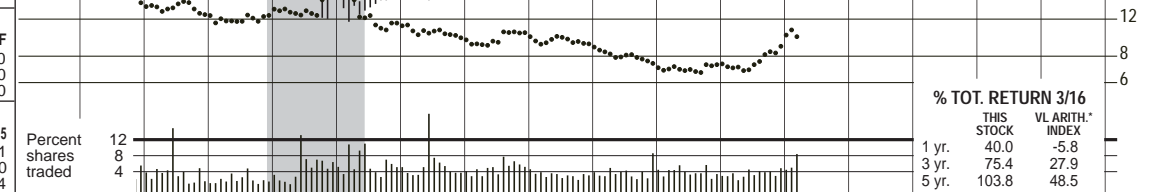
High: 23.5 20.5 20.2 19.8 17.9 19.3 19.4 19.6 22.5 23.7 28.0 32.1
 Low: 17.1 16.5 16.9 12.0 11.6 14.7 16.5 17.5 18.6 19.1 21.2 25.0

LEGENDS
 1.20 x Dividends p sh divided by Interest Rate
 Relative Price Strength
 4-for-3 split 11/03
 Options: Yes
 Shaded area indicates recession

2019-21 PROJECTIONS
 Price Gain Ann'l Total Return
 High 35 (+15%) 6%
 Low 25 (-20%) -2%

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
 Options 0 0 0 0 0 0 0 0 0 0 0 0
 to Sell 0 0 0 0 0 0 0 0 0 0 0 0

Institutional Decisions
 2Q2015 3Q2015 4Q2015
 to Buy 43 47 41
 to Sell 36 42 50
 Hld's(000) 6487 6614 6584



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
5.39	5.87	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	8.00	8.00	Revenues per sh	9.40
.99	1.18	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	2.10	2.20	"Cash Flow" per sh	2.45
.51	.66	.73	.61	.73	.71	.82	.87	.89	.72	.96	.84	.90	1.03	1.13	1.22	1.30	1.35	Earnings per sh A	1.40
.61	.62	.63	.65	.66	.67	.68	.69	.70	.71	.72	.73	.74	.75	.76	.78	.81	.84	Div'd Decl'd per sh B	.91
1.32	1.25	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	1.75	1.80	Cap'l Spending per sh	2.05
6.98	7.11	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	13.25	13.95	Book Value per sh	15.60
10.11	10.17	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	16.25	16.50	Common Shs Outst'g C	17.00
28.7	24.6	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	19.1	19.1	Avg Ann'l P/E Ratio	21.0
1.87	1.26	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	.97	.97	.97	Relative P/E Ratio	1.30
4.2%	3.8%	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%	3.7%	3.3%	3.3%	Avg Ann'l Div'd Yield	3.0%
CAPITAL STRUCTURE as of 12/31/15																		160	
Total Debt 144.9 mill. Due in 5 Yrs \$30.8 mill.																		132	
LT Debt \$136.2 mill. LT Interest \$5.6 mill.																		24.0	
(39% of Cap'l)																		34.0%	
Pension Assets-12/15 \$52.9 mill.																		2.5%	
Oblig. \$72.5 mill.																		40.0%	
Pfd Stock \$2.4 mill. Pfd Div'd: \$.1 mill.																		60.0%	
Common Stock 16,225,000 shs.																		440	
MARKET CAP: \$500 million (Small Cap)																		565	
CURRENT POSITION (\$MILL)																		6.0%	
Cash Assets 4.8 2.7 3.5																		9.0%	
Other 21.0 20.2 20.9																		9.0%	
Current Assets 25.8 22.9 24.4																		62%	
Accts Payable 6.3 6.4 6.5																			
Debt Due 33.8 24.9 8.7																			
Other 12.6 12.6 13.1																			
Current Liab. 52.7 43.9 28.3																			
ANNUAL RATES of change (per sh)																			
Revenues 1.5% 2.0% 4.0%																			
"Cash Flow" 4.0% 4.5% 5.0%																			
Earnings 5.0% 5.5% 3.5%																			
Dividends 1.5% 1.5% 3.0%																			
Book Value 4.5% 3.0% 4.0%																			
QUARTERLY REVENUES (\$ mill.)																			
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2013	27.0	29.1	31.3	27.4	114.8														
2014	27.1	29.2	32.7	28.1	117.1														
2015	28.8	31.7	34.7	30.8	126.0														
2016	29.5	32.5	35.5	32.5	130														
2017	30.0	33.0	36.0	33.0	132														
EARNINGS PER SHARE A																			
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2013	.20	.28	.36	.19	1.03														
2014	.20	.29	.42	.22	1.13														
2015	.22	.31	.41	.28	1.22														
2016	.23	.33	.45	.29	1.30														
2017	.25	.34	.46	.30	1.35														
QUARTERLY DIVIDENDS PAID B																			
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2012	.185	.185	.185	.1875	.74														
2013	.1875	.1875	.1875	.19	.75														
2014	.19	.19	.19	.1925	.76														
2015	.1925	.1925	.1925	.19875	.78														
2016	.19875																		

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 60,000 retail customers, primarily in Middlesex County, New Jersey. In

2015, the Middlesex System accounted for 59% of operating revenues. At 12/31/15, the company had 293 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.5% of the common stock; BlackRock Institutional Trust Co., 6.6% (4/15 proxy). Add.: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: www.middlesexwater.com.

Middlesex Water Company shares rose more than 15% in price over the past three months. The stock has been trending higher since the middle of 2015, piggybacking off a string of better-than-expected financial results. Indeed, MSEX traded at an all-time high during the period, at \$32 per share.

ment, and healthcare, we think MSEX is doing a solid job navigating the waters. All things considered, we are lifting our 2016 earnings estimate by a dime, to \$1.30 a share. Meanwhile, we are introducing our 2017 share-net forecast of \$1.35.

Financials continue to impress. The company ended the year on the right foot, registering high single-digit top- and bottom-line growth, on an annual basis. Full-year revenues increased to \$126 million (approximately 8% year over year), while share net ticked up \$0.09 (nearly 9%) from the prior-year figure, to \$1.22. Rate increases and greater weather-driven customer demand from the company's New Jersey systems were primarily responsible for the strong performance.

Dividend growth ought to persist over the pull to late decade. The company has a pristine track record of payout hikes, and as of last year, ramped up the rate at which it will increase. Thus, we have tweaked our model to incorporate dividend growth of 2c per year, rather than the traditional 1c rise. At present, however, the yield is less appealing than investors may be used to, due largely to the recent surge in price. Over the long haul, we think a 3.0% annual return is likely in the cards.

We are optimistic about 2016 and 2017 earnings prospects, despite steadily increasing operations and maintenance costs. The recently approved rate hike from New Jersey regulators will be in effect through this year, boosting revenues. Though expenses are a concern, namely employee benefits, retire-

Middlesex shares are ranked to outperform the broader market averages over the coming six to 12 months. Conversely, investors with an eye to late decade may want to stay on the sidelines, for now, as much of the gains we envision out to 2019-2021 appear to already be baked into the stock price, rendering capital appreciation potential subpar.

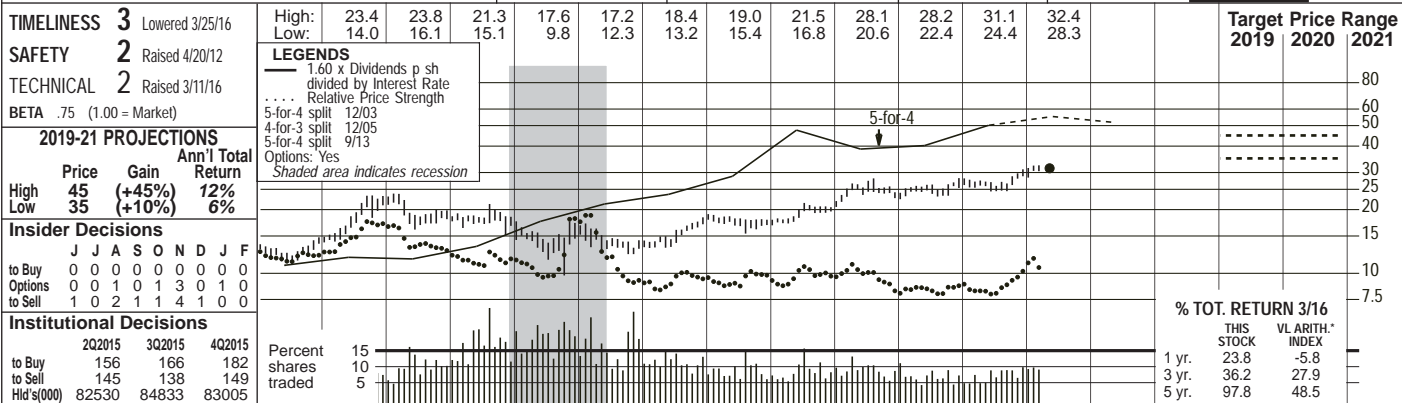
(A) Diluted earnings. May not sum due to rounding. Next earnings report due late May.
 (B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available.
 (C) In millions, adjusted for splits.

