



CALIFORNIA
WATER SERVICE GROUP
INVESTING FOR LIFE



First Quarter 2021 Results Presentation

April 29, 2021



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 would, expects, intends, plans, believes, may, estimates, assumes, anticipates, projects, predicts, targets, 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: 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, including discontinuance of WRAM in the next GRC filing (which may impact operations commencing in 2023); the outcome and timeliness of regulatory commissions' actions concerning rate relief and other matters; increased risk of inverse condemnation losses as a result of climate conditions; inability 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; 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, successfully integrate and achieve anticipated benefits from announced acquisitions; the impact of weather, climate, 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; 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.

Today's Participants

Marty Kropelnicki

President & CEO



Paul Townsley

Vice President, Corporate Development
and Chief Regulatory Officer



Tom Smegal

Vice President, CFO & Treasurer



Dave Healey

Vice President, Controller





Presentation Overview

- Our Operating Priorities
- Financial Results and EPS Bridge
- Note on 2021 Tax Rates
- California Regulatory Update
- Continuing COVID-19 Impacts
- ESG Update
- Acquisition Status
- Cap Ex and Rate Base Tables
- In Summary



Our Operating Priorities

Affordable, Excellent Service

- Continuous improvement, efficient innovation
- Technology as enabler
- Centralized platform & process standardization
- Clear & effective communications

High-Quality Water & Wastewater

- Consistent sampling & rigorous monitoring
- Use of best available treatment & testing technologies

Employees as Best Advocates

- Safe workplace & healthy lifestyles
- Professional development
- Effective, transparent communication
- Teamwork

Strong Brand & Reputation

- Environmental stewardship
- Community involvement & leadership
- Water conservation leadership
- Communication & corporate governance

Enhanced Stockholder Value

- Infrastructure investment
- Growth by criteria & for long term (organic/M&A/innovative partnerships)
- Risk management
- Progressive regulatory management
- Effective investor relations

Financial Results: First Quarter 2021

(Amounts are in millions, except for EPS)	Q1 2020		Q1 2021	Variance
Operating Revenue	\$125.6	▲	\$147.7	17.7%
Operating Expenses	\$132.5	▲	\$144.8	9.3%
Net Interest Expense	\$9.9	—	\$9.9	n/a
Net Income (Loss)	(\$20.3)	▼	(\$3.0)	(85.1%)
EPS (LPS)	(\$0.42)	▼	(\$0.06)	(85.6%)
Capital Investments	\$65.3	▲	\$66.8	2.3%

