

**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): **October 28, 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 October 28, 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 third quarter of 2021, ended September 30, 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 and webcast on Thursday, October 28, 2021 at 11:00 am ET 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 October 28, 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: October 28, 2021

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



1720 N. First Street, San Jose, CA 95112



October 28, 2021
For immediate release

CALIFORNIA WATER SERVICE GROUP ANNOUNCES
YEAR TO DATE SEPTEMBER 30, 2021 AND THIRD QUARTER 2021 RESULTS

SAN JOSE, CA – California Water Service Group (NYSE: CWT) (“Company”) today announced net income of \$97.6 million or \$1.91 earnings per diluted common share for the nine-month period ended September 30, 2021, compared to net income of \$81.3 million or \$1.66 earnings per diluted common share for the nine-month period ended September 30, 2020.

The \$16.3 million increase in net income was primarily due to rate relief from the Company’s California General Rate Case (2018 GRC). The increase in net income was partially reduced by increases in depreciation expense of \$7.8 million and property taxes of \$1.7 million.

Additional factors outside the Company’s immediate control that contributed to the increase in net income included an \$8.7 million increase in accrued unbilled revenue and a \$1.5 million increase in unrealized gain on certain benefit plan investments. 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, third quarter results were in line with the Company’s expectations. He said the company continued to focus on its responses to the drought and the pandemic, particularly in the areas of supporting customers, keeping employees safe, and procuring equipment and materials well in advance to avoid having supply chain issues impact investment in water system infrastructure.

“I am extremely pleased with our efforts to help customers who’ve been impacted by Covid-19 get access to government relief funds. On behalf of our California customers, we requested \$16.9 million from the State of California’s Water Arrearage Payment Program to pay customer delinquent account balances as of June 15, 2021. This is one of the many ways we’ve shown our commitment to supporting our customers and communities during these difficult times,” Kropelnicki said.

Third Quarter 2021 Results

For the third quarter of 2021, the Company had net income of \$62.5 million or \$1.20 earnings per diluted common share, compared to a net income of \$96.4 million or \$1.94 earnings per diluted common share for the third quarter of 2020.

Additionally, the Company had rate relief revenue of \$6.1 million and balancing account net revenue of \$16.3 million during the quarter.

Comparatively, in the third quarter of 2020, the company recognized \$14.5 million of GRC rate relief and \$37.0 million of regulatory balancing account revenues due to the proposed decision of its 2018 California GRC. Approximately \$8.4 million of 2020 GRC rate relief and \$25.5 million of 2020 regulatory balancing account revenues were attributable to prior quarters and were recorded in the third quarter of 2020 due to a change in regulatory certainty. This was the primary driver of a \$33.9 million decrease in net income in the third quarter compared to the third quarter of 2020.

The quarter-over-quarter change in net income was partially offset by a \$3.6 million decrease in administrative and general and other operations expenses and by an increase in depreciation expense of \$2.5 million.

Additional factors outside the Company’s immediate control decreased net income, including a \$5.8 million decrease in accrued unbilled revenue and a \$1.7 million decrease in unrealized gain on certain benefit plan investments. Seasonal weather patterns and the number of unbilled days are the primary drivers of accrued unbilled revenue.

Additional Financial Results for the third quarter of 2021

Operating revenue decreased \$47.4 million to \$256.7 million in the third quarter of 2021, a decrease of 15.6%, as compared to \$304.1 million in the third quarter of 2020. The decrease was primarily due to three months of 2018 GRC rate relief and regulatory balancing account adjustments in the third quarter of 2021 as compared to nine months of 2018 GRC rate relief and regulatory balancing account revenue in the third quarter of 2020. In the third quarter of 2021, rate relief revenue was \$6.1 million and regulatory balancing account net revenue was \$16.3 million, as compared to 2018 GRC rate relief revenue of \$37.6 million and regulatory balancing account net revenue of \$37.0 million in the third quarter of 2020.

