

**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 25, 2024**

**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 25, 2024, 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 2024, ended March 31, 2024.

As announced, the Company will host a conference call on Thursday, April 25, 2024, at 11:00 am EDT to discuss financial results and management's business outlook. The financial results announcement contains information about how to access the conference call and webcast. 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](http://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 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:

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press Release issued April 25, 2024</a>
<a href="#">99.2</a>	<a href="#">Slide presentation relating to conference call</a>

**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 25, 2024

By: /s/ James P. Lynch

Name: James P. Lynch

Title: Senior Vice President, Chief Financial Officer and Treasurer

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## California Water Service Group's First Quarter 2024 Financial Results Benefit from California 2021 General Rate Case Decision

**San Jose, Calif.** California Water Service Group (“Group” or “Company,” NYSE: CWT), a leading publicly traded water utility serving California, Hawaii, New Mexico, Washington, and Texas, today reported results for the first quarter of 2024.

### Highlights included:

- Diluted earnings per share of \$1.21 in Q1 2024, compared to a loss of \$0.40 in Q1 2023.
- A decision on the 2021 California General Rate Case and Infrastructure Improvement Plan (2021 GRC) that authorizes implementation of beneficial regulatory mechanisms, increased revenues, and approximately \$1.2 billion in infrastructure improvement projects.
- Implementation of 10.27% return on equity in California.
- \$83 million in funding secured from the California Extended Water and Wastewater Arrearage Payment Program to relieve residential and commercial customers’ past-due balances accrued during the COVID-19 pandemic.
- Adoption of Scope 1 and 2 greenhouse gas (GHG) emissions reduction targets.

According to Chairman and Chief Executive Officer Martin A. Kropelnicki, the finalized 2021 GRC decision provided welcome clarity to stakeholders while enabling the Company to make critical infrastructure investments.

“After significant delay, we received a decision that provides customer and shareholder benefits from new regulatory mechanisms and a progressive rate design that benefits low-income customers and promotes water conservation. More importantly, it authorizes infrastructure improvements needed to provide safe, reliable water service to our customers,” he said.

### Q1 2024 Financial Results

- Net income attributable to Group was \$69.9 million in Q1 2024, compared to a net loss of \$22.2 million in Q1 2023.
- Operating revenue was \$270.7 million, compared to \$131.1 million in Q1 2023, an increase of \$139.6 million.
  - Adoption of the 2021 GRC decision increased revenue \$111.8 million, including \$87.9 million in retroactive interim rate relief related to 2023.
  - Reversal of Water Revenue Adjustment Mechanism (WRAM) deferrals added \$13.9 million.
  - Cost of capital and cost reimbursement rate increases added \$12.0 million.
- Operating expenses were \$192.9 million, compared to \$148.6 million in Q1 2023, an increase of \$44.3 million.
  - Water production costs increased by \$9.2 million to \$64.2 million, primarily due to a cumulative adjustment for the impact of the 2021 GRC decision.
  - Other operations expenses increased \$10.3 million to \$26.9 million, due primarily to reversal of deferred WRAM production costs.
  - Income taxes increased \$21.2 million to \$15.5 million due to higher pre-tax net operating income.
- Net interest expense increased by \$3.1 million to \$15.0 million due to an increase in short-term borrowing rates and higher credit balances.

### 2021 GRC Decision

As previously announced, on March 7, 2024, the California Public Utilities Commission (CPUC) issued a decision on the 2021 GRC for California Water Service (Cal Water), the largest subsidiary of the Company.

The 2021 GRC decision increases adopted revenues for 2023, after corrections, by approximately \$41.5 million, retroactive to January 1, 2023. It also potentially increases revenues by up to approximately \$30.0 million for 2024 and \$30.6 million for 2025, subject to the CPUC’s earnings test and inflationary adjustments.

Importantly, the decision authorizes Cal Water to invest approximately \$1.2 billion from 2021 through 2024 in water system infrastructure projects, including approximately \$160.0 million of infrastructure projects that may be submitted for recovery via the CPUC’s advice letter process. For context, during the years ended December 31, 2021 to 2023, Cal Water completed approximately \$855.0 million in infrastructure investments.

It also approves a progressive rate design that is intended to provide financial stability while benefiting low-income and low-water-using customers by significantly decreasing the cost of the first six units of water consumed and increasing the percentage of fixed costs that are recovered in the service charge.

