Table of Contents
to the Direct Exhibit
of Dylan W. D'Ascendis, CRRA

	Schedule
Summary of Cost of Capital and Fair Rate of Return	1
Financial Profile of the Proxy Group of Nine Water Companies	2
Application of the Discounted Cash Flow Model (DCF) to the Proxy Group of Nine Water Companies	3
Current Institutional Holdings	4
Application of the Risk Premium Model (RPM) to the Proxy Group of Nine Water Companies	5
Application of the Capital Asset Pricing Model (CAPM) to the Proxy Group of Nine Water Companies	6
Basis of Selection of the Proxy Group of Non-Price Regulated Companies Comparable in Total Risk to the Proxy Group of Nine Water Companies	7
Cost of Common Equity Models Applied to Comparable Risk Non-Price Regulated Companies to the Proxy Group of Nine Water Companies	8
Estimated Market Capitalization for Twin Lakes Utilities, Inc. and the Proxy Group of Nine Water Companies	9

Utilities Services of South Carolina, Inc.
Summary of Cost of Capital and Fair Rate of Return
Based upon the Consolidated Capital Structure of Utilities, Inc.
at December 31, 2012

Type of Capital	Ratios (1)	Cost Rate		Weighted Cost Rate
Long-Term Debt	52.44%	6.60%	(1)	3.46%
Common Equity	47.56%	10.25% - 11.25%	(2)	4.87% - 5.35%
Total	100.00%			8.33% - 8.81%

Notes:

(1) From Exhibit PMA-1, Schedule 1.

(2) Based upon informed judgment from the entire study, the principal results of which are summarized on page 2.

Utilities Services of South Carolina, Inc.
Brief Summary of Common Equity Cost Rate

No.	Principal Methods	Proxy Group of Nine Water Companies
1.	Discounted Cash Flow Model (DCF) (1)	8.86%
2.	Risk Premium Model (RPM) (2)	11.04%
3.	Capital Asset Pricing Model (CAPM) (3)	10.12%
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	10.83%
5.	Indicated Common Equity Cost Rate before Adjustment for Business Risks	10.35%
6.	Size Adjustment (5)	0.40%
7	Indicated Common Equity Cost Rate	10.75%
8.	Recommended Range of Common Equity Cost Rates	10.25% - 11.25%

Notes:
(1) From Schedule 3.
(2) From page 1 of Schedule 5.
(3) From page 1 of Schedule 6.
(4) From page 1 of Schedule 8.
(5) Business risk adjustment to reflect Utilities Services of South Carolina, Inc.'s greater business risk due to its small size relative to the proxy group as detailed in Mr. D'Ascendis' accompanying direct testimony.

Proxy Group of Nine Water Companies
CAPITALIZATION AND FINANCIAL STATISTICS (1)
2008 - 2012, Inclusive

	2012	2011	2010	2009	2008	
			(MILLIONS OF DOLLARS)			
CAPITALIZATION STATISTICS						
AMOUNT OF CAPITAL EMPLOYED						
TOTAL PERMANENT CAPITAL	$1,801.379	$1,736.912	$1,712.951	$1,641.561	$1,537.371	
SHORT-TERM DEBT	$55.136	$81.076	$53.463	$31.243	$84.104	
TOTAL CAPITAL EMPLOYED	$1,856.515	$1,817.988	$1,766.414	$1,672.804	$1,621.475	
INDICATED AVERAGE CAPITAL COST RATES (2)						
TOTAL DEBT	5.41 %	5.36 %	5.37 %	5.31 %	5.58 %	
PREFERRED STOCK	5.53	5.53	5.54	5.54	5.75	
CAPITAL STRUCTURE RATIOS						5 YEAR AVERAGE
BASED ON TOTAL PERMANENT CAPITAL:						
LONG-TERM DEBT	49.12 %	50.69 %	50.97 %	50.80 %	50.35 %	50.39 %
PREFERRED STOCK	0.16	0.18	0.19	0.21	0.22	0.19
COMMON EQUITY	50.72	49.13	48.84	48.99	49.43	49.42
TOTAL	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
BASED ON TOTAL CAPITAL:						
TOTAL DEBT, INCLUDING SHORT-TERM	50.79 %	52.55 %	53.49 %	53.33 %	53.43 %	52.72 %
PREFERRED STOCK	0.15	0.17	0.18	0.19	0.21	0.18
COMMON EQUITY	49.06	47.28	46.33	46.48	46.36	47.10
TOTAL	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
FINANCIAL STATISTICS						
FINANCIAL RATIOS - MARKET BASED						
EARNINGS / PRICE RATIO	5.83 %	5.62 %	5.90 %	4.17 %	2.61 %	4.83 %
MARKET / AVERAGE BOOK RATIO	170.73	159.80	154.44	143.03	150.44	155.69
DIVIDEND YIELD	3.44	3.70	3.89	4.33	4.14	3.90
DIVIDEND PAYOUT RATIO	61.46	67.87	66.67	60.06	64.23	64.06
RATE OF RETURN ON AVERAGE BOOK COMMON EQUITY	9.94 %	8.99 %	8.98 %	6.99 %	6.39 %	8.26 %
TOTAL DEBT / EBITDA (3)	3.84 X	4.34 X	4.75 X	5.53 X	9.07 X	5.51 X
FUNDS FROM OPERATIONS / TOTAL DEBT (4)	20.65 %	18.82 %	17.10 %	16.41 %	16.14 %	17.82 %
TOTAL DEBT / TOTAL CAPITAL	50.79 %	52.55 %	53.49 %	53.33 %	53.43 %	52.72 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: I-Metrix Database
Company SEC Form 10-K

Utilities Services of South Carolina, Inc.
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for
the Proxy Group of Nine Water Companies

Proxy Group of Nine Water Companies	1 Average Dividend Yield (1)	2 Value Line Projected Five Year Growth in EPS (2)	3 Reuters Mean Consensus Projected Five Year Growth Rate in EPS	4 Zack's Five Year Projected Growth Rate in EPS	5 Yahoo! Finance Projected Five Year Growth in EPS	6 Average Projected Five Year Growth in EPS (3)	7 Adjusted Dividend Yield (4)	8 Indicated Common Equity Cost Rate (5)
American States Water Co.	2.83 %	5.00 %	2.00 %	2.00 %	2.00 %	2.75 %	2.87 %	5.62 %
American Water Works Co., Inc.	2.71	10.00	8.60	7.20	7.50	8.33	2.82	11.15
Aqua America, Inc.	2.39	9.50	7.40	5.30	5.80	7.00	2.47	9.47
Artesian Resources Corp.	3.67	NA	NA	NA	4.00	4.00	3.74	7.74
California Water Service Group	3.12	5.50	NA	6.00	6.00	5.83	3.21	9.04
Connecticut Water Service, Inc.	3.37	6.50	5.00	5.00	5.00	5.38	3.46	8.84
Middlesex Water Company	3.66	4.00	NA	NA	2.70	3.35	3.72	7.07
SJW Corporation	2.72	7.50	NA	NA	14.00	10.75	2.87	13.62
York Water Company	2.74	4.00	NA	NA	4.90	4.45	2.80	7.25
							Average	8.87 %
							Median	8.84 %
							Average of Average and Median Results	8.86 %

NA= Not Available
NMF = Not Meaningful Figure

Notes:

(1) Indicated dividend at 08/30/2013 divided by the average closing price of the last 60 trading days ending 08/30/2013 for each company.
(2) From pages 2 through 10 of this Schedule.
(3) Average of columns 2 through 5 excluding negative growth rates.
(4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 6) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Co. , 2.83% x (1+(1/2 x 2.75%)) = 2.87%.
(5) Column 6 + column 7.

Source of Information:

Value Line Investment Survey
www.reuters.com Downloaded on 09/04/2013
www.zacks.com Downloaded on 09/04/2013
www.yahoo.com Downloaded on 09/04/2013

AMER. STATES WATER NYSE-AWR

RECENT PRICE **55.11** | P/E RATIO **19.3** (Trailing: 18.5 Median: 22.0) | RELATIVE P/E RATIO **1.10** | DIV'D YLD **3.0%** | VALUE LINE

TIMELINESS 2 Raised 11/23/12
SAFETY 2 Raised 7/20/12
TECHNICAL 3 Raised 5/24/13
BETA .70 (1.00 = Market)

High:	29.0	29.0	26.8	34.6	43.8	46.1	42.0	38.8	39.6	36.4	48.1	57.8
Low:	20.3	21.6	20.8	24.3	30.3	33.6	27.0	29.8	31.2	30.5	34.1	48.0

Target Price Range
2016 | 2017 | 2018

2016-18 PROJECTIONS

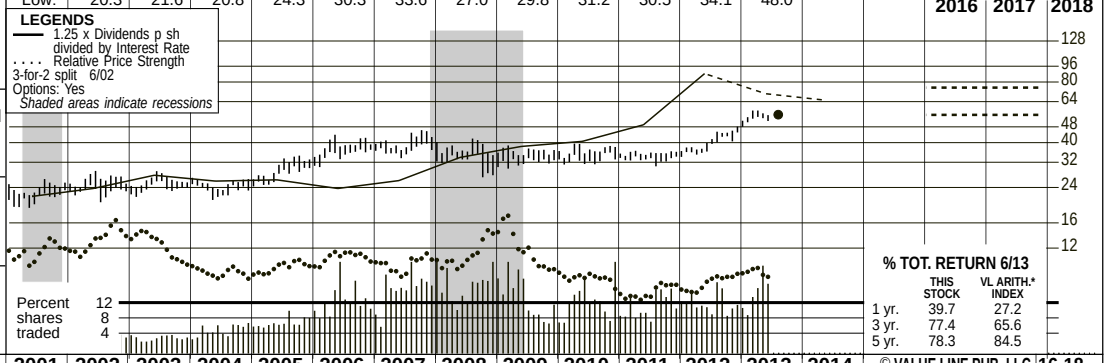
	Price	Gain	Ann'l Total Return
High	75	(+35%)	10%
Low	55	(Nil)	3%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	1	0	0	0	0
Options	16	0	0	1	1	1	0	0	1
to Sell	17	0	0	2	3	1	0	0	0

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	79	77	93
to Sell	65	64	59
Hld's(000)	11747	12033	12482



% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	39.7	27.2
3 yr.	77.4	65.6
5 yr.	78.3	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
11.44	11.02	12.91	12.17	13.06	13.78	13.98	13.61	14.06	15.76	17.49	18.42	19.48	21.41	22.24	24.24	*24.40*	*25.65*	Revenues per sh	*25.60*
1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.89	3.31	3.37	3.40	4.23	4.26	4.96	*5.25*	*5.70*	"Cash Flow" per sh	*6.50*
1.04	1.08	1.19	1.28	1.35	1.34	.78	1.05	1.32	1.33	1.62	1.55	1.62	2.22	2.24	2.82	*2.85*	*2.95*	Earnings per sh A	*3.25*
.83	.84	.85	.86	.87	.87	.88	.89	.90	.91	.96	1.00	1.01	1.04	1.10	1.27	*1.45*	*1.55*	Div'd Decl'd per sh B■	*1.80*
2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	2.89	4.45	4.18	4.24	4.26	3.54	*4.40*	*4.35*	Cap'l Spending per sh	*4.20*
11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.53	17.95	19.39	20.26	21.68	23.61	*23.70*	*23.95*	Book Value per sh	*24.25*
13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	17.23	17.30	18.53	18.63	18.85	19.26	*19.50*	*19.50*	Common Shs Outst'g C	*21.50*
14.5	15.5	17.1	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	*Bold figures are*		Avg Ann'l P/E Ratio	*19.5*
.84	.81	.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.41	1.00	.97	.92	*Value Line*		Relative P/E Ratio	*1.30*
5.5%	5.0%	4.2%	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%	*estimates*		Avg Ann'l Div'd Yield	*3.1%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $335.8 mill. **Due in 5 Yrs** $10.6 mill.
LT Debt $332.4 mill. **LT Interest** $8.0 mill.
(LT interest earned: 5.2x: total interest coverage: 4.9x) (42% of Cap'l)
Leases, Uncapitalized: Annual rentals $3.0 mill.

Pension Assets-12/12 $107.6 mill. **Oblig.** $163.2 mill.
Pfd Stock None.
Common Stock 19,284,804 shs. **as of 5/7/13**
MARKET CAP: $1.1 billion (Mid Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
212.7	228.0	236.2	268.6	301.4	318.7	361.0	398.9	419.3	466.9	*480*	*500*	Revenues ($mill)	*550*
11.9	16.5	22.5	23.1	28.0	26.8	29.5	41.4	42.0	54.1	*56.0*	*58.0*	Net Profit ($mill)	*65.0*
43.5%	37.4%	47.0%	40.5%	42.6%	37.8%	38.9%	43.2%	41.7%	39.9%	*40.0%*	*40.0%*	Income Tax Rate	*40.0%*
--	--	--	12.2%	8.5%	6.9%	3.2%	5.8%	2.0%	2.5%	*2.5%*	*2.5%*	AFUDC % to Net Profit	*2.5%*
52.0%	47.7%	50.4%	48.6%	46.9%	46.2%	45.9%	44.3%	45.4%	42.2%	*43.0%*	*43.0%*	Long-Term Debt Ratio	*42.0%*
48.0%	52.3%	49.6%	51.4%	53.1%	53.8%	54.1%	55.7%	54.6%	57.8%	*57.0%*	*57.0%*	Common Equity Ratio	*58.0%*
442.3	480.4	532.5	551.6	569.4	577.0	665.0	677.4	749.1	787.0	*800*	*820*	Total Capital ($mill)	*900*
602.3	664.2	713.2	750.6	776.4	825.3	866.4	855.0	896.5	917.8	*940*	*985*	Net Plant ($mill)	*1060*
4.6%	5.2%	5.4%	6.0%	6.7%	6.4%	5.9%	7.6%	7.1%	8.3%	*7.5%*	*7.5%*	Return on Total Cap'l	*7.0%*
5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	8.2%	11.0%	10.3%	11.9%	*12.0%*	*12.5%*	Return on Shr. Equity	*12.5%*
5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	8.2%	11.0%	10.3%	11.9%	*12.0%*	*12.5%*	Return on Com Equity	*12.5%*
NMF	1.0%	2.8%	2.7%	3.9%	3.1%	3.2%	5.8%	5.3%	6.6%	*6.0%*	*6.0%*	Retained to Com Eq	*5.5%*
113%	84%	67%	67%	58%	64%	61%	47%	49%	45%	*51%*	*52%*	All Div'ds to Net Prof	*56%*

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	1.3	23.5	32.8
Other	164.3	160.5	141.1
Current Assets	165.6	184.0	173.9
Accts Payable	37.9	40.6	46.6
Debt Due	.3	3.3	3.4
Other	66.2	49.8	39.8
Current Liab.	104.4	93.7	89.8
Fix. Chg. Cov.	401%	442%	450%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Revenues	5.5%	7.5%	3.0%
"Cash Flow"	6.5%	9.0%	6.5%
Earnings	6.5%	11.5%	5.0%
Dividends	3.0%	4.5%	8.0%
Book Value	5.0%	5.5%	2.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	88.4	95.5	111.3	103.7	398.9
2011	94.3	109.8	119.9	95.3	419.3
2012	107.6	114.3	133.5	111.5	466.9
2013	110.6	*120*	*135*	*114.4*	*480*
2014	*115*	*125*	*140*	*120*	*500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	.45	.47	.62	.68	2.22
2011	.37	.68	.83	.36	2.24
2012	.53	.79	.97	.53	2.82
2013	.69	*.75*	*.95*	*.46*	*2.85*
2014	*.55*	*.80*	*1.10*	*.50*	*2.95*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.250	.250	.250	.260	1.01
2010	.260	.260	.260	.260	1.04
2011	.260	.280	.280	.280	1.10
2012	.280	.280	.355	.355	1.27
2013	.355	.355	.405		

BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Sold Chaparral City Water of Arizona (6/11). Has 728 employees. Officers & directors own 2.9% of common stock (4/12 Proxy). Chairman: Lloyd Ross. President & CEO: Robert J. Sprowls. Inc: CA. Addr: 630 East Foothill Boulevard, San Dimas, CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.

American States Water has declared a two-for-one stock split. Investors owning the shares as of August 15th will receive an additional share for each one they own effective September 3rd. *(Please note: our figures do not reflect the proposed stock split.)*

A recent rate case had an overall reasonable outcome. Though the allowed return on equity was low (9.43%), there were no major surprises, and we think the groundwork has been laid for Golden State Water (American States major subsidiary) to experience growth of 5%-6% over the next three years.

We're raising our earnings estimate for American States Water. California regulators allowed the company to recoup some previous costs in the March quarter. This resulted in the company posting share earnings of $0.69 a share versus our $0.50 estimate. To reflect this we are increasing our full-year earnings projection from $2.70 to $2.85 a share. Moreover, we are raising next year's per-share earnings by $0.10 to $2.95.

Nonutility operations are a core part of American States' earnings. The company has been aggressively pursuing business outside of its core water utility activities for the past several years. Indeed, in 2012, more than 25% of its income came from water and wasterwater contracts at U.S. military bases. Currently, the company is involved in major construction at Fort Bragg and Fort Bliss. And while the pipeline has slowed recently, we look for a long-term pickup in this business as the U.S. Army seeks to privatize certain aspects of its operations.

The balance sheet should be able to handle the step-up in capital expenditures. The company raised its projected construction budget from $70 million to $85 million annually. This should be managed without any deterioration to the company's already solid finances.

This equity has a Timeliness rank of 2 (Above Average). These shares may appeal to momentum and income-seeking investors (especially given the recent hefty 14% dividend increase). Longer-term investors will probably not be attracted to the stock's below-average total return potential through 2016-2018.