Additionally, accrued unbilled revenue decreased \$5.8 million primarily due to decreases in the number of unbilled days in the third quarter of 2021 as compared to the third quarter of 2020.

Total operating expenses decreased \$12.5 million, or 6.3%, to \$185.6 million in the third quarter of 2021 compared to the prior year.

Water production expenses decreased \$0.4 million, or 0.5%, to \$85.0 million in the third quarter of 2021, primarily due to a decrease in purchased water quantities partially offset by higher wholesale water rates. As a result of the California revenue decoupling mechanisms, we recorded a decrease to revenue equal to the decrease in California water production costs.

Administrative and general and other operations expenses decreased \$3.6 million or 6.0%, to \$55.4 million in the third quarter of 2021, due to decreases in bad debt expenses of \$4.2 million and costs associated with deferred WRAM revenue of \$3.1 million, which was partially offset by increases in employee and retiree medical costs of \$1.1 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 10.3%, to \$27.2 million in the third quarter of 2021 due to utility plant placed in service in 2020.

Income taxes decreased \$12.1 million to \$1.7 million in the third quarter of 2021 due to decreases in pre-tax net operating income and the effective tax rate. The effective tax rate decrease resulted from a \$7.5 million increase in refunds of excess 2017 deferred federal income taxes, which was partially offset by a reduction in state tax benefits from repairs deductions in the third quarter of 2021 as compared to the third quarter of 2020.

Property and other taxes increased \$0.4 million, or 5.3%, to \$8.5 million in the third quarter of 2021, due primarily to an increase in our assessed property values for utility plant placed in service.

Other income and expenses increased \$1.8 million in the third quarter of 2021, due primarily to a \$2.9 million decrease in other components of net periodic benefit cost, which was partially offset by a \$1.7 million decrease in unrealized gain from nonqualified benefit plan investments.

Liquidity and Financing

As of September 30, 2021, the Company had unused short-term borrowing capacity of more than \$430.0 million, subject to meeting the borrowing conditions on the Company's lines of credit facilities.

The Company invested \$207.7 million in infrastructure improvements during the first nine months of 2021 and estimates annual investments for 2021 between \$270.0 and \$300.0 million.

On October 27, 2021, the Board of Directors approved its 30th consecutive quarterly cash dividend of \$0.23 per share of common stock.

WRAM Receivable

The net receivable balance in the WRAM and modified cost balancing account (MCBA) was \$72.7 million as of September 30, 2021, an increase of 7.2%, or \$4.9 million, from the balance of \$67.8 million as of December 31, 2020.

Other Information

All stockholders and interested investors are invited to attend the conference call. To attend, please dial 1-833-832-5130 or 1-509-844-0151 and key in ID# 3773803, or you may access the live audio webcast at <https://ir.calwatergroup.com/calendar/upcoming-events>. Please join at least 15 minutes in advance to ensure a timely connection to the call. A replay of the call will be available from 2:00 p.m. ET on Thursday, October 28, 2021 through December 29, 2021, at 1-855-859-2056 or 1-404-537-3406, ID# 3773803, or by accessing the webcast above. The call will be hosted by President and Chief Executive Officer Martin A. Kropelnicki, Vice President and Chief Financial Officer Thomas F. Smegal, Vice President, Corporate Development and Chief Regulatory Officer Paul Townsley, and Vice President, Corporate Controller David B. Healey. Prior to the call, the Company will furnish a slide presentation on its website at 9:00 a.m. ET

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 along with TWSC, Inc., a utility holding company in Texas. Together, these companies provide regulated and non-regulated water and wastewater service to more than 2 million people in California, Hawaii, New Mexico, Texas, 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, including our receipt of state COVID-19 financial relief funds in a timely manner; 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; 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, including as a result of draught conditions; 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)

