

July 8, 2024



California Water Service Applauds California Supreme Court Decision Preserving Water Utilities' Rights to Implement Rate-Making Mechanism that Supports Conservation, Protects Customers

SAN JOSE, Calif., July 08, 2024 (GLOBE NEWSWIRE)—California Water Service (Cal Water) commends the decision issued today by the California Supreme Court that preserves decoupling as a rate-making mechanism, protects water utilities' due process rights, and enables them to maintain financial stability, all while encouraging water conservation and helping protect customers at the same time. The ruling was issued in response to the Low-Income Ratepayer Assistance Phase 1 Decision (D. 20-08-047) made by the California Public Utilities Commission (CPUC) in August 2020.

The court's ruling determined that the CPUC did not follow statutory procedures mandated by the State Legislature and rules of the CPUC itself to provide sufficient notice that it was considering eliminating the long-standing practice of decoupling as a rate-making mechanism. This prevented utilities from having the opportunity to provide evidence that supports decoupling—which removes the link between water revenue and sales—as an effective means to help keep water rates affordable for low-water-using customers, while simultaneously helping keep utilities financially stable as they promote water conservation.

"Protecting our customers is our top priority, and we are pleased that the Supreme Court has ruled in favor of water utilities maintaining our due process rights and being able to demonstrate the effectiveness of certain rate-making mechanisms before regulatory decisions are made to remove them," said Martin A. Kropelnicki, Cal Water Chairman & CEO. "Decoupling is an important tool that helps keep our customers' rates affordable as we promote conservation to help provide critical water supplies, now and in the future."

Cal Water was one of four regulated utilities that filed petitions against the CPUC's elimination of decoupling without providing adequate notice, thus not allowing the utilities to properly present decoupling benefits during the rate-making process.

About California Water Service

California Water Service provides high-quality, reliable water utility services to more than 2 million people statewide through 497,700 service connections. Cal Water's purpose is to enhance the quality of life for customers and communities. To do so, it invests responsibly in water and wastewater infrastructure, sustainability initiatives, and community well-being. The company's 1,100+ employees live by a set of strong core values and share a commitment to protecting the planet, caring for people, and operating with the utmost integrity. The utility

has been named one of "America's Most Responsible Companies" and the "World's Most Trustworthy Companies" by *Newsweek* and a Great Place to Work[®]. More information is available at www.calwater.com.