

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

or

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

For the transition period from to

Commission File Number 1-13883

CALIFORNIA WATER SERVICE GROUP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

77-0448994
(I.R.S. Employer Identification No.)

1720 North First Street
San Jose, California 95112
(Address of principal executive offices)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class:	Trading Symbol(s)	Name of Each Exchange on Which Registered:
Common Stock, \$0.01 par value per share	CWT	New York Stock Exchange

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of July 20, 2026, there were 61,839,101 shares of the registrant's common stock outstanding.

TABLE OF CONTENTS

	Page
<u>PART I</u>	
<u>Financial Information</u>	
<u>Item 1.</u>	<u>3</u>
<u>Financial Statements</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets (unaudited) as of June 30, 2026 and December 31, 2025</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations (unaudited) For the Three and Six Months Ended June 30, 2026 and 2025</u>	<u>5</u>
<u>Condensed Consolidated Statements of Comprehensive Income (unaudited) For the Three and Six Months Ended June 30, 2026 and 2025</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows (unaudited) For the Six Months Ended June 30, 2026 and 2025</u>	<u>7</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2.</u>	<u>22</u>
<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	
<u>Item 3.</u>	<u>34</u>
<u>Quantitative and Qualitative Disclosure about Market Risk</u>	
<u>Item 4.</u>	<u>34</u>
<u>Controls and Procedures</u>	
<u>PART II</u>	<u>35</u>
<u>Other Information</u>	
<u>Item 1.</u>	<u>35</u>
<u>Legal Proceedings</u>	
<u>Item 1A.</u>	<u>35</u>
<u>Risk Factors</u>	
<u>Item 5.</u>	<u>35</u>
<u>Other Information</u>	
<u>Item 6.</u>	<u>36</u>
<u>Exhibits</u>	
<u>Signature</u>	<u>37</u>

PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEETS
 Unaudited (In thousands, except par value)

	June 30, 2026	December 31, 2025
ASSETS		
Utility plant:		
Utility plant	\$ 6,182,880	\$ 5,909,242
Less accumulated depreciation and amortization	(1,371,706)	(1,329,652)
Net utility plant	<u>4,811,174</u>	<u>4,579,590</u>
Current assets:		
Cash and cash equivalents	43,445	51,820
Restricted cash	45,697	45,553
Receivables:		
Customers, net	72,315	56,322
Short-term regulatory assets	91,122	72,511
Other, net	48,327	49,004
Accrued and unbilled revenue, net	56,695	39,674
Materials and supplies	18,334	19,784
Taxes, prepaid expenses, and other assets	31,250	19,760
Total current assets	<u>407,185</u>	<u>354,428</u>
Other assets:		
Regulatory assets	334,709	339,865
Goodwill	37,063	37,063
Other	364,833	360,219
Total other assets	<u>736,605</u>	<u>737,147</u>
TOTAL ASSETS	<u><u>\$ 5,954,964</u></u>	<u><u>\$ 5,671,165</u></u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited (In thousands, except par value)

	June 30, 2026	December 31, 2025
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$0.01 par value; 136,000 shares authorized, 61,839 and 59,638 outstanding on June 30, 2026 and December 31, 2025, respectively	\$ 618	\$ 596
Additional paid-in capital	1,070,262	973,454
Retained earnings	749,745	729,276
Accumulated other comprehensive loss	(13,152)	(13,922)
Noncontrolling interest	2,619	2,571
Total equity	1,810,092	1,691,975
Long-term debt, net	1,471,948	1,471,968
Total capitalization	3,282,040	3,163,943
Current liabilities:		
Current maturities of long-term debt, net	590	2,270
Short-term borrowings	205,000	130,000
Accounts payable	201,432	175,729
Short-term regulatory liabilities	94,248	25,458
Accrued other taxes	3,744	6,048
Accrued interest	13,115	12,976
Other accrued liabilities	62,541	65,683
Total current liabilities	580,670	418,164
Deferred income taxes	466,636	450,946
Regulatory liabilities	903,905	929,814
Pension	95,191	94,226
Advances for construction	211,191	210,638
Contributions in aid of construction	305,106	297,016
Other long-term liabilities	110,225	106,418
Commitments and contingencies (Note 9)		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 5,954,964</u>	<u>\$ 5,671,165</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited (In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating revenue	\$ 308,596	\$ 264,954	\$ 523,169	\$ 468,927
Operating expenses:				
Operations:				
Water production costs	91,843	85,503	163,172	148,494
Administrative and general	36,221	33,317	69,907	67,491
Other operations	45,144	31,695	76,377	60,531
Maintenance	9,150	9,043	17,516	16,711
Depreciation and amortization	29,536	36,029	69,500	71,985
Income tax expense	13,872	6,915	13,946	7,950
Property and other taxes	11,931	10,643	23,688	21,611
Total operating expenses	237,697	213,145	434,106	394,773
Net operating income	70,899	51,809	89,063	74,154
Other income and expenses:				
Non-regulated revenue	6,241	4,911	11,462	9,992
Non-regulated expenses	(3,579)	(2,868)	(9,036)	(6,334)
Other components of net periodic benefit credit	2,288	4,589	6,260	9,389
Allowance for equity funds used during construction	2,085	1,898	4,164	3,695
Income tax expense on other income and expenses	(1,716)	(1,752)	(3,107)	(3,455)
Net other income	5,319	6,778	9,743	13,287
Interest expense:				
Interest expense	20,809	17,464	40,428	33,973
Allowance for borrowed funds used during construction	(1,044)	(927)	(2,112)	(1,784)
Net interest expense	19,765	16,537	38,316	32,189
Net income	56,453	42,050	60,490	55,252
Net loss attributable to noncontrolling interest	(12)	(118)	(12)	(247)
Net income attributable to California Water Service Group	\$ 56,465	\$ 42,168	\$ 60,502	\$ 55,499
Earnings per share:				
Basic	\$ 0.94	\$ 0.71	\$ 1.01	\$ 0.93
Diluted	\$ 0.93	\$ 0.71	\$ 1.01	\$ 0.93
Weighted average shares outstanding:				
Basic	60,357	59,574	60,030	59,542
Diluted	60,434	59,629	60,105	59,590

