
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-13883

CALIFORNIA WATER SERVICE GROUP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

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

77-0448994

(I.R.S. Employer identification No.)

95112

(Zip Code)

408-367-8200

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common shares outstanding as of September 30, 2018 — 48,068,000

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PART I FINANCIAL INFORMATION

Item 1.

FINANCIAL STATEMENTS

The condensed consolidated financial statements presented in this filing on Form 10-Q have been prepared by management and are unaudited.

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

Unaudited (In thousands, except per share data)

	September 30, 2018	December 31, 2017
ASSETS		
Utility plant:		
Utility plant	\$ 3,169,726	\$ 2,970,179
Less accumulated depreciation and amortization	(983,984)	(922,214)
Net utility plant	2,185,742	2,047,965
Current assets:		
Cash and cash equivalents	66,421	94,776
Receivables:		
Customers	50,785	32,451
Regulatory balancing accounts	37,973	36,783
Other	20,903	16,464
Unbilled revenue	40,318	29,756
Materials and supplies at weighted average cost	6,563	6,463
Taxes, prepaid expenses, and other assets	12,576	11,180
Total current assets	235,539	227,873
Other assets:		
Regulatory assets	388,300	401,147
Goodwill	2,615	2,615
Other assets	64,666	60,775
Total other assets	455,581	464,537
TOTAL ASSETS	\$ 2,876,862	\$ 2,740,375
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$0.01 par value; 68,000 shares authorized, 48,068 and 48,012 outstanding in 2018 and 2017, respectively	\$ 481	\$ 480
Additional paid-in capital	336,960	336,229
Retained earnings	374,593	356,753
Total common stockholders' equity	712,034	693,462
Long-term debt, less current maturities	714,310	515,793
Total capitalization	1,426,344	1,209,255
Current liabilities:		
Current maturities of long-term debt	104,812	15,920
Short-term borrowings	75,100	275,100
Accounts payable	102,938	93,955
Regulatory balancing accounts	43,300	59,303
Accrued interest	13,111	6,122
Accrued expenses and other liabilities	42,629	40,559
Total current liabilities	381,890	490,959
Unamortized investment tax credits	1,724	1,724
Deferred income taxes	199,143	192,946
Pension and postretirement benefits other than pensions	235,501	252,141
Regulatory liabilities and other	255,569	224,127
Advances for construction	186,897	182,502
Contributions in aid of construction	189,794	186,721
Commitments and contingencies (Note 10)		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 2,876,862	\$ 2,740,375

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

[Table of Contents](#)**CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

Unaudited (In thousands, except per share data)

For the three months ended	September 30, 2018	September 30, 2017
Operating revenue	\$ 218,983	\$ 211,731
Operating expenses:		
Operations:		
Water production costs	78,818	75,261
Administrative and general	26,493	22,749
Other operations	21,943	21,208
Maintenance	6,768	6,057
Depreciation and amortization	21,009	19,231
Income taxes	11,262	18,219
Property and other taxes	7,142	6,544
Total operating expenses	173,435	169,269
Net operating income	45,548	42,462
Other income and expenses:		
Non-regulated revenue	4,703	3,542
Non-regulated expenses	(4,897)	(2,576)
Other components of net periodic benefit cost	(1,975)	(2,137)
Allowance for equity funds used during construction	1,023	1,105
Income tax benefit on other income and expenses	305	30
Net other loss	(841)	(36)
Interest expense:		
Interest expense	10,875	9,284
Allowance for borrowed funds used during construction	(560)	(707)
Net interest expense	10,315	8,577
Net income	\$ 34,392	\$ 33,849
Earnings per share:		
Basic	\$ 0.72	\$ 0.70
Diluted	0.72	0.70
Weighted average shares outstanding:		
Basic	48,070	48,017
Diluted	48,070	48,017
Dividends declared per share of common stock	\$ 0.1875	\$ 0.1800

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

[Table of Contents](#)**CALIFORNIA WATER SERVICE GROUP**
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited (In thousands, except per share data)

For the nine months ended	September 30, 2018	September 30, 2017
Operating revenue	\$ 523,862	\$ 504,899
Operating expenses:		
Operations:		
Water production costs	191,797	181,460
Administrative and general	77,195	66,908
Other operations	60,307	55,660
Maintenance	17,596	16,877
Depreciation and amortization	62,677	57,650
Income taxes	15,380	27,941
Property and other taxes	20,253	18,717
Total operating expenses	445,205	425,213
Net operating income	78,657	79,686
Other income and expenses:		
Non-regulated revenue	13,967	10,743
Non-regulated expenses	(16,449)	(6,244)
Other components of net periodic benefit cost	(6,984)	(7,023)
Allowance for equity funds used during construction	2,644	2,763
Income tax benefit (expense) on other income and expenses	1,882	(1,105)
Net other loss	(4,940)	(866)
Interest expense:		
Interest expense	30,207	27,073
Allowance for borrowed funds used during construction	(1,359)	(1,765)
Net interest expense	28,848	25,308
Net income	\$ 44,869	\$ 53,512
Earnings per share:		
Basic	\$ 0.93	\$ 1.11
Diluted	0.93	1.11
Weighted average shares outstanding:		
Basic	48,058	48,007
Diluted	48,058	48,007
Dividends declared per share of common stock	\$ 0.5625	\$ 0.5400

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 Unaudited (In thousands)

For the nine months ended:	September 30, 2018	September 30, 2017
Operating activities:		
Net income	\$ 44,869	\$ 53,512
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	64,131	59,016
Change in value of life insurance contracts	124	(1,871)
Allowance for equity funds used during construction	(2,644)	(2,763)
Changes in operating assets and liabilities:		
Receivables and unbilled revenue	(18,471)	(52,951)
Accounts payable	18,133	6,712
Other current assets	(1,392)	(4,643)
Other current liabilities	8,762	10,939
Other changes in noncurrent assets and liabilities	5,991	41,837
Net cash provided by operating activities	<u>119,503</u>	<u>109,788</u>
Investing activities:		
Utility plant expenditures	(212,856)	(180,442)
Life insurance proceeds	3,491	1,558
Purchase of life insurance contracts	(4,925)	(3,948)
Net cash used in investing activities	<u>(214,290)</u>	<u>(182,832)</u>
Financing activities:		
Short-term borrowings	141,000	185,000
Repayment of short-term borrowings	(341,000)	(87,000)
Issuance of long-term debt, net of expenses of \$617 for 2018 and \$0 for 2017	299,383	—
Repayment of long-term debt	(12,499)	(2,797)
Advances and contributions in aid of construction	13,630	14,964
Refunds of advances for construction	(5,462)	(6,316)
Repurchase of common stock	(1,496)	(1,359)
Dividends paid	(27,029)	(25,920)
Net cash provided by financing activities	<u>66,527</u>	<u>76,572</u>
Change in cash, cash equivalents, and restricted cash	(28,260)	3,528
Cash, cash equivalents, and restricted cash at beginning of period	95,352	25,935
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 67,092</u>	<u>\$ 29,463</u>
Supplemental information:		
Cash paid for interest (net of amounts capitalized)	\$ 19,956	\$ 17,287
Income tax refund	—	\$ (1,697)
Supplemental disclosure of non-cash activities:		
Accrued payables for investments in utility plant	\$ 32,328	\$ 31,750
Utility plant contribution by developers	\$ 14,807	\$ 13,022

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CALIFORNIA WATER SERVICE GROUP
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2018
Dollar amounts in thousands unless otherwise stated

Note 1. Organization and Operations and Basis of Presentation

California Water Service Group (the Company) is a holding company that provides water utility and other related services in California, Washington, New Mexico and Hawaii through its wholly-owned subsidiaries. California Water Service Company (Cal Water), Washington Water Service Company (Washington Water), New Mexico Water Service Company (New Mexico Water), and Hawaii Water Service Company, Inc. (Hawaii Water) provide regulated utility services under the rules and regulations of their respective state's regulatory commissions (jointly referred to herein as the Commissions). CWS Utility Services and HWS Utility Services LLC provide non-regulated water utility and utility-related services.

The Company operates in one reportable segment, providing water and related utility services.

Basis of Presentation

The unaudited condensed consolidated interim financial information has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) and therefore do not contain all of the information and footnotes required by GAAP and the SEC for annual financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017, included in its annual report on Form 10-K as filed with the SEC on March 1, 2018.

The preparation of the Company's unaudited condensed consolidated interim financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses for the periods presented. These include, but are not limited to, estimates and assumptions used in determining the Company's regulatory asset and liability balances based upon probability assessments of regulatory recovery, revenues earned but not yet billed, asset retirement obligations, allowance for doubtful accounts, pension and other employee benefit plan liabilities, and income tax-related assets and liabilities. Actual results could differ from these estimates.

In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring transactions that are necessary to provide a fair presentation of the results for the periods covered. The results for interim periods are not necessarily indicative of the results for any future period.

Due to the seasonal nature of the water business, the results for interim periods are not indicative of the results for a 12-month period. Revenue and income are generally higher in the warm, dry summer months when water usage and sales are greater. Revenue and income are generally lower in the winter months when cooler temperatures and rainfall curtail water usage and sales.

Note 2. Summary of Significant Accounting Policies

Operating revenue

The following tables disaggregate the Company's operating revenue by source for the three and nine month periods ended September 30, 2018 and 2017:

	Three Months Ended September 30	
	2018	2017
Revenue from contracts with customers	\$ 209,541	\$ 197,007
Regulatory balancing account revenue	9,442	14,724
Total operating revenue	\$ 218,983	\$ 211,731

	Nine Months Ended September 30	
	2018	2017
Revenue from contracts with customers	\$ 515,567	\$ 472,412
Regulatory balancing account revenue	8,295	32,487
Total operating revenue	\$ 523,862	\$ 504,899

Revenue from contracts with customers

The Company principally generates operating revenue from contracts with customers by providing regulated water and wastewater services at tariff-rates authorized by the Commissions in the states in which they operate and non-regulated water and wastewater services at rates authorized by contracts with government agencies. Revenue from contracts with customers reflects amounts billed for the volume of consumption at authorized per unit rates, for a service charge, and for other authorized charges.

The Company satisfies its performance obligation to provide water and wastewater services over time as services are rendered. The Company applies the invoice practical expedient and recognizes revenue from contracts with customers in the amount for which the Company has a right to invoice. The Company has a right to invoice for the volume of consumption, for the service charge, and for other authorized charges.

The measurement of sales to customers is generally based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, the Company estimates consumption since the date of the last meter reading and a corresponding unbilled revenue is recognized. The estimate is based upon the number of unbilled days that month and the average daily customer billing rate from the previous month (which fluctuates based upon customer usage).

Contract terms are generally short-term and at will by customers and, as a result, no separate financing component is recognized for the Company's collections from customers, which generally require payment within 30 days of billing. The Company applies judgment, based principally on historical payment experience, in estimating its customers' ability to pay.

Certain customers are not billed for volumetric consumption, but are instead billed a flat rate at the beginning of each monthly service period. The amount billed is initially deferred and subsequently recognized over the monthly service period, as the performance obligation is satisfied. The deferred revenue balance, which is included in "accrued expenses and other liabilities" on the consolidated balance sheets, is inconsequential.

In the following tables, revenue from contracts with customers is disaggregated by class of customers for the three and nine month periods ended September 30, 2018 and 2017:

	Three Months Ended September 30	
	2018	2017
Residential	\$ 138,939	\$ 131,608
Business	38,538	35,678
Industrial	8,987	7,919
Public authorities	12,180	11,480
Other	10,897	10,322
Total revenue from contracts with customers	\$ 209,541	\$ 197,007

	Nine Months Ended September 30	
	2018	2017
Residential	\$ 340,107	\$ 309,645
Business	97,720	87,246
Industrial	24,507	21,281
Public authorities	25,875	23,500
Other	27,358	30,740
Total revenue from contracts with customers	\$ 515,567	\$ 472,412

Regulatory balancing account revenue

The Company's ability to recover revenue requirements authorized by the California Public Utilities Commission (CPUC) in its triennial General Rate Case (GRC), is decoupled from the volume of the sales. Regulatory balancing account revenue

is revenue related to rate mechanisms authorized in California by the CPUC, which allow the Company to recover the authorized revenue and are not considered contracts with customers.

The Water Revenue Adjustment Mechanism (WRAM) allows the Company to recognize the adopted level of volumetric revenues. The variance between adopted volumetric revenues and actual billed volumetric revenues for metered accounts is recorded as regulatory balancing account revenue.

Cost-recovery rates, such as the Modified Cost Balancing Account (MCBA), provide for recovery of the adopted levels of expenses for purchased water, purchased power, pump taxes, water conservation program costs and certain other operating expenses. Variances between adopted and actual costs are recorded as regulatory balancing account revenue.

Each district's WRAM and MCBA regulatory assets and liabilities are allowed to be netted against one another. The Company recognizes regulatory balancing account revenues that have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months. To the extent that regulatory balancing account revenue is estimated to be collectible beyond 24 months, recognition is deferred.

Non-regulated Revenue

The following tables disaggregate the Company's non-regulated revenue by source for the three and nine month periods ended September 30, 2018 and 2017:

	Three Months Ended September 30	
	2018	2017
Operating and maintenance revenue	\$ 2,816	\$ 1,903
Other non-regulated revenue	1,328	1,143
Non-regulated revenue from contracts with customers	\$ 4,144	\$ 3,046
Lease revenue	\$ 559	\$ 496
Total non-regulated revenue	\$ 4,703	\$ 3,542

	Nine Months Ended September 30	
	2018	2017
Operating and maintenance revenue	\$ 8,278	\$ 5,870
Other non-regulated revenue	4,053	3,362
Non-regulated revenue from contracts with customers	\$ 12,331	\$ 9,232
Lease revenue	\$ 1,636	\$ 1,511
Total non-regulated revenue	\$ 13,967	\$ 10,743

Operating and maintenance services are provided for non-regulated water and wastewater systems owned by private companies and municipalities. The Company negotiates formal agreements with the customers, under which they provide operating, maintenance and customer billing services related to the customers' water system. The formal agreements outline the fee schedule for the services provided. The agreements typically call for a fee-per-service or a flat-rate amount per month. The Company satisfies its performance obligation of providing operating and maintenance services over time as services are rendered; as a result, the Company employs the invoice practical expedient and recognizes revenue in the amount that it has the right to invoice. Contract terms are generally short-term and, as a result, no separate financing component is recognized for its collections from customers, which generally require payment within 30 days of billing.

Other non-regulated revenue primarily relates to services for the design and installation of water mains and other water infrastructure for customers outside the regulated service areas and insurance program administration. Other non-regulated revenue is inconsequential.

The Company is the lessor in operating lease agreements with telecommunications companies under which cellular phone antennas are placed on the Company's property. Lease revenue is not considered revenue from contracts with customers and is recognized following current operating lease standards.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown on the Condensed Consolidated Statements of Cash Flows:

	September 30, 2018	December 31, 2017
Cash and cash equivalents	66,421	94,776
Restricted cash (included in "taxes, prepaid expenses and other assets")	671	576
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 67,092</u>	<u>\$ 95,352</u>

Adoption of New Accounting Standards

In May of 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (codified in ASC 606), which amends the existing revenue recognition guidance. The Company completed an evaluation of the new revenue standard and implemented the standard on January 1, 2018 using the modified retrospective method for all contracts. The reported results for 2018 reflect the application of ASC 606 guidance, while prior period amounts were not adjusted and continue to be reported in accordance with the accounting standards in effect for those periods. Other than increased disclosures regarding revenues related to contracts with customers, the implementation did not have a significant impact on the Company's consolidated financial statements (see "Operating Revenue" section of note 2 above).

In August of 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*. This update adds and clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The Company will continue to classify proceeds from the settlement of insurance claims on the basis of the nature of the loss and from the settlement of Company-owned life insurance policies as cash inflows on the Condensed Consolidated Statements of Cash Flows. The Company implemented the standard on January 1, 2018 and retrospectively applied the standard in the comparative period. The standard does not have a significant impact to the Company's consolidated financial statements.

In November of 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. The update requires the Company to combine restricted cash with cash and cash equivalents when reconciling the beginning and end of period balances in the Condensed Consolidated Statements of Cash Flows. The Company implemented the standard on January 1, 2018 and retrospectively applied the standard in the comparative period.

The following table shows the effect of the accounting change to the Condensed Consolidated Statements of Cash Flows:

<i>Condensed Consolidated Statements of Cash Flows line item</i>	Nine Months Ended September 30, 2017		
	As Reported on Form 10-Q	Adjusted Balance on Form 10-Q	Increase (Decrease) from Retrospective Adoption
Change in restricted cash	\$ (679)	\$ —	\$ 679
Net cash used in investing activities	\$ (183,511)	\$ (182,832)	\$ 679
Change in cash, cash equivalents, and restricted cash	\$ 2,849	\$ 3,528	\$ 679
Cash, cash equivalents, and restricted cash at beginning of period	\$ 25,492	\$ 25,935	\$ 443
Cash, cash equivalents, and restricted cash at end of period	\$ 28,341	\$ 29,463	\$ 1,122

In March of 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The update requires employers to present the service cost component of the net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. The other components of net benefit cost, including interest cost, expected return on plan assets, amortization of prior service cost/credit and actuarial gain/loss, and settlement and curtailment effects, are to be presented as non-operating items. In addition, the standard only allows the service cost component to be eligible for capitalization.

The standard became effective as of January 1, 2018. The presentation amendments were applied retrospectively and the capitalization amendments were applied prospectively on and after the effective date. The Company applied the practical expedient that permits the Company to use the amounts disclosed in its pension and other postretirement benefit plan footnote from the prior comparative periods as the estimation basis for applying the retrospective presentation.

requirements. The Commissions have authorized the Company to recover the other components of net periodic benefit cost through the Company's capital program and thus on and after the effective date, the other components of net periodic benefit cost that have previously been recorded as part of utility plant have been recognized as a regulatory asset (see note 9). As a result, the changes required by the standard did not have a material impact on the results of operations.

The following tables show the effect of the accounting change to the Condensed Consolidated Statements of Income for the three and nine month periods ended September 30, 2017:

<i>Condensed Consolidated Statement of Income line item</i>	Three Months Ended September 30, 2017		
	As Reported on Form 10-Q	Adjusted Balance on Form 10-Q	Increase (Decrease) from Retrospective Adoption
Administrative and general	\$ 24,886	\$ 22,749	\$ (2,137)
Income taxes	\$ 17,348	\$ 18,219	\$ 871
Total operating expenses	\$ 170,535	\$ 169,269	\$ (1,266)
Net operating income	\$ 41,196	\$ 42,462	\$ 1,266
Other components of net periodic benefit cost	\$ —	\$ (2,137)	\$ 2,137
Income tax benefit (expense) on other income and expenses	\$ (841)	\$ 30	\$ 871
Net other income (loss)	\$ 1,230	\$ (36)	\$ (1,266)

<i>Condensed Consolidated Statement of Income line item</i>	Nine Months Ended September 30, 2017		
	As Reported on Form 10-Q	Adjusted Balance on Form 10-Q	Increase (Decrease) from Retrospective Adoption
Administrative and general	\$ 73,931	\$ 66,908	\$ (7,023)
Income taxes	\$ 26,099	\$ 27,941	\$ 1,842
Total operating expenses	\$ 430,394	\$ 425,213	\$ (5,181)
Net operating income	\$ 74,505	\$ 79,686	\$ 5,181
Other components of net periodic benefit cost	\$ —	\$ (7,023)	\$ 7,023
Income tax expense on other income and expenses	\$ (2,947)	\$ (1,105)	\$ 1,842
Net other income (loss)	\$ 4,315	\$ (866)	\$ (5,181)

New Accounting Standards Issued But Not Yet Adopted

In February of 2016, the FASB issued ASU 2016-02, *Leases*, which amends the guidance relating to the definition of a lease, recognition of lease assets and liabilities on the balance sheet, and the related disclosure requirements. In July of 2018, the FASB issued ASU 2018-11, *Leases: Targeted Improvements*, which amends the new leasing guidance such that entities may elect not to restate their comparative periods in the period of adoption. The guidance requires lessees to recognize an asset and liability on the balance sheet for all of their lease obligations. Operating leases were previously not recognized on the balance sheet. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company will adopt the standard using the modified retrospective method for its existing leases and expects this standard to increase lease assets and lease liabilities on the Condensed Consolidated Balance Sheets. The Company intends to elect certain practical expedients and will carry forward historical conclusions related to (1) contracts that contain leases, (2) existing lease classification for any expired or existing leases, and (3) initial direct costs for any existing leases. The Company will also apply the practical expedient that will allow the Company to elect, as an accounting policy, by asset class, to include both lease and nonlease components as a single component and account for it as a lease. The Company will apply the short-term lease exception for lessees which will allow the Company to not have to apply the recognition requirements of the new leasing guidance for short-term leases and to recognize lease payments in net income on a straight line basis over the lease term. The Company does not expect that the guidance will have a material impact on the Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Cash Flows, and lease disclosures.

Note 3. Stock-based Compensation

Equity Incentive Plan

During the nine months ended September 30, 2018 and 2017, the Company granted annual Restricted Stock Awards (RSAs) of 47,273 and 48,717, respectively, to officers and directors of the Company. During those same periods, 16,520 RSAs and 17,466 RSAs, respectively, were canceled. During the three months ended September 30, 2018 and 2017, 1,138 RSAs and no RSAs, respectively, were granted and 3,214 RSAs and 3,280 RSAs, respectively, were canceled. RSAs granted to officers vest over 36 months with the first year cliff vesting. RSAs granted to directors generally vest at the end of 12 months. During the first nine months of 2018 and 2017, the RSAs granted were valued at \$35.40 and \$36.75 per share, respectively, based upon the fair value of the Company's common stock on the date of grant.

During the nine months ended September 30, 2018 and 2017, the Company granted 28,594 and 31,389 performance-based Restricted Stock Unit Awards (RSUs), respectively, to officers. During those same periods, the Company issued 48,753 RSUs and 38,709 RSUs, respectively, to officers, and canceled 24,009 RSUs and 19,735 RSUs, respectively. During the three months ended September 30, 2018 and 2017, the Company did not grant, issue or cancel any RSUs. Each RSU award reflects a target number of shares that may be issued to the award recipient. The 2018 and 2017 awards may be earned upon completion of the three-year performance period and are recognized as expense ratably over the period using a fair value of \$35.40 per share and \$36.75 per share, respectively, and an estimate of RSUs earned during the period. The Company has recorded compensation costs for the RSAs and RSUs in administrative and general operating expenses in the amount of \$2.3 million for the nine months ended September 30, 2018 and 2017.

Note 4. Equity

The Company's changes in total common stockholders' equity for the nine months ended September 30, 2018 were as follows:

	Total Common Stockholders' Equity
Balance at December 31, 2017	\$ 693,462
Common stock issued	1
Share-based compensation expense	2,227
Repurchase of common stock	(1,496)
Common stock dividends declared	(27,029)
Net income	44,869
Balance at September 30, 2018	<u>\$ 712,034</u>

Note 5. Earnings Per Share

The computations of basic and diluted earnings per share are noted in the table below. Basic earnings per share are computed by dividing the net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts were exercised or converted into common stock. RSAs are included in the weighted average common shares outstanding because the shares have all the same voting and dividend rights as issued and unrestricted common stock. RSUs are not included in diluted shares for financial reporting until authorized by the Organization & Compensation Committee of the Board of Directors.

	Three Months Ended September 30	
	2018	2017
	(In thousands, except per share data)	
Net income available to common stockholders	\$ 34,392	\$ 33,849
Weighted average common shares outstanding, basic	48,070	48,017
Weighted average common shares outstanding, dilutive	48,070	48,017
Earnings per share - basic	\$ 0.72	\$ 0.70
Earnings per share - diluted	\$ 0.72	\$ 0.70

	Nine Months Ended September 30	
	2018	2017
	(In thousands, except per share data)	
Net income available to common stockholders	\$ 44,869	\$ 53,512
Weighted average common shares outstanding, basic	48,058	48,007
Weighted average common shares outstanding, dilutive	48,058	48,007
Earnings per share - basic	\$ 0.93	\$ 1.11
Earnings per share - diluted	\$ 0.93	\$ 1.11

Note 6. Pension Plan and Other Postretirement Benefits

The Company provides a qualified, defined-benefit, non-contributory pension plan for substantially all employees. The Company makes annual contributions to fund the amounts accrued for in the qualified pension plan. The Company also maintains an unfunded, non-qualified, supplemental executive retirement plan. The costs of the plans are charged to expense or are capitalized in utility plant as appropriate.