James A. Flood *July 19, 2013*

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 14¢; '05, 25¢; '06, 6¢; '08, (27¢); '10, (45¢) '11, 20¢. Next earnings report due early August. Quarterly egs. 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 split.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	65
Earnings Predictability	90

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

AMERICAN WATER NYSE-AWK

RECENT PRICE **41.46** | P/E RATIO **18.4** (Trailing: 19.3 Median: NMF) | RELATIVE P/E RATIO **1.05** | DIV'D YLD **2.8%** | VALUE LINE

TIMELINESS 3 Raised 6/21/13
SAFETY 3 New 7/25/08
TECHNICAL 3 Raised 4/19/13
BETA .65 (1.00 = Market)

	2008	2009	2010	2011	2012	2013
High:	23.7	23.0	25.8	32.8	39.4	43.1
Low:	16.5	16.2	19.4	25.2	31.3	37.0

Target Price Range 2016 | 2017 | 2018

2016-18 PROJECTIONS

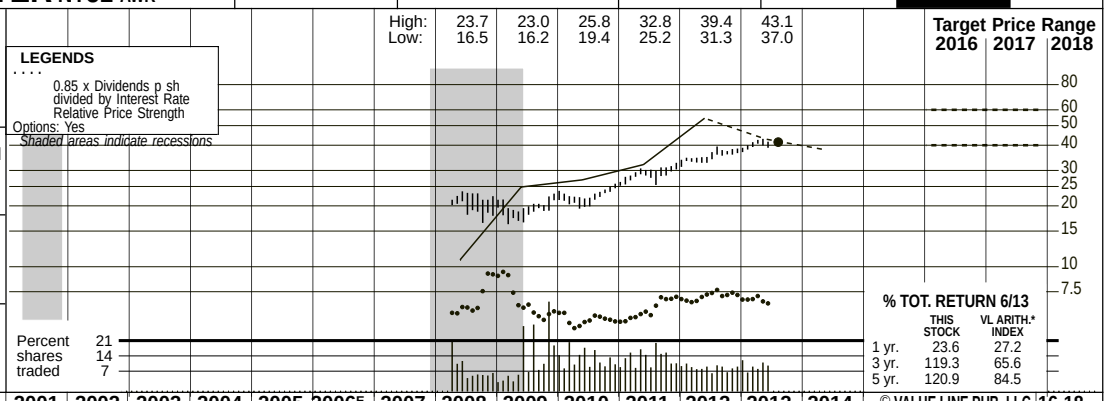
	Price	Gain	Ann'l Total Return
High	60	(+45%)	12%
Low	40	(-5%)	3%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	5	0	0	4	0	0	0	8	0
to Sell	6	0	0	4	0	0	0	8	0

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	173	188	191
to Sell	171	175	186
Hld's(000)	143865	146609	145912



% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	23.6	27.2
3 yr.	119.3	65.6
5 yr.	120.9	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006E	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
- -	- -	- -	- -	- -	- -	- -	- -	- -	13.08	13.84	14.61	13.98	15.49	15.18	16.25	*17.30*	*18.35*	Revenues per sh	*20.00*
- -	- -	- -	- -	- -	- -	- -	- -	- -	.65	d.47	2.87	2.89	3.56	3.73	4.27	*4.30*	*4.50*	"Cash Flow" per sh	*5.20*
- -	- -	- -	- -	- -	- -	- -	- -	- -	d.97	d2.14	1.10	1.25	1.53	1.72	2.11	*2.25*	*2.40*	Earnings per sh A	*2.85*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.40	.82	.86	.91	.96	*1.06*	*1.20*	Div'd Decl'd per sh B■	*1.40*
- -	- -	- -	- -	- -	- -	- -	- -	- -	4.31	4.74	6.31	4.50	4.38	5.27	5.25	*5.35*	*5.40*	Cap'l Spending per sh	*5.25*
- -	- -	- -	- -	- -	- -	- -	- -	- -	23.86	28.39	25.64	22.91	23.59	24.11	25.10	*26.40*	*27.50*	Book Value per sh D	*30.00*
- -	- -	- -	- -	- -	- -	- -	- -	- -	160.00	160.00	160.00	174.63	175.00	175.66	176.99	*178.00*	*179.00*	Common Shs Outst'g C	*190.00*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	18.9	15.6	14.6	16.8	16.7	*Bold figures are*		Avg Ann'l P/E Ratio	*18.0*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	1.14	1.04	.93	1.05	1.07	*Value Line*		Relative P/E Ratio	*1.20*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	1.9%	4.2%	3.8%	3.1%	2.7%	*estimates*		Avg Ann'l Div'd Yield	*2.8%*
						- -	- -	- -	2093.1	2214.2	2336.9	2440.7	2710.7	2666.2	2876.9	*3080*	*3300*	Revenues ($mill)	*3800*
						- -	- -	- -	d155.8	d342.3	187.2	209.9	267.8	304.9	375.0	*400*	*430*	Net Profit ($mill)	*540*
						- -	- -	- -	- -	- -	37.4%	37.9%	40.4%	39.5%	40.7%	*40.0%*	*40.0%*	Income Tax Rate	*40.0%*
						- -	- -	- -	- -	- -	- -	- -	- -	12.5%	6.2%	*8.0%*	*10.0%*	AFUDC % to Net Profit	*12.0%*
						- -	- -	- -	56.1%	50.9%	53.1%	56.9%	56.8%	55.7%	53.8%	*54.0%*	*54.0%*	Long-Term Debt Ratio	*53.5%*
						- -	- -	- -	43.9%	49.1%	46.9%	43.1%	43.2%	44.2%	46.0%	*46.0%*	*46.0%*	Common Equity Ratio	*46.5%*
						- -	- -	- -	8692.8	9245.7	8750.2	9289.0	9561.3	9580.3	9652.7	*10300*	*10800*	Total Capital ($mill)	*12000*
						- -	- -	- -	8720.6	9318.0	9991.8	10524	11059	11021	11739	*12300*	*12800*	Net Plant ($mill)	*14000*
						- -	- -	- -	NMF	NMF	3.7%	3.8%	4.4%	4.8%	5.5%	*5.5%*	*5.5%*	Return on Total Cap'l	*6.0%*
						- -	- -	- -	NMF	NMF	4.6%	5.2%	6.5%	7.2%	8.4%	*8.5%*	*8.5%*	Return on Shr. Equity	*9.5%*
						- -	- -	- -	NMF	NMF	4.6%	5.2%	6.5%	7.2%	8.4%	*8.5%*	*8.5%*	Return on Com Equity	*9.5%*
						- -	- -	- -	NMF	NMF	3.0%	1.8%	2.8%	3.5%	4.6%	*4.5%*	*4.5%*	Retained to Com Eq	*4.5%*
						- -	- -	- -	- -	- -	34%	65%	56%	52%	45%	*46%*	*47%*	All Div'ds to Net Prof	*50%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $5300.8 mil. **Due in 5 Yrs** $1034.0 mil.
LT Debt $5184.9 mil. **LT Interest** $301.0 mil.
(Total interest coverage: 4.4x) (53% of Cap'l)

Leases, Uncapitalized: Annual rentals $28.1 mill.
Pension Assets $1157.7 mill **Oblig.** $1621.2 mill.
Pfd Stock $18.9 mill. **Pfd Div'd** $.7 mill

Common Stock 177,700,586 shs.
as of 5/2/13

MARKET CAP: $7.4 billion (Large Cap)

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	14.2	24.4	21.2
Other	1383.5	475.0	470.7
Current Assets	1397.7	499.4	491.9
Accts Payable	243.7	279.6	166.7
Debt Due	543.9	385.9	449.7
Other	701.5	329.3	341.9
Current Liab.	1489.1	994.8	958.3
Fix. Chg. Cov.	256%	292%	300%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Revenues	- -	3.0%	5.0%
"Cash Flow"	- -	- -	6.5%
Earnings	- -	- -	10.0%
Dividends	- -	- -	9.0%
Book Value	- -	-1.5%	4.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	588.1	671.2	786.9	664.5	2710.7
2011	596.7	668.8	760.9	639.8	2666.2
2012	618.7	745.6	831.8	680.8	2876.9
2013	636.1	*800*	*900*	*743.9*	*3080*
2014	*700*	*850*	*975*	*775*	*3300*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	.18	.42	.71	.23	1.53
2011	.23	.42	.73	.32	1.72
2012	.28	.66	.87	.30	2.11
2013	.32	*.63*	*.90*	*.40*	*2.25*
2014	*.35*	*.65*	*1.00*	*.40*	*2.40*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.20	.20	.21	.21	.82
2010	.21	.21	.22	.22	.86
2011	.22	.23	.23	.23	.91
2012	.23	.23	.25	.25	.96
2013	.25	.25	.28		

BUSINESS: American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 14 million people in over 30 states and Canada. It's nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 89.1% of 2012 revenues. New Jersey is its biggest market accounting for 22.2% of revenues. Has roughly 7,000 employees. Depreciation rate, 2.6% in '12. BlackRock, Inc., owns 10.3% of the common stock outstanding. Off. & dir. own less than 1% (3/13 Proxy). President & CEO; Jeffry Sterba. Chairman; George Mackenzie. Address: 1025 Laurel Oak Road, Voorhees, NJ 08043. Telephone: 856-346-8200. Internet: www.amwater.com.

Keeping expenses low is American Water Works' prime objective. The company strives hard to keep costs in check for more than the obvious bottom-line reasons. Restraining short-term expenditures helps to ensure good relations with the over 30 different state regulatory commissions that American Water must contend with when applying for higher rates. The company's expense ratio fell 1.3% last year, and it expects to shave another 1% off the rate by 2015. We highlight this fact because a utility's relationship with its regulators cannot be over emphasized. And excellent operating margins make it harder for regulators to hand down harsh decisions.

Long-term infrastructure spending will probably be sizable. American Water's basic systems are old and in need of repair and modernization. Capital expenditures should average a hefty $1 billion over the next three- to five-year period as the company upgrades its water assets. Internally generated cash won't cover the entire budget, so American Water will most likely have to take on more debt in the coming years. We think an equity offering would be appropriate, but the company believes its shares are undervalued. Therefore, the balance sheet could weaken in the years ahead as more debt is issued to help cover these costs.

Earnings and dividend growth prospects are bright. With its good regulatory relations, lean cost structure, and a much greater contribution from nonregulated businesses, we think that American Water has laid the framework for annual earning growth of about 10% through 2016-2018, which should enable dividend growth in the 7%-8% range. (In May, American Water raised its quarterly payout from $0.25 to $0.28, a healthy 12% increase.)

All told, these shares are worth a second look by income-oriented investors. The combination of a dividend yield about 60 basis points higher that the *Value Line* universe's median and the prospects of above-average dividend growth could make this stock worthwhile for investors seeking current income and whose secondary concern is long-term capital appreciation.

James A. Flood *July 19, 2013*

(A) Diluted earnings. Excludes nonrecurring losses: '08, $4.62; '09, $2.63; '11, $0.07. Discontinued operations: '06, (4¢); '11, 3¢; '12, (10¢). Next earnings report due late July. Quarterly earnings may not sum due to rounding. (B) Dividends paid in March, June, September, and December. ■ Div. reinvestment available. (C) In millions. (D) Includes intangibles. In 2012: $1.207 billion, $6.82/share. (E) Pro forma numbers for '06 & '07.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	85
Earnings Predictability	20

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

AQUA AMERICA NYSE-WTR

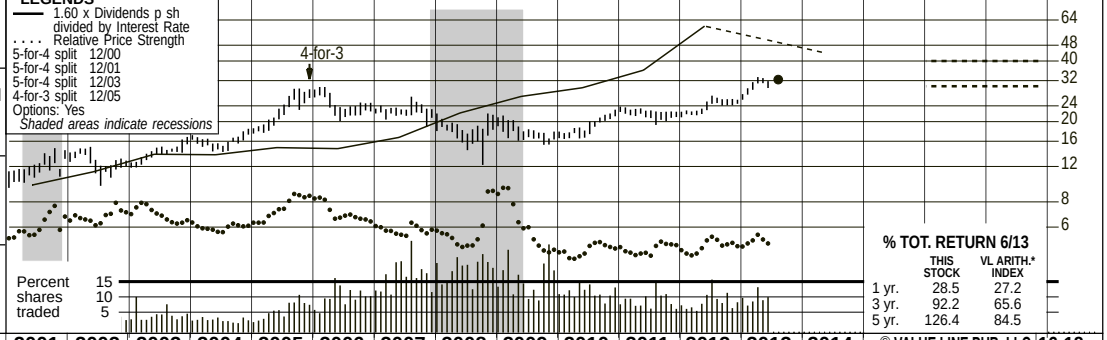
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
32.33	22.3	(Trailing: 26.1 Median: 24.0)	1.27	2.4%	VALUE LINE

TIMELINESS 3 Lowered 5/24/13
SAFETY 2 Raised 4/20/12
TECHNICAL 2 Raised 7/5/13
BETA .60 (1.00 = Market)

High:	15.0	16.8	18.5	29.2	29.8	26.6	22.0	21.5	23.0	23.8	26.9	33.3
Low:	9.6	11.8	14.2	17.5	20.1	18.9	12.2	15.4	16.5	19.3	21.1	25.7

Target Price Range
2016 | 2017 | 2018

LEGENDS
— 1.60 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
5-for-4 split 12/00
5-for-4 split 12/01
5-for-4 split 12/03
4-for-3 split 12/05
Options: Yes
Shaded areas indicate recessions



2016-18 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	8%
Low	30	(-5%)	2%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	3	2	2	0
to Sell	0	0	0	0	0	2	0	0	0

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	117	118	136
to Sell	108	117	116
Hld's(000)	64465	67182	65923

% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	28.5	27.2
3 yr.	92.2	65.6
5 yr.	126.4	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
2.02	2.09	2.41	2.46	2.70	2.85	2.97	3.48	3.85	4.03	4.52	4.63	4.91	5.26	5.13	5.40	*5.70*	*5.90*	Revenues per sh	*6.40*
.56	.61	.72	.76	.86	.94	.96	1.09	1.21	1.26	1.37	1.42	1.61	1.78	1.81	1.89	*2.00*	*2.10*	"Cash Flow" per sh	*2.35*
.34	.40	.42	.47	.51	.54	.57	.64	.71	.70	.71	.73	.77	.90	1.04	1.09	*1.45*	*1.55*	Earnings per sh A	*1.60*
.24	.26	.27	.28	.30	.32	.35	.37	.40	.44	.48	.51	.55	.59	.63	.67	*.70*	*.84*	Div'd Decl'd per sh B■	*1.00*
.58	.82	.90	1.16	1.09	1.20	1.32	1.54	1.84	2.05	1.79	1.98	2.08	2.37	2.38	2.48	*2.65*	*2.65*	Cap'l Spending per sh	*2.65*
2.84	3.21	3.42	3.85	4.15	4.36	5.34	5.89	6.30	6.96	7.32	7.82	8.12	8.51	9.01	9.87	*11.20*	*12.25*	Book Value per sh	*13.30*
67.47	72.20	106.80	111.82	113.97	113.19	123.45	127.18	128.97	132.33	133.40	135.37	136.49	137.97	138.88	140.35	*140.50*	*141.00*	Common Shs Outst'g C	*143.00*
17.8	22.5	21.2	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	*Bold figures are*		Avg Ann'l P/E Ratio	*21.0*
1.03	1.17	1.21	1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50	1.54	1.34	1.34	1.40	*Value Line*		Relative P/E Ratio	*1.40*
3.9%	2.9%	3.0%	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%	*estimates*		Avg Ann'l Div'd Yield	*2.9%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $1645.4 mill. **Due in 5 Yrs** $368.3 mill.
LT Debt $1464.5 mill. **LT Interest** $60.0 mill.
(LT interest earned: 5.0x; total interest coverage: 4.1x) (51% of Cap'l)

Pension Assets-12/12 $190.1 mill. **Oblig.** $303.1 mill.

Pfd Stock None
Common Stock 140,742,383 shares
as of 4/23/13
MARKET CAP: $4.6 billion (Mid Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
367.2	442.0	496.8	533.5	602.5	627.0	670.5	726.1	712.0	757.8	*800*	*835*	Revenues ($mill)	*915*
67.3	80.0	91.2	92.0	95.0	97.9	104.4	124.0	144.8	153.1	*205*	*220*	Net Profit ($mill)	*250*
39.3%	39.4%	38.4%	39.6%	38.9%	39.7%	39.4%	39.2%	32.9%	39.0%	*40.0%*	*40.0%*	Income Tax Rate	*40.0%*
--	--	--	--	--	--	--	--	2.9%	3.1%	*3.0%*	*3.0%*	AFUDC % to Net Profit	*2.0%*
51.4%	50.0%	52.0%	51.6%	55.4%	54.1%	55.6%	56.6%	52.7%	52.7%	*50.0%*	*50.0%*	Long-Term Debt Ratio	*50.0%*
48.6%	50.0%	48.0%	48.4%	44.6%	45.9%	44.4%	43.4%	47.3%	47.3%	*50.0%*	*50.0%*	Common Equity Ratio	*50.0%*
1355.7	1497.3	1690.4	1904.4	2191.4	2306.6	2495.5	2706.2	2646.8	2929.7	*3150*	*3450*	Total Capital ($mill)	*3800*
1824.3	2069.8	2280.0	2506.0	2792.8	2997.4	3227.3	3469.3	3612.9	3936.2	*4150*	*4350*	Net Plant ($mill)	*4600*
6.4%	6.7%	6.9%	6.4%	5.9%	5.7%	5.6%	5.9%	6.9%	6.6%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
10.2%	10.7%	11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	*12.0%*	*12.0%*	Return on Shr. Equity	*11.5%*
10.2%	10.7%	11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	*12.0%*	*12.0%*	Return on Com Equity	*11.5%*
4.2%	4.6%	4.9%	3.7%	3.2%	2.8%	2.7%	3.7%	4.6%	4.3%	*6.0%*	*6.0%*	Retained to Com Eq	*4.0%*
59%	57%	56%	63%	67%	70%	72%	65%	60%	61%	*52%*	*58%*	All Div'ds to Net Prof	*65%*

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	8.2	5.5	19.4
Receivables	81.1	92.9	89.5
Inventory (AvgCst)	11.2	11.8	12.0
Other	220.0	150.7	92.1
Current Assets	320.5	260.9	213.0
Accts Payable	68.3	55.5	31.6
Debt Due	80.4	125.4	180.9
Other	277.0	93.3	89.5
Current Liab.	425.7	274.2	302.0
Fix. Chg. Cov.	367%	398%	*398%*

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Revenues	8.0%	7.5%	*3.5%*
"Cash Flow"	8.5%	8.0%	*5.5%*
Earnings	6.5%	4.5%	*9.5%*
Dividends	7.5%	8.0%	*10.5%*
Book Value	9.0%	7.0%	*7.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	160.5	178.5	207.8	179.3	726.1
2011	163.6	178.3	197.3	172.7	712.0
2012	164.0	191.7	214.6	187.5	757.8
2013	180.0	*210*	*215*	*195*	*800*
2014	*190*	*220*	*225*	*200*	*835*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.16	.22	.32	.20	.90
2011	.22	.27	.30	.25	1.04
2012	.19	.30	.36	.25	1.09
2013	.29	*.36*	*.45*	*.35*	*1.45*
2014	*.30*	*.40*	*.50*	*.35*	*1.55*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.135	.135	.135	.145	.55
2010	.145	.145	.145	.155	.59
2011	.155	.155	.155	.165	.63
2012	.165	.165	.165	.175	.67
2013	.175	.175	.19		

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. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Water, 4/99; and others. Water supply revenues '12: residential, 60.5%; commercial, 16.1%; industrial & other, 23.4%. Officers and directors own 1.4% of the common stock (4/13 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.

Aqua America has announced a proposed five-for-four stock split. The company will have a stock distribution in which holders of the stock on August 16th will receive their additional shares on September 1st. *(Please note that our figures do not reflect the split.)* Meanwhile,

Aqua should continue to wheel and deal in the years ahead. The company is pursuing a growth-by-acquisition strategy as it buys up water companies around the country. With its managerial expertise and financial wherewithal, Aqua can streamline, better manage, and use economies of scale to squeeze more profits out of these small utilities. Year to date, Aqua has already purchased seven water utilities with a goal of buying 13 more in 2013, compared to the 18 acquired in 2012. Moreover, the company continues to sell nonstrategic assets. (In the first quarter, it sold 65% of its Florida operations and all of its Maine assets for a $0.04-a-share gain that we have excluded from our numbers.)