### Pandemic Arrearage Assistance

To further support customers, the Company secured \$83.0 million in funding from the California Extended Water and Wastewater Arrearage Payment Program to relieve residential and commercial customers of past-due balances incurred during the COVID-19 pandemic. Program funds were received subsequent to the end of Q1 2024 and are expected to be applied to the past due accounts of eligible customers in Q2 2024.

### Commitment to Meeting New PFAS Standards

On April 10, 2024, the U.S. Environmental Protection Agency adopted a new National Primary Drinking Water Regulation for certain per- and polyfluoroalkyl substances (PFAS). Under the new PFAS regulation, water utilities are required to monitor for these compounds by 2027 and to comply with the Maximum Contaminant Levels by 2029.

Group's utilities Cal Water, Hawaii Water Service (Hawaii Water), New Mexico Water Service (New Mexico Water), and Washington Water Service (Washington Water) have a rigorous, coordinated water quality assurance program, which includes protocols to test and monitor the water they deliver to customers. In California and Washington, Group's utilities have worked to comply with previously issued PFAS guidelines issued by State regulators.

Cal Water, Hawaii Water, and New Mexico Water have tested all active water sources for a number of compounds, including PFOA, PFOS, and the four others addressed in the new regulation. Washington Water has tested all of its Group A water system sources, which are the water sources subject to the new PFAS regulation. Group began monitoring its sources for these compounds before it was required to do so under the new PFAS regulation.

On April 18, 2024, the CPUC dismissed without prejudice Cal Water’s application requesting authorization to modify a previously approved PFAS-expense memorandum

account to include capital investments related to PFAS compliance. The CPUC instructed Cal Water to include PFAS capital investments in a future GRC or separate application.

Despite the CPUC decision, the Company reaffirmed its commitment to investing an estimated \$215.0 million in PFAS treatment across its operating utilities and to working quickly to complete planned projects.

### Liquidity, Financing, and Capital Investment

As of March 31, 2024, Group maintained \$88.3 million of cash, of which \$45.4 million was classified as restricted, and had additional short-term borrowing capacity of \$320.0 million, subject to meeting the borrowing conditions on the Group and Cal Water lines of credit. Group capital investments during the first quarter of 2024 totaled \$109.8 million, which was a 33.9% increase from the same period last year.

### Progress on ESG

In March, the Company announced its commitment to reducing Scope 1 and Scope 2 GHG emissions by 63% by 2035 from a 2021 base year. The target is science-aligned and supports limiting global temperature increases to 1.5-degree Celsius above preindustrial levels. The Company will issue its Sustainability Accounting Standards Board -aligned ESG report in May 2024.

**For additional details, please see Form 10-Q which will be available at <https://www.calwatergroup.com/investors/financials-filings-reports/sec-filings>**

### Quarterly Earnings Teleconference

All stockholders and interested investors are invited to attend the conference call on April 25, 2024, at 8 a.m. PT (11 a.m. ET) by dialing 1-800-715-9871 or 1-646-307-1963 and keying in ID #8751121, or you may access the live audio webcast at <https://edge.media-server.com/mmc/p/bq5mbakr>. 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 11 a.m. PT (2 p.m. ET) on Thursday, April 25, 2024, through Monday, June 24, 2024, at 1-800-770-2030 or 1-609-800-9909, ID# 8751121, or by accessing the webcast above. The call will be hosted by Chairman and Chief Executive Officer Martin A. Kropelnicki, Senior Vice President, Chief Financial Officer and Treasurer James P. Lynch, and Vice President, Rates and Regulatory Affairs Greg A. Milleman. Prior to the call, Group will post a slide presentation on its website at 6 a.m. PT (9 a.m. ET).

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### About California Water Service Group

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, as well as Texas Water Service, a utility holding company. Together, these companies provide regulated and non-regulated water and wastewater service to more than 2.1 million people in California, Hawaii, New Mexico, Washington, and Texas. 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](http://www.calwatergroup.com).

