

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **July 28, 2021**

CALIFORNIA WATER SERVICE GROUP

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13883
(Commission file number)

77-0448994
(I.R.S. Employer
Identification Number)

1720 North First Street
San Jose, California
(Address of principal executive offices)

95112
(Zip Code)

(408) 367-8200
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, par value \$0.01	CWT	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined by Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On July 29, 2021, California Water Service Group (the "Company") issued a press release (a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference) announcing its financial results for the second quarter of 2021, ended June 30, 2021. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

As announced, the Company will host a conference call on Thursday, July 29, 2021 at 11:00 am ET to discuss financial results and management's business outlook. The financial results announcement contains information about how to access the conference call. A slide presentation, which includes supplemental information relating to the Company, will be used by management during the conference call. A copy of the slide presentation is attached hereto as Exhibit 99.2 and is incorporated by reference herein. The Exhibits will be posted on the Company's website at www.calwatergroup.com under the "Investor Relations" tab.

The information furnished pursuant to Item 2.02 of this Current Report shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

The information included in the Exhibits to this report is incorporated by reference in response to this Item 7.01.

The information furnished pursuant to Item 7.01 of this Current Report shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

We hereby furnish the following exhibits, which shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, with this report:

Exhibit No.	Description
99.1	Press Release issued July 29, 2021
99.2	Slide presentation relating to conference call
104	Cover Page Interactive Data File (embedded with the inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CALIFORNIA WATER SERVICE GROUP

Date: July 29, 2021

By: /s/ Thomas F. Smegal
Name: Thomas F. Smegal
Title: Vice President, Chief Financial Officer & Treasurer



1720 N. First Street, San Jose, CA 95112



July 29, 2021
For immediate release

CALIFORNIA WATER SERVICE GROUP ANNOUNCES SECOND QUARTER 2021 RESULTS

SAN JOSE, CA – California Water Service Group (NYSE: CWT) (“Company”) today announced net income of \$38.2 million or \$0.75 earnings per diluted common share for the second quarter of 2021, compared to a net income of \$5.3 million or \$0.11 earnings per diluted common share for the second quarter of 2020.

The \$32.9 million increase in net income was primarily due to the December 2020 decision by the California Public Utilities Commission (CPUC) on California Water Service Company’s (Cal Water’s) 2018 General Rate Case (2018 GRC). The decision authorized rate increases and the continuation of regulatory mechanisms that the Company had not recorded in the second quarter of 2020. Second quarter 2021 results included cumulative GRC rate relief of \$7.9 million, representing 2020 and 2021 rate changes, and regulatory mechanism net revenue increases of \$18.0 million in the second quarter of 2021 as compared to the second quarter of 2020. The increase in net income resulting from the adoption of the 2018 GRC was partially offset by increases in administrative and general expense of \$4.8 million, depreciation expense of \$2.7 million and property taxes of \$0.6 million.

Additional factors outside the Company’s immediate control significantly contributed to the increase in net income, including a \$10.9 million increase in accrued unbilled revenue partially offset by a \$1.9 million decrease in unrealized gain on certain benefit plan investments. Seasonal weather patterns, including increases in demand, tariff changes, and the number of unbilled days, are the primary drivers of accrued unbilled revenue.

According to President and Chief Executive Officer Martin A. Kropelnicki, second quarter results were in line with the Company’s expectations.

“I am particularly pleased with second quarter efforts to finalize our California Infrastructure Improvement Plans and General Rate Case for calendar years 2023 through 2025, which were filed on July 1, as well as our reactivation of the drought response team that helped make us a leader during the last California drought,” he said.

As announced, Cal Water submitted its 2022-2024 infrastructure improvement plans in its General Rate Case filing with the CPUC. In the filing, Cal Water requested approval to invest \$1.02 billion over the three-year period in water system infrastructure. The filing also included a new rate design.

“We knew that without the Water Revenue Adjustment Mechanism (WRAM), which decouples water sales and revenues, we would need a new, innovative rate design that provides reasonable revenue stability while protecting low-income and low-water-using customers. The filing reflects our commitment to making the water system improvements that are critical to reliability and safety without losing sight of need for affordability,” Kropelnicki said.

Cal Water also supported Governor Gavin Newsom’s call for a 15% reduction in water use in response to historic drought conditions.

