



September 14, 2011

Dear Patrick McPherson,

Golden State Water Company is proud to serve you. We take this responsibility seriously, and our employees work diligently to ensure Ojai residents and businesses have reliable, high quality water service. We've been here since 1929, and look forward to many more years of partnership with the community.

We are writing to provide you with our perspective on efforts by a group called Ojai FLOW to convince Casitas Municipal Water District to use eminent domain and take over our system. Ojai FLOW is affiliated with Friends of Locally Owned Water, a national group whose mission includes actively promoting hostile takeover actions against selected water providers. We have great respect for our colleagues at Casitas and work closely with them on a variety of water related initiatives, including joint conservation efforts. We have met with them to provide facts against FLOW's position and communicate that our Ojai water system is not for sale.

You may have heard about an analysis produced by Ojai FLOW that claims Casitas customers will not have to spend a penny more than their existing rates to pay for the eminent domain takeover, ongoing operations of the Ojai water system and future improvements to maintain the system. That's not true or realistic. Here are the facts:

- **FLOW has an agenda.** Their objective is only to convince Casitas Municipal Water District to spend millions and use eminent domain to take over our Ojai water system. They cannot guarantee any of their claims about costs, rates or how they intend to have you pay for the system.
- **Ojai FLOW undervalues the Ojai system.** A licensed, certified or accredited appraiser did not prepare their analysis, and a historical review of past takeovers revealed that the final cost to buy a water system would be 100 to 500 percent more expensive than initial suggestions.

*In 2002, a group called Felton FLOW claimed that the San Lorenzo Valley Water District could take over the local water system for \$2 million. After six years and more than a million dollars in legal fees and expenses, the Felton system sold on the eve of trial for \$13.4 million or approximately \$10,100 per customer.*

- **Ojai FLOW's financing analysis is flawed.** It was not prepared by a licensed professional in municipal finance and is not consistent with accepted standards of practice. Moreover, there is no need for a public agency to take on millions in taxpayer debt to condemn a tax-paying business. Ultimately, despite much fanfare, there is no justification for Casitas Municipal Water District to expose customers to a multimillion-dollar eminent domain process.

Golden State will continue providing the best possible water service and support the Ojai community. That includes an honest dialogue with customers about our operations and rates, as well the negative consequences that would result from an expensive, time-consuming and divisive eminent domain takeover.

We welcome any questions and encourage you to visit [www.ojaiwaterfacts.org](http://www.ojaiwaterfacts.org) to learn more. You can also contact our Customer Service Center at (800) 999-4033 anytime day or night to speak with a Company representative.

Sincerely,

Robert J. Sprowls  
President and CEO  
Golden State Water Company