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Unaudited (In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	\$ 56,453	\$ 42,050	\$ 60,490	\$ 55,252
Other comprehensive income:				
Amortization of defined benefit pension plans, net of tax of \$148, \$60, \$298, and \$120, respectively	385	154	770	308
Other comprehensive income, net of tax	385	154	770	308
Comprehensive income	56,838	42,204	61,260	55,560
Comprehensive loss attributable to noncontrolling interest	(12)	(118)	(12)	(247)
Comprehensive income attributable to California Water Service Group	\$ 56,850	\$ 42,322	\$ 61,272	\$ 55,807

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
	2026	2025
Operating activities:		
Net income	\$ 60,490	\$ 55,252
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	70,319	73,066
Change in value of life insurance contracts	(2,120)	(1,257)
Allowance for equity funds used during construction	(4,164)	(3,695)
Changes in operating assets and liabilities:		
Receivables and accrued and unbilled revenue	(44,553)	(40,542)
Accounts payable	16,091	(9,027)
Other current assets	(6,080)	(5,532)
Other current liabilities	(5,692)	(3,656)
Other changes in noncurrent assets and liabilities	28,696	22,758
Net cash provided by operating activities	112,987	87,367
Investing activities:		
Utility plant expenditures	(276,440)	(229,520)
Other	1	207
Net cash used in investing activities	(276,439)	(229,313)
Financing activities:		
Short-term borrowings	555,000	410,000
Repayment of short-term borrowings	(480,000)	(255,000)
Repayment of long-term debt	(459)	(430)
Advances and contributions in aid of construction	19,747	20,542
Refunds of advances for construction	(5,185)	(4,543)
Per- and polyfluoroalkyl substances (PFAS) settlement proceeds	18,471	10,605
Repurchase of common stock	(951)	(1,214)
Issuance of common stock	95,582	1,343
Dividends paid	(40,033)	(38,098)
Payment for purchase of noncontrolling interest	(6,951)	—
Distribution to noncontrolling interest	—	(790)
Net cash provided by financing activities	155,221	142,415
Change in cash, cash equivalents, and restricted cash	(8,231)	469
Cash, cash equivalents, and restricted cash at beginning of period	97,373	95,687
Cash, cash equivalents, and restricted cash at end of period	\$ 89,142	\$ 96,156
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of amounts capitalized)	\$ 36,994	\$ 31,423
Supplemental disclosure of investing and financing non-cash activities:		
Accrued payables for investments in utility plant	\$ 75,053	\$ 60,428
Utility plant contributed by developers	\$ 16,229	\$ 14,162

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CALIFORNIA WATER SERVICE GROUP
Notes to Unaudited Condensed Consolidated Financial Statements
June 30, 2026
Dollar amounts in thousands, unless otherwise stated

Note 1. Organization and Operations and Basis of Presentation

California Water Service Group (Company) is a holding company that provides water utility and other related services in California, Washington, New Mexico, Hawaii and Texas through its wholly-owned subsidiaries. California Water Service Company (Cal Water), Washington Water Service Company (Washington Water), New Mexico Water Service Company (New Mexico Water), and Hawaii Water Service Company, Inc. (Hawaii Water) provide regulated utility services under the rules and regulations of their respective state's regulatory commissions. CWS Utility Services and HWS Utility Services LLC provide non-regulated water utility and utility-related services. TWSC, Inc. (Texas Water) indirectly holds regulated and contracted water and wastewater utilities through a majority owned joint venture, BVRT Utility Holding Company LLC (BVRT). BVRT's water and wastewater utilities provide services under the rules and regulation of the Public Utilities Commission of Texas (PUCT). Each state's regulatory commission will be jointly referred to as the Commissions.

Basis of Presentation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) and therefore do not contain all of the information and footnotes required by GAAP and the SEC for annual financial statements. Interim financial information includes the Company's accounts and those of its wholly owned subsidiaries. BVRT, a 96.6% owned subsidiary of Texas Water, is consolidated using the voting interest model as the Company owns a majority of the voting interests. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on February 27, 2026.

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

In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring transactions that are necessary to provide a fair presentation of the results for the periods covered.