The profit outlook for Aqua is favorable. For starters, the company will benefit from a complex "repair tax accounting change" that was made in late 2012. This could add $0.15-$0.20 to 2013's bottom line. Moreover, Aqua is making impressive progress on the cost side (due in part to the integration of its acquisitions). Operating and maintainence expenses as a percentage of revenues fell to 38% in the first quarter, versus 39.5% the similar year-ago period. All told, we are raising our full-year share-net forecast by 10¢, to $1.45. We are hiking next year's figure by a similar amount, to $1.55.

Fracking is good for Aqua. The utility entered into a joint venture to build the recently completed Marcellus Water Pipeline. By early this year, the pipeline had already eliminated the need for 15,000 water truck trips on rural Pennsylvania roads. Natural gas prices have been rising, so more drilling may take place in the near future. In any case, we look for this venture to start adding $0.05-$0.10 a share to annual earnings.

Aqua unexpectedly hiked its dividend a hefty 9%. And, since we think a growth rate similar to this is sustainable through 2016-2018, investors seeking current income may be attracted to the stock.

James A. Flood *July 19, 2013*

(A) Diluted egs. Excl. nonrec. gains (losses): '99, (11¢); '00, 2¢; '01, 2¢; '02, 5¢; '03, 4¢; '12, 22¢. Excl. gain from disc. operations: '12, 9¢; '13, 4¢. May not sum due to rounding. Next earnings report due late July.
(B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).
(C) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	100

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

ARTESIAN RES. CORP. NDQ--ARTNA

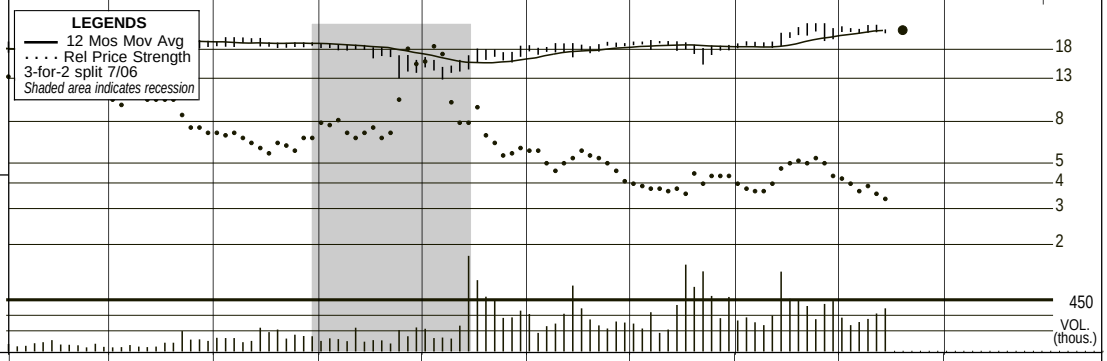
RECENT PRICE	TRAILING P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	
22.30	21.4	1.13	3.7%	VALUE LINE

RANKS

PERFORMANCE	3	Average
Technical	3	Average
SAFETY	2	Above Average
BETA .60		(1.00 = Market)

Financial Strength	B
Price Stability	100
Price Growth Persistence	40
Earnings Predictability	85

	2005	2006	2007	2008	2009	2010	2011	2012	2013
High	22.62	22.33	20.67	19.31	18.73	19.59	19.99	24.43	23.75
Low	17.20	17.90	18.26	13.00	12.81	16.43	15.16	18.20	21.52



© VALUE LINE PUBLISHING LLC	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014/2015
SALES PER SH	7.52	7.77	7.20	7.59	8.11	8.48	7.56	8.10	--	
"CASH FLOW" PER SH	1.56	1.75	1.57	1.65	1.84	1.92	1.64	2.04	--	
EARNINGS PER SH	.81	.97	.90	.86	.97	1.00	.83	1.13	***1.07*** [A,B]	***1.24*** [C]***/NA***
DIV'DS DECL'D PER SH	.58	.61	.66	.71	.72	.75	.76	.79	--	
CAP'L SPENDING PER SH	3.35	5.08	3.66	6.09	2.32	2.57	1.83	2.36	--	
BOOK VALUE PER SH	9.60	10.15	11.66	11.86	12.15	12.44	13.12	13.57	--	
COMMON SHS OUTST'G (MILL)	6.02	6.09	7.30	7.40	7.51	7.65	8.61	8.71	--	
AVG ANN'L P/E RATIO	24.2	20.3	21.5	20.1	16.4	18.2	22.5	18.3	***20.8***	***18.0/NA***
RELATIVE P/E RATIO	1.28	1.10	1.14	1.21	1.09	1.16	1.41	1.17	--	
AVG ANN'L DIV'D YIELD	2.9%	3.1%	3.4%	4.1%	4.5%	4.1%	4.1%	3.8%	--	
SALES ($MILL)	45.3	47.3	52.5	56.2	60.9	64.9	65.1	70.6	--	***Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.***
OPERATING MARGIN	100.0%	45.6%	45.6%	45.1%	46.9%	46.5%	45.5%	48.7%	--	
DEPRECIATION ($MILL)	4.4	4.6	5.2	5.8	6.6	7.0	7.4	7.9	--	
NET PROFIT ($MILL)	5.0	6.1	6.3	6.4	7.3	7.6	6.7	9.8	--	
INCOME TAX RATE	39.9%	39.0%	39.8%	40.8%	40.1%	40.0%	40.8%	40.2%	--	
NET PROFIT MARGIN	11.1%	12.8%	11.9%	11.4%	11.9%	11.7%	10.4%	14.0%	--	
WORKING CAP'L ($MILL)	d1.8	d8.8	2.5	d20.9	d23.3	d27.9	d11.4	d11.4	--	
LONG-TERM DEBT ($MILL)	92.4	92.1	91.8	107.6	106.0	105.1	106.5	106.3	--	
SHR. EQUITY ($MILL)	57.8	61.8	85.1	87.8	91.2	95.1	113.0	118.2	--	
RETURN ON TOTAL CAP'L	5.3%	5.8%	5.3%	4.7%	5.2%	5.6%	4.6%	5.9%	--	
RETURN ON SHR. EQUITY	8.7%	9.8%	7.4%	7.3%	8.0%	8.0%	6.0%	8.3%	--	
RETAINED TO COM EQ	2.7%	3.8%	2.1%	1.4%	2.1%	2.0%	.5%	2.5%	--	
ALL DIV'DS TO NET PROF	69%	61%	71%	81%	74%	75%	92%	70%	--	

[A]*No. of analysts changing earn. est. in last 5 days: 0 up, 0 down, consensus 5-year earnings growth not available.* [B]*Based upon 4 analysts' estimates.* [C]*Based upon 4 analysts' estimates.*

ANNUAL RATES

of change (per share)	5 Yrs.	1 Yr.
Sales	1.5%	7.0%
"Cash Flow"	3.0%	24.0%
Earnings	2.0%	36.0%
Dividends	4.5%	4.0%
Book Value	4.5%	3.5%

Fiscal Year	QUARTERLY SALES ($mill.) 1Q	2Q	3Q	4Q	Full Year
12/31/11	14.8	16.5	17.7	16.1	65.1
12/31/12	16.7	17.9	19.0	17.0	70.6
12/31/13	16.3				
12/31/14					

Fiscal Year	EARNINGS PER SHARE 1Q	2Q	3Q	4Q	Full Year
12/31/10	.22	.24	.38	.16	1.00
12/31/11	.14	.23	.26	.20	.83
12/31/12	.28	.32	.33	.20	1.13
12/31/13	.19	***.27***	***.34***	***.27***	
12/31/14					

Cal-endar	QUARTERLY DIVIDENDS PAID 1Q	2Q	3Q	4Q	Full Year
2010	.187	.188	.188	.189	.75
2011	.19	.19	.19	.193	.76
2012	.193	.198	.198	.203	.79
2013	.203	.206			

INSTITUTIONAL DECISIONS

	3Q'12	4Q'12	1Q'13
to Buy	34	28	32
to Sell	23	32	26
Hld's(000)	3021	3052	3036

ASSETS ($mill.)	2011	2012	3/31/13
Cash Assets	.3	.6	.3
Receivables	8.6	8.7	9.1
Inventory	1.5	1.4	1.5
Other	2.9	2.8	2.1
Current Assets	13.3	13.5	13.0
Property, Plant & Equip, at cost	435.0	454.4	- -
Accum Depreciation	77.4	83.8	- -
Net Property	357.6	370.6	372.5
Other	7.8	7.6	7.6
Total Assets	378.7	391.7	393.1
LIABILITIES ($mill.)			
Accts Payable	2.8	3.5	4.2
Debt Due	13.8	12.6	11.7
Other	8.1	8.8	8.6
Current Liab	24.7	24.9	24.5

LONG-TERM DEBT AND EQUITY as of 3/31/13

Total Debt $117.7 mill. **Due in 5 Yrs.** NA
LT Debt $106.0 mill.
Including Cap. Leases NA
(47% of Cap'l)

Leases, Uncapitalized Annual rentals NA

Pension Liability $.4 mill. in '12 vs. $.5 mill. in '11

Pfd Stock None **Pfd Div'd Paid** None

Common Stock 8,740,479 shares
(53% of Cap'l)

INDUSTRY: Water Utility

BUSINESS: Artesian Resources Corporation, through its subsidiaries, provides water, wastewater, and other services on the Delmarva Peninsula. It distributes and sells water to residential, commercial, industrial, municipal, and utility customers in the states of Delaware, Maryland, and Pennsylvania. The company also offers water for public and private fire protection to customers in its service territories. In addition, it provides contract water and wastewater services, water and sewer service line protection plans, and wastewater management services, as well as design, construction, and engineering services. As of December 31, 2012, the company served approximately 79,000 metered water customers through 1,162 miles of transmission and distribution mains. Has 229 employees. Chairman, C.E.O. & President: Dian C. Taylor. Address: 664 Churchmans Rd., Newark, DE 19702. Tel.: (302) 453-6900. Internet: http://www.artesianwater.com.

J.V.

July 19, 2013

TOTAL SHAREHOLDER RETURN

Dividends plus appreciation as of 6/30/2013

3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
0.05%	1.15%	7.22%	35.71%	48.95%

©2013 Value Line Publishing LLC. 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 1-800-833-0046.

CALIFORNIA WATER NYSE-CWT

RECENT PRICE 20.10 | P/E RATIO 25.1 (Trailing: 20.9 Median: 21.0) | RELATIVE P/E RATIO 1.43 | DIV'D YLD 3.2% | VALUE LINE

TIMELINESS 3 Raised 7/5/13
SAFETY 3 Lowered 7/27/07
TECHNICAL 3 Raised 3/15/13
BETA .65 (1.00 = Market)

High:	13.4	15.7	19.0	21.1	22.9	22.7	23.3	24.1	19.8	19.4	19.3	21.2
Low:	10.2	11.8	13.0	15.6	16.4	17.1	13.8	16.7	16.9	16.7	16.8	18.4

Target Price Range 2016 | 2017 | 2018

2016-18 PROJECTIONS

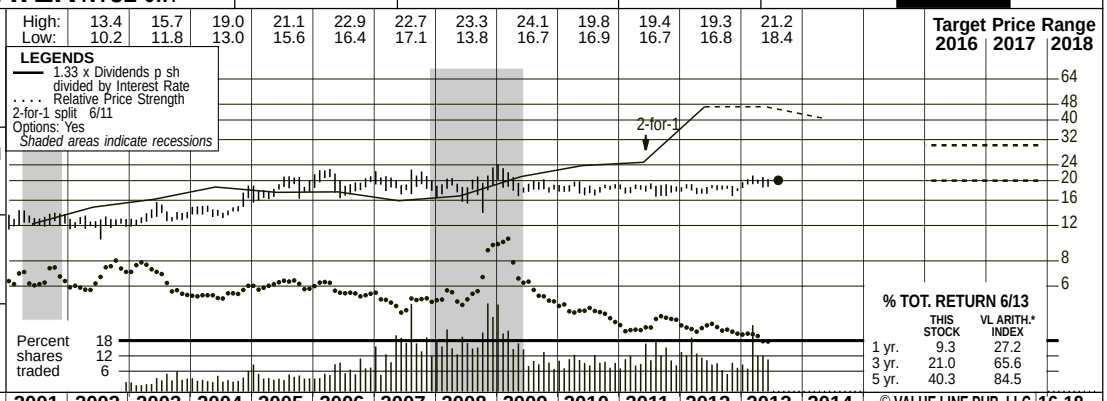
	Price	Gain	Ann'l Total Return
High	30	(+50%)	13%
Low	20	(Nil)	4%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	1	0	0	0	0	0	0	20	0
Options	0	0	0	0	0	0	0	0	0
to Sell	1	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	63	54	86
to Sell	46	63	39
Hld's(000)	22150	22078	26409



% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	9.3	27.2
3 yr.	21.0	65.6
5 yr.	40.3	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
7.74	7.38	7.98	8.08	8.13	8.67	8.18	8.59	8.72	8.10	8.88	9.90	10.82	11.05	12.00	13.36	12.55	14.15	Revenues per sh	16.00
1.46	1.30	1.37	1.26	1.10	1.32	1.26	1.42	1.52	1.36	1.56	1.86	1.93	1.93	2.07	2.25	2.05	2.25	"Cash Flow" per sh	2.75
.92	.73	.77	.66	.47	.63	.61	.73	.74	.67	.75	.95	.98	.91	.86	1.02	.80	1.05	Earnings per sh A	1.35
.53	.54	.54	.55	.56	.56	.56	.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.68	Div'd Decl'd per sh B ■	.90
1.30	1.37	1.72	1.23	2.04	2.91	2.19	1.87	2.01	2.14	1.84	2.41	2.66	2.97	2.83	3.05	2.65	2.90	Cap'l Spending per sh	3.00
6.50	6.69	6.71	6.45	6.48	6.56	7.22	7.83	7.90	9.07	9.25	9.72	10.13	10.45	10.76	11.30	13.40	13.85	Book Value per sh C	15.00
25.24	25.24	25.87	30.29	30.36	30.36	33.86	36.73	36.78	41.31	41.33	41.45	41.53	41.67	41.82	41.91	47.75	48.00	Common Shs Outst'g D	50.0
12.6	17.8	17.8	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	Bold figures are		Avg Ann'l P/E Ratio	19.0
.73	.93	1.01	1.27	1.39	1.08	1.26	1.06	1.33	1.58	1.39	1.19	1.31	1.29	1.34	1.10	Value Line		Relative P/E Ratio	1.25
4.6%	4.2%	4.0%	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%	estimates		Avg Ann'l Div'd Yield	3.6%

CAPITAL STRUCTURE as of 3/31/13
Total Debt $574.2 mill. **Due in 5 Yrs** $65.3 mill.

LT Debt $434.2 mill. **LT Interest** $29.5 mill.
(LT interest earned: 6.7x; total int. cov.: 6.0x)
(43% of Cap'l)
Pension Assets-12/12 $202.9 mill.
Oblig. $402.9 mill.
Pfd Stock None

Common Stock 47,728,775 shs.
as of 5/1/13

MARKET CAP: $950 million (Small Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
277.1	315.6	320.7	334.7	367.1	410.3	449.4	460.4	501.8	560.0	590	650	Revenues ($mill) E	800
19.4	26.0	27.2	25.6	31.2	39.8	40.6	37.7	36.1	42.7	40.0	53.0	Net Profit ($mill)	67.0
39.9%	39.6%	42.4%	37.4%	39.9%	37.7%	40.3%	39.5%	40.5%	30.5%	34.0%	39.0%	Income Tax Rate	39.0%
10.3%	3.2%	3.3%	10.6%	8.3%	8.6%	7.6%	4.2%	7.6%	8.0%	8.0%	8.5%	AFUDC % to Net Profit	10.0%
50.2%	48.6%	48.3%	43.5%	42.9%	41.6%	47.1%	52.4%	51.7%	52.1%	42.0%	46.5%	Long-Term Debt Ratio	50.0%
49.1%	50.8%	51.1%	55.9%	56.6%	58.4%	52.9%	47.6%	48.3%	47.8%	58.0%	53.5%	Common Equity Ratio	50.0%
498.4	565.9	568.1	670.1	674.9	690.4	794.9	914.7	931.5	908.2	1050	1125	Total Capital ($mill)	1400
759.5	800.3	862.7	941.5	1010.2	1112.4	1198.1	1294.3	1381.1	1457.1	1510	1575	Net Plant ($mill)	1825
5.6%	6.1%	6.3%	5.2%	5.9%	7.1%	6.5%	5.5%	5.5%	6.5%	5.5%	6.0%	Return on Total Cap'l	6.5%
7.8%	8.9%	9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.0%	8.0%	Return on Shr. Equity	9.5%
7.9%	9.0%	9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.0%	8.0%	Return on Com Equity	9.5%
.7%	2.1%	2.1%	1.0%	1.8%	3.8%	3.8%	3.0%	2.3%	3.6%	1.5%	3.0%	Retained to Com Eq	3.0%
91%	77%	78%	86%	77%	61%	60%	66%	71%	62%	75%	62%	All Div'ds to Net Prof	67%

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	27.2	38.8	127.7
Other	86.7	107.8	104.0
Current Assets	113.9	146.6	231.7
Accts Payable	48.9	46.8	44.3
Debt Due	53.7	136.3	140.0
Other	49.3	59.7	72.5
Current Liab.	151.9	242.8	256.8
Fix. Chg. Cov.	278%	297%	325%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '16-'18
Revenues	3.5%	6.0%	5.0%
"Cash Flow"	4.5%	6.5%	5.0%
Earnings	4.0%	5.0%	5.5%
Dividends	1.0%	1.0%	6.0%
Book Value	5.0%	5.0%	5.5%

Cal-endar	QUARTERLY REVENUES ($ mill.)E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	90.3	118.3	146.3	105.5	460.4
2011	98.1	131.4	169.3	103.0	501.8
2012	116.7	143.6	178.1	121.6	560.0
2013	111.4	155	190	133.6	590
2014	135	165	210	140	650

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.05	.25	.49	.12	.91
2011	.03	.29	.50	.04	.86
2012	.03	.31	.56	.12	1.02
2013	d.03	.25	.45	.13	.80
2014	.05	.30	.55	.15	1.05

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.148	.148	.148	.148	.59
2010	.149	.149	.149	.149	.60
2011	.154	.154	.154	.154	.62
2012	.1575	.1575	.1575	.1575	.63
2013	.16	.16			

BUSINESS: California Water Service Group provides regulated and nonregulated water service to roughly 471,900 customers in 83 communities in California, 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, '12: residential, 66%; business, 18%; public authorities, 4%; industrial, 4%; other 8%. '12 reported depreciation rate: 2.8%. Has 1,131 employees. President, Chairman, and Chief Executive Officer: Peter C. Nelson. Inc.: Delaware. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.calwatergroup.com.

