

First Quarter 2025 Earnings Presentation

May 1, 2025

Today's Speakers



Marty Kropelnicki

Chairman & CEO



James Lynch

Sr. Vice President, CFO & Treasurer



Forward-Looking Statements and Other Important Information

This presentation 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 presentation 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 presentation include, but are not limited to, statements describing expectations regarding financial performance, operating plans, capital investments and expenditures, depreciation, and expectations regarding Group's plans and proposals pursuant to and progress of the 2024 General Rate Case, water supply outlook, rate base growth, compound annual growth rate, sufficiency of cash and liquidity to support capital investment and growth, annual dividend yield and Hawaii Water Service rate increase. 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 or outcomes may vary materially from what is contained in a forward-looking statement. Factors that may cause actual results or outcomes to be different than those expected or anticipated include, but are not limited to: the outcome and timeliness of regulatory commissions' actions concerning rate relief and other matters, including with respect to the 2024 GRC; the impact of opposition to rate increases; our ability to recover costs; Federal governmental and state regulatory commissions' decisions, including decisions on proper disposition of property; changes in state 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; changes in California State Water Resources Control Board water quality standards; changes in environmental compliance and water quality requirements, such as the United States Environmental Protection Agency's (EPA) finalization of a National Primary Drinking Water Regulation establishing legally enforceable maximum contaminant levels (MCL) for six PFAS in drinking water in 2024; the impact of weather, climate change, natural disasters, including wildfires and landslides, 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; electric power interruptions, especially as a result of public safety power shutoff programs; availability of water supplies; our ability to invest or apply the proceeds from the issuance of common stock in an accretive manner; consequences of eminent domain actions relating to our water systems; our ability to renew leases to operate water systems owned by others on beneficial terms; increased risk of inverse condemnation losses as a result of the impact of weather, climate change, and natural disasters, including wildfires and landslides; housing and customer growth; 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; 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, changes in tariff policy and uncertainty regarding tariffs and other retaliatory trade measures, the interest rate environment, instability of certain financial institutions, changes in monetary policy, adverse capital markets activity or macroeconomic conditions as a result of 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; the impact of the evolving U.S. political environment that has led to, in some cases, legal challenges and uncertainty around the funding, functioning and policy priorities of U.S. federal regulatory agencies and the status of current and future 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 presentation. 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. A credit rating is not a recommendation to buy, sell, or hold any securities, and may be changed at any time by the applicable ratings agency and should be evaluated independently of any other information.



Recent Highlights

1

Strong start to 2025, including increased customer usage, advice letter filings, and general rate increases

2

The 2024 California General Rate Case (“GRC”) remains on schedule

3

Favorable decisions in other regulatory matters, including authorized recovery of CA Drought Expenses and Palos Verdes Peninsula Water Reliability Project

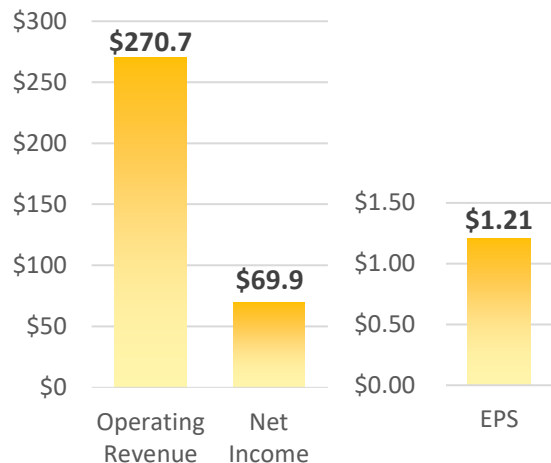
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Annual water supply outlook is positive; CA average snowpack levels are at 99% of normal as of April 9, 2025