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

Noncontrolling Interest

Noncontrolling interest in the Company's unaudited condensed consolidated interim financial statements represents the 3.4% interest not owned by Texas Water in BVRT. Texas Water obtained control over BVRT on May 1, 2021. Since the Company controls BVRT, its financial statements are consolidated with those of the Company, and the noncontrolling owner's 3.4% share of BVRT's net assets and results of operations is deducted and reported as noncontrolling interest in total equity on the unaudited Condensed Consolidated Balance Sheets, as net loss attributable to noncontrolling interest in the unaudited Condensed Consolidated Statements of Operations, and as comprehensive loss attributable to noncontrolling interest in the unaudited Condensed Consolidated Statements of Comprehensive Income. The Company reports noncontrolling interest in consolidated entities as a component of equity separate from the Company's equity. The Company's net income and comprehensive income attributable to California Water Service Group excludes the loss attributable to the noncontrolling interest.

Note 2. Summary of Significant Accounting Policies

Operating Revenue

The following table disaggregates the Company's operating revenue by source for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue from contracts with customers	\$ 278,035	\$ 256,216	\$ 475,369	\$ 438,917
Regulatory balancing account revenue	30,561	8,738	47,800	30,010
Total operating revenue	<u>\$ 308,596</u>	<u>\$ 264,954</u>	<u>\$ 523,169</u>	<u>\$ 468,927</u>

Revenue from contracts with customers

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

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

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

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

In the following table, revenue from contracts with customers is disaggregated by class of customers for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Residential	\$ 153,374	\$ 141,929	\$ 262,265	\$ 247,362
Business	51,747	48,094	93,667	88,642
Multiple residential	22,554	20,723	43,154	39,926
Industrial	6,489	6,529	12,440	12,934
Public authorities	15,229	13,011	24,658	22,256
Other (a)	28,642	25,930	39,185	27,797
Total revenue from contracts with customers	<u>\$ 278,035</u>	<u>\$ 256,216</u>	<u>\$ 475,369</u>	<u>\$ 438,917</u>

(a) Other includes changes to accrued and unbilled revenue.

Regulatory balancing account revenue

Regulatory balancing account revenue is revenue related to revenue mechanisms authorized in California by the California Public Utilities Commission (CPUC). For certain revenue mechanisms, the Company recognizes revenue when it is objectively determinable, probable of recovery and expected to be collected within 24 months following the end of the accounting period. To the extent that revenue is estimated to be collectible beyond 24 months, recognition is deferred. These mechanisms include the Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM), which tracks the difference between the revenue received for actual metered sales through the tiered volumetric rate and the revenue that would have been received with the same actual metered sales if a uniform rate had been in effect. The M-WRAM fluctuates with the seasonality of the water business. During the warm, dry summer months when water use is typically highest, the M-WRAM will reflect an overcollection of revenue compared to an undercollection in the cool, wet winter months when less water is typically used.

These mechanisms also include the Water Revenue Adjustment Mechanism (WRAM), which decoupled revenue from the volume of sales and allowed the Company to recognize the adopted level of volumetric revenues. The variance between adopted volumetric revenues and actual billed volumetric revenues for metered accounts was recorded as regulatory balancing account revenue. The WRAM concluded on December 31, 2022; however, the Company has a net WRAM receivable balance for which the Company continued to defer revenue recognition for amounts estimated to be collected beyond 24 months following the end of the accounting period until the second quarter of 2026. During the second quarter of 2026, the Company recognized all previously deferred amounts of \$9.3 million as the Company expects to fully collect the remaining net WRAM receivable balance within 24 months. The surcharge to recover this balance was implemented on July 1, 2026.

Regulatory balancing accounts also include revenue that is recognized when it is probable that future recovery of previously incurred costs or future refunds that are to be credited to customers will occur through the ratemaking process. As a result of the delay in the approval of Cal Water's general rate case (GRC) filed on July 8, 2024 (2024 CA GRC), the CPUC authorized Cal Water to track the effect of the delay on customer billings in an Interim Rates Memorandum Account (IRMA) effective January 1, 2026. Variances between actual customer billings and those that would have been billed assuming the 2024 CA GRC had been implemented on January 1, 2026 were recorded as regulatory balancing account revenue. The 2024 CA GRC was approved in April of 2026 and final rates for the 2024 CA GRC were not implemented as of June 30, 2026; as a result, Cal Water calculated and recorded this difference for the first six months of 2026. Cal Water determined that the IRMA met regulatory asset recognition criteria under accounting standards for regulated utilities. In the second quarter of 2026, the Company recorded \$15.3 million of revenue for the IRMA.