The Company offers medical, dental, vision, and life insurance benefits for retirees and their spouses and dependents. Participants are required to pay a premium, which offsets a portion of the cost.

Cash contributions by the Company related to pension plans were \$42.3 million and \$22.2 million for the nine months ended September 30, 2018 and 2017, respectively. Cash contributions by the Company related to other postretirement benefit plans were \$8.0 million and \$2.3 million for the nine months ended September 30, 2018 and 2017, respectively. The total 2018 estimated cash contribution to the pension plans is \$42.3 million and to the other postretirement benefit plans is \$9.7 million.

The following table lists components of net periodic benefit costs for the pension plans and other postretirement benefits. The data listed under "pension plan" includes the qualified pension plan and the non-qualified supplemental executive retirement plan. The data listed under "other benefits" is for all other postretirement benefits.

	Three Months Ended September 30			
	Pension Plan		Other Benefits	
	2018	2017	2018	2017
Service cost	\$ 6,966	\$ 6,122	\$ 1,966	\$ 2,169
Interest cost	6,007	5,861	1,183	1,491
Expected return on plan assets	(7,052)	(6,031)	(1,397)	(1,218)
Amortization of prior service cost	1,263	1,445	11	11
Recognized net actuarial loss	2,791	1,881	242	649
Net periodic benefit cost	\$ 9,975	\$ 9,278	\$ 2,005	\$ 3,102

	Nine Months Ended September 30			
	Pension Plan		Other Benefits	
	2018	2017	2018	2017
Service cost	\$ 21,770	\$ 17,851	\$ 7,066	\$ 6,207
Interest cost	17,996	17,442	4,152	4,472
Expected return on plan assets	(20,777)	(18,090)	(4,229)	(3,653)
Amortization of prior service cost	3,789	4,336	32	32
Recognized net actuarial loss	8,386	5,386	1,789	1,947
Net periodic benefit cost	\$ 31,164	\$ 26,925	\$ 8,810	\$ 9,005

Service cost portion of the pension plan and other postretirement benefits is recognized in administrative and general within the Condensed Consolidated Statements of Income. Other components of net periodic benefit costs include interest costs, expected return on plan assets, amortization of prior service costs, and recognized net actuarial loss and are reported together as other components of net periodic benefit cost within the Condensed Consolidated Statements of Income (see note 2).

Note 7. Short-term and Long-term Borrowings

Both short-term unsecured credit agreements contain affirmative and negative covenants and events of default customary for credit facilities of this type including, among other things, limitations and prohibitions relating to additional indebtedness, liens, mergers, and asset sales. Also, these unsecured credit agreements contain financial covenants governing the Company and its subsidiaries' consolidated total capitalization ratio and interest coverage ratio.

The outstanding borrowings on the Company line of credit were \$75.1 million and \$55.1 million as of September 30, 2018 and December 31, 2017, respectively. There were no borrowings on the Cal Water line of credit as of September 30, 2018 and \$220.0 million of borrowings as of December 31, 2017. The average borrowing rate for borrowings on the Company and Cal Water lines of credit during the nine months ended September 30, 2018 was 2.88% compared to 1.97% for the same period last year.

On September 13, 2018, Cal Water sold \$300.0 million of floating rate First Mortgage Bonds due in September of 2020 in a private placement. The floating interest rate was set at three-month LIBOR plus 70 basis points, will accrue quarterly, and be payable in arrears. The bonds are redeemable at a premium of 102%, or at par after June 13, 2019. The bonds will also rank equally with all of Cal Water's other First Mortgage Bonds and will be secured by liens on Cal Water's properties, subject to certain exceptions and permitted liens.

Note 8. Income Taxes

The Company adjusts its effective tax rate each quarter to be consistent with the estimated annual effective tax rate. The Company also records the tax effect of unusual or infrequently occurring discrete items.

The provision for income taxes is shown in the tables below:

	Three Months Ended September 30	
	2018	2017
Income tax expense	\$ 10,957	\$ 18,189

	Nine Months Ended September 30	
	2018	2017
Income tax expense	\$ 13,498	\$ 29,046

The income tax expense decreased \$7.2 million to \$11.0 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 mostly due to the federal income tax rate reduction from 35% to 21%, effective January 1, 2018, an increase in tax benefits of \$0.9 million, and a decrease in pre-tax income.

The income tax expense decreased \$15.5 million to \$13.5 million in the first nine months of 2018, as compared to \$29.0 million in the first nine months of 2017. The decrease was mainly due to the federal income tax rate reduction from 35% to 21%, effective January 1, 2018, an increase in tax benefits of \$0.9 million, and a decrease in pre-tax income.

The Company's 2018 effective tax rate, before discrete items, is estimated to be in the range from 22% to 25%.

For the year ended December 31, 2017, the Company recorded a provisional re-measurement of its deferred tax balances (related mostly to timing differences for plant-related items) which was offset by a change from a net deferred income tax regulatory asset to a net regulatory liability. The Company is continuing to work with state regulators to finalize the customer net refund of \$108.0 million to ensure compliance with federal normalization rules.

The final transition impacts of the Tax Cuts and Jobs Act (TCJA) may differ from the recorded amounts, possibly materially, due to, among other things, regulatory decisions that could differ from the Company's determination of how the impacts of the TCJA are allocated between customers and shareholders. In addition, while the Company was able to make reasonable estimates of the impact of the reduction in federal tax rate and the elimination of bonus depreciation due to the enactment of the TCJA, the Company has not completed analysis for areas of the TCJA around Internal Revenue Code Section 162(m), full expensing of fixed assets, and other asset related items of the TCJA. Changes in interpretations, guidance on legislative intent, and any changes in accounting standards for income taxes in response to the TCJA could impact the recorded amounts. The Company will finalize and record any adjustments related to the TCJA within the one year measurement period provided under Staff Accounting Bulletin No. 118. The balances relating to TCJA impact continue to be provisional as of September 30, 2018.

The Company had unrecognized tax benefits of approximately \$12.0 million and \$10.2 million as of September 30, 2018 and 2017, respectively. Included in the balance of unrecognized tax benefits as of September 30, 2018 and 2017 are approximately \$2.3 million of tax benefits that, if recognized, would result in an adjustment to the Company's effective tax rate. The Company does not expect its unrecognized tax benefits to change significantly within the next 12 months.

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Note 9. Regulatory Assets and Liabilities

Regulatory assets and liabilities were comprised of the following as of September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
<i>Regulatory Assets</i>		
Pension and retiree group health	\$ 213,755	\$ 214,249
Property-related temporary differences (tax benefits flowed through to customers)	81,354	87,323
Other accrued benefits	27,634	28,251
Net WRAM and MCBA long-term accounts receivable	21,826	34,879
Asset retirement obligations, net	18,180	17,126
Interim rates long-term accounts receivable	4,557	4,568
Tank coating	11,490	10,998
Health care balancing account	442	496
Pension balancing account	6,250	2,322
Other components of net periodic benefit cost	2,433	—
Other regulatory assets	379	935
Total Regulatory Assets	\$ 388,300	\$ 401,147
<i>Regulatory Liabilities</i>		
Future tax benefits due to customers	\$ 169,675	\$ 168,343
Health care balancing account	12,124	7,749
Conservation program	6,019	2,273
Pension balancing account	13	364
Net WRAM and MCBA long-term payable	136	513
Tax accounting memorandum account	4,998	—
Cost of capital memorandum account	2,834	—
1,2,3 trichloropropane settlement proceeds	12,841	—
Other regulatory liabilities	50	464
Total Regulatory Liabilities	\$ 208,690	\$ 179,706

Short-term regulatory assets and liabilities are excluded from the above table.

The short-term regulatory assets were \$38.0 million as of September 30, 2018 and \$36.8 million as of December 31, 2017. As of September 30, 2018 and December 31, 2017, the short-term regulatory assets primarily consist of net WRAM and MCBA receivables.

The short-term portions of regulatory liabilities were \$43.3 million as of September 30, 2018 and \$59.3 million as of December 31, 2017. The short-term regulatory liabilities as of September 30, 2018, primarily consist of 1,2,3 trichloropropane (TCP) settlement proceeds. As of December 31, 2017, the short-term regulatory liabilities primarily consist of TCP settlement proceeds and net WRAM and MCBA liability balances.

The tax accounting and cost of capital memorandum account regulatory liabilities are related to the estimated customer refunds due to changes in the federal income tax rate and to the cost of capital decision for Cal Water.

The other components of net periodic benefit cost regulatory asset are authorized by the Commissions and are probable for rate recovery through the capital program (see Note 2).

Note 10. Commitments and Contingencies

Commitments

The Company has significant commitments to lease certain office spaces and water systems and to purchase water from water wholesalers. These commitments are described in Form 10-K for the year ended December 31, 2017.

Effective April 3, 2018, the City of Commerce has renewed a lease agreement for Cal Water to operate the City of Commerce's water system for the next 15 years. Cal Water has operated the City of Commerce water system since 1985 and is responsible for all operations, maintenance, water quality assurance, and customer service programs to provide a reliable supply of water that meets federal and state standards to customers served by the City of Commerce system. The City of Commerce will remain responsible for financing infrastructure improvements and setting its customers' water rates.

As of September 30, 2018, there were no other significant changes from December 31, 2017.

Contingencies

Groundwater Contamination

The Company has undertaken litigation against third parties to recover past and anticipated costs related to groundwater contamination in our service areas. The cost of litigation is expensed as incurred and any settlement is first offset against such costs. The CPUC's general policy requires all proceeds from groundwater contamination litigation to be used first to pay transactional expenses, then to make customers whole for water treatment costs to comply with the CPUC's water quality standards. The CPUC allows for a risk-based consideration of contamination proceeds which exceed the costs of the remediation described above and may result in some sharing of proceeds with the shareholder, determined on a case by case basis. The CPUC has authorized various memorandum accounts that allow the Company to track significant litigation costs to request recovery of these costs in future filings and uses of proceeds to comply with CPUC's general policy.

Other Legal Matters

From time to time, the Company is involved in various disputes and litigation matters that arise in the ordinary course of business. The status of each significant matter is reviewed and assessed for potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount of the range of loss can be estimated, a liability is accrued for the estimated loss in accordance with the accounting standards for contingencies. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on the best information available at the time. While the outcome of these disputes and litigation matters cannot be predicted with any certainty, management does not believe when taking into account existing reserves the ultimate resolution of these matters will materially affect the Company's financial position, results of operations, or cash flows. As of September 30, 2018 and December 31, 2017, the Company recognized a liability of \$3.8 million and \$6.1 million, respectively, for known legal matters. The decrease is mainly due to several large claims being resolved in the first nine months of 2018. The cost of litigation is expensed as incurred and any settlement is first offset against such costs. Any settlement in excess of the cost to litigate is accounted for on a case by case basis, dependent on the nature of the settlement.

Note 11. Fair Value of Financial Assets and Liabilities

The accounting guidance for fair value measurements and disclosures provides a single definition of fair value and requires certain disclosures about assets and liabilities measured at fair value. A hierarchical framework for disclosing the observability of the inputs utilized in measuring assets and liabilities at fair value is established by this guidance. The three levels in the hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Specific valuation methods include the following:

Accounts receivable and accounts payable carrying amounts approximated the fair value because of the short-term maturity of the instruments.

Long-term debt fair values were estimated using the published quoted market price, if available, or the discounted cash flow analysis, based on the current rates available using a risk-free rate (a U.S. Treasury securities yield curve) plus a risk premium of 1.70%.

Advances for construction fair values were estimated using broker quotes from companies that frequently purchase these investments.

	September 30, 2018				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Long-term debt, including current maturities	\$ 819,122	—	\$ 847,812	—	\$ 847,812
Advances for construction	186,897	—	77,745	—	77,745
Total	\$ 1,006,019	\$ —	\$ 925,557	\$ —	\$ 925,557

	December 31, 2017				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Long-term debt, including current maturities	\$ 531,713	\$ —	\$ 607,492	\$ —	\$ 607,492
Advances for construction	182,502	—	75,083	—	75,083
Total	\$ 714,215	\$ —	\$ 682,575	\$ —	\$ 682,575

Note 12. Condensed Consolidating Financial Statements

On April 17, 2009, Cal Water issued \$100.0 million aggregate principal amount of 5.875% First Mortgage Bonds due 2019, and on November 17, 2010, Cal Water issued \$100.0 million aggregate principal amount of 5.500% First Mortgage Bonds due 2040, all of which are fully and unconditionally guaranteed by the Company. As a result of these guarantee arrangements, the Company is required to present the following condensed consolidating financial information. The investments in affiliates are accounted for and presented using the “equity method” of accounting.

The following tables present the Condensed Consolidating Balance Sheets as of September 30, 2018 and December 31, 2017, the Condensed Consolidating Statements of Income for the three and nine months ended September 30, 2018 and 2017, and the Condensed Consolidating Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 of (i) California Water Service Group, the guarantor of the First Mortgage Bonds and the parent company; (ii) California Water Service Company, the issuer of the First Mortgage Bonds and a 100% owned consolidated subsidiary of California Water Service Group; and (iii) the other 100% owned non-guarantor consolidated subsidiaries of California Water Service Group. No other subsidiary of the Company guarantees the securities. The Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2018 and 2017 reflect the retrospective adoption of ASU 2016-18 (refer to Note 2 for more details). The Condensed Consolidating Statements of Income for the three and nine months ended September 30, 2017 reflect the retrospective adoption of ASU 2017-07 (refer to Note 2 for more details).

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING BALANCE SHEET
As of September 30, 2018
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Utility plant:					
Utility plant	\$ 1,317	\$ 2,963,674	\$ 211,931	\$ (7,196)	\$ 3,169,726
Less accumulated depreciation and amortization	(989)	(926,291)	(58,780)	2,076	(983,984)
Net utility plant	328	2,037,383	153,151	(5,120)	2,185,742
Current assets:					
Cash and cash equivalents	2,445	55,108	8,868	—	66,421
Receivables and unbilled revenue	—	144,340	5,639	—	149,979
Receivables from affiliates	44,671	895	286	(45,852)	—
Other current assets	203	17,360	1,576	—	19,139
Total current assets	47,319	217,703	16,369	(45,852)	235,539
Other assets:					
Regulatory assets	—	384,249	4,051	—	388,300
Investments in affiliates	716,177	—	—	(716,177)	—
Long-term affiliate notes receivable	25,172	—	—	(25,172)	—
Other assets	70	63,624	3,660	(73)	67,281
Total other assets	741,419	447,873	7,711	(741,422)	455,581
TOTAL ASSETS	\$ 789,066	\$ 2,702,959	\$ 177,231	\$ (792,394)	\$ 2,876,862
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stockholders' equity	\$ 712,034	\$ 642,588	\$ 78,798	\$ (721,386)	\$ 712,034
Affiliate long-term debt	—	—	—	—	—
Long-term debt, less current maturities	—	713,622	25,860	(25,172)	714,310
Total capitalization	712,034	1,356,210	104,658	(746,558)	1,426,344
Current liabilities:					
Current maturities of long-term debt	—	104,538	274	—	104,812
Short-term borrowings	75,100	—	—	—	75,100
Payables to affiliates	—	21,710	24,142	(45,852)	—
Accounts payable	—	99,315	3,623	—	102,938
Accrued expenses and other liabilities	112	94,675	4,253	—	99,040
Total current liabilities	75,212	320,238	32,292	(45,852)	381,890
Unamortized investment tax credits	—	1,724	—	—	1,724
Deferred income taxes	1,820	193,864	3,459	—	199,143
Pension and postretirement benefits other than pensions	—	235,501	—	—	235,501
Regulatory liabilities and other	—	251,235	4,318	16	255,569
Advances for construction	—	186,389	508	—	186,897
Contributions in aid of construction	—	157,798	31,996	—	189,794
TOTAL CAPITALIZATION AND LIABILITIES	\$ 789,066	\$ 2,702,959	\$ 177,231	\$ (792,394)	\$ 2,876,862

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2017
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Utility plant:					
Utility plant	\$ 1,321	\$ 2,771,259	\$ 204,795	\$ (7,196)	\$ 2,970,179
Less accumulated depreciation and amortization	(919)	(868,762)	(54,543)	2,010	(922,214)
Net utility plant	402	1,902,497	150,252	(5,186)	2,047,965
Current assets:					
Cash and cash equivalents	4,728	80,940	9,108	—	94,776
Receivables and unbilled revenue	—	110,928	4,526	—	115,454
Receivables from affiliates	19,952	4,093	43	(24,088)	—
Other current assets	80	16,569	994	—	17,643
Total current assets	24,760	212,530	14,671	(24,088)	227,873
Other assets:					
Regulatory assets	—	397,333	3,814	—	401,147
Investments in affiliates	698,690	—	—	(698,690)	—
Long-term affiliate notes receivable	26,441	—	—	(26,441)	—
Other assets	192	59,581	3,822	(205)	63,390
Total other assets	725,323	456,914	7,636	(725,336)	464,537
TOTAL ASSETS	\$ 750,485	\$ 2,571,941	\$ 172,559	\$ (754,610)	\$ 2,740,375
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stockholders' equity	\$ 693,462	\$ 626,300	77,647	\$ (703,947)	\$ 693,462
Affiliate long-term debt	—	—	26,441	(26,441)	—
Long-term debt, less current maturities	—	514,952	841	—	515,793
Total capitalization	693,462	1,141,252	104,929	(730,388)	1,209,255
Current liabilities:					
Current maturities of long-term debt	—	15,598	322	—	15,920
Short-term borrowings	55,100	220,000	—	—	275,100
Payables to affiliates	—	580	23,508	(24,088)	—
Accounts payable	—	90,561	3,394	—	93,955
Accrued expenses and other liabilities	271	104,002	1,711	—	105,984
Total current liabilities	55,371	430,741	28,935	(24,088)	490,959
Unamortized investment tax credits	—	1,724	—	—	1,724
Deferred income taxes	1,652	189,004	2,424	(134)	192,946
Pension and postretirement benefits other than pensions	—	252,141	—	—	252,141
Regulatory and other liabilities	—	220,779	3,348	—	224,127
Advances for construction	—	181,979	523	—	182,502
Contributions in aid of construction	—	154,321	32,400	—	186,721
TOTAL CAPITALIZATION AND LIABILITIES	\$ 750,485	\$ 2,571,941	\$ 172,559	\$ (754,610)	\$ 2,740,375

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the three months ended September 30, 2018
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
Operating revenue	\$ —	\$ 206,390	\$ 12,593	\$ —	\$ 218,983
Operating expenses:					
Operations:					
Water production costs	—	76,317	2,501	—	78,818
Administrative and general	—	23,878	2,615	—	26,493
Other operations	—	20,271	1,816	(144)	21,943
Maintenance	—	6,538	230	—	6,768
Depreciation and amortization	23	19,632	1,376	(22)	21,009
Income tax (benefit) expense	(142)	9,911	1,271	222	11,262
Property and other taxes	—	6,205	937	—	7,142
Total operating (income) expenses	(119)	162,752	10,746	56	173,435
Net operating income	119	43,638	1,847	(56)	45,548
Other income and expenses:					
Non-regulated revenue	628	4,589	259	(773)	4,703
Non-regulated expenses	—	(4,675)	(222)	—	(4,897)
Other components of net periodic benefit cost	—	(1,834)	(141)	—	(1,975)
Allowance for equity funds used during construction	—	1,023	—	—	1,023
Income tax (expense) benefit on other income and expenses	(176)	252	13	216	305
Net other income (loss)	452	(645)	(91)	(557)	(841)
Interest:					
Interest expense	486	10,443	574	(628)	10,875
Allowance for borrowed funds used during construction	—	(522)	(38)	—	(560)
Net interest expense	486	9,921	536	(628)	10,315
Equity earnings of subsidiaries	34,307	—	—	(34,307)	—
Net income	\$ 34,392	\$ 33,072	\$ 1,220	\$ (34,292)	\$ 34,392

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the three months ended September 30, 2017
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
Operating revenue	\$ —	\$ 199,002	\$ 12,729	\$ —	\$ 211,731
Operating expenses:					
Operations:					
Water production costs	—	73,061	2,200	—	75,261
Administrative and general	—	20,352	2,397	—	22,749
Other operations	—	18,979	2,356	(127)	21,208
Maintenance	—	5,729	328	—	6,057
Depreciation and amortization	21	18,115	1,117	(22)	19,231
Income tax (benefit) expense	(136)	17,009	1,080	266	18,219
Property and other taxes	—	5,680	864	—	6,544
Total operating (income) expenses	(115)	158,925	10,342	117	169,269
Net operating income	115	40,077	2,387	(117)	42,462
Other income and expenses:					
Non-regulated revenue	505	3,218	450	(631)	3,542
Non-regulated expenses	—	(2,151)	(425)	—	(2,576)
Other components of net periodic benefit cost	—	(2,010)	(127)	—	(2,137)
Allowance for equity funds used during construction	—	1,105	—	—	1,105
Income tax (expense) benefit on other income and expenses	(206)	(66)	45	257	30
Net other income (loss)	299	96	(57)	(374)	(36)
Interest:					
Interest expense	313	8,951	525	(505)	9,284
Allowance for borrowed funds used during construction	—	(684)	(23)	—	(707)
Net interest expense	313	8,267	502	(505)	8,577
Equity earnings of subsidiaries	33,748	—	—	(33,748)	—
Net income	\$ 33,849	\$ 31,906	\$ 1,828	\$ (33,734)	\$ 33,849

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the nine months ended September 30, 2018
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
Operating revenue	\$ —	\$ 492,256	\$ 31,606	\$ —	\$ 523,862
Operating expenses:					
Operations:					
Water production costs	—	185,149	6,648	—	191,797
Administrative and general	—	69,531	7,664	—	77,195
Other operations	—	55,626	5,117	(436)	60,307
Maintenance	—	16,974	622	—	17,596
Depreciation and amortization	70	58,909	3,763	(65)	62,677
Income tax (benefit) expense	(342)	13,511	1,591	620	15,380
Property and other taxes	—	17,894	2,359	—	20,253
Total operating (income) expenses	(272)	417,594	27,764	119	445,205
Net operating income	272	74,662	3,842	(119)	78,657
Other income and expenses:					
Non-regulated revenue	1,716	13,572	831	(2,152)	13,967
Non-regulated expenses	—	(15,943)	(506)	—	(16,449)
Other components of net periodic benefit cost	—	(6,618)	(366)	—	(6,984)
Allowance for equity funds used during construction	—	2,644	—	—	2,644
Income tax (expense) benefit on other income and expenses	(480)	1,776	(16)	602	1,882
Net other income (loss)	1,236	(4,569)	(57)	(1,550)	(4,940)
Interest:					
Interest expense	1,155	29,095	1,673	(1,716)	30,207
Allowance for borrowed funds used during construction	—	(1,250)	(109)	—	(1,359)
Net interest expense	1,155	27,845	1,564	(1,716)	28,848
Equity earnings of subsidiaries	44,516	—	—	(44,516)	—
Net income	\$ 44,869	\$ 42,248	\$ 2,221	\$ (44,469)	\$ 44,869

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the nine months ended September 30, 2017
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
Operating revenue	\$ —	\$ 473,518	\$ 31,381	\$ —	\$ 504,899
Operating expenses:					
Operations:					
Water production costs	—	175,339	6,121	—	181,460
Administrative and general	—	59,380	7,528	—	66,908
Other operations	—	50,108	5,931	(379)	55,660
Maintenance	—	16,144	733	—	16,877
Depreciation and amortization	70	54,328	3,320	(68)	57,650
Income tax (benefit) expense	(362)	26,075	1,442	786	27,941
Property and other taxes	(4)	16,407	2,314	—	18,717
Total operating (income) expenses	(296)	397,781	27,389	339	425,213
Net operating income	296	75,737	3,992	(339)	79,686
Other income and expenses:					
Non-regulated revenue	1,482	9,822	1,300	(1,861)	10,743
Non-regulated expenses	—	(5,326)	(918)	—	(6,244)
Other components of net periodic benefit cost	—	(6,605)	(418)	—	(7,023)
Allowance for equity funds used during construction	—	2,763	—	—	2,763
Income tax expense on other income and expenses	(604)	(1,227)	(32)	758	(1,105)
Net other income (loss)	878	(573)	(68)	(1,103)	(866)
Interest:					
Interest expense	823	26,216	1,516	(1,482)	27,073
Allowance for borrowed funds used during construction	—	(1,702)	(63)	—	(1,765)
Net interest expense	823	24,514	1,453	(1,482)	25,308
Equity earnings of subsidiaries	53,161	—	—	(53,161)	—
Net income	\$ 53,512	\$ 50,650	\$ 2,471	\$ (53,121)	\$ 53,512

