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California Water Service Company Announces a Delay in Its Cost of Capital Filing

SAN JOSE, CA -- (Marketwired) -- 02/19/14 -- California Water Service Company (Cal Water), the largest subsidiary of California Water Service Group (NYSE: CWT), today announced a one-year delay in its Cost of Capital filing with the California Public Utilities Commission (Commission).

As a result of the delay, Cal Water will continue to be authorized a 7.94% rate of return, which includes a return on equity of 9.43%, as most recently approved by the Commission.

The Commission's Rate Case plan requires four Class A water companies (California Water Service Company, California American Water Company, Golden State Water Company, and San Jose Water Company) to file applications with the Commission to update their cost of capital by March 31, 2014.

In January 2014, the four water companies requested that the Commission permit them to postpone their applications until March 31, 2015. The Commission approved the request of the four water companies in February 2014, allowing each to continue using the rates of return most recently approved by the Commission. As part of the Commission's approval, the water companies agreed to forgo filing a cost of capital adjustment mechanism this year.

According to Martin A. Kropelnicki, President and Chief Executive Officer of California Water Service Group, the delay will permit the companies and the Commission to focus our attention on important matters, such as responding to the drought and completing the Cal Water's 2012 General Rate Case.

"We are pleased that the Commission granted our request for the delay. We look forward to working with the Commission to ensure that our customers continue to receive a reliable, high-quality water supply at affordable rates," he said.

California Water Service Group is the parent company of California Water Service Company, Washington Water Service Company, New Mexico Water Service Company, Hawaii Water Service Company, Inc., CWS Utility Services, and HWS Utility Services, LLC. Together these companies provide regulated and non-regulated water service to approximately 2 million people in more than 100 California, Washington, New Mexico and Hawaii communities. Group's common stock trades on the New York Stock Exchange under the symbol "CWT."

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 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, including decisions on proper disposition of property; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; new legislation; changes in accounting valuations and estimates; the ability to satisfy requirements related to the Sarbanes-Oxley Act and other regulations on internal controls; electric power interruptions; increases in suppliers' prices and the availability of supplies including water and power; fluctuations in interest rates; changes in environmental compliance and water quality requirements; acquisitions and our ability to successfully integrate acquired companies; the ability to successfully implement business plans; changes in customer water use patterns; the impact of weather on water sales and operating results; access to sufficient capital on satisfactory terms; civil disturbances or terrorist threats or acts, or apprehension about the possible future occurrences of acts of this type; the involvement of the United States in war or other hostilities; 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. The Company assumes no obligation to provide public updates of forward-looking statements.