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California Water Service Likely to Ease Water-Use Reduction Requirements in Some Communities

New Targets Due to State Water Resources Control Board in June

SAN JOSE, CA -- (Marketwired) -- 05/20/16 -- California Water Service (Cal Water), a subsidiary of California Water Service Group (NYSE: CWT), today announced that it will likely ease water-use reduction requirements in the wake of a decision by the State Water Resources Control Board (State Board) to allow water suppliers to set their own conservation targets based upon local water supply conditions.

"We believe very strongly that we are still experiencing serious drought conditions in many parts of the state, and we will continue to encourage and support our customers' efforts to use water efficiently. However, given the State Board's formula for setting new conservation targets, it is likely that we will suspend surcharges in most, if not all, of our service areas," said Shannon Dean, Vice President of Corporate Communications and Community Affairs.

According to Dean, Cal Water must first analyze the supply conditions, including commitments for deliveries from purchased water providers, before finalizing new water-use reduction requirements. The State Board requires water providers to submit new water-use reduction targets by June 22.

"We have a broad footprint throughout the state, and water conditions vary dramatically depending upon where you live and the source of your community's water," said Dean.

The new State Board regulations allow water suppliers to forecast demand based upon average water usage in 2013 and 2014, and compare that demand to projected available supplies for the next three years, assuming a continuation of drought conditions. The new reduction targets will be the difference between the two in the third year. For example, if a water supplier projects demand of 100 acre-feet of water, but available supply of only 90 acre-feet of water, it would take the difference, 10 acre-feet, which is a 10% shortfall, and that would be the water-use reduction target.

Regardless of how the formula pencils out in each community, Cal Water will continue to ask customers to reduce water use by at least 8%, even in communities where surcharges have been suspended.

"We fully expect that in January 2017, the State Board will introduce even more stringent water-saving requirements than we have faced during the past several months. Given that, and the fact that we are still in a drought, we don't think it's prudent to ask customers for anything less," Dean said.

Cal Water will notify the public when it has completed its analysis and determined how

customers will be affected by the State Board's new regulation.

Cal Water serves about 2 million people through 480,300 service connections in California. The company has provided water service in the state since 1926. Additional information may be obtained online at www.calwater.com.