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the nine months ended September 30, 2018
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
Operating activities:					
Net income	\$ 44,869	\$ 42,248	\$ 2,221	\$ (44,469)	\$ 44,869
Adjustments to reconcile net income to net cash provided by operating activities:					
Equity earnings of subsidiaries	(44,516)	—	—	44,516	—
Dividends received from affiliates	27,029	—	—	(27,029)	—
Depreciation and amortization	70	60,298	3,828	(65)	64,131
Changes in value of life insurance contracts	—	124	—	—	124
Allowance for equity funds used during construction	—	(2,644)	—	—	(2,644)
Changes in operating assets and liabilities	(281)	6,135	1,178	—	7,032
Other changes in noncurrent assets and liabilities	2,518	1,466	1,989	18	5,991
Net cash provided by operating activities	29,689	107,627	9,216	(27,029)	119,503
Investing activities:					
Utility plant expenditures	4	(205,218)	(7,642)	—	(212,856)
Changes in affiliate advances	(975)	3,198	(269)	(1,954)	—
Issuance of affiliate short-term borrowings	(23,700)	—	—	23,700	—
Reduction of affiliates long-term debt	1,224	—	—	(1,224)	—
Life insurance proceeds	—	3,491	—	—	3,491
Purchase of life insurance contracts	—	(4,925)	—	—	(4,925)
Net cash used in investing activities	(23,447)	(203,454)	(7,911)	20,522	(214,290)
Financing Activities:					
Short-term borrowings	20,000	121,000	—	—	141,000
Repayment of short-term borrowings	—	(341,000)	—	—	(341,000)
Changes in affiliate advances	—	1,129	(3,083)	1,954	—
Proceeds from affiliate short-term borrowings	—	20,000	3,700	(23,700)	—
Repayment of affiliates long-term borrowings	—	—	(1,224)	1,224	—
Issuance of long-term debt, net of expenses	—	299,383	—	—	299,383
Repayment of long-term debt	—	(12,299)	(200)	—	(12,499)
Advances and contributions in aid of construction	—	13,288	342	—	13,630
Refunds of advances for construction	—	(5,452)	(10)	—	(5,462)
Repurchase of common stock	(1,496)	—	—	—	(1,496)
Dividends paid to non-affiliates	(27,029)	—	—	—	(27,029)
Dividends paid to affiliates	—	(25,959)	(1,070)	27,029	—
Net cash (used in) provided by financing activities	(8,525)	70,090	(1,545)	6,507	66,527
Change in cash, cash equivalents, and restricted cash	(2,283)	(25,737)	(240)	—	(28,260)
Cash, cash equivalents, and restricted cash at beginning of period	4,728	81,453	9,171	—	95,352
Cash, cash equivalents, and restricted cash at end of period	\$ 2,445	\$ 55,716	\$ 8,931	\$ —	\$ 67,092

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the nine months ended September 30, 2017
(In thousands)

	Parent Company	Cal Water	All Other Subsidiaries	Consolidating Adjustments	Consolidated
Operating activities:					
Net income	\$ 53,512	\$ 50,650	\$ 2,471	\$ (53,121)	\$ 53,512
Adjustments to reconcile net income to net cash provided by operating activities:					
Equity earnings of subsidiaries	(53,161)	—	—	53,161	—
Dividends received from affiliates	25,920	—	—	(25,920)	—
Depreciation and amortization	70	55,623	3,392	(69)	59,016
Changes in value of life insurance contracts	—	(1,871)	—	—	(1,871)
Allowance for equity funds used during construction	—	(2,763)	—	—	(2,763)
Changes in operating assets and liabilities	(38)	(40,941)	1,036	—	(39,943)
Other changes in noncurrent assets and liabilities	2,420	37,125	2,263	29	41,837
Net cash provided by operating activities	28,723	97,823	9,162	(25,920)	109,788
Investing activities:					
Utility plant expenditures	(4)	(175,234)	(5,204)	—	(180,442)
Changes in affiliate advances	(334)	2,905	(287)	(2,284)	—
Issuance of affiliate short-term borrowings	(2,610)	—	—	2,610	—
Reduction of affiliates long-term debt	1,010	—	—	(1,010)	—
Life insurance proceeds	—	1,558	—	—	1,558
Purchase of life insurance contracts	—	(3,948)	—	—	(3,948)
Net cash used in investing activities	(1,938)	(174,719)	(5,491)	(684)	(182,832)
Financing Activities:					
Short-term borrowings	—	185,000	—	—	185,000
Repayment of short-term borrowings	(2,000)	(85,000)	—	—	(87,000)
Changes in affiliate advances	—	718	(3,002)	2,284	—
Proceeds from affiliate short-term borrowings	—	—	2,610	(2,610)	—
Repayment of affiliates long-term borrowings	—	—	(1,010)	1,010	—
Repayment of long-term debt	—	(2,336)	(461)	—	(2,797)
Advances and contributions in aid for construction	—	14,900	64	—	14,964
Refunds of advances for construction	—	(6,311)	(5)	—	(6,316)
Repurchase of common stock	(1,359)	—	—	—	(1,359)
Dividends paid to non-affiliates	(25,920)	—	—	—	(25,920)
Dividends paid to affiliates	—	(24,760)	(1,160)	25,920	—
Net cash (used in) provided by financing activities	(29,279)	82,211	(2,964)	26,604	76,572
Change in cash, cash equivalents, and restricted cash	(2,494)	5,315	707	—	3,528
Cash, cash equivalents, and restricted cash at beginning of period	5,216	13,595	7,124	—	25,935
Cash, cash equivalents, and restricted cash at end of period	\$ 2,722	\$ 18,910	\$ 7,831	—	\$ 29,463

Item 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Dollar amounts in thousands unless otherwise stated

FORWARD LOOKING STATEMENTS

This quarterly report, including all documents incorporated by reference, contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this quarterly report are based on currently available information, expectations, estimates, assumptions and projections, and our management's beliefs, assumptions, judgments and expectations about us, the water utility industry and general economic conditions. These statements are not statements of historical fact. When used in our documents, statements that are not historical in nature, including words like "expects," "intends," "plans," "believes," "may," "estimates," "assumes," "anticipates," "projects," "predicts," "forecasts," "should," "seeks," or variations of these words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are based on numerous assumptions that we believe are reasonable, but they are open to a wide range of uncertainties and business risks. Consequently, actual results may vary materially from what is contained in a forward-looking statement.

Factors which may cause actual results to be different than those expected or anticipated include, but are not limited to:

- governmental and regulatory commissions' decisions, including decisions on proper disposition of property;
- consequences of eminent domain actions relation to our water systems;
- changes in regulatory commissions' policies and procedures;
- the timeliness of regulatory commissions' actions concerning rate relief;
- inability to renew leases to operate city water systems 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 trends;
- 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, or apprehension about the possible future occurrences of acts of this type;
- labor relations matters as we negotiate with the unions;
- restrictive covenants in or changes to the credit ratings on current or future debt that could increase financing costs or affect the ability to borrow, make payments on debt, or pay dividends;
- changes in customer water use patterns and the effects of conservation;
- the impact of weather, climate, natural disasters, and diseases on water quality, water availability, water sales and operating results;
- the risks set forth in "Risk Factors" included in the Company's annual report on 2017 Form 10-K.

In light of these risks, uncertainties and assumptions, investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this quarterly report or as of the date of any document incorporated by reference in this report, as applicable. When considering forward-looking statements, investors should keep in mind the cautionary statements in this quarterly report and the documents incorporated by reference. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES

We maintain our accounting records in accordance with GAAP and as directed by the Commissions to which our operations are subject. The process of preparing financial statements in accordance with GAAP requires the use of estimates on the part of management. The estimates used by management are based on historic experience and an understanding of current facts and circumstances. Management believes that the following accounting policies are critical because they involve a higher degree of complexity and judgment, and can have a material impact on our results of operations, financial condition, and cash flows of the business. These policies and their key characteristics are discussed in detail in the 2017 Form 10-K. They include:

- revenue recognition;
- regulated utility accounting;
- income taxes;
- pension and postretirement health care benefits;

For the nine month period ended September 30, 2018, except for changes to revenue recognition from the adoption of ASC 606 (see Note 2), there were no changes in the methodology for computing critical accounting estimates, no additional accounting estimates met the standards for critical accounting policies, and there were no material changes to the important assumptions underlying the critical accounting estimates.

RESULTS OF THIRD QUARTER 2018 OPERATIONS
COMPARED TO THIRD QUARTER 2017 OPERATIONS
Dollar amounts in thousands unless otherwise stated

Overview

Net income for the three month period ended September 30, 2018, was \$34.4 million or \$0.72 earnings per diluted common share compared to net income of \$33.8 million or \$0.70 earnings per diluted common share for the three month period ended September 30, 2017. The \$0.6 million increase in net income was driven primarily by aggregate rate increases of \$4.4 million, reflecting general rate increases net of the cost of capital decision for Cal Water. Other factors increasing net income included a \$1.1 million reduction in write-offs of unrecoverable capital costs and an increase in tax benefits of \$0.9 million. The increases to net income were partially offset by increases of \$1.8 million in depreciation and amortization, \$1.5 million in employee wages, \$1.3 million in new business expenses, and \$1.7 million in interest expense.

Operating Revenue

Operating revenue increased \$7.3 million, or 3.4%, to \$219.0 million in the third quarter of 2018 as compared to the third quarter of 2017. The factors that impacted the operating revenue for the third quarter of 2018 as compared to the third quarter of 2017 are as follows:

Net change due to rate changes, usage, and other (1)	\$ 4,282
MCBA Revenue (2)	1,161
Other balancing account revenue (3)	342
Deferral of revenue (4)	1,467
Net operating revenue increase	<u>\$ 7,252</u>

1. The net change due to rate changes, usage, and other in the above table was mainly driven by rate increases of \$3.4 million and a \$0.5 million increase in accrued unbilled revenue. The components of the rate increases are as follows:

General rate case	34
Escalation rate increases	5,196
Purchased water and pump tax offsets	1,891
Rate base offsets	1,038
Tax cuts jobs act	(2,969)
Cost of capital	(1,823)
Total increase in rates	<u>\$ 3,367</u>

2. The MCBA revenue increase resulted from an increase in actual water production costs relative to adopted water production costs in the third quarter of 2018 as compared to the third quarter of 2017. The actual water production costs increased as a result of an increase in customer consumption in the third quarter of 2018 as compared to the third quarter of 2017. As required by the MCBA mechanism, the increase in actual water production costs relative to adopted water production costs in California also increased operating revenue for the same amount.
3. The other balancing account revenue consists of the pension, conservation and health care balancing account revenues. Pension and conservation balancing account revenues are the differences between actual expenses and adopted rate recovery. Health care balancing account revenue is 85% of the difference between actual health care expenses and adopted rate recovery. The increase in revenue was mainly due to an increase in actual pension and health care expenses relative to adopted in the third quarter of 2018 as compared to the third quarter of 2017, which was partially offset by a decrease in actual conservation expenses relative to adopted in the third quarter of 2018 as compared to the third quarter of 2017.
4. The deferral of revenue consists of amounts that are expected to be collected from customers beyond 24 months following the end of the accounting period in which these revenues were recorded. The deferral decreased in the third quarter of 2018 as compared to the third quarter of 2017 due to a decrease in the balancing account revenue expected to be collected beyond 24 months, which increases revenue.

Total Operating Expenses

Total operating expenses increased \$4.1 million, or 2.5%, to \$173.4 million in the third quarter of 2018, as compared to \$169.3 million in the third quarter of 2017.

Water production costs consists of purchased water, purchased power, and pump taxes. It represents the largest component of total operating expenses, accounting for approximately 45.4% of total operating expenses in the third quarter of 2018, as compared to 44.5% of total operating expenses in the third quarter of 2017. Water production costs increased 4.7% as compared to the same period last year mainly due to an increase in water production and higher wholesaler water rates.

Sources of water as a percent of total water production are listed in the following table:

	Three Months Ended September 30	
	2018	2017
Well production	47%	48%
Purchased	49%	48%
Surface	4%	4%
Total	100%	100%

The components of water production costs are shown in the table below:

	Three Months Ended September 30		
	2018	2017	Change
Purchased water	\$ 64,578	\$ 62,041	\$ 2,537
Purchased power	10,488	9,658	830
Pump taxes	3,752	3,562	190
Total	\$ 78,818	\$ 75,261	\$ 3,557

Administrative and general and other operations expenses increased \$4.4 million to \$48.4 million in the third quarter of 2018, as compared to \$44.0 million in the third quarter of 2017. The increase was due primarily to a \$1.2 million increase in the recognition of previously deferred costs associated with the deferred operating revenue, health care cost increase of \$1.2 million, employee wage cost increase of \$1.0 million, and an increase in outside consulting service costs of \$1.0 million, which was partially offset by a \$1.1 million reduction in write-offs of unrecoverable capital costs. Employee and retiree medical expenses are recovered in rates through a balancing account authorized in the 2015 GRC, such that revenues are recovered up to 85% of the variance between adopted and recorded expenses. At September 30, 2018, there were 1,176 employees and at September 30, 2017, there were 1,157 employees.

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Maintenance expense increased \$0.7 million, or 11.7%, to \$6.8 million in the third quarter of 2018, as compared to \$6.1 million in the third quarter of 2017, mostly due to increases in transmission and distribution mains and services repairs.

Depreciation and amortization expense increased \$1.8 million, or 9.2%, to \$21.0 million in the third quarter of 2018, as compared to \$19.2 million in the third quarter of 2017, due to capital additions.

Income taxes decreased \$6.9 million, to \$11.3 million in the third quarter of 2018, as compared to \$18.2 million in the third quarter of 2017. The decrease was mainly due to the federal income tax rate reduction from 35% to 21%, effective January 1, 2018, an increase in tax benefits of \$0.9 million, and a decrease in pre-tax income.

Property and other taxes increased \$0.6 million, or 9.1%, to \$7.1 million in the third quarter of 2018, as compared to \$6.5 million in the third quarter of 2017, mostly due to an increase in assessed property values and increased local franchise taxes.

Other Income and Expenses

Net other loss increased \$0.8 million as compared to the same quarter of 2017, principally due to a \$1.3 million increase in new business expenses.

Interest Expense

Net interest expense increased \$1.7 million, or 20.3%, to \$10.3 million in the third quarter of 2018, as compared to \$8.6 million in the third quarter of 2017. The increase was due primarily to an increase in financing for capital investments as well as increased short-term interest rates.

RESULTS OF THE NINE MONTHS ENDED SEPTEMBER 30, 2018 OPERATIONS
COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2017 OPERATIONS
Dollar amounts in thousands unless otherwise stated

Overview

Net income for the nine months ended September 30, 2018, was \$44.9 million or \$0.93 per diluted common share compared to a net income of \$53.5 million or \$1.11 per diluted common share for the nine months ended September 30, 2017, a decrease of \$8.6 million. The decrease in net income was primarily the result of \$5.1 million increase in new business expenses, increase of \$5.0 million in depreciation and amortization, employee wage increases of \$4.0 million and an increase of \$3.5 million interest expense. In addition, there were other changes driven primarily by factors outside the Company's immediate control that decreased net income, including a \$2.7 million reduction in unbilled revenue accrual and a net \$0.5 million decrease in the valuation of our benefit plan investments due to changes in market valuation offset by life insurance proceeds. These decreases to net income were partially offset by aggregate rate increases of \$10.8 million, reflecting general rate increases net of the cost of capital decision for Cal Water.

Operating Revenue

Operating revenue increased \$19.0 million, or 3.8%, to \$523.9 million in the first nine months of 2018 as compared to the first nine months of 2017. The factors that impacted the operating revenue for the first nine months of 2018 as compared to 2017 are as follows:

Net change due to rate changes, usage, and other (1)	\$ 6,440
MCBA Revenue (2)	4,836
Other balancing account revenue (3)	2,566
Deferral of revenue (4)	5,121
Net operating revenue increase	<u>\$ 18,963</u>

1. The net change due to rate changes, usage, and other in the above table was mainly driven by rate increases, which was partially offset by a \$2.7 million decrease in accrued unbilled revenue. The components of the rate increases are as follows:

General rate case	\$ 1,805
Escalation rate increases	11,567
Purchased water and pump tax offsets	4,306
Rate base offsets	2,128
Tax cuts jobs act *	(7,967)
Cost of capital *	(4,657)
Total increase in rates	\$ 7,182

* Customer rates were reduced beginning July 1, 2018. Includes revenue reduction recorded as regulatory liability for the first six months of the year.

- The MCBA revenue increase resulted from an increase in actual water production costs relative to adopted water production costs in the first nine months of 2018 as compared to the first nine months of 2017. The actual water production costs increased as a result of an increase in customer consumption in the first nine months of 2018 as compared to the first nine months of 2017. As required by the MCBA mechanism, the increase in actual water production costs relative to adopted water production costs in California also increased operating revenue for the same amount.
- The other balancing account revenue consists of the pension, conservation and health care balancing account revenues. Pension and conservation balancing account revenues are the differences between actual expenses and adopted rate recovery. Health care balancing account revenue is 85% of the difference between actual health care expenses and adopted rate recovery. The increase in revenue was mainly due to an increase in actual health care and pension expenses relative to adopted in the first nine months of 2018 as compared to the first nine months of 2017, which was partially offset by a decrease in actual conservation expenses relative to adopted in the first nine months of 2018 as compared to the first nine months of 2017.
- The deferral of revenue consists of amounts that are expected to be collected from customers beyond 24 months following the end of the accounting period in which these revenues were recorded. The deferral decreased in the first nine months of 2018 as compared to the first nine months of 2017 due to decrease in the balancing account revenue expected to be collected beyond 24 months, which increases revenue.

Total Operating Expenses

Total operating expenses increased \$20.0 million, or 4.7%, to \$445.2 million in the first nine months of 2018, as compared to \$425.2 million in the first nine months of 2017.

Water production costs consists of purchased water, purchased power, and pump taxes. It represents the largest component of total operating expenses, accounting for approximately 43.1% of total operating expenses in the first nine months of 2018, as compared to 42.7% of total operating expenses in the first nine months of 2017. Water production costs increased 5.7% as compared to the same period last year mainly due to an increase in wholesaler rates and an increase of 5.7% in purchased water production.

Sources of water as a percent of total water production are listed in the following table:

	Nine Months Ended September 30	
	2018	2017
Well production	47 %	48 %
Purchased	49 %	48 %
Surface	4 %	4 %
Total	100 %	100 %

The components of water production costs are shown in the table below:

	Nine Months Ended September 30		
	2018	2017	Change
Purchased water	\$ 157,062	\$ 149,731	\$ 7,331
Purchased power	23,830	22,168	1,662
Pump taxes	10,905	9,561	1,344
Total	<u>\$ 191,797</u>	<u>\$ 181,460</u>	<u>\$ 10,337</u>

Administrative and general and other operations expenses increased \$14.9 million, or 12.2%, to \$137.5 million in the first nine months of 2018, as compared to \$122.6 million in the first nine months of 2017. The increase was due primarily to a \$4.6 million increase in the recognition of previously deferred costs associated with the deferred operating revenue, pension benefit cost increase of \$2.8 million, employee wage cost increase of \$3.2 million, employee health care cost increase of \$1.9 million, additional uninsured loss expenses of \$1.5 million, and outside consulting service cost increase of \$1.3 million. Employee pension benefit expenses are fully recovered in rates and are tracked in a balancing account, such that revenues are recovered on a dollar-for-dollar basis up to the amounts authorized in the 2015 GRC. Employee and retiree medical expenses are recovered in rates through a balancing account authorized in the 2015 GRC, such that revenues are recovered up to 85% of the variance between adopted and recorded expenses.

Maintenance expense increased \$0.7 million, or 4.3%, to \$17.6 million in the first nine months of 2018, as compared to \$16.9 million in the first nine months of 2017, mostly due to increases in transmission and distribution mains and services repairs.

Depreciation and amortization expense increased \$5.0 million, or 8.7%, to \$62.7 million in the first nine months of 2018, as compared to \$57.7 million in the first nine months of 2017, mostly due to capital additions.

Income taxes decreased \$12.5 million, or 45.0%, to \$15.4 million in the first nine months of 2018, as compared to \$27.9 million in the first nine months of 2017. The decrease was mainly due to the federal income tax rate reduction from 35% to 21%, effective January 1, 2018, an increase in tax benefits of \$0.9 million, and a decrease in pre-tax income. The Company's estimated combined effective income tax rate for 2018 is in the range from 22% to 25%.

Property and other taxes increased \$1.6 million, or 8.2%, to \$20.3 million in the first nine months of 2018, as compared to \$18.7 million in the first nine months of 2017, due primarily to an increase in assessed property values and increased local franchise taxes.

Other Income and Expenses

Net other loss increased \$4.0 million to \$4.9 million in the first nine months of 2018, as compared to net other loss of \$0.9 million in the first nine months of 2017, due primarily to a \$5.1 million increase of new business expenses, a \$2.0 million reduction in unrealized income from certain benefit plan investments due to market conditions, and a \$0.6 million decrease in gain on sale of property that was partially offset by a \$1.0 million benefit from Company-owned life insurance.

Interest Expense

Net interest expense increased \$3.5 million, or 14.0%, to \$28.8 million in the first nine months of 2018, as compared to \$25.3 million in the first nine months of 2017. The increase was due primarily to an increase in financing for capital investments as well as increased short-term interest rates.

REGULATORY MATTERS

2018 California Regulatory Activity

California GRC filing

On July 2, 2018, Cal Water filed a GRC requesting new water infrastructure investments of \$828.5 million in accordance with the rate case plan for all of its regulated operating districts for the years 2019, 2020, and 2021. The CPUC will evaluate the new water infrastructure improvement investments along with operating budgets to establish water rates that reflect the actual cost of service. The required filing begins an approximately 18-month review process, with any changes in customer rates expected to become effective in 2020. Cal Water has proposed to the CPUC to increase revenues by \$50.7 million, or 7.6%, in 2020; \$31.5 million, or 4.4%, in 2021; and \$33.0 million, or 4.4%, in 2022 as compared to the last authorized revenue. In 75% of Cal Water's service areas, the utility is proposing infrastructure improvements that will cost the typical residential customer less than \$5 per month, and in 90% of service areas, the proposed increase is less than \$6 per month. More than half of Cal Water's proposed \$828.5 million of new infrastructure improvements relate to its transmission and distribution pipeline replacement program, and all are necessary to enhance reliability, augment water supply, and upgrade aging water system infrastructure. The plans also reflect Cal Water's aggressive cost-control measures to reduce operating and administrative costs.

Cost of Capital Application

In April of 2017, Cal Water, along with three other water utilities, filed an application to adopt a new cost of capital and capital structure for 2018. On March 22, 2018, the CPUC adopted a revised decision in the cost of capital proceeding for Cal Water and three other water utilities for the years 2018, 2019, and 2020, establishing for Cal Water a 9.20% return on equity and a 5.51% cost of debt, with a capital structure of 46.60% long-term debt and 53.40% common equity, and an authorized return on rate base of 7.48%, compared with Cal Water's prior return on equity of 9.43%, cost of debt of 6.24%, and authorized return on rate base of 7.94%. The adopted capital structure did not change. The adopted returns on debt and equity will reduce Cal Water's 2018 adopted revenue by approximately \$6.9 million. The CPUC also authorized continuation of the water cost of capital adjustment mechanism, which provides for an adjustment in the return on equity if the cost of long-term debt as defined by an index of utility debt rates varies from the most recent index by 100 basis points or more in 2019 and 2020.

On March 30, 2018, Cal Water submitted an advice letter that established the Cost of Capital Memorandum Account (CoC MA) to track the difference between current rates and rates based upon the new cost of capital adopted by the CPUC as if the new cost of capital had been in effect beginning January 1, 2018.