	September 30, 2021	December 31, 2020
ASSETS		
Utility plant:		
Utility plant	\$ 4,124,024	\$ 3,890,423
Less accumulated depreciation and amortization	(1,327,655)	(1,239,865)
Net utility plant	2,796,369	2,650,558
Current assets:		
Cash and cash equivalents	140,368	44,555
Receivables:		
Customers, net	67,807	44,025
Regulatory balancing accounts	85,027	96,241
Other, net	20,448	20,331
Unbilled revenue, net	54,129	34,069
Materials and supplies at weighted average cost	9,383	8,831
Taxes, prepaid expenses, and other assets	16,246	17,964
Total current assets	393,408	266,016
Other assets:		
Regulatory assets	328,505	325,376
Goodwill	36,815	31,842
Other assets	124,592	120,456
Total other assets	489,912	477,674
TOTAL ASSETS	\$ 3,679,689	\$ 3,394,248
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$.01 par value; 68,000 shares authorized, 52,608 and 50,334 outstanding in 2021 and 2020, respectively	\$ 526	\$ 503
Additional paid-in capital	580,760	448,632
Retained earnings	534,685	472,209
Noncontrolling interests	4,689	-
Total equity	1,120,660	921,344
Long-term debt, net	1,059,724	781,100
Total capitalization	2,180,384	1,702,444
Current liabilities:		
Current maturities of long-term debt, net	5,180	5,127
Short-term borrowings	120,000	370,000
Accounts payable	148,415	131,725
Regulatory balancing accounts	19,273	34,636
Accrued interest	17,170	6,178
Accrued expenses and other liabilities	50,900	41,040
Total current liabilities	360,938	588,706
Deferred income taxes	284,193	276,032
Pension and postretirement benefits other than pensions	114,192	115,581
Regulatory liabilities and other	257,108	247,810
Advances for construction	198,344	195,625
Contributions in aid of construction	284,530	268,050
Commitments and contingencies		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 3,679,689	\$ 3,394,248

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited
(In thousands, except per share data)

For the Three Months ended:

	<u>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>
Operating revenue	\$ 256,723	\$ 304,108
Operating expenses:		
Operations:		
Water production costs	84,951	85,344
Administrative and general	30,712	29,208
Other operations	24,686	29,746
Maintenance	7,739	7,129
Depreciation and amortization	27,232	24,699
Income taxes	1,705	13,804
Property and other taxes	8,546	8,116
Total operating expenses	<u>185,571</u>	<u>198,046</u>
Net operating income	<u>71,152</u>	<u>106,062</u>
Other income and expenses:		
Non-regulated revenue	5,813	3,934
Non-regulated expenses	(5,779)	(2,865)
Other components of net periodic benefit credit (cost)	1,853	(1,008)
Allowance for equity funds used during construction	898	973
Income tax expense on other income and expenses	(207)	(245)
Net other income	<u>2,578</u>	<u>789</u>
Interest expense:		
Interest expense	11,737	11,162
Allowance for borrowed funds used during construction	(506)	(671)
Net interest expense	<u>11,231</u>	<u>10,491</u>
Net income	<u>62,499</u>	<u>96,360</u>
Net income attributable to noncontrolling interests	<u>70</u>	<u>-</u>
Net income attributable to California Water Service Group	<u>\$ 62,429</u>	<u>\$ 96,360</u>
Earnings per share of common stock		
Basic	<u>\$ 1.20</u>	<u>\$ 1.94</u>
Diluted	<u>\$ 1.20</u>	<u>\$ 1.94</u>
Weighted average shares outstanding		
Basic	<u>51,823</u>	<u>49,576</u>
Diluted	<u>51,823</u>	<u>49,576</u>
Dividends per share of common stock	<u>\$ 0.2300</u>	<u>\$ 0.2125</u>

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited
(In thousands, except per share data)

For the Nine Months ended:

	<u>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>
Operating revenue	\$ 617,583	\$ 605,155
Operating expenses:		
Operations:		
Water production costs	214,688	210,462
Administrative and General	92,837	85,827
Other operations	63,318	69,618
Maintenance	21,118	20,924
Depreciation and amortization	81,516	73,733
Income taxes	3,576	10,489
Property and other taxes	24,213	22,470
Total operating expenses	<u>501,266</u>	<u>493,523</u>
Net operating income	<u>116,317</u>	<u>111,632</u>
Other income and expenses:		
Non-regulated revenue	16,759	11,969
Non-regulated expenses	(12,354)	(11,811)
Other components of net periodic benefit credit (cost)	7,520	(3,770)
Allowance for equity funds used during construction	2,290	4,292
Income tax expense on other income and expenses	(1,077)	(152)
Net other income	<u>13,138</u>	<u>528</u>
Interest expense:		
Interest Expense	33,165	33,573
Allowance for borrowed funds used during construction	(1,253)	(2,747)
Net interest expense	<u>31,912</u>	<u>30,826</u>

Net income	<u>97,543</u>	<u>81,334</u>
Net loss attributable to noncontrolling interests	<u>(79)</u>	<u>-</u>
Net income attributable to California Water Service Group	<u>\$ 97,622</u>	<u>\$ 81,334</u>
Earnings per share of common stock		
Basic	<u>\$ 1.91</u>	<u>\$ 1.66</u>
Diluted	<u>\$ 1.91</u>	<u>\$ 1.66</u>
Weighted average shares outstanding		
Basic	<u>51,119</u>	<u>49,034</u>
Diluted	<u>51,119</u>	<u>49,034</u>
Dividends per share of common stock	<u>\$ 0.6900</u>	<u>\$ 0.6375</u>



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**Third Quarter
2021 Results Presentation**

October 28, 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



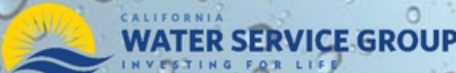
Tom Smegal
Vice President, CFO & Treasurer



Paul Townsley
Vice President, Corporate Development
and Chief Regulatory Officer



Dave Healey
Vice President, Controller





Presentation Overview

- Our Operating Priorities
- Financial Results and EPS Bridges
- Earnings Notes
- Regulatory Update
- Drought
- Continuing COVID-19 Impacts
- Business Development Update
- 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

Financial Results: YTD 2021

(Amounts are in millions, except for EPS)	YTD 2020		YTD 2021	Variance
Operating Revenue	\$605.2	▲	\$617.6	2.1%
Operating Expenses	\$493.5	▲	\$501.3	1.6%
Net Interest Expense	\$30.8	▲	\$31.9	3.5%
Net Income	\$81.3	▲	\$97.5	19.9%
EPS	\$1.66	▲	\$1.91	15.1%
Capital Investments	\$221.3	▼	\$207.7	(6.1%)

Financial Results: Third Quarter 2021

(Amounts are in millions, except for EPS)	Q3 2020*		Q3 2021	Variance
Operating Revenue	\$304.1	▼	\$256.7	(15.6%)
Operating Expenses	\$198.0	▼	\$185.6	(6.3%)
Net Interest Expense	\$10.5	▲	\$11.2	7.1%
Net Income	\$96.4	▼	\$62.5	(35.1%)
EPS	\$1.94	▼	\$1.20	(38.0%)
Capital Investments	\$87.8	▼	\$69.2	(21.1%)

*Includes effect of delayed 2018 GRC rate increases and regulatory mechanisms which would have been reflected in periods prior to Q3 2020 with a timely decision



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Year-to-Date Financial Highlights

YTD NET INCOME
INCREASED BY

\$16.3M

TO

\$97.5M

**YEAR-TO-DATE RESULTS ALLOW DIRECT
COMPARISON SINCE 2020 QUARTERLY RESULTS FOR
Q1 THROUGH Q3 WERE IMPACTED BY THE DELAYED
CALIFORNIA GRC**