Non-Regulated Revenue

The following table disaggregates the Company's non-regulated revenue by source for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Contract operating and maintenance revenue	\$ 3,458	\$ 3,239	\$ 6,843	\$ 6,506
Other non-regulated revenue	2,179	1,091	3,429	2,339
Non-regulated revenue from contracts with customers	5,637	4,330	10,272	8,845
Lease revenue	604	581	1,190	1,147
Total non-regulated revenue	<u>\$ 6,241</u>	<u>\$ 4,911</u>	<u>\$ 11,462</u>	<u>\$ 9,992</u>

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

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

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

Allowance for Credit Losses

The Company measures expected credit losses for customer receivables, other receivables, and accrued and unbilled revenue on an aggregated level. These receivables are generally trade receivables due in one year or less or expected to be billed and collected in one year or less. The expected credit losses for other receivables and accrued and unbilled revenue are inconsequential. Customer receivables include receivables for water and wastewater services provided to residential customers, business, industrial, public authorities, and other customers. The expected credit losses for business, industrial, public authorities, and other customers are inconsequential. The overall risks related to the Company's receivables are low as water and wastewater services are seen as essential services. The estimate for the allowance for credit losses is based on a historical loss ratio, in conjunction with a qualitative assessment of elements that impact the collectability of receivables to determine if the allowance for credit losses should be further adjusted in accordance with the applicable accounting guidance. Management contemplates available current information such as changes in economic factors, regulatory matters, industry trends, payment options and programs available to customers, and the methods that the Company is able to use to encourage payment.

The Company reviews its allowance for credit losses utilizing a quantitative assessment, which includes a trend analysis of customer billings and collections, and agings by customer class. The Company also utilizes a qualitative assessment, which considers the future collectability of customer outstanding balances, management's estimate of the cash recovery, and a general assessment of the economic conditions in the locations the Company serves. Based on these assessments, the Company adjusts its allowance for credit losses, accordingly.

The Company has elected to apply a practical expedient which allows the Company to assume that current conditions as of the balance sheet date remain unchanged over the remaining life of its receivables in developing reasonable and supportable forecasts as part of estimating expected credit losses.

The following table presents the activity in the allowance for credit losses for the six months ended June 30, 2026 and twelve months ended December 31, 2025:

	June 30, 2026	December 31, 2025
Beginning balance	\$ 3,322	\$ 4,128
Provision for credit loss expense	1,793	3,910
Write-offs	(2,461)	(5,281)
Recoveries	237	565
Total ending allowance balance	<u>\$ 2,891</u>	<u>\$ 3,322</u>

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash within the unaudited Condensed Consolidated Balance Sheets that total to the amounts shown on the unaudited Condensed Consolidated Statements of Cash Flows (see Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements on restricted cash):

	June 30, 2026	December 31, 2025
Cash and cash equivalents	\$ 43,445	\$ 51,820
Restricted cash	45,697	45,553
Total cash, cash equivalents, and restricted cash	<u>\$ 89,142</u>	<u>\$ 97,373</u>

Earnings per Share

Basic earnings per share of common stock is computed by dividing the net income attributable to California Water Service Group by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution from shares potentially issuable in connection with Restricted Stock Unit (RSU) awards under the Company's equity incentive plan. Restricted Stock Awards (RSAs) are included in the common shares outstanding because the shares have all the same voting and dividend rights as issued and unrestricted common stock.

Recently Adopted Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, which removes all references to prescriptive and sequential software development stages. The ASU requires entities to begin capitalizing software costs when management authorizes and commits to funding the software project, and it is probable that the project will be completed and the software will be used for its intended purpose. ASU 2025-06 is effective for the Company's annual periods beginning January 1, 2028. Early adoption is permitted and the guidance can be applied on a prospective basis, a modified basis for in-process projects, or on a retrospective basis. The Company early adopted ASU 2025-06 prospectively beginning January 1, 2026. The adoption of this guidance did not have a material impact on the Company's unaudited condensed consolidated interim financial statements or disclosures.

New Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*, which requires disaggregation of certain Consolidated Statement of Operations' expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for the Company's annual periods beginning January 1, 2027, with early adoption permitted. The guidance is applied prospectively with the option of retrospective application for each period presented. The Company is evaluating the impact the new standard will have on its financial statement disclosures upon adoption.

In December 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*, which establishes authoritative guidance on the recognition, measurement, presentation, and disclosure of government grants. Under ASU 2025-10, government grants are recognized when it is probable that the entity will both comply with the conditions of the grant and the grant will be received. The ASU provides specific accounting models for grants related to assets and grants related to income, including options to recognize government grants as deferred income or as a reduction of the asset's cost basis. The ASU also requires enhanced disclosures regarding the nature of government grants, significant terms and conditions, accounting policies applied, and amounts recognized in the financial statements. ASU 2025-10 is effective for the Company's annual periods beginning January 1, 2029. The Company is evaluating the impact the new standard will have on its consolidated financial statements and disclosures upon adoption.

Note 3. Stock-Based Compensation

The Company's 2024 Equity Incentive Plan (2024 Equity Plan) was adopted by the Board of Directors and approved by stockholders on May 29, 2024. The Company reserved 1,600,000 shares of common stock for awards the Company is authorized to issue pursuant to the 2024 Equity Plan. In addition, the Board of Directors reauthorized 158,950 shares for issuance under its legacy equity incentive plan.

In March of 2026, the Company granted RSAs to Officers and members of the Board of Directors (Directors). The RSAs are valued based on the fair market value of the Company's common stock at the date of grant. The 2026 RSAs granted to Officers vest over 36 months with the first 12 months cliff vesting and the remaining RSAs vesting quarterly thereafter. RSAs granted to the Directors in 2026 vest at the end of 12 months. The 2026 RSAs are recognized as expense evenly over 36 months for the shares granted to Officers and 12 months for the shares granted to the Directors.

