



CALIFORNIA
WATER SERVICE GROUP
INVESTING FOR LIFE

CWT
LISTED
NYSE

First Quarter 2022 Results Presentation

April 28, 2022





Forward-Looking Statements

This presentation contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("Act"). The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the Act. Forward-looking statements are based on currently available information, expectations, estimates, assumptions and projections, and management's judgment about the Company, the water utility industry and general economic conditions. Such words as will, would, expects, intends, plans, believes, may, estimates, assumes, anticipates, projects, progress, predicts, hopes, targets, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. They are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different than expected or anticipated include, but are not limited to: the impact of the ongoing COVID-19 pandemic and related public health measures; our ability to invest or apply the proceeds from the issuance of common stock in an accretive manner; governmental and regulatory commissions' decisions, including decisions on proper disposition of property; consequences of eminent domain actions relating to our water systems; changes in regulatory commissions' policies and procedures, such as the CPUC's decision in 2020 to preclude companies from proposing fully decoupled WRAMs in their next GRC filing (which impacted our 2021 GRC filing related to our operations commencing in 2023); the outcome and timeliness of regulatory commissions' actions concerning rate relief and other matters, including with respect to our 2021 GRC filing; increased risk of inverse condemnation losses as a result of climate change and drought; our ability to renew leases to operate water systems owned by others on beneficial terms; changes in California State Water Resources Control Board water quality standards; changes in environmental compliance and water quality requirements; electric power interruptions, especially as a result of Public Safety Power Shutoff (PSPS) programs; housing and customer growth; the impact of opposition to rate increases; our ability to recover costs; availability of water supplies; issues with the implementation, maintenance or security of our information technology systems; civil disturbances or terrorist threats or acts; the adequacy of our efforts to mitigate physical and cyber security risks and threats; the ability of our enterprise risk management processes to identify or address risks adequately; labor relations matters as we negotiate with the unions; changes in customer water use patterns and the effects of conservation; our ability to complete, in a timely manner or at all, successfully integrate and achieve anticipated benefits from announced acquisitions; the impact of weather, climate change, natural disasters, and actual or threatened public health emergencies, including disease outbreaks, on our operations, water quality, water availability, water sales and operating results and the adequacy of our emergency preparedness; restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; risks associated with expanding our business and operations geographically; and other risks and unforeseen events described in our SEC filings. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph, as well as the Annual 10-K, Quarterly 10-Q, and other reports filed from time-to-time with the Securities and Exchange Commission (SEC). The Company assumes no obligation to provide public updates of forward-looking statements.

Today's Participants

Marty Kropelnicki

President & CEO



Shannon Dean

Vice President, Customer Service &
Chief Citizenship Officer



Tom Smegal

Vice President, CFO & Treasurer



Dave Healey

Vice President, Controller





Presentation Overview

- Our Values and Priorities
- Financial Results
- Financial Highlights and Earnings Bridge
- California Regulatory Update
- ESG Update
- California Drought Update
- CapEx and Supply Chain
- ATM Equity Plan
- Business Development Status
- CapEx and Rate Base Tables
- In Summary



OUR STRATEGIC GOALS & IMPERATIVES

Affordable, Excellent Service

- Continuous improvement, efficiency & innovation
- Technology as enabler
- Centralized platform & process standardization
- Active stakeholder engagement
- Support for low-income customers
- Efficiency in capital deployment
- Progressive ratemaking & innovative funding

Sustainability & Community Impact

- Environmental stewardship
- Water supply & infrastructure resilience
- Community leadership & support
- Water conservation leadership
- Energy efficiency
- Corporate governance
- Responsible sourcing & resource management



Public Health & Safety

- Rigorous water quality sampling & monitoring
- Use of best available water quality treatment technologies
- Emergency preparedness & business continuity

Enhanced Stockholder Value

- Sustainable infrastructure investment
- Responsible growth through acquisitions & partnerships
- Enterprise risk management & effective physical & cybersecurity
- Progressive regulatory management
- Effective investor relations
- Strong credit rating

Employees as Best Advocates

- Diversity, equality & inclusion
- Safe workplace
- Talent attraction & retention
- Succession planning & professional development
- Active employee engagement

Financial Results: First Quarter 2022

(Amounts are in millions, except for EPS)	Q1 2021		Q1 2022	Variance
Operating Revenue	\$147.7	▲	\$173.0	17.1%
Operating Expenses	\$144.8	▲	\$163.9	13.2%
Net Interest Expense	\$9.9	▲	\$10.9	10.1%
Net Income Attributable to CWT	(\$3.0)	▲	\$1.1	---
EPS (LPS)	(\$0.06)	▲	\$0.02	---
Capital Investments	\$66.8	▲	\$68.5	2.5%