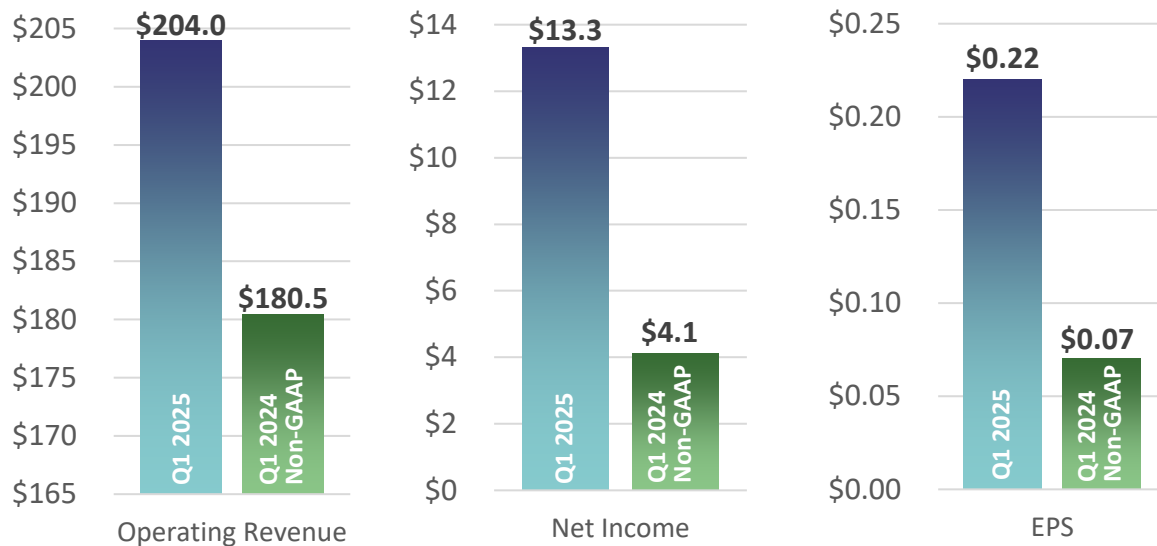
Strong Financial Results in Q1 2025

(in millions, except EPS)

Q1 2024 GAAP



Q1 2025 vs. Q1 2024 Non-GAAP*

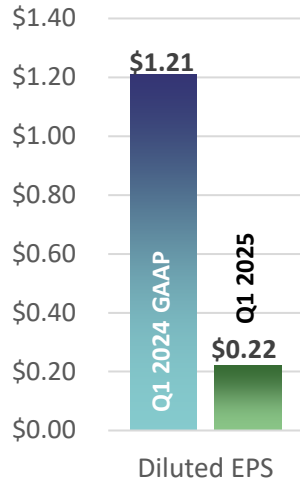


*As a result of the delayed 2021 California GRC decision, interim rate relief related to 2023 was recorded in Q1 2024. Non-GAAP measures adjust for the impact of 2023 interim rate relief on 2024 results. For more information, see the reconciliation of results and related explanations in the Appendix.