As of June 30, 2026, there was approximately \$3.7 million of total unrecognized compensation cost related to RSAs. The cost is expected to be recognized over a weighted average period of 1.7 years.

A summary of the status of the outstanding RSAs as of June 30, 2026 is presented below:

	Number of RSA Shares	Weighted-Average Grant-Date Fair Value
RSAs at January 1, 2026	76,294	\$ 47.34
Granted	62,875	46.95
Vested	(48,169)	47.28
RSAs at June 30, 2026	91,000	\$ 47.10

In March of 2026, the Company granted both market-based and performance-based RSUs to Officers. The 2026 RSU awards may be earned upon the completion of a 36-month performance period. Whether RSUs are earned at the end of the performance period will be determined based on the achievement of certain performance objectives set by the Organization and Compensation Committee of the Board of Directors in connection with the issuance of the RSUs.

The 2026 performance objectives are based on the Company's business plan covering the performance period from 2026 through 2028. The performance objectives include the achievement of a three-year average return on equity target for the performance-based RSUs and the achievement of relative total stockholder return targets for the market-based RSUs. Depending on the results achieved during the 36-month performance period, the actual number of shares that a grant recipient receives at the end of the performance period may range from 0% to 200% of the target RSUs granted, provided that the grantee is continuously employed by the Company through the vesting date. If prior to the vesting date employment is terminated by reason of death, disability or normal retirement, then a pro rata portion of this award will vest.

The Company utilizes the Monte Carlo valuation model, which requires the use of subjective assumptions, to compute the fair value of market-based RSUs at the date of grant and recognizes expense ratably over the 34-month requisite service period. The fair value of performance-based RSUs is calculated based on the fair value of the Company's common stock at the date of grant and the Company recognizes expense ratably over the 34-month requisite service period based on the expected attainment of the performance target. Changes in the estimates of the expected attainment of the performance target will result in a change in the number of shares that are expected to vest, which may cause a cumulative adjustment for the amount of expense during each reporting period in which such estimates are changed.

As of June 30, 2026, there was approximately \$4.6 million of total unrecognized compensation cost related to RSUs. The cost is expected to be recognized over a weighted average period of 1.8 years.

A summary of the status of the outstanding RSUs as of June 30, 2026 is presented below:

	Number of RSU Shares	Weighted-Average Grant-Date Fair Value
RSUs at January 1, 2026	184,665	\$ 49.43
Granted	86,281	46.95
Performance criteria adjustment	(20,384)	55.48
Vested	(17,384)	55.48
RSUs at June 30, 2026	233,178	\$ 47.53

The Company recorded compensation costs for the RSAs and RSUs, which are included in administrative and general operating expenses, of \$1.7 million and \$1.3 million for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, the Company has recorded compensation costs for the RSAs and RSUs in the amount of \$2.3 million and \$2.6 million, respectively.

Note 4. Equity

On May 14, 2025, the Company entered into an equity distribution agreement to sell shares of its common stock having an aggregate gross sales price of up to \$350.0 million (2025 Equity Agreement) from time to time, depending on market conditions, through an at-the-market equity program over the succeeding three years. Pursuant to the terms of the 2025 Equity Agreement, the Company may enter into forward sale agreements with forward counterparties. The Company intends to use the net proceeds from equity sales, after deducting commissions and offering expenses, for general corporate purposes, which may include working capital, construction and acquisition expenditures, investments and repurchases, and redemptions of securities. During the three months ended June 30, 2026, the Company sold 1,972,357 shares of common stock through its at-the-market equity program and raised proceeds of \$88.0 million, net of \$0.9 million in commissions paid. During the six months ended June 30, 2026, the Company sold 2,106,557 shares of common stock through its at-the-market equity program and raised proceeds of \$94.1 million, net of \$1.0 million in commissions paid. As of June 30, 2026, approximately \$253.4 million remains available for sale under the at-the-market equity program.

During the three and six months ended June 30, 2025, the Company did not utilize the at-the-market equity program.

The Company's changes in total equity for the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30, 2026						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity
	Shares	Amount					
	(In thousands)						
	Balance at March 31, 2026	59,853	\$ 599	\$ 980,113	\$ 713,333	\$ (13,537)	\$ 2,604
Net income (loss)	—	—	—	56,465	—	(12)	56,453
Issuance of common stock	1,989	19	90,304	—	—	—	90,323
Repurchase of common stock	(3)	—	(128)	—	—	—	(128)
Dividends paid on common stock (\$0.335 per share)	—	—	—	(20,053)	—	—	(20,053)
Other comprehensive income, net of tax (a)	—	—	—	—	385	—	385
Investment in business with noncontrolling interest	—	—	(27)	—	—	27	—
Balance at June 30, 2026	61,839	\$ 618	\$ 1,070,262	\$ 749,745	\$ (13,152)	\$ 2,619	\$ 1,810,092
	Six Months Ended June 30, 2026						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity
	Shares	Amount					
	(In thousands)						
	Balance at January 1, 2026	59,638	\$ 596	\$ 973,454	\$ 729,276	\$ (13,922)	\$ 2,571
Net income (loss)	—	—	—	60,502	—	(12)	60,490
Issuance of common stock	2,222	22	97,819	—	—	—	97,841
Repurchase of common stock	(21)	—	(951)	—	—	—	(951)
Dividends paid on common stock (\$0.670 per share)	—	—	—	(40,033)	—	—	(40,033)
Other comprehensive income, net of tax (a)	—	—	—	—	770	—	770
Investment in business with noncontrolling interest	—	—	(60)	—	—	60	—
Balance at June 30, 2026	61,839	\$ 618	\$ 1,070,262	\$ 749,745	\$ (13,152)	\$ 2,619	\$ 1,810,092