First Quarter Financial Highlights

NET INCOME
INCREASED TO
\$1.1M

**SOLID FIRST QUARTER WITH CALIFORNIA
ESCALATION INCREASE ADDING \$3.9M REVENUE**

WAGES, DEPRECIATION, INTEREST UP AS EXPECTED
TAX BENEFITS ADDED TO EARNINGS

APPLIED STATE AID TO CUSTOMER BILLS DELINQUENT
DUE TO THE PANDEMIC

\$68.5M CAPEX, SIMILAR TO 2021

PLUS:

\$2.3M INCREASED UNBILLED REVENUE

-\$3.3M CHANGE IN VALUE OF COMPANY'S NONQUALIFIED PLAN
ASSETS COMPARED TO 2021



EPS Bridge Q1 2021 to Q1 2022



California Regulatory Update

GENERAL RATE CASE CONTINUES WITH REBUTTAL TESTIMONY FILED IN APRIL. WE EXPECT TO ENGAGE IN SETTLEMENT DISCUSSIONS IN APRIL AND MAY.

COST OF CAPITAL HEARINGS EXPECTED IN MAY. REBUTTAL TESTIMONY FILED IN MARCH.

GRC, WITH A 2023 TEST YEAR, IS ANTICIPATED TO BE EFFECTIVE JANUARY 1, 2023

ISSUES INCLUDE CAPITAL INVESTMENT BUDGETS, RATE DESIGN, AND SOME EXPENSES

THERE IS NOT A MAJOR DIFFERENCE BETWEEN PARTIES' POSITIONS ON SALES AND WATER PRODUCTION MIX

WE ARE UNABLE TO DETERMINE WHEN THE COST OF CAPITAL DECISION WILL BECOME EFFECTIVE

THE CASE IS DELAYED AND A DECISION IS UNLIKELY BEFORE THE END OF Q3

ISSUES ARE CAPITAL STRUCTURE AND COST OF EQUITY

IF THE CPUC ADOPTS THE COMPANY'S PROPOSED COST OF DEBT, THE ANNUAL IMPACT WOULD REDUCE REVENUES \$11M ONCE RATES BECOME EFFECTIVE

ESG: Bringing Strategy to Life

- Updated strategic framework and corporate planning process
 - All-employee engagement
 - Short- and long-term objectives that will drive progress on 
- Climate Change, Energy & Emissions
 - Community Support
 - Diversity, Equality & Inclusion
 - Emergency Preparedness & Response
 - Stakeholder Engagement & Public Participation
 - Water Supply Management, Reliability & Resilience
 - End-use water conservation

ESG: Executing on Strategy, 2021 Highlights

- Published our 2nd SASB-aligned ESG Report that references GRI and TCFD
- A few highlights on execution:
 - Climate Risk Assessment & Adaptation Framework
 - In-line hydro turbine system in Waikoloa, Hawaii
 - Tesoro Viejo Wastewater Treatment and Recycled Water Production Plant
 - Smart Landscape Tune-Up program
 - 2021 General Rate Case design
 - Unconscious bias training for managers in 2021
 - 16 wildfire-related projects

