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Cal Water Secures Grants for Chromium-6 Research and Treatment in Willows

Funds Expected to Reduce Future Rate Impact to Willows Customers' Bills

SAN JOSE, CA -- (Marketwired) -- 02/06/15 -- In July, the State of California set the nation's first ever limit on the maximum amount of chromium-6 allowed in drinking water at 0.010 parts per million. Since that regulation became effective, California Water Service Company (Cal Water), the largest subsidiary of California Water Service Group (NYSE: CWT), has aggressively pursued options to reduce the expected rate impact to customers to comply with this new standard.

Today, Cal Water announced that it has received two State of California grants that are expected to significantly offset chromium-6 treatment costs to customers in its Willows District, one of the company's two districts where the entire water system is impacted by the new regulation.

A $5 million grant awarded by the Department of Water Resources through Proposition 50 funding will support a full-scale demonstration of the treatment technique that Cal Water's research team identified as the most cost-effective solution. This treatment technology uses strong-base anion-exchange resin to remove chromium-6 from the water. The technology also minimizes the amount of waste generated from the treatment process by recycling a portion of the salt brine regeneration stream.

Together with its research partners, Corona Environmental Consulting and Ionex SG, Cal Water will test brine fractionation, which is the process of dividing the spent brine into different components so that each part can be handled separately.

Cal Water and Water Quality & Treatment Solutions, Inc. (WQTS) received a second grant of $175,000 from the Water Research Foundation for additional research into reducing brine and waste created by chromium-6 treatment even further. Cal Water is working with WQTS to maximize the efficiency of the treatment process through brine reuse.

In another research initiative, Cal Water researched hydraulic loading rates; this research has enabled Cal Water to identify the best-performing resin to reduce both overall costs and the size of the treatment facility needed. Cal Water's cutting edge research is expected to save Willows customers about $380,000 in infrastructure costs and $23,000 in annual operations and maintenance costs.

In Dixon, another Cal Water system impacted by the new standard, the hydraulic loading research will save about $290,000 in infrastructure costs, and $27,000 in annual operations and maintenance costs.

Cal Water will continue to pursue grant funding to offset costs in Dixon and the company's

Salinas District, which has two water systems -- Las Lomas and Oak Hills -- impacted by the new regulation.

"We are pleased that the Department of Water Resources and Water Research Foundation have awarded us these grants to aid in research and removal of chromium-6 from the Willows water supply," said President and CEO Martin A. Kropelnicki. "This project will not only provide water to residents that meets the chromium-6 standard and help minimize the costs to our customers, it will also provide valuable information for other utilities in California facing this issue."

"We are committed to providing our customers with a reliable supply of high-quality water that meets all water quality standards, yet we are conscious of the costs required to meet these increasingly stringent standards," Kropelnicki continued. "We will continue to work diligently to keep rates affordable for our customers and continue to seek options and relief that will benefit our Dixon and Salinas customers."

Cal Water serves about 2 million people through 473,100 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.