*This news release contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("PSLRA"). The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the PSLRA. Forward-looking statements in this news release 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 will, would, expects, intends, plans, believes, may, could, estimates, assumes, anticipates, projects, progress, predicts, hopes, targets, forecasts, should, seeks or variations of these words or similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements in this news release include, but are not limited to, statements describing Cal Water's expected financial performance, investments in infrastructure projects and PFAS treatment, GHG emissions reductions targets, and expectations regarding the business and financial impact of the 2021 GRC decision. 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 that may cause actual results to be different than those expected or anticipated include, but are not limited to: 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, such as the CPUC's decision in 2020 to preclude companies from proposing fully decoupled WRAMs, which impacted the 2021 GRC Filing; 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 change and drought; our ability 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, especially as a result of public safety power shutoff programs; 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 drought conditions; our ability to complete, in a timely manner or at all, successfully integrate and achieve anticipated benefits from announced acquisitions; the impact of weather, climate change, 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; risks associated with expanding our business and operations geographically; the impact of stagnating or worsening business and economic conditions, including inflationary pressures, general economic slowdown or a recession, increasing interest rates, instability of certain financial institutions, changes in monetary policy, adverse capital markets activity or macroeconomic conditions as a result of the geopolitical conflicts, and the prospect of a shutdown of the U.S. federal government; the impact of market conditions and volatility on unrealized gains or losses on our non-qualified benefit plan investments and our operating results; the impact of weather and timing of meter reads on our accrued unbilled revenue; the impact of evolving legal and regulatory requirements, including emerging environmental, social and governance requirements and our ability to comply with PFAS regulations; and other risks and unforeseen events described in our Securities and Exchange Commission ("SEC") filings. 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 news release. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph, as well as the Annual Report on Form 10-K, Quarterly 10-Q, and other reports filed from time-to-time with the SEC. 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.*

### Contact

James P. Lynch

(408) 367-8200 (analysts)

Shannon Dean



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

Unaudited

(In thousands, except per share data)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>ASSETS</b>		
<b>Utility plant:</b>		
Utility plant	\$ 5,022,535	\$ 4,925,483
Less accumulated depreciation and amortization	(1,174,013)	(1,152,228)
Net utility plant	<u>3,848,522</u>	<u>3,773,255</u>
<b>Current assets:</b>		
Cash and cash equivalents	42,814	39,591
Restricted cash	45,449	45,375
<b>Receivables:</b>		
Customers, net	51,346	59,349
Regulatory balancing accounts	56,125	64,240
Other, net	18,074	16,431
Unbilled revenue, net	28,769	36,999
Materials and supplies	16,934	16,170
Taxes, prepaid expenses, and other assets	23,615	18,130
Total current assets	<u>283,126</u>	<u>296,285</u>
<b>Other assets:</b>		
Regulatory assets	384,501	257,621
Goodwill	37,039	37,039
Other assets	227,646	231,333
Total other assets	<u>649,186</u>	<u>525,993</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,780,834</u>	<u>\$ 4,595,533</u>
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization:</b>		
Common stock, \$0.01 par value; 136,000 shares authorized, 57,754 and 57,724 outstanding on March 31, 2024 and December 31, 2023, respectively	578	\$ 577
Additional paid-in capital	876,894	876,583
Retained earnings	603,326	549,573
Accumulated other comprehensive loss	(13,366)	—
Noncontrolling interests	3,405	3,579
Total equity	<u>1,470,837</u>	<u>1,430,312</u>
Long-term debt, net	<u>1,052,099</u>	<u>1,052,768</u>
Total capitalization	<u>2,522,936</u>	<u>2,483,080</u>
<b>Current liabilities:</b>		
Current maturities of long-term debt, net	1,176	672
Short-term borrowings	280,000	180,000
Accounts payable	119,839	157,305
Regulatory balancing accounts	16,644	21,540
Accrued interest	18,332	6,625
Accrued expenses and other liabilities	71,892	64,197
Total current liabilities	<u>507,883</u>	<u>430,339</u>
<b>Deferred income taxes</b>	<u>369,600</u>	<u>352,762</u>
<b>Pension</b>	<u>83,252</u>	<u>82,920</u>
<b>Regulatory liabilities and other</b>	<u>809,165</u>	<u>760,493</u>
<b>Advances for construction</b>	<u>197,955</u>	<u>199,448</u>
<b>Contributions in aid of construction</b>	<u>290,043</u>	<u>286,491</u>
<b>Commitments and contingencies</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 4,780,834</u>	<u>\$ 4,595,533</u>

**CALIFORNIA WATER SERVICE GROUP**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

Unaudited

(In thousands, except per share data)