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Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	40
Earnings Predictability	80

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Nicholas P. Patrikis April 15, 2016



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
1.97	2.16	2.28	2.38	2.78	3.08	3.23	3.61	3.71	3.93	4.21	4.10	4.32	4.32	4.37	4.61	4.80	5.10	Revenues per sh	6.05
.61	.69	.76	.77	.87	.97	1.01	1.10	1.14	1.29	1.42	1.45	1.51	1.82	1.89	1.87	2.10	2.25	"Cash Flow" per sh	2.65
.37	.41	.43	.46	.51	.57	.56	.57	.58	.62	.72	.83	.87	1.16	1.20	1.14	1.35	1.45	Earnings per sh ^A	1.75
.23	.24	.26	.28	.29	.32	.35	.38	.41	.44	.47	.50	.54	.58	.63	.69	.74	.80	Div'd Decl'd per sh ^B	1.05
.93	.87	.96	1.06	1.23	1.47	1.64	1.43	1.58	1.66	1.89	1.90	1.98	1.73	1.84	2.07	2.10	2.10	Cap'l Spending per sh	2.10
3.08	3.32	3.49	4.27	4.71	5.04	5.57	5.85	6.26	6.50	6.81	7.21	7.90	8.63	9.27	9.78	10.90	11.70	Book Value per sh	13.10
139.78	142.47	141.49	154.31	158.97	161.21	165.41	166.75	169.21	170.61	172.46	173.60	175.43	177.93	178.59	176.54	177.00	177.00	Common Shs Outst'g ^C	177.00
18.2	23.6	23.6	24.5	25.1	31.8	34.7	32.0	24.9	23.1	21.1	21.3	21.9	21.2	20.8	23.5	24.0	25.5	Avg Ann'l P/E Ratio	22.5
1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50	1.54	1.34	1.34	1.39	1.19	1.09	1.19	1.19	1.19	Relative P/E Ratio	1.40
3.3%	2.5%	2.5%	2.5%	2.3%	1.8%	1.8%	2.1%	2.8%	3.1%	3.1%	2.8%	2.8%	2.4%	2.5%	2.6%	2.5%	2.6%	Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 12/31/15				2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC		19-21
Total Debt \$1795.9 mill. Due in 5 Yrs \$441.5 mill.				533.5	602.5	627.0	670.5	726.1	712.0	757.8	768.6	779.9	814.2	850	900	Revenues (\$mill)	1070	
LT Debt \$1743.6 mill. LT Interest \$75.4 mill. (50% of Cap'l)				92.0	95.0	97.9	104.4	124.0	144.8	153.1	205.0	213.9	201.8	240	255	Net Profit (\$mill)	310	
Pension Assets-12/15 \$238.6 mill. Oblig. \$306.5 mill.				39.6%	38.9%	39.7%	39.4%	39.2%	32.9%	39.0%	10.0%	10.5%	6.9%	10.0%	11.0%	Income Tax Rate	25.0%	
Pfd Stock None				--	--	--	--	--	--	--	1.1%	2.4%	3.1%	3.0%	3.0%	AFUDC % to Net Profit	3.0%	
Common Stock 177,042,334 shares as of 2/10/16				51.6%	55.4%	54.1%	55.6%	56.6%	52.7%	48.9%	48.5%	50.3%	51.0%	52.0%	Long-Term Debt Ratio	52.0%		
MARKET CAP: \$5.6 billion (Large Cap)				48.4%	44.6%	45.9%	44.4%	43.4%	47.3%	51.1%	51.5%	49.7%	49.0%	48.0%	Common Equity Ratio	48.0%		
CURRENT POSITION				1904.4	2191.4	2306.6	2495.5	2706.2	2646.8	2929.7	3003.6	3216.0	3469.5	3930	4330	Total Capital (\$mill)	4850	
Cash Assets				2506.0	2792.8	2997.4	3227.3	3469.3	3612.9	3936.2	4167.3	4402.0	4688.9	4930	5170	Net Plant (\$mill)	5500	
Receivables				6.4%	5.9%	5.7%	5.6%	5.9%	6.9%	6.6%	8.0%	7.8%	6.9%	7.5%	7.0%	Return on Total Cap'l	7.5%	
Inventory (AvgCst)				10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	13.4%	12.9%	11.7%	12.5%	12.5%	Return on Shr. Equity	13.5%	
Other				10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	13.4%	12.9%	11.7%	12.5%	12.5%	Return on Com Equity	13.5%	
Current Assets				3.7%	3.2%	2.8%	2.7%	3.7%	4.6%	4.3%	6.7%	6.1%	4.7%	7.0%	7.0%	Retained to Com Eq	4.5%	
Accts Payable				63%	67%	70%	72%	65%	60%	61%	50%	52%	60%	55%	55%	All Div'ds to Net Prof	60%	
Debt Due				BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Has 1,617 employees. Acquired AquaSource, 7/13; North Maine Utilities, 7/15; and others. Water supply revenues '2015: residential, 69%; commercial, 18%; industrial & other, 13%. Officers and directors own less than 1% of the common stock; Vangurad Group, 7.7%; Blackrock, Inc, 7.3%; State Street Capital, 5.5% (3/16 Proxy). President & Chief Executive Officer: Christopher Franklin. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Tel.: 610-525-1400. Internet: www.aquaamerica.com.														
Other				Aqua America's earnings should get back on track this year. In the final quarter of 2015, the water utility had to take a \$0.12-a-share impairment charge related to the poor performance of a non regulated business. In any case, with the help of rate relief in several states and synergies realized from previous acquisitions, we expect Aqua's share earnings to recover to \$1.35 in 2016, an 18% increase over 2014's depressed level. Next year, we think the bottom line should climb a solid 7%, to \$1.45 a share.														
Current Liab.				Acquisitions may play an even more important role in the company's strategy. The American water market consists of over 50,000 major-to-mid-sized water districts. Because there are many redundancies in the industry, large utilities can buy small ones and realize significant cost savings when absorbing them into existing operations. Since 2000, Aqua has bought almost 300 small water operations. Management recently indicated a proclivity to acquire much-bigger systems. The likely candidates are water districts in financially depressed areas. There are many municipally-run water utilities that don't have the needed capital required to modernize aging infrastructures and to make costly improvements mandated by the EPA. The city of Scranton, PA recently agreed to sell its wastewater assets to American Water Works for \$190 million. Last year, both Indiana and New Jersey passed laws making the process easier for a strong water company to take over a weak one. These larger potential purchases should enable Aqua to maintain healthy earnings and dividend growth for the foreseeable future.														
FINANCIAL STRENGTH				Finances will probably weaken modestly. Aqua was able to keep its debt-to-total capital ratio below 50% for 2013 and 2014 before exceeding it in 2015. With a capital budget of about \$1.1 billion over the next three years, we think the ratio will be about 52% through late decade.														
Ratios				The stock's strong performance has removed much of its appeal. Since mid-August, shares of Aqua have outpaced the S&P 500 Index by about 1,700 basis points. Thus, most of the company's positive attributes appear to be fully reflected in the current price of the equity.														

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year	Cal-endar	EARNINGS PER SHARE ^A	Full Year	Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30	Sep.30	Dec.31				
2013	180.0	195.7	204.3	188.6	768.6	2013	.132	.132	.132	.14	.54
2014	182.7	195.3	210.5	191.4	779.9	2014	.14	.14	.152	.152	.58
2015	190.3	205.8	221.0	197.1	814.2	2015	.152	.152	.165	.165	.63
2016	197	215	233	205	850	2016	.165	.165	.178	.178	.69
2017	205	225	255	215	900		.178				

James A. Flood
 April 15, 2016

(A) Diluted eps. Excl. nonrec. gains: '00, 2¢; '01, 2¢; '02, 4¢; '03, 3¢; '12, 18¢. Excl. gain from disc. operations: '12, 7¢; '13, 9¢; '14, 11¢. May not sum due to rounding. Next earnings report due early May.
 (B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).
 (C) In millions, adjusted for stock splits.

SJW CORP. NYSE-SJW

RECENT PRICE **36.41** P/E RATIO **18.2** (Trailing: 19.8 Median: 24.0) RELATIVE P/E RATIO **0.99** DIV'D YLD **2.2%** VALUE LINE

TIMELINESS 2 Raised 3/11/16
SAFETY 3 New 4/22/11
TECHNICAL 1 Raised 4/1/16
 BETA .75 (1.00 = Market)

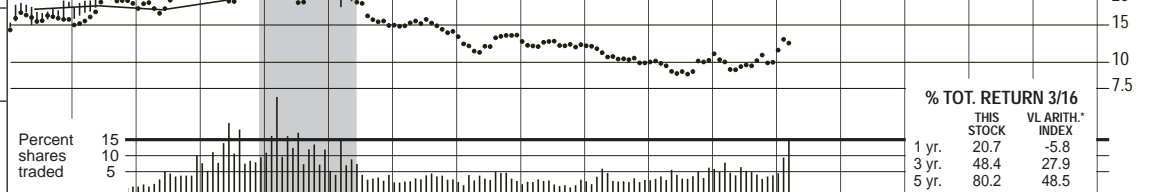
High: 27.8 45.3 43.0 35.1 30.4 28.2 26.8 26.9 30.1 33.7 35.7 37.9
 Low: 16.1 21.2 27.7 20.0 18.2 21.6 20.9 22.6 24.5 25.5 27.5 28.6

LEGENDS
 1.50 x Dividends p sh divided by Interest Rate
 Relative Price Strength
 3-for-1 split 3/04
 2-for-1 split 3/06
 Options: Yes
 Shaded area indicates recession

2019-21 PROJECTIONS
 Price Gain Ann'l Total
 High 55 (+50%) 13%
 Low 35 (-5%) 2%

Insider Decisions
 J J A S O N D J F
 to Buy 1 0 1 0 0 0 3 0 0
 Options 0 0 0 0 0 0 0 9 0
 to Sell 1 0 0 0 0 0 0 0 0

Institutional Decisions
 2Q2015 3Q2015 4Q2015
 to Buy 63 61 43
 to Sell 49 44 59
 Hlds(000) 10749 9038 8694



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
6.74	7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	11.68	11.62	12.85	14.01	13.73	15.76	14.97	15.10	15.25	Revenues per sh	18.50
1.23	1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	2.21	2.38	2.80	2.97	2.90	4.42	3.86	3.85	3.95	"Cash Flow" per sh	3.95
.58	.77	.78	.91	.87	1.12	1.19	1.04	1.08	.81	.84	1.11	1.18	1.12	2.54	1.85	1.80	1.95	Earnings per sh ^A	2.00
.41	.43	.46	.49	.51	.53	.57	.61	.65	.66	.68	.69	.71	.73	.75	.78	.82	.85	Div'd Decl'd per sh ^B	1.05
1.89	2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	3.17	5.65	3.75	5.67	4.68	5.02	5.24	5.35	5.50	Cap'l Spending per sh	5.00
7.90	8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	13.66	13.75	14.20	14.71	15.92	17.75	18.83	19.00	19.75	Book Value per sh	22.40
18.27	18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	18.50	18.55	18.59	18.67	20.17	20.29	20.38	20.50	21.00	Common Shs Outst'g ^C	23.00
33.1	18.5	17.3	15.4	19.6	19.7	23.5	33.4	26.2	28.7	29.1	21.2	20.4	24.3	11.2	16.6	16.6	16.6	Avg Ann'l P/E Ratio	22.0
2.15	.95	.94	.88	1.04	1.05	1.27	1.77	1.58	1.91	1.85	1.33	1.30	1.37	.59	.84	.84	.84	Relative P/E Ratio	1.40
2.1%	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	2.8%	2.8%	2.9%	3.0%	2.7%	2.6%	2.5%	2.5%	2.5%	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 12/31/15
 Total Debt \$418.9 mill. Due in 5 Yrs \$21.2 mill.
 LT Debt \$380.8 mill. LT Interest \$21.0 mill.
 (50% of Cap'l)

Leases, Uncapitalized: Annual rentals \$6.6 mill.