California Water will most likely have a down year in 2013. In the first quarter, the company posted a loss of $0.03 a share versus our estimate of a $0.04 gain mostly due to an accounting adjustment. Furthermore, over the remaining three quarters, the utility will probably experience negative year-over-year earnings comparisons. This is because of the combination that California Water is in need of rate relief and that the large equity offering it had in April should dilute share net by roughly 15%. For the full year, we expect share earnings to fall by over 20%, to $0.80.

A rebound seems probable in 2014, however. Higher rates being in effect will be the main reason for the improved showing. In mid-2012, the company filed a request with the California Public Utility Commission seeking increased rates of nearly 20%. Based on some recent cases, we think that regulators will permit a subpar return on equity, but will overall, hand down a reasonable decision. All told, we expect the company's share net to reach $1.05 next year.

The balance sheet has improved significantly. With the now completed 5.75-million- share offering, California Water has bolstered its finances. The long- term debt-to-total capital ratio has gone from 52% at year-end 2012 to 43% at the end of the first quarter, a large positive swing. Going forward, the utility won't be able to internally fund all of the capital expenditures required to update and modernize its infrastructure. Thus, it will probably issue debt which should result in moderate deterioration in the company's financial position.

California Water's dividend growth will be subpar in the near future for a water utility. Over the past five-and 10-year periods, the company's dividend growth has been a paltry 1%, low for even a nonutility stock. For the next several years we expect the payout to only grow 2%-3% versus about 5% for the industry.

All told, we think there are better opportunities elsewhere. True, CWT's yield is about 100 basis points higher than the *Value Line* average. Still, there are other water utilities with similar yields but better dividend growth prospects.

James A. Flood *July 19, 2013*

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (4¢); '01, 2¢; '02, 4¢; '11, 4¢. Next earnings report due mid-August.
(B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.
(C) Incl. intangible assets. In '12: $18.8 mill., $0.44/sh.
(D) In millions, adjusted for splits.
(E) Excludes non-reg. rev.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	90

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

CONNECTICUT WATER NDQ-CTWS

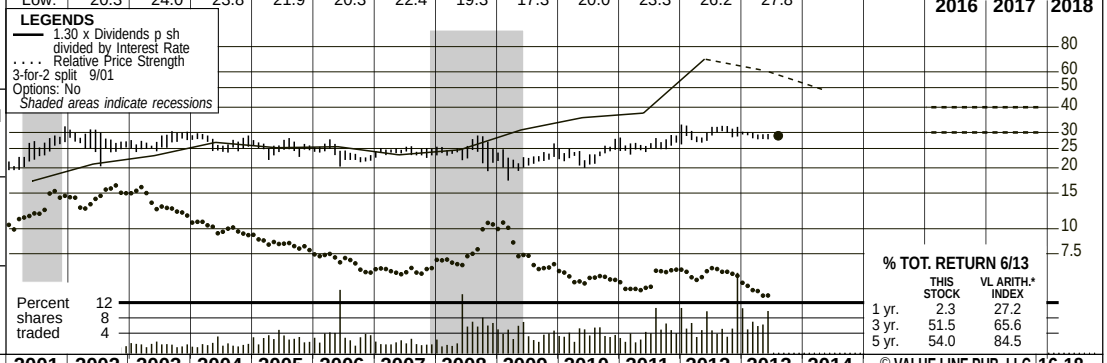
RECENT PRICE **28.88** | P/E RATIO **18.1** (Trailing: 18.8 Median: 23.0) | RELATIVE P/E RATIO **1.03** | DIV'D YLD **3.4%** | VALUE LINE

TIMELINESS 4 Lowered 3/29/13
SAFETY 3 New 1/18/13
TECHNICAL 3 Raised 5/3/13
BETA .75 (1.00 = Market)

High:	31.1	30.4	29.8	28.2	27.7	25.6	29.0	26.4	27.9	29.1	32.8	30.3
Low:	20.3	24.0	23.8	21.9	20.3	22.4	19.3	17.3	20.0	23.3	26.2	27.8

Target Price Range
2016 | 2017 | 2018

LEGENDS
— 1.30 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
3-for-2 split 9/01
Options: No
Shaded areas indicate recessions



2016-18 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+40%)	*11%*
Low	30	(+5%)	*3%*

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	2	0	0	0	0
Options	3	0	0	0	0	0	0	0	0
to Sell	3	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	29	48	52
to Sell	22	16	21
Hld's(000)	3102	4069	4336

% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	2.3	27.2
3 yr.	51.5	65.6
5 yr.	54.0	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
5.67	5.58	5.87	5.70	5.93	5.77	5.91	6.04	5.81	5.68	7.05	7.24	6.93	7.65	7.93	7.63	*8.65*	*8.90*	Revenues per sh	*11.25*
1.51	1.59	1.65	1.73	1.78	1.78	1.89	1.91	1.62	1.52	1.90	1.95	1.93	2.04	2.11	*2.10*	*2.55*	*2.65*	"Cash Flow" per sh	*2.75*
1.00	1.02	1.03	1.09	1.13	1.12	1.15	1.16	.88	.81	1.05	1.11	1.19	1.13	1.13	1.53	*1.60*	*1.65*	Earnings per sh A	*1.75*
.77	.78	.79	.79	.80	.81	.83	.84	.85	.86	.87	.88	.90	.92	.94	.96	*.99*	*1.04*	Div'd Decl'd per sh B■	*1.14*
1.99	1.12	1.42	1.43	1.86	1.98	1.49	1.58	1.96	1.96	2.24	2.44	3.28	3.06	2.61	2.34	*2.75*	*2.85*	Cap'l Spending per sh	*2.90*
8.26	8.52	8.61	8.92	9.25	10.06	10.46	10.94	11.52	11.60	11.95	12.23	12.67	13.05	13.50	16.89	*17.25*	*17.80*	Book Value per sh D	*20.40*
6.79	6.80	7.26	7.28	7.65	7.94	7.97	8.04	8.17	8.27	8.38	8.46	8.57	8.68	8.76	10.97	*11.00*	*11.25*	Common Shs Outst'g C	*12.00*
12.9	15.5	18.2	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	*Bold figures are*		Avg Ann'l P/E Ratio	*20.0*
.74	.81	1.04	1.18	1.10	1.33	1.34	1.21	1.52	1.57	1.22	1.34	1.23	1.32	1.44	1.24	*Value Line*		Relative P/E Ratio	*1.35*
6.0%	4.9%	4.2%	4.0%	3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%	3.9%	3.6%	3.6%	*estimates*		Avg Ann'l Div'd Yield	*3.4%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $180.3 mill. **Due in 5 Yrs** $14.8 mill.
LT Debt $177.9 mill. **LT Interest** $7.6 mill.
(Total interest coverage: 8.8x)
(49% of Cap'l)
Leases, Uncapitalized: Annual rentals $.2 mill.
Pension Assets $45.4 mill.
Oblig. $66.5 mill.
Pfd Stock $0.8 mill. **Pfd Divd** NMF
Common Stock 10,982,430 shs.
MARKET CAP: $325 million (Small Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
47.1	48.5	47.5	46.9	59.0	61.3	59.4	66.4	69.4	83.8	*95.0*	*100*	Revenues ($mill)	*135*
9.2	9.4	7.2	6.7	8.8	9.4	10.2	9.8	9.9	13.6	*17.5*	*18.0*	Net Profit ($mill)	*21.0*
17.9%	22.9%	- -	23.5%	32.4%	27.2%	19.5%	35.2%	41.3%	32.0	*32.0%*	*33.0%*	Income Tax Rate	*35%*
- -	- -	- -	- -	- -	1.7%	- -	- -	1.8%	1.8%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*3.0%*
43.5%	42.8%	44.9%	44.4%	47.8%	46.9%	50.6%	49.5%	53.2%	49.0%	*49.5%*	*49.5%*	Long-Term Debt Ratio	*48.5%*
55.9%	56.7%	54.6%	55.1%	51.8%	52.7%	49.1%	50.2%	46.5%	50.9%	*50.5%*	*50.5%*	Common Equity Ratio	*51.5%*
148.9	155.1	172.3	174.1	193.2	196.5	221.3	225.6	254.2	364.6	*375*	*390*	Total Capital ($mill)	*475*
238.9	246.1	247.7	268.1	284.3	302.3	325.2	344.2	362.4	447.9	*470*	*490*	Net Plant ($mill)	*550*
7.5%	7.0%	5.0%	4.9%	5.5%	5.9%	5.5%	5.4%	4.9%	*4.8%*	*5.5%*	*5.5%*	Return on Total Cap'l	*5.5%*
10.9%	10.6%	7.5%	6.9%	8.7%	9.0%	9.3%	8.6%	8.3%	7.3%	*9.0%*	*9.0%*	Return on Shr. Equity	*8.5%*
11.0%	10.6%	7.6%	7.0%	8.7%	9.1%	9.4%	8.7%	8.3%	7.3%	*9.0%*	*9.0%*	Return on Com Equity	*8.5%*
3.2%	3.1%	.3%	NMF	1.6%	1.9%	2.3%	1.6%	1.4%	2.7%	*3.5%*	*3.5%*	Retained to Com Eq	*3.0%*
71%	71%	95%	105%	82%	79%	76%	81%	83%	63%	*62%*	*63%*	All Div'ds to Net Prof	*65%*

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	1.0	13.2	9.1
Accounts Receivable	14.9	11.5	11.1
Other	3.0	11.7	12.9
Current Assets	18.9	36.4	33.1
Accts Payable	7.2	10.0	5.9
Debt Due	- -	3.0	2.4
Other	23.2	2.9	4.1
Current Liab.	30.4	15.9	12.4
Fix. Chg. Cov.	419%	455%	*460%*

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '16-'18
Revenues	2.5%	5.0%	*6.0%*
"Cash Flow"	1.5%	4.0%	*5.0%*
Earnings	0.5%	4.0%	*6.5%*
Dividends	1.5%	1.5%	*4.0%*
Book Value	4.0%	3.0%	*6.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	13.8	15.9	21.0	15.7	66.4
2011	16.0	17.4	20.6	15.4	69.4
2012	18.5	21.3	24.5	19.5	83.8
2013	21.5	*23.5*	*27.0*	*23.0*	*95.0*
2014	*22.0*	*24.0*	*30.0*	*24.0*	*100*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	.12	.27	.54	.20	1.13
2011	.26	.37	.39	.11	1.13
2012	.22	.47	.67	.16	1.53
2013	.24	*.45*	*.66*	*.25*	*1.60*
2014	*.30*	*.45*	*.65*	*.25*	*1.65*

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.222	.222	.228	.228	.90
2010	.228	.228	.233	.233	.922
2011	.233	.233	.238	.238	.942
2012	.238	.238	.243	.243	.962
2013	.243	.243			

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). Its largest subsidiary, Connecticut Water, accounted for about 85% of the holding company's net income in 2012, and provides water services to 400,000 people in 55 towns throughout Connecticut and Maine. Acquired The Maine Water Co., 1/12; Biddeford and Saco Water, 12/12. Inc.: CT. Has about 260 employees. Chairman/President/CEO: Eric W. Thornburg. Officers and directors own 2.2% of the common stock; BlackRock, Inc. 6.7%; The Vanguard Group, 5.3%. Address: 93 West Main Street, Clinton, CT 06413. Telephone: (860) 669-8636. Web: www.ctwater.com.

Connecticut Water has reached a tentative deal with state officials. In sum, the utility agreed to reduce consumers rates for the next two years and not file a new rate case seeking higher tariffs until October 2015. The lower rates will be made possible by Connecticut Water passing through to the ratepayers a tax refund from 2010-12 that it recently qualified for with the IRS. The agreement was made with the Consumer Council and the Attorney General but still must be given final approval by the state's Public Utility Regulatory Authority (PURA).

The deal is not as unfavorable to Connecticut Water as it sounds. In return for the above concessions, going forward authorities are allowing the utility to establish a Revenue Adjustment Mechanism that will allow it to let the tax benefit (from the same refund) flow through to shareholders until the next rate case.

In fact, we are raising our earnings estimates for the company substantially. We think that the new arrangement will add $0.20 to the bottom line in 2013 and $0.10 in 2014. All told, we believe that Connecticut Water can possibly earn $1.60 this year, and $1.65 next year.

Is this a sign that the regulatory climate in Connecticut is getting more constructive? Long regarded as one of the toughest places for utilities to operate, this latest ruling seems fair to both the ratepayers and the utility. (*Value Line* currently ranks Connecticut's regulatory climate as Below Average.)

The higher projected earnings could possibly give Connecticut Water a window to start a more generous dividend paying policy. Over the past five and 10 year periods, the utility's dividend growth rate has been roughly 1%-2%, well below average for a water utility. With this potential windfall, Connecticut Water could reward shareholders with perhaps more than the subpar 2% increase that we were previously expecting.

Connecticut Water shares carry a 4 (Below Average) rank for Timeliness. Despite the upbeat recent events, we should remind investors that the deal with regulators has not been finalized. Thus, we'd advise staying on the sidelines for the time being.

James A. Flood *July 19, 2013*

(A) Diluted earnings. Next earnings report due mid-August.
(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 '12: $31.7 million/$2.89 a share.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	35
Earnings Predictability	85

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

MIDDLESEX WATER NDQ-MSEX

RECENT PRICE **20.68** | P/E RATIO **20.7** (Trailing: 20.9 Median: 22.0) | RELATIVE P/E RATIO **1.18** | DIV'D YLD **3.7%** | VALUE LINE

TIMELINESS 2 Raised 6/7/13
SAFETY 2 New 10/21/11
TECHNICAL 3 Raised 6/29/12
BETA .70 (1.00 = Market)

High:	20.0	21.2	21.8	23.5	20.5	20.2	19.8	17.9	19.3	19.4	19.6	20.9
Low:	13.7	15.8	16.7	17.1	16.5	16.9	12.0	11.6	14.7	16.5	17.5	18.6

Target Price Range 2016 | 2017 | 2018

2016-18 PROJECTIONS

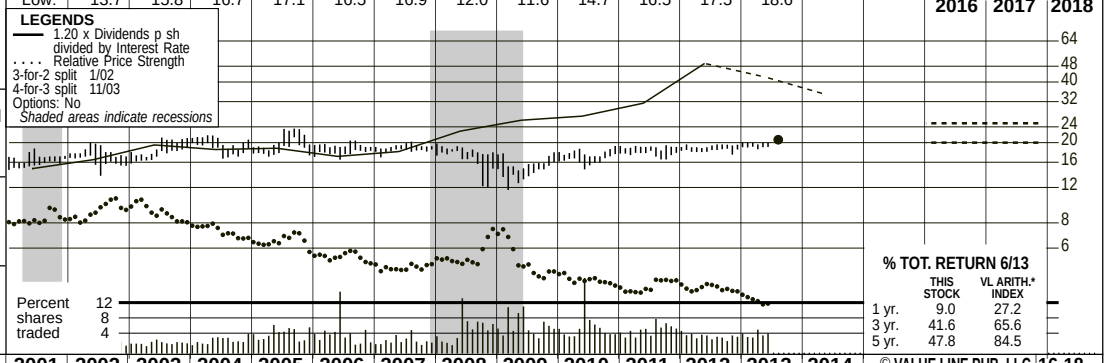
	Price	Gain	Ann'l Total Return
High	25	(+20%)	8%
Low	20	(-5%)	3%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	1	1	1	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	37	38	38
to Sell	22	28	30
Hld's(000)	6713	6696	6579



% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	9.0	27.2
3 yr.	41.6	65.6
5 yr.	47.8	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
4.72	4.39	5.35	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	*7.20*	*7.70*	Revenues per sh	*9.10*
1.02	1.02	1.19	.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	*1.65*	*1.85*	"Cash Flow" per sh	*2.30*
.67	.71	.76	.51	.66	.73	.61	.73	.71	.82	.87	.89	.72	.96	.84	.90	*1.00*	*1.05*	Earnings per sh A	*1.15*
.57	.58	.60	.61	.62	.63	.65	.66	.67	.68	.69	.70	.71	.72	.73	.74	*.75*	*.76*	Div'd Decl'd per sh B■	*.80*
1.20	2.68	2.33	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	*1.50*	*1.65*	Cap'l Spending per sh	*2.00*
6.00	6.80	6.95	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	*11.75*	*12.10*	Book Value per sh	*12.90*
8.54	9.82	10.00	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	*16.00*	*16.25*	Common Shs Outst'g C	*17.00*
13.4	15.2	17.6	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	*Bold figures are*		Avg Ann'l P/E Ratio	*20.0*
.77	.79	1.00	1.87	1.26	1.28	1.71	1.39	1.46	1.23	1.15	1.19	1.40	1.13	1.36	1.33	*Value Line*		Relative P/E Ratio	*1.35*
6.3%	5.4%	4.4%	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%	*estimates*		Avg Ann'l Div'd Yield	*3.6%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $163.1 mill. **Due in 5 Yrs** $60.0 mill.
LT Debt $130.5 mill. **LT Interest** $7.0 mill.
(LT interest coverage: 4.1x)
(41% of Cap'l)

Pension Assets-12/12 $37.9 mill.
Oblig. $62.8 mill.
Pfd Stock $3.4 mill. **Pfd Div'd:** $.2 mill.