In May of 2018, Cal Water submitted an advice letter to adopt the new cost of capital and capital structure for 2018 in customer rates. The annual adopted gross revenue reduction associated with the May 2018 filing was \$6.9 million. The new rates became effective on July 1, 2018.

As of September 30, 2018, Cal Water recorded a \$2.8 million reduction to revenue with a corresponding regulatory liability due to the CoC MA.

2018 Tax Accounting Memorandum Account (TAMA)

On December 22, 2017, the CPUC sent a letter to All Class A and B Water and Sewer Utilities on the subject of "Changes in Federal Tax Rates for 2018." The CPUC required Cal Water to establish a memo account to track the impact of the TCJA on Cal Water. The TAMA will track the revenue requirement impact of the TCJA not otherwise reflected in rates from January 1, 2018 until current rates are modified to reflect all impacts of the TCJA. The Hawaii Water, Washington Water, and New Mexico Water Commissions have similar requirements to track the impact of the changes to the federal tax law. For the three and nine months ended September 30, 2018, the Company recorded a \$0.2 million and \$5.0 million reduction to revenue, respectively, with a corresponding regulatory liability due to the changes required by the TCJA.

In May of 2018, Cal Water submitted an advice letter to adopt the new federal corporate income tax rate in customer rates. The annual adopted gross revenue reduction associated with the May 2018 filing was \$11.1 million. The new rates became effective on July 1, 2018.

Escalation increase requests

As a part of the decision on the 2015 GRC, Cal Water was authorized to request annual escalation rate increases for 2018 for those districts that passed the earnings test. In November of 2017, Cal Water requested escalation rate increases in all of its regulated districts. The annual adopted gross revenue associated with the November 2017 filing was \$15.9 million. The new rates became effective on January 1, 2018.

WRAM and MCBA filings

In April of 2018, Cal Water submitted an advice letter to true up the revenue under-collections in the 2017 annual WRAMs/MCBAs of its regulated districts. A net under-collection of \$50.1 million is being recovered from customers in the form of 12, 18, and greater-than-18-month surcharges. The new rates became effective April 15, 2018. This surcharge is in addition to surcharges/surcredits authorized in prior years which have not yet expired.

Expense Offset filings

Expense offsets are dollar-for-dollar increases in revenue to match increased expenses, and therefore do not affect net operating income. In October of 2017, Cal Water submitted advice letters to request offsets for increases in purchased water costs and pump taxes in five of its regulated districts totaling \$2.2 million. The new rates became effective on January 1, 2018.

In May and June of 2018, Cal Water submitted advice letters to request offsets for increases in purchased water costs and pump taxes in five of its regulated districts totaling \$3.8 million. The new rates became effective on July 1, 2018.

Rate base Offset filings

For construction projects that are authorized in GRCs as advice letter projects, companies are allowed to file rate base offsets to increase revenues after the plant is placed into service. In November of 2017, Cal Water submitted an advice letter to recover \$1.4 million of annual revenue increase for a rate base offset in one of its regulated districts. The new rates became effective on January 1, 2018.

During the first six months of 2018, Cal Water submitted advice letters to recover \$2.1 million of annual revenue increases for rate base offsets in all of its regulated districts. The new rates became effective on July 1, 2018.

California Drought Memorandum Account

In March of 2018, Cal Water submitted an advice letter to request recovery of 2016 and 2017 incremental drought expenses of \$3.2 million. The advice letter requires a Commission resolution and Cal Water may recover less than the requested amount. Cal Water anticipates a decision on the matter by the end of 2018.

Travis Air Force Base

On September 29, 2016, Cal Water entered into a 50-year agreement with the U.S. Department of Defense to acquire the water distribution assets of and distribute water to most of Travis Air Force Base beginning in 2018. On May 31, 2017, Cal Water submitted an application to the CPUC seeking approval to distribute water service to most of the base and to establish rates for its service.

The water system utilizes surface water treated at a water treatment plant and groundwater from five wells, and includes distribution piping, storage tanks, hydrants, and other appurtenances to serve about 15,280 active and reserve personnel and civilians on the 6,400-acre base. If approved, Cal Water will make initial capital improvements of about \$12.7 million, with an anticipated capital investment of about \$52.0 million over the 50-year term of the utility service contract. Cal Water included an infrastructure improvement plan for the proposed regulated Travis district in Cal Water's July 2, 2018 GRC filing, proposing a revenue increase of \$4.7 million over the years 2020, 2021, and 2022.

2018 Regulatory Activity—Other States

2017 Waikoloa (Hawaii Water) GRC Filings

In December of 2017, Hawaii Water filed GRC applications requesting an additional \$3.8 million in annual revenues for its Waikoloa Village and Resort Systems with the Hawaii Public Utilities Commission. The GRCs seek recovery of capital investments in the Waikoloa Village and Waikoloa Resort Systems as well as increases in operating expenses since the previous rate case. If approved, the Company anticipates rates would become effective in the fourth quarter of 2018 for the Waikoloa Village systems and the first quarter of 2019 for the Resort systems.

2018 Washington Water GRC Filing

On July 2, 2018, Washington Water submitted a GRC application to the Washington Utilities and Transportation Commission (UTC) to increase revenues to cover the higher costs of providing a reliable, high-quality water supply. The application requests an increase of \$1.6 million in annual revenue, which is an increase of 13.8% over 2017 revenue. Washington Water is requesting recovery for numerous water system upgrades and additions that Washington Water has made since its last GRC, which include new pumping equipment, water treatment facilities, wells, water mains, and new

storage. Increases in operating costs are also a factor in the proposed increase. The application reflects increases in materials, equipment, depreciation expense due to the addition of new facilities, and increases in employee wages and health care costs. The Company anticipates new rates to become effective during the fourth quarter of 2018.

LIQUIDITY

Cash flow from Operations

Cash flow from operations for the first nine months of 2018 was \$119.5 million compared to \$109.8 million for the same period in 2017. Cash generated by operations varies during the year due to customer billings, and timing of collections and contributions to our benefit plans.

During the first nine months of 2018, we made contributions of \$42.3 million to our employee pension plan compared to contributions of \$22.2 million made during the first nine months of 2017. During the first nine months of 2018, we made contributions of \$8.0 million to the other postretirement benefit plans compared to contributions of \$2.3 million during the first nine months of 2017. The total 2018 estimated cash contribution to the pension plans is \$42.3 million and to the other postretirement benefit plans is \$9.7 million.

The water business is seasonal. Billed revenue is lower in the cool, wet winter months when less water is used compared to the warm, dry summer months when water use is highest. This seasonality results in the possible need for short-term borrowings under the bank lines of credit in the event cash is not available to cover operating and utility plant costs during the winter period. The increase in cash flows during the summer allows short-term borrowings to be paid down. Customer water usage can be lower than normal in drought years and when more than normal precipitation falls in our service areas or temperatures are lower than normal, especially in the summer months.

Investing Activities

During the first nine months of 2018 and 2017, we used \$212.9 million and \$180.4 million, respectively, of cash for company-funded and developer-funded utility plant expenditures. The 2018 budget estimates utility plant expenditures to be between \$240.0 to \$260.0 million. Annual expenditures fluctuate each year due to the availability of construction resources and our ability to obtain construction permits in a timely manner.

Financing Activities

Net cash provided by financing activities was \$66.5 million during the first nine months of 2018 compared to \$76.6 million of net cash provided by financing activities for the same period in 2017.

During the first nine months of 2018 and 2017, we borrowed \$141.0 million and \$185.0 million, respectively, on our unsecured revolving credit facilities. Repayments of unsecured revolving credit facilities borrowings during the first nine months of 2018 were \$341.0 million and \$87.0 million for the same period in 2017. We issued \$300.0 million of floating rate First Mortgage Bonds on September 13, 2018 (see note 7) in a private placement and the proceeds were mainly used to pay down Cal Water's unsecured revolving credit facility. We also repaid \$11.8 million of First Mortgage Bonds that matured in the first nine months of 2018.

The undercollected net WRAM and MCBA receivable balances were \$60.0 million and \$61.6 million as of September 30, 2018 and 2017, respectively. The undercollected balances were primarily financed by Cal Water using short-term and long-term financing arrangements to meet operational cash requirements. Interest on the undercollected balances, the interest recoverable from customers, is limited to the current 90-day commercial paper rates which is significantly lower than Cal Water's short and long-term financing rates.

Short-term and Long-Term Financing

During the first nine months of 2018, we utilized cash generated from operations and borrowings on the unsecured revolving credit facilities to fund operations and capital investments. We did not sell Company common stock during the first nine months of 2018 and 2017. In future periods, management anticipates funding our utility plant needs through a relatively balanced approach between debt and equity.

Short-term liquidity is provided by our unsecured revolving credit facilities and internally generated funds. Long-term financing is accomplished through the use of both debt and equity. The Company and subsidiaries that it designates may borrow up to \$150.0 million under the Company's revolving credit facility. Cal Water may borrow up to \$300.0 million under its revolving credit facility; however, all borrowings need to be repaid within 24 months unless otherwise authorized by the CPUC. The proceeds from the revolving credit facilities may be used for working capital purposes, including the short-term financing of utility plant projects. The base loan rate may vary from LIBOR plus 72.5 basis points to LIBOR

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plus 95 basis points, depending on the Company's total capitalization ratio. Likewise, the unused commitment fee may vary from 8 basis points to 12.5 basis points based on the same ratio.

As of September 30, 2018 and December 31, 2017, there were short-term borrowings of \$75.1 million and \$275.1 million, respectively, outstanding on the unsecured revolving credit facilities.

Given our ability to access our lines of credit on a daily basis, cash balances are managed to levels required for daily cash needs and excess cash is invested in short-term or cash equivalent instruments. Minimal operating levels of cash are maintained for Washington Water, New Mexico Water, and Hawaii Water.

Both short-term credit agreements contain affirmative and negative covenants and events of default customary for credit facilities of this type including, among other things, limitations and prohibitions relating to additional indebtedness, liens, mergers, and asset sales. Also, these unsecured credit agreements contain financial covenants governing the Company and its subsidiaries' consolidated total capitalization ratio not to exceed 66.7% and an interest coverage ratio of three or more. As of September 30, 2018, we are in compliance with all of the covenant requirements and are eligible to use the full amount of our credit facilities.

Bond principal and other long-term debt payments were \$12.5 million during the first nine months of 2018 and \$2.8 million during the first nine months of 2017.

Long-term financing, which includes senior notes, other debt securities, and common stock, has typically been used to replace short-term borrowings and fund utility plant expenditures. On September 13, 2018, we issued \$300.0 million of floating rate First Mortgage Bonds (see note 7) in a private placement to pay down Cal Water's unsecured revolving credit facility. Internally generated funds, after making dividend payments, provide positive cash flow, but have not been at a level to meet the needs of our utility plant expenditure requirements. Management expects this trend to continue given our utility plant expenditures plan for the next five years. Some utility plant expenditures are funded by payments received from developers for contributions in aid of construction or advances for construction. Funds received for contributions in aid of construction are non-refundable, whereas funds classified as advances in construction are generally refundable over 40 years. Management believes long-term financing is available to meet our cash flow needs through issuances in both debt and equity instruments.

Dividends

During the first nine months of 2018, our quarterly common stock dividend payments were \$0.56250 per share compared to \$0.5400 during the first nine months of 2017. For the full year 2017, the payout ratio was 51% of net income. On a long-term basis, our goal is to achieve a dividend payout ratio of 60% of net income accomplished through future earnings growth.

At the October 31, 2018 meeting, the Company's Board of Directors declared the fourth quarter dividend of \$0.1875 per share payable on November 23, 2018, to stockholders of record on November 12, 2018. This was our 295th consecutive quarterly dividend.

2018 Financing Plan

We intend to fund our utility plant needs in future periods through a relatively balanced approach between long-term debt and equity. The Company and Cal Water have a syndicated unsecured revolving line of credit of \$150.0 million and \$300.0 million, respectively, for short-term borrowings. As of September 30, 2018, the Company's and Cal Water's availability on these unsecured revolving lines of credit was \$74.9 million and \$300.0 million, respectively.

Book Value and Stockholders of Record

Book value per common share was \$14.81 at September 30, 2018 compared to \$14.44 at December 31, 2017. There were approximately 1,910 stockholders of record for our common stock as of August 6, 2018.

Utility Plant Expenditures

During the first nine months of 2018, utility plant expenditures totaled \$212.9 million for company-funded and developer-funded projects. The 2018 budget estimates company-funded utility plant expenditures to be between \$240.0 and \$260.0 million. The actual amount may vary from the budget number due to timing of actual payments related to current year and prior year projects. We do not control third-party-funded utility plant expenditures and therefore are unable to estimate the amount of such projects for 2018.

As of September 30, 2018, construction work in progress was \$234.1 million compared to \$195.3 million as of September 30, 2017. Work in progress includes projects that are under construction but not yet complete and placed in service.

WATER SUPPLY

Our source of supply varies among our operating districts. Certain districts obtain all of their supply from wells; some districts purchase all of their supply from wholesale suppliers; and other districts obtain supply from a combination of wells and wholesale suppliers. A small portion of supply comes from surface sources and is processed through Company-owned water treatment plants. To the best of management's knowledge, we are meeting water quality, environmental, and other regulatory standards for all Company-owned systems.

Historically, approximately 46.5% of our annual water supply is pumped from wells. State groundwater management agencies operate differently in each state. Some of our wells extract ground water from water basins under state ordinances. These are adjudicated groundwater basins, in which a court has settled the dispute between landowners or other parties over how much annual groundwater can be extracted by each party. All of our adjudicated groundwater basins are located in the State of California. Our annual groundwater extraction from adjudicated groundwater basins approximates 6.8 billion gallons or 14.4% of our total annual water supply pumped from wells. Historically, we have extracted less than 100% of our annual adjudicated groundwater rights and have the right to carry forward up to 20% of the unused amount to the next annual period. All of our remaining wells extract ground water from managed or unmanaged water basins. There are no set limits for the ground water extracted from these water basins. Our annual groundwater extraction from managed groundwater basins approximates 28.0 billion gallons or 58.9% of our total annual water supply pumped from wells. Our annual groundwater extraction from unmanaged groundwater basins approximates 12.7 billion gallons or 26.7% of our total annual water supply pumped from wells. Most of the managed groundwater basins we extract water from have groundwater recharge facilities. We are required to pay well pump taxes to financially support these groundwater recharge facilities. Well pump taxes were \$3.8 million and \$3.6 million for the three months ended September 30, 2018 and 2017, respectively. For the nine months ended September 30, 2018 and 2017, well pump taxes were \$10.9 million and \$9.6 million, respectively. In 2014, the State of California enacted the Sustainable Groundwater Management Act of 2014. The law and its implementing regulations required most basins to select a sustainability agency by 2017, develop a sustainability plan by 2022, and show progress toward sustainability by 2027. We expect that in the future, groundwater will be produced mainly from managed and adjudicated basins.

California's normal weather pattern yields little precipitation between mid-spring and mid-fall. The Washington Water service areas receive precipitation in all seasons, with the heaviest amounts during the winter. New Mexico Water's rainfall is heaviest in the summer monsoon season. Hawaii Water receives precipitation throughout the year, with the largest amounts in the winter months. Water usage in all service areas is highest during the warm and dry summers and declines in the cool winter months. Rain and snow during the winter months in California replenish underground water aquifers and fill reservoirs, providing the water supply for subsequent delivery to customers. As of September 30, 2018, the State of California snowpack water content during the 2017-2018 water year is 79% of long-term averages (per the California Department of Water Resources, Northern Sierra Precipitation Accumulation report). In January of 2014, California's Governor Brown proclaimed a drought emergency and directed State officials to take all necessary actions to make water immediately available. On April 7, 2017, the Governor declared an end to the drought emergency in 54 of California's 58 counties. Two of Cal Water's districts remain under a declared drought; these were areas where groundwater was impacted by five years of drought conditions. Management believes that supply pumped from underground aquifers and purchased from wholesale suppliers will be adequate to meet customer demand during 2018 and beyond. Long-term water supply plans are developed for each of our districts to help assure an adequate water supply under various operating and supply conditions. Some districts have unique challenges in meeting water quality standards, but management believes that supplies will meet current standards using current treatment processes.

On May 31, 2018, California's Governor Brown signed two bills (Assembly Bill 1668 and Senate Bill 606) into law that will establish long-term standards for water use efficiency. The bills revise and expand the existing urban water management plan requirements to include five year drought risk assessments, water shortage contingency plans, and annual water supply/demand assessments. By June 30, 2022, the California State Water Resources Control Board, in conjunction with the California Department of Water Resources, will establish long-term water use standards for indoor residential use, outdoor residential use, water losses and other uses. Cal Water will also be required to calculate and report on urban water use target by November 1, 2023 and each November 1 thereafter that compares actual urban water use to the target. Management believes that Cal Water is well-positioned to comply with all regulations required of utilities.

CONTRACTUAL OBLIGATIONS

Effective April 3, 2018, the City of Commerce has renewed a lease agreement for Cal Water to operate the City of Commerce's water system for the next 15 years. Cal Water has operated the City of Commerce water system since 1985 and is responsible for all operations, maintenance, water quality assurance, and customer service programs to provide a reliable supply of water that meets federal and state standards to customers served by the City of Commerce system. The City of Commerce will remain responsible for financing infrastructure improvements and setting its customers' water rates.

During the nine months ended September 30, 2018, there were no other material changes in contractual obligations outside the normal course of business.

Item 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We do not hold, trade in or issue derivative financial instruments and therefore are not exposed to risks these instruments present. Our market risk to interest rate exposure is limited because the cost of long-term financing and short-term bank borrowings, including interest costs, is covered in consumer water rates as approved by the Commissions. We do not have foreign operations; therefore, we do not have a foreign currency exchange risk. Our business is sensitive to commodity prices and is most affected by changes in purchased water and purchased power costs.

Historically, the CPUC's balancing account or offsettable expense procedures allowed for increases in purchased water, pump tax, and purchased power costs to be flowed through to consumers. Traditionally, a significant percentage of our net income and cash flows come from California regulated operations; therefore the CPUC's actions have a significant impact on our business. See Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Regulatory Matters."

Item 4.

CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(c) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Accordingly, our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives.

Our management, with the participation of our CEO and our CFO, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2018. Based on that evaluation, we concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes to Internal Control over Financial Reporting

There was no change in our internal controls over financial reporting that occurred during the quarter ended September 30, 2018, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1.

LEGAL PROCEEDINGS

From time to time, the Company is involved in various disputes and litigation matters that arise in the ordinary course of business. The status of each significant matter is reviewed and assessed for potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount of the range of loss can be estimated, a liability is accrued for the estimated loss in accordance with the accounting standards for contingencies. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on the best information available at the time. While the outcome of these disputes and litigation matters cannot be predicted with any certainty, management does not believe when taking into account existing reserves the ultimate resolution of these matters will materially affect the Company's financial position, results of operations, or cash flows. In the future, we may be involved in disputes and litigation related to a wide range of matters, including employment, construction, environmental issues and operations. Litigation can be time-consuming and expensive and could divert management's time and attention from our business. In addition, if we are subject to additional lawsuits or disputes, we might incur significant legal costs and it is uncertain whether we would be able to recover the legal costs from customers or other third parties. For more information refer to note 10.

Item 1A.

RISK FACTORS

There have been no material changes to the Company's risk factors set forth in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year-ended December 31, 2017 filed with the SEC on March 1, 2018.

Item 5.

OTHER INFORMATION

The Company confirmed in a Form 8K filing on April 26, 2018 that it made a proposal to acquire San Jose Water Group (SJW) for \$68.25 per share in an all-cash transaction valued at approximately \$1.9 billion including the assumption of debt. The proposal represented a 20% premium to SJW's closing stock price on April 25, 2018 and was rejected by the SJW Board of Directors.

During the second quarter of 2018, the Company began soliciting proxies in opposition to resolutions related to the pending merger between SJW and Connecticut Water Service, Inc. The Company also commenced a tender offer to acquire all outstanding shares of SJW for \$68.25 per share in cash. The offer was scheduled to expire at 5:00 p.m., New York City time, on September 28, 2018.

After the close of business on Friday, August 10, 2018, the Company submitted a written all-cash proposal to the SJW Board of Directors to acquire 100% of the issued and outstanding SJW Shares for \$70.00 per share in cash. The proposal was rejected by the SJW Board of Directors.

On August 17, 2018, the Company terminated its tender offer to acquire all outstanding shares of SJW for \$68.25 per share in cash.

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Item 6.

EXHIBITS

<u>Exhibit</u>	<u>Description</u>
4.0	The Company agrees to furnish upon request to the Securities and Exchange Commission a copy of each instrument defining the rights of holders of long-term debt of the Company
4.1	Sixty-First Supplemental Indenture dated as of September 13, 2018, between California Water Service Company and U.S. Bank National Association, as Trustee, covering Floating Rate First Mortgage Bonds due 2020, Series UUU.
10.1	Credit Agreement dated as of March 10, 2015 among California Water Service Group and certain of its subsidiaries from time to time party thereto, as borrowers, Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, Merrill Lynch, Pierce, Fenner & Smith incorporated, as sole lead arranger and sole bookrunner, CoBank, ACB and U.S. Bank National Association, as co-syndication agents, and Bank of China, Los Angeles Branch, as documentation agent, and the other lender parties thereto (Exhibit 10.1 to the Current Report on Form 8-K filed March 11, 2015)
10.2	Credit Agreement dated as of March 10, 2015 among California Water Service Company, as borrower, Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as sole lead arranger and sole bookrunner, CoBank, ACB and U.S. Bank National Association, as co-syndication agents, and Bank of China, Los Angeles Branch, as documentation agent, and the other lender parties thereto (Exhibit 10.2 to the Current Report on Form 8-K filed March 11, 2015)
31.1	Chief Executive Officer certification of financial statements pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
31.2	Chief Financial Officer certification of financial statements pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
32	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

CALIFORNIA WATER SERVICE GROUP

Registrant

November 1, 2018

By: /s/ Thomas F. Smegal III
Thomas F. Smegal III
Vice President,
Chief Financial Officer and Treasurer

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, CA 90071-3197
Attn: Andrew Cheng

Sixty-First Supplemental Indenture

CALIFORNIA WATER SERVICE COMPANY

and

U.S. BANK NATIONAL ASSOCIATION

as

Trustee and Calculation Agent

Dated as of September 13, 2018

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**THIS SIXTY-FIRST SUPPLEMENTAL INDENTURE IS
SECURED BY, *INTER ALIA*, REAL PROPERTY.**

SIXTY-FIRST SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*") dated as of September 13, 2018, between CALIFORNIA WATER SERVICE COMPANY, a California corporation (the "*Company*"), and U.S. Bank National Association, as trustee (the "*Trustee*"), having its Corporate Trust Office at One California Street, Suite 1000, San Francisco, CA 94111, and as Calculation Agent.