California Drought Update

CPUC HAS ALLOWED A TRACKING MECHANISM FOR DROUGHT COSTS BEGINNING IN 2021

ALL CAL WATER DISTRICTS LIKELY TO BE IN STAGE 2 CONSERVATION PLANS BY MID-JUNE

TEAM MONITORING CONDITIONS REGULARLY

EXTREMELY DRY JANUARY-MARCH IN CALIFORNIA, WITH SOME RELIEF IN APRIL

STATE SURFACE WATER AVAILABILITY WILL BE LOW IN 2022, REDUCING SUPPLY OPTIONS IN SOME REGIONS

CALIFORNIA CUSTOMER USAGE DOWN 2% IN Q1 AS COMPARED TO 2021

CAL WATER ANTICIPATES FURTHER DROUGHT REGULATIONS FROM THE STATE WATER BOARD IN Q2



Capital Spending and Supply Chain

Q1 CAPEX IN LINE WITH 2021

CONSTRUCTION IS EXPERIENCING INFLATION, SUPPLY CHAIN DISRUPTIONS, LABOR SHORTAGES, AND DELAYS IN PERMITTING

GLOBAL EVENTS IMPACTING SUPPLY CHAIN: UKRAINE AND CHINESE COVID LOCKDOWNS

NON-RESPONSIVE BIDDERS AND CONSTRUCTION DELAYS DUE TO CONSTRUCTION LABOR SHORTAGES

PERMITTING DELAYS DUE TO COVID AND VOLUME OF PROJECTS

MITIGATION PLANS INCLUDE ORDERING MATERIALS EARLY FOR PROJECTS, STRATEGIC SOURCING, CONTRACTOR AND STAKEHOLDER OUTREACH

NOT YET IMPACTING ANNUAL CAPEX BUT CLOSELY MONITORING DEVELOPMENTS





ATM Equity Plan Renewal

We expect to renew our ATM equity program in the near term

We expect the new program will allow us to raise up to \$350M over three years

Proceeds will be used for general corporate purposes

Company will continue to issue long-term debt from time to time

The expiring ATM program raised \$300M and was completed in Q4 2021

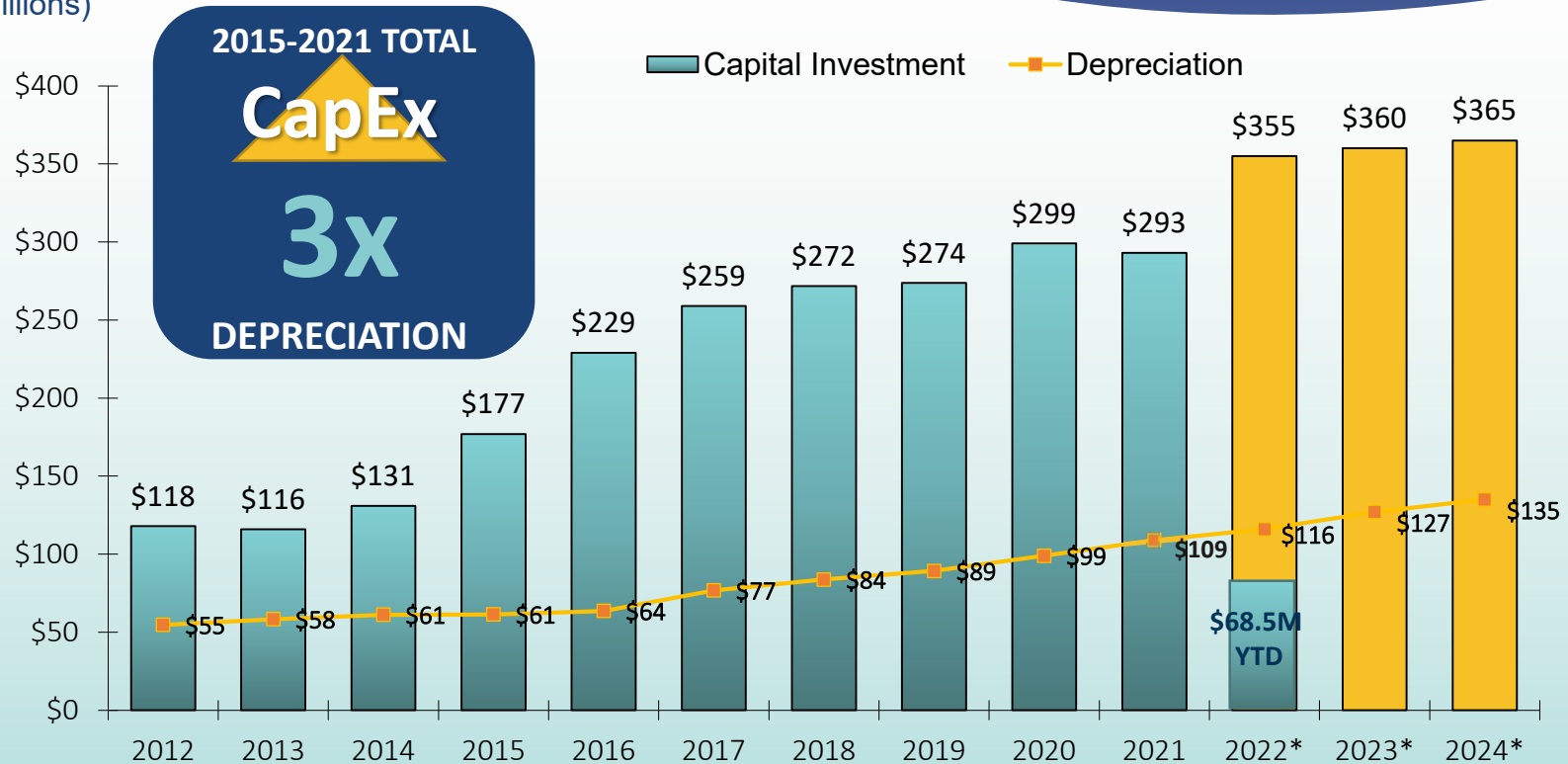
2022 Business Development Project Updates