Common Stock 15,819,812 shs.
as of 4/30/13

MARKET CAP: $325 million (Small Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
64.1	71.0	74.6	81.1	86.1	91.0	91.2	102.7	102.1	110.4	*115*	*125*	Revenues ($mill)	*155*
6.6	8.4	8.5	10.0	11.8	12.2	10.0	14.3	13.4	14.4	*15.5*	*17.0*	Net Profit ($mill)	*20.0*
32.8%	31.1%	27.6%	33.4%	32.6%	33.2%	34.1%	32.1%	32.7%	33.9%	*34.0%*	*34.0%*	Income Tax Rate	*34.0%*
--	--	--	--	--	--	--	6.8%	6.1%	3.4%	*4.5%*	*4.5%*	AFUDC % to Net Profit	*5.0%*
53.8%	53.8%	55.3%	49.5%	49.0%	45.6%	46.6%	43.1%	42.3%	41.5%	*43.0%*	*43.0%*	Long-Term Debt Ratio	*43.0%*
44.0%	42.5%	41.3%	47.5%	49.6%	51.8%	52.1%	55.8%	56.6%	57.4%	*57.0%*	*57.0%*	Common Equity Ratio	*57.0%*
181.1	214.5	231.7	264.0	268.8	259.4	267.9	310.5	312.5	316.5	*330*	*345*	Total Capital ($mill)	*400*
230.9	262.9	288.0	317.1	333.9	366.3	376.5	405.9	422.2	435.2	*440*	*450*	Net Plant ($mill)	*510*
5.0%	5.1%	5.0%	5.1%	5.6%	5.8%	5.0%	5.7%	5.2%	5.4%	*4.5%*	*5.0%*	Return on Total Cap'l	*5.5%*
7.9%	8.5%	8.2%	7.5%	8.6%	8.6%	7.0%	8.1%	7.5%	7.8%	*8.0%*	*8.5%*	Return on Shr. Equity	*9.0%*
8.0%	9.0%	8.6%	7.8%	8.7%	8.9%	7.0%	8.2%	7.5%	7.8%	*8.0%*	*8.5%*	Return on Com Equity	*9.0%*
NMF	.9%	.6%	1.3%	1.8%	2.0%	.1%	2.1%	1.0%	1.4%	*2.0%*	*2.5%*	Retained to Com Eq	*3.0%*
106%	90%	94%	84%	79%	78%	98%	75%	87%	83%	*80%*	*73%*	All Div'ds to Net Prof	*70%*

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	3.1	3.0	4.5
Other	19.8	21.6	20.8
Current Assets	22.9	24.6	25.3
Accts Payable	5.7	3.8	4.5
Debt Due	4.6	11.1	32.6
Other	36.4	41.1	14.7
Current Liab.	46.7	55.9	51.8
Fix. Chg. Cov.	380%	410%	*415%*

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Revenues	1.5%	1.0%	*5.5%*
"Cash Flow"	3.0%	2.0%	*7.0%*
Earnings	3.5%	2.5%	*4.0%*
Dividends	1.5%	1.5%	*1.5%*
Book Value	4.5%	4.0%	*2.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	21.6	26.5	29.6	25.0	102.7
2011	24.0	26.1	28.7	23.3	102.1
2012	23.5	27.4	32.3	27.1	110.4
2013	27.0	*28.0*	*32.0*	*28.0*	*115*
2014	*30.0*	*29.0*	*36.0*	*30.0*	*125*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	.11	.31	.37	.17	.96
2011	.17	.23	.32	.12	.84
2012	.11	.23	.38	.17	.90
2013	.20	*.28*	*.35*	*.17*	*1.00*
2014	*.17*	*.28*	*.40*	*.20*	*1.05*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.178	.178	.178	.180	.71
2010	.180	.180	.180	.183	.72
2011	.183	.183	.183	.185	.73
2012	.185	.185	.185	.1875	.74
2013	.1875	.1875			

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 2012, the Middlesex System accounted for 65% of total revenues. At 12/31/12, the company had 279 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers/directors own 3.1% of the common stock; BlackRock, 6.3%; The Vanguard Group, 5.7% (4/13 proxy). Address: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: www.middlesexwater.com.

Middlesex Water has a subpar historical record when it comes to dividend growth. Over the past five and 10 years respectively, the water utility has managed to raise the annual dividend a paltry 1.5%. This is among the lowest percentages in the water utility industry.

We don't expect this to change anytime soon. Our forecast is for the rise in the yearly payout to remain in the 1%-2% range over the pull to 2016-2018. Part of this is due to the company's existing high payout ratio which restricts future growth. This is also why Middlesex's stock is currently yielding the highest in the group. (Investors are willing to pay a premium i.e. accept a lower yield in return for larger dividend hikes in the future.)

Earnings have been surprising on the upside lately. For the third consecutive quarter, the company has posted solid year-over-year quarterly comparisons. This is due mostly to higher residential rates, which were implemented in 2012's third quarter. We think the $4 million in higher rates granted in Delaware and additional $8 million allowed in New Jersey will be enough to ensure earnings per share gains of 10% in 2013 and 5% next year, despite the weakening in other business areas. (See below.)

A weak performance in the commercial and industrial markets will prevent a better earnings showing. In the recent past, the company lost two big contracts that totalled almost $5 million in revenue. In New Jersey, the borough of Sayreville, has decided not to renew it contract for wholesale water when it ends this August. Also, the closing of a refinery meant the loss of a major industrial company and $2.6 million in revenues.

Capital investment will likely help long term growth. The company plans on spending almost $75 million on capital expenditures over the next three years. Most of the money will be directed toward the higher-margined, residential market, which is much more predictable than the commercial and industrial markets.

These timely shares are mostly for momentum investors seeking a high current-yield. Other companies in this group offer a lower yield but higher potential total returns to 2016-2018.

James A. Flood *July 19, 2013*

(A) Diluted earnings. May not sum due to rounding. Next earnings report due early August.
(B) Dividends historically paid in mid-Feb., May, Aug., and November.■ Div'd reinvestment plan available.
(C) In millions, adjusted for splits.
(D) Intangible assets in 2012: $9.2 million, $0.58 a share.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	30
Earnings Predictability	80

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

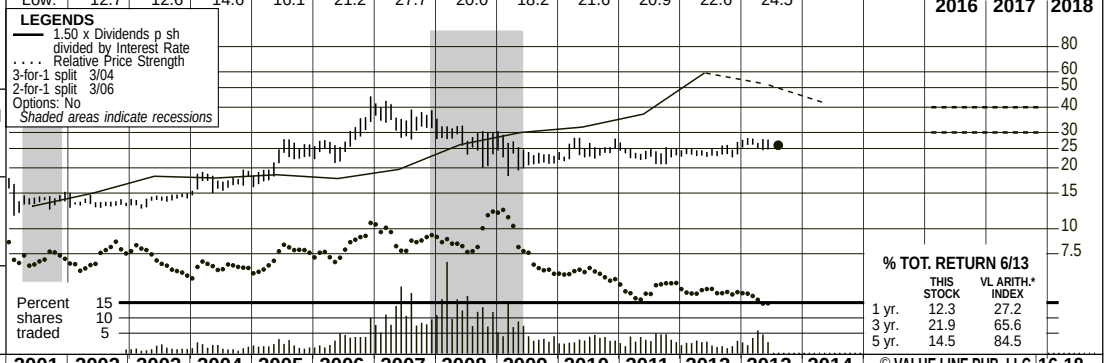
SJW CORP. NYSE-SJW

RECENT PRICE **25.95** | P/E RATIO **20.0** (Trailing: 21.8 Median: 23.0) | RELATIVE P/E RATIO **1.14** | DIV'D YLD **2.9%** | VALUE LINE

TIMELINESS 2 Raised 6/7/13
SAFETY 3 New 4/22/11
TECHNICAL 3 Lowered 6/28/13
BETA .85 (1.00 = Market)

High:	15.1	15.0	19.6	27.8	45.3	43.0	35.1	30.4	28.2	26.8	26.9	28.1
Low:	12.7	12.6	14.6	16.1	21.2	27.7	20.0	18.2	21.6	20.9	22.6	24.5

Target Price Range
2016 | 2017 | 2018



2016-18 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+55%)	14%
Low	30	(+15%)	7%

Insider Decisions

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

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	31	34	46
to Sell	31	30	20
Hld's(000)	8844	9043	10000

% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	12.3	27.2
3 yr.	21.9	65.6
5 yr.	14.5	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
5.79	5.58	6.40	6.74	7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	11.68	11.62	12.85	13.99	*14.25*	*14.75*	Revenues per sh	*16.30*
1.27	1.26	1.43	1.23	1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	2.21	2.38	2.80	2.94	*3.30*	*3.50*	"Cash Flow" per sh	*3.65*
.80	.76	.87	.58	.77	.78	.91	.87	1.12	1.19	1.04	1.08	.81	.84	1.11	1.18	*1.30*	*1.40*	Earnings per sh A	*1.60*
.38	.39	.40	.41	.43	.46	.49	.51	.53	.57	.61	.65	.66	.68	.69	.71	*.73*	*.75*	Div'd Decl'd per sh B■	*.90*
1.27	1.81	1.77	1.89	2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	3.17	5.65	3.75	5.70	*5.25*	*5.20*	Cap'l Spending per sh	*4.85*
7.02	7.53	7.88	7.90	8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	13.66	13.75	14.20	14.68	*15.60*	*16.40*	Book Value per sh	*19.15*
19.02	19.01	18.27	18.27	18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	18.50	18.55	18.59	18.70	*20.00*	*21.00*	Common Shs Outst'g C	*23.00*
11.2	13.1	15.5	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	*Bold figures are*		Avg Ann'l P/E Ratio	*22.0*
.65	.68	.88	2.15	.95	.94	.88	1.04	1.05	1.27	1.77	1.58	1.91	1.85	1.33	1.31	*Value Line*		Relative P/E Ratio	*1.45*
4.3%	3.9%	3.0%	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%	*estimates*		Avg Ann'l Div'd Yield	*2.6%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $358.1 mill. **Due in 5 Yrs** $21.2 mill.
LT Debt $335.4 mill. **LT Interest** $18.6 mill.
(Total interest coverage: 4.6x) (55% of Cap'l)

Leases, Uncapitalized: Annual rentals $4.7 mill.

Pension Assets $75.5 mill. **Oblig.** $141.0 mill.

Pfd Stock None.

Common Stock 20,020,372 shs.

MARKET CAP: $525 million (Small Cap)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		16-18
149.7	166.9	180.1	189.2	206.6	220.3	216.1	215.6	239.0	261.6	*285*	*310*	Revenues ($mill)	*375*
16.7	16.0	20.7	22.2	19.3	20.2	15.2	15.8	20.9	22.3	*26.0*	*29.0*	Net Profit ($mill)	*37.0*
36.2%	42.1%	41.6%	40.8%	39.4%	39.5%	40.4%	38.8%	41.1%	41.1%	*41.0%*	*40.0%*	Income Tax Rate	*40.0%*
1.6%	2.1%	1.6%	2.1%	2.7%	2.3%	2.0%	- -	2.0%	2.0%	*3.0%*	*4.0%*	AFUDC % to Net Profit	*5.0%*
45.6%	43.7%	42.6%	41.8%	47.7%	46.0%	49.4%	53.7%	56.6%	55.0%	*54.5%*	*54.0%*	Long-Term Debt Ratio	*51.0%*
54.4%	56.3%	57.4%	58.2%	52.3%	54.0%	50.6%	46.3%	43.4%	45.0%	*45.5%*	*46.0%*	Common Equity Ratio	*49.0%*
306.0	328.3	341.2	391.8	453.2	470.9	499.6	550.7	607.9	610.2	*685*	*745*	Total Capital ($mill)	*900*
428.5	456.8	484.8	541.7	645.5	684.2	718.5	785.5	756.2	831.6	*890*	*950*	Net Plant ($mill)	*1150*
6.9%	6.5%	7.6%	7.0%	5.7%	5.8%	4.4%	4.3%	4.9%	5.2%	*5.0%*	*5.0%*	Return on Total Cap'l	*6.0%*
10.0%	8.7%	10.6%	9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	*8.5%*	*8.5%*	Return on Shr. Equity	*8.5%*
10.0%	8.7%	10.6%	9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	*8.5%*	*8.5%*	Return on Com Equity	*8.5%*
4.7%	3.6%	5.6%	5.2%	3.5%	3.3%	1.2%	1.2%	3.1%	3.2%	*3.5%*	*4.0%*	Retained to Com Eq	*3.5%*
53%	58%	47%	46%	57%	59%	80%	80%	61%	60%	*56%*	*54%*	All Div'ds to Net Prof	*56%*

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	26.7	2.5	2.1
Other	42.2	40.4	32.1
Current Assets	68.9	42.9	34.2
Accts Payable	7.4	8.5	10.9
Debt Due	0.8	20.7	22.7
Other	20.1	19.9	25.5
Current Liab.	28.3	49.1	59.1
Fix. Chg. Cov.	276%	247%	231%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '16-'18
Revenues	6.0%	4.5%	*4.0%*
"Cash Flow"	6.0%	2.5%	*5.0%*
Earnings	2.0%	-3.0%	*7.5%*
Dividends	5.0%	5.0%	*4.5%*
Book Value	5.5%	4.5%	*5.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	40.4	54.1	70.3	50.8	215.6
2011	43.7	59.0	73.9	62.4	239.0
2012	51.2	65.6	82.4	62.4	261.6
2013	50.1	*70.0*	*94.9*	*70.0*	*285*
2014	*60.0*	*75.0*	*100*	*75.0*	*310*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	.05	.24	.44	.11	.84
2011	.03	.29	.44	.35	1.11
2012	.06	.28	.53	.31	1.18
2013	.07	*.32*	*.58*	*.33*	*1.30*
2014	*.10*	*.35*	*.60*	*.35*	*1.40*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.165	.165	.165	.165	.66
2010	.17	.17	.17	.17	.68
2011	.173	.173	.173	.173	.69
2012	.1775	.1775	.1775	.1775	.71
2013	.1825	.1825			

BUSINESS: SJW Corporation engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 227,000 connections that serve a population of approximately one million people in the San Jose area and 8,700 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. The company offers nonregulated water-related services, including water system operations, cash remittances, and maintenance contract services. SJW also owns and operates commercial real estate investments. Has about 375 employees. Chrm.: Charles J. Toeniskoetter. Inc.: CA. Address: 110 W. Taylor Street, San Jose, CA 95110. Tel.: (408) 279-7800. Int: www.sjwater.com.

SJW has a major rate case pending. The utility filed a petition seeking higher tariffs in early 2012 with the California Public Utility Commission (CPUC). SJW is seeking to raise rates by 21.5% in 2013, 4.9% in 2014, and 12.6% in 2016, respectively. The CPUC has been reasonable in its past few rate cases, (with the exception of the allowed return on equity), but clearly SJW is asking for large amounts of money. Cases such as these are a challenge to regulators. There is a lot of political pressure to keep rates low, but SJW has presented a good case as to why it needs the funds. For example, expenses experienced large increases in 2012 as the cost of purchasing water alone, by far the largest expense, rose by more than 20%.

We think share net can rise by double digits this year. While the CPUC is considering the case, SJW was allowed to implement higher rates on an interim basis. The company's share net can increase by 10%, to $1.30, even though there was a dilutive equity offering this April that increased the number of shares outstanding by 8%.

Next year is a bit of a question mark. While SJW is collecting higher rates on an interim basis, we have a good idea of what its earnings will be. In 2014, however, our forecast is more tenuous. The bottom line will depend to a great degree on what the CPUC's final ruling is. Currently, we estimate a relatively reasonable ruling, one that should enable the company's share net to rise by a solid 8%, to $1.40.

Capital expenditures will be burdensome. Like most utilities, much of SJW's infrastructure is outdated and in need of modernization. The company estimates that it will have to spend $100 million annually over the next five-year period for this purpose. Internally generated funds will fall far short of covering the bill. Thus, large amounts of debt and equity offerings will be required.

These shares are timely. However, while earnings will probably do well due to the interim rate hikes, long-term total returns potential is subpar. Another negative is the chance of a harsh regulatory ruling on the pending rate case, which could impair the company's potential profit growth.

James A. Flood *July 19, 2013*

(A) Diluted earnings. Excludes nonrecurring losses : '03, $1.97; '04, $3.78; '05, $1.09; '06, $16.36; '08, $1.22; '10, 46¢. Next earnings report due late August. Quarterly egs. 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	80
Price Growth Persistence	60
Earnings Predictability	80

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

YORK WATER NDQ-YORW

RECENT PRICE **19.74** | P/E RATIO **25.3** (Trailing: 26.7 Median: 25.0) | RELATIVE P/E RATIO **1.44** | DIV'D YLD **2.8%** | VALUE LINE

TIMELINESS 4 New 7/19/13
SAFETY 2 New 7/19/13
TECHNICAL 3 New 7/19/13
BETA .70 (1.00 = Market)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
High:	13.4	13.5	14.0	17.9	21.0	18.5	16.5	18.0	18.0	18.1	18.5	19.8
Low:	8.2	9.3	11.0	11.7	15.3	15.5	6.2	9.7	12.8	15.8	16.8	17.6

Target Price Range
2016 | 2017 | 2018

2016-18 PROJECTIONS

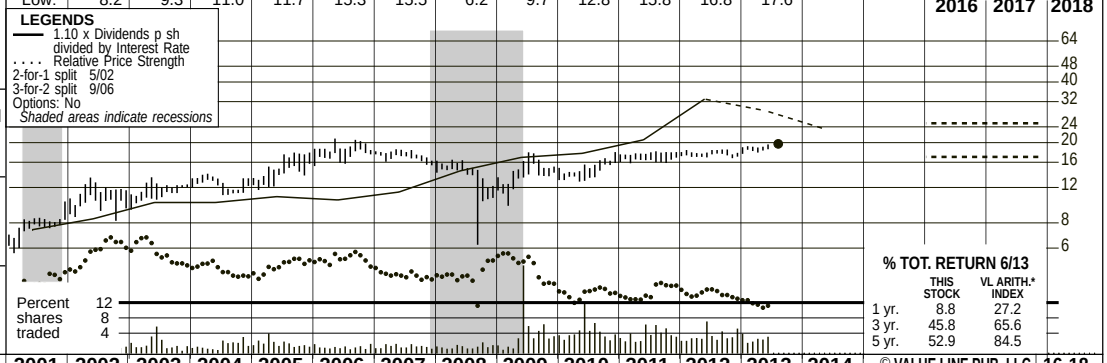
	Price	Gain	Ann'l Total Return
High	25	(+25%)	8%
Low	17	(-15%)	Nil

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	2	4	0	0	4	0	0	4
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	1	0	0	0	1

Institutional Decisions

	3Q2012	4Q2012	1Q2013
to Buy	27	26	33
to Sell	28	27	21
Hld's(000)	3279	3178	3375



% TOT. RETURN 6/13

	THIS STOCK	VL ARITH.* INDEX
1 yr.	8.8	27.2
3 yr.	45.8	65.6
5 yr.	52.9	84.5

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
- -	- -	- -	- -	2.05	2.05	2.17	2.18	2.58	2.56	2.79	2.89	2.95	3.07	3.18	3.21	*3.40*	*3.50*	Revenues per sh	*3.55*
- -	- -	- -	- -	.59	.57	.65	.65	.79	.77	.86	.88	.95	1.07	1.09	1.12	*1.20*	*1.30*	"Cash Flow" per sh	*1.40*
- -	- -	- -	- -	.43	.40	.47	.49	.56	.58	.57	.57	.64	.71	.71	.72	*.78*	*.85*	Earnings per sh A	*.90*
- -	- -	- -	- -	.34	.35	.37	.39	.42	.45	.48	.49	.51	.52	.53	.54	*.55*	*.57*	Div'd Decl'd per sh B	*.65*
- -	- -	- -	- -	.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	1.18	.83	.74	.94	*.90*	*.80*	Cap'l Spending per sh	*.90*
- -	- -	- -	- -	3.79	3.90	4.06	4.65	4.85	5.84	5.97	6.14	6.92	7.19	7.45	7.73	*8.05*	*8.35*	Book Value per sh	*8.60*
- -	- -	- -	- -	9.46	9.55	9.63	10.33	10.40	11.20	11.27	11.37	12.56	12.69	12.79	12.92	*13.00*	*13.20*	Common Shs Outst'g C	*14.00*
- -	- -	- -	- -	17.8	26.9	24.5	25.7	26.3	31.2	30.3	24.6	21.9	20.7	23.9	24.4	*Bold figures are*		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	*Value Line*		Relative P/E Ratio	*1.50*
- -	- -	- -	- -	4.4%	3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	3.6%	3.5%	3.1%	3.1%	*estimates*		Avg Ann'l Div'd Yield	*3.2%*
						20.9	22.5	26.8	28.7	31.4	32.8	37.0	39.0	40.6	41.4	*44.0*	*46.0*	Revenues ($mill)	*50.0*
						4.4	4.8	5.8	6.1	6.4	6.4	7.5	8.9	9.1	9.3	*10.2*	*11.3*	Net Profit ($mill)	*12.6*
						34.8%	36.7%	36.7%	34.4%	36.5%	36.1%	37.9%	38.5%	35.3%	37.6%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
						- -	- -	- -	7.2%	3.6%	10.1%	- -	1.2%	1.1%	1.1%	*1.0%*	*1.0%*	AFUDC % to Net Profit	*1.0%*
						43.4%	42.5%	44.1%	48.3%	46.5%	54.5%	45.7%	48.3%	47.1%	46.0%	*45.0%*	*45.0%*	Long-Term Debt Ratio	*43.0%*
						56.6%	57.5%	55.9%	51.7%	53.5%	45.5%	54.3%	51.7%	52.9%	54.0%	*55.0%*	*55.0%*	Common Equity Ratio	*57.0%*
						69.0	83.6	90.3	126.5	125.7	153.4	160.1	176.4	180.2	184.8	*190*	*197*	Total Capital ($mill)	*220*
						116.5	140.0	155.3	174.4	191.6	211.4	222.0	228.4	233.0	240.3	*245*	*250*	Net Plant ($mill)	*265*
						8.5%	7.6%	8.4%	6.2%	6.7%	5.7%	6.2%	6.5%	6.4%	6.4%	*6.5%*	*7.0%*	Return on Total Cap'l	*7.0%*
						11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	8.6%	9.8%	9.5%	9.3%	*9.5%*	*10.0%*	Return on Shr. Equity	*10.0%*
						11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	8.6%	9.8%	9.5%	9.3%	*9.5%*	*10.0%*	Return on Com Equity	*10.0%*
						2.6%	2.1%	3.0%	2.2%	1.7%	1.4%	1.9%	2.7%	2.5%	2.4%	*3.0%*	*3.0%*	Retained to Com Eq	*3.0%*
						77%	79%	74%	77%	82%	85%	78%	72%	73%	74%	*71%*	*67%*	All Div'ds to Net Prof	*72%*

CAPITAL STRUCTURE as of 3/31/13
Total Debt $85.0 mill. **Due in 5 Yrs** $19.5 mill.
LT Debt $84.9 mill. **LT Interest** $5.2 mill.
(Total interest coverage: 2.9x)
(46% of Cap'l)

Pension Assets 12/12 $22.7 mill.
Oblig. $34.7 mill.