Pension Assets-12/15 \$105.0 mill.
Oblig. \$164.3 mill.

Pfd Stock None.

Common Stock 20,381,949 shs.

MARKET CAP: \$750 million (Small Cap)

189.2	206.6	220.3	216.1	215.6	239.0	261.5	276.9	319.7	305.1	310	320	Revenues (\$mill)	425
22.2	19.3	20.2	15.2	15.8	20.9	22.3	23.5	51.8	37.9	37.5	40.0	Net Profit (\$mill)	45.0
40.8%	39.4%	39.5%	40.4%	38.8%	41.1%	41.1%	38.7%	32.5%	38.1%	39.0%	39.5%	Income Tax Rate	38.0%
2.1%	2.7%	2.3%	2.0%	--	--	--	--	2.0%	1.0%	1.5%	1.5%	AFUDC % to Net Profit	1.5%
41.8%	47.7%	46.0%	49.4%	53.7%	56.6%	55.0%	51.1%	51.6%	49.8%	50.5%	51.5%	Long-Term Debt Ratio	51.5%
58.2%	52.3%	54.0%	50.6%	46.3%	43.4%	45.0%	48.9%	48.4%	50.2%	49.5%	48.5%	Common Equity Ratio	48.5%
391.8	453.2	470.9	499.6	550.7	607.9	610.2	656.2	744.5	764.6	790	855	Total Capital (\$mill)	1065
541.7	645.5	684.2	718.5	785.5	756.2	831.6	898.7	963.0	1036.8	1100	1200	Net Plant (\$mill)	1325
7.0%	5.7%	5.8%	4.4%	4.3%	4.9%	5.0%	5.0%	8.3%	6.3%	6.0%	6.0%	Return on Total Cap'l	5.5%
9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	7.3%	14.4%	9.9%	9.5%	9.5%	Return on Shr. Equity	9.0%
9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	7.3%	14.4%	9.9%	9.5%	9.5%	Return on Com Equity	9.0%
5.2%	3.5%	3.3%	1.2%	1.2%	3.1%	3.3%	2.8%	10.2%	5.7%	5.0%	5.5%	Retained to Com Eq	4.0%
46%	57%	59%	80%	80%	61%	59%	62%	29%	42%	45%	45%	All Div'ds to Net Prof	60%

CURRENT POSITION 2013 2014 12/31/15 (\$MILL.)

Cash Assets	2.3	2.4	5.2
Accts Receivable	14.5	15.0	16.4
Other	22.9	50.7	51.8
Current Assets	39.7	68.1	73.4
Accts Payable	12.6	7.0	16.2
Debt Due	23.0	13.8	38.1
Other	23.6	23.9	25.3
Current Liab.	59.2	44.7	79.6

BUSINESS: SJW Corporation engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 229,000 connections with a total population of roughly one million people in the San Jose area and 12,000 connections that reaches about 36,000 residents in the region between San Antonio and Austin, Texas. The company also

offers nonregulated water-related services and owns and operates commercial real estate investments. Has about 399 employees. Officers and directors (including Nancy O. Moss) own 28.3% of outstanding shares. Chairman: Charles J. Toeniskoetter. Incorporated: California. Address: 110 West Taylor Street, San Jose, CA 95110. Telephone: (408) 279-7800. Internet: www.sjwater.com.

ANNUAL RATES Past Past Est'd '13-'15 of change (per sh) 10 Yrs. 5 Yrs. to '19-'21

Revenues	5.0%	4.5%	3.5%
"Cash Flow"	6.5%	10.0%	2.5%
Earnings	6.5%	15.0%	1.5%
Dividends	4.0%	2.5%	6.0%
Book Value	6.0%	5.0%	6.0%

SJW Corp. ended the year on a strong note. The water utility delivered better-than-expected top- and bottom-line results for the fourth quarter. Revenues of \$87.6 million bested our target by roughly \$15 million. Similarly, net income of \$0.80 a share for the period came in well above the Street's and our estimate. Indeed, the out-performance can be partly attributed to the accumulation of lost revenue at the end of 2015, as a result of Mandatory Conservation Revenue Adjustment Memorandum. This form of revenue recognition helped bolster financials this year, and ought to continue to do so going forward. What's more, investors have taken notice of the favorable operating environment, sending the stock price more than 20% higher over the past three months, establishing a new 52-week high. **The stage is set for a profitable 2016 and beyond.** Despite embarking on the fourth consecutive year of drought conditions, which have undoubtedly raised costs overall, the company has actually experienced lower water production expenses of late. Meanwhile, selling and administrative costs, as well as pension expenses,

should begin to cool. In addition, the General Rate Case proceeding may be another positive for the bottom line, even with substantial capital investments on tap. On balance, we are raising our full-year 2016 earnings estimate by \$0.25, to \$1.80 a share. Too, we are introducing our 2017 projection at \$1.95 per share. **SJW Corp. pays a decent dividend.** At the recent quotation, the payout yields a somewhat unimpressive 2.2%. That said, the distribution is poised to increase year-after-year, like the company has done throughout its operating history. Moreover, we anticipate a similarly healthy yield over the 3- to 5-year stretch. **Shares of SJW Corp. have been raised two notches for Timeliness, to 2, and are now favorably ranked for relative year ahead price performance.** We think there is some room to run in the near-term, as investors may look to piggyback off of strong earnings results. Conversely, this issue offers little upside potential for the pull to 2019-2021. SJW stock is already trading above the lower-end of our Target Price Range. *Nicholas P. Patrikis* April 15, 2016

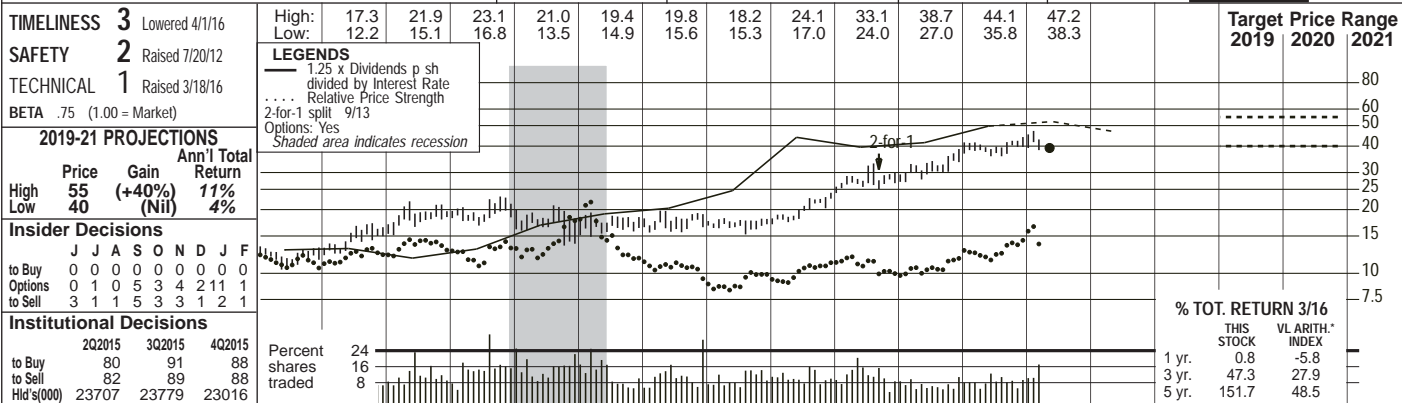
(A) Diluted earnings. Excludes nonrecurring losses: '03, \$1.97; '04, \$3.78; '05, \$1.09; '06, \$16.36; '08, \$1.22; '10, \$0.46. GAAP accounting as of 2013. Next earnings report due late

May. Quarterly earnings may not add due to rounding. (B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available. (C) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	20
Earnings Predictability	50

AMER. STATES WATER NYSE-AWR

RECENT PRICE **39.23** P/E RATIO **23.4** (Trailing: 24.5 Median: 20.0) RELATIVE P/E RATIO **1.28** DIV'D YLD **2.4%** VALUE LINE