Quarterly Financial Highlights

NET LOSS DECREASED
BY

\$17.3M

TO

\$3.0M

BETTER RESULTS PRIMARILY DUE TO THE RATE INCREASES APPROVED IN THE CALIFORNIA GENERAL RATE CASE

Q1 2020 DID NOT INCLUDE CERTAIN BALANCING MECHANISMS DUE TO THE DELAYED GRC

CORE OPERATING COST INCREASES AS EXPECTED

LOWER AFUDC EQUITY AS ANTICIPATED

CAPITAL SPENDING ON TRACK TO PROJECTIONS

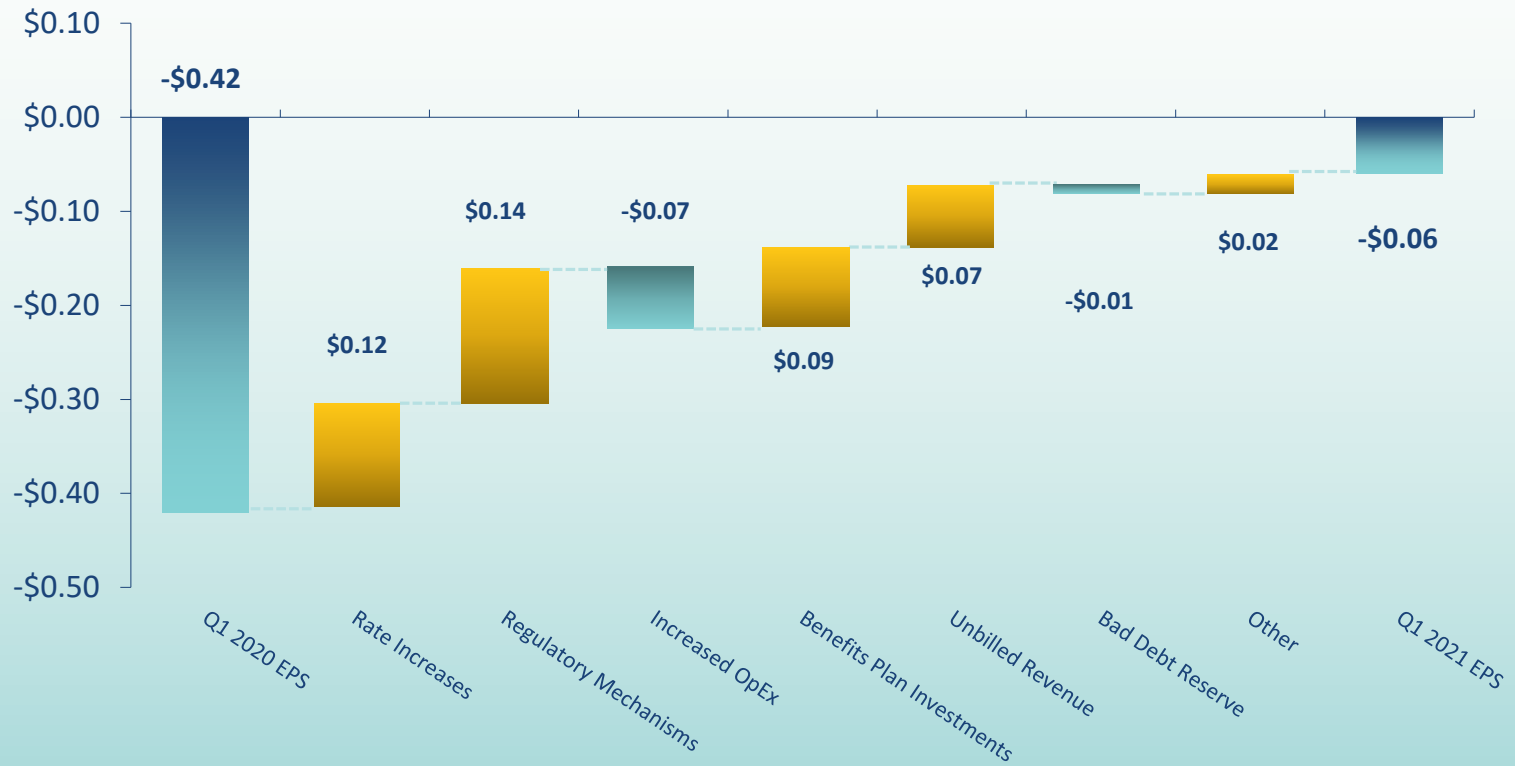
OTHER POSITIVES:

MARKET VALUE OF INVESTMENTS

UNBILLED REVENUE



EPS Bridge Q1 2020 to Q1 2021



A Note on Tax Rates for 2021

Excess Deferred Income Taxes of **\$19M** are being refunded to California customers in 2021, reducing tax rates and customer bills

6.0% Effective Tax Rate estimated for 2021

\$60M Estimated mains and services investment eligible for state tax repairs deduction in 2021

\$160M Eligible mains and services repairs investments in 2020

Capital spending still anticipated between \$270 and \$300 million but fewer repairs-eligible projects will qualify for tax treatment



Regulatory Update: California

CALIFORNIA COST OF CAPITAL FILING WITHIN THE WEEK:

REQUESTING 10.35% ROE (LAST ADOPTED 9.2%) AND SAME CAPITAL STRUCTURE

COST OF DEBT DOWN FROM 5.51% IN 2018 TO 4.23%

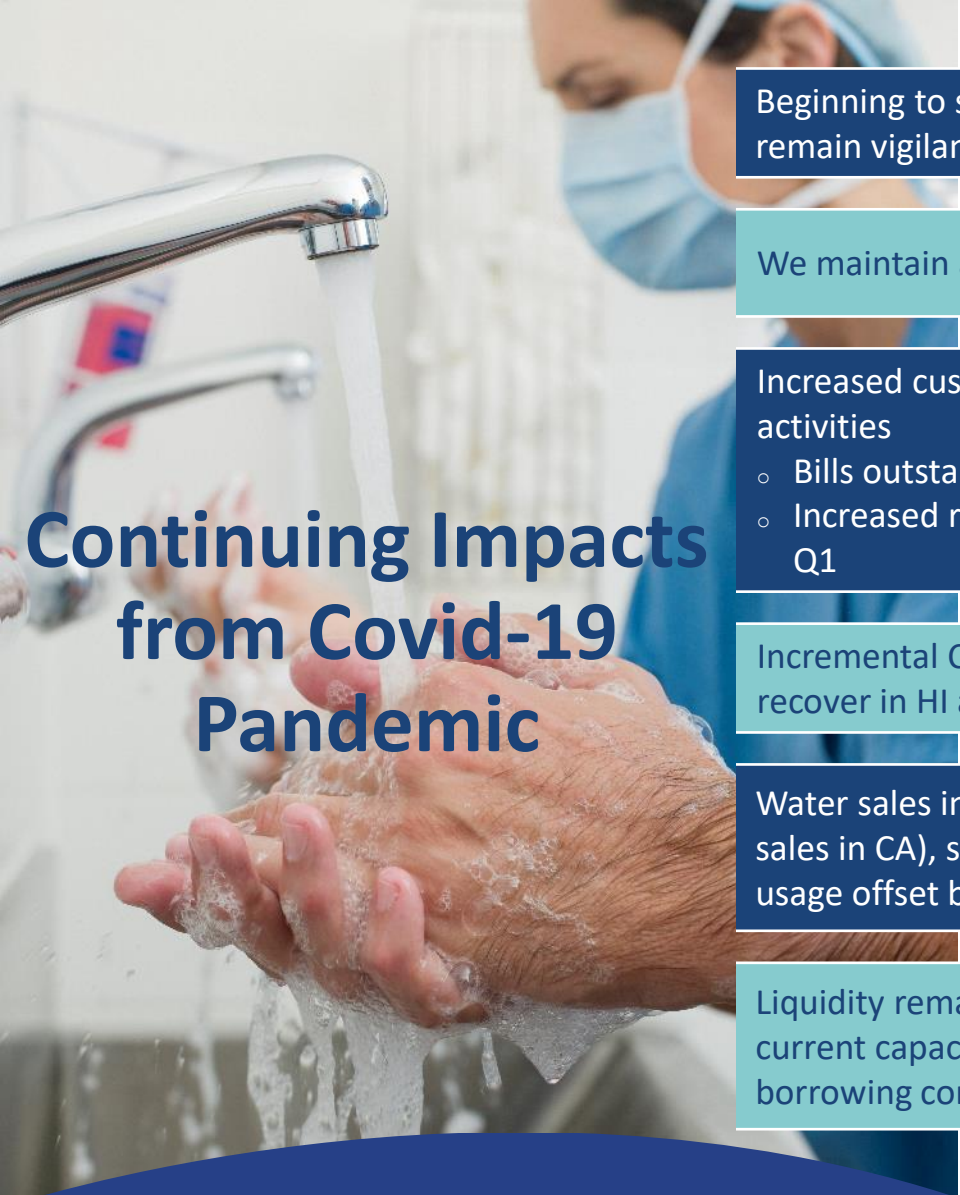
MEDIAN BILL INCREASE \$0.34 PER MONTH IF ADOPTED AS PROPOSED

REQUESTING TO CONTINUE COST ADJUSTMENT MECHANISM

RATES ANTICIPATED EFFECTIVE JANUARY 2022

An additional benefit of our infrastructure investment program is a lower weighted cost of debt, since borrowings to finance new investments have had lower coupons than prior debt series

We will provide more information about the 2021 California Rate Case on our Q2 Conference Call



Continuing Impacts from Covid-19 Pandemic

Beginning to see benefits of vaccinations in the states we serve. We remain vigilant over employee safety.

We maintain a suspension of all collection activities in all our states.

Increased customer account aging from suspension of collection activities

- Bills outstanding >90 days increased to **\$11.6M**
- Increased reserve for doubtful accounts from **\$5.2M** to **\$5.7M** in Q1

Incremental COVID-19-related expenses in Q1 of **\$0.3M**; potential to recover in HI and CA.