“We have a robust conservation program in place and stand ready to partner with customers to achieve water-use reduction targets as we did during the last drought,” Kropelnicki said.

Additional Financial Results for the second quarter of 2021

Operating revenue increased 21.4% to \$213.1 million in the second quarter of 2021, an increase of \$37.6 million as compared to \$175.5 million in the second quarter of 2020, primarily due to the 2018 GRC rate increases. Rate relief and regulatory cost offset mechanisms added \$25.9 million, \$1.4 million of which was related to increased water costs. Accrued unbilled revenue increased \$10.9 million primarily due to seasonal changes, including increases in demand, tariff changes, and increases in the number of unbilled days average daily billings in the second quarter of 2021 as compared to the second quarter of 2020.

Total operating expenses increased \$7.9 million, or 4.8%, to \$170.9 million in the second quarter of 2021 compared to the prior year.

Water production expenses increased \$3.8 million, or 5.3%, to \$74.9 million in the second quarter of 2021, primarily due to increases in purchased water quantities and higher wholesale water rates. As a result of the California revenue decoupling mechanisms, we record an increase to revenue equal to the increase in California water production costs.

Administrative and general and other operations expenses decreased \$0.4 million or 0.7%, to \$52.5 million in the second quarter of 2021, due to decreases in costs associated with deferred WRAM revenue of \$6.3 million which was partially offset by increases in employee wages of \$4.7 million. Changes in conservation program expense, employee pension benefits, and employee and retiree medical costs for regulated California operations generally do not affect net income, as the Company has been allowed by the CPUC to record these costs in balancing accounts for future recovery, creating a corresponding change to revenue.

Depreciation expense increased \$2.7 million, or 11.0%, to \$27.2 million in the second quarter of 2021 due to utility plant placed in service in 2020.

Income taxes increased \$1.4 million to \$2.0 million in the second quarter of 2021 due to an increase in pre-tax earnings and reduction in state tax benefits from repairs deductions of \$64.0 million which was partially offset by a decrease in 2021 effective tax rate due to a \$19.4 million increase in refund of excess deferred federal income taxes in the second quarter of 2021 as compared to the second quarter of 2020.

Property and other taxes increased \$0.6 million, or 7.6%, to \$7.7 million in the second quarter of 2021, due primarily to an increase in our assessed property values for utility plant placed in service.

Other income and expenses increased \$3.3 million in the second quarter of 2021, due primarily to a \$4.0 million decrease in other components of net periodic benefit costs which was partially offset by a \$1.9 million decrease in unrealized gain on certain benefit plan investments and \$0.9 million decrease in allowance for equity funds used during construction.

Year-to-Date Results

For the six month period ended June 30, 2021, the Company had net income of \$35.2 million or \$0.69 earnings per diluted common share, compared to a net loss of \$15.0 million or \$0.31 loss per diluted common share for the six month period ended June 30, 2020.

The \$50.2 million increase in net income was primarily due to the December 2020 decision by the CPUC for Cal Water's 2018 GRC. The decision authorized rate increases and the continuation of regulatory mechanisms which the Company had not recorded during the six month period ended June 30, 2020. Results for the six month period ended June 30, 2021 included cumulative 2018 GRC rate relief of \$14.3 million, representing 2020 and 2021 rate changes, and regulatory mechanism net revenue increases of \$25.6 million for the six month period ending June 30, 2021 as compared to the six month period ending June 30, 2020. The increase in net income resulting from the adoption of the 2018 GRC was partially offset by increases in administrative and general expenses of \$5.5 million, depreciation expense of \$5.3 million, and property taxes of \$1.3 million.

Additional factors outside the Company's immediate control significantly contributed to the increase in net income, including a \$14.5 million increase in accrued unbilled revenue and \$3.1 million increase in unrealized gain on certain benefit plan investments. Seasonal weather patterns and the number of unbilled days are the primary drivers of accrued unbilled revenue.

Liquidity and Financing

The Company received \$280.0 million of gross proceeds during the second quarter of 2021 from the issuance of Cal Water's First Mortgage Bonds. The net proceeds were used to refinance existing debt and general corporate purposes. As of June 30, 2021, the Company had additional short-term borrowing capacity of more than \$405.0 million, subject to meeting the borrowing conditions on the Company's lines of credit facilities. Aged accounts receivable past due more than 60 days increased to \$16.1 million as of June 30, 2021 from \$13.5 million as of December 31, 2020 due to suspension of shutoff procedures associated with the pandemic, resulting in an increase to the allowance for credit losses.