**ANNUAL STEP INCREASE AND OFFSET FILINGS ADDED
\$16.3M TO REVENUE**

OPERATING EXPENSE INCREASED \$7.8M

REDUCED BAD DEBT EXPENSE BY \$3.6M DUE TO CHANGES IN ESTIMATES
OF CASH RECOVERY

**LOWER SALES AND HIGHER DECOUPLING BALANCE
IN Q3 DUE TO DROUGHT CONSERVATION**

**CAPITAL SPENDING SLIGHTLY LOWER THAN 2020 BUT
ON TRACK TO TARGET RANGE**

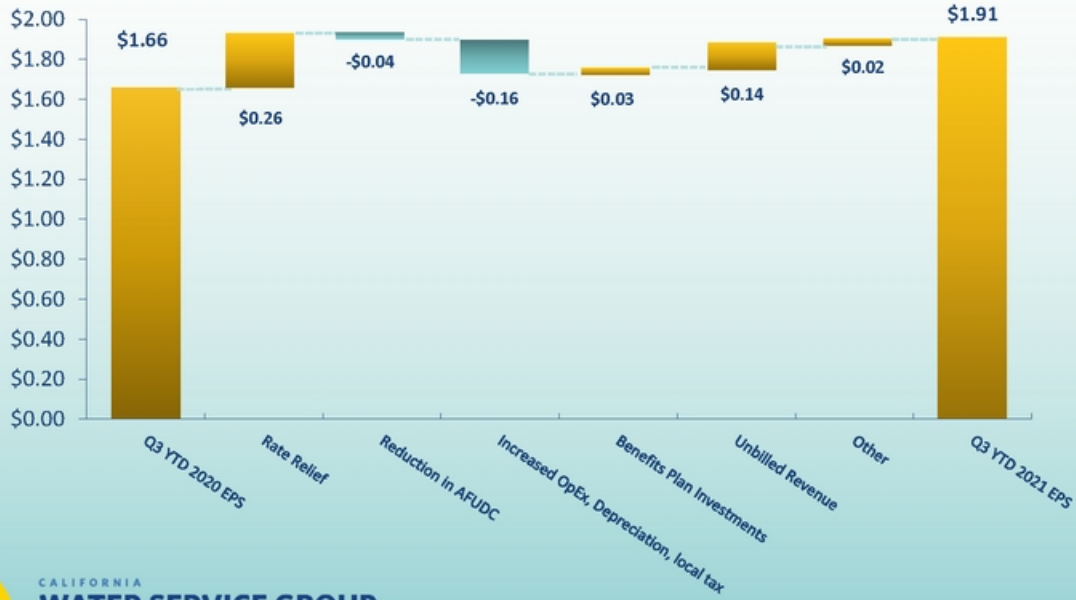
YTD UNBILLED ACCRUAL ADDED \$8.7M



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EPS Bridge YTD 2020 to YTD 2021



EPS Bridge Q3 2020 to Q3 2021



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*The company recorded a benefit from the delayed 2018 GRC in the third quarter of 2020, \$0.80 of which would have been recorded in earlier periods if the decision had been rendered timely

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Earnings Notes

Unbilled revenue accrual is currently adding **\$20.1M** to revenue as compared to **\$11.4M** at this time in 2020. Investors should not assume significant gains from unbilled revenue for the full year.

As we approach year-end, keep in mind items introduced on prior calls:

- Authorized rate base for all operations is **\$1.82B** and a general guide to earnings is to calculate the authorized return on the equity portion of rate base
- Other items which may impact earnings outside the authorized return on rate base are:
 - Income from recognition of equity AFUDC is **\$2.3M** in YTD 2021.
 - Unrealized gain on nonqualified retirement assets is **\$2.1M** in 2021 to date. The value of these assets is market-driven and year-end values will be based on market conditions.
 - Bad debt reserve has been reduced from **\$5.2M** at the end of 2020 to **\$2.8M** reflecting changes in estimates of cash recovery.