	Three Months Ended June 30, 2025							
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity	
	Shares	Amount						
	(In thousands)							
Balance at March 31, 2025	59,570	\$ 596	\$ 967,689	\$ 668,023	\$ (7,063)	\$ 2,744	\$ 1,631,989	
Net income (loss)	—	—	—	42,168	—	(118)	42,050	
Issuance of common stock	14	—	1,392	—	—	—	1,392	
Repurchase of common stock	(3)	—	(105)	—	—	—	(105)	
Dividends paid on common stock (\$0.300 per share)	—	—	—	(17,872)	—	—	(17,872)	
Other comprehensive income, net of tax (a)	—	—	—	—	154	—	154	
Investment in business with noncontrolling interest	—	—	(156)	—	—	156	—	
Distribution to noncontrolling interest	—	—	—	—	—	(339)	(339)	
Balance at June 30, 2025	59,581	\$ 596	\$ 968,820	\$ 692,319	\$ (6,909)	\$ 2,443	\$ 1,657,269	
	Six Months Ended June 30, 2025							
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity	
	Shares	Amount						
	(In thousands)							
Balance at January 1, 2025	59,484	\$ 595	\$ 966,975	\$ 674,918	\$ (7,217)	\$ 3,015	\$ 1,638,286	
Net income (loss)	—	—	—	55,499	—	(247)	55,252	
Issuance of common stock	124	1	3,525	—	—	—	3,526	
Repurchase of common stock	(27)	—	(1,214)	—	—	—	(1,214)	
Dividends paid on common stock (\$0.640 per share)	—	—	—	(38,098)	—	—	(38,098)	
Other comprehensive income, net of tax (a)	—	—	—	—	308	—	308	
Investment in business with noncontrolling interest	—	—	(466)	—	—	466	—	
Distribution to noncontrolling interest	—	—	—	—	—	(791)	(791)	
Balance at June 30, 2025	59,581	\$ 596	\$ 968,820	\$ 692,319	\$ (6,909)	\$ 2,443	\$ 1,657,269	

(a) This accumulated other comprehensive loss component is included in the computation of net periodic benefit costs for the Company's supplemental executive retirement plan (SERP), specifically the following components: amortization of unrecognized (gain) loss and amortization of prior service credit.

Note 5. Pension Plan and Other Postretirement Benefits

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

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

Cash contributions made by the Company to the pension plans were \$1.7 million and \$3.3 million for the six months ended June 30, 2026 and 2025, respectively. No cash contributions were made by the Company to the other postretirement benefit plans for the six months ended June 30, 2026 and 2025. The Company estimates in 2026 that the annual contribution to the pension plans will be \$2.7 million and no annual contribution will be made to the other postretirement plans.

The following tables list components of net periodic benefit costs for the pension plans and other postretirement benefits. The data listed under “pension plan” includes the qualified pension plan and the non-qualified SERP. The data listed under “other benefits” is for all other postretirement benefit plans.

	Pension Plan		Other Benefits	
	Three Months Ended June 30,			
	2026	2025	2026	2025
Service cost	\$ 5,782	\$ 5,207	\$ 1,331	\$ 1,408
Interest cost	10,231	9,553	1,641	1,773
Expected return on plan assets	(14,275)	(12,793)	(3,680)	(3,197)
Amortization of prior service cost	131	131	39	39
Recognized net actuarial loss (gain)	606	194	(962)	(522)
Net periodic benefit cost (credit)	<u>\$ 2,475</u>	<u>\$ 2,292</u>	<u>\$ (1,631)</u>	<u>\$ (499)</u>

	Pension Plan		Other Benefits	
	Six Months Ended June 30,			
	2026	2025	2026	2025
Service cost	\$ 11,564	\$ 10,414	\$ 2,661	\$ 2,816
Interest cost	20,463	19,106	3,283	3,546
Expected return on plan assets	(28,551)	(25,586)	(7,359)	(6,394)
Amortization of prior service cost	262	262	78	78
Recognized net actuarial loss (gain)	1,212	388	(1,925)	(1,044)
Net periodic benefit cost (credit)	<u>\$ 4,950</u>	<u>\$ 4,584</u>	<u>\$ (3,262)</u>	<u>\$ (998)</u>

The service cost portion of the pension plan and other postretirement benefit plans is recognized in administrative and general expenses within the unaudited Condensed Consolidated Statements of Operations. Other components of net periodic benefit costs include interest costs, expected return on plan assets, amortization of prior service costs, and recognized net actuarial losses (gains) and are reported together as other components of net periodic benefit credit in other income and expenses within the unaudited Condensed Consolidated Statements of Operations.

