



STATE BOARD OF EQUALIZATION  
PROPERTY TAXES DEPARTMENT  
450 N STREET, MIC: 64, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064  
TELEPHONE (916) 445-4982  
FAX (916) 323-8765  
www.boe.ca.gov

JOHAN KLEHS  
First District, Hayward

DEAN ANDAL  
Second District, Stockton

CLAUDE PARRISH  
Third District, Torrance

JOHN CHIANG  
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JAMES E. SPEED  
Executive Director

No. 2001/013

February 2, 2001

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

ASSESSORS' HANDBOOK SECTION 542  
ASSESSMENT OF WATER COMPANIES AND WATER RIGHTS

Enclosed are copies of Assessors' Handbook Section 542, *Assessment of Water Companies and Water Rights*, which was adopted by the Board on December 14, 2000. This handbook section is a complete rewrite and compilation of two sections of the Assessors' Handbook: former AH 542, *Assessment of Water Companies* (no longer in circulation), and AH 543, *Assessment of Water Rights*.

Please note the following points in the Water Companies section of the handbook:

- In calculating the historical cost less depreciation value indicator for rate base regulated water utilities, Advances for Construction generally have a value of zero.
- With the enactment of Public Utilities Code section 2720, the cost (reproduction or replacement) approach should be considered when appraising the property of a regulated water company.

AH 542 is available on the Board's Web site at [www.boe.ca.gov](http://www.boe.ca.gov). and can be accessed via the following path: (1) Forms and Publications, (2) Property Taxes, (3) Assessors' Handbook. Copies are also available on diskette upon request to the Policy, Planning, and Standards Division at (916) 445-4982.

Board staff wishes to express their appreciation to all parties who participated in the revision of this section of the Assessors' Handbook. Those efforts contributed greatly to the success of this project.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson  
Deputy Director  
Property Taxes Department

RCJ:lt  
Enclosure