Regulatory Update

CALIFORNIA GENERAL RATE CASE FILED JULY 1: ON SCHEDULE WITH INTERVENOR TESTIMONY EXPECTED IN Q1 2022

CALIFORNIA COST OF CAPITAL FILED MAY 1: PROGRESS IS SLOW WITH INTERVENOR TESTIMONY EXPECTED IN Q4 AND A DECISION IN Q2 2022

WASHINGTON GRC
INTEGRATING
RAINIER VIEW
ACQUISITION FILED
IN Q3, ANTICIPATE A
DECISION BEFORE Q2
20 22

CPUC HAS APPROVED
TRACKING DROUGHT COSTS IN
A MEMORANDUM ACCOUNT
FOR FUTURE RECOVERY



2021 CALIFORNIA DROUGHT UPDATE

CAL WATER HAS MOVED TO
STAGE 2 DROUGHT
RESTRICTIONS IN 6 DISTRICTS
WATER BUDGETS POSSIBLE IN
2022 IF DROUGHT CONTINUES
CONTINUED FOCUS ON WATER
SUPPLY RESILIENCY IN ALL
DISTRICTS

GOVERNOR NEWSOM EXPANDED DROUGHT DECLARATION
STATEWIDE ON OCTOBER 19
HEAVY RAINS IN NORTHERN CALIFORNIA LAST WEEK
PROVIDED SOME RELIEF BUT ONLY A WET, SNOWY WINTER
WILL END DROUGHT RISK FOR 2022
CALIFORNIA CUSTOMER USAGE DOWN 11% IN Q3



Continuing Impacts from Covid-19 Pandemic

All company employees have returned to the office. We continue to be vigilant for employee and customer safety; we encourage and incentivize vaccination; and we follow local masking rules and recommendations as applicable.

New Mexico, Washington, and Hawaii have allowed us to restart bill collection processes with some restrictions. California moratorium expected to continue at least through 2021.

At the end of Q3, increased customer account aging from suspension of collection activities

- Bills outstanding >90 days increased to **\$16.6M**
- Reduced reserve for doubtful accounts from **\$6.4M** as of June 30, 2021 to **\$2.8M** due to changes in estimates of cash recovery.

Incremental COVID-19-related expenses in Q3 of **\$0.2M** and **\$1.4M** for the pandemic to date; anticipate filing for recovery in 2022 in CA.

Liquidity remains strong; at quarter-end, **\$140.4M** cash and additional current capacity of **\$420M** on lines of credit, subject to meeting borrowing conditions.

Acquisition Status for Q3 2021

System	Water Connections	Wastewater Connections	Total	Status
The Preserve at Millerton (CA)	Future up to 1,400	Future up to 1,400	Future up to 2,800	CPUC approved on August 5, 2021*
Animas Valley Water (NM)	2,000		2,000	NMPRC change of control filed*
Keahou (HI)		1,500 EDUs	1,500 EDUs	HPUC change of control filed*
HOH Utilities (HI)		1,800 EDUs	1,800 EDUs	HPUC change of control filed*
Totals	Up to 3,400	Up to 4,700	Up to 8,100	

