

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report (date of earliest event reported): **April 29, 2021**

CALIFORNIA WATER SERVICE GROUP

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13883
(Commission file number)

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

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

95112
(Zip Code)

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

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

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

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

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition

On April 29, 2021, California Water Service Group (the "Company") issued a press release (a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference) announcing its financial results for the first quarter of 2021, ended March 31, 2021. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

As announced, the Company will host a conference call on Thursday, April 29, 2020 at 11:00 am EST to discuss financial results and management's business outlook. The financial results announcement contains information about how to access the conference call. A slide presentation, which includes supplemental information relating to the Company, will be used by management during the conference call. A copy of the slide presentation is attached hereto as Exhibit 99.2 and is incorporated by reference herein. The Exhibits will be posted on the Company's website at www.calwatergroup.com under the "Investor Relations" tab.

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

Item 7.01. Regulation FD Disclosure.

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

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

Item 9.01. Financial Statements and Exhibits.

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

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

SIGNATURES

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

CALIFORNIA WATER SERVICE GROUP

Date: April 29, 2021

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



April 29, 2021
For immediate release

CALIFORNIA WATER SERVICE GROUP ANNOUNCES
FIRST QUARTER 2021 RESULTS

SAN JOSE, CA – California Water Service Group (NYSE: CWT) (“Company”) today announced a net loss of \$3.0 million or \$0.06 net loss per diluted common share for the first quarter of 2021, compared to a net loss of \$20.3 million or \$0.42 net loss per diluted common share for the first quarter of 2020.

The \$17.3 million decrease in net loss was primarily due to the December 2020 decision by the California Public Utilities Commission (CPUC) resolving California Water Service Company’s (Cal Water’s) 2018 General Rate Case (2018 GRC). The decision authorized rate increases and the continuation of regulatory mechanisms that the Company had not recorded in the first quarter of 2020. First quarter 2021 results included cumulative GRC rate relief of \$6.4 million, representing 2020 and 2021 rate changes, and regulatory mechanism net revenue increases of \$7.6 million. The decrease in net loss resulting from the adoption of the 2018 GRC was partially offset by increases in other operations expenses of \$3.9 million, depreciation expense of \$2.5 million, and uninsured loss costs of \$2.1 million.

Additional factors outside the Company’s immediate control significantly contributed to the decrease in net loss, including a \$5.1 million decrease in unrealized loss on certain benefit plan investments and \$3.6 million increase in accrued unbilled revenue. Seasonal weather patterns and the number of unbilled days are the primary drivers of accrued unbilled revenue.

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

“2021 is shaping up to be a busy year, particularly on the regulatory front. We are on track to file California’s GRC for calendar years 2023 through 2025 during the second quarter of 2021, in accordance with the CPUC’s Rate Case Plan. In addition, at the request of the CPUC, we are filing an application next week in a proceeding that will set our cost of capital for 2022 through 2024. We expect this proceeding to conclude prior to yearend. And finally, we are working with the California Public Utilities Commission to find solutions for customers who haven’t been able to pay their bills during the pandemic,” he said.

Kropelnicki also noted that the Company published its first ESG Report that aligns with the Sustainability Accounting Standards Board (SASB) framework and references the Global Reporting Initiative (GRI), available at www.calwatergroup.com/esg.

“Our ESG Report and the alignment with SASB and GRI further represents our commitment to improving the quality of life for our customers, communities, employees, and stockholders,” he said.

Additional Financial Results for the first quarter of 2021

Operating revenue increased 17.7% to \$147.7 million in the first quarter of 2021, an increase of \$22.1 million as compared to \$125.6 million in the first quarter of 2020, primarily due to the 2018 California GRC rate increases. Rate relief and regulatory cost offset mechanisms added \$14.0 million, \$1.3 million of which was related to increased water costs. Accrued unbilled revenue increased by \$3.6 million.

Total operating expenses increased \$12.3 million, or 9.3%, to \$144.8 million in the first quarter of 2021 compared to the prior year.

