

**Multiple-Stage Dividend Discount Model  
for the Comparable Small Water Utility Companies**

Annual Earnings Per Share Estimates

Company Name	Consensus Analysts' Discreet EPS Estimates (2023 - 2027)							Transitionary Period to Perpetual Growth (2028 - 2038)								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
American States Water Company	\$2.86	\$2.94	\$3.21	\$3.48	\$3.72	\$3.96	\$4.21	\$4.47	\$4.73	\$4.99	\$5.25	\$5.52	\$5.78	\$6.04	\$6.30	\$6.55
American Water Works Company, Inc.	\$4.77	\$5.13	\$5.58	\$6.04	\$6.45	\$6.92	\$7.40	\$7.89	\$8.39	\$8.89	\$9.39	\$9.89	\$10.39	\$10.87	\$11.34	\$11.79
Artesion Res. Corp	\$1.74	\$2.00	\$2.11	\$2.23	\$2.35	\$2.47	\$2.60	\$2.74	\$2.87	\$3.01	\$3.15	\$3.29	\$3.44	\$3.59	\$3.74	\$3.88
California Water Service Group	\$1.78	\$2.11	\$2.24	\$2.50	\$2.65	\$2.85	\$3.06	\$3.27	\$3.49	\$3.70	\$3.92	\$4.13	\$4.34	\$4.55	\$4.74	\$4.93
Essential Utilities, Inc.	\$1.86	\$2.03	\$2.17	\$2.38	\$2.54	\$2.68	\$2.82	\$2.97	\$3.12	\$3.28	\$3.43	\$3.59	\$3.75	\$3.92	\$4.08	\$4.24
Middlesex Water Company	\$2.34	\$2.66	\$2.79	\$2.93	\$3.08	\$3.23	\$3.39	\$3.55	\$3.71	\$3.88	\$4.05	\$4.23	\$4.41	\$4.59	\$4.78	\$4.97
The York Water Company	\$1.51	\$1.59	\$1.69	\$1.80	\$1.92	\$2.04	\$2.16	\$2.29	\$2.42	\$2.55	\$2.68	\$2.81	\$2.94	\$3.07	\$3.20	\$3.33
SJW Group	\$2.47	\$2.70	\$2.90	\$3.02	\$3.20	\$3.39	\$3.58	\$3.77	\$3.97	\$4.17	\$4.38	\$4.59	\$4.79	\$5.00	\$5.21	\$5.42

Dividend Payout Ratios

Company Name	Discrete Dividend Payout Ratio (2023 - 2027)							Transitionary Payout Ratio Until Perpetual Growth (2028 - 2038)								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
American States Water Company	57.61%	60.18%	59.15%	58.62%	58.60%	58.33%	58.05%	57.77%	57.49%	57.22%	56.94%	56.66%	56.39%	56.11%	55.83%	55.56%
American Water Works Company, Inc.	58.38%	58.63%	58.33%	58.14%	58.88%	58.58%	58.28%	57.98%	57.67%	57.37%	57.07%	56.77%	56.46%	56.16%	55.86%	55.56%
Artesion Res. Corp	65.29%	59.92%	59.92%	59.92%	59.92%	59.53%	59.13%	58.73%	58.34%	57.94%	57.54%	57.14%	56.75%	56.35%	55.95%	55.56%
California Water Service Group	58.03%	52.43%	52.65%	52.40%	53.21%	53.42%	53.63%	53.85%	54.06%	54.27%	54.49%	54.70%	54.92%	55.13%	55.34%	55.56%
Essential Utilities, Inc.	64.18%	62.81%	63.14%	61.23%	61.20%	60.69%	60.18%	59.66%	59.15%	58.64%	58.12%	57.61%	57.10%	56.58%	56.07%	55.56%
Middlesex Water Company	54.82%	50.75%	54.06%	54.83%	55.62%	55.61%	55.61%	55.60%	55.59%	55.59%	55.58%	55.58%	55.57%	55.57%	55.56%	55.56%
The York Water Company	53.70%	54.31%	54.31%	54.31%	54.31%	54.42%	54.54%	54.65%	54.76%	54.88%	54.99%	55.10%	55.22%	55.33%	55.44%	55.56%
SJW Group	61.72%	59.67%	58.79%	59.68%	59.42%	59.05%	58.67%	58.30%	57.92%	57.55%	57.17%	56.80%	56.42%	56.05%	55.67%	55.56%

