

April 28, 2015



# California Water Service Required to Activate Next Stage of Drought Response Plan and Implement Water Budgets

SAN JOSE, CA -- (Marketwired) -- 04/28/15 -- In order to achieve state-mandated water use reductions necessitated by historic drought conditions, California Water Service (Cal Water), the largest subsidiary of California Water Service Group (NYSE: CWT), today filed its Schedule 14.1 with the California Public Utilities Commission (CPUC). Cal Water's Schedule 14.1 provides for household and business water budgets and associated enforcement measures to reduce water use in its districts.

The filing, which applies to both residential and non-residential customers, is responsive to Governor Brown's executive order requiring a statewide 25% reduction in urban, potable water use. It also complies with subsequent regulations that are expected to be adopted by the State Water Resources Control Board (Board) and the CPUC to achieve that reduction by the end of February 2016.

Cal Water districts throughout California must achieve between an 8- to 36-percent reduction in water use, as set by the Board, from their usage during July through September 2013. District-wide savings achieved in 2014 are subtracted from the reduction requirement to determine the savings that still need to be achieved. For example, a district that needs to conserve 32 percent over 2013 but saved 12 percent in 2014 will need to save another 20 percent by next February.

Individual customers in each district will be given a water budget that reflects state-mandated reductions. The customer's monthly bill will show his or her water budget for the following month. Customers' water use history through 2013 will also be available online at [www.calwater.com](http://www.calwater.com) beginning in June.

As part of Schedule 14.1, a drought surcharge would apply when customers use above their allotted budget that month. Considerations will be given for low-income customers, those who did not use their entire budgets in previous months, and those with special circumstances.

Schedule 14.1 is expected to become effective June 1, 2015.

In May, Cal Water will host public meetings in each of its districts to help customers understand this filing, their water budgets, mandatory water use restrictions, associated enforcement mechanisms and the wide variety of conservation rebates, programs, and other tools Cal Water offers to help customers reduce their water use. Meeting information will be mailed to each customer in early May.

"We are taking a customer-first approach, working directly with our customers to help them comply with state-mandated reduction targets," said Martin A. Kropelnicki, President and

CEO. "Cal Water has an industry-leading conservation program, and we want to make sure all of our customers are aware of the tools and programs we offer to help reduce their water demand."

California Water Service Group is the parent company of California Water Service, Washington Water Service Company, New Mexico Water Service Company, Hawaii Water Service Company, Inc., CWS Utility Services, and HWS Utility Services. 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." Additional information is available at our web site at [www.calwatergroup.com](http://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 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; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; new legislation; 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, 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.*