

November 16, 2016



# California Public Utilities Commission Issues Proposed Decision on Cal Water's 2015 General Rate Case

## Commission Will Also Consider a Resolution Approving Recovery of \$2.9 Million in Drought Costs from 2014 and 2015; Update to Travis Air Force Base Water Service Contract Status

SAN JOSE, CA -- (Marketwired) -- 11/16/16 -- Late yesterday, an Administrative Law Judge at the California Public Utilities Commission (Commission) released a proposed decision adopting the agreed-upon settlement on the 2015 General Rate Case application filed by California Water Service (Cal Water), the largest subsidiary of California Water Service Group (NYSE: CWT).

If the Commission approves the proposed decision, which adopts the settlement agreement reached in September between Cal Water, the Commission's Office of Ratepayer Advocates, and other parties to the case, Cal Water would be authorized to invest \$658.8 million in districts throughout California over the three-year period of 2016-2018 in order to continue to provide safe and reliable water to its customers. Included in this figure are \$197.3 million of water system infrastructure improvements that would be recovered through the Commission's advice letter procedure when qualified projects are completed. The decision would authorize Cal Water to increase gross revenue by approximately \$45.0 million in 2017, \$17.2 million in 2018, \$16.3 million in 2019, and up to \$30.0 million upon completion and approval of the company's advice letter projects. The 2017 increase equates to an approximate 7.5% revenue increase overall; however, rate increases would vary by service area.

The Commission is expected to consider the proposed decision at its meeting on December 15, 2016. If approved at that meeting, final rates would become effective January 1, 2017.

At the same meeting, the Commission will consider a separate resolution authorizing Cal Water to recover \$2.9 million in statewide drought expenses incurred in 2014 and 2015 through surcharges on customers' bills over the next 12 months. Surcharges, which would range from 1.8 to 2.3 cents per hundred-cubic-feet of water, would vary by district.

Finally, on November 10, 2016, Cal Water was informed that the Defense Logistics Agency (DLA) plans to reevaluate the final proposals submitted for the contract to operate the water system for the Travis Air Force Base (Travis), in response to another bidder's protest. The DLA, after its re-review of the proposals, is expected to make its selection on the service provider for Travis utilizing criteria it included in the contract solicitation.

California Water Service Group is the parent company of California Water Service, Washington Water Service, New Mexico Water Service, Hawaii Water Service, CWS Utility Services, and HWS Utility Services. Together, these companies provide regulated and non-regulated water service to nearly 2 million people in California, Washington, New Mexico,

and Hawaii. California Water Service was ranked "Highest in Customer Satisfaction Among Water Utilities in the West" in 2016 by J.D. Power in its inaugural Water Utility Residential Customer Satisfaction Study. California Water Service Group's common stock trades on the New York Stock Exchange under the symbol "CWT." Additional information is available on our website at [www.calwatergroup.com](http://www.calwatergroup.com).

*This news release 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 would, expects, intends, plans, believes, estimates, assumes, anticipates, projects, predicts, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. The 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: governmental and regulatory commissions' decisions; changes in regulatory commissions' policies and procedures; success by non-settling parties in opposing the settlement; the timeliness of regulatory commissions' actions concerning rate relief; electric power interruptions; increases in suppliers' prices and the availability of supplies including water and power; changes in environmental compliance and water quality requirements; changes in customer water use patterns; the impact of weather on water sales and operating results; our access to sufficient capital on satisfactory terms; civil disturbances or terrorist threats or acts interfering with our facilities or operations, or apprehension about the possible future occurrences of acts of this type; restrictive covenants in or changes to the credit ratings on our current or future debt that increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; and, other risks and unforeseen events. 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.*