System	Water Connections	Wastewater Connections	Total	Status
Valencia Mesa (NM)	85		85	Closed February 2022
Animas Valley Water (NM)	2,000		2,000	Closed April 2022
Railyard (TX) – New service area of BVRT		350 (up to 1,500 at buildout)	350 (up to 1,500 at buildout)	Awaiting regulatory approval*
Skylonda (CA)	176		176	Awaiting regulatory approval*
Keahou (HI)		1,500 EDUs	1,500 EDUs	Awaiting regulatory approval*
HOH Utilities (HI)		1,800 EDUs	1,800 EDUs	Awaiting regulatory approval*
Driftwood Valley (WA)	62		62	Announced February 2022*
Stroh’s Water (WA)	900		900	Announced April 2022*
KSSCS (HI)		400 EDUs	400 EDUs	Announced April 2022*

*All announced acquisitions are subject to customary closing conditions and regulatory approval unless noted

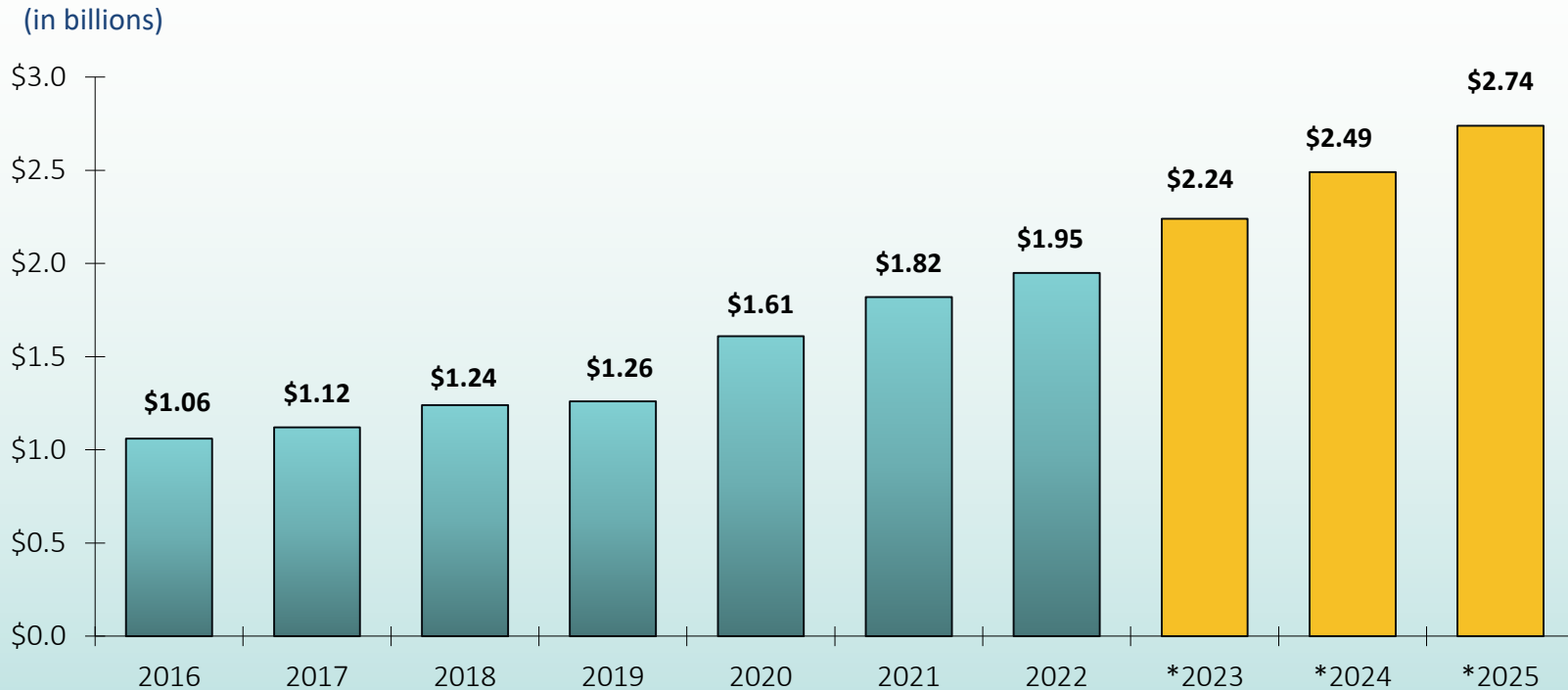
Capital Investment and Depreciation

(in millions)



* 2022-2024 Estimated investments and depreciation include amounts filed in the California 2021 GRC plus estimates for other states.

Estimated Regulated Rate Base of CWT



*2023-2025 Rate Base Estimates include filed proposal in 2021 California General Rate Case plus estimated rate base in other states. These values are not yet adopted and are subject to review and approval of the CPUC and other regulators.



In Summary

- Solid first quarter performance
- Excited about the ESG progress we're making
- We continue to grow through acquisitions
- Focus of the company is on drought, regulatory proceedings, and working through disruptions





CALIFORNIA
WATER SERVICE GROUP
INVESTING FOR LIFE

DISCUSSION

CWT
LISTED
NYSE