Diluted EPS Q1 2024 to Q1 2025



Q1 2024 GAAP vs. Q1 2025

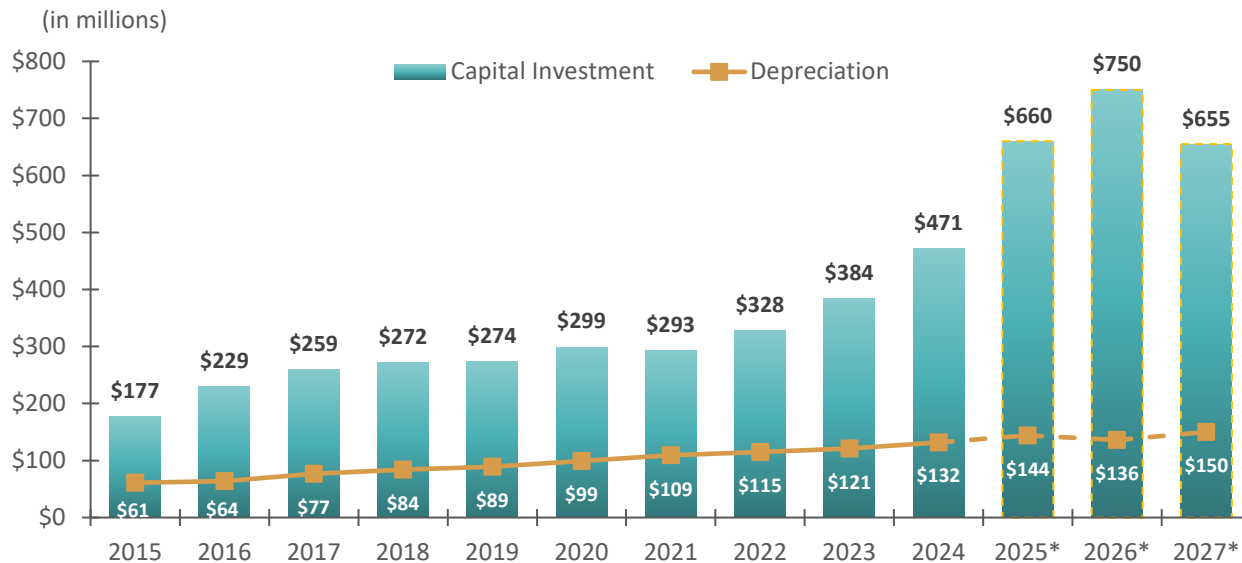


Non-GAAP Q1 2024 to Q1 2025 Bridge



Capital Investment & Depreciation

Growth in capital investment outpaces depreciation

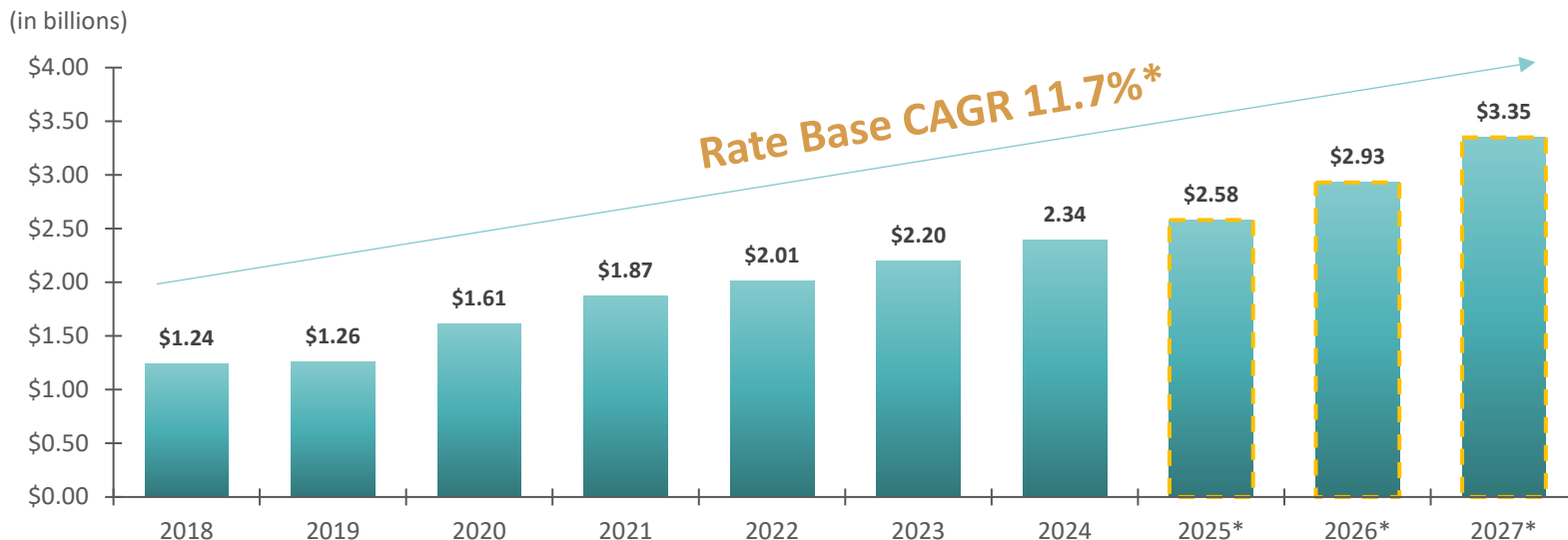


*Estimates for 2025-2027 are based on amounts requested in the 2024 California GRC application plus estimated capital expenditures in other states; these capital expenditures are subject to review and approval by the CPUC and other regulators.

Note: Estimates for 2025-2027 exclude anticipated PFAS-related capital investments. Remaining estimated PFAS program expenditures of \$222.5M (before potential offsets) will be incurred over multiple years.