The Company invested \$138.5 million in infrastructure improvements during the first six months of 2021 and estimates annual investments for 2021 between \$270.0 and \$300.0 million.

On July 28, 2021, the Board of Directors approved a quarterly cash dividend of \$0.23 per share of common stock.

WRAM Receivable

The under-collected net receivable balance in the WRAM and modified cost balancing account (MCBA) was \$67.5 million as of June 30, 2021, a decrease of 0.5%, or \$0.3 million, from the balance of \$67.8 million as of December 31, 2020.

Other Information

All stockholders and interested investors are invited to listen to the 2021 second quarter conference call on July 29, 2021 at 8:00 a.m. PT (11:00 a.m. ET) by dialing 1-833-832-5130 or 1-509-844-0151 and keying in ID #3119418. Please dial in at least 15 minutes in advance of the call to ensure a timely connection. A replay of the call will be available from 11:00 a.m. PT (2:00 p.m. ET) on July 29, 2021 through September 29, 2021, at 1-855-859-2056 or 1-404-537-3406, ID #3119418. The replay will also be available under the investor relations tab at www.calwatergroup.com. Prior to the call, Cal Water will post a slide presentation on its website. The presentation can be found at www.calwatergroup.com/docs/q22021slides.pdf after 6:00 a.m. PT. The call will be hosted by President and Chief Executive Officer Martin A. Kropelnicki, Vice President and Chief Financial Officer Thomas F. Smegal III, Vice President of Corporate Development and Chief Regulatory Officer Paul G. Townsley, and Vice President and Corporate Controller David B. Healey.

California Water Service Group is the parent company of regulated utilities California Water Service, Hawaii Water Service, New Mexico Water Service, and Washington Water Service along with TWSC, Inc., a utility holding company in Texas. Together, these companies provide regulated and non-regulated water and wastewater service to more than 2 million people in California, Hawaii, New Mexico, Texas, and Washington. California Water Service Group's common stock trades on the New York Stock Exchange under the symbol "CWT." Additional information is available online at 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, 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; 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.

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Contact

Tom Smegal
(408) 367-8200 (analysts)

Shannon Dean
(408) 367-8243 (media)

**CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEETS**

Unaudited

(In thousands, except per share data)

	June 30 2021	December 31 2020
ASSETS		
Utility plant:		
Utility plant	\$ 4,047,282	\$ 3,890,423
Less accumulated depreciation and amortization	(1,300,676)	(1,239,865)
Net utility plant	<u>2,746,606</u>	<u>2,650,558</u>
Current assets:		
Cash and cash equivalents	66,483	44,555
Receivables:		
Customers	52,237	44,025
Regulatory balancing accounts	84,585	96,241
Other, net	19,469	20,331
Unbilled revenue, net	52,954	34,069
Materials and supplies at weighted average cost	9,589	8,831
Taxes, prepaid expenses, and other assets	20,269	17,964
Total current assets	<u>305,586</u>	<u>266,016</u>
Other assets:		
Regulatory assets	337,132	325,376
Goodwill	36,841	31,842
Other assets	122,588	120,456
Total other assets	<u>496,561</u>	<u>477,674</u>
TOTAL ASSETS	<u>\$ 3,548,753</u>	<u>\$ 3,394,248</u>
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$.01 par value; 68,000 shares authorized, 51,535 and 50,334 outstanding in 2021 and 2020, respectively	\$ 515	\$ 503
Additional paid-in capital	507,494	448,632
Retained earnings	484,119	472,209
Noncontrolling interests	5,145	-
Total equity	<u>997,273</u>	<u>921,344</u>
Long-term debt, net	1,059,936	781,100
Total capitalization	<u>2,057,209</u>	<u>1,702,444</u>
Current liabilities:		
Current maturities of long-term debt, net	5,173	5,127
Short-term borrowings	145,000	370,000
Accounts payable	132,972	131,725
Regulatory balancing accounts	24,839	34,636
Accrued interest	6,853	6,178
Accrued other liabilities	50,386	41,040
Total current liabilities	<u>365,223</u>	<u>588,706</u>
Deferred income taxes	278,957	276,032
Pension and postretirement benefits other than pensions	112,893	115,581
Regulatory liabilities and other	255,017	247,810
Advances for construction	197,687	195,625
Contributions in aid of construction	281,767	268,050
Commitments and contingencies		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 3,548,753</u>	<u>\$ 3,394,248</u>