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



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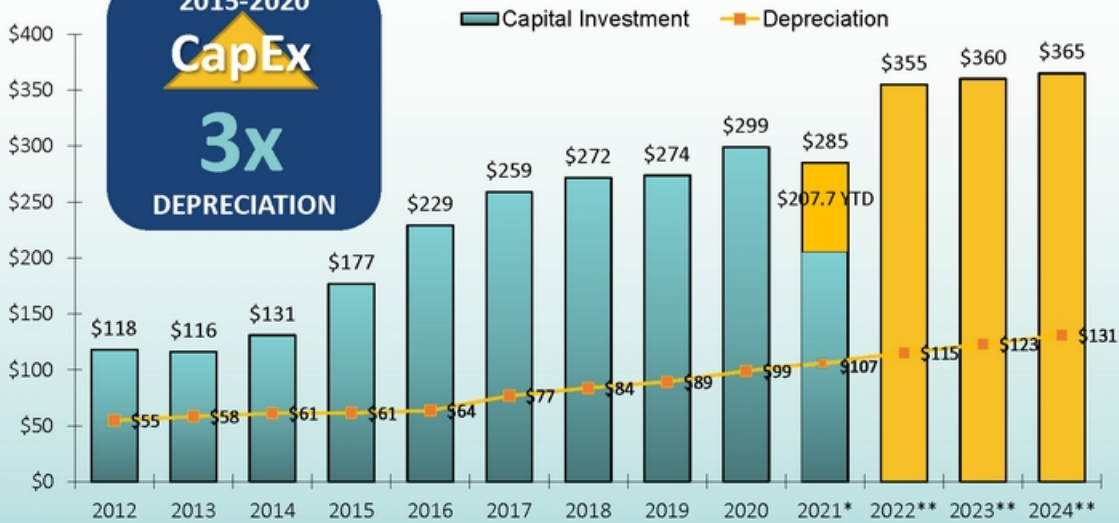
INVESTOR
RELATIONS

14

Capital Investment and Depreciation

(in millions)

2015-2020
CapEx
3x
DEPRECIATION



* 2021 represents midpoint of Company's current projection of \$270-\$300 million; \$107 million depreciation is the Company's full-year estimate.

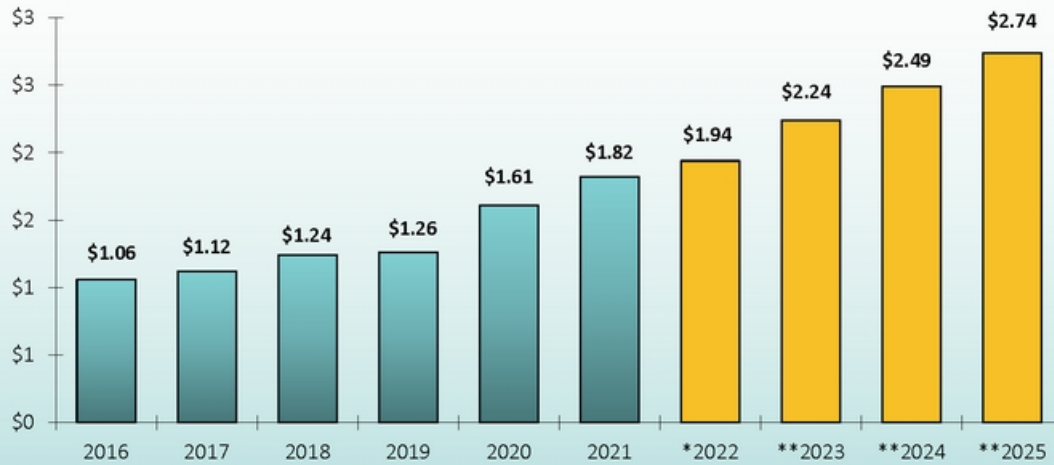
** 2022-2024 Estimated investments and depreciation include amounts filed in the California 2021 GRC plus estimates for other states.



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Estimated Regulated Rate Base of CWT

(in billions)



*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. It excludes potential rate base offsets of \$0.05B due to uncertain timing.

**2023-2025 Rate Base Estimates include filed proposal in 2021 California General Rate Case plus estimated rate base in other states. These values are not yet adopted and are subject to review and approval of the CPUC and other regulators.





In Summary

- Q3 results were in line with our expectations, and we are excited that state aid will come to our customers who had difficulty during the pandemic.
- CPUC filings are ongoing with no material developments in the quarter.
- The team is working on regulatory approval and integration of multiple acquisitions across our platform.
- On our next quarterly call we should have a good idea of drought severity in California in 2022.





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DISCUSSION