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
6.08	6.53	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	12.60	13.00	Revenues per sh	15.80
1.10	1.26	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	2.95	3.05	"Cash Flow" per sh	3.80
.64	.67	.67	.39	.53	.66	.67	.81	.78	.81	1.11	1.12	1.41	1.61	1.57	1.60	1.70	1.80	Earnings per sh ^A	2.25
.43	.43	.44	.44	.44	.45	.46	.48	.50	.51	.52	.55	.64	.76	.83	.87	.92	.97	Div'd Decl'd per sh ^B	1.25
1.51	1.59	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	2.35	2.35	Cap'l Spending per sh	2.75
6.37	6.61	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	13.55	14.10	Book Value per sh	16.50
30.24	30.24	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	36.50	36.50	Common Shs Outst'g ^C	37.00
15.9	16.7	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	24.6	24.6	Avg Ann'l P/E Ratio	20.0
1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.41	1.00	.97	.91	.97	1.06	1.25	1.25	1.25	Relative P/E Ratio	1.25
4.2%	3.9%	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%	2.2%	2.2%	Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 12/31/15		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	REVENUES & PROFITS	
Total Debt	\$325.8 mill. Due in 5 Yrs \$41.6 mill.	268.6	301.4	318.7	361.0	398.9	419.3	466.9	472.1	465.8	458.6	460	475	Revenues (\$mill)	585
LT Debt	\$325.5 mill. LT Interest \$21.1 mill. (41% of Cap'l)	23.1	28.0	26.8	29.5	41.4	42.0	54.1	62.7	61.1	60.5	62.0	66.0	Net Profit (\$mill)	83.0
Leases, Uncapitalized: Annual rentals \$2.5 mill. Pension Assets-12/15 \$142.2 mill. Oblig. \$168.9 mill.		40.5%	42.6%	37.8%	38.9%	43.2%	41.7%	39.9%	36.3%	38.4%	38.4%	38.0%	37.0%	Income Tax Rate	36.0%
Pfd Stock None.		12.2%	8.5%	6.9%	3.2%	5.8%	2.0%	2.5%	--	2.5%	.5%	1.0%	1.5%	AFUDC % to Net Profit	1.0%
Common Stock 36,523,179 shs. as of 2/22/16		48.6%	46.9%	46.2%	45.9%	44.3%	45.4%	42.2%	39.8%	39.1%	41.1%	42.0%	42.5%	Long-Term Debt Ratio	57.0%
MARKET CAP: \$1.4 billion (Mid Cap)		51.4%	53.1%	53.8%	54.1%	55.7%	54.6%	57.8%	60.2%	60.9%	58.9%	58.0%	57.5%	Common Equity Ratio	43.0%
CURRENT POSITION		551.6	569.4	577.0	665.0	677.4	749.1	787.0	818.4	832.6	791.5	860	900	Total Capital (\$mill)	1060
CASH ASSETS		750.6	776.4	825.3	866.4	855.0	896.5	917.8	981.5	1003.5	1060.8	1105	1150	Net Plant (\$mill)	1370
ACCTS RECEIVABLE		6.0%	6.7%	6.4%	5.9%	7.6%	7.1%	8.3%	8.9%	8.6%	9.0%	9.0%	8.5%	Return on Total Cap'l	9.5%
OTHER		8.1%	9.3%	8.6%	8.2%	11.0%	10.3%	11.9%	12.7%	12.0%	13.0%	12.5%	13.0%	Return on Shr. Equity	13.5%
CURRENT ASSETS		8.1%	9.3%	8.6%	8.2%	11.0%	10.3%	11.9%	12.7%	12.0%	13.0%	12.5%	13.0%	Return on Com Equity	13.5%
ACCTS PAYABLE		2.7%	3.9%	3.1%	3.2%	5.8%	5.3%	6.6%	6.8%	5.7%	6.0%	6.0%	6.0%	Retained to Com Eq	6.0%
DEBT DUE		67%	58%	64%	61%	47%	49%	45%	47%	53%	54%	54%	54%	All Div'ds to Net Prof	56%
OTHER		BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden States Water Company, it supplies water to 260,151 customers in 75 cities and 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to 23,846 customers in the city of Big Bear Lake and in areas of San Bernardino County. Sold Chaparral City Water of Arizona (6/11). Has 707 employees. Blackrock, Inc., owns 9.8% of out. shares; Vanguard, 8.5%, off. & dir. 1.5%. (4/15 Proxy). Chairman: Lloyd Ross. President & Chief Executive Officer: Robert J. Sprowls. Inc: CA. Address: 630 East Foothill Boulevard, San Dimas, CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.													

Shares of American States Water continue to struggle. For the second straight quarter, the stock has underperformed both the water industry and the market averages. Since our January report, the value of the equity has declined 4% while many water utility stocks posted double-digit gains, and the S&P 500 Index rose about 2%.

We think the company's earnings may break out of their narrow range in 2016. Over the past three years, American States' share net has been close to \$1.60. Last year's bottom line was held back due to an accounting practice regarding a water revenue adjusted mechanism (WRAP). In brief, a utility can't recognize certain revenues that can't be collected over a certain time. The funds will eventually be recouped, but have to be deferred. Indeed, management estimates that \$1.4 million in revenues earned in 2015, will be realized in 2016. All told, the company's earnings should increase a solid 6%, to \$1.70 a share. We are introducing our 2017 share-earnings estimate at \$1.80, another healthy 6% increase.

Results at American States' nonregu-

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2013	110.6	120.7	130.9	109.9	472.1
2014	102.0	115.6	138.3	109.9	465.8
2015	100.9	114.6	133.0	110.1	458.6
2016	100	115	135	110	460
2017	102	120	140	113	475

Cal-endar	EARNINGS PER SHARE ^A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2013	.35	.43	.53	.30	1.61
2014	.28	.39	.54	.36	1.57
2015	.32	.41	.56	.31	1.60
2016	.31	.47	.59	.33	1.70
2017	.35	.50	.60	.35	1.80

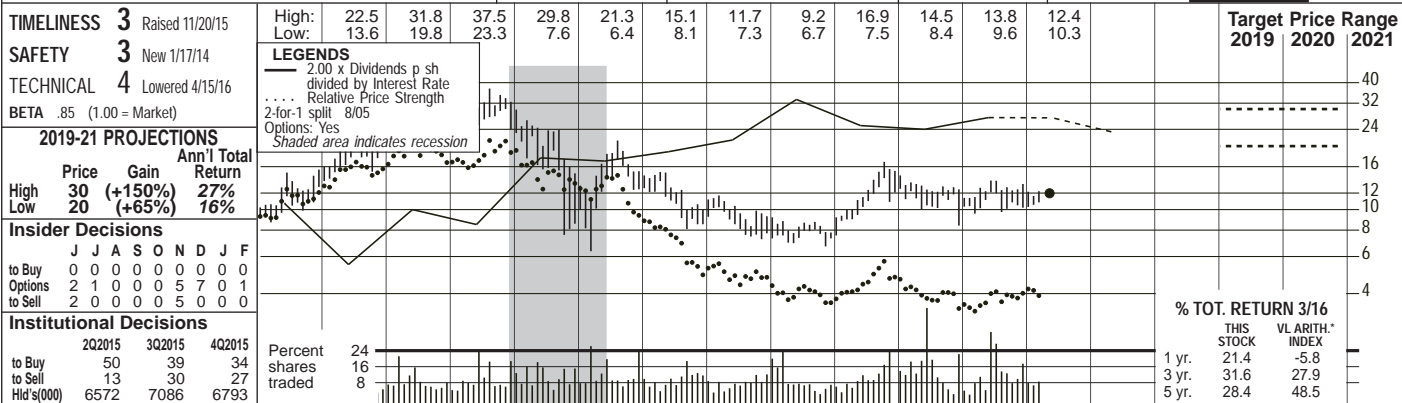
Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2012	.14	.14	.1775	.1775	.64
2013	.1775	.1775	.2025	.2025	.76
2014	.2025	.2025	.213	.213	.83
2015	.213	.213	.224	.224	.87
2016	.224				

lated business will be the wild card. Through its ASUS subsidiary, the company installs and operates water facilities at major U.S. Army bases. The contracts to run the camps are for 50 years and enable American States to earn more than it does on its regulated operations. The armed forces are privatizing this business at many bases, and ASUS continues to bid on new proposals. Since the firm has enjoyed success here, we are assuming it will land more contracts in the future. In 2015, this business accounted for 20% of the company's net income, a percentage that may well increase in the coming years.

This equity is an Average (3) selection for year-ahead performance. AWR gets good marks for Safety (2: Above Average), Financial Strength (A), Earnings Predictability (90), and also has a low Beta coefficient (0.75). And even though conservative accounts are willing to accept lower future payouts in return for a reduced risk profile, we do not think that the stock's potential returns through 2019-2021 are sufficient. Hence, investors can do better elsewhere on a risk-adjusted basis.

James A. Flood
April 15, 2016

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 7c; '05, 13c; '06, 3c; '08, (14c); '10, (23c) '11, 10c. Next earnings report due early May.	(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.	(C) In millions, adjusted for splits.	Company's Financial Strength	A
			Stock's Price Stability	90
			Price Growth Persistence	70
			Earnings Predictability	90