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited
(In thousands, except per share data)

For the three months ended:

	June 30, 2021	June 30, 2020
Operating revenue	\$ 213,123	\$ 175,484
Operating expenses:		
Operations:		
Water production costs	74,911	71,142
Administrative and general	31,756	26,939
Other operations	20,720	25,898
Maintenance	6,610	6,722
Depreciation and amortization	27,237	24,542
Income taxes	1,972	622
Property and other taxes	7,671	7,126
Total operating expenses	170,877	162,991
Net operating income	42,246	12,493
Other income and expenses:		
Non-regulated revenue	5,374	4,208
Non-regulated expenses	(1,815)	(492)
Other components of net periodic benefit credit (cost)	2,688	(1,332)
Allowance for equity funds used during construction	848	1,705
Income tax expense on other income and expenses	(512)	(820)
Net other income	6,583	3,269
Interest expense:		
Interest expense	11,206	11,613
Allowance for borrowed funds used during construction	(453)	(1,132)
Net interest expense	10,753	10,481
Net income	38,076	5,281
Loss attributable to noncontrolling interests	149	-
Net income attributable to California Water Service Group	\$ 38,225	\$ 5,281
Earnings per share of common stock		
Basic	\$ 0.75	\$ 0.11
Diluted	\$ 0.75	\$ 0.11
Weighted average shares outstanding		
Basic	51,080	48,936
Diluted	51,080	48,936
Dividends per share of common stock	\$ 0.2300	\$ 0.2125

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited
(In thousands, except per share data)

For the six months ended:

	June 30, 2021	June 30, 2020
Operating revenue	\$ 360,860	\$ 301,047
Operating expenses:		
Operations:		
Water production costs	129,737	125,118
Administrative and general	62,125	56,619
Other operations	38,632	39,872
Maintenance	13,379	13,795
Depreciation and amortization	54,284	49,034
Income tax expense (benefit)	1,871	(3,315)
Property and other taxes	15,667	14,354
Total operating expenses	315,695	295,477
Net operating income	45,165	5,570
Other income and expenses:		
Non-regulated revenue	10,946	8,035
Non-regulated expenses	(6,575)	(8,946)
Other components of net periodic benefit credit (cost)	5,667	(2,762)
Allowance for equity funds used during construction	1,392	3,319
Income tax (expense) benefit on other income and expenses	(870)	93
Net other income (loss)	10,560	(261)
Interest expense:		
Interest expense	21,428	22,411
Allowance for borrowed funds used during construction	(747)	(2,076)
Net interest expense	20,681	20,335
Net income (loss)	35,044	(15,026)

Loss attributable to noncontrolling interests	<u>149</u>	<u>-</u>
Net income (loss) attributable to California Water Service Group	<u>\$ 35,193</u>	<u>\$ (15,026)</u>
Earnings (loss) per share of common stock		
Basic	<u>\$ 0.69</u>	<u>\$ (0.31)</u>
Diluted	<u>\$ 0.69</u>	<u>\$ (0.31)</u>
Weighted average shares outstanding		
Basic	<u>50,762</u>	<u>48,759</u>
Diluted	<u>50,762</u>	<u>48,759</u>
Dividends per share of common stock	<u>\$ 0.4600</u>	<u>\$ 0.4250</u>



CALIFORNIA
WATER SERVICE GROUP
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**Second Quarter
2021 Results Presentation**

July 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



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RELATIONS | 2



Presentation Overview

- Our Operating Priorities
- Financial Results and EPS Bridges
- Earnings Notes
- California Regulatory Update
- Drought
- Continuing COVID-19 Impacts
- Business Development Update
- Cap Ex and Rate Base Tables
- In Summary



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RELATIONS | 3

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



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Financial Results: Second Quarter 2021