Note 6. Short-term and Long-term Borrowings

On March 31, 2023, the Company and Cal Water entered into syndicated credit agreements, which provide for unsecured revolving credit facilities of up to an initial aggregate amount of \$600.0 million for a term of five years. The Company and subsidiaries that it designates may borrow up to \$200.0 million under the Company’s revolving credit facility (the Company facility). Cal Water may borrow up to \$400.0 million under its revolving credit facility (the Cal Water facility). Additionally, the credit facilities may be increased by up to an incremental \$50.0 million under the Company facility and \$150.0 million under the Cal Water facility, subject in each case to certain conditions. At the Company’s or Cal Water’s option, as applicable, borrowings under the Company and Cal Water facilities, as applicable, will bear interest annually at a rate equal to (i) the base rate, plus an applicable margin of 0.00% to 0.25%, depending on the Company and its subsidiaries’ consolidated total capitalization ratio, or (ii) Term SOFR, plus an applicable margin of 0.80% to 1.25%, depending on the Company and its subsidiaries’ consolidated total capitalization ratio.

The Company and Cal Water facilities contain affirmative and negative covenants and events of default customary for credit facilities of this type including, among other things, limitations and prohibitions relating to additional indebtedness, liens, mergers, and asset sales. Also, the Company and Cal Water facilities contain financial covenants governing the Company and its subsidiaries’ consolidated total capitalization ratio and interest coverage ratio. As of June 30, 2026, the Company and Cal Water are in compliance with all of the covenant requirements and are eligible to use the full amount of the undrawn portion of the Company and Cal Water facilities, as applicable.

There were no outstanding borrowings on the Company facility as of June 30, 2026 and December 31, 2025. Outstanding borrowings on the Cal Water facility as of June 30, 2026 and December 31, 2025 were \$205.0 million and \$130.0 million, respectively. The average borrowing rate for borrowings on the Company and Cal Water facilities during the six months ended June 30, 2026 was 4.69% compared to 5.33% for the same period last year.

Note 7. Income Taxes

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Income tax expense	\$ 13,872	\$ 6,915	\$ 13,946	\$ 7,950
Income tax expense on other income and expenses	1,716	1,752	3,107	3,455
Total income tax expense	<u>\$ 15,588</u>	<u>\$ 8,667</u>	<u>\$ 17,053</u>	<u>\$ 11,405</u>

Total income tax expense increased \$6.9 million and \$5.6 million for the three and six months ended June 30, 2026 as compared to the same period in 2025. The increase in total income tax expense for the three months ended June 30, 2026 is primarily due to an increase in the effective tax rate (see below) and an increase in pre-tax operating income, which resulted from the 2024 CA GRC decision in the second quarter of 2026.

The Company's effective tax rate was 22.0% and 17.1% before discrete items as of June 30, 2026 and June 30, 2025, respectively. The increase in the effective tax rate was primarily due to the decrease in Tax Cuts and Jobs Act (TCJA) refunds of excess deferred federal income taxes.

On June 27, 2024, California Senate Bill 167 (SB 167) was enacted into law. SB 167 provides for a three-year suspension of net operating losses under the California Corporation tax. Among other things, this new law temporarily disallows the use of state net operating losses for years beginning in 2024 through 2026.

The Company had unrecognized tax benefits of approximately \$21.1 million and \$19.9 million as of June 30, 2026 and 2025, respectively. Included in the balance of unrecognized tax benefits as of June 30, 2026 and 2025, is \$4.8 million and \$5.6 million, respectively, of tax benefits that, if recognized, would result in an increase to the Company's effective tax rate. The Company does not expect its unrecognized tax benefits to change significantly within the next 12 months.

Note 8. Regulatory Assets and Liabilities

Regulatory assets and liabilities were comprised of the following as of June 30, 2026 and December 31, 2025:

	Recovery Period	June 30, 2026	December 31, 2025
<i>Regulatory Assets</i>			
Property-related temporary differences (tax benefits flowed through to customers)	Indefinite	\$ 199,465	\$ 199,465
M-WRAM long-term regulatory asset	1 - 2 years	24,152	12,876
IRMA long-term accounts receivable	Various	21,216	22,077
Other accrued benefits	Indefinite	28,398	26,263
Asset retirement obligations, net	Indefinite	31,577	30,073
Tank coating	Various	18,584	19,495
General District Balancing Account (GDBA) long-term accounts receivable	Various	588	9,844
Customer Assistance Program and Rate Support Fund accounts receivable	1 year	254	2,651
Net WRAM and Modified Cost Balancing Account (MCBA) long-term accounts receivable		—	4,078
Incremental Cost Balancing Accounts (ICBA)	1 year	3,646	4,722
Recoverable property losses	Various	1,765	2,051
Other regulatory assets	Various	5,064	6,270
Total Regulatory Assets		<u>\$ 334,709</u>	<u>\$ 339,865</u>
<i>Regulatory Liabilities</i>			
Cost of removal		\$ 537,504	\$ 523,813
Pension and retiree group health		217,692	219,133
Future tax benefits due to customers		102,508	103,662
Other components of net periodic benefit cost		28,214	24,248
ICBA		4,257	2,144
PFAS settlement proceeds		4,293	25,193
Pension Cost Balancing Account (PCBA)		1,247	17,837
Conservation Expense Balancing Account (CEBA)		3,153	5,202
Net WRAM and MCBA long-term payable		—	3,117
Health Cost Balancing Account (HCBA)		1,835	4,149
Other regulatory liabilities		3,202	1,316
Total Regulatory Liabilities		<u>\$ 903,905</u>	<u>\$ 929,814</u>