RECITALS

WHEREAS, the Company heretofore made, executed and delivered the Indenture from California Water Service Company to American Trust Company and Los Angeles-First National Trust & Savings Bank, as Trustees, dated as of the 1st day of April, 1928, (the "*Original Base Indenture*"), and the Original Base Indenture has been recorded in the Office of the Recorders of the following counties and city and county of the State of California on the respective dates and in the respective books of record hereafter set forth:

<u>County of City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records (except as noted)</u>	<u>Page at Which Record Commences</u>
Contra Costa	May 2, 1928	141	7
City and County of San Francisco	May 3, 1928	1637	346
Glenn	May 2, 1928	62	190
		(Book of Mortgages)	
Kings	January 7, 1929	40	348
San Joaquin	May 2, 1928	243	295
Solano	May 2, 1928	14	7
Tulare	May 3, 1928	260	11
Alameda	May 2, 1928	1877	35
Sonoma	May 2, 1928	196	136
Los Angeles	May 4, 1928	7105	102
Butte	May 2, 1928	116	106
		(Book of Mortgages)	
Kern	May 3, 1928	249	1
Shasta	May 2, 1928	38	80
Fresno	May 2, 1928	894	32
San Mateo	January 20, 1939	837	16
Yuba	September 12, 1942	69	291
Santa Clara	November 2, 1945	1305	286
Monterey	February 21, 1962	Serial No. 6604	
Ventura	November 15, 1983	Doc. No. 130176; and	

WHEREAS, Los Angeles-First National Trust & Savings Bank changed its name to Security-First National Bank of Los Angeles and later to Security First National Bank and later to Security-Pacific National Bank; and

WHEREAS, American Trust Company changed its name to Wells Fargo Bank and Wells Fargo Bank subsequently merged into Wells Fargo Bank, National Association; and

WHEREAS, by instrument entitled "Resignations of Wells Fargo Bank, National Association as Authenticating Trustee and Security Pacific National Bank as Trustee and Appointment and Acceptance of Bank of America National Trust and Savings Association as Authenticating Trustee under Mortgage of Chattels and Trust Indenture dated as of April 1, 1928 as Supplemented, Amended and Modified from California Water Service Company" dated as of August 1, 1983, recorded in the offices of the Recorders of those counties and city and county of the State of California on the respective dates and in the respective books of record and/or as the respective document numbers set forth in EXHIBIT B, which is annexed hereto and hereby made a part hereof, (a) Wells Fargo Bank, National Association, resigned as authenticating trustee under the Original Base Indenture, as theretofore supplemented, amended and modified by the First through Thirty-First Supplemental Indentures, effective August 1, 1983, (b) the Company appointed Bank of America National Trust and Savings Association as successor authenticating trustee to Wells Fargo Bank, National Association, effective August 1, 1983, (c) Bank of America National Trust and Savings Association accepted such appointment as authenticating trustee under the Original Base Indenture, as theretofore supplemented, amended and modified by the First through Thirty-First Supplemental Indentures, effective August 1, 1983, (d) Security Pacific National Bank resigned as trustee under the Original Base Indenture, as theretofore supplemented, amended and modified by the First through Thirty-First Supplemental Indentures, effective August 1, 1983, (e) the Company appointed no successor trustee to said Security Pacific National Bank, (f) Bank of America National Trust and Savings Association as of August 1, 1983 became fully vested with all the estates, properties, rights powers trusts, duties and obligations of Wells Fargo Bank, National Association and Security Pacific National Bank, as trustees under the Original Base Indenture, as theretofore supplemented, amended and modified by the First through Thirty-First Supplemental Indentures, with like effect as if originally named as trustee therein, (g) Bank of America National Trust and Savings Association resigned as trustee under the Original Base Indenture, as theretofore supplemented, amended and modified by First through Thirty-First Supplemental Indentures, effective December 15, 1995, (h) the Company appointed, with the concurrence of a majority of the Holders, First Trust, a subsidiary of First Trust Bank System of Minneapolis, as successor trustee to Bank of America National Trust and Savings Association, effective December 15, 1995, (i) First Trust, a subsidiary of First Trust Bank System of Minneapolis, accepted such appointment as trustee under the Original Base Indenture, as supplemented, amended and modified by the First through Thirty-eighth Supplemental Indentures, (j) First Trust Bank System of Minneapolis merged with U. S. Bank Trust National Association, effective August 1, 1997; as a result of said merger, the corporate name became U. S. Bank Trust National Association, effective March 30, 1998, (k) effective January 10, 2002, U. S. Bank Trust National Association merged into U. S. Bank National Association and (l) U. S. Bank National Association became the trustee under the Original Base Indenture, as therefore supplemented, amended and modified by the First through Sixtieth Supplemental Indentures referred to below; and

WHEREAS, the Company has heretofore made, executed and delivered sixty certain supplemental indentures supplemental to said Original Base Indenture, one such supplemental indenture from California Water Service Company to American Trust Company and Los Angeles-First National Trust & Savings Bank, as trustees, dated January 3, 1929, hereinafter sometimes called the "First Supplemental Indenture;" twelve such supplemental indentures from said California Water Service Company to American Trust Company and Security-First National Bank of Los Angeles, as trustees, dated and hereinafter sometimes called, respectively, as follows:

<u>Date</u>	<u>Name</u>
August 19, 1929	Second Supplemental Indenture
February 25, 1930	Third Supplemental Indenture
February 1, 1931	Fourth Supplemental Indenture
March 23, 1932	Fifth Supplemental Indenture
May 1, 1936	Sixth Supplemental Indenture
April 1, 1939	Seventh Supplemental Indenture
November 1, 1945	Eighth Supplemental Indenture
May 1, 1951	Ninth Supplemental Indenture
May 1, 1953	Tenth Supplemental Indenture
May 1, 1954	Eleventh Supplemental Indenture
May 1, 1955	Twelfth Supplemental Indenture
November 1, 1956	Thirteenth Supplemental Indenture

four supplemental indentures from California Water Service Company to Wells Fargo Bank and Security First National Bank, as trustees, dated and hereinafter sometimes called, respectively, as follows:

<u>Date</u>	<u>Name</u>
November 1, 1963	Fourteenth Supplemental Indenture
November 1, 1965	Fifteenth Supplemental Indenture
November 1, 1966	Sixteenth Supplemental Indenture
November 1, 1967	Seventeenth Supplemental Indenture

fourteen supplemental indentures from California Water Service Company to Wells Fargo Bank, National Association and Security Pacific National Bank, as trustees, dated and hereinafter sometimes called, respectively, as follows:

<u>Date</u>	<u>Name</u>
November 1, 1969	Eighteenth Supplemental Indenture
May 1, 1970	Nineteenth Supplemental Indenture
November 1, 1970	Twentieth Supplemental Indenture
October 1, 1972	Twenty-first Supplemental Indenture
November 1, 1972	Twenty-second Supplemental Indenture
November 15, 1972	Twenty-third Supplemental Indenture
November 1, 1973	Twenty-fourth Supplemental Indenture
May 1, 1975	Twenty-fifth Supplemental Indenture
May 1, 1976	Twenty-sixth Supplemental Indenture
November 1, 1977	Twenty-seventh Supplemental Indenture
May 1, 1978	Twenty-eighth Supplemental Indenture
November 1, 1979	Twenty-ninth Supplemental Indenture
November 1, 1980	Thirtieth Supplemental Indenture
May 1, 1982	Thirty-first Supplemental Indenture

seven supplemental indentures from California Water Service Company to Bank of America National Trust and Savings Association, as trustee, dated and hereinafter sometimes called, respectively, as follows:

<u>Date</u>	<u>Name</u>
September 1, 1983	Thirty-second Supplemental Indenture
May 1, 1988	Thirty-third Supplemental Indenture
November 1, 1990	Thirty-fourth Supplemental Indenture
November 3, 1992	Thirty-fifth Supplemental Indenture
May 1, 1993	Thirty-sixth Supplemental Indenture
September 1, 1993	Thirty-seventh Supplemental Indenture
November 2, 1993	Thirty-eighth Supplemental Indenture; and

and twenty-one supplemental indentures from California Water Service Company to U.S. Bank National Association, as trustee, dated and hereinafter sometimes called, respectively, as follows:

<u>Date</u>	<u>Name</u>
April 17, 2009	Thirty-ninth Supplemental Indenture
April 17, 2009	Fortieth Supplemental Indenture
April 17, 2009	Forty-first Supplemental Indenture
April 17, 2009	Forty-second Supplemental Indenture
April 17, 2009	Forty-third Supplemental Indenture
April 17, 2009	Forty-fourth Supplemental Indenture
April 17, 2009	Forty-fifth Supplemental Indenture
April 17, 2009	Forty-sixth Supplemental Indenture
April 17, 2009	Forty-seventh Supplemental Indenture
April 17, 2009	Forty-eighth Supplemental Indenture
April 17, 2009	Forty-ninth Supplemental Indenture
April 17, 2009	Fiftieth Supplemental Indenture
April 17, 2009	Fifty-first Supplemental Indenture
April 17, 2009	Fifty-second Supplemental Indenture
April 17, 2009	Fifty-third Supplemental Indenture
April 17, 2009	Fifty-fourth Supplemental Indenture
April 17, 2009	Fifty-fifth Supplemental Indenture
April 17, 2009	Fifty-sixth Supplemental Indenture
April 17, 2009	Fifty-seventh Supplemental Indenture
November 22, 2010	Fifty-eighth Supplemental Indenture
October 13, 2015	Fifty-ninth Supplemental Indenture
March 11, 2016	Sixtieth Supplemental Indenture; and

WHEREAS, the First through Sixtieth Supplemental Indentures (or memoranda thereof) have been recorded in the offices of the Recorders of those counties and city and county of the State of California on the respective dates and in the respective books of record and/or as the respective document numbers set forth in EXHIBIT C, which is annexed hereto and hereby made a part hereof; and

WHEREAS, the Original Base Indenture as amended, supplemented and modified by the Thirty-ninth Supplemental Indenture, and as subsequently amended, supplemented and modified, is hereafter called the "**Base Indenture.**"

NOW, THEREFORE, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

SECTION 1.01. Definitions.

Each term used herein has the meaning assigned to such term in the Base Indenture unless otherwise specifically defined herein, in which case the definition set forth herein shall govern the Bonds issued under this Supplemental Indenture. The following terms, as used herein, have the following meanings:

“**Bloomberg BBAM Page**” means the display appearing on Bloomberg L.P.’s Bloomberg Professional (or any successor service) designated as page “BBAM” (or such other page as may replace the BBAM page on that service, or such other service as may be nominated for the purpose of displaying rates or prices comparable to the London Interbank Offered rate for U.S. dollar deposits by ICE Benchmark Administration Limited (“**IBA**”) or its successor or such other entity assuming the responsibility of IBA or its successor in calculating the London Interbank Offered rate in the event IBA or its successor no longer does so).

“**Calculation Agent**” means U.S. Bank National Association, as appointed pursuant to Section 4.01 of this Supplemental Indenture, or its successor appointed by the Company pursuant to Article IV hereof, acting as calculation agent.

“**Called Principal**” means, with respect to any Bond, the principal amount of such Bond that is to be redeemed pursuant to Article III of this Supplemental Indenture.

“**Closing Date**” means September 13, 2018.

“**Corporate Trust Office**” means the office of the Trustee specified in the initial paragraph of this Supplemental Indenture or any other office specified by the Trustee from time to time pursuant to the provisions of the Base Indenture.

“**Fitch**” means Fitch Ratings, Inc. and any successor to its rating agency business.

“**Interest Determination Date**” means the second London Business Day immediately preceding the first day of the relevant Interest Period.

“**Interest Period**” means the period commencing on an Interest Payment Date (or, with respect to the initial Interest Period only, commencing on the Closing Date) and ending on the day before the next succeeding Interest Payment Date.

“**LIBOR**” will be determined by the Calculation Agent, with respect to any Interest Period, in accordance with the following provisions:

(1) With respect to any Interest Determination Date, LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the first day of the applicable interest period that appears on the Reuters LIBOR01 Page as of 11:00 a.m., London time, on that Interest Determination Date, which in no event shall be less than zero (0). If on an Interest Determination Date, such rate does not appear on the Reuters LIBOR01 Page as of 11:00 a.m., London time, or if the Reuters LIBOR01 Page is not available as of 11:00 a.m., London time, the Calculation Agent will obtain such rate from Bloomberg BBAM Page on such date at such time. If no such rate appears, then LIBOR, in respect of that Interest Determination Date, will be determined in accordance with the provisions described in clauses (2) and (3) below.

(2) With respect to an Interest Determination Date on which no rate is available on the Reuters LIBOR01 Page or the Bloomberg BBAM Page, as specified in clause (1) above, unless clause (3) below applies, the

Company will request the principal London offices of each of at least two major reference banks in the London interbank market, as selected by the Company, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the first day of the applicable Interest Period, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that Interest Determination Date will be the arithmetic mean of those quotations, which in no event shall be less than zero (0). If fewer than two quotations are provided, then LIBOR on the Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in The City of New York, on the Interest Determination Date by two major banks in The City of New York selected by the Company for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time, which in no event shall be less than zero (0); provided, however, that if the banks selected by the Company are not providing quotations in the manner described in this sentence, LIBOR will be equal to such rate on the Interest Determination Date when LIBOR was last available on the Reuters LIBOR01 Page or the Bloomberg BBAM Page, as applicable, as determined by the Calculation Agent.

(3) Notwithstanding clause (2) above, if the Company, the Calculation Agent or the Required Holders, each in its or their sole discretion, determines that LIBOR has been permanently discontinued and has notified the other such parties of such determination, the Calculation Agent will, as directed by the Company (following the Company's consultation with one or more investment banks of national standing chosen by the Company), and consented to by the Required Holders, use, as a substitute for LIBOR (the "**Alternative Rate**") for each Interest Determination Date thereafter, the reference rate selected as an alternative to LIBOR by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with accepted market practice regarding the selection and use of a substitute for LIBOR, which in no event shall be less than zero (0). As part of such substitution, the Calculation Agent will, as directed by the Company, and consented to by the Required Holders, make such adjustments ("**Adjustments**") to the Alternative Rate or the spread thereon, as well as the business day convention, Interest Determination Dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such Alternative Rate for the Series UUU Bonds. If the Company determines, following its consultation with such investment bank(s), that there is no clear market consensus as to whether any rate has replaced LIBOR in customary market usage, the Company will use reasonable efforts to appoint an independent financial advisor (the "**IFA**") consented to by the Required Holders to determine an appropriate Alternative Rate and any Adjustments, and the decision of the IFA will be binding on the Company, the Calculation Agent and the Holders, provided that in no event shall such Alternative Rate be less than zero (0). If, however, the Company, the Calculation Agent, the Required Holders or any IFA determines that LIBOR has been discontinued, but for any reason an Alternative Rate or Adjustments have not been determined as described herein, LIBOR will be equal to such rate on the Interest Determination Date when LIBOR was last available on the Reuters LIBOR01 Page or the Bloomberg BBAM Page, as applicable, as determined by the Calculation Agent, which in no event shall be less than zero (0). Notwithstanding anything contrary to the foregoing in the Base Indenture, including Section 12.02 thereof, any changes to this Supplemental Indenture as a result of the establishment of the Alternative Rate and the Adjustments described above shall only require the consent of the Company, the Required Holders or the IFA, as applicable, in each case as described in this clause (3).

"**London Business Day**" means a day that is a Business Day and a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market.

"**Moody's**" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"**Required Holders**" means Holders of the Series UUU Bonds holding greater than 50% of the aggregate principal amount of the Series UUU Bonds then Outstanding.

"**Reuters LIBOR01 Page**" means the display designated as Reuters LIBOR01 on the Reuters 3000 Xtra (or such other page as may replace the Reuters LIBOR01 Page on that service, or such other service as may be

nominated for the purpose of displaying rates or prices comparable to the London Interbank Offered rate for U.S. dollar deposits by IBA or its successor or such other entity assuming the responsibility of IBA or its successor in calculating the London Interbank Offered rate in the event IBA or its successor no longer does so).

“*Series UUU Bonds*” means the \$300,000,000 aggregate principal amount of Floating Rate First Mortgage Bonds due 2020, Series UUU.

“*Settlement Date*” means, with respect to the Called Principal of any Bond, the date on which such Called Principal is to be redeemed pursuant to Section 3.01.

“*SVO*” means the Securities Valuation Office of the National Association of Insurance Commissioners.

“*S&P*” means Standard & Poor’s Rating Services and any successor to its rating agency business.

“*Trustee*” means the Person named as the “Trustee” in the first paragraph of this Supplemental Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of the Base Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder.

ARTICLE II CERTAIN TERMS AND ISSUANCE OF THE BONDS

SECTION 2.01. Designation of Bonds.

The changes, modifications and supplements to the Base Indenture effected by this Supplemental Indenture shall be applicable only with respect to, and govern the terms of, the Series UUU Bonds and shall not apply to any other Bonds that have been or may be issued under the Base Indenture unless a supplemental indenture with respect to such other Bonds specifically incorporates such changes, modifications and supplements. Pursuant to this Supplemental Indenture, there is hereby designated a series of Bonds under the Base Indenture entitled “Floating Rate First Mortgage Bonds due 2020, Series UUU.”

SECTION 2.02. Aggregate Principal Amount.

The aggregate principal amount of the Series UUU Bonds which may be outstanding under the terms of this Supplemental Indenture after the date hereof is \$300,000,000, except for Series UUU Bonds authenticated and delivered in accordance with Sections 2.15, 2.16, 2.18, 4.07 and 12.06 of the Base Indenture.

SECTION 2.03. Form; Payment of Interest and Principal on Series UUU Bonds.

(a) *General.* The Series UUU Bonds shall be issued as Definitive Bonds substantially in the form set forth in EXHIBIT A hereto. The Series UUU Bonds will be issued in denominations of \$1,000 and its integral multiples. To the extent that any provision of the Definitive Bonds representing the Series UUU Bonds conflicts with the express provisions of this Supplemental Indenture or the Base Indenture, this Supplemental Indenture or the Base Indenture shall govern and be controlling.

(b) *Payment of Interest and Principal on Bonds.* The Series UUU Bonds will mature on September 13, 2020 (the “*UUU Bonds Maturity Date*”) and will bear interest at the rate set quarterly pursuant to Section 2.03(c). Interest on the Series UUU Bonds will be payable quarterly in arrears on March 13, June 13, September 13 and December 13 of each year to the Holders thereof at the close of business on the immediately preceding February 26, May 29, August 29 and November 28 of each year, commencing on December 13, 2018. Interest on the Series UUU Bonds will accrue from the most recent date to which interest has been paid, or if no interest has been paid, from the Closing Date. The principal of, interest on and premium on, if any, the Series UUU Bonds will be payable in U.S. dollars or in such other currency of the United States that at the time of payment is legal tender for the payment of public and private debts.

(c) *Interest Rate.* The Series UUU Bonds will bear interest for each quarterly Interest Period at a per annum rate determined by the Calculation Agent. The interest rate applicable during each quarterly Interest Period will be equal to LIBOR on the Interest Determination Date for such Interest Period plus 70 basis points. Promptly upon such determination, the Calculation Agent will notify the Company and the Trustee, if the Trustee is not then serving as the Calculation Agent, in writing of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the Holders of such Series UUU Bonds and the Trustee. Upon the written request of a Holder of the Series UUU Bonds, the Calculation Agent will provide to such Holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period. Interest shall be computed on the basis of a 360-day year and the actual number of days elapsed. All percentages resulting from any calculation of the interest rate on the Series UUU Bonds will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 0.567845% (or .00567845) being rounded to 0.56785% (or .0056785) and 0.567844% (or .00567844) being rounded to 0.56784% (or .0056784)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

ARTICLE III REDEMPTION, SINKING FUND, DISCHARGE AND DEFEASANCE

SECTION 3.01. Redemption.

Commencing on June 28, 2019 (the “*Series UUU Par Redemption Date*”), the Series UUU Bonds are redeemable at the option of the Company, on the last day of any Interest Period, either in whole or in part, at a redemption price equal to 100% of the principal amount of the Called Principal, *plus* accrued and unpaid interest on the Called Principal to (but not including) the Settlement Date. Prior to the Series UUU Par Redemption Date, the Series UUU Bonds shall be redeemable, at the option of the Company, at any time and from time to time, either in whole or in part, at a redemption price equal to 102% of the Called Principal, *plus* accrued and unpaid interest on the Called Principal to (but not including) the Settlement Date. Notwithstanding the foregoing, to the extent that any Settlement Date falls between a Regular Record Date and an Interest Payment Date, interest on the Series UUU Bonds that are due and payable on such Interest Payment Date will be payable to the Holders of such Series UUU Bonds registered as such at the close of business on the relevant Regular Record Date according to their terms and the terms and provisions of the Base Indenture. Any redemption of Series UUU Bonds pursuant to this Article III shall be made in accordance with Article IV of the Base Indenture.

SECTION 3.02. Sinking Fund.

The Series UUU Bonds shall not be subject to any sinking fund.

SECTION 3.03. Discharge and Defeasance.

To satisfy the deposit requirements of Sections 14.01(a)(2) and 14.05(a) of the Base Indenture for discharge or defeasance of Series UUU Bonds, (i) the amount of cash, Government Securities, or combination thereof that the Company shall irrevocably deposit or cause to be deposited with the Trustee in trust solely for the benefit of the Holders of the Series UUU Bonds will be determined using an assumed interest rate selected by the Company in good faith, which assumed rate shall not be less than the interest rate applicable at the time of such deposit plus 1% and (ii) notwithstanding the satisfaction and discharge of the Indenture, the Company shall irrevocably deposit or cause to be deposited additional cash, Government Securities, or combination thereof in trust solely for the benefit of the Holders of the Series UUU Bonds as necessary to pay the principal, premium, if any, and accrued interest due on the Series UUU Bonds at the Stated Maturity or on the Redemption Date, as the case may be.

**ARTICLE IV
CALCULATION AGENT**

SECTION 4.01. Appointment.

Upon the terms and subject to the conditions contained herein, the Company hereby appoints U.S. Bank National Association as the Company's calculation agent for the Series UUU Bonds and U.S. Bank National Association hereby accepts such appointment as the Company's agent for the purpose of calculating the applicable interest rates on the Series UUU Bonds in accordance with the provisions set forth herein.

SECTION 4.02. Duties and Obligations.

The Calculation Agent shall: (a) calculate the applicable interest rates on the Series UUU Bonds in accordance with the provisions set forth herein, and (b) exercise due care to determine the interest rates on the Series UUU Bonds and shall communicate the same to the Company and the Trustee (if the Trustee is not then serving as the Calculation Agent) in writing as soon as practicable after each determination.

The Calculation Agent will, upon the written request of a Holder of the Series UUU Bonds, provide to such Holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

SECTION 4.03. Terms and Conditions.

The Calculation Agent accepts its obligations set forth herein, upon the terms and subject to the conditions hereof, including the following, to all of which the Company agrees:

(i) The Calculation Agent shall be entitled to such compensation as may be agreed upon with the Company for all services rendered by the Calculation Agent, and the Company promises to pay such compensation and to reimburse the Calculation Agent for the reasonable and documented out-of-pocket expenses (including attorneys' fees and expenses) incurred by it in connection with the services rendered by it hereunder upon receipt of such invoices as the Company shall reasonably require. The Company also agrees to indemnify the Calculation Agent for, and to hold it harmless against, any and all loss, liability, damage, claim or expense (including the costs and expenses of defending against any claim (regardless of who asserts such claim) of liability) incurred by the Calculation Agent that arises out of or in connection with its accepting appointment as, or acting as, Calculation Agent hereunder, except such as may result from the willful misconduct or gross negligence of the Calculation Agent or any of its agents or employees as determined by a final non-appealable order of a court of competent jurisdiction. The Calculation Agent shall incur no liability and shall be indemnified and held harmless by the Company for, or in respect of, any actions taken or suffered to be taken in good faith by the Calculation Agent in reliance upon (a) the written opinion or advice of counsel or (b) written instructions from the Company. The Calculation Agent shall not be liable for any error resulting from the use of or reliance on a source of information used in good faith and with due care to calculate any interest rate hereunder. The provisions of this clause (i) shall survive the payment in full of the Series UUU Bonds, the discharge of this Supplemental Indenture and the resignation or removal of the Calculation Agent.

(ii) In acting under this Supplemental Indenture, the Calculation Agent is acting solely as agent of the Company and does not assume any obligations to or relationship of agency or trust for or with any of the Holders of the Series UUU Bonds.

(iii) The Calculation Agent shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or anything suffered by it in reliance upon the terms of Series UUU Bonds or this Supplemental Indenture or any notice, direction, certificate, affidavit, statement or other paper, document or communication reasonably believed by it to be genuine and to have been approved or signed by the proper party or parties.

(iv) The Calculation Agent, its officers, directors, employees and shareholders may become the owners or pledgee of, or acquire any interest in, any Series UUU Bonds, with the same rights that it or they would have if it were not the Calculation Agent, and may engage or be interested in any financial or other transaction with the Company as freely as if it were not the Calculation Agent.

(v) Neither the Calculation Agent nor its officers, directors, employees, agents or attorneys shall be liable to the Company for any act or omission hereunder, or for any error of judgment made in good faith by it or them, except in the case of its or their willful misconduct or gross negligence as determined by a final non-appealable order of a court of competent jurisdiction.

(vi) The Calculation Agent may consult with counsel of its selection and the advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(vii) The Calculation Agent shall be obligated to perform such duties and only such duties as are herein specifically set forth, and no implied duties or obligations shall be read into this Supplemental Indenture against the Calculation Agent.

(viii) Unless herein otherwise specifically provided, any order, certificate, notice, request, direction or other communication from the Company made or given by it under any provision of this Supplemental Indenture shall be sufficient if signed by any officer of the Company.

(ix) The Calculation Agent may perform any duties hereunder either directly or by or through its agents or attorneys, and the Calculation Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(x) The Company will not, without first obtaining the prior written consent of the Calculation Agent, make any change to this Supplemental Indenture or the Series UUU Bonds if such change would materially and adversely affect the Calculation Agent's duties and obligations hereunder or thereunder.

(xi) In no event shall the Calculation Agent be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether it has been advised of the likelihood of such loss or damage and regardless of the form of action.

(xii) In no event shall the Calculation Agent be responsible or liable for any failure or delay in the performance of its obligations under this Supplemental Indenture arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including without limitation strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services.

(xiii) Under certain circumstances, the Calculation Agent may be required to calculate the interest rates on the Series UUU Bonds on the basis of quotations received by the Company from banks or other financial institutions (the "**Reference Banks**") selected by the Company for the purpose of quoting such rates. The Calculation Agent shall not be responsible to the Company, any Holder or any other third party for any failure of the Company or Reference Banks to fulfill their duties or meet their obligations as the Company or Reference Banks, respectively, or as a result of the Calculation Agent having acted (except in the event of gross negligence or willful misconduct) on any quotation or other information given by any Reference Bank which subsequently may be found to be incorrect.

(xiv) No provision of this Supplemental Indenture shall require the Calculation Agent to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder, or in

the exercise of any of its rights or powers, if the Calculation Agent shall determine, in its sole discretion, that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

SECTION 4.04. Qualifications.

The Calculation Agent shall be authorized by law to perform all the duties imposed upon it by this Supplemental Indenture, and shall at all times have a capitalization of at least \$50,000,000. The Calculation Agent may not be an affiliate of the Company.

SECTION 4.05. Resignation and Removal.

The Calculation Agent may at any time resign as Calculation Agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall not be earlier than 30 days after the receipt of such notice by the Company, unless the Company otherwise agrees in writing. The Calculation Agent may be removed at any time by either the Company or the Required Holders by the filing with it of any instrument in writing signed on behalf of the Company or the Required Holders, as applicable, and specifying such removal and the date when it is intended to become effective. Such resignation or removal shall take effect upon the earlier of the date of the appointment by the Company and the Required Holders, as hereinafter provided, of a successor Calculation Agent or, if applicable, the date of effectiveness set forth in any such resignation notice. If within 30 days after notice of resignation or removal has been given, a successor Calculation Agent has not been appointed, the Calculation Agent or Required Holders may (but shall not be required to), at the expense of the Company, petition a court of competent jurisdiction to appoint a successor Calculation Agent. If at any time the Calculation Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Calculation Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency or for any other reason, then a successor Calculation Agent shall as soon as practicable be appointed by the Company, with the consent of the Required Holders, by an instrument in writing filed with the predecessor Calculation Agent, the successor Calculation Agent and the Trustee. Upon its resignation or removal, the Calculation Agent shall be entitled to the payment by the Company of its compensation, if any is owed to it, for services rendered hereunder and to the reimbursement of all reasonable and documented out-of-pocket expenses (including reasonable counsel fees) incurred in connection with the services rendered by it hereunder and to the payment of all other amounts owed to it hereunder.

SECTION 4.06. Successors.

Any successor Calculation Agent appointed hereunder shall execute and deliver to its predecessor, the Company and the Trustee an instrument accepting such appointment hereunder, and thereupon such successor Calculation Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as such Calculation Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obliged to transfer and deliver, and such successor Calculation Agent shall be entitled to receive, copies of any relevant records maintained by such predecessor Calculation Agent.

SECTION 4.07. Trustee Deemed Calculation Agent Upon Certain Circumstances.

In the event that the Calculation Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Calculation Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency or for any other reason, and the Company, with the consent of the Required Holders, shall not have made a timely appointment of a successor Calculation Agent, to the extent that the Trustee and the Calculation Agent are not, or would not be after giving effect to this Section 4.07, the same Person, the Trustee, notwithstanding the provisions of this Article IV, shall be deemed to be the Calculation Agent for all purposes of this Supplemental Indenture until the appointment by the Company of the successor Calculation Agent with the consent of the Required Holders.

SECTION 4.08. Merger, Conversion, Consolidation, Sale or Transfer.

Any corporation into which the Calculation Agent may be merged or converted, or any corporation with which the Calculation Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent shall be a party or to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its corporate trust assets or business shall, to the extent permitted by applicable law, be the successor Calculation Agent under this Supplemental Indenture without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notice of any such merger, conversion or consolidation or sale shall forthwith be given to the Company and the Trustee (if the Trustee is not then serving as the Calculation Agent).

SECTION 4.09. Notice.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Calculation Agent shall be delivered in person, sent by letter or fax or communicated by telephone (subject, in the case of communication by telephone, to confirmation dispatched within 24 hours by letter or by fax) as follows:

U.S. Bank National Association
Global Corporate Trust Services
One California Street, Suite 1000
San Francisco, California 94111
Telephone: (415) 677-3622
Fax: (415) 677-3768

or to any other address of which the Calculation Agent shall have notified the Company and the Trustee (if the Trustee is not then serving as the Calculation Agent) in writing as herein provided.

The Calculation Agent agrees to accept and act upon instructions or directions pursuant to this Supplemental Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Calculation Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Company elects to give the Calculation Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Calculation Agent in its discretion elects to act upon such instructions, the Calculation Agent's understanding of such instructions shall be deemed controlling. The Calculation Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Calculation Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Company agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Calculation Agent including without limitation the risk of the Calculation Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 4.10. WAIVER OF JURY TRIAL.

EACH OF THE COMPANY, THE CALCULATION AGENT AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO SUPPLEMENTAL INDENTURE, THE SERIES UUU BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 4.11. Calculation of Interest Rate for First Interest Period.

The Calculation Agent, at the request of the Company, has determined, prior to the date of execution and delivery of this Supplemental Indenture, the interest rate for the initial Interest Period for the Series UUU Bonds. In

connection with such determination, the Calculation Agent shall be entitled to the same rights, protections, exculpations and immunities otherwise available to it under this Supplemental Indenture.

ARTICLE V MISCELLANEOUS

SECTION 5.01. Notice.

Any notice or communication in respect of the Series UUU Bonds shall be made in accordance with Section 15.05 of the Base Indenture.

SECTION 5.02. Amendment and Supplement.

This Supplemental Indenture or the Series UUU Bonds may be amended or supplemented as provided for in the Base Indenture.

SECTION 5.03. Conflicts.

In the event of any conflict between this Supplemental Indenture and the Base Indenture, the provisions of this Supplemental Indenture shall prevail.

SECTION 5.04. Governing Law.

This Supplemental Indenture and the Series UUU Bonds shall be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to the principles of conflicts of laws thereunder, except to the extent that the TIA shall be applicable.

SECTION 5.05. Counterparts.

The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture.

SECTION 5.06. Ratification.

The Base Indenture, as supplemented by this Supplemental Indenture, shall remain in full force and effect and is in all respects ratified and confirmed.

SECTION 5.07. Severability.

If any one or more of the covenants or agreements provided in this Supplemental Indenture or the Series UUU Bonds on the part of the Company or the Trustee, or either of them, to be performed should be contrary to any express provision of law, or contrary to the policy of express law, to such an extent as to be unenforceable in any court of competent jurisdiction, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements and shall in no wise affect the validity of this Supplemental Indenture or the Series UUU Bonds.

SECTION 5.08. Trustee and Supplemental Indenture.

The Trustee shall not be responsible in any manner whatsoever for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, or the validity or sufficiency of this Supplemental Indenture or the Bonds issued hereunder, other than its certificate of authentication thereon.

**ARTICLE VI
INFORMATION AS TO COMPANY**

The Company covenants and agrees to file with the Trustee (and give notice of filing with the SEC by email to any Holder of Series UUU Bonds who requests email notice of filing) as soon as available and in any event within 10 calendar days after Parent is required to file the same with the SEC or any successor agency or any securities exchange, a copy of each of Parent's reports on Form 10-K and Form 10-Q, which will include the information required by Rule 3-10(c)(4) of Regulation S-X (17 CFR 210.3-10(4)) or any successor provision, Form 8-K, and each other regular or periodic report and any notice, proxy statement, registration statement, prospectus or written communication (other than transmittal letters), as filed with the SEC or any successor agency or any securities exchange; if Parent ceases to be a reporting company under either Section 13(a) or 15(d) of the Exchange Act (a "1934 Act Reporting Company"), so long as such Holders have provided to the Company appropriate delivery instructions a reasonable amount of time prior to the applicable delivery date (which instructions will include any information provided by Holders pursuant to the Bond Purchase Agreement dated as of September 13, 2018 executed in connection with the issuance of the Series UUU Bonds), the Company covenants and agrees to deliver to the Holders of the Series UUU Bonds either (i) annual and quarterly reports of Parent comparable in form and scope to those filed on Forms 10-K and 10-Q by 1934 Act Reporting Companies within 10 calendar days after a 1934 Act Reporting Company would be required to file such reports with the SEC which shall contain annual audited and quarterly unaudited financial statements of Parent comparable in form and scope to those filed on Forms 10-K and 10-Q by 1934 Act Reporting Companies or (ii) annual audited and quarterly unaudited financial statements of Company comparable in form and scope to those filed on Forms 10-K and 10-Q by 1934 Act Reporting Companies within 10 calendar days after a 1934 Act Reporting Company would be required to file such reports with the SEC. All Parent financial statements delivered by the Company pursuant to this Article VI shall include a condensed consolidating balance sheet and condensed consolidating statements of income and cash flows of Parent that include a column that sets forth the assets and liabilities, and results, of the Company as of the applicable date and for the applicable period; provided that, so long as in compliance with applicable law, (i) such annual condensed consolidating balance sheet, condensed consolidating statements of income and cash flows and column will be substantially consistent in form with those set forth in the Parent's Form 10-K for the fiscal year ended December 31, 2017 and (ii) such quarterly condensed consolidating balance sheet, condensed consolidating statements of income and cash flows and column will be substantially consistent in form with those set forth in the Parent's Form 10-Q for the fiscal quarter ended September 30, 2017, March 31, 2018 or June 30, 2018, as may correspond to such applicable quarterly period.

**ARTICLE VII
MAINTENANCE OF CREDIT RATING**

The Company shall at all times during which the SVO would otherwise refuse to rate the Series UUU Bonds or would rate the Series UUU Bonds below "2", maintain a credit rating (but not any specific rating) of the Series UUU Bonds with at least one of S&P, Moody's or Fitch; provided that in lieu of maintaining any such credit rating, the Company shall have the option, in its sole discretion, of providing a guarantee by Parent of the obligations in respect of the Series UUU Bonds, in form and substance consistent with the form of Parent Guarantee executed in connection with the 5.50% First Mortgage Bonds due 2040, Series PPP, issued under the Fifth-eighth Supplemental Indenture dated as of November 22, 2010. Evidence of such credit rating shall (a) set forth the credit rating for the Series UUU Bonds, (b) refer to the Private Placement Number issued by Standard & Poor's CUSIP Bureau Service in respect of the Series UUU Bonds, (c) state that the credit rating addresses the likelihood of payment of both the principal and interest of the Series UUU Bonds, (d) not include any prohibition against sharing such evidence with the SVO or any other regulatory authority having jurisdiction over the holders of the Series UUU Bonds, and (f) include such other information relating to the credit rating for the Series UUU Bonds as may be required from time to time by the SVO or any other regulatory authority having jurisdiction over the Holders.

[Signature Pages Follow]

SIGNATURES

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

CALIFORNIA WATER SERVICE COMPANY

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

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as Calculation Agent

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

SIGNATURE PAGE TO SIXTY-FIRST SUPPLEMENTAL INDENTURE

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Santa Clara)

On 9/10/2018 before me, Lina Jo DiStefano , a Notary Public, personally appeared Thomas F. Smegal III, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Lina Jo DiStefano (Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of San Francisco)

On 9/12/2018 before me, Nam Vu Huynh, a Notary Public, personally appeared David Jason, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Nam Vu Huynh (Seal)

FORM OF SERIES UUU BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*ACT*”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION THEREFROM UNDER THE ACT, THE RULES AND REGULATIONS THEREUNDER AND APPLICABLE STATE LAWS. THE TRANSFER OF THIS NOTE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE INDENTURE DATED AS OF APRIL 1, 1928 BETWEEN CALIFORNIA WATER SERVICE COMPANY AND U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE, AS SUCH INDENTURE MAY BE AMENDED, MODIFIED AND SUPPLEMENTED FROM TIME TO TIME.

CALIFORNIA WATER SERVICE COMPANY

Floating Rate First Mortgage Bonds due 2020, Series UUU
CUSIP No. [●]

No. [] \$[●]

CALIFORNIA WATER SERVICE COMPANY, a California corporation (the “*Company*”), promises to pay to [●], or its registered assigns, the principal sum of \$[●] in U.S. Dollars on [], 2020.

Interest Payment Dates: March 13, June 13, September 13 and December 13 commencing December 13, 2018

Record Dates: February 26, May 29, August 29 and November 28

Additional provisions of this Series UUU Bond are set forth on the other side of this Series UUU Bond.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

CALIFORNIA WATER SERVICE COMPANY

By _____
Name:
Title:

Attest:

Name:
Title:

[Authentication Page to Follow]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds of the series designated therein referred to in the within-mentioned Indenture.

Dated: U.S. BANK NATIONAL ASSOCIATION,
As Trustee

By _____
Authorized Signatory

[FORM OF REVERSE SIDE OF SERIES UUU BOND]

Floating Rate First Mortgage Bonds due 2020, Series UUU

1. INTEREST

CALIFORNIA WATER SERVICE COMPANY, a California corporation (the "**Company**"), promises to pay interest on the principal amount of this Series UUU Bond for each quarterly Interest Period at a per annum rate determined by the Calculation Agent.

The interest rate applicable during each quarterly Interest Period will be equal to LIBOR on the Interest Determination Date for such Interest Period plus 70 basis points. Promptly upon such determination, the Calculation Agent will notify the Company and the Trustee, if the Trustee is not then serving as the Calculation Agent, in writing of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the Holders of such Series UUU Bonds and the Trustee. Upon the written request of a Holder of the Series UUU Bonds, the Calculation Agent will provide to such Holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period. Interest shall be computed on the basis of a 360-day year and the actual number of days elapsed. All percentages resulting from any calculation of the interest rate on the Series UUU Bonds will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 0.567845% (or .00567845) being rounded to 0.56785% (or .0056785) and 0.567844% (or .00567844) being rounded to 0.56784% (or .0056784)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

The Company shall pay interest quarterly in arrears on March 13, June 13, September 13 and December 13, commencing December 13, 2018. Interest on the Series UUU Bonds will accrue from the most recent date to which interest has been paid with respect to the Series UUU Bonds, or, if no interest has been paid, from September 13, 2018.

2. METHOD OF PAYMENT

The Company shall pay interest on the Series UUU Bonds to the Persons who are registered Holders of Series UUU Bonds at the close of business on the February 26, May 29, August 29 and November 28 immediately preceding the Interest Payment Date even if Series UUU Bonds are canceled after the Regular Record Date or Special Record Date, as applicable, and on or before the Interest Payment Date. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, all payments in respect of this Series UUU Bond (including principal, premium, if any, and interest) must be made by wire transfer of immediately available funds to the accounts specified by the Holder hereof. Payment shall be without the presentation or surrender of the Series UUU Bonds or the making of any notation thereon, except that upon written request of the Company or Trustee made concurrently with or reasonably promptly after payment in full of any Series UUU Bond, the Holder thereof shall surrender such Series UUU Bond for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or to the Trustee at its principal corporate trust office.

3. PAYING AGENT, REGISTRAR AND CALCULATION AGENT

Initially, U.S. Bank National Association (the "**Trustee**") shall act as Paying Agent, Registrar and Calculation Agent. The Company may appoint and change any Paying Agent or Registrar without notice to the Holders. The Company may appoint a successor Calculation Agent in accordance with the terms of the Supplemental Indenture. The Company may act as Paying Agent or Registrar.

4. INDENTURE

The Company issued the Series UUU Bonds under an Indenture from California Water Service Company to American Trust Company and Los Angeles-First National Trust & Savings Bank, as Trustees, dated as of the 1st day of April, 1928 (the "**Original Base Indenture**"; the Original Base Indenture as amended and modified by the Thirty-ninth Supplemental Indenture, and as subsequently amended, supplemented and modified, the "**Base Indenture**"), as further supplemented by the Sixty-First Supplemental Indenture dated as of September 13, 2018, between the Company and U.S. Bank National Association (as ultimate successor to American Trust Company and Los Angeles-First National Trust & Savings Bank), as Trustee and Calculation Agent (as subsequently amended, supplemented and modified, the "**Supplemental Indenture**"). The terms of the Series UUU Bonds include those stated in the Base Indenture and the Supplemental Indenture and those made part of the Base Indenture and the Supplemental Indenture by reference to the TIA. Terms defined in the Base Indenture and the Supplemental Indenture and not defined herein have the meanings ascribed thereto in the Base Indenture and Supplemental Indenture. The Series UUU Bonds are subject to all such terms, and Holders are referred to the Base Indenture, the Supplemental Indenture and the TIA for a statement of those terms.

The Series UUU Bonds are secured obligations of the Company known generally as First Mortgage Bonds.

5. REDEMPTION; SINKING FUND

Commencing on the Series UUU Par Redemption Date, the Series UUU Bonds are redeemable at the option of the Company, at any time and from time to time, either in whole or in part, at a redemption price equal to 100% of the principal amount of the Called Principal, plus accrued and unpaid interest on the Called Principal to (but not including) the Settlement Date. Prior to the Series UUU Par Redemption Date, the Series UUU Bonds shall be redeemable, at the option of the Company, at any time and from time to time, either in whole or in part, at a redemption price equal to 102% of the Called Principal, plus accrued and unpaid interest on the Called Principal to (but not including) the Settlement Date. Notwithstanding the foregoing, to the extent that any Settlement Date falls between a Regular Record Date and an Interest Payment Date, interest on the Series UUU Bonds that are due and payable on such Interest Payment Date will be payable to the Holders of such Series UUU Bonds registered as such at the close of business on the relevant Regular Record Date according to their terms and the terms and provisions of the Base Indenture. Any redemption of Series UUU Bonds pursuant to Article III of the Supplemental Indenture shall be made in accordance with Article IV of the Base Indenture.

The Series UUU Bonds shall not be subject to any sinking fund.

6. DENOMINATIONS; TRANSFER; EXCHANGE

The Series UUU Bonds are in registered form without coupons in denominations of \$1,000 and whole multiples of \$1,000. A Holder may transfer or exchange Series UUU Bonds in accordance with the Base Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate transfer documents and to pay any taxes required by law or permitted by the Base Indenture. The Registrar shall not be required to register the transfer of or to exchange a Series UUU Bond between a Regular Record Date and the next succeeding Interest Payment Date.

7. PERSONS DEEMED OWNERS

The registered Holder of this Series UUU Bond may be treated as the owner of it for all purposes.

8. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed, the Paying Agent shall pay the money back to the Company in accordance with the terms of the Base Indenture.

9. DISCHARGE AND DEFEASANCE

Subject to certain conditions set forth in the Base Indenture, the Company at any time may terminate some or all of its obligations under the Base Indenture and the Supplemental Indenture with respect to the Series UUU Bonds if, among other things, the Company deposits with the Trustee funds for the payment of principal and interest on the Series UUU Bonds to Maturity, as the case may be.

To satisfy the deposit requirements of Sections 14.01(a)(2) and 14.05(a) of the Base Indenture for discharge or defeasance of Series UUU Bonds, (i) the amount of cash, Government Securities, or combination thereof that the Company shall irrevocably deposit or cause to be deposited with the Trustee in trust solely for the benefit of the Holders of the Series UUU Bonds will be determined using an assumed interest rate selected by the Company in good faith, which assumed rate shall not be less than the interest rate applicable at the time of such deposit plus 1%, and (ii) notwithstanding the satisfaction and discharge of the Indenture, the Company shall irrevocably deposit or cause to be deposited additional cash, Government Securities, or combination thereof in trust solely for the benefit of the Holders of the Series UUU Bonds as necessary to pay the principal, premium, if any, and accrued interest due on the Series UUU Bonds at the Stated Maturity or on the Redemption Date, as the case may be.

10. AMENDMENT, WAIVER

The Base Indenture permits, subject to certain exceptions set forth therein, that the Base Indenture and the terms of the Bonds of a series, which include the Series UUU Bonds, and the rights of the Holders of the Bonds of a series, which may include the Holders of the Series UUU Bonds, in each case may be modified, with the written consent of the Holders of a majority in aggregate principal amount of the Bonds the terms of which or the rights of the Holders of which are to be modified. The Base Indenture also permits certain other amendments, modifications or waivers thereof only with the consent of each Outstanding Bond affected thereby, while certain other amendments or modifications may be made without the consent of any Holders of Bonds.

The Base Indenture also provides the Holders of sixty-six and two-thirds percent (66-2/3%) or more of principal amount of the Bonds then Outstanding of all such series under which an Event of Default shall have occurred, which may include the Series UUU Bonds, may, by a written instrument or instruments signed by such Holders and delivered to the Trustee and to the Company, waive any past Default or Event of Default under such series of Bonds and its consequences except an Event of Default in the payment of the principal of, premium, if any, or interest on any of the Bonds as and when the same shall become due by the terms of such Bonds, and upon such waiver such Default or Event of Default shall be deemed not to exist for any purpose of the Base Indenture or such series of Bonds.

Any such consent or waiver by the Holder of this Series UUU Bond shall be conclusive and binding upon such Holder and upon all future Holders of this Series UUU Bond and of any Series UUU Bond issued in lieu of or exchange, in respect of anything done, omitted or suffered by the Trustee in pursuance thereof.

11. DEFAULTS AND REMEDIES

Events of Default are set forth in the Base Indenture. If an Event of Default shall have occurred and be continuing, the Trustee upon the direction of Holders of not less than twenty-five percent (25%) aggregate principal amount of the Outstanding Bonds or the Holders of not less than twenty-five percent (25%) aggregate principal amount of the Outstanding Bonds, may, by notice in writing delivered to the Company (and to the Trustee if given by the Holders), declare the entire principal amount of Outstanding Bonds, premium, if any, and the interest accrued thereon immediately due and payable, and said entire principal, premium, if any, and interest shall thereupon become and be immediately due and payable.

Holders may not enforce the Base Indenture, the Supplemental Indenture or the Series UUU Bonds except as provided in the Base Indenture. The Trustee may refuse to enforce the Base Indenture, the Supplemental Indenture or the Series UUU Bonds unless it receives indemnity or security reasonably satisfactory

to it. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Outstanding Bonds may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any Default (except a Default in payment of principal or interest on any Bond, or in the payment of any sinking fund installment) if and so long as Responsible Officers in good faith determine that withholding notice is in the interest of the Holders.

12. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the TIA, the Trustee, in its individual or any other capacity, may become the owner or pledgee of the Series UUU Bonds and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

13. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of the Company or Parent shall have any liability for any obligations of the Company under the Base Indenture, the Supplemental Indenture or the Series UUU Bonds or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting the Series UUU Bonds waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Series UUU Bonds. Such waiver may not be effective to waive liabilities of directors, officers or persons controlling the Company under the federal securities laws and it is the view of the Commission that such waiver is against public policy and is therefore unenforceable.

14. GOVERNING LAW

The Series UUU Bonds shall be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to the principles of conflicts of laws thereunder, except to the extent that the TIA shall be applicable.

15. AUTHENTICATION

This Series UUU Bond shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Series UUU Bond.

16. ABBREVIATIONS

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. SECURITY INTEREST

The Series UUU Bonds shall be secured to the extent and in the manner provided by the Base Indenture.

The Company shall furnish to any Holder upon written request and without charge to the Holder a copy of the Base Indenture and the Supplemental Indenture. Requests may be made to:

CALIFORNIA WATER SERVICE COMPANY
1720 North First Street
San Jose, CA 95112
Attention: Corporate Secretary

ASSIGNMENT FORM

To assign this Series UUU Bond, fill in the form below:

I or we assign and transfer this Series UUU Bond to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Series UUU Bond on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Signature Guarantee: _____

(Signature must be guaranteed by a
participant in a recognized signature
guarantee medallion program)

Sign exactly as your name appears on the other side of this Series UUU Bond.

EXHIBIT B

The resignations of Wells Fargo Bank, National Association and Security Pacific National Bank, as trustees, and the acceptance of Bank of America National Trust and Savings Association as successor trustee have been recorded in the offices of the Recorders of the following counties and city and county of the State of California on the respective dates and in the respective books of record and/or as the respective document numbers hereinafter set forth as follows:

<u>County or Page City and County</u>	<u>Date of Recordation</u>	<u>Document No.</u>	<u>Book and (Reel-Image)</u>
Alameda	August 1, 1983	83-137410	
Butte	August 1, 1983	83-25375	2851-200
Fresno	August 2, 1983	83069489	
Glenn	August 1, 1983	3329	729-170
Kern	August 2, 1983	12487	5576-522
Los Angeles	August 2, 1983	83-887733	
Monterey	August 1, 1983	Pg. 34173	1655-830
City and County of San Francisco	August 1, 1983	D 376552	D559-205
San Joaquin	August 10, 1983	83058347	
San Mateo	August 1, 1983	83080322	
Santa Clara	August 1, 1983	7766085	H770-413
Solano	August 1, 1983	32353	Pg. 61300
Sonoma	August 1, 1983	83-50597	83-50597
Tulare	August 1, 1983	35981	4093-763
Ventura	November 15, 1983		130201
Yuba	August 1, 1983	1056	805-423

On December 15, 1995, Bank of America National Trust and Savings Association, transferred substantially all of its corporate trust business to First Trust of California, National Association. On March 30, 1998, First Trust of California, National Association changed its name to U.S. Bank Trust National Association, San Francisco. On January 10, 2002, U.S. Bank Trust National Association, San Francisco, merged with and into U.S. Bank National Association as successor trustee. Evidence of the above and U.S. Bank National Association's status as successor trustee have been recorded in the offices of the Recorders of the following counties of the State of California on the respective dates and in the respective books of record and/or as the respective document numbers hereinafter set forth as follows:

County	<u>Date of Recordation</u>	<u>Document No.</u>	<u>Book and (Reel-Image)</u>
Fresno	March 9, 2009	2009-0032066	
Lake	March 10, 2009	2009003530	
Los Angeles	March 9, 2009	2009-03216507	
Monterey	March 9, 2009	2009013888	
San Joaquin	March 9, 2009	2009-038049	
San Mateo	March 18, 2009	2009-030163	
Solano	March 12, 2009	200900018231	
Sonoma	March 9, 2009	2009019936	
Tulare	March 9, 2009	2009-0013707	
Ventura	March 9, 2009	20090309-00035462-0	

EXHIBIT C

The First through Sixtieth Supplemental Indentures (or memoranda thereof) have been recorded in the offices of the Recorders of the following counties and city and county of the State of California on the respective dates and in the respective books of record and/or as the respective document numbers hereinafter set forth, as follows:

First Supplemental Indenture

<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Page at Which Record Commences</u>	<u>County</u>
January 7, 1929		40	432 Kings
January 7, 1929		157	256 Contra Costa

Second Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Kings	August 20, 1929		48 442
Butte	August 20, 1929		116 389
Glenn	August 20, 1929		17 179
Alameda	August 20, 1929		2173 334
Tulare	August 20, 1929		337 88
Kern	August 21, 1929		320 95
Contra Costa	August 20, 1929		208 198

Third Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Yuba	February 28, 1930		9
City and County of San Francisco	February 28, 1930		1985 257

Fourth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
San Mateo	July 17, 1931		537 1
City and County of San Francisco	July 20, 1931		2232 284
Santa Clara	July 17, 1931		576 175

Fifth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
City and County of San Francisco	March 31, 1932	2359	17
Yuba	April 6, 1932	12	469
Sonoma	April 6, 1932	320	39
Alameda	April 6, 1932	2808	77
Tulare	April 6, 1932	466	381
Los Angeles	April 6, 1932	11543	85
San Joaquin	April 6, 1932	397	375
Santa Clara	April 6, 1932	606	464
San Mateo	April 6, 1932	553	492
Butte	April 6, 1932	83	489
Kings	April 6, 1932	87	292
Glenn	April 6, 1932	43	123
Shasta	April 6, 1932	74	10
Contra Costa	April 6, 1932	299	449
Kern	April 6, 1932	428	473
Solano	April 6, 1932	89	66

Sixth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	June 15, 1936	3314	406
Butte	June 15, 1936	167	1
Contra Costa	June 15, 1936	418	12
Glenn	June 15, 1936	82	73
Kern	June 15, 1936	643	64
Kings	June 15, 1936	151	241
Los Angeles	June 15, 1936	14153	291
City and County of San Francisco	June 15, 1936	2972	1
San Joaquin	June 15, 1936	542	53
San Mateo	June 15, 1936	703	1
Santa Clara	June 15, 1936	777	137
Shasta	June 15, 1936	108	134
Solano	June 15, 1936	161	1
Sonoma	June 15, 1936	412	160
Tulare	June 15, 1936	682	1
Yuba	June 15, 1936	35	25

Seventh Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Los Angeles	May 1, 1939	16572	206
City and County of San Francisco	May 2, 1939	3450	93
San Mateo	May 2, 1939	840	94
Sonoma	May 2, 1939	477	108
Kern	May 2, 1939	869	12

Eighth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	November 3, 1945	4780	134
Butte	November 2, 1945	380	1
Contra Costa	November 3, 1945	874	1
Fresno	February 21, 1962	4681	226
Glenn	November 2, 1945	191	1
Kern	November 2, 1945	1292	1
Kings	November 1, 1945	342	21
Los Angeles	November 2, 1945	22396	251
Monterey	February 21, 1962	Reel 23	1
City and County of San Francisco	November 2, 1945	4346	103
San Joaquin	November 3, 1945	960	21
San Mateo	November 3, 1945	1231	1
Santa Clara	November 1, 1945	1267	583
Solano	November 3, 1945	344	6
Sonoma	November 3, 1945	665	21
Tulare	November 3, 1945	1141	382
Ventura	November 15, 1983	Doc. No. 130177	
Yuba	November 3, 1945	94	23

Ninth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	August 31, 1951	6525	237
Butte	August 30, 1951	603	1
Contra Costa	August 30, 1951	1814	508
Fresno	February 21, 1962	4681	437
Glenn	August 30, 1951	266	63
Kern	August 29, 1951	1840	373
Kings	August 30, 1951	502	228
Los Angeles	August 29, 1951	37102	345
Monterey	February 21, 1962	Reel 23	207
City and County of San Francisco	August 30, 1951	5773	355
San Joaquin	August 30, 1951	1372	123
San Mateo	August 30, 1951	2150	298
Santa Clara	August 30, 1951	2275	295
Solano	August 31, 1951	592	136
Sonoma	August 31, 1951	1072	420
Tulare	August 30, 1951	1539	528
Ventura	November 15, 1983	Doc. No. 130178	
Yuba	August 31, 1951	155	177

Tenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	July 10, 1953	7078	451
Butte	July 9, 1953	679	45
Contra Costa	July 9, 1953	2157	453
Fresno	February 21, 1962	4681	540
Glenn	July 9, 1953	297	139
Kern	July 8, 1953	2102	215
Kings	July 9, 1953	561	249
Los Angeles	July 8, 1953	42134	371
Monterey	February 21, 1962	Reel 23	314
City and County of San Francisco	July 9, 1953	6190	21
San Joaquin	July 9, 1953	1540	523
San Mateo	July 10, 1953	2443	248
Santa Clara	July 9, 1953	2680	50
Solano	July 9, 1953	677	4
Sonoma	July 10, 1953	1218	348
Tulare	July 9, 1953	1686	314
Ventura	November 15, 1983	Doc. No. 130179	
Yuba	July 10, 1953	181	1

Eleventh Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	August 20, 1954	7404	181
Butte	August 20, 1954	732	496
Contra Costa	August 20, 1954	2368	164
Fresno	February 21, 1962	4681	604
Glenn	August 20, 1954	314	369
Kern	August 20, 1954	2278	74
Kings	August 20, 1954	594	449
Los Angeles	August 19, 1954	45365	64
Monterey	February 21, 1962	Reel 23	377
City and County of San Francisco	August 20, 1954	6435	421
San Joaquin	August 20, 1954	1662	316
San Mateo	August 19, 1954	2636	330
Santa Clara	August 20, 1954	2942	331
Solano	August 19, 1954	728	10
Sonoma	August 20, 1954	1290	234
Tulare	August 20, 1954	1772	388
Ventura	November 15, 1983	Document No. 130180	
Yuba	August 20, 1954	195	490

Twelfth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	October 7, 1955	7806	501
Butte	October 7, 1955	794	9
Contra Costa	October 7, 1955	2625	417
Fresno	February 21, 1962	4681	665
Glenn	October 7, 1955	331	350
Kern	October 6, 1955	2498	171
Kings	October 7, 1955	628	1
Los Angeles	October 6, 1955	49158	316
Monterey	February 21, 1962	Reel 23	439
City and County of San Francisco	October 7, 1955	6711	525
San Joaquin	October 7, 1955	1797	300
San Mateo	October 7, 1955	2890	480
Santa Clara	October 7, 1955	3299	406
Solano	October 7, 1955	792	422
Sonoma	October 7, 1955	1384	2
Tulare	October 7, 1955	1864	548
Ventura	November 15, 1983	Doc. No. 130181	
Yuba	October 7, 1955	213	593

Thirteenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	December 7, 1956	8226	15
Butte	December 7, 1956	859	117
Contra Costa	December 7, 1956	2894	20
Fresno	February 21, 1962	4681	729
Glenn	December 7, 1956	348	217
Kern	December 6, 1956	2699	390
Kings	December 7, 1956	666	316
Los Angeles	December 6, 1956	53054	61
Monterey	February 21, 1962	Reel 23	503
City and County of San Francisco	December 10, 1956	6970	41
San Joaquin	December 7, 1956	1925	1
San Mateo	December 7, 1956	3140	258
Santa Clara	December 7, 1956	3680	1
Solano	December 7, 1956	860	189
Sonoma	December 7, 1956	1489	28
Tulare	December 7, 1956	1961	551
Ventura	November 15, 1983	Doc. No. 130182	
Yuba	December 7, 1956	233	65

Fourteenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	March 20, 1964	Reel 1155	Image 2
Butte	March 20, 1964	1303	8
Contra Costa	March 20, 1964	4578	360
Fresno	March 20, 1964	4980	337
Glenn	March 20, 1964	463	1
Kern	March 19, 1964	3706	1
Los Angeles	March 19, 1964	D2401	6
Monterey	March 20, 1964	Reel 299	230
City and County of San Francisco	March 20, 1964	A734	966
San Joaquin	March 20, 1964	2801	126
San Mateo	March 19, 1964	4670	563
Santa Clara	March 20, 1964	6432	567
Solano	March 20, 1964	1259	331
Sonoma	March 19, 1964	2031	757
Tulare	March 20, 1964	2491	437
Ventura	November 15, 1983	Doc. No. 130183	
Yuba	March 20, 1964	389	535

Fifteenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	November 4, 1965	1635	610
Butte	November 4, 1965	1398	67
Contra Costa	November 4, 1965	4987	469
Fresno	November 4, 1965	5236	699
Glenn	November 4, 1965	483	194
Kern	November 3, 1965	3889	476
Los Angeles	November 3, 1965	D3104	7
Monterey	November 4, 1965	432	526
City and County of San Francisco	November 4, 1965	A983	431
San Joaquin	November 4, 1965	2996	13
San Mateo	November 4, 1965	5056	588
Santa Clara	November 4, 1965	7166	234
Solano	November 3, 1965	1366	547
Sonoma	November 3, 1965	2167	261
Tulare	November 4, 1965	2619	12
Ventura	November 15, 1983	Doc. No. 130184	
Yuba	November 4, 1965	422	562

Sixteenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	December 2, 1966	1881	788
Butte	December 2, 1966	1452	13
Contra Costa	December 2, 1966	5256	298
Fresno	December 2, 1966	5383	432
Glenn	December 2, 1966	495	555
Kern	December 1, 1966	3999	845
Los Angeles	December 1, 1966	D3496	236
Monterey	December 2, 1966	485	472
City and County of San Francisco	December 2, 1966	B101	10
San Joaquin	December 2, 1966	3090	511
San Mateo	December 2, 1966	5244	411
Santa Clara	December 2, 1966	7579	440
Solano	December 1, 1966	1429	482
Sonoma	December 1, 1966	2243	434
Tulare	December 2, 1966	2686	249
Ventura	November 15, 1983	Doc. No. 130185	
Yuba	December 2, 1966	443	434

Seventeenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	April 2, 1968	2154	273
Butte	April 2, 1968	1511	632
Contra Costa	April 2, 1968	5593	177
Fresno	April 3, 1968	5554	654
Glenn	April 2, 1968	507	326
Kern	April 3, 1968	4147	264
Los Angeles	April 2, 1968	D3959	10
Monterey	April 2, 1968	551	580
City and County of San Francisco	April 2, 1968	B230	362
San Joaquin	April 2, 1968	3199	132
San Mateo	April 2, 1968	5453	1
Santa Clara	April 2, 19688076	99	
Solano	April 1, 1968	1501	35
Sonoma	April 3, 1968	2323	446
Tulare	April 3, 1968	2773	415
Ventura	November 15, 1983	Doc. No. 130186	
Yuba	April 2, 1968	465	122

Eighteenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	April 3, 1970	2592	708
Butte	April 6, 1970	1608	505
Contra Costa	April 3, 1970	6099	58
Fresno	April 3, 1970	5775	371
Glenn	April 6, 1970	524	168
Kern	April 3, 1970	4384	72
Los Angeles	April 6, 1970	D4677	518
Monterey	April 6, 1970	645	921
City and County of San Francisco	April 6, 1970	B414	258
San Joaquin	April 3, 1970	3381	569
San Mateo	April 3, 1970	5766	1
Santa Clara	April 3, 1970	8878	585
Solano	April 3, 1970	1618	477
Sonoma	April 3, 1970	2453	531
Tulare	April 3, 1970	2889	894
Ventura	November 15, 1983	Doc. No. 130187	
Yuba	April 6, 1970	497	84

Nineteenth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	June 10, 1970	2632	835
Butte	June 11, 1970	1618	2
Contra Costa	June 10, 1970	6146	1
Fresno	June 10, 1970	5793	233
Glenn	June 11, 1970	526	170
Kern	June 9, 1970	4405	724
Los Angeles	June 10, 1970	D4736	731
Monterey	June 10, 1970	653	890
City and County of San Francisco	June 11, 1970	B430	928
San Joaquin	June 10, 1970	3402	124
San Mateo	June 10, 1970	5792	57
Santa Clara	June 11, 1970	8949	586
Solano	June 10, 1970	1629	158
Sonoma	June 10, 1970	2465	923
Tulare	June 10, 1970	2898	231
Ventura	November 15, 1983	Doc. No. 130188	
Yuba	June 11, 1970	500	77

Twentieth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	April 2, 1971	2820	92
Butte	April 2, 1971	1667	102
Contra Costa	April 2, 1971	6351	138
Fresno	April 2, 1971	5880	820
Glenn	April 2, 1971	533	530
Kern	April 1, 1971	4509	30
Los Angeles	April 1, 1971	D5014	368
Monterey	April 2, 1971	695	719
City and County of San Francisco	April 5, 1971	B507	812
San Joaquin	April 5, 1971	3509	305
San Mateo	April 2, 1971	5919	363
Santa Clara	April 2, 1971	9278	182
Solano	April 5, 1971	1677	384
Sonoma	April 2, 1971	2524	671
Tulare	April 2, 1971	2959	373
Ventura	November 15, 1983	Doc. No. 130189	
Yuba	April 2, 1971	513	81

Twenty-first Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	December 14, 1972	3298	449
Butte	December 14, 1972	1805	96
Contra Costa	December 14, 1972	6821	129
Fresno	December 14, 1972	6104	2
Glenn	December 14, 1972	554	371
Kern	December 15, 1972	4757	356
Los Angeles	December 14, 1972	D5698	815
Monterey	December 14, 1972	815	838
City and County of San Francisco	December 14, 1972	B708	675
San Joaquin	December 14, 1972	3718	161
San Mateo	December 14, 1972	6289	367
Santa Clara	December 14, 1972	154	435
Solano	December 15, 1972	1795	147
Sonoma	December 14, 1972	2719	547
Tulare	December 14, 1972	3075	674
Ventura	November 15, 1983	Doc. No. 130190	
Yuba	December 14, 1972	546	360

Twenty-second Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	December 27, 1972	3306	930
Butte	December 27, 1972	1807	385
Contra Costa	December 27, 1972	6829	150
Fresno	December 27, 1972	6108	355
Glenn	December 27, 1972	555	69
Kern	December 29, 1972	4762	140
Los Angeles	December 27, 1972	D5710	690
Monterey	December 27, 1972	818	40
City and County of San Francisco	December 27, 1972	B712	707
San Joaquin	December 27, 1972	3721	317
San Mateo	December 27, 1972	6296	114
Santa Clara	December 27, 1972	171	29
Solano	December 29, 1972	1797	530
Sonoma	December 27, 1972	2722	782
Tulare	December 27, 1972	3078	118
Ventura	November 15, 1983	Doc. No. 130191	
Yuba	December 27, 1972	547	158

Twenty-third Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	December 27, 1972	3307	1
Butte	December 27, 1972	1807	433
Contra Costa	December 27, 1972	6829	197
Fresno	December 27, 1972	6108	307
Glenn	December 27, 1972	555	116
Kern	December 27, 1972	4762	187
Los Angeles	December 27, 1972	D5710	737
Monterey	December 27, 1972	818	87
City and County of San Francisco	December 27, 1972	B712	733
San Joaquin	December 27, 1972	3721	269
San Mateo	December 27, 1972	6296	161
Santa Clara	December 27, 1972	171	76
Solano	December 27, 1972	1797	577
Sonoma	December 27, 1972	2722	830
Tulare	December 27, 1972	3078	165
Ventura	November 15, 1983	Doc. No. 130192	
Yuba	December 27, 1972	547	205

Twenty-fourth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	March 22, 1974	3635	156
Butte	March 22, 1974	1896	665
Contra Costa	March 22, 1974	7183	54
Fresno	March 22, 1974	6279	513
Glenn	March 22, 1974	570	163
Kern	March 22, 1974	4832	519
Los Angeles	March 22, 1974	D6209	133
Monterey	March 22, 1974	902	1
City and County of San Francisco	March 22, 1974	B866	907
San Joaquin	March 22, 1974	3856	1
San Mateo	March 22, 1974	6574	611
Santa Clara	March 22, 1974	815	125
Solano	March 22, 1974	1974	11482
Sonoma	March 22, 1974	2847	542
Tulare	March 22, 1974	3166	315
Ventura	November 15, 1983	Doc. No. 130193	
Yuba	March 22, 1974	571	423

Twenty-fifth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	June 20, 1975	4007	676
Butte	June 20, 1975	1995	455
Contra Costa	June 20, 1975	7543	54
Fresno	June 20, 1975	6447	21
Glenn	June 20, 1975	587	128
Kern	June 20, 1975	4901	154
Los Angeles	June 20, 1975	D6698	184
Monterey	June 20, 1975	985	335
City and County of San Francisco	June 20, 1975	C30	188
San Joaquin	June 20, 1975	3996	258
San Mateo	June 20, 1975	6872	1
Santa Clara	June 20, 1975	B474	219
Solano	June 20, 1975	1975	25377
Sonoma	June 20, 1975	2970	761
Tulare	June 20, 1975	3249	11
Ventura	November 15, 1983	Doc. No. 130195	
Yuba	June 20, 1975	595	695

Twenty-sixth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	June 10, 1976	4397	342
Butte	June 10, 1976	2077	441
Contra Costa	June 10, 1976	7896	746
Fresno	June 11, 1976	6608	364
Glenn	June 10, 1976	600	137
Kern	June 11, 1976	4960	1166
Los Angeles	June 10, 1976	10257	734
Monterey	June 10, 1976	1060	798
City and County of San Francisco	June 10, 1976	C184	1
San Joaquin	June 10, 1976	4136	42
San Mateo	June 10, 1976	7151	667
Santa Clara	June 10, 1976	C073	688
Solano	June 10, 1976	1976	31463
Sonoma	June 10, 1976	3089	913
Tulare	June 10, 1976	3326	626
Ventura	November 15, 1983	Doc. No. 130195	
Yuba	June 10, 1976	616	512

Twenty-seventh Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	March 24, 1978	5312	57
Butte	March 24, 1978	2268	279
Fresno	March 27, 1978	6997	25
Glenn	March 24, 1978	626	594
Kern	March 24, 1978	5098	1124
Los Angeles	March 24, 1978	Doc. No. 78-310554	
Monterey	March 24, 1978	1227	755
City and County of San Francisco	March 24, 1978	C538	664
San Joaquin	March 27, 1978	4377	286
San Mateo	March 24, 1978	7728	715
Santa Clara	March 24, 1978	D549	102
Solano	March 24, 1978	21803	73
Sonoma	March 24, 1978	3371	634
Tulare	March 27, 1978	3315	618
Ventura	November 15, 1983	Doc. No. 130196	
Yuba	March 24, 1978	662	589

Twenty-eighth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	August 28, 1978	5551	62
Butte	August 28, 1978	2318	170
Fresno	August 28, 1978	7107	2
Glenn	August 28, 1978	633	666
Kern	August 28, 1978	5135	674
Los Angeles	August 28, 1978	Doc. No. 78-951209	
Monterey	August 28, 1978	1270	1030
City and County of San Francisco	August 28, 1978	C631	740
San Joaquin	August 28, 1978	4442	141
San Mateo	August 28, 1978	7774	1709
Santa Clara	August 28, 1978	D914	715
Solano	August 28, 1978	71420	
Sonoma	August 28, 1978	3445	337
Tulare	August 28, 1978	3566	14
Ventura	November 15, 1983	Doc. No. 130197	
Yuba	August 28, 1978	675	331

Twenty-ninth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Volume of Official Records</u>	<u>Pages At Which Record Commences</u>
Alameda	March 28, 1980	80-055698	
Butte	March 28, 1980	2500	503
Fresno	March 31, 1980	7494	230
Glenn	March 31, 1980	663	509
Kern	March 28, 1980	5275	818
Los Angeles	March 31, 1980	Doc. No. 80-318971	
Monterey	March 31, 1980	1399	636
City and County of San Francisco	March 28, 1980	C970	327
San Joaquin	March 31, 1980	80020795	
San Mateo	March 28, 1980	7948	1952
Santa Clara	March 28, 1980	F233	366
Solano	March 28, 1980	23159	
Sonoma	March 28, 1980	80-18782	
Tulare	March 31, 1980	3753	500
Ventura	November 15, 1983	Doc. No. 130198	
Yuba	March 28, 1980	722	625

Thirtieth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	January 2, 1981	81-000002	
Butte	January 2, 1981	81-113	2583-250
Fresno	January 2, 1981	401	7651-362
Glenn	January 2, 1981	23	678-226
Kern	January 5, 1981	286	5342-1512
Los Angeles	January 2, 1981	81-2293	
Monterey	January 2, 1981	G00066	1456-551
City and County of San Francisco	December 31, 1980	D044298	D127-551
San Joaquin	January 2, 1981	81000191	
San Mateo	January 2, 1981	0507AS	
Santa Clara	January 2, 1981	6941984	F825-269
Solano	January 2, 1981	60 Pg. 90-156	
Sonoma	January 2, 1981	81-000131	
Tulare	January 2, 1981	189	3828-412
Ventura	November 15, 1983	130199	
Yuba	January 2, 1981	7644	743-99

Thirty-first Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	May 4, 1982	82-064230	
Butte	May 4, 1982	82-12318	2715-529
Fresno	May 3, 1982	37212	7901-572
Glenn	May 4, 1982	1908	704-299
Kern	May 3, 1982	40614	5456-1478
Los Angeles	May 3, 1982	82-445736	
Monterey	May 3, 1982	G17137	1549-234
City and County of San Francisco	May 3, 1982	D198127	D392-276
San Joaquin	May 4, 1982	82022803	
San Mateo	May 3, 1982	82035410	
Santa Clara	May 3, 1982	7353398	
Solano	May 3, 1982	15522	Pg. 26792
Sonoma	May 3, 1982	82-23083	
Tulare	May 3, 1982	19242	3961-163
Ventura	November 15, 1983	130200	
Yuba	May 3, 1982	10984	775-263

Thirty-second Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	October 13, 1983	83-191597	
Butte	October 13, 1983	83-34081	2874-684
Fresno	October 13, 1983	83095135	
Glenn	October 13, 1983	4435	733-446
Kern	October 13, 1983	41161	5597-658
Los Angeles	October 13, 1983	83-1208172	
Monterey	October 13, 1983	G46236	1674-1194
City and County of San Francisco	October 13, 1983	D408975	
San Joaquin	October 13, 1983	83074718	
San Mateo	October 13, 1983	83112077	
Santa Clara	October 13, 1983	780561	H980-717
Solano	October 13, 1983	45171	Pg 85369
Sonoma	October 13, 1983	83069362	
Tulare	October 13, 1983	51515	4120-726
Ventura	October 13, 1983	117059	
Ventura re-recorded	November 15, 1983	130202	
Yuba	October 13, 1983	3764	810-614

Thirty-third Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	September 13, 1988	88-232083	
Butte	September 13, 1988	88-031123	
Fresno	September 13, 1988	88101543	
Glenn	September 13, 1988	88-4023	
Kern	September 13, 1988	31355	6162-1754
Los Angeles	September 13, 1988	88-1464893	
Monterey	September 13, 1988	47561	2273-660
City and County of San Francisco	September 13, 1988	E243818	
San Joaquin	September 13, 1988	88077190	
San Mateo	September 13, 1988	88120443	
Santa Clara	September 13, 1988	9833944	
Solano	September 13, 1988	54422	1988-117737
Sonoma	September 13, 1988	88-77182	
Tulare	September 13, 1988	58120	4745-662
Ventura	September 13, 1988	88-133327	
Yuba	September 13, 1988	2818	

Thirty-fourth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	December 20, 1990	90-332019	
Butte	December 20, 1990	90-054231	
Fresno	December 20, 1990	90155101	
Glenn	December 21, 1990	90-6395	
Kern	December 20, 1990	85807	6468-709
Los Angeles	December 20, 1990	90-2094360	
Monterey	December 20, 1990	73725	2589-678
City and County of San Francisco	December 20, 1990	E836831	F276-480
San Joaquin	December 20, 1990	90122496	
San Mateo	December 20, 1990	90165083	
Santa Clara	December 21, 1990	10758142	
Solano	December 20, 1990	99015	1990
Sonoma	December 20, 1990	90-122784	
Tulare	December 20, 1990	83069	
Ventura	December 20, 1990	90-187399	
Yuba	December 20, 1990	90-14553	

Thirty-fifth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	November 3, 1992	92-358477	
Butte	November 3, 1992	92-050443	
Fresno	November 3, 1992	92167544	
Glenn	November 3, 1992	92-5920	
Kern	November 3, 1992	167635	6757-1488
Los Angeles	November 3, 1992	92-2022769	
Monterey	November 3, 1992	78604	2867-956
City and County of San Francisco	November 3, 1992	F237077	
San Joaquin	November 2, 1992	92127961	
San Mateo	November 3, 1992	92180648	
Santa Clara	November 3, 1992	11617179	
Solano	November 3, 1992	101527	
Sonoma	November 3, 1992	1992-137370	
Tulare	November 3, 1992	92-081425	
Ventura	November 3, 1992	92-198950	
Yuba	November 3, 1992	92-13796	

Thirty-sixth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	June 9, 1993	93-202253	
Butte	June 9, 1993	93-023408	
Fresno	June 9, 1993	93086809	
Glenn	June 10, 1993	93-2925	
Kern	June 9, 1993	82236	6859-1043
Los Angeles	June 9, 1993	93-1098735	
Monterey	June 9, 1993	38484	
City and County of San Francisco	June 9, 1993	F371252	F896-0727
San Joaquin	June 9, 1993	93067318	
San Mateo	June 9, 1993	93094357	
Santa Clara	June 9, 1993	11944269	
Solano	June 9, 1993	93-51895	
Sonoma	June 9, 1993	93-71358	
Tulare	June 9, 1993	93-040396	
Ventura	June 9, 1993	93-104242	
Yuba	June 9, 1993	93-06640	

Thirty-seventh Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	September 28, 1993	93342967	
Butte	September 28, 1993	93-041800	
Fresno	September 28, 1993	93148269	
Glenn	September 28, 1993	93-5140	
Kern	September 28, 1993	140436	6915-188
Los Angeles	September 28, 1993	93-1891500	
Monterey	September 28, 1993	66464	
City and County of San Francisco	September 28, 1993	F456929	F973-511
San Joaquin	September 28, 1993	93111959	
San Mateo	September 28, 1993	93164391	
Santa Clara	September 28, 1993	12128051	
Solano	September 28, 1993	93-88880	1993
Sonoma	September 28, 1993	93-121864	
Tulare	September 28, 1993	93-069108A	
Ventura	September 28, 1993	93-181168	
Yuba	September 28, 1993	93-11284	

Thirty-eighth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Alameda	November 2, 1993	93390873	
Butte	November 2, 1993	93-048806	
Fresno	November 2, 1993	93170561	
Glenn	November 2, 1993	93-5825	
Kern	November 2, 1993	162046	6935-2210
Lake	March 19, 2009	2009004258	
Los Angeles	November 2, 1993	93-2143052	
Monterey	November 2, 1993	77734	
City and County of San Francisco	November 2, 1993	F477371	F997-0471
San Joaquin	November 2, 1993	93129084	
San Mateo	November 2, 1993	93188734	
Santa Clara	November 2, 1993	12188841	
Solano	November 2, 1993	1993-104293	1993
Sonoma	November 2, 1993	93-140937	
Tulare	November 2, 1993	93-078948A	
Ventura	November 2, 1993	92-208807	
Yuba	November 2, 1993	93-12958	

Memorandum of Indenture referencing the First through Thirty-eighth Supplemental Indentures

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>	<u>(Reel Image)</u>
Marin	March 30, 2009	2009-0015722	

Thirty-ninth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119008
Butte	April 21, 2009	2009-0013432
Fresno	April 20, 2009	2009-0052637
Glenn	April 21, 2009	2009-1905
Kern	April 20, 2009	209055645
Lake	April 20, 2009	2009006046
Los Angeles	April 20, 2009	20090566180
Marin	April 22, 2009	2009-0020894
Monterey	April 20, 2009	2009023402
San Joaquin	April 20, 2009	2009-058460
San Mateo	April 20, 2009	2009-046297
Santa Clara	April 20, 2009	20217134
Solano	April 20, 2009	200900029003
Sonoma	April 20, 2009	2009035713
Tulare	April 20, 2009	2009-0023090
Ventura	April 20, 2009	20090420-00061689-0
Yuba	April 20, 2009	2009R-005256

Fortieth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119009
Butte	April 21, 2009	2009-0013433
Fresno	April 20, 2009	2009-0052638
Glenn	April 21, 2009	2009-1906
Kern	April 20, 2009	209055646
Lake	April 20, 2009	2009006047
Los Angeles	April 20, 2009	20090566181
Marin	April 22, 2009	2009-0020895
Monterey	April 20, 2009	2009023403
San Joaquin	April 20, 2009	2009-058461
San Mateo	April 20, 2009	2009-046298
Santa Clara	April 20, 2009	20217135
Solano	April 20, 2009	200900029004
Sonoma	April 20, 2009	2009035714
Tulare	April 20, 2009	2009-0023091
Ventura	April 20, 2009	20090420-00061690-0
Yuba	April 20, 2009	2009R-005257

Forty-first Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119010
Butte	April 21, 2009	2009-0013434
Fresno	April 20, 2009	2009-0052639
Glenn	April 21, 2009	2009-1907
Kern	April 20, 2009	209055647
Lake	April 20, 2009	2009006048
Los Angeles	April 20, 2009	20090566182
Marin	April 22, 2009	2009-0020896
Monterey	April 20, 2009	2009023404
San Joaquin	April 20, 2009	2009-058462
San Mateo	April 20, 2009	2009-046299
Santa Clara	April 20, 2009	20217136
Solano	April 20, 2009	200900029005
Sonoma	April 20, 2009	2009035715
Tulare	April 20, 2009	2009-0023092
Ventura	April 20, 2009	20090420-00061691-0
Yuba	April 20, 2009	2009R-005258

Forty-second Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119011
Butte	April 21, 2009	2009-0013435
Fresno	April 20, 2009	2009-0052640
Glenn	April 21, 2009	2009-1908
Kern	April 20, 2009	209055648
Lake	April 20, 2009	2009006049
Los Angeles	April 20, 2009	20090566183
Marin	April 22, 2009	2009-0020897
Monterey	April 20, 2009	2009023405
San Joaquin	April 20, 2009	2009-058463
San Mateo	April 20, 2009	2009-046300
Santa Clara	April 20, 2009	20217137
Solano	April 20, 2009	200900029006
Sonoma	April 20, 2009	2009035716
Tulare	April 20, 2009	2009-0023093
Ventura	April 20, 2009	20090420-00061692-0
Yuba	April 20, 2009	2009R-005259

Forty-third Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119012
Butte	April 21, 2009	2009-0013436
Fresno	April 20, 2009	2009-0052641
Glenn	April 21, 2009	2009-1909
Kern	April 20, 2009	209055649
Lake	April 20, 2009	2009006050
Los Angeles	April 20, 2009	20090566184
Marin	April 22, 2009	2009-0020898
Monterey	April 20, 2009	2009023406
San Joaquin	April 20, 2009	2009-058464
San Mateo	April 20, 2009	2009-046301
Santa Clara	April 20, 2009	20217138
Solano	April 20, 2009	200900029007
Sonoma	April 20, 2009	2009035717
Tulare	April 20, 2009	2009-0023094
Ventura	April 20, 2009	20090420-00061693-0
Yuba	April 20, 2009	2009R-005260

Forty-fourth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119013
Butte	April 21, 2009	2009-0013437
Fresno	April 20, 2009	2009-0052642
Glenn	April 21, 2009	2009-1910
Kern	April 20, 2009	209055650
Lake	April 20, 2009	2009006051
Los Angeles	April 20, 2009	20090566185
Marin	April 22, 2009	2009-0020899
Monterey	April 20, 2009	2009023407
San Joaquin	April 20, 2009	2009-058465
San Mateo	April 20, 2009	2009-046302
Santa Clara	April 20, 2009	20217139
Solano	April 20, 2009	200900029030
Sonoma	April 20, 2009	2009035718
Tulare	April 20, 2009	2009-0023095
Ventura	April 20, 2009	20090420-00061694-0
Yuba	April 20, 2009	2009R-005261

Forty-fifth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119014
Butte	April 21, 2009	2009-0013438
Fresno	April 20, 2009	2009-0052643
Glenn	April 21, 2009	2009-1911
Kern	April 20, 2009	209055651
Lake	April 20, 2009	2009006052
Los Angeles	April 20, 2009	20090566186
Marin	April 22, 2009	2009-0020900
Monterey	April 20, 2009	2009023408
San Joaquin	April 20, 2009	2009-058466
San Mateo	April 20, 2009	2009-046303
Santa Clara	April 20, 2009	20217140
Solano	April 20, 2009	200900029031
Sonoma	April 20, 2009	2009035719
Tulare	April 20, 2009	2009-0023096
Ventura	April 20, 2009	20090420-00061695-0
Yuba	April 20, 2009	2009R-005262

Forty-sixth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119015
Butte	April 21, 2009	2009-0013439
Fresno	April 20, 2009	2009-0052644
Glenn	April 21, 2009	2009-1912
Kern	April 20, 2009	209055652
Lake	April 20, 2009	2009006053
Los Angeles	April 20, 2009	20090566187
Marin	April 22, 2009	2009-0020901
Monterey	April 20, 2009	2009023409
San Joaquin	April 20, 2009	2009-058467
San Mateo	April 20, 2009	2009-046304
Santa Clara	April 20, 2009	20217141
Solano	April 20, 2009	200900029032
Sonoma	April 20, 2009	2009035720
Tulare	April 20, 2009	2009-0023097
Ventura	April 20, 2009	20090420-00061700-0
Yuba	April 20, 2009	2009R-005263

Forty-seventh Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119016
Butte	April 21, 2009	2009-0013440
Fresno	April 20, 2009	2009-0052645
Glenn	April 21, 2009	2009-1913
Kern	April 20, 2009	209055653
Lake	April 20, 2009	2009006054
Los Angeles	April 20, 2009	20090566188
Marin	April 22, 2009	2009-0020902
Monterey	April 20, 2009	2009023410
San Joaquin	April 20, 2009	2009-058468
San Mateo	April 20, 2009	2009-046305
Santa Clara	April 20, 2009	20217142
Solano	April 20, 2009	200900029033
Sonoma	April 20, 2009	2009035721
Tulare	April 20, 2009	2009-0023098
Ventura	April 20, 2009	20090420-00061699-0
Yuba	April 20, 2009	2009R-005264

Forty-eighth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119017
Butte	April 21, 2009	2009-0013441
Fresno	April 20, 2009	2009-0052646
Glenn	April 21, 2009	2009-1914
Kern	April 20, 2009	209055654
Lake	April 20, 2009	2009006055
Los Angeles	April 20, 2009	20090566189
Marin	April 22, 2009	2009-0020903
Monterey	April 20, 2009	2009023411
San Joaquin	April 20, 2009	2009-058469
San Mateo	April 20, 2009	2009-046306
Santa Clara	April 20, 2009	20217143
Solano	April 20, 2009	200900029034
Sonoma	April 20, 2009	2009035722
Tulare	April 20, 2009	2009-0023099
Ventura	April 20, 2009	20090420-00061698-0
Yuba	April 20, 2009	2009R-005265

Forty-ninth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119018
Butte	April 21, 2009	2009-0013442
Fresno	April 20, 2009	2009-0052647
Glenn	April 21, 2009	2009-1915
Kern	April 20, 2009	209055655
Lake	April 20, 2009	2009006056
Los Angeles	April 20, 2009	20090566190
Marin	April 22, 2009	2009-0020904
Monterey	April 20, 2009	2009023412
San Joaquin	April 20, 2009	2009-058470
San Mateo	April 20, 2009	2009-046307
Santa Clara	April 20, 2009	20217144
Solano	April 20, 2009	200900029041
Sonoma	April 20, 2009	2009035723
Tulare	April 20, 2009	2009-0023100
Ventura	April 20, 2009	20090420-00061697-0
Yuba	April 20, 2009	2009R-005266

Fiftieth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119019
Butte	April 21, 2009	2009-0013443
Fresno	April 20, 2009	2009-0052648
Glenn	April 21, 2009	2009-1916
Kern	April 20, 2009	209055656
Lake	April 20, 2009	2009006057
Los Angeles	April 20, 2009	20090566191
Marin	April 22, 2009	2009-0020905
Monterey	April 20, 2009	2009023413
San Joaquin	April 20, 2009	2009-058471
San Mateo	April 20, 2009	2009-046308
Santa Clara	April 20, 2009	20217145
Solano	April 20, 2009	200900029042
Sonoma	April 20, 2009	2009035724
Tulare	April 20, 2009	2009-0023101
Ventura	April 20, 2009	20090420-00061696-0
Yuba	April 20, 2009	2009R-005267

Fifty-first Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119020
Butte	April 21, 2009	2009-0013444
Fresno	April 20, 2009	2009-0052649
Glenn	April 21, 2009	2009-1917
Kern	April 20, 2009	209055657
Lake	April 20, 2009	2009006058
Los Angeles	April 20, 2009	20090566192
Marin	April 22, 2009	2009-0020906
Monterey	April 20, 2009	2009023414
San Joaquin	April 20, 2009	2009-058472
San Mateo	April 20, 2009	2009-046309
Santa Clara	April 20, 2009	20217146
Solano	April 20, 2009	200900029043
Sonoma	April 20, 2009	2009035725
Tulare	April 20, 2009	2009-0023102
Ventura	April 20, 2009	20090420-00061707-0
Yuba	April 20, 2009	2009R-005268

Fifty-second Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119021
Butte	April 21, 2009	2009-0013445
Fresno	April 20, 2009	2009-0052650
Glenn	April 21, 2009	2009-1918
Kern	April 20, 2009	209055658
Lake	April 20, 2009	2009006059
Los Angeles	April 20, 2009	20090566193
Marin	April 22, 2009	2009-0020907
Monterey	April 20, 2009	2009023415
San Joaquin	April 20, 2009	2009-058473
San Mateo	April 20, 2009	2009-046310
Santa Clara	April 20, 2009	20217147
Solano	April 20, 2009	200900029044
Sonoma	April 20, 2009	2009035726
Tulare	April 20, 2009	2009-0023103
Ventura	April 20, 2009	20090420-00061706-0
Yuba	April 20, 2009	2009R-005269

Fifty-third Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119022
Butte	April 21, 2009	2009-0013446
Fresno	April 20, 2009	2009-0052651
Glenn	April 21, 2009	2009-1919
Kern	April 20, 2009	209055659
Lake	April 20, 2009	2009006060
Los Angeles	April 20, 2009	20090566194
Marin	April 22, 2009	2009-0020908
Monterey	April 20, 2009	2009023416
San Joaquin	April 20, 2009	2009-058474
San Mateo	April 20, 2009	2009-046311
Santa Clara	April 20, 2009	20217148
Solano	April 20, 2009	200900029045
Sonoma	April 20, 2009	2009035727
Tulare	April 20, 2009	2009-0023104
Ventura	April 20, 2009	20090420-00061705-0
Yuba	April 20, 2009	2009R-005270

Fifty-fourth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119023
Butte	April 21, 2009	2009-0013447
Fresno	April 20, 2009	2009-0052652
Glenn	April 21, 2009	2009-1920
Kern	April 20, 2009	209055660
Lake	April 20, 2009	2009006061
Los Angeles	April 20, 2009	20090566195
Marin	April 22, 2009	2009-0020909
Monterey	April 20, 2009	2009023417
San Joaquin	April 20, 2009	2009-058475
San Mateo	April 20, 2009	2009-046312
Santa Clara	April 20, 2009	20217149
Solano	April 20, 2009	200900029061
Sonoma	April 20, 2009	2009035728
Tulare	April 20, 2009	2009-0023105
Ventura	April 20, 2009	20090420-00061704-0
Yuba	April 20, 2009	2009R-005271

Fifty-fifth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119024
Butte	April 21, 2009	2009-0013448
Fresno	April 20, 2009	2009-0052653
Glenn	April 21, 2009	2009-1921
Kern	April 20, 2009	209055661
Lake	April 20, 2009	2009006062
Los Angeles	April 20, 2009	20090566196
Marin	April 22, 2009	2009-0020910
Monterey	April 20, 2009	2009023418
San Joaquin	April 20, 2009	2009-058476
San Mateo	April 20, 2009	2009-046313
Santa Clara	April 20, 2009	20217150
Solano	April 20, 2009	200900029064
Sonoma	April 20, 2009	2009035729
Tulare	April 20, 2009	2009-0023106
Ventura	April 20, 2009	20090420-00061703-0
Yuba	April 20, 2009	2009R-005272

Fifty-sixth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119025
Butte	April 21, 2009	2009-0013449
Fresno	April 20, 2009	2009-0052654
Glenn	April 21, 2009	2009-1922
Kern	April 20, 2009	209055662
Lake	April 20, 2009	2009006063
Los Angeles	April 20, 2009	20090566197
Marin	April 22, 2009	2009-0020911
Monterey	April 20, 2009	2009023419
San Joaquin	April 20, 2009	2009-058477
San Mateo	April 20, 2009	2009-046314
Santa Clara	April 20, 2009	20217151
Solano	April 20, 2009	200900029063
Sonoma	April 20, 2009	2009035730
Tulare	April 20, 2009	2009-0023107
Ventura	April 20, 2009	20090420-00061702-0
Yuba	April 20, 2009	2009R-005273

Fifty-seventh Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	April 22, 2009	2009119026
Butte	April 21, 2009	2009-0013450
Fresno	April 20, 2009	2009-0052655
Glenn	April 21, 2009	2009-1923
Kern	April 20, 2009	209055663
Lake	April 20, 2009	2009006064
Los Angeles	April 20, 2009	20090566198
Marin	April 22, 2009	2009-0020912
Monterey	April 20, 2009	2009023420
San Joaquin	April 20, 2009	2009-058478
San Mateo	April 20, 2009	2009-046315
Santa Clara	April 20, 2009	20217152
Solano	April 20, 2009	200900029062
Sonoma	April 20, 2009	2009035731
Tulare	April 20, 2009	2009-0023108
Ventura	April 20, 2009	20090420-00061701-0
Yuba	April 20, 2009	2009R-005274

Fifty-eighth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	November 23, 2010	2010346038
Butte	November 23, 2010	2010-0040947
Fresno	November 23, 2010	2010-0156840
Glenn	November 23, 2010	2010-5034
Kern	November 23, 2010	210163117
Lake	November 23, 2010	2010017941
Los Angeles	November 23, 2010	20101697409
Marin	November 23, 2010	2010-0060238
Monterey	November 23, 2010	2010069169
San Joaquin	November 23, 2010	2010-151817
San Mateo	November 23, 2010	2010-142282
Santa Clara	November 29, 2010	20977239
Solano	November 23, 2010	201000109991
Sonoma	November 23, 2010	2010106404
Tulare	November 23, 2010	2010-0075330
Ventura	November 23, 2010	20101123-00182795-0
Yuba	November 23, 2010	2010R-014697

Fifty-ninth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	October 15, 2015	2015279273
Butte	October 15, 2015	2015-0037754
Fresno	October 15, 2015	2015-0133669-00
Glenn	October 15, 2015	2015-4574
Kern	October 15, 2015	215145138
Lake	October 16, 2015	2015013611
Los Angeles	October 15, 2015	20151270767
Marin	November 6, 2015	2015-0052742
Monterey	October 28, 2015	2015062248
San Joaquin	October 15, 2015	2015-124229
San Mateo	October 15, 2015	2015-109346
Santa Clara	October 15, 2015	23116744
Solano	October 15, 2015	201500094603
Sonoma	October 15, 2015	2015090043
Tulare	October 15, 2015	2015-0062116
Ventura	October 15, 2015	20151015-00153061-0
Yuba	October 15, 2015	2015-012533

Sixtieth Supplemental Indenture

<u>County or City and County</u>	<u>Date of Recordation</u>	<u>Book and Page Document No.</u>
Alameda	March 16, 2016	2016063581
Butte	March 16, 2016	2016-0009912
Fresno	March 16, 2016	2016-0033119-00
Glenn	March 16, 2016	2016-1056
Kern	March 16, 2016	216032356
Lake	March 24, 2016	2016003595
Los Angeles	March 24, 2016	20160325694
Marin	March 24, 2016	2016-0012237
Monterey	March 24, 2016	2016015168
San Joaquin	March 24, 2016	2016-033300
San Mateo	March 24, 2016	2016-026192
Santa Clara	March 24, 2016	23253981
Solano	March 24, 2016	201600023269
Sonoma	March 24, 2016	2016026350
Tulare	March 24, 2016	2016-0015981
Ventura	March 24, 2016	20160324-00039701-0
Yuba	March 24, 2016	2016-003372

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Martin A. Kropelnicki, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2018, of California Water Service Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2018

By: /s/ Martin A. Kropelnicki
MARTIN A. KROPELNICKI
President and Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Thomas F. Smegal III, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2018, of California Water Service Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2018

By: /s/ Thomas F. Smegal III
THOMAS F. SMEGAL III
Vice President, Chief Financial Officer and Treasurer

CERTIFICATION OF CEO AND CFO
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this quarterly report on Form 10-Q for the period ended September 30, 2018 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of California Water Service Group.

Date: November 1, 2018

By: /s/ Martin A. Kropelnicki
MARTIN A. KROPELNICKI
President and Chief Executive Officer
California Water Service Group

Date: November 1, 2018

By: /s/ Thomas F. Smegal III
THOMAS F. SMEGAL III
Vice President, Chief Financial Officer and Treasurer
California Water Service Group