(Amounts are in millions, except for EPS)	Q2 2020		Q2 2021	Variance
Operating Revenue	\$175.5	▲	\$213.1	21.4%
Operating Expenses	\$163.0	▲	\$170.9	4.8%
Net Interest Expense	\$10.5	▲	\$10.8	2.6%
Net Income	\$5.3	▲	\$38.2	621.0%
EPS	\$0.11	▲	\$0.75	593.4%
Capital Investments	\$68.3	▲	\$71.7	5.0%

Financial Results: YTD 2021

(Amounts are in millions, except for EPS)	YTD 2020		YTD 2021	Variance
Operating Revenue	\$301.0	▲	\$360.9	19.9%
Operating Expenses	\$295.5	▲	\$315.7	6.8%
Net Interest Expense	\$20.3	▲	\$20.7	1.7%
Net Income (Loss)	(\$15.0)	▲	\$35.2	N/A
EPS (LPS)	(\$0.31)	▲	\$0.69	N/A
Capital Investments	\$133.5	▲	\$138.5	3.7%

Quarterly Financial Highlights

NET INCOME
INCREASED BY

\$32.9M
TO
\$38.2M

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

REGULATORY BALANCING MECHANISMS WERE NOT RECOGNIZED UNTIL Q3 2020 WHEN THEY BECAME PROBABLE FOR RECOVERY UNDER THE GRC DECISION

CORE OPERATING COST INCREASES AS EXPECTED

LOWER EQUITY AFUDC AS ANTICIPATED

CAPITAL SPENDING ON TRACK

OTHER IMPACTS:

UNBILLED REVENUE ADDED \$0.17 EPS

MARKET VALUE OF INVESTMENTS REDUCED EPS \$0.03

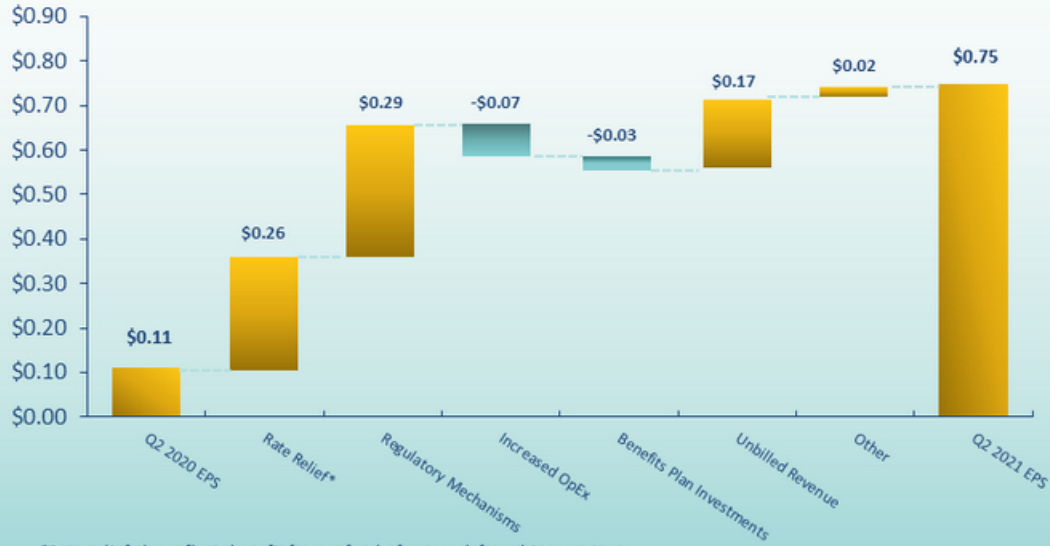


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7

EPS Bridge Q2 2020 to Q2 2021



*Rate relief also reflects benefit from refund of excess deferred income taxes



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EPS Bridge YTD 2020 to YTD 2021



*Rate relief also reflects benefit from refund of excess deferred income taxes



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Additional Earnings Notes

Unbilled revenue accrual is currently adding **\$19.0M** to revenue as compared to **\$4.4M** in 2020 due to higher sales typically not seen until the 3rd quarter. Investors should not assume significant gains from unbilled revenue for the full year.

In Q3 2020 we recognized **\$43M** of net income attributable to Q1 and Q2 2020 which had been delayed by the 2018 California GRC.

Authorized rate base for all operations is **\$1.82B**.

Operating costs including depreciation, property taxes, and wages are increasing as expected.

Eligible mains and services state tax deductions are lower in 2021, raising the effective tax rate.