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
1.24	1.41	1.52	1.68	2.02	1.12	2.71	3.41	4.52	3.99	3.49	3.79	4.49	4.35	4.46	3.86	5.25	5.60	Revenues per sh	10.00
.46	.52	.50	.63	.77	.37	.87	1.20	.95	1.18	.86	.83	1.17	.96	.80	.88	1.00	1.10	"Cash Flow" per sh	1.65
.34	.35	.32	.42	.49	.23	.59	.79	.50	.74	.43	.42	.64	.58	.42	.51	.60	.70	Earnings per sh ^A	1.20
.17	.20	.21	.21	.23	.12	.24	.20	.33	.28	.30	.30	.30	.30	.30	.30	.30	.30	Div'd Decl'd per sh ^B	.40
.30	.24	.39	.19	.24	.77	1.83	.54	.46	.18	.09	.96	.31	.29	.32	.21	.65	1.35	Cap'l Spending per sh	.40
2.30	2.45	2.64	3.89	4.20	2.54	7.49	8.21	8.36	8.53	8.69	8.83	9.20	9.44	9.58	9.81	10.10	10.65	Book Value per sh	11.90
7.73	7.84	7.99	11.37	11.51	23.46	14.13	14.40	14.53	14.54	14.55	14.57	14.59	14.69	14.72	14.78	14.85	15.00	Common Shs Outst'g ^C	16.00
10.4	13.9	21.6	19.3	23.1	80.0	43.0	35.4	37.8	19.0	26.9	22.4	12.4	20.0	28.3	22.7	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	21.0
.68	.71	1.18	1.10	1.22	4.26	2.32	1.88	2.27	1.27	1.71	1.41	.79	1.12	1.49	1.15			Relative P/E Ratio	1.30
4.9%	4.2%	3.1%	2.6%	2.0%	.7%	.9%	.7%	1.7%	2.0%	2.6%	3.2%	3.8%	2.6%	2.5%	2.6%			Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 12/31/15		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Debt	\$7.0 mill. Due in 5 Yrs \$7.0 mill.	38.2	49.2	65.7	58.0	50.7	55.2	65.5	63.8	65.6	57.1	78.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0
LT Debt	None	7.5	11.4	7.2	10.8	6.3	6.1	9.3	8.6	6.3	7.5	9.0	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Leases, Uncapitalized:	Annual rentals \$.7 mill.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	NMF	NMF
No Defined Benefit Pension Plan		--	--	--	--	--	--	--	4.0%	--	--	--	--	--	--	--	--	NMF	NMF
Pfd Stock	NMF (38,804 shares out.) Div'd NMF	18.2%	15.9%	14.8%	13.8%	11.8%	5.1%	3.7%	--	3.7%	--	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Common Stock	14,785,922 shs. as of 3/8/16	81.8%	84.1%	85.2%	86.2%	88.2%	94.9%	96.3%	99.8%	99.8%	100.0%	100%	100%	100%	100%	100%	100%	100%	100%
MARKET CAP:	\$175 million (Small Cap)	129.3	140.7	142.7	143.9	143.3	135.6	139.4	138.9	141.2	145.0	150	160	160	160	160	160	160	160
CURRENT POSITION		63.6	65.0	65.1	61.2	56.2	64.3	61.6	58.6	56.4	53.7	60.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
		6.5%	8.8%	5.7%	8.1%	4.9%	5.0%	7.0%	6.2%	4.4%	5.2%	6.0%	6.5%	6.0%	6.5%	6.0%	6.5%	6.0%	6.5%
		7.1%	9.6%	5.9%	8.7%	5.0%	4.7%	6.9%	6.2%	4.4%	5.2%	6.0%	6.5%	6.0%	6.5%	6.0%	6.5%	6.0%	6.5%
		7.1%	9.6%	5.9%	8.7%	5.0%	4.7%	6.9%	6.2%	4.4%	5.1%	6.0%	6.5%	6.0%	6.5%	6.0%	6.5%	6.0%	6.5%
		4.2%	6.5%	2.8%	4.6%	1.5%	1.0%	3.6%	3.0%	1.2%	2.1%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
		41%	33%	52%	46%	69%	79%	48%	51%	73%	60%	50%	43%	43%	43%	43%	43%	43%	43%

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2013	16.6 16.6 15.4 15.2	63.8
2014	16.3 16.9 17.0 15.4	65.6
2015	14.7 14.4 14.6 13.4	57.1
2016	16.1 19.6 21.8 20.5	78.0
2017	20.3 20.5 22.2 21.0	84.0

Cal-endar	EARNINGS PER SHARE ^A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2013	.26 .19 .06 .07	.58
2014	.04 .19 .13 .06	.42
2015	.13 .15 .12 .11	.51
2016	.15 .16 .16 .13	.60
2017	.21 .16 .16 .17	.70

Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2012	.075 .075 .075 .075	.30
2013	.075 .075 .075 .075	.30
2014	.075 .075 .075 .075	.30
2015	.075 .075 .075 .075	.30
2016	.075 .075 .075 .075	.30

Consolidated Water has made an acquisition. Effective February 11th, the company had a 51% stake in Aerex Industries, a manufacturer of products used to treat municipal and industrial water and wastewater. To date, the only financial information disclosed was that the purchase price was \$7.7 million and Aerex had revenues of over \$19 million in 2015. (Note: Our presentation only includes Aerex's impact on Consolidated's revenues.) **Otherwise, the situation remains about the same in the Caribbean.** The builder and operator of desalination facilities, continues to be involved in ongoing disputes with regulators from the three main nations where it operates in the region. In the Caymans, the company and authorities are haggling over a change in the pricing model. Accounts receivable from the government of the Bahamas continue to climb, but management states that this does not reflect any dispute with the company. Also, in the British Virgin Islands, lengthy litigation over the Bar Bay plant is still ongoing. In some countries, regulators are not signing long-term contracts, most likely as a bargaining chip.

On the bright side, lower expenses should propel earnings. Absent 2015's abnormal legal fees, along with the development costs associated with a major project in Mexico, we expect Consolidated's share earnings to recover to \$0.60 in 2016 and \$0.70 in 2017. **Two large projects will have a meaningful impact on the company's long-term prospects.** The Nua Dusa plant located on Bali is in the red, but we think this situation will change due to the lack of potable water on the island. Also, the planning for the proposed \$600 million desalination facility in Mexico has been completed. If all goes as expected, this facility, in which Consolidated will own 12%, will be providing water to the arid and populated cities of San Diego and Tijuana. **These shares are only for investors willing to live with some uncertainty.** CWCO has a small but healthy balance sheet. Moreover, its total return potential through 2019-2021 is very attractive. Still, much of this is offset by regulatory risk and the possibility of the construction program not meeting expectations. *James A. Flood* April 15, 2016

(A) Fully diluted earnings. Next earnings report due early May. (B) Dividends historically paid in late January, April, July and October. Dividend reinvestment plan available. (C) In millions adjusted for stock split.

Company's Financial Strength	B+
Stock's Price Stability	30
Price Growth Persistence	10
Earnings Predictability	50

Since our last report in January, the stocks in the Water Utility Industry have performed well compared to the broader market averages. This is surprising considering that it was an up market and investments in this group tend to be defensive plays.

Most water utilities are spending heavily to modernize antiquated pipes, valves, and wastewater facilities. After years of deferring capital expenditures, the industry is now working overtime to upgrade the water infrastructure.

There are literally thousand and thousands of water authorities in the U.S. With so many operators, there is a tremendous amount of redundancies. This presents opportunities for the large and better financed entities to acquire smaller districts. The resulting synergies can lower costs substantially. Consolidation has been a trend for many years, but we expect the pace to accelerate and scale of the takeovers to increase.

The small number and size of investor-owned water utilities is leading to a "water premium". Institutional accounts seem to be willing to pay a high relative price to own a stake in this sector.

The water industry is currently ranked within the top quintile of all industries followed by *Value Line*. Longer-term investors should be aware that the recent strong run up in the value of water stocks has left many of the equities with subpar total return potential through 2019-2021.

Capital Budgets Are Sizable

Almost every utility in this issue is spending heavily to replace and refurbished antiquated infrastructure. In the recent past, water companies and state regulators realized that it was not prudent to defer much needed repairs in an attempt to keep customer's water bills low. Hence, even with the increases in capital spending, large capital outlays will be required for the foreseeable future.

On the positive side, state regulators apparently understand the magnitude of the issue and have been doing their best to forge reasonably constructive relationships with the companies. For investors, the importance of a state's regulatory climate cannot be understated. State authorities determine what rate of return utilities are allowed to earn on funds that have been invested.

An Incredibly Fragmented Market

In the electric utility industry, less than 50 publicly owned companies generate most of the power consumed in the U.S. By contrast, more than 50,000 separate water districts supply water to the large-, mid-, and small-sized markets in America. Furthermore, when the micro districts are included, this figure doubles to more than 100,000. In this issue, we follow the largest investor-owned water utilities in the nation, which collectively supply less than 5% of the water used each day.

Consolidation in the industry has been an ongoing theme for some time. The main reason being that many of the small-water districts can not take advantage of the economies of scale. Indeed, there is a tremendous amount of redundancy in the business. Letting the smaller entities be absorbed by the larger ones allows for substantial synergies. In fact, the savings are so great

INDUSTRY TIMELINESS: 15 (of 97)

that customers of the smaller districts can see greatly improved service with no meaningful impact on water bills. (The cost savings from the mergers are plowed back into upgrading the infrastructure.)

Aqua America made nearly 300 acquisitions since 2010, but its customer base grew by only 1%-2% per year. The recent proposed \$190 million takeover of Scranton, PA's wastewater assets by *American Water Works* could well be a game changer. With the EPA continually mandating new capital intensive requirements for the country's water operators, many authorities are having difficulty raising the required funds. The recent headlines regarding the poor quality drinking water fall into this category, as well. Flint is a cash-strapped city that didn't have the money needed to properly maintain its water infrastructure. Either Michigan taxpayers or a well-capitalized utility with the required expertise, is needed to rectify the situation. In the past year, a couple of states amended laws to make the acquisition of troubled water authorities easier.

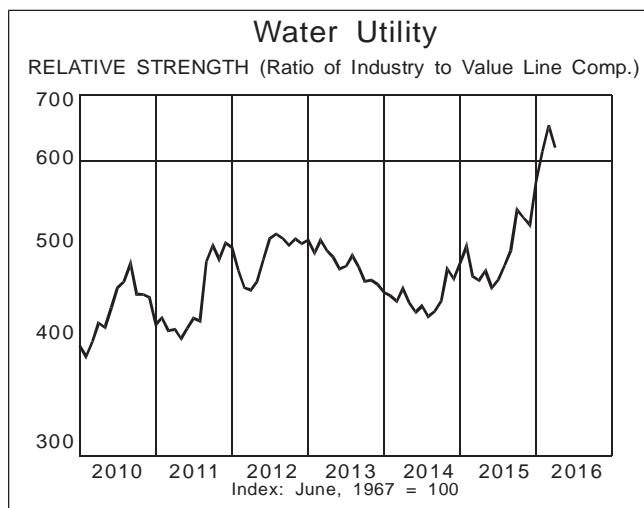
Scarcity Value

As we alluded to previously, there aren't that many investor-owned utilities in the industry. Currently, the market capitalization of all nine water companies we follow is about \$25 billion. (*American Water Works* accounts for more than 50% of this amount alone). In comparison, the electric utility *Duke Energy* is more than twice the size of the entire industry. In any case, for institutional accounts looking to invest in the sector, there aren't many options. Thus, there is a scarcity premium being paid to hold stocks in this group. There are only four water companies that have market caps over \$1 billion. Indeed, once purchased for the above average income, the average yield on a water stock is 2.4%, a measly 10 basis points higher than the *Value Line* median.