	<b>Three Months Ended March 31,</b>	
	<u>2024</u>	<u>2023</u>
<b>Operating revenue</b>	<u>\$ 270,749</u>	<u>\$ 131,100</u>
<b>Operating expenses:</b>		
<b>Operations:</b>		
Water production costs	64,185	55,008
Administrative and general	35,596	35,986
Other operations	26,925	16,604
Maintenance	8,010	7,978

Depreciation and amortization	32,844	29,915
Income tax expense (benefit)	15,538	(5,644)
Property and other taxes	9,757	8,777
Total operating expenses	192,855	148,624
Net operating income (loss)	77,894	(17,524)
<b>Other income and expenses:</b>		
Non-regulated revenue	5,098	4,623
Non-regulated expenses	(1,954)	(2,275)
Other components of net periodic benefit credit	3,273	5,221
Allowance for equity funds used during construction	1,742	1,404
Income tax expense on other income and expenses	(1,321)	(1,794)
Net other income	6,838	7,179
<b>Interest expense:</b>		
Interest expense	15,800	12,818
Allowance for borrowed funds used during construction	(758)	(829)
Net interest expense	15,042	11,989
<b>Net income (loss)</b>	<u>69,690</u>	<u>(22,334)</u>
<b>Net loss attributable to noncontrolling interests</b>	<u>(227)</u>	<u>(123)</u>
<b>Net income (loss) attributable to California Water Service Group</b>	<u>\$ 69,917</u>	<u>\$ (22,211)</u>
<b>Earnings (loss) per share of common stock:</b>		
Basic	\$ 1.21	\$ (0.40)
Diluted	\$ 1.21	\$ (0.40)
<b>Weighted average shares outstanding:</b>		
Basic	57,733	55,666
Diluted	57,774	55,666
<b>Dividends per share of common stock</b>	<u>\$ 0.28</u>	<u>\$ 0.26</u>

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# First Quarter 2024 Earnings Results Presentation

April 25, 2024



# Today's Participants

**Marty Kropelnicki**  
Chairman & CEO



**James Lynch**  
Sr. Vice President, CFO & Treasurer



**Greg Milleman**  
Vice President, Rates & Regulatory Affairs



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# Forward-Looking Statements

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When used in our documents, statements that are not historical in nature, including words like will, would, expects, intends, plans, believes, may, could, estimates, assumes, anticipates, projects, progress, predicts, hopes, targets, forecasts, should, seeks or variations of these words or similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements in this presentation include, but are not limited to, statements describing Cal Water's expected financial performance, investments in infrastructure projects and PFAS treatment, GHG emissions reductions targets, and expectations regarding the business and financial impact of the 2021 GRC decision. 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. 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## First Quarter 2024 Highlights

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Strong operating performance highlighted by resolution of the 2021 California Water Service (Cal Water) General Rate Case and Infrastructure Improvement Plan (2021 GRC)

- Authorization to invest \$1.2 billion in water system improvement projects (2021-2024)
- Adoption of progressive rate design
- Recognition of interim rates (FY 2023 - Q1 2024)

Implementation in California of 10.27% return on equity

\$83 million in additional state funding to relieve California customers of past-due balances accumulated during the COVID-19 pandemic

New EPA PFAS regulation

Commitment to reducing absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 63% by 2035

# Financial Results: First Quarter 2024

(Reflects regulatory approval of Cal Water's 2021 GRC)

(Amounts are in millions, except for EPS)	First Quarter 2024		First Quarter 2023	Variance
Operating Revenue	\$270.7	▲	\$131.1	106.5%
Operating Expenses	\$192.9	▲	\$148.6	29.8%
Net Interest Expense	\$15.0	▲	\$12.0	25.0%
Net Income (Loss) Attributable to CWT	\$69.9	▲	\$(22.2)	414.9%
Diluted EPS	\$1.21	▲	\$(0.40)	402.5%
Capital Investments	\$109.8	▲	\$82.0	33.9%