Net income from recognition of equity AFUDC is lower by **\$1.9M** in YTD 2021 due to fewer long-duration construction projects.

Change in the market value of certain retirement assets was **\$4.3M** in all of 2020 and is **\$2.3M** in 2021 to date. The value of these investments is market-driven.



Regulatory Update: California

CALIFORNIA GENERAL RATE CASE FILED ON JULY 1:

REQUESTING \$1.02B CAPITAL SPENDING 2022-2024, \$913M ON NEW PROJECTS

PROJECTS FOR MAIN REPLACEMENT PROGRAM, WILDFIRE HARDENING

MEDIAN CUSTOMER IN EACH SERVICE AREA WOULD SEE AN INCREASE IN 2023 OF \$5 PER MONTH OR LESS UNDER THE PROPOSAL

SALES FORECAST 6% LOWER THAN LAST ADOPTED FORECAST REFLECTING CONTINUING CONSERVATION

NEW RATE DESIGN TO HELP MITIGATE LOSS OF WRAM

NEXT
MILESTONE IS
ADVOCATE
TESTIMONY,
EXPECTED IN Q1
2022

BY STEEPLY DISCOUNTING THE FIRST SIX UNITS OF WATER, THE NEW RATE DESIGN BALANCES MORE FIXED REVENUE RECOVERY WITH PROVISION OF AFFORDABLE LIFELINE SERVICE



2021 CALIFORNIA DROUGHT

HIGHLIGHTS THE PROACTIVE
MOVES WE'VE MADE IN ESG
AND RISK MANAGEMENT
COMBINING WATER SUPPLY
AND CONSERVATION TEAMS
FOCUS ON WATER SUPPLY
RESILIENCY INCLUDING
IMPACTS FROM CLIMATE
CHANGE

COMPANY HELPED ITS CUSTOMERS MANAGE DEMAND
SUCCESSFULLY IN THE 2012-2016 DROUGHT
WE ARE ACTIVELY MONITORING WATER SUPPLY
CONDITIONS IN EVERY SERVICE AREA
WE ACTIVATED OUR DROUGHT PROGRAMS AT THE CPUC
AND ARE ASKING FOR VOLUNTARY CONSERVATION AT THIS
TIME



Continuing Impacts from Covid-19 Pandemic

All company employees have returned to the office. We continue to be vigilant for employee and customer safety; we encourage and incentivize vaccination; and we follow local masking rules and recommendations as applicable.

New Mexico and Hawaii have allowed us to restart bill collection processes. California and Washington moratoria continue.

At the end of Q2 Increased customer account aging from suspension of collection activities

- Bills outstanding >90 days increased slightly to **\$12.5M**
- Increased reserve for doubtful accounts from **\$5.7M** to **\$6.3M**
- California State Budget includes **\$1B** for water utility arrearage relief. We expect a determination on how much Cal Water would be eligible for by year-end.

Incremental COVID-19-related expenses in Q2 of **\$0.2M** and **\$1.3M** for the pandemic to date; anticipate filing for recovery in 2022 in CA.

Water sales in CA at **103%** of adopted with continuing increases in residential usage offset by lower business and industrial sales.

Liquidity remains strong; at quarter-end, **\$66.5M** cash and additional current capacity of **\$405M** on lines of credit, subject to meeting borrowing conditions.



Business Development Update

In May, announced majority ownership of BVRT in Texas, a utility holding company focused on new growth opportunities

Welcomed **500** Kapalua Water and **500** Kapalua Wastewater Customers to Hawaii Water

Filed Change of Control Application with New Mexico PRC for **2,000** customer Animas Valley Water

Announced agreement to acquire HOH Utilities on Kauai and its **1,800** Equivalent Dwelling Units (EDUs)*

*Subject to customary closing conditions



CALIFORNIA
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INVESTING FOR LIFE