Water sales in aggregate close to adopted levels (105% of adopted sales in CA), similar to 2020, with continuing increases in residential usage offset by lower business and industrial sales

Liquidity remains strong; at quarter-end, **\$84.4M** cash and additional current capacity of **\$115M+** on lines of credit, subject to meeting borrowing conditions

ESG REPORTING UPDATE

Our first ESG report aligned with SASB and referencing GRI is available now at www.calwatergroup.com/esg



Acquisition Status Update

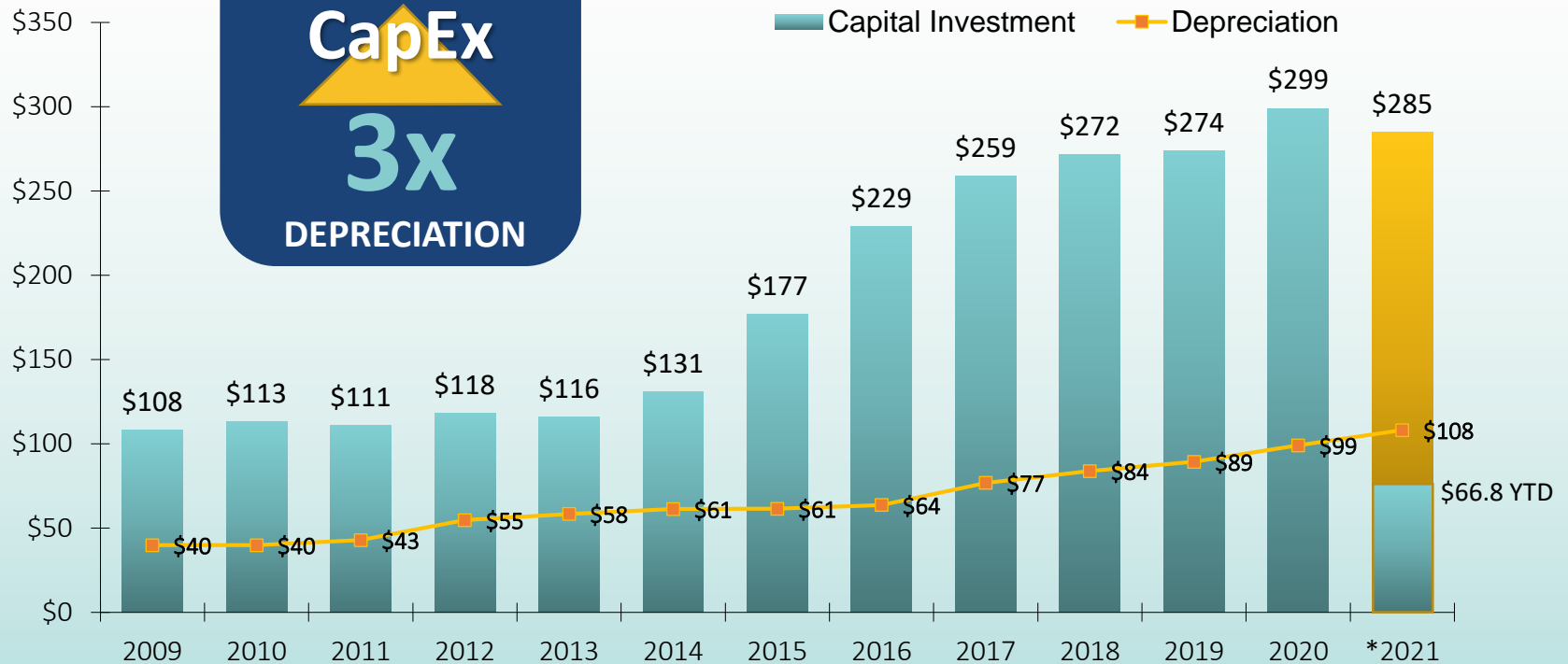
System	Water Connections	Wastewater Connections	Total	Status
Kapalua Water and Wastewater (HI)	500	500	1,000	Approved by Hawaii PUC March 2021/Est close Q2 2021
The Preserve at Millerton (CA)	Future up to 1,400	Future up to 1,400	Future up to 2,800	Pending Regulatory Approval
Animas Valley (NM)	2,000		2,000	Announced*
Keahou (HI)		1,500 EDUs	1,500 EDUs	Announced*
Skylonda (CA)	176		176	Announced*
Stroh's (O&M with future option to purchase) (WA)	1,000		1,000	O&M Contract signed

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

Capital Investment and Depreciation

(in millions)