Regulated Rate Base Growth

Estimated to achieve over \$3.3 billion by 2027



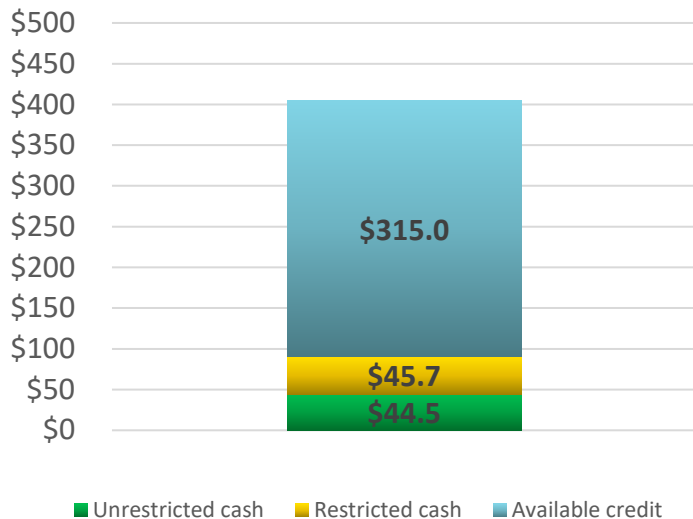
*2025-2027 rate base estimates include amounts requested in the 2024 California GRC plus estimated rate base in other states; these values are not yet adopted and are subject to review and approval by the CPUC and other regulators.

Note: Estimates for 2025-2027 exclude anticipated PFAS related capital investments. Remaining estimated PFAS program expenditures of \$222.5M (before potential offsets) and are expected to be incurred over multiple years.

Liquidity Profile

Group maintains strong liquidity profile to execute capital plan and strategic M&A investments

(in millions)



- Expect to have adequate cash to support capital investment and growth
- Credit facilities of **\$600M** that can be expanded up to **\$800M**; facilities mature in March 2028
- Global credit rating **A+/stable** affirmed at S&P Global
- Cal Water First Mortgage Bonds rated **AA-**
- Authorized Cal Water capital structure of 53.4% equity and 46.6% debt supports future growth

Dividend Program

Strong history of returning cash to shareholders

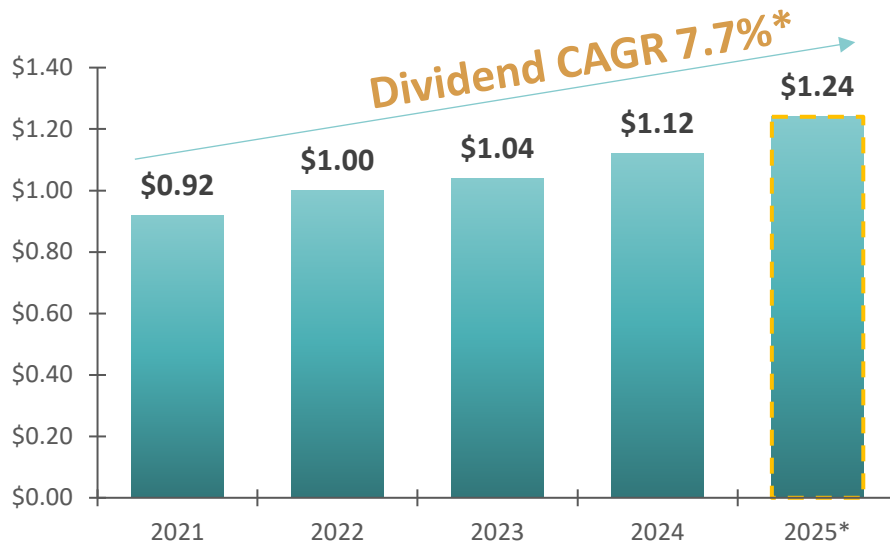
321st Consecutive
Quarterly
Dividend in
Amount of **\$0.30**

58th Announced Annual
Increase Expected
to Yield 2025
Annual Dividend of **\$1.20**

\$0.04 One-Time Special
Dividend Brings
Anticipated 2025
Dividend to **\$1.24**

10.71% Announced 2025 Dividend
Increase (Reflects One-Time
Special Dividend)

7.7% Anticipated
Five-Year
Dividend
CAGR



*Anticipated 2025 annual dividend includes one-time \$0.04 special dividend



2024 California General Rate Case

\$1.6B

Investment proposed in Cal Water
from 2025-27

LUWEP

Application proposes Low-Use
Water Equity Program that would
decouple revenue from water sales
to enhance affordability

18 (anticipated)

Month-long process begun for
triennial rate case filing with CPUC

Key updates since filing:

- California Public Advocates issued its report with Cal Water providing rebuttal testimony.
- Settlement discussions took place during the month of April.
- The next step in the process are hearings before the Administrative Law Judge, which are expected to occur in May.
- The case is proceeding as scheduled in the original plan.