Water production expenses increased \$0.9 million, or 1.6%, to \$54.8 million in the first quarter of 2021, primarily due to increases in purchased water quantities and higher wholesale water rates. As designed, as a result of the California revenue decoupling mechanisms, we record an increase to revenue equal to the increase in California water production costs.

Administrative and general and other operations expenses increased \$4.6 million, or 10.6%, to \$48.3 million in the first quarter of 2021, primarily due to increases in the costs associated with reduced deferred WRAM revenue of \$2.7 million, uninsured loss costs of \$2.1 million, employee pension and retirement benefit costs of \$0.5 million, and bad debt reserve expenses of \$0.4 million. The cost increases were partially offset by decreases in employee and retiree health care costs of \$0.9 million, travel costs of \$0.5 million, and employee wages of \$0.4 million. Changes in conservation program expense, employee pension benefits, and employee and retiree medical costs for regulated California operations generally do not affect net income, as the Company has been allowed by the CPUC to record these costs in balancing accounts for future recovery, creating a corresponding change to revenue.

Depreciation expense increased \$2.5 million, or 10.4%, to \$27.0 million in the first quarter of 2021 due to utility plant placed in service in 2020.

Maintenance expenses decreased \$0.3 million, or 4.3%, to \$6.8 million in the first quarter of 2021, due to a reduction in repairs of transmission and distribution mains.

Income tax benefit decreased \$3.8 million to \$0.1 million in the first quarter of 2021, mostly due to a decrease in loss from operations and reduction in 2021 effective tax rate due to a \$10.0 million increase in refund of excess deferred federal income taxes in 2021 as compared to 2020.

Property and other taxes increased \$0.8 million, or 10.6%, to \$8.0 million in the first quarter of 2021, due primarily to an increase in our assessed property values for utility plant placed in service.

Other income and expenses increased \$7.5 million in the first quarter of 2021, due primarily to a \$5.1 million decrease in unrealized loss on certain benefit plan investments due to favorable market conditions and \$4.4 million decrease in the non-service portion of pension and other postretirement benefits costs. The increase was partially offset by a \$1.1 million decrease in allowance for equity funds used during construction.

Liquidity and Financing

The Company maintained \$84.4 million of cash as of March 31, 2021 and has additional short-term borrowing capacity of more than \$115 million, subject to meeting the borrowing conditions on the Company's lines of credit facilities. Aged accounts receivable past due more than 60 days increased to \$14.5 million as of March 31, 2021 from \$13.5 million as of December 31, 2020 due to suspension of shutoff procedures associated with the pandemic, resulting in an increase to bad debt reserve.

The Company invested \$66.8 million in infrastructure improvements during the first quarter of 2021 and estimates annual investments for 2021 between \$270.0 and \$300.0 million.

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

WRAM Receivable

The under-collected net receivable balance in the WRAM and modified cost balancing account (MCBA) was \$69.7 million as of March 31, 2021, an increase of 2.7%, or \$1.8 million, from the balance of \$67.9 million as of December 31, 2020.

Other Information

All stockholders and interested investors are invited to listen to the 2021 first quarter conference call on April 29, 2021 at 8:00 a.m. PT (11:00 a.m. ET) by dialing 1-833-832-5130 or 1-509-844-0151 and keying in ID #2860816. Please dial in at least 15 minutes in advance of the call to ensure a timely connection. A replay of the call will be available from 11:00 a.m. PT (2:00 p.m. ET) on April 29, 2021 through June 29, 2021, at 1-855-859-2056 or 1-404-537-3406, ID #2860816. The replay will also be available under the investor relations tab at www.calwatergroup.com. Prior to the call, Cal Water will post a slide presentation on its website. The presentation can be found at www.calwatergroup.com/docs/q12021slides.pdf after 6:00 a.m. PT. The call will be hosted by President and Chief Executive Officer Martin A. Kropelnicki, Vice President and Chief Financial Officer Thomas F. Smegal III, Vice President of Corporate Development and Chief Regulatory Officer Paul G. Townsley, and Vice President and Corporate Controller David B. Healey.