Conclusion

The recent strong relative price performance by stocks in this group have left many with below-average long-term total return potential. As always, we recommend subscribers read each individual report before investing.

James A. Flood



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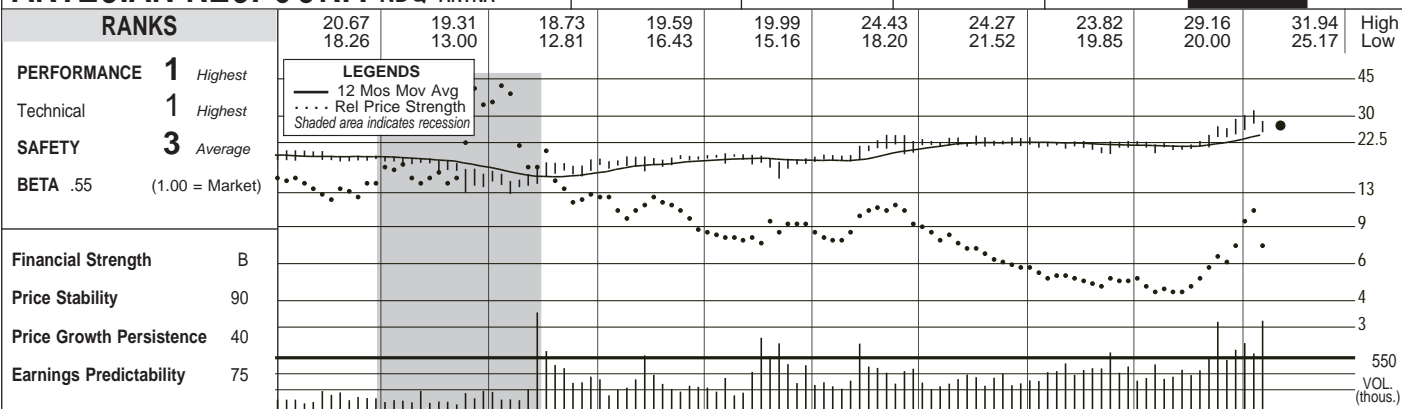
RECENT PRICE **27.07**

TRAILING P/E RATIO **21.5**

RELATIVE P/E RATIO **1.15**

DIV'D YLD **3.3%**

VALUE LINE



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016/2017
SALES PER SH	7.20	7.59	8.11	8.48	7.56	8.10	7.82	8.13	9.41	
"CASH FLOW" PER SH	1.57	1.65	1.84	1.92	1.64	2.04	1.87	2.04	2.46	
EARNINGS PER SH	.90	.86	.97	1.00	.83	1.13	.94	1.07	1.26	1.29^{A,B}/1.43^C
DIV'DS DECL'D PER SH	.66	.71	.72	.75	.76	.79	.82	.85	.87	
CAP'L SPENDING PER SH	3.66	6.09	2.32	2.57	1.83	2.36	2.40	2.66	2.53	
BOOK VALUE PER SH	11.66	11.86	12.15	12.44	13.12	13.57	13.80	14.09	16.17	
COMMON SHS OUTST'G (MILL)	7.30	7.40	7.51	7.65	8.61	8.71	8.83	8.91	8.18	
AVG ANN'L P/E RATIO	21.5	20.1	16.4	18.2	22.5	18.3	23.9	20.5	18.0	21.0/18.9
RELATIVE P/E RATIO	1.14	1.21	1.09	1.16	1.41	1.17	1.34	1.08	.93	
AVG ANN'L DIV'D YIELD	3.4%	4.1%	4.5%	4.1%	4.1%	3.8%	3.7%	3.9%	3.8%	
SALES (\$MILL)	52.5	56.2	60.9	64.9	65.1	70.6	69.1	72.5	77.0	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.
OPERATING MARGIN	45.6%	45.1%	46.9%	46.5%	45.5%	48.7%	47.0%	48.8%	43.0%	
DEPRECIATION (\$MILL)	5.2	5.8	6.6	7.0	7.4	7.9	8.3	8.7	8.8	
NET PROFIT (\$MILL)	6.3	6.4	7.3	7.6	6.7	9.8	8.3	9.5	11.3	
INCOME TAX RATE	39.8%	40.8%	40.1%	40.0%	40.8%	40.2%	40.2%	40.1%	--	
NET PROFIT MARGIN	11.9%	11.4%	11.9%	11.7%	10.4%	14.0%	12.0%	13.1%	14.7%	
WORKING CAP'L (\$MILL)	2.5	d20.9	d23.3	d27.9	d11.4	d11.4	d12.3	d13.5	d8.8	
LONG-TERM DEBT (\$MILL)	91.8	107.6	106.0	105.1	106.5	106.3	105.5	105.0	103.6	
SHR. EQUITY (\$MILL)	85.1	87.8	91.2	95.1	113.0	118.2	121.8	125.6	132.3	
RETURN ON TOTAL CAP'L	5.3%	4.7%	5.2%	5.6%	4.6%	5.9%	5.1%	5.5%	6.3%	
RETURN ON SHR. EQUITY	7.4%	7.3%	8.0%	8.0%	6.0%	8.3%	6.8%	7.6%	8.5%	
RETAINED TO COM EQ	2.1%	1.4%	2.1%	2.0%	.5%	2.5%	.9%	1.6%	2.6%	
ALL DIV'DS TO NET PROF	71%	81%	74%	75%	92%	70%	87%	79%	69%	

^ANo. of analysts changing earn. est. in last 4 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^BBased upon 2 analysts' estimates. ^CBased upon one analyst's estimate.

ANNUAL RATES					ASSETS (\$mill.)			INDUSTRY: Water Utility					
of change (per share)	5 Yrs.	1 Yr.			2013	2014	12/31/15	BUSINESS: Artesian Resources Corp. operates as a holding company of wholly-owned subsidiaries offering water, wastewater services, and related services. Artesian Water Co., the principal subsidiary, is the oldest and largest investor-owned water utility on the Delmarva Peninsula, supplying roughly 7.6 billion gallons of water per year through 1,218 miles of water main to about 300,000 people. Artesian Wastewater Management, Inc. is a regulated entity that owns wastewater collection and treatment infrastructure and provides wastewater services to customers in Delaware as a regulated public wastewater service company. As of December 31, 2015, it owned and operated four wastewater treatment facilities, which are capable of treating approximately 730,000 gallons per day and can be expanded to treat 1.6 million gallons per day. Its Artesian Water Maryland distributes and sells water to residential, commercial, industrial, and municipal customers in Cecil County, MD. Has 231 employees. Chairman, C.E.O. & President: Diane C. Taylor. Address: 664 Churchmans Rd., Newark, DE 19702. Tel.: (302) 453-6900. Internet: http://www.artesianwater.com . J.V.					
Sales	1.0%	15.5%			Cash Assets	.4	.2						
"Cash Flow"	3.5%	20.5%			Receivables	8.1	8.4						
Earnings	3.0%	18.0%			Inventory	1.5	1.9						
Dividends	3.0%	3.0%			Other	3.3	6.1						
Book Value	4.0%	14.5%			Current Assets	13.3	16.6						
Fiscal Year	QUARTERLY SALES (\$mill.)				LIABILITIES (\$mill.)								
	1Q	2Q	3Q	4Q	Full Year	Accts Payable	4.1	3.8					
12/31/13	16.3	17.8	18.1	16.9	69.1	Debt Due	12.2	19.9					
12/31/14	16.9	17.9	19.6	18.1	72.5	Other	9.3	6.5					
12/31/15	18.0	19.5	20.8	18.7	77.0	Current Liab	25.6	30.2					
12/31/16						LONG-TERM DEBT AND EQUITY as of 12/31/15							
Fiscal Year	EARNINGS PER SHARE				Full Year	Total Debt \$115.4 mill. Due in 5 Yrs. \$62.2 mill. LT Debt \$103.6 mill. Including Cap. Leases None (44% of Cap'l) Leases, Uncapitalized Annual rentals \$.1 mill.							
	1Q	2Q	3Q	4Q	Full Year	Pension Liability \$1.1 mill. in '15 vs. \$.3 mill. in '14							
12/31/12	.28	.32	.33	.20	1.13	Pfd Stock None Pfd Div'd Paid None							
12/31/13	.20	.28	.29	.17	.94	Common Stock 8,184,000 shares (56% of Cap'l)							
12/31/14	.24	.22	.37	.24	1.07								
12/31/15	.28	.36	.41	.21	1.26								
12/31/16													
Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year	TOTAL SHAREHOLDER RETURN Dividends plus appreciation as of 3/31/2016							
	1Q	2Q	3Q	4Q	Full Year	3 Mos. 6 Mos. 1 Yr. 3 Yrs. 5 Yrs.							
2013	.203	.206	.206	.209	.82	1.70% 17.76% 35.61% 39.35% 73.76%							
2014	.209	.212	.212	.215	.85								
2015	.215	.218	.218	.222	.87								
2016	.222												
INSTITUTIONAL DECISIONS													
	2Q '15		3Q '15		4Q '15								
to Buy	33		33		40								
to Sell	27		25		29								
Hld's(000)	2853		3049		3248								