Estimated Dividends

Company Name	Cost of Equity	Stock Price																	
		4/28/2023	6/1/2023	8/15/2023	11/15/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034	6/30/2035	6/30/2036	
American States Water Company	<b>6.27%</b>	-90.31	\$0.40	\$0.41	\$0.41	\$1.77	\$1.90	\$2.04	\$2.18	\$2.31	\$2.45	\$2.58	\$2.72	\$2.85	\$2.99	\$3.13	\$3.26	\$3.39	
American Water Works Company, Inc.	<b>6.52%</b>	-146.37	\$0.71	\$0.71	\$0.71	\$3.01	\$3.26	\$3.51	\$3.80	\$4.06	\$4.31	\$4.58	\$4.84	\$5.10	\$5.36	\$5.62	\$5.86	\$6.10	
Artesian Res. Corp	<b>6.19%</b>	-56.17	\$0.28	\$0.28	\$0.28	\$1.20	\$1.26	\$1.33	\$1.41	\$1.47	\$1.54	\$1.61	\$1.68	\$1.74	\$1.81	\$1.88	\$1.95	\$2.02	
California Water Service Group	<b>6.58%</b>	-58.44	\$0.26	\$0.26	\$0.26	\$1.11	\$1.18	\$1.31	\$1.41	\$1.52	\$1.64	\$1.76	\$1.88	\$2.01	\$2.13	\$2.26	\$2.38	\$2.51	
Essential Utilities, Inc.	<b>7.12%</b>	-43.91	\$0.31	\$0.31	\$0.31	\$1.27	\$1.37	\$1.46	\$1.55	\$1.63	\$1.70	\$1.77	\$1.85	\$1.92	\$2.00	\$2.07	\$2.14	\$2.22	
Middlesex Water Company	<b>5.94%</b>	-79.67	\$0.31	\$0.31	\$0.33	\$1.42	\$1.51	\$1.61	\$1.71	\$1.80	\$1.88	\$1.97	\$2.06	\$2.16	\$2.25	\$2.35	\$2.45	\$2.55	
The York Water Company	<b>6.32%</b>	-44.53	\$0.20	\$0.20	\$0.20	\$0.86	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$1.55	\$1.62	\$1.70	
SJW Group	<b>6.22%</b>	-77.11	\$0.38	\$0.38	\$0.38	\$1.61	\$1.71	\$1.80	\$1.90	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40	\$2.50	\$2.60	\$2.70	\$2.80	
Average	6.40%																		
<b>Artesian, Middlesex and York</b>	<b>6.15%</b>																		
<b>Original Proxy Group Except Essential</b>	<b>6.40%</b>																		

Sources for Discrete Estimates and Near-term Growth Rates:

Value Line Ratings & Reports for Artesian, Middlesex Water and York Water Company

S&P Global Capital IQ for Other Companies

**Multiple-Stage Dividend Discount Model  
for the Comparable Water Utility Companies**

**Annual Growth Rate Estimates Until Terminal Stage**

<b>Company Name</b>	<b>5-YR CAGR<sup>1</sup></b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>
American States Water Company	6.81%		Discrete Estimates				6.56%	6.30%	6.05%	5.79%	5.53%	5.28%	5.02%	4.77%	4.51%	4.26%	4.00%
American Water Works Company, Inc.	7.61%		Discrete Estimates				7.28%	6.95%	6.63%	6.30%	5.97%	5.64%	5.31%	4.98%	4.66%	4.33%	4.00%
Artesion Res. Corp	5.50%						5.36%	5.23%	5.09%	4.95%	4.82%	4.68%	4.55%	4.41%	4.27%	4.14%	4.00%
California Water Service Group	8.00%		Discrete Estimates				7.64%	7.27%	6.91%	6.55%	6.18%	5.82%	5.45%	5.09%	4.73%	4.36%	4.00%
Essential Utilities, Inc.	5.73%		Discrete Estimates				5.57%	5.41%	5.26%	5.10%	4.94%	4.79%	4.63%	4.47%	4.31%	4.16%	4.00%
Middlesex Water Company	5.00%						4.91%	4.82%	4.73%	4.64%	4.55%	4.45%	4.36%	4.27%	4.18%	4.09%	4.00%
The York Water Company	6.50%						6.27%	6.05%	5.82%	5.59%	5.36%	5.14%	4.91%	4.68%	4.45%	4.23%	4.00%
SJW Group	6.00%		Discrete Estimates				5.82%	5.64%	5.45%	5.27%	5.09%	4.91%	4.73%	4.55%	4.36%	4.18%	4.00%

Source: S&P Market intelligence as of May 10, 2023.

Value Line for Artesion, Middlesex and York Water 5-year CAGR

Notes:

1. Explicit analysts' consensus long-term compound annual growth rate (CAGR) for American Water, California Water Service, Essential Utilities and SJW Group. Implied analysts' long-term CAGR based on 2022-2026 CAGR discrete annual EPS estimates for American States Water.