Short-term regulatory assets and liabilities are excluded from the above table. The short-term regulatory assets were \$91.1 million as of June 30, 2026 and \$72.5 million as of December 31, 2025. The short-term regulatory assets as of June 30, 2026 primarily consisted of IRMA, M-WRAM, GDBA, and ICBA receivables. As of December 31, 2025, the short-term regulatory assets primarily consisted of IRMA, M-WRAM, and ICBA receivables.

The short-term portion of regulatory liabilities was \$94.2 million as of June 30, 2026 and \$25.5 million as of December 31, 2025. The short-term regulatory liabilities as of June 30, 2026 consisted of PFAS settlement proceeds (see Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements), PCBA regulatory liabilities, CEBA regulatory liabilities, HCBA regulatory liabilities, and ICBA regulatory liabilities. As of December 31, 2025, the short-term regulatory liabilities primarily consisted of TCJA regulatory liabilities, ICBA regulatory liabilities, and PFAS settlement proceeds.

Note 9. Commitments and Contingencies

Commitments

The Company has long-term commitments to purchase water from water wholesalers. The Company also has operating and finance leases for water systems, offices, land easements, licenses, equipment, and other facilities. These commitments and leases are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Water Supply Contracts

On August 16, 2022, BVRT, a majority owned subsidiary of Texas Water, entered into a long-term water supply agreement with the Guadalupe Blanco River Authority (GBRA) through its wholly owned subsidiary, Camino Real Utility (Camino Real). The Company has provided a limited guarantee to GBRA for the agreed upon obligations. GBRA is a water conservation and reclamation district established by the Texas Legislature that oversees water resources for 10 counties. Under the terms of the agreement with GBRA, Camino Real is contracted to receive up to 2,419 acre-feet of potable water annually. The GBRA agreement involves four off-takers, including Camino Real, and GBRA plans to extend a potable water pipeline from the City of Lockhart to the City of Mustang Ridge and surrounding areas. Camino Real is contracted to be the utility service provider in this area of the Austin metropolitan region and to provide potable water, recycled water, and wastewater services to portions of the City of Mustang Ridge and surrounding areas. In 2022, Camino Real committed \$21.5 million for its share of the cost of the pipeline project. In 2023, Camino Real committed an additional \$22.3 million for its share of the cost of the pipeline project. As of June 30, 2026, this committed cash has not been transferred to GBRA and is classified as part of restricted cash on the unaudited Condensed Consolidated Balance Sheets. The Company currently expects this committed cash to be transferred to GBRA in the second half of 2026.

Acquisitions

In November of 2025, Texas Water entered into an agreement to purchase the remaining membership interests of BVRT for a total purchase price of \$45.0 million. As required by the membership interest purchase agreement, the Company made an initial payment of \$7.0 million in the first quarter of 2026. An additional payment of \$3.8 million was made in July of 2026, with the remainder due upon closing of the acquisition. Acquisition of the remaining membership interests is subject to satisfaction of customary closing conditions in addition to PUCT and the Company's Board of Director's approval.

In February of 2026, the Company entered into an agreement to purchase Nexus Water Group's Nevada and Oregon water and wastewater systems for approximately \$218.0 million, subject to the finalization of closing conditions. The Company's Board of Directors has approved the acquisition, and change of control applications have been submitted to the Oregon Public Utility Commission and Public Utilities Commission of Nevada for review and approval.

Contingencies

From time to time, the Company is involved in various disputes and litigation matters that arise in the ordinary course of business. The status of each significant matter is reviewed and assessed for potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount of the range of loss can be estimated, a liability is accrued for the estimated loss in accordance with the accounting standards for contingencies. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on the best information available at the time.

Groundwater Contamination

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

The Company is a party to four separate class-action settlements with the following companies: 3M Company; E.I. Du Pont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours, Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, DuPont); Tyco Fire Products LP (Tyco); and BASF Corporation. These settlements are designed to resolve certain claims for PFAS contamination of drinking water in active public water systems. The Company plans to use settlement proceeds received, net of fees and expenses, to offset capital expenditures required to comply with PFAS drinking water regulations. The proceeds will be allocated on a prorated basis to identified PFAS projects. For the three and six months ended June 30, 2026, the Company received settlement proceeds, net of legal fees and expenses, from 3M Company, Tyco and BASF Corporation totaling \$18.5 million. For the three and six months ended June 30, 2025, settlement proceeds from 3M Company and DuPont were received, net of legal fees and expenses, totaling \$10.6 million. The Company expects to receive additional settlement proceeds from 3M Company in annual installments from 2027 to 2033.

Other Legal Matters

While the probable outcome of disputes and litigation matters, including those concerning groundwater contamination, cannot be predicted with any certainty, management