YORK WATER NDQ:YORW

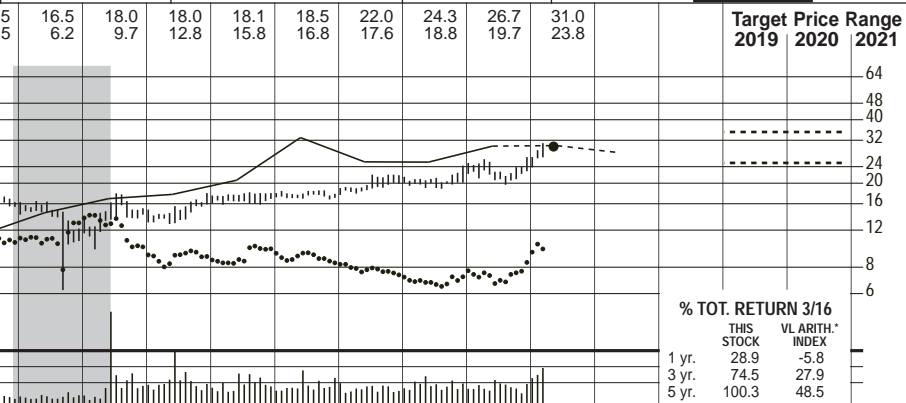
RECENT PRICE **29.87** P/E RATIO **29.6** (Trailing: 30.8 Median: 24.0) RELATIVE P/E RATIO **1.62** DIV'D YLD **2.1%** VALUE LINE

TIMELINESS 2 Lowered 4/1/16
SAFETY 3 Lowered 7/17/15
TECHNICAL 2 Raised 3/11/16
BETA .70 (1.00 = Market)

High: 17.9 21.0 18.5 16.5 18.0 18.0 18.1 18.5 22.0 24.3 26.7 31.0
 Low: 11.7 15.3 15.5 6.2 9.7 12.8 15.8 16.8 17.6 18.8 19.7 23.8

2019-21 PROJECTIONS
 Price Gain Ann'l Total Return
 High 35 (+15%) 6%
 Low 25 (-15%) -2%

LEGENDS
 1.10 x Dividends p sh divided by Interest Rate
 Relative Price Strength
 3-for-2 split 9/06
 Options: Yes
 Shaded area indicates recession



Insider Decisions
 J J A S O N D J F
 to Buy 0 4 1 0 0 0 0 0 0 0
 Options 0 0 0 0 0 0 0 0 0 0
 to Sell 0 0 0 0 0 0 0 0 0 0

Institutional Decisions
 2Q2015 3Q2015 4Q2015
 to Buy 34 30 36
 to Sell 31 27 24
 Hlds(000) 3769 3840 3820

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
--	2.05	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	4.00	4.40	Revenues per sh	5.40
--	.59	.57	.65	.65	.79	.77	.86	.88	.95	1.07	1.09	1.12	1.19	1.36	1.47	1.55	1.70	"Cash Flow" per sh	1.90
--	.43	.40	.47	.49	.56	.58	.57	.57	.64	.71	.71	.72	.75	.89	.97	1.00	1.08	Earnings per sh ^A	1.25
--	.34	.35	.37	.39	.42	.45	.48	.49	.51	.52	.53	.54	.55	.57	.60	.63	.66	Div'd Decl'd per sh ^B	.85
--	.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	1.18	.83	.74	.94	.76	1.10	1.08	1.60	1.10	Cap'l Spending per sh	.85
--	3.79	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	8.52	8.80	9.35	Book Value per sh	10.15
--	9.46	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	12.50	12.00	Common Shs Outst'g ^C	12.00
--	17.8	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	20.0	21.0	Avg Ann'l P/E Ratio	22.5
--	.91	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	1.19	1.10	1.15	Relative P/E Ratio	1.40
--	4.4%	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%	2.6%	2.6%	Avg Ann'l Div'd Yield	3.4%

CAPITAL STRUCTURE as of 12/31/15
 Total Debt \$87.3 mill. Due in 5 Yrs \$30.5 mill.
 LT Debt \$87.3 mill. LT Interest \$5.1 mill.

Pension Assets 12/15 \$31.8 mill.
 Oblig. \$39.5 mill.

Pfd Stock None

Common Stock 12,812,377 shs.

MARKET CAP: \$375 million (Small Cap)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
28.7	31.4	32.8	37.0	39.0	40.6	41.4	42.4	45.9	47.1	50.0	53.0	Revenues (\$mill)	65.0				
6.1	6.4	6.4	7.5	8.9	9.1	9.3	9.7	11.5	12.6	12.5	13.0	Net Profit (\$mill)	15.0				
34.4%	36.5%	36.1%	37.9%	38.5%	35.3%	37.6%	37.6%	29.8%	27.2%	28.5%	28.5%	Income Tax Rate	32.5%				
7.2%	3.6%	10.1%	--	1.2%	1.1%	1.1%	.8%	1.8%	1.6%	1.0%	1.0%	AFUDC % to Net Profit	1.0%				
48.3%	46.5%	54.5%	45.7%	48.3%	47.1%	46.0%	45.1%	44.8%	44.5%	45.0%	46.5%	Long-Term Debt Ratio	47.0%				
51.7%	53.5%	45.5%	54.3%	51.7%	52.9%	54.0%	54.9%	55.2%	55.5%	55.0%	53.5%	Common Equity Ratio	53.0%				
126.5	125.7	153.4	160.1	176.4	180.2	184.8	188.4	189.4	196.4	200	210	Total Capital (\$mill)	230				
174.4	191.6	211.4	222.0	228.4	233.0	240.3	244.2	253.2	261.4	270	275	Net Plant (\$mill)	290				
6.2%	6.7%	5.7%	6.2%	6.5%	6.4%	6.4%	6.5%	7.4%	7.7%	7.5%	7.5%	Return on Total Cap'l	7.5%				
9.3%	9.5%	9.2%	8.6%	9.8%	9.5%	9.3%	9.3%	11.0%	11.5%	11.5%	11.5%	Return on Shr. Equity	12.5%				
9.3%	9.5%	9.2%	8.6%	9.8%	9.5%	9.3%	9.3%	11.0%	11.5%	11.5%	11.5%	Return on Com Equity	12.5%				
2.2%	1.7%	1.4%	1.9%	2.7%	2.5%	2.4%	2.4%	3.9%	4.5%	4.0%	4.5%	Retained to Com Eq	4.0%				
77%	82%	85%	78%	72%	73%	74%	74%	64%	61%	64%	61%	All Div'ds to Net Prof	68%				

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, 2015, the company's average daily availability was 35.4 million gallons and its service territory had an estimated population of 194,000. Has more than 66,000 customers. Residential customers accounted for 63% of 2015 revenues; commercial and industrial (29%); other (8%). It also provides sewer billing services. Incorporated: PA. York had 108 full-time employees at 12/31/15. President/CEO: Jeffrey R. Hines. Officers/directors own 1.1% of the common stock (4/16 proxy). Address: 130 East Market Street, York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: www.yorkwater.com.

CURRENT POSITION (\$MILL.)

	2013	2014	12/31/15
Cash Assets	7.6	1.5	2.9
Accounts Receivable	3.8	4.0	3.5
Inventory (Avg. Cost)	.7	.8	.8
Other	3.1	4.9	4.6
Current Assets	15.2	11.2	11.8
Accts Payable	1.8	1.6	1.8
Debt Due	--	--	--
Other	6.0	4.3	4.4
Current Liab.	7.8	5.9	6.2

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '13-'15 to '19-'21

Revenues	4.5%	3.0%	7.5%
"Cash Flow"	7.0%	6.5%	6.0%
Earnings	5.5%	6.0%	6.0%
Dividends	4.0%	2.5%	6.5%
Book Value	6.5%	4.5%	3.5%

York Water shares continue to march higher. The stock rose more than 20% in value since our January full-page review, driven by a better-than-expected earnings report. Moreover, this equity has surged approximately 50% from the midway point of last year.

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	10.1	10.7	10.9	10.7	42.4
2014	10.6	11.8	12.0	11.5	45.9
2015	11.2	11.9	12.4	11.6	47.1
2016	11.5	12.5	13.0	13.0	50.0
2017	12.0	13.0	13.5	14.5	53.0

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.17	.18	.19	.21	.75
2014	.16	.22	.23	.28	.89
2015	.20	.22	.28	.27	.97
2016	.20	.26	.28	.26	1.00
2017	.22	.27	.30	.29	1.08

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.134	.134	.134	.134	.535
2013	.138	.138	.138	.138	.552
2014	.1431	.1431	.1431	.1431	.572
2015	.1495	.1495	.1495	.1555	.604
2016	.1555				

Several factors are contributing to York's well-performing financials. For one, IRS Tangible Property Rules, which allow for more favorable quarterly reporting rather than year end, ought to remain a tailwind to profitability. This has resulted in a lower effective tax rate and should persist over the intermediate term. Second, lower operating expenses may play a marginal role in share-net growth. Lastly, revenues are apt to get a boost from the purchase of 1,700 wastewater connections, expected to close in the back end of 2016.

All things considered, bottom-line expansion is likely in the cards for this year and next. We are leaving unaltered our 2016 earnings called, at \$1.00 per share. In 2017, we look for more-pronounced high single-digit growth, to \$1.08 a share, underpinned by a slightly

reduced share count, as well as the abovementioned drivers.

Increased capital investments, coupled with acquisitions, augur well for growth over the long haul. Indeed, an aging infrastructure in need of upgrading should attract a large allocation of funds in the near term. Additional resources will likely be used for acquisitions. Management has indicated capital spending of roughly \$20 million and \$13 million in 2016 and 2017, respectively. We expect this figure to cool a bit looking out to the 2019-2021 time frame, considering major pipeline replacements should no longer be an issue.

York Water is ranked (Timeliness: 2) to outperform the broader market averages over the coming six to 12 months. Momentum accounts may still have some success here, given quarterly earnings comparisons should continue to impress. However, the prolonged run-up in price does give us pause. To that end, capital appreciation potential out to late decade is limited, even with our increased Target Price Range.