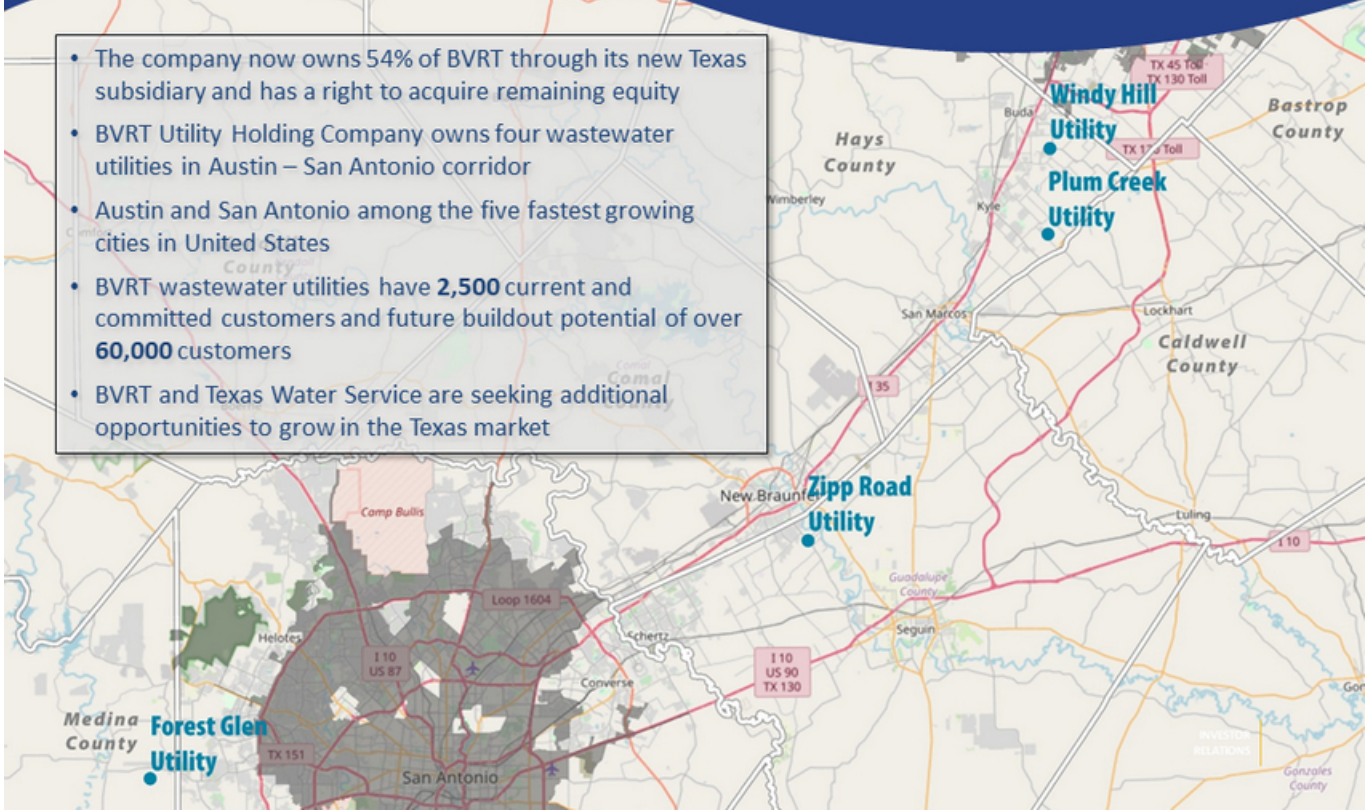
CONFIDENTIAL – WORK IN PROGRESS

INVESTOR
RELATIONS

14



- The company now owns 54% of BVRT through its new Texas subsidiary and has a right to acquire remaining equity
- BVRT Utility Holding Company owns four wastewater utilities in Austin – San Antonio corridor
- Austin and San Antonio among the five fastest growing cities in United States
- BVRT wastewater utilities have **2,500** current and committed customers and future buildout potential of over **60,000** customers
- BVRT and Texas Water Service are seeking additional opportunities to grow in the Texas market