Pfd Stock None

Common Stock 12,932,111 shs.
as of 5/8/13

MARKET CAP: $250 million (Small Cap)

CURRENT POSITION ($MILL.)	2011	2012	3/31/13
Cash Assets	4.0	4.0	4.6
Accounts Receivable	6.0	6.4	5.6
Other	1.4	1.2	1.5
Current Assets	11.4	11.6	11.7
Accts Payable	1.1	1.1	.9
Debt Due	.1	.1	.1
Other	4.1	4.3	4.9
Current Liab.	5.3	5.5	5.9
Fix. Chg. Cov.	160%	156%	154%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Revenues	4.5%	3.5%	*2.0%*
"Cash Flow"	6.5%	6.5%	*4.0%*
Earnings	5.5%	4.5%	*4.0%*
Dividends	1.5%	3.0%	*3.5%*
Book Value	7.0%	6.0%	*2.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	9.0	9.7	10.5	9.8	39.0
2011	9.6	10.5	10.5	10.0	40.6
2012	9.6	10.4	11.0	10.4	41.4
2013	10.1	*11.0*	*11.7*	*11.2*	*44.0*
2014	*10.5*	*11.5*	*12.2*	*11.8*	*46.0*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2010	.15	.18	.21	.17	.71
2011	.17	.19	.19	.16	.71
2012	.15	.17	.22	.18	.72
2013	.17	*.19*	*.21*	*.21*	*.78*
2014	*.19*	*.21*	*.23*	*.22*	*.85*

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.126	.126	.126	.126	.504
2010	.128	.128	.128	.128	.512
2011	.131	.131	.131	.131	.524
2012	.134	.134	.134	.134	.535
2013	.138	.138	.138		

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, 2012, the company's average daily availability was 35.0 million gallons and its service territory had an estimated population of 189,000. Has more than 63,000 customers. Residential customers accounted for 63% of 2012 revenues; commercial and industrial (29%); other (8%). It also provides sewer billing services. Incorporated: PA. York had 103 full-time employees at 12/31/12. President/CEO: Jeffrey R. Hines. Officers/directors own 1.2% of the common stock (3/13 proxy). Address: 130 East Market Street York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: www.yorkwater.com.

We are initiating coverage of The York Water Company this week in *The Value Line Investment Survey.* It is a regulated water utility that purifies and distributes drinking water to more than 63,000 customers in Pennsylvania. The company was founded in 1816.

The equity has performed well of late. Over the past three months, the stock price has advanced about 8%. In comparison, the S&P 500 Index is up approximately 4% over the same time frame. In our view, the outperformance stemmed from some investors seeking more stable stocks during the recent period of increased volatility on Wall Street. On that note, shares of York Water are now trading near their 52-week high.

York stock now seems richly valued. The equity was recently trading at more than 25 times our 2013 share-earnings estimate, which is higher than its historical average, as well as the multiple we project to the 2016–2018 time frame. All told, at this time, we see little reason to take a position here. According to our proprietary Ranking System for Timeliness, York shares will underperform the broader market return over the next six to 12 months. In addition, looking long term, the issue is already trading well within our projected Target Price Range for 2016-2018. We also estimate that the dividend payout will only increase at a modest annual pace.

The company's near- and long-term prospects aren't compelling, though it does have an important rate case pending. In order to recoup capital investments that stemmed from maintenance outlays, York submitted a request to the Pennsylvania Utility Commission for an increase in water rates of $7.1 million per year. We think that York will be successful, at least partly so, in getting the hike approved, which will help revenues and profits. Furthermore, and most important, water is one of the most essentials part of life. Water providers, therefore, are almost as critical, and demand for water ought to continue to grow along with the population. However, in order to keep the water flowing, York will have to invest heavily in improving its infrastructure, which will hamper profits. All told, we project only modest annual share-net gains.

Ian Gendler *July 19, 2013*

(A) Diluted earnings. Next earnings report due early August.
(B) Dividends historically paid in mid-January, April, July, and October.
(C) In millions, adjusted for splits.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	60
Earnings Predictability	100

© 2013 Value Line Publishing LLC. 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 1-800-833-0046.

Utilities Services of South Carolina, Inc.
Current Institutional Holdings and Individual Holdings
the Proxy Group of Nine Water Companies

	1	2
	August 30, 2013 Percentage of Institutional Holdings	August 30, 2013 Percentage of Individual Holdings (1)
Proxy Group of Nine Water Companies		
American States Water Co.	62.98 %	37.02 %
American Water Works Co., Inc.	81.67	18.33
Aqua America, Inc.	59.11	40.89
Artesian Resources Corp.	38.33	61.67
California Water Service Group	56.93	43.07
Connecticut Water Service, Inc.	41.47	58.53
Middlesex Water Company	38.97	61.03
SJW Corporation	53.13	46.87
York Water Company	25.91	74.09
Average	50.94 %	49.06 %

Notes:
(1) (1 - column 1).

Source of Information: pro.edgar-online.com, August 30, 2013

Utilities Services of South Carolina, Inc.
Summary of Risk Premium Models for the
Proxy Group of Nine Water Companies

		Proxy Group of Nine Water Companies	
Predictive Risk Premium Model ™ (PRPM™) (1)		11.95	%
Risk Premium Using an Adjusted Market Approach (2)		10.13	%
	Average	11.04	%

Notes:
(1) From page 2 of this Schedule.
(2) From page 3 of this Schedule.

Utilities Services of South Carolina, Inc.
Derivation of Common Equity Cost Rate
Using the Predictive Risk Premium Model ™ (PRPM ™)
Proxy Group of Nine Water Companies (1)

	American States Water Co.	American Water Works Co., Inc.	Aqua America, Inc.	Artesian Resources Corp.	California Water Service Group	Connecticut Water Service, Inc.	Middlesex Water Company	SJW Corporation	York Water Company
GARCH Coefficient (2)	1.494542055	5.25701212	2.215676779	2.092556717	1.750966173	1.704143916	1.925262119	1.308692643	1.903646787
Average Variance (2)	0.39%	0.32%	0.48%	0.31%	0.31%	0.29%	0.27%	0.42%	0.47%
PRPM™ Derived Risk Premium (2)	7.27%	22.38%	13.51%	7.97%	6.80%	5.99%	6.40%	6.81%	11.19%
Risk-Free Rate (3)	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%
Indicated Cost of Common Equity	11.58%	NA	17.82%	12.28%	11.11%	10.30%	10.71%	11.12%	15.50%
								Average	12.55%
								Median	11.35%
								Average of Average and Median Results	11.95%

Notes:
(1) PRPM™ run period from first available trading month through August 2013.
(2) Based upon data from CRSP® Data © 2012, Center For Research in Security Prices (CRSP®), The University of Chicago Booth School of Business.
(3) From note 3 on page 2 of Schedule 6.

Utilities Services of South Carolina, Inc.
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Nine Water Companies	
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.08 %	
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A Rated Public Utility Bonds	0.29	(2)
3.	Adjusted Prospective Yield on A Rated Public Utility Bonds	5.37 %	
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group	(0.04)	(3)
5.	Adjusted Prospective Bond Yield	5.33 %	
6.	Equity Risk Premium (4)	4.80	
7.	Risk Premium Derived Common Equity Cost Rate	10.13 %	

Notes:
(1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 9 and 10 of this Schedule).
(2) The average yield spread of A rated public utility bonds over Aaa rated corporate bonds of 0.29% from page 4 of this Schedule.
(3) Adjustment to reflect the A1/A2 Moody's Bond Rating of the Proxy Group of Nine Water Companies as shown on page 4 of this Schedule. The 4 basis point adjustment is derived by taking 1/6 of the spread between Aa and A Public Utility Bonds (1/6 * 0.25% = 0.04%).
(4) From page 7 of this Schedule.

Utilities Services of South Carolina, Inc.
Comparison of Bond Bond ratings for the
Proxy Group of Nine Water Companies

	Moody's Bond Rating July 2013		Standard & Poor's Bond Rating July 2013	
Proxy Group of Nine Water Companies	Bond Rating	Numerical Weighting (1)	Bond Rating	Numerical Weighting (1)
American States Water Co. (2)	A2	5.0	A+	5.0
American Water Works Co., Inc. (3)	A1	6.0	A	6.0
Aqua America, Inc. (4)	NR	- -	AA-	4.0
Artesian Resources Corp.	NR	- -	NR	- -
California Water Service Group (5)	NR	- -	AA-	4.0
Connecticut Water Service, Inc. (6)	NR	- -	A	6.0
Middlesex Water Company	NR	- -	A	6.0
SJW Corporation (7)	NR	- -	A	6.0
York Water Company	NR	- -	A-	7.0
Average	A1/A2	5.5	A+/A	5.5

Notes:
(1) From page 5 of this Schedule.
(2) Bond ratings are those of Golden State Water Company.
(3) Bond ratings are those of Pennsylvania and New Jersey American Water.
(4) Bond ratings are those of Aqua Pennsylvania, Inc.
(5) Bond ratings are those of California Water Service Co.
(6) Bond ratings are those of Connecticut Water Company.
(7) Bond ratings are those of San Jose Water Co.

Source Information: Moody's Investors Service
Standard & Poor's Global Utilities Rating Service

Numerical Assignment for Moody's and Standard & Poor's Bond Ratings and Standard & Poor's Business and Financial Risk Profiles

Moody's Bond Rating	Numerical Bond Weighting	Standard & Poor's Bond Rating
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-

Standard & Poor's

Business Risk Profile	Numerical Weighting	Financial Risk Profile	Numerical Weighting
Excellent	1	Minimal	1
Strong	2	Modest	2
Satisfactory	3	Intermediate	3
Fair	4	Significant	4
Weak	5	Aggressive	5
Vulnerable	6	Highly Leveraged	6

Moody's
Comparison of Interest Rate Trends
for the Three Months Ending July 2013 (1)

Months	Corporate Bonds Aaa Rated	Public Utility Bonds Aa Rated	Public Utility Bonds A Rated	Public Utility Bonds Baa Rated	Spread - Corporate v. Public Utility Bonds: Aa (Pub. Util.) over Aaa (Corp.)	Spread - Corporate v. Public Utility Bonds: A (Pub. Util.) over Aaa (Corp.)	Spread - Corporate v. Public Utility Bonds: Baa (Pub. Util.) over Aaa (Corp.)	Spread - Public Utility Bonds: A over Aa	Spread - Public Utility Bonds: Baa over A
July-13	4.34 %	4.44 %	4.68 %	5.21 %					
June-13	4.27	4.27	4.53	5.08					
May-13	3.89	3.91	4.17	4.65					
Average of Last 3 Months	4.17 %	4.21 %	4.46 %	4.98 %	0.04 %	0.29 %	0.81 %	0.25 %	0.52 %

Notes: (1) All yields are distributed yields.

Source of Information: Mergent Bond Record, August 2013, Vol. 80, No. 8.

Utilities Services of South Carolina, Inc.
Judgment of Equity Risk Premium for
the Proxy Group of Nine Water Companies

Line No.		Proxy Group of Nine Water Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	4.89 %
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A rated bonds (2)	4.70
3.	Average equity risk premium	4.80 %

Notes: (1) From page 8 of this Schedule.
(2) From page 11 of this Schedule.

Utilities Services of South Carolina, Inc.
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for
the Proxy Group of Nine Water Companies

Line No.		Proxy Group of Nine Water Companies
	Based on SBBI Valuation Yearbook Data:	
1.	Ibbotson Equity Risk Premium (1)	5.60 %
2.	Ibbotson Equity Risk Premium based on PRPM™ (2)	9.20
	Based on Value Line Summary and Index:	
3.	Equity Risk Premium Based on Value Line Summary and Index (3)	6.16
4.	Conclusion of Equity Risk Premium (4)	6.99 %
5.	Adjusted Value Line Beta (5)	0.70
6	Beta Adjusted Equity Risk Premium	4.89 %

Notes:

(1) Based on the arithmetic mean historical monthly returns on large company common stocks from Ibbotson® SBBI® 2013 Valuation Yearbook - Market Results for Stocks, Bonds, Bills, and Inflation minus the arithmetic mean monthly yield of Moody's Aaa and Aa corporate bonds from 1926 - 2012. (11.83% - 6.23% = 5.60%).

(2) The Predictive Risk Premium Model (PRPM™) is discussed in Mr. D'Ascendis' accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM™ is derived by applying the PRPM™ to the monthly risk premiums between Ibbotson large company common stock monthly returns minus the average Aaa and Aa corporate monthly bond yields, from January 1928 through June 2013.

(3) The equity risk premium based on the Value Line Summary and Index is derived from taking the projected 3-5 year total annual market return of 11.24% (described fully in note 1 of page 2 of Schedule 6) and subtracting the average consensus forecast of Aaa corporate bonds of 5.08% (Shown on page 3 of this Schedule). (11.24% - 5.08% = 6.16%).

(4) Average of Lines 1, 2, & 3.

(5) Median beta derived from page 1 of Schedule 6.

Sources of Information:

Ibbotson® SBBI® 2013 Valuation Yearbook - Market Results for Stocks, Bonds, Bills, and Inflation, Morningstar, Inc., 2013 Chicago, IL.
Industrial Manual and Mergent Bond Record Monthly Update.
Value Line Summary and Index
Blue Chip Financial Forecasts, June 1, and September 1, 2013

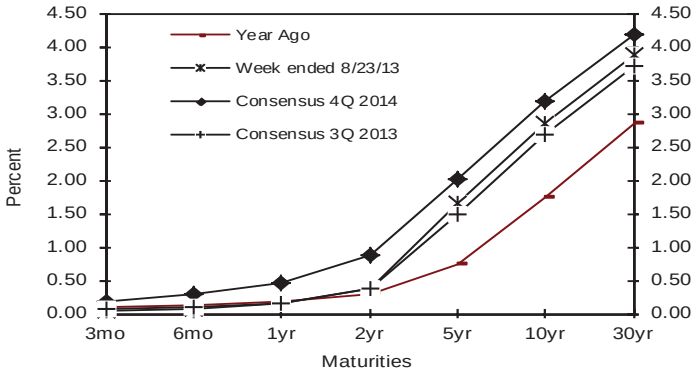
Consensus Forecasts Of U.S. Interest Rates And Key Assumptions[1]

	History								Consensus Forecasts-Quarterly Avg.					
	Average For Week Ending				Average For Month			Latest Q	3Q	4Q	1Q	2Q	3Q	4Q
Interest Rates	Aug. 23	Aug. 16	Aug. 9	Aug. 2	July	June	May	2Q 2013	2013	2013	2014	2014	2014	2014
Federal Funds Rate	0.09	0.08	0.09	0.09	0.09	0.09	0.11	0.12	**0.1**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**
LIBOR, 3-mo.	0.26	0.26	0.27	0.27	0.27	0.27	0.28	0.28	**0.3**	**0.3**	**0.3**	**0.3**	**0.4**	**0.4**
Commercial Paper, 1-mo.	0.05	0.06	0.05	0.05	0.06	0.07	0.07	0.07	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**
Treasury bill, 3-mo.	0.04	0.05	0.05	0.04	0.04	0.05	0.04	0.05	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**
Treasury bill, 6-mo.	0.07	0.08	0.08	0.07	0.07	0.09	0.08	0.09	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.3**
Treasury bill, 1 yr.	0.14	0.12	0.12	0.11	0.12	0.14	0.12	0.13	**0.2**	**0.2**	**0.2**	**0.3**	**0.4**	**0.5**
Treasury note, 2 yr.	0.38	0.34	0.32	0.32	0.34	0.33	0.25	0.27	**0.4**	**0.4**	**0.5**	**0.6**	**0.8**	**0.9**
Treasury note, 5 yr.	1.64	1.50	1.38	1.40	1.40	1.20	0.84	0.92	**1.5**	**1.6**	**1.7**	**1.8**	**1.9**	**2.0**
Treasury note, 10 yr.	2.86	2.73	2.62	2.64	2.58	2.30	1.93	2.00	**2.7**	**2.8**	**2.9**	**3.0**	**3.1**	**3.2**
Treasury note, 30 yr.	3.87	3.77	3.68	3.69	3.61	3.40	3.11	3.15	**3.7**	**3.8**	**3.9**	**4.0**	**4.1**	**4.2**
Corporate Aaa bond	4.67	4.56	4.43	4.42	4.34	4.27	3.89	3.96	**4.5**	**4.6**	**4.7**	**4.8**	**4.9**	**5.0**
Corporate Baa bond	5.55	5.44	5.34	5.32	5.32	5.19	4.73	4.84	**5.4**	**5.5**	**5.6**	**5.7**	**5.7**	**5.8**
State & Local bonds	4.91	4.80	4.73	4.70	4.56	4.27	3.72	3.97	**4.6**	**4.6**	**4.7**	**4.8**	**4.8**	**4.9**
Home mortgage rate	4.58	4.40	4.40	4.39	4.37	4.07	3.54	3.69	**4.4**	**4.5**	**4.6**	**4.7**	**4.8**	**4.9**
	History								Consensus Forecasts-Quarterly					
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Key Assumptions	2011	2011	2012	2012	2012	2012	2013	2013	2013	2013	2014	2014	2014	2014
Major Currency Index	69.9	72.4	72.9	73.9	74.0	73.2	74.7	76.4	**76.7**	**77.1**	**77.5**	**77.8**	**78.0**	**78.0**
Real GDP	1.4	4.9	3.7	1.2	2.8	0.1	1.1	2.5	**2.3**	**2.6**	**2.7**	**2.8**	**2.9**	**2.9**
GDP Price Index	2.5	0.5	2.0	1.8	2.3	1.1	1.3	0.8	**1.8**	**1.7**	**1.9**	**1.9**	**2.0**	**2.0**
Consumer Price Index	2.9	1.4	2.3	1.0	2.1	2.2	1.4	0.0	**2.5**	**1.9**	**2.0**	**2.0**	**2.2**	**2.2**

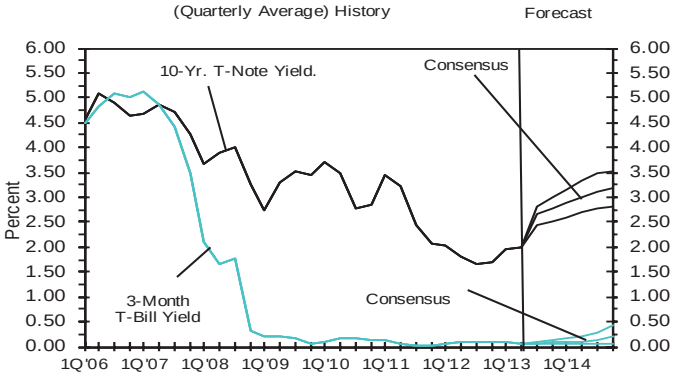
Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are the same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS).