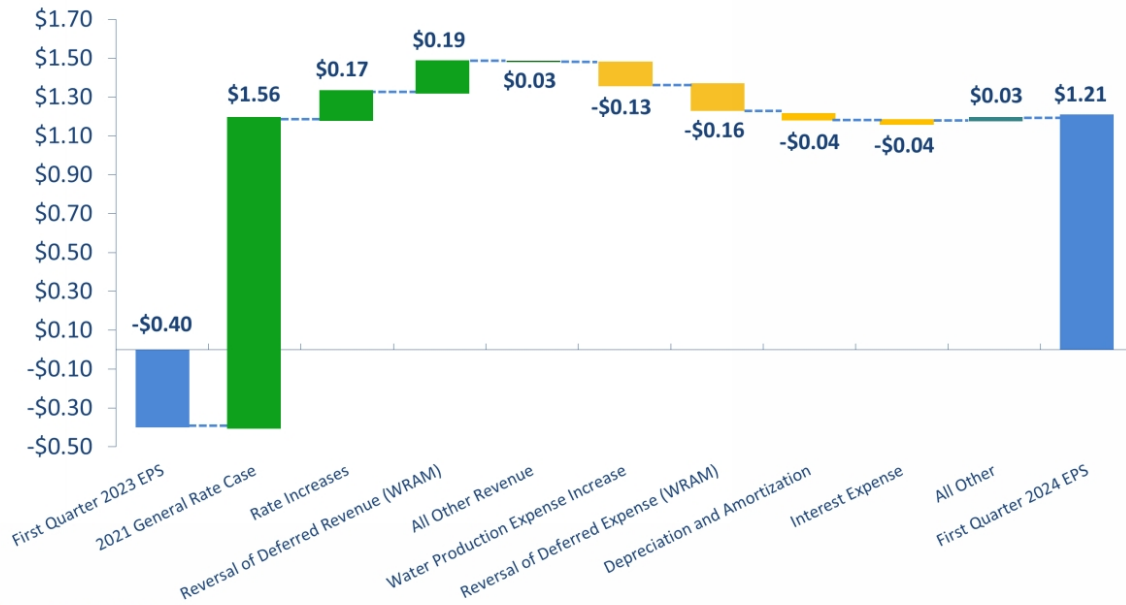
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# EPS Bridge First Quarter 2023 to First Quarter 2024

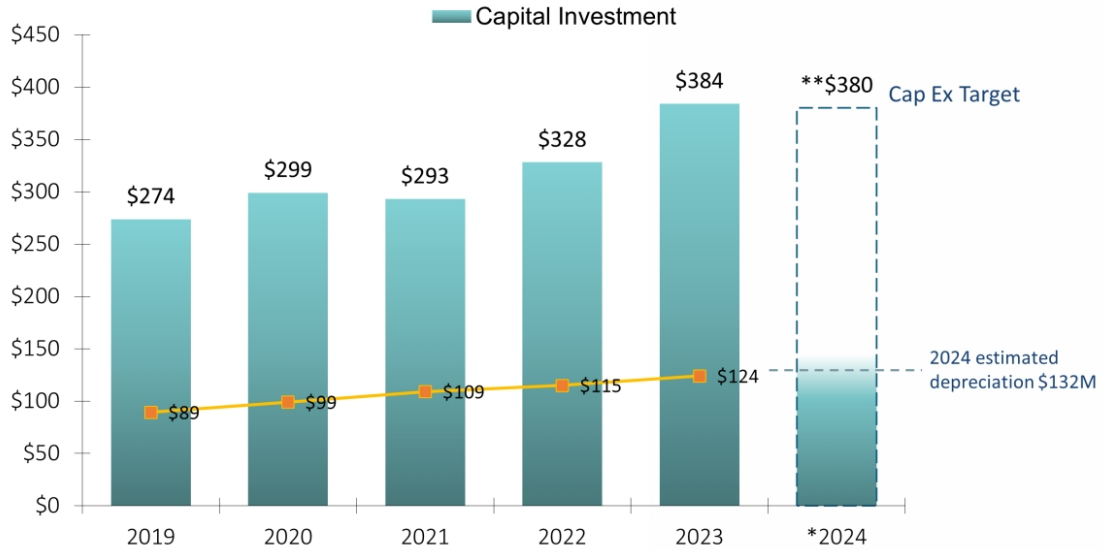
(Reflects regulatory approval of Cal Water 2021 GRC in First Quarter 2024)





# Capital Investment and Depreciation

5-Year Historical Capital Investment and Depreciation (in \$M)



\*Capital Investment for the first quarter 2024 was \$109.8M. Depreciation through the first quarter 2024 was \$32.8M.

\*\*Excludes \$215.0M of estimated PFAS treatment capital investments that will be incurred over multiple years.