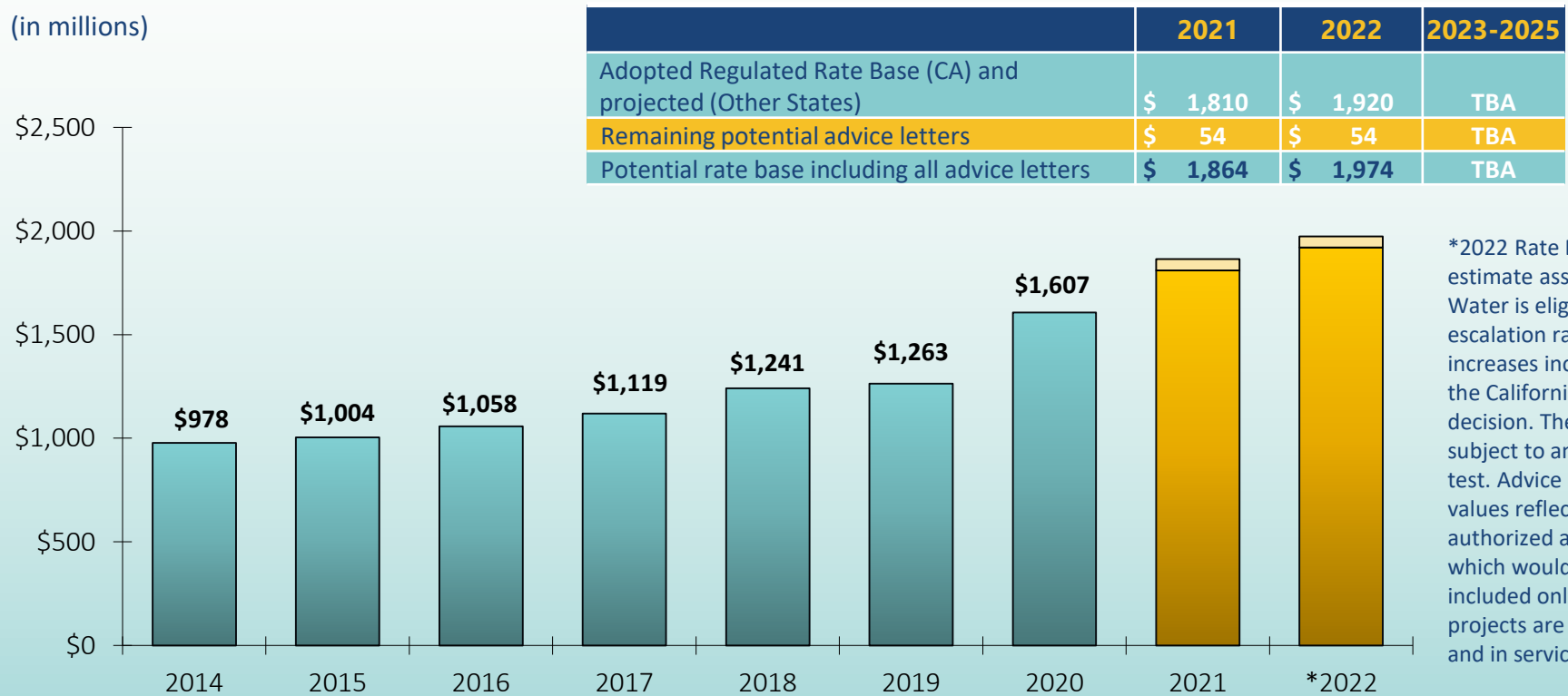
2015-2020
CapEx
3x
DEPRECIATION



* 2021 represents midpoint of Company's current projection of \$270-\$300 million; \$108 million depreciation is the Company's full-year estimate. Company plans to provide estimate of 2022-2024 capital Investments in Q2 after filing California 2021 GRC

Estimated Regulated Rate Base of CWT

(in millions)



*2022 Rate Base estimate assumes Cal Water is eligible for all escalation rate increases included in the California GRC decision. They are subject to an earnings test. Advice Letter values reflect authorized amounts which would be included only after projects are complete and in service.



In Summary

- Q1 results were in line with our expectations
- We expect a busy Q2 as we begin the California Cost of Capital review, prepare for fire season and potential drought restrictions, and file our 2021 California GRC
- Expecting we will continue coming out of COVID effects for the remainder of the year, barring any new setbacks, and working with Commissions on creative solutions for impacted customers





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DISCUSSION