U.S. Treasury Yield Curve

Week ended August 23, 2013 and Year Ago vs.
3Q 2013 and 4Q 2014 Consensus Forecasts

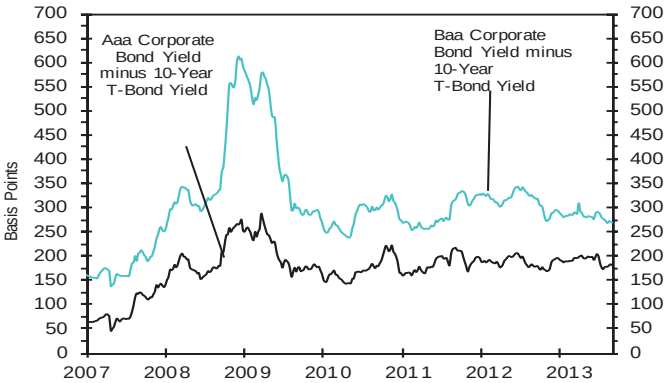


U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield



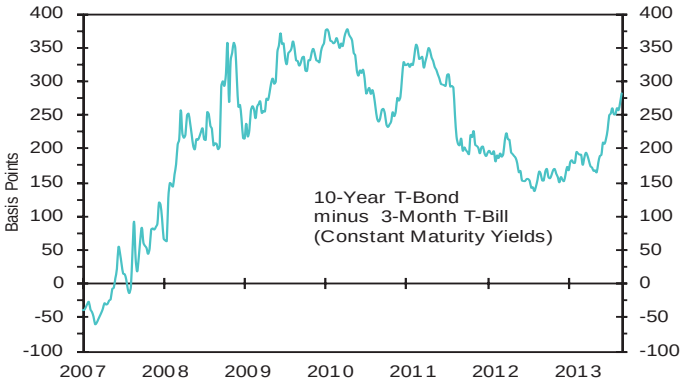
Corporate Bond Spreads

As of week ended August 23, 2013



U.S. Treasury Yield Curve

As of week ended August 23, 2013



Long-Range Forecasts:

The table below contains results of our semi-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are estimates for the years 2015 through 2019 and averages for the five-year periods 2015-2019 and 2020-2024. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

		----------Average For The Year----------					Five-Year Averages	
Interest Rates		**2015**	**2016**	**2017**	**2018**	**2019**	**2015-2019**	**2020-2024**
1. Federal Funds Rate	**CONSENSUS**	**0.8**	**2.0**	**3.1**	**3.6**	**3.9**	**2.7**	**3.8**
	Top 10 Average	1.6	3.4	4.3	4.4	4.6	3.7	4.6
	Bottom 10 Average	0.2	0.8	1.7	2.5	3.1	1.7	2.9
2. Prime Rate	**CONSENSUS**	**3.9**	**5.1**	**6.1**	**6.6**	**6.9**	**5.7**	**6.8**
	Top 10 Average	4.7	6.5	7.3	7.6	7.6	6.7	7.5
	Bottom 10 Average	3.3	3.9	4.8	5.5	6.1	4.7	6.0
3. LIBOR, 3-Mo.	**CONSENSUS**	**1.1**	**2.4**	**3.3**	**3.9**	**4.1**	**3.0**	**4.1**
	Top 10 Average	2.0	3.8	4.6	4.8	4.9	4.0	4.9
	Bottom 10 Average	0.5	1.1	2.0	2.8	3.3	1.9	3.0
4. Commercial Paper, 1-Mo.	**CONSENSUS**	**1.0**	**2.3**	**3.2**	**3.7**	**3.9**	**2.8**	**3.7**
	Top 10 Average	1.7	3.4	4.3	4.5	4.6	3.7	4.5
	Bottom 10 Average	0.5	1.2	2.1	2.8	3.1	1.9	2.8
5. Treasury Bill Yield, 3-Mo.	**CONSENSUS**	**0.9**	**2.0**	**3.1**	**3.5**	**3.8**	**2.7**	**3.7**
	Top 10 Average	1.7	3.4	4.3	4.5	4.6	3.7	4.5
	Bottom 10 Average	0.2	0.8	1.7	2.4	2.9	1.6	2.7
6. Treasury Bill Yield, 6-Mo.	**CONSENSUS**	**1.0**	**2.2**	**3.2**	**3.7**	**3.9**	**2.8**	**3.9**
	Top 10 Average	1.8	3.5	4.4	4.7	4.7	3.8	4.6
	Bottom 10 Average	0.3	1.0	1.8	2.6	3.0	1.7	2.8
7. Treasury Bill Yield, 1-Yr.	**CONSENSUS**	**1.2**	**2.4**	**3.3**	**3.8**	**4.0**	**2.9**	**4.0**
	Top 10 Average	2.1	3.6	4.5	4.8	4.9	4.0	4.8
	Bottom 10 Average	0.4	1.1	1.9	2.7	3.1	1.9	3.0
8. Treasury Note Yield, 2-Yr.	**CONSENSUS**	**1.6**	**2.7**	**3.6**	**4.1**	**4.2**	**3.2**	**4.2**
	Top 10 Average	2.4	3.8	4.7	5.0	5.1	4.2	5.0
	Bottom 10 Average	0.8	1.6	2.4	3.0	3.3	2.2	3.1
10. Treasury Note Yield, 5-Yr.	**CONSENSUS**	**2.3**	**3.3**	**4.1**	**4.4**	**4.6**	**3.8**	**4.5**
	Top 10 Average	3.2	4.4	5.1	5.3	5.5	4.7	5.3
	Bottom 10 Average	1.5	2.3	3.1	3.4	3.6	2.8	3.5
11. Treasury Note Yield, 10-Yr.	**CONSENSUS**	**3.2**	**4.1**	**4.6**	**4.9**	**5.0**	**4.4**	**4.9**
	Top 10 Average	4.0	5.0	5.5	5.8	5.9	5.3	5.7
	Bottom 10 Average	2.5	3.2	3.6	3.8	4.0	3.4	4.0
12. Treasury Bond Yield, 30-Yr.	**CONSENSUS**	**4.2**	**4.8**	**5.4**	**5.6**	**5.7**	**5.2**	**5.6**
	Top 10 Average	5.0	5.9	6.4	6.6	6.8	6.1	6.5
	Bottom 10 Average	3.5	3.9	4.4	4.6	4.7	4.2	4.7
13. Corporate Aaa Bond Yield	**CONSENSUS**	**4.9**	**5.5**	**6.0**	**6.2**	**6.3**	**5.8**	**6.3**
	Top 10 Average	5.6	6.5	7.0	7.1	7.3	6.7	7.1
	Bottom 10 Average	4.1	4.5	5.1	5.3	5.4	4.9	5.4
13. Corporate Baa Bond Yield	**CONSENSUS**	**5.8**	**6.6**	**7.1**	**7.4**	**7.5**	**6.9**	**7.4**
	Top 10 Average	6.6	7.6	8.0	8.3	8.5	7.8	8.3
	Bottom 10 Average	5.1	5.6	6.2	6.4	6.5	5.9	6.5
14. State & Local Bonds Yield	**CONSENSUS**	**4.4**	**5.1**	**5.5**	**5.6**	**5.7**	**5.2**	**5.6**
	Top 10 Average	5.2	6.1	6.5	6.5	6.6	6.2	6.4
	Bottom 10 Average	3.8	4.1	4.6	4.7	4.9	4.4	4.8
15. Home Mortgage Rate	**CONSENSUS**	**4.8**	**5.6**	**6.2**	**6.4**	**6.5**	**5.9**	**6.5**
	Top 10 Average	5.7	6.6	7.1	7.4	7.4	6.8	7.3
	Bottom 10 Average	4.1	4.6	5.1	5.4	5.5	5.0	5.5
A. FRB - Major Currency Index	**CONSENSUS**	**78.6**	**79.1**	**79.3**	**79.6**	**79.6**	**79.2**	**80.0**
	Top 10 Average	82.7	83.7	84.7	85.2	85.3	84.3	85.9
	Bottom 10 Average	74.4	74.2	73.9	73.9	74.1	74.1	74.2
		----------Year-Over-Year, % Change----------					Five-Year Averages	
		2015	**2016**	**2017**	**2018**	**2019**	**2015-2019**	**2020-2024**
B. Real GDP	**CONSENSUS**	**3.0**	**2.9**	**2.8**	**2.7**	**2.6**	**2.8**	**2.5**
	Top 10 Average	3.5	3.3	3.2	3.1	3.1	3.2	2.9
	Bottom 10 Average	2.6	2.6	2.4	2.3	2.3	2.4	2.2
C. GDP Chained Price Index	**CONSENSUS**	**2.1**	**2.1**	**2.2**	**2.2**	**2.2**	**2.1**	**2.2**
	Top 10 Average	2.4	2.5	2.6	2.6	2.6	2.5	2.5
	Bottom 10 Average	1.6	1.7	1.8	1.8	1.8	1.7	1.9
D. Consumer Price Index	**CONSENSUS**	**2.3**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**
	Top 10 Average	2.7	2.8	2.9	2.9	2.9	2.8	2.8
	Bottom 10 Average	1.8	1.9	1.8	1.9	2.0	1.9	2.0

Utilities Services of South Carolina, Inc.
Derivation of Mean Equity Risk Premium Based on a Study
Using Holding Period Returns of Public Utilities

Line No.		Over A Rated Moody's Public Utility Bonds - AUS Consultants Study (1)
1.	Arithmetic Mean Holding Period Returns on the Standard & Poor's Utility Index 1926-2012 (2):	10.69 %
2.	Arithmetic Mean Yield on Moody's A Rated Public Utility Yields 1926-2012	(6.53)
3.	Historical Equity Risk Premium	4.16 %
4.	Forecasted Equity Risk Premium Based on PRPM™ (3)	5.24
5.	Average of Historical and PRPM™ Equity Risk Premium	4.70 %

Notes:
(1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2012, (AUS Consultants, 2013).
(2) Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
(3) The Predictive Risk Premium Model (PRPM™) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A rated public utility bonds from 1928 - 2012.

Utilities Services of South Carolina, Inc.
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

	1	2	3	4	5	6
Proxy Group of Nine Water Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate (3)	ECAPM Cost Rate (4)	Indicated Common Equity Cost Rate (5)
American States Water Co.	0.70	7.93 %	4.31 %	9.86 %	10.46 %	
American Water Works Co., Inc.	0.65	7.93	4.31	9.46	10.16	
Aqua America, Inc.	0.60	7.93	4.31	9.07	9.86	
Artesian Resources Corp.	0.60	7.93	4.31	9.07	9.86	
California Water Service Group	0.65	7.93	4.31	9.46	10.16	
Connecticut Water Service, Inc.	0.75	7.93	4.31	10.26	10.75	
Middlesex Water Company	0.70	7.93	4.31	9.86	10.46	
SJW Corporation	0.85	7.93	4.31	11.05	11.35	
York Water Company	0.70	7.93	4.31	9.86	10.46	
Average	0.69			9.77 %	10.39 %	10.08 %
Median	0.70			9.86 %	10.46 %	10.16 %
			Average of Average and Median Results			10.12 %

See page 2 for notes.

Utilities Services of South Carolina, Inc.
Development of the Market-Required Rate of Return on Common Equity Using
the Capital Asset Pricing Model for
the Proxy Group of Nine Water Companies
Adjusted to Reflect a Forecasted Risk-Free Rate and Market Return

Notes:

(1) For reasons explained in Mr. D'Ascendis' accompanying direct testimony, from the 13 weeks ending September 6, 2013, Value Line Summary & Index, a forecasted 3-5 year total annual market return of 11.24% can be derived by averaging the 13 weeks ending September 6, 2013 forecasted total 3-5 year total appreciation, converting it into an annual market appreciation and adding the Value Line average forecasted annual dividend yield.

The 3-5 year average total market appreciation of 42% produces a four-year average annual return of 9.16% (($1.42^{0.25}$) - 1). When the average annual forecasted dividend yield of 2.08% is added, a total average market return of 11.24% (2.08% + 9.16%) is derived.

The 13 weeks ending September 6, 2013 forecasted total market return of 11.24% minus the risk-free rate of 4.31% (developed in Note 2) is 6.93% (11.24% - 4.31%).

The Predictive Risk Premium Model (PRPM™) market equity risk premium of 10.30% is derived by applying the PRPM™ to the monthly equity risk premium of large company common stocks over the income return on long-term U.S. Government Securities from January 1926 through June 2013.

The Morningstar, Inc. (Ibbotson Associates) calculated arithmetic mean monthly market equity risk premium of 6.55% for the period 1926-2012 results from a total market return of 11.83%% less the arithmetic mean income return on long-term U.S. Government Securities of 5.28% (11.83% - 5.28% = 6.55%).

These three expectational risk premiums are then averaged, resulting in a 7.93% market equity risk premium, which is then multiplied by the beta in column 1 of page 1 of this Schedule. ((6.93% + 10.30% + 6.55%)/3).

(2) For reasons explained in Mr. D'Ascendis' direct testimony, the risk-free rate that Mr. D'Ascendis relies upon for his CAPM analysis is the average forecast of 30-year Treasury Note yields per the consensus of nearly 50 economists reported in the Blue Chip Financial Forecasts dated June 1 and September 1, 2013 (see pages 9 & 10 of Schedule 5).The estimates are detailed below:

	30-Year Treasury Note Yield
Third Quarter 2013	3.70%
Fourth Quarter 2013	3.80%
First Quarter 2014	3.90%
Second Quarter 2014	4.00%
Third Quarter 2014	4.10%
Fourth Quarter 2014	4.20%
2015 – 2019	5.20%
2020 – 2024	5.60%
Average	4.24%

(3) The traditional Capital Asset Pricing Model (CAPM) is applied using the following formula:

$R_S = R_F + \beta (R_M - R_F)$

Whise R_S = Return rate of common stock
R_F = Risk Free Rate
β = Value Line Adjusted Beta
R_M = Return on the market as a whole

(4) The empirical CAPM is applied using the following formula:

$R_S = R_F + .25 (R_M - R_F) + .75 \beta (R_M - R_F)$

Whise R_S = Return rate of common stock
R_F = Risk-Free Rate
β = Value Line Adjusted Beta
R_M = Return on the market as a whole

Source of Information: Value Line Summary & Index
Blue Chip Financial Forecasts, June 1 & September 1, 2013
Value Line Investment Survey, (Standard Edition)
2013 Ibbotson® SBBI® Valuation Yearbook, Morningstar, Inc., 2013, Chicago, IL

Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Proxy Group of Nine Water Companies

The criteria for selection of the proxy group of twenty-nine non-price regulated companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of twenty-nine non-price regulated companies were then selected based upon the unadjusted beta range of 0.36 – 0.60 and standard error of the regression range of 2.6728 – 3.1880 of the water proxy group.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus two standard deviations captures 95.50% of the distribution of unadjusted betas and standard errors of the regression.