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

This news release contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("Act"). The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the Act. Forward-looking statements are based on currently available information, expectations, estimates, assumptions and projections, and management's judgment about the Company, the water utility industry and general economic conditions. Such words as would, expects, intends, plans, believes, may, estimates, assumes, anticipates, projects, predicts, targets, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different than expected or anticipated include, but are not limited to: the impact of the ongoing COVID-19 pandemic and related public health measures; our ability to invest or apply the proceeds from the issuance of common stock in an accretive manner; governmental and regulatory commissions' decisions, including decisions on proper disposition of property; consequences of eminent domain actions relating to our water systems; changes in regulatory commissions' policies and procedures, including discontinuance of WRAM in the next GRC filing (which may impact operations commencing in 2023); the outcome and timeliness of regulatory commissions' actions concerning rate relief and other matters; increased risk of inverse condemnation losses as a result of climate conditions; inability to renew leases to operate water systems owned by others on beneficial terms; changes in California State Water Resources Control Board water quality standards; changes in environmental compliance and water quality requirements; electric power interruptions; housing and customer growth; the impact of opposition to rate increases; our ability to recover costs; availability of water supplies; issues with the implementation, maintenance or security of our information technology systems; civil disturbances or terrorist threats or acts; the adequacy of our efforts to mitigate physical and cyber security risks and threats; the ability of our enterprise risk management processes to identify or address risks adequately; labor relations matters as we negotiate with the unions; changes in customer water use patterns and the effects of conservation; our ability to complete, successfully integrate and achieve anticipated benefits from announced acquisitions; the impact of weather, climate, natural disasters, and actual or threatened public health emergencies, including disease outbreaks, on our operations, water quality, water availability, water sales and operating results and the adequacy of our emergency preparedness; restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; and, other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph, as well as the annual 10-K, Quarterly 10-Q, and other reports filed from time-to-time with the Securities and Exchange Commission (SEC). The Company assumes no obligation to provide public updates of forward-looking statements.

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Contact

Tom Smegal
(408) 367-8200 (analysts)

Shannon Dean
(408) 367-8243 (media)

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited

(In thousands, except per share data)

	March 31	December 31
	2021	2020
ASSETS		
Utility plant:		
Utility plant	\$ 3,952,681	\$ 3,890,423
Less accumulated depreciation and amortization	(1,267,745)	(1,239,865)
Net utility plant	<u>2,684,936</u>	<u>2,650,558</u>
Current assets:		
Cash and cash equivalents	84,387	44,555
Receivables:		
Customers	39,652	44,025
Regulatory balancing accounts	97,820	96,241
Other	19,470	20,331
Unbilled revenue	33,945	34,069
Materials and supplies at weighted average cost	9,201	8,831
Taxes, prepaid expenses, and other assets	17,925	17,964
Total current assets	<u>302,400</u>	<u>266,016</u>
Other assets:		
Regulatory assets	328,336	325,376
Goodwill	31,390	31,842
Other assets	124,405	120,456
Total other assets	<u>484,131</u>	<u>477,674</u>
TOTAL ASSETS	<u>\$ 3,471,467</u>	<u>\$ 3,394,248</u>
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$.01 par value; 68,000 shares authorized, 50,835 and 50,334 outstanding in 2021 and 2020, respectively	\$ 508	\$ 503
Additional paid-in capital	471,698	448,632
Retained earnings	457,596	472,209
Total common stockholders' equity	929,802	921,344
Long-term debt, net	780,951	781,100
Total capitalization	<u>1,710,753</u>	<u>1,702,444</u>
Current liabilities:		
Current maturities of long-term debt, net	5,136	5,127
Short-term borrowings	435,000	370,000
Accounts payable	120,549	131,725
Regulatory balancing accounts	34,215	34,636
Accrued interest	14,728	6,178
Accrued other liabilities	45,838	41,040
Total current liabilities	<u>655,466</u>	<u>588,706</u>
	275,987	276,032
Deferred income taxes		
Pension and postretirement benefits other than pensions	111,926	115,581
Regulatory liabilities and other	251,851	247,810
Advances for construction	197,715	195,625
Contributions in aid of construction	267,769	268,050
Commitments and contingencies		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 3,471,467</u>	<u>\$ 3,394,248</u>

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited

(In thousands, except per share data)