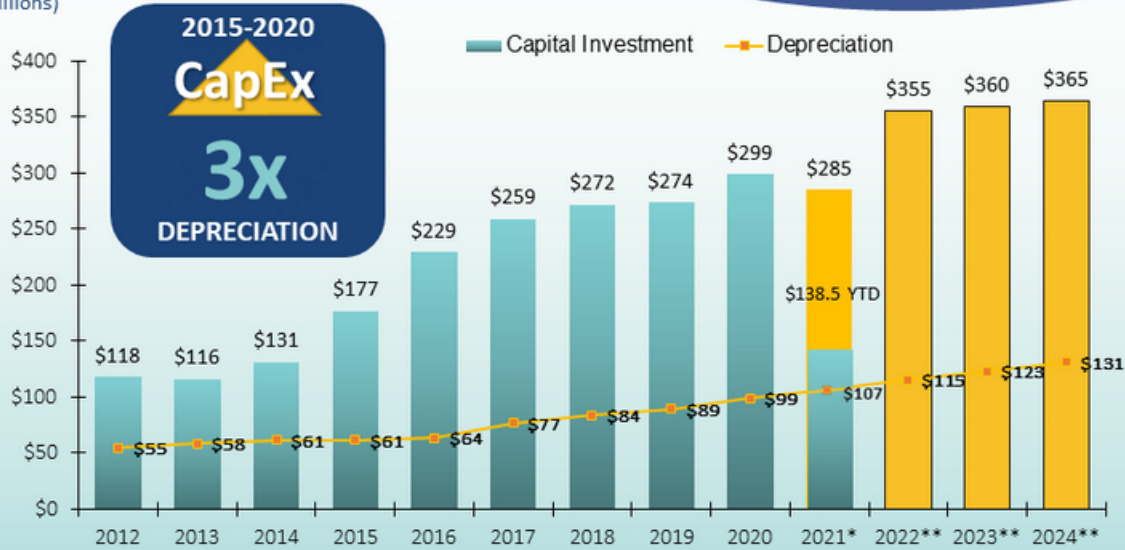
Acquisition Status Changes Q2 2021

System	Water Connections	Wastewater Connections	Total	Status
Kapalua Water and Wastewater (HI)	500	500	1,000	Closed 5/1
The Preserve at Millerton (CA)	Future up to 1,400	Future up to 1,400	Future up to 2,800	CPUC approval on its agenda for 8/5*
Animas Valley Water (NM)	2,000		2,000	NMPRC change of control filed*
BVRT Texas Partnership		2,500 (up to 61,000 in the future in existing service areas)	2,500 (up to 61,000 in the future in existing service areas)	Closed
HOH Utilities (HI)		1,800 EDUs	1,800 EDUs	Announced*

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

Capital Investment and Depreciation

(in millions)



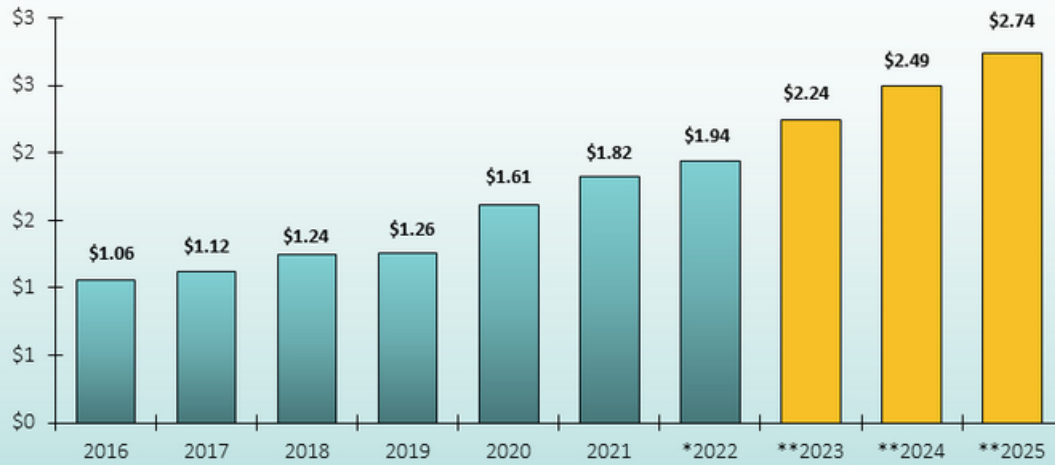
* 2021 represents midpoint of Company's current projection of \$270-\$300 million; \$108 million depreciation is the Company's full-year estimate.

** 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

(in billions)



*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. It excludes potential rate base offsets of \$0.05B due to uncertain timing.

**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

- Q2 results were in line with our expectations, with unbilled revenue moved forward due to a hot, dry early summer.
- Active with two important filings at the CPUC: cost of capital review and our 2021 GRC.
- Focused on drought and potential wildfires in the short-term, climate change resilience in the long-term.





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DISCUSSION