The standard deviation of the water industry's standard error of the regression is 0.1288. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus, } 0.1288 = \frac{2.9304}{\sqrt{518}} = \frac{2.9304}{22.7596}$$

Source of Information: Value Line, Inc., June 15, 2013
Value Line Investment Survey (Standard Edition)

Utilities Services of South Carolina, Inc.
Basis of Selection of Comparable Risk
Domestic Non-Price Regulated Companies

Proxy Group of Nine Water Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
American States Water Co.	0.70	0.50	3.2189	0.0635
American Water Works Co., Inc.	0.65	0.44	2.9445	0.0581
Aqua America, Inc.	0.60	0.34	2.5371	0.0501
Artesian Resources Corp.	0.60	0.32	2.7526	0.0543
California Water Service Group	0.65	0.42	2.5635	0.0506
Connecticut Water Service, Inc.	0.75	0.57	3.1136	0.0614
Middlesex Water Company	0.70	0.54	2.6524	0.0523
SJW Corporation	0.85	0.71	3.4897	0.0689
York Water Company	0.70	0.48	3.1012	0.0612
Average	0.69	0.48	2.9304	0.0578

Beta Range (+/- 2 std. Devs. of Beta)	0.36	0.60
2 std. Devs. of Beta	0.12	
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.6728	3.1880
Std. dev. of the Res. Std. Err.	0.1288	
2 std. devs. of the Res. Std. Err.	0.2576	

Utilities Services of South Carolina, Inc.
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Nine Water Companies

Proxy Group of Twenty-Nine Non-Price-Regulated Companies	VL Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Actavis, Inc.	0.70	0.54	3.1788	0.0627
Gallagher (Arthur J.)	0.75	0.57	2.9036	0.0573
AutoZone Inc.	0.65	0.40	2.9262	0.0577
Baxter Intl Inc.	0.70	0.50	2.8955	0.0571
Bristol-Myers Squibb	0.70	0.47	2.7937	0.0551
Brown & Brown	0.70	0.54	2.8096	0.0554
ConAgra Foods	0.65	0.41	2.7349	0.0540
Capitol Fed. Finl	0.60	0.39	2.9201	0.0576
Dun & Bradstreet	0.75	0.59	2.9549	0.0583
DaVita Inc.	0.65	0.46	2.7897	0.0550
J&J Snack Foods	0.70	0.50	3.0927	0.0610
Kroger Co.	0.60	0.36	2.8340	0.0559
Lancaster Colony	0.70	0.53	2.9432	0.0581
McKesson Corp.	0.75	0.59	3.1375	0.0619
Mercury General	0.65	0.47	3.0619	0.0604
Annaly Capital Mgmt.	0.65	0.41	2.9250	0.0577
Northwest Bancshares	0.75	0.58	2.9835	0.0589
Owens & Minor	0.75	0.56	3.0574	0.0603
Peoples United Finl	0.65	0.45	2.7599	0.0545
Raytheon Co.	0.75	0.55	2.7110	0.0535
SAIC, Inc.	0.70	0.48	2.7054	0.0534
Sherwin-Williams	0.65	0.46	2.9720	0.0586
Smucker (J.M.)	0.70	0.48	2.9317	0.0579
Silgan Holdings	0.70	0.54	2.8924	0.0571
Suburban Propane	0.75	0.54	3.0951	0.0611
Stericycle Inc.	0.65	0.47	2.8457	0.0562
Waste Connections	0.70	0.54	2.7563	0.0544
Weis Markets	0.65	0.44	2.7704	0.0547
Berkley (W.R.)	0.70	0.47	2.8399	0.0560
Average	0.69	0.49	2.9042	0.0573
Proxy Group of Nine Water Companies	0.69	0.48	2.9304	0.0578

Utilities Services of South Carolina, Inc.
Summary of Cost of Equity Models Applied to the
Proxy Group of Non-Price-Regulated Companies
Comparable in Total Risk to the
Proxy Group of Nine Water Companies

Principal Methods	Proxy Group of Twenty-Nine Non-Price-Regulated Companies
Discounted Cash Flow Model (DCF) (1)	11.29 %
Risk Premium Model (RPM) (2)	10.89 %
Capital Asset Pricing Model (CAPM) (3)	10.14 %
Average	10.77 %
Median	10.89 %
Average of Average and Median Results	10.83 %

Notes:
(1) From page 2 of this Schedule.
(2) From page 3 of this Schedule.
(3) From page 6 of this Schedule.

Utilities Services of South Carolina, Inc.
DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to
the Proxy Group of Nine Water Companies

Proxy Group of Twenty-Nine Non-Price-Regulated Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Reuters Mean Consensus Projected Five Year Growth Rate in EPS	Zack's Five Year Projected Growth Rate in EPS	Yahoo! Finance Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS	Adjusted Dividend Yield	Indicated Common Equity Cost Rate
Actavis, Inc.	- %	14.00 %	14.00 %	15.10 %	14.12 %	14.31 %	- %	NA %
Gallagher (Arthur J.	3.22	11.50	11.00	13.40	10.67	11.64	3.40	15.04
AutoZone Inc.	-	15.00	14.00	15.80	14.05	14.71	-	NA
Baxter Intl Inc.	2.74	8.50	8.80	9.30	8.81	8.85	2.86	11.71
Bristol-Myers Squibb	3.17	10.00	8.20	5.00	8.20	7.85	3.29	11.14
Brown & Brown	1.10	13.50	12.00	11.30	13.13	12.48	1.17	13.65
ConAgra Foods	2.84	12.00	10.00	10.80	10.58	10.85	2.99	13.84
Capitol Fed. Finl	2.43	6.00	3.50	3.50	3.50	4.13	2.48	6.61
Dun & Bradstreet	1.57	5.00	8.90	9.90	8.95	8.19	1.63	9.82
DaVita Inc.	-	15.00	13.00	12.80	12.50	13.33	-	NA
J&J Snack Foods	0.81	9.00	10.00	10.00	10.00	9.75	0.85	10.60
Kroger Co.	1.62	10.50	9.00	8.70	9.07	9.32	1.70	11.02
Lancaster Colony	1.98	5.50	NA	NA	10.00	7.75	2.05	9.80
McKesson Corp.	0.81	10.50	14.00	13.00	13.00	12.63	0.86	13.49
Mercury General	5.56	5.00	2.10	2.10	2.10	2.83	5.64	8.47
Annaly Capital Mgmt.	13.34	(2.50)	NA	(1.30)	3.50	3.50	13.58	17.08
Northwest Bancshares, Inc.	3.83	8.50	5.00	5.00	5.00	5.88	3.95	9.83
Owens & Minor	2.75	6.00	9.00	9.00	9.00	8.25	2.87	11.12
Peoples United Fin	4.43	17.50	7.40	6.50	7.41	9.70	4.64	14.34
Raytheon Co.	3.11	4.50	7.00	8.80	7.05	6.84	3.21	10.05
SAIC Inc.	3.31	5.50	6.20	6.30	6.25	6.06	3.41	9.47
Sherwin-Williams	1.13	15.50	13.00	14.40	13.00	13.98	1.21	15.19
Smucker (J.M.)	2.18	8.50	7.80	8.30	7.86	8.12	2.27	10.39
Silgan Holdings	1.17	10.50	10.00	11.30	10.77	10.64	1.23	11.87
Suburban Propane	7.54	6.00	3.00	3.00	3.00	3.75	7.68	11.43
Stericycle Inc.	-	12.00	15.00	16.00	15.33	14.58	-	NA
Waste Connections	0.95	12.00	11.00	12.50	11.00	11.63	1.00	12.63
Weis Markets	2.53	3.50	NA	NA	NA	3.50	2.57	6.07
Berkley (W.R.)	0.86	12.50	9.60	9.50	9.50	10.28	0.90	11.18
							Average	11.43 %
							Median	11.14 %
							Average of Average and Median Results	11.29 %

NA= Not Available
NMF= Not Meaningful Figure

(1) Mr. D'Ascendis' application of the DCF model to the domestic, non-price regluated comparable risk companies is identical to the application of the DCF to his proxy group of water companies. He uses the 60 day average price and the spot indicated dividend as of August 30, 2013 for his dividend yield and then adjusts that yield for 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.reuters.com, www.zacks.com, and www.yahoo.com (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

Source of Information: Value Line Investment Survey
www.reuters.com Downloaded on 09/04/2013
www.zacks.com Downloaded on 09/04/2013
www.yahoo.com Downloaded on 09/04/2013

Utilities Services of South Carolina, Inc.
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Twenty-Nine Non-Price-Regulated Companies
1.	Prospective Yield on Baa Rated Corporate Bonds (1)	6.00 %
2.	Equity Risk Premium (2)	4.89
3.	Risk Premium Derived Common Equity Cost Rate	10.89 %

Notes: (1) Average forecast based upon estimates of Baa rated corporate bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts (see pages 9 and 10 of Schedule 5). The estimates are detailed below.

Third Quarter 2013	5.40 %
Fourth Quarter 2013	5.50
First Quarter 2014	5.60
Second Quarter 2014	5.70
Third Quarter 2014	5.70
Fourth Quarter 2014	5.80
2015-2019	6.90
2020-2024	7.40
Average	6.00 %

(2) From page 4 of this Schedule.

Utilities Services of South Carolina, Inc.
Comparison of Bond Ratings for the
Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Nine Water Companies

Proxy Group of Twenty-Nine Non-Price-Regulated Companies	Moody's Bond Rating August 2013		Standard & Poor's Bond Rating August 2013	
	Bond Rating	Numerical Weighting (1)	Bond Rating	Numerical Weighting (1)
Actavis, Inc.	Baa3	10.0	NR	- -
Gallagher (Arthur J.)	NR	- -	NR	- -
AutoZone Inc.	Baa2	9.0	BBB	9.0
Baxter Intl Inc.	A3	7.0	A	6.0
Bristol-Myers Squibb	A2	6.0	A+	5.0
Brown & Brown	NR	- -	NR	- -
ConAgra Foods	Baa2	9.0	BBB-	10.0
Capitol Fed. Finl	NR	- -	NR	- -
Dun & Bradstreet	NR	- -	NR	- -
DaVita Inc.	B2	15.0	B	15.0
J&J Snack Foods	NR	- -	NR	- -
Kroger Co.	Baa2	9.0	BBB	9.0
Lancaster Colony	NR	- -	NR	- -
McKesson Corp.	Baa2	9.0	A-	7.0
Mercury General	NR	- -	NR	- -
Annaly Capital Mgmt.	NR	- -	NR	- -
Northwest Bancshares	NR	- -	NR	- -
Owens & Minor	Ba1	11.0	BBB	9.0
Peoples United Finl	A2	6.0	NR	- -
Raytheon Co.	A3	7.0	A-	7.0
SAIC, Inc.	A3	7.0	NR	- -
Sherwin-Williams	A3	7.0	A	6.0
Smucker (J.M.)	A3	7.0	NR	- -
Silgan Holdings	Ba2	12.0	BB-	13.0
Suburban Propane	Ba3	13.0	BB-	13.0
Stericycle Inc.	NR	- -	NR	- -
Waste Connections	NR	- -	NR	- -
Weis Markets	NR	- -	NR	- -
Berkley (W.R.)	Baa2	9.0	BBB+	8.0
Average	Baa2	9.0	BBB	9.0

Notes:
(1) From page 5 of Schedule 5.

Source of Information:
Standard & Poor's Bond Guide August 2013
www.moodys.com; downloaded 9/4/2013

Utilities Services of South Carolina, Inc.
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for
the Proxy Group of Non-Price-Regulated Companies
Proxy Group of Nine Water Companies

Line No.		Proxy Group of Twenty-Nine Non-Price-Regulated Companies
	Based on SBBI Valuation Yearbook Data:	
1.	Ibbotson Equity Risk Premium (1)	5.60 %
2.	Ibbotson Equity Risk Premium based on PRPM™ (2)	9.20
	Based on Value Line Summary and Index:	
3.	Equity Risk Premium Based on Value Line Summary and Index (3)	6.16
4.	Conclusion of Equity Risk Premium (4)	6.99 %
5.	Adjusted Value Line Beta (5)	0.70
6.	Forecasted Equity Risk Premium	4.89 %

Notes:
(1) Based on the arithmetic mean historical monthly returns on large company common stocks from Ibbotson® SBBI® 2013 Valuation Yearbook - Market Results for Stocks, Bonds, Bills, and Inflation minus the arithmetic mean monthly yield of Moody's Aaa and Aa corporate bonds from 1926 - 2012. (11.83% - 6.23% = 5.60%).
(2) The Predictive Risk Premium Model (PRPM™) is discussed in Mr. D'Ascendis' accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM™ is derived by applying the PRPM™ to the monthly risk premiums between Ibbotson large company common stock monthly returns minus the average Aaa and Aa corporate monthly bond yields, from January 1928 through June 2013.
(3) From page 8 of Schedule 5.
(4) Average of Lines 1, 2, & 3.
(5) Median beta derived from page 6 of this Schedule.

Sources of Information:
Ibbotson® SBBI® 2013 Valuation Yearbook - Market Results for Stocks, Bonds, Bills, and Inflation, Morningstar, Inc., 2013 Chicago, IL.

Value Line Summary and Index
Blue Chip Financial Forecasts, June 1, 2013 and September 1, 2013

Utilities Services of South Carolina, Inc.
Traditional CAPM and ECAPM Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Nine Water Companies

Proxy Group of Twenty-Nine Non-Price-Regulated Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate (3)	ECAPM Cost Rate (4)	Indicated Common Equity Cost Rate (5)
Actavis, Inc.	0.70	7.93 %	4.31 %	9.86 %	10.46 %	
Gallagher (Arthur J.)	0.75	7.93	4.31	10.26	10.75	
AutoZone Inc.	0.65	7.93	4.31	9.46	10.16	
Baxter Intl Inc.	0.70	7.93	4.31	9.86	10.46	
Bristol-Myers Squibb	0.70	7.93	4.31	9.86	10.46	
Brown & Brown	0.70	7.93	4.31	9.86	10.46	
ConAgra Foods	0.65	7.93	4.31	9.46	10.16	
Capitol Fed. Finl	0.60	7.93	4.31	9.07	9.86	
Dun & Bradstreet	0.75	7.93	4.31	10.26	10.75	
DaVita Inc.	0.65	7.93	4.31	9.46	10.16	
J&J Snack Foods	0.70	7.93	4.31	9.86	10.46	
Kroger Co.	0.60	7.93	4.31	9.07	9.86	
Lancaster Colony	0.70	7.93	4.31	9.86	10.46	
McKesson Corp.	0.75	7.93	4.31	10.26	10.75	
Mercury General	0.65	7.93	4.31	9.46	10.16	
Annaly Capital Mgmt.	0.65	7.93	4.31	9.46	10.16	
Northwest Bancshares	0.75	7.93	4.31	10.26	10.75	
Owens & Minor	0.75	7.93	4.31	10.26	10.75	
Peoples United Finl	0.65	7.93	4.31	9.46	10.16	
Raytheon Co.	0.75	7.93	4.31	10.26	10.75	
SAIC, Inc.	0.70	7.93	4.31	9.86	10.46	
Sherwin-Williams	0.65	7.93	4.31	9.46	10.16	
Smucker (J.M.)	0.70	7.93	4.31	9.86	10.46	
Silgan Holdings	0.70	7.93	4.31	9.86	10.46	
Suburban Propane	0.75	7.93	4.31	10.26	10.75	
Stericycle Inc.	0.70	7.93	4.31	9.86	10.46	
Waste Connections	0.75	7.93	4.31	10.26	10.75	
Weis Markets	0.65	7.93	4.31	9.46	10.16	
Berkley (W.R.)	0.70	7.93	4.31	9.86	10.46	
Average	0.69			9.81 %	10.41 %	10.11 %
Median	0.70			9.86 %	10.46 %	10.16 %
				Average of Average and Median Results		10.14 %

Notes:
(1) From Schedule 6, page 2, note 1.
(2) From Schedule 6, page 2, note 2.
(3) Derived from the model shown on Schedule 6, page 2, note 3.
(4) Derived from the model shown on Schedule 6, page 2, note 4.
(5) Average of CAPM and ECAPM cost rates.

Utilities Services of South Carolina, Inc.
Derivation of Investment Risk Adjustment Based upon
Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

Line No.		1		2	3	4
		Market Capitalization on August 30, 2013 (1) (millions)	(times larger)	Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	Applicable Size Premium (3)	Spread from Applicable Size Premium for (4)
1.	Utilities Services of South Carolina, Inc.					
a.	Based Upon the Proxy Group of Nine Water Companies	$ 12.352		10	6.03%	
2.	Proxy Group of Nine Water Companies	$ 1,558.357	126.2 x	6	1.72%	4.31%

	(A)	(B)	(C)	(D)	(E)
	Decile	Number of Companies (millions)	Recent Total Market Capitalization (millions)	Recent Average Market Capitalization (millions)	Size Premium (Return in Excess of CAPM) (2)
Largest	1	173	$ 10,255,341.469	$ 59,279.430	-0.37%
	2	193	2,219,118.548	$ 11,498.024	0.76%
	3	187	1,072,861.025	$ 5,737.225	0.92%
	4	202	695,897.336	$ 3,445.036	1.14%
	5	205	473,139.360	$ 2,307.997	1.70%
	6	234	377,485.205	$ 1,613.185	1.72%
	7	317	329,504.738	$ 1,039.447	1.73%
	8	329	214,084.258	$ 650.712	2.46%
	9	466	166,708.095	$ 357.743	2.70%
Smallest	10	1068	107,517.520	$ 100.672	6.03%

*From Ibbotson 2013 Yearbook

Notes:

(1) From Page 2 of this Schedule.
(2) Gleaned from Column (D) on the bottom of this page. The appropriate decile (Column (A)) corresponds to the market capitalization of the proxy group, which is found in Column 1.
(3) Corresponding risk premium to the decile is provided on Column (E) on the bottom of this page.
(4) Line No. 1a Column 3 – Line No. 2 Column 3 and Line No. 1b, Column 3 – Line No. 3 of Column 3 etc.. For example, the 4.31% in Column 4, Line No. 2 is derived as follows 4.31% = 6.03% - 1.72%.

Utilities Services of South Carolina, Inc.
Market Capitalization of Utilities Services of South Carolina, Inc. and
the Proxy Group of Nine Water Companies

Company	1 Common Stock Shares Outstanding at Fiscal Year End 2012 (millions)	2 Book Value per Share at Fiscal Year End 2012 (1)	3 Total Common Equity at Fiscal Year End 2012 (millions)	4 Closing Stock Market Price on August 30, 2013	5 Market-to-Book Ratio on August 30, 2013 (2)	6 Market Capitalization on August 30, 2013 (3) (millions)
Utilities Services of South Carolina, Inc.	NA	NA	$ 6.407 (4)	NA		
Based Upon the Proxy Group of Nine Water Companies					192.8 % (5)	$ 12.352 (6)
Proxy Group of Nine Water Companies						
American States Water Co.	19.237	$ 23.630	$ 454.579	$ 52.600	222.6 %	$ 1,011.877
American Water Works Co., Inc.	176.988	$ 25.115	$ 4,444.988	$ 40.740	162.2	$ 7,210.491
Aqua America, Inc.	140.167	$ 9.886	$ 1,385.704	$ 24.300	245.8	$ 3,406.065
Artesian Resources Corp.	7.838	$ 15.078	$ 118.180	$ 21.800	144.6	$ 170.870
California Water Service Group	41.908	$ 11.304	$ 473.712	$ 19.950	176.5	$ 836.069
Connecticut Water Service, Inc.	10.939	$ 17.014	$ 186.121	$ 30.460	179.0	$ 333.217
Middlesex Water Company	15.795	$ 11.499	$ 181.632	$ 20.020	174.1	$ 316.216
SJW Corporation	18.671	$ 14.708	$ 274.604	$ 26.150	177.8	$ 488.235
York Water Company	12.919	$ 7.727	$ 99.825	$ 19.520	252.6	$ 252.172
Average	49.385	$ 15.107	$ 846.594	$ 28.393	192.8 %	$ 1,558.357

NA= Not Available

(1) Column 3 / Column 1.
(2) Column 4 / Column 2.
(3) Column 5 * Column 3.
(4) Total rate base of United Utilities, Inc. allocated by the recommended common equity ratio. ($13.470M x 47.56% = $6.407M)
(5) The market-to-book ratio of Utilities Services of South Carolina, Inc. on August 30, 2013 is assumed to be equal to the market-to-book ratio of the Proxy Group of Nine Water Companies at August 30, 2013.
(6) Utilities Services of South Carolina, Inc.'s common stock, if traded, would trade at a market-to-book ratio equal to the average market-to-book ratio at August 30, 2013 of the Proxy Group of Nine Water Companies, 192.8%, and Utilities Services of South Carolina, Inc.'s market capitalization on August 30, 2013 would therefore have been $12.352 million.

Source of Information: 2012 Annual Forms 10K
yahoo.finance.com