

Cal Water: Visalia exploring 'hostile takeover' of water system

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Cal Water conducts infrastructure work to connect the West Goshen community with the Visalia water system. Photo by Cal Water. California Water Service (Cal Water) has been notified that the City of Visalia intends to conduct an appraisal of Cal Water's water system, as announced in an 8-K filing with the Securities and Exchange Commission.

Although the City may or may not make an offer to purchase Visalia's water system after the appraisal is complete, "this is typically the first step in a hostile takeover," according to Cal Water spokesperson Shannon Dean.

Privately-owned Cal Water issued a press release today in response to a phone call from the city, said Vice Mayor Warren Gubler. "We needed to tell them we would like to do an appraisal."

"There have been complaints about the service from citizens and the City is simply exploring the option of a purchase to keep the price of water in Visalia affordable," Gubler added.

The Cal Water news release minces no words. "Our system is not for sale, whether the City opts to spend taxpayer dollars on an appraisal or not. We will oppose any attempt to take the drinking water system" through eminent domain action, Cal Water's Dean said.

"The people of Visalia deserve to continue receiving the quality, service, and value that we have provided since 1927, not the higher taxes and water rates that would almost certainly result from a hostile takeover," Dean added.

Cal Water serves about 132,200 people through 42,400 service connections in Visalia. The utility's Visalia District water system represents 7 percent, or \$117 million, of its total utility plant assets of \$1.7 billion as of Sept. 30,

according to the 8-K filing.

The third-largest investor-owned water utility in the U.S., Cal Water has six wholly owned subsidiaries operating in California, Washington, New Mexico and Hawaii. Other California cities it serves include Bakersfield, Livermore and Dixon.

In California a number of cities have municipal systems including Los Angeles, San Francisco, San Jose, Fresno, Tulare, Hanford and San Luis Obispo.

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