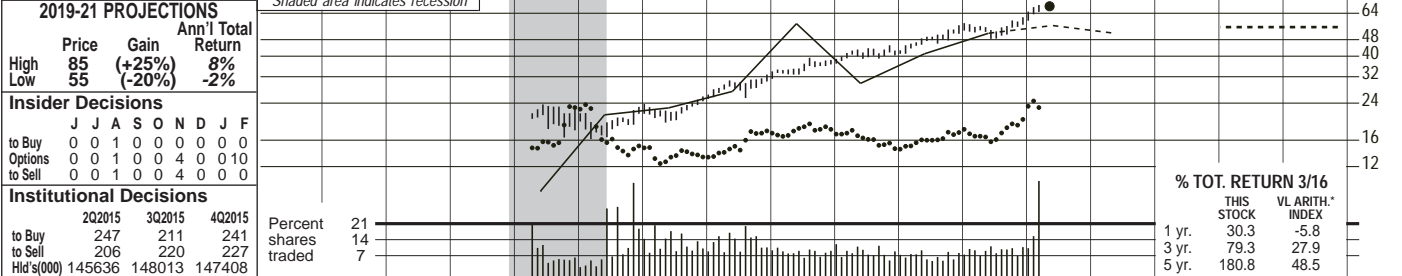
Nicholas P. Patrikis
 April 15, 2016

(A) Diluted earnings. Next earnings report due late May.
 (B) Dividends historically paid in mid-January, April, July, and October.
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AMERICAN WATER NYSE-AWK

RECENT PRICE **69.05** P/E RATIO **24.7** (Trailing: 26.2 Median: NMF) RELATIVE P/E RATIO **1.35** DIV'D YLD **2.1%** VALUE LINE

TIMELINESS 2 Lowered 4/8/16	High: 23.7	23.0	25.8	32.8	39.4	45.1	56.2	61.2	70.1	Target Price Range	2019	2020	2021
SAFETY 3 New 7/25/08	Low: 16.5	16.2	19.4	25.2	31.3	37.0	41.1	48.4	58.9				
TECHNICAL 2 Raised 3/18/16	LEGENDS 0.85 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession												
BETA .70 (1.00 = Market)													



2019-21 PROJECTIONS		Ann'l Total		© VALUE LINE PUB. LLC													19-21
Price	Gain	Return															
High 85	(+25%)	8%														128	
Low 55	(-20%)	-2%														96	
Insider Decisions																80	
to Buy																64	
Options																48	
to Sell																40	
Institutional Decisions																32	
to Buy																24	
to Sell																16	
Hld's(000)																12	
Percent shares traded																	
202015																	
202015																	
402015																	
to Buy																	
to Sell																	
Hld's(000)																	

2000	2001	2002	2003	2004	2005	2006	2007 ^E	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Revenues per sh	2019-21
--	--	--	--	--	--	13.08	13.84	14.61	13.98	15.49	15.18	16.25	16.28	16.78	17.72	18.70	19.75	22.30	
--	--	--	--	--	--	.65	d.47	2.87	2.89	3.56	3.73	4.27	4.36	4.75	5.13	5.40	5.70	6.60	
--	--	--	--	--	--	d.97	d2.14	1.10	1.25	1.53	1.72	2.11	2.06	2.39	2.64	2.80	3.05	3.75	
--	--	--	--	--	--	--	--	.40	.82	.86	.90	1.21	.84	1.21	1.33	1.45	1.57	2.05	
--	--	--	--	--	--	4.31	4.74	6.31	4.50	4.38	5.27	5.25	5.50	5.33	6.51	6.15	6.10	6.00	
--	--	--	--	--	--	23.86	28.39	25.64	22.91	23.59	24.11	25.11	26.52	27.39	28.25	29.05	30.95	34.65	
--	--	--	--	--	--	160.00	160.00	160.00	174.63	175.00	175.66	176.99	178.25	179.46	178.28	179.00	181.00	187.50	
--	--	--	--	--	--	--	--	18.9	15.6	14.6	16.8	16.7	19.9	20.0	20.5	Bold figures are Value Line estimates		19.0	
--	--	--	--	--	--	--	--	1.14	1.04	.93	1.05	1.06	1.12	1.05	1.04			1.20	
--	--	--	--	--	--	--	--	1.9%	4.2%	3.8%	3.1%	3.4%	2.0%	2.5%	2.5%			2.8%	

CAPITAL STRUCTURE as of 12/31/15		© VALUE LINE PUB. LLC													19-21
Total Debt \$6544.0 mil.	Due in 5 Yrs \$1272.0 mil.	2093.1	2214.2	2336.9	2440.7	2710.7	2666.2	2876.9	2901.9	3011.3	3159.0	3350	3575	Revenues (\$mill)	4180
LT Debt \$5862.0 mil.	LT Interest \$293.0 mil.	d155.8	d342.3	187.2	209.9	267.8	304.9	374.3	369.3	429.8	476.0	500	550	Net Profit (\$mill)	700
(54% of Cap'l)		--	--	37.4%	37.9%	40.4%	39.5%	40.7%	39.1%	39.4%	39.1%	38.5%	38.5%	Income Tax Rate	37.0%
		--	--	--	--	--	--	6.2%	5.1%	5.1%	1.4%	2.5%	3.0%	AFUDC % to Net Profit	3.0%
Leases, Uncapitalized: Annual rentals \$14.0 mill.		56.1%	50.9%	53.1%	56.9%	56.8%	55.7%	53.9%	52.4%	52.4%	53.7%	55.0%	55.0%	Long-Term Debt Ratio	55.0%
Pension Assets 12/15 \$1376.0 mill.		43.9%	49.1%	46.9%	43.1%	43.2%	44.2%	46.1%	47.6%	47.4%	46.2%	45.0%	45.0%	Common Equity Ratio	45.0%
Oblig. \$1584.0 mill.		8692.8	9245.7	8750.2	9289.0	9561.3	9580.3	9635.5	9940.7	10364	10911	11610	12300	Total Capital (\$mill)	14540
Pfd Div'd \$5 mill		8720.6	9318.0	9991.8	10524	11059	11021	11739	12391	12900	13933	14600	15400	Net Plant (\$mill)	17200
Common Stock 178,008,765 shs. as of 2/19/2016		NMF	NMF	3.7%	3.8%	4.4%	4.8%	5.4%	5.1%	5.5%	5.7%	5.5%	6.0%	Return on Total Cap'l	6.0%
MARKET CAP: \$12.3 billion (Large Cap)		NMF	NMF	4.6%	5.2%	6.5%	7.2%	8.4%	7.8%	8.7%	9.4%	9.5%	10.0%	Return on Shr. Equity	10.5%
CURRENT POSITION		NMF	NMF	4.6%	5.2%	6.5%	7.2%	8.4%	7.8%	8.7%	9.4%	9.5%	10.0%	Return on Com Equity	10.5%
2013		--	--	3.0%	1.8%	2.8%	3.5%	3.6%	4.7%	4.3%	4.7%	4.5%	5.0%	Retained to Com Eq	5.0%
2014		--	--	34%	65%	56%	52%	57%	40%	50%	50%	52%	51%	All Div'ds to Net Prof	55%

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15
of change (per sh)			to '19-'21
Revenues	--	3.0%	4.5%
"Cash Flow"	--	9.0%	5.5%
Earnings	--	13.0%	8.0%
Dividends	--	10.0%	10.5%
Book Value	--	2.5%	4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	636.1	724.3	829.2	712.3	2901.9
2014	679.0	754.8	846.1	731.4	3011.3
2015	698.0	782.0	896.0	783.0	3159.0
2016	735	830	950	835	3350
2017	775	865	975	960	3575

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.32	.57	.84	.33	2.06
2014	.39	.62	.86	.52	2.39
2015	.44	.68	.96	.56	2.64
2016	.46	.74	1.03	.57	2.80
2017	.53	.77	1.10	.65	3.05

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.23	.23	.25	.50	1.21
2013	--	.28	.28	.28	.84
2014	.28	.31	.31	.31	1.21
2015	.31	.34	.34	.34	1.33
2016	.34				

Shares of American Water Works have been on an impressive run. Since our January report, the value of the stock has risen nearly 15%, or 1,300 basis points greater than the broader market averages. A partial reason for the strong showing was the company's inclusion into the S&P 500 Index. This resulted in greater demand for AWK, as specific index funds were forced to purchase the equity. **Meanwhile, a recently proposed acquisition could augur well for future takeovers.** The water industry is comprised of thousands of small municipally run districts. In the recent past, bigger investor-owned utilities have been gradually absorbing hundreds of these small water authorities into their operations. Due to the vast amounts of redundancies in the industry, significant cost savings have been generated. The recent \$190 million agreement to acquire the wastewater assets from the cash-strapped city of Scranton is substantially larger than previous purchases. Thus, the size of mergers could well climb as economically depressed districts struggle to raise the capital needed to be in compliance with EPA re-

quirements. As the largest member of the group, by a wide margin, American Water stands to benefit the most from this trend. **Controlling expenses and increasing the rate base should continue to drive the utility's earnings growth.** In this decade, management has been focused on lowering the company's operating and maintenance (O&M) ratio. With the exception of last year (a rise caused by the purchase of a nonregulated business), this percentage has been on the decline. Indeed, the ratio, which stood at 44% in 2010, fell to 36% in 2015, and should be reduced to 34% by 2020. Also, American Water plans on spending \$1.1 billion annually over the next five years to upgrade its water infrastructure. As these expenditures are incorporated into the rate base, profits should expand. **This stock is mainly for momentum investors.** AWK is favorably ranked for year-ahead performance. With the recent spike in the value of the equity, however, all the positive developments we expect from the company through 2019-2021 appear to be factored into the share price. *James A. Flood* April 15, 2016

(A) Diluted earnings. Excludes nonrecurring losses: '08, \$4.62; '09, \$2.63; '11, \$0.07. Discontinued operations: '06, (\$0.04); '11, \$0.03; '12, (\$0.10); '13, (\$0.01). GAAP used as of 2014. Next earnings report due early May. Quarterly earnings may not sum due to rounding. (B) Dividends paid in March, June, September, and December. (C) Div. reinvestment available. Two payments made in 4th quarter of 2012. (D) In millions. (E) Includes intangibles. In 2015: \$1.38 billion, \$7.74/share. (E) Pro forma numbers for '06 & '07.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	35

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