# Estimated Regulated Rate Base of CWT



\*2024-2025 Rate Base estimates include amounts authorized in the 2021 GRC plus estimated rate base in other states; these values are not yet adopted and are subject to review and approval of CPUC and other regulators. Amounts exclude estimated \$215.0 million in PFAS treatment capital investments that will be incurred over multiple years.





## Dividends | Cash Flow | Capital Allocation

Continue to maintain financial discipline with a strong balance sheet, while allocating capital in a manner consistent with our capital infrastructure improvement plan

- Increased annual dividend 7.7% from \$1.04 per share to \$1.12 per share. This is the company's 57<sup>th</sup> consecutive dividend increase.
- Declared 317<sup>th</sup> consecutive quarterly dividend of \$0.28 per share.
- Secured \$83.0 million in additional state funding through the California Extended Water and Wastewater Arrearages Payment Program to relieve eligible California customers of past-due balances accumulated during the COVID pandemic; program funds were received after the Q2 2024 quarter end.
- Ended Q1 2024 with \$88.3 million of cash, of which \$45.4 million was classified as restricted, and additional short-term borrowing capacity of \$320.0 million.



## 2021 GRC Resolution

Decision provides clarity for all stakeholders, while enabling CWT to continue to provide safe, reliable water service to customers throughout California

- Final decision approved on March 7, 2024 on the 2021 GRC.
- Increases adopted revenues, after corrections, for 2023 by approximately \$41.5 million, retroactive to January 1, 2023. Also potentially increases adopted revenues by up to approximately \$30.0 million for 2024 and \$30.6 million for 2025, subject to the CPUC's earnings test and inflationary adjustments.
- Authorizes Cal Water to invest approximately \$1.2 billion from 2021 through 2024 in water system infrastructure projects that are needed to continue providing safe, reliable water service to customers throughout California, including approximately \$160 million of infrastructure projects that may be submitted for recovery via the CPUC's advice letter process. From 2021 through 2023, Cal Water capital investments totaled approximately \$855 million.
- Approves a progressive rate design that is intended to provide financial stability while benefiting low-income and low-water-using customers by decreasing the cost of the first six units of water consumed and increasing the percentage of fixed costs that are recovered in the service charge.



## California Extended Water and Wastewater Arrearages Payment Program

Proactively sought funding to assist our customers

- \$83 million will be applied to past-due balances accrued by residential and commercial customers between June 16, 2021, and December 31, 2022 during the COVID-19 Pandemic.
- Reflects our commitment to supporting all customers, particularly those who need assistance.
- Funds will benefit both current and past-due customers.



## Investments in PFAS Treatment

Group believes it is well-positioned to meet the EPA's new PFAS regulation

- Cal Water, Hawaii Water Service (Hawaii Water), New Mexico Water Service (New Mexico Water), and Washington Water Service (Washington Water) have a rigorous, coordinated water quality assurance program and protocols in place to test and monitor the water they deliver to customers.
- In California and Washington, Group's utilities have been complying with previously issued PFAS guidelines issued by State regulators.
- On April 18, 2024, the CPUC dismissed without prejudice Cal Water's application requesting authorization to modify a previously approved PFAS-expense memorandum account to include capital investments related to PFAS compliance. The CPUC instructed Cal Water to include PFAS capital investments in a future GRC or separate application.
- Despite the CPUC decision, the Company reaffirmed its commitment to investing an estimated \$215.0 million in PFAS treatment across its operating utilities and to working quickly to complete planned projects.







## Greenhouse Gas Scope 1 and 2 Reduction Targets Set

Group Continues to Make Progress on ESG

- Group has committed to reducing absolute Scope 1 and 2 GHG emissions by 63% by 2035 from a 2021 base year.
- Target is science-aligned.
- Group expects to achieve these reductions through a multi-pronged approach that includes fleet electrification, water conservation, onsite solar installations, and renewable electricity procurement.
- Group may evolve its decarbonization strategy if warranted by changes in the industry, business, and/or operating environment.
- Group is committed to delivering value to customers and stockholders while pursuing reduction targets.



# Q1 2024 Key Messages

**Resolution of the 2021 California GRC**

**Issuance of new EPA PFAS regulation**

**\$83 million in additional state funding to relieve California customers of past-due balances accumulated during the pandemic**

**Commitment to reducing absolute Scope 1 and 2 GHG emissions by 63% by 2035**

**Focus turns to executing our infrastructure improvement plan and filing the 2024 California GRC**





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