Requests rate adjustments necessary to generate total revenue increases of:

- **\$140.6M**, or 17.1%, for 2026
- **\$74.2M**, or 7.7%, for 2027
- **\$83.6M**, or 8.1%, for 2028



Regulatory Updates

Escalation Increase Requests

- As part of the 2021 California GRC decision, Cal Water was authorized to request 2025 escalation rate increases for eligible districts.
- In November 2024, Cal Water filed for escalation increases in 18 regulated districts that passed the CPUC's earnings test.
- The filing represented an increase of \$27.2 million in annual adopted gross revenue.
- The full amount of the requested rate increases were approved and implemented on January 1, 2025.

Other CA Regulatory Updates

Palos Verdes Peninsula Water Reliability Project:

- CPUC approved \$14.2 million of incremental costs in rate base and \$3.8 million in carrying cost recovery via surcharge.
- New base rates effective February 1, 2025; surcharges began April 1, 2025.

California Drought Memorandum Account (DRMA):

- CPUC approved recovery of \$1.4 million in 2021-2022 drought-related costs. Surcharges implemented April 1, 2025.

Hawaii Rate Cases

Hawaii Water Service – 2024 Ka'anapali General Rate Case

- Settlement reached with Division of Consumer Advocacy in Q1 2025 for test year revenue requirement of \$7.5 million (up from \$6.4 million) on \$13.4 million rate base.
- Hawaii PUC approved the settlement on April 7, 2025; new rates will become effective in May 2025

Annual Water Supply Update



California



- Statewide snowpack at 99% of normal, with regional levels ranging from 85% to 120% as of April 9, 2025
- Major reservoirs remain above historical averages, supporting a positive water supply outlook



Hawaii



- West Maui remains in drought; targeted conservation efforts underway with local partners



Washington & New Mexico



- No significant water supply concerns anticipated in Washington and New Mexico

The Year Ahead



Continue to progress on 2024 California GRC and work towards a timely and constructive resolution



Stay keenly focused on expense management as Cal Water is in the third year of the 2021 GRC



Lead water industry efforts to recover PFAS treatment costs from responsible parties



Continue to execute our capital investment plan, which includes projects designed to provide high quality water service and supply



Execute strategic growth through targeted domestic M&A



Provide our customers with best-in-class service and support



Appendix



Non-GAAP Financial Measures

The Company's revenue, net income, and diluted earnings per share are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and represent amounts reported on filings with the Securities and Exchange Commission. Adjusted revenue, net income, and diluted earnings per share are non-GAAP financial measures representing GAAP balances that, in this earnings release, are adjusted to exclude the effects of 2023 interim rate relief related to the delayed 2021 California GRC recorded by the Company in March 2024. These non-GAAP financial measures are provided as additional information for investors and analysts to better assess the Company's 2025 financial performance as compared to 2024 without the impact of the 2023 interim rate relief on 2024 results. Management also uses these non-GAAP financial measures in evaluating the Company's performance. These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies, even when the same or similarly titled terms are used to identify such measures, limiting their usefulness for comparative purposes. Further, these non-GAAP financial measures should be considered as a supplement to the financial information prepared on a GAAP basis rather than an alternative to the respective GAAP measures.

Reconciliation of Non-GAAP Financial Measures

(in millions, except per share amounts)	Three Months Ended March 31,	
	2025	2024
Reported GAAP Operating Revenue	\$203,973	\$270,749
Adjustments:		
2023 interim rate relief related to the 2021 California GRC recorded in 2024	-	(\$90,266)
Adjusted Operating Revenue (non-GAAP)	\$203,973	\$180,483
Reported GAAP Net Income	\$13,331	\$69,917
Adjustments:		
2023 interim rate relief related to the 2021 California GRC recorded in 2024	-	(\$65,813)
Adjusted Net Income attributable to California Water Service Group (non-GAAP)	\$13,331	\$4,104
Reported GAAP Diluted Earnings Per Share	\$0.22	\$1.21
Adjustments:		
2023 interim rate relief related to the 2021 California GRC recorded in 2024	-	(\$1.14)
Adjusted Diluted Earnings Per Share (non-GAAP)	\$0.22	\$0.07