For the Three Months ended:

	March 31,	March 31,
	2021	2020
Operating revenue	\$ 147,737	\$ 125,563
Operating expenses:		
Operations:		
Water production costs	54,826	53,976
Administrative and general	30,369	29,680
Other operations	17,912	13,974
Maintenance	6,769	7,073
Depreciation and amortization	27,047	24,492
Income tax benefit	(101)	(3,937)
Property and other taxes	7,996	7,228
Total operating expenses	<u>144,818</u>	<u>132,486</u>
Net operating income (loss)	<u>2,919</u>	<u>(6,923)</u>
Other income and expenses:		
Non-regulated revenue	5,572	3,827

Non-regulated expenses	(4,760)	(8,454)
Other components of net periodic benefit credit (cost)	2,979	(1,430)
Allowance for equity funds used during construction	544	1,614
Income tax (expense) benefit on other income and expenses	(358)	913
Net other income (loss)	<u>3,977</u>	<u>(3,530)</u>
Interest expense:		
Interest expense	10,222	10,798
Allowance for borrowed funds used during construction	(294)	(944)
Net interest expense	<u>9,928</u>	<u>9,854</u>
Net loss	<u>\$ (3,032)</u>	<u>\$ (20,307)</u>
Loss per share		
Basic	<u>\$ (0.06)</u>	<u>\$ (0.42)</u>
Diluted	<u>\$ (0.06)</u>	<u>\$ (0.42)</u>
Weighted average shares outstanding		
Basic	<u>50,440</u>	<u>48,583</u>
Diluted	<u>50,440</u>	<u>48,583</u>
Dividends per share of common stock	<u>\$ 0.2300</u>	<u>\$ 0.2125</u>



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**First Quarter
2021 Results Presentation**

April 29, 2021



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("Act").

The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the Act. Forward-looking statements are based on currently available information, expectations, estimates, assumptions and projections, and management's judgment about the Company, the water utility industry and general economic conditions. Such words as would, expects, intends, plans, believes, may, estimates, assumes, anticipates, projects, predicts, targets, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different than expected or anticipated include, but are not limited to: the impact of the ongoing COVID-19 pandemic and related public health measures; our ability to invest or apply the proceeds from the issuance of common stock in an accretive manner; governmental and regulatory commissions' decisions, including decisions on proper disposition of property; consequences of eminent domain actions relating to our water systems; changes in regulatory commissions' policies and procedures, including discontinuance of WRAM in the next GRC filing (which may impact operations commencing in 2023); the outcome and timeliness of regulatory commissions' actions concerning rate relief and other matters; increased risk of inverse condemnation losses as a result of climate conditions; inability to renew leases to operate water systems owned by others on beneficial terms; changes in California State Water Resources Control Board water quality standards; changes in environmental compliance and water quality requirements; electric power interruptions; housing and customer growth; the impact of opposition to rate increases; our ability to recover costs; availability of water supplies; issues with the implementation, maintenance or security of our information technology systems; civil disturbances or terrorist threats or acts; the adequacy of our efforts to mitigate physical and cyber security risks and threats; the ability of our enterprise risk management processes to identify or address risks adequately; labor relations matters as we negotiate with the unions; changes in customer water use patterns and the effects of conservation; our ability to complete, successfully integrate and achieve anticipated benefits from announced acquisitions; the impact of weather, climate, natural disasters, and actual or threatened public health emergencies, including disease outbreaks, on our operations, water quality, water availability, water sales and operating results and the adequacy of our emergency preparedness; restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; and, other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph, as well as the annual 10-K, Quarterly 10-Q, and other reports filed from time-to-time with the Securities and Exchange Commission (SEC). The Company assumes no obligation to provide public updates of forward-looking statements.



Today's Participants

Marty Kropelnicki
President & CEO



Tom Smegal
Vice President, CFO & Treasurer



Paul Townsley
Vice President, Corporate Development
and Chief Regulatory Officer



Dave Healey
Vice President, Controller



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Presentation Overview

- Our Operating Priorities
- Financial Results and EPS Bridge
- Note on 2021 Tax Rates
- California Regulatory Update
- Continuing COVID-19 Impacts
- ESG Update
- Acquisition Status
- Cap Ex and Rate Base Tables
- In Summary



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Our Operating Priorities

Affordable, Excellent Service

- Continuous improvement, efficient innovation
- Technology as enabler
- Centralized platform & process standardization
- Clear & effective communications

High-Quality Water & Wastewater

- Consistent sampling & rigorous monitoring
- Use of best available treatment & testing technologies

Employees as Best Advocates

- Safe workplace & healthy lifestyles
- Professional development
- Effective, transparent communication
- Teamwork

Strong Brand & Reputation

- Environmental stewardship
- Community involvement & leadership
- Water conservation leadership
- Communication & corporate governance

Enhanced Stockholder Value

- Infrastructure investment
- Growth by criteria & for long term (organic/M&A/innovative partnerships)
- Risk management
- Progressive regulatory management
- Effective investor relations



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Financial Results: First Quarter 2021

(Amounts are in millions, except for EPS)	Q1 2020		Q1 2021	Variance
Operating Revenue	\$125.6	▲	\$147.7	17.7%
Operating Expenses	\$132.5	▲	\$144.8	9.3%
Net Interest Expense	\$9.9	—	\$9.9	n/a
Net Income (Loss)	(\$20.3)	▼	(\$3.0)	(85.1%)
EPS (LPS)	(\$0.42)	▼	(\$0.06)	(85.6%)
Capital Investments	\$65.3	▲	\$66.8	2.3%

Quarterly Financial Highlights

NET LOSS DECREASED
BY

\$17.3M

TO

\$3.0M

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

Q1 2020 DID NOT INCLUDE CERTAIN BALANCING MECHANISMS DUE TO THE DELAYED GRC

CORE OPERATING COST INCREASES AS EXPECTED

LOWER AFUDC EQUITY AS ANTICIPATED

CAPITAL SPENDING ON TRACK TO PROJECTIONS

OTHER POSITIVES:

MARKET VALUE OF INVESTMENTS

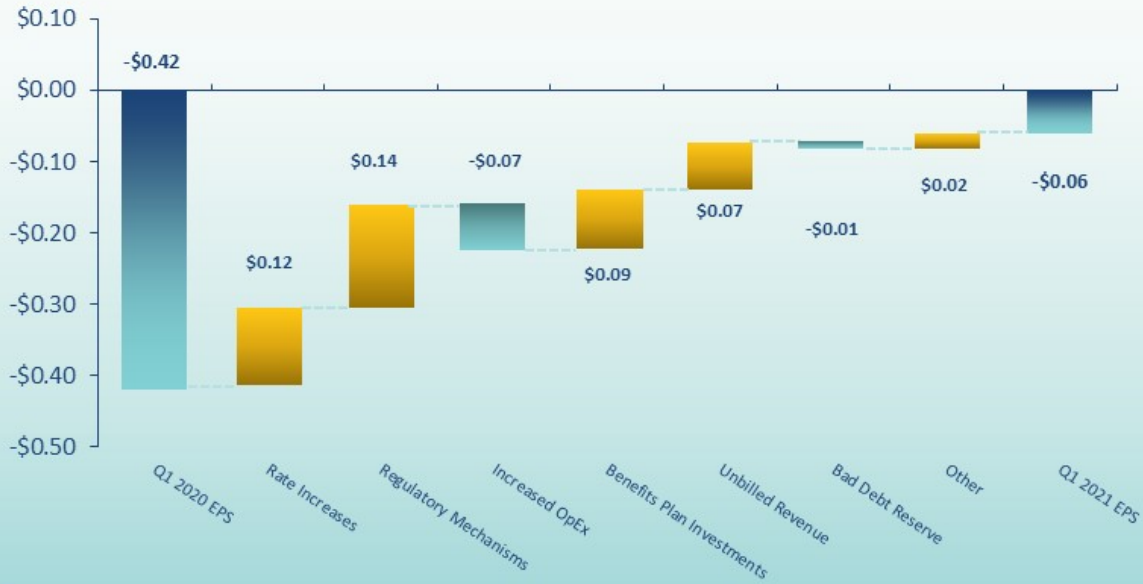
UNBILLED REVENUE



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EPS Bridge Q1 2020 to Q1 2021



A Note on Tax Rates for 2021

Excess Deferred Income Taxes of **\$19M** are being refunded to California customers in 2021, reducing tax rates and customer bills

6.0% Effective Tax Rate estimated for 2021

\$60M Estimated mains and services investment eligible for state tax repairs deduction in 2021

\$160M Eligible mains and services repairs investments in 2020

Capital spending still anticipated between \$270 and \$300 million but fewer repairs-eligible projects will qualify for tax treatment



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Regulatory Update: California

CALIFORNIA COST OF CAPITAL FILING WITHIN THE WEEK:

REQUESTING 10.35% ROE (LAST ADOPTED 9.2%) AND SAME CAPITAL STRUCTURE

COST OF DEBT DOWN FROM 5.51% IN 2018 TO 4.23%

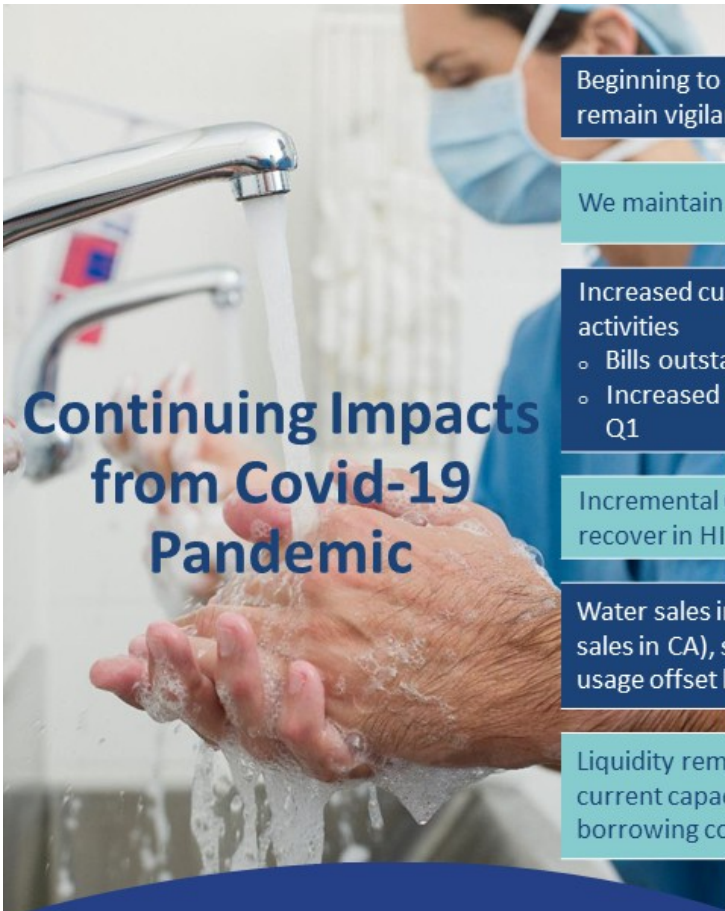
MEDIAN BILL INCREASE \$0.34 PER MONTH IF ADOPTED AS PROPOSED

REQUESTING TO CONTINUE COST ADJUSTMENT MECHANISM

RATES ANTICIPATED EFFECTIVE JANUARY 2022

An additional benefit of our infrastructure investment program is a lower weighted cost of debt, since borrowings to finance new investments have had lower coupons than prior debt series

We will provide more information about the 2021 California Rate Case on our Q2 Conference Call



Continuing Impacts from Covid-19 Pandemic

Beginning to see benefits of vaccinations in the states we serve. We remain vigilant over employee safety.

We maintain a suspension of all collection activities in all our states.

Increased customer account aging from suspension of collection activities

- o Bills outstanding >90 days increased to **\$11.6M**
- o Increased reserve for doubtful accounts from **\$5.2M** to **\$5.7M** in Q1

Incremental COVID-19-related expenses in Q1 of **\$0.3M**; potential to recover in HI and CA.

Water sales in aggregate close to adopted levels (105% of adopted sales in CA), similar to 2020, with continuing increases in residential usage offset by lower business and industrial sales

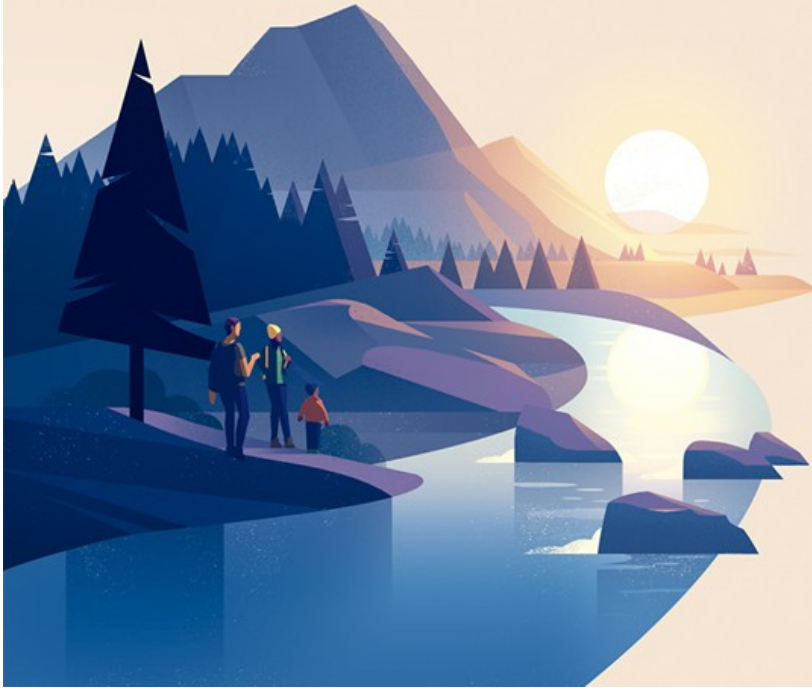
Liquidity remains strong; at quarter-end, **\$84.4M** cash and additional current capacity of **\$115M+** on lines of credit, subject to meeting borrowing conditions



ESG REPORTING UPDATE

Our first ESG report aligned with SASB and referencing GRI is available now at

www.calwatergroup.com/esg



Acquisition Status Update

System	Water Connections	Wastewater Connections	Total	Status
Kapalua Water and Wastewater (HI)	500	500	1,000	Approved by Hawaii PUC March 2021/Est close Q2 2021
The Preserve at Millerton (CA)	Future up to 1,400	Future up to 1,400	Future up to 2,800	Pending Regulatory Approval
Animas Valley (NM)	2,000		2,000	Announced*
Keahou (HI)		1,500 EDUs	1,500 EDUs	Announced*
Skylonda (CA)	176		176	Announced*
Stroh's (O&M with future option to purchase) (WA)	1,000		1,000	O&M Contract signed

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



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1212

Capital Investment and Depreciation

(in millions)

2015-2020
CapEx
3x
DEPRECIATION



* 2021 represents midpoint of Company's current projection of \$270-\$300 million; \$108 million depreciation is the Company's full-year estimate. Company plans to provide estimate of 2022-2024 capital investments in Q2 after filing California 2021 GRC



Estimated Regulated Rate Base of CWT

(in millions)



	2021	2022	2023-2025
Adopted Regulated Rate Base (CA) and projected (Other States)	\$ 1,810	\$ 1,920	TBA
Remaining potential advice letters	\$ 54	\$ 54	TBA
Potential rate base including all advice letters	\$ 1,864	\$ 1,974	TBA

*2022 Rate Base estimate assumes Cal Water is eligible for all escalation rate increases included in the California GRC decision. They are subject to an earnings test. Advice Letter values reflect authorized amounts which would be included only after projects are complete and in service.



In Summary

- Q1 results were in line with our expectations
- We expect a busy Q2 as we begin the California Cost of Capital review, prepare for fire season and potential drought restrictions, and file our 2021 California GRC
- Expecting we will continue coming out of COVID effects for the remainder of the year, barring any new setbacks, and working with Commissions on creative solutions for impacted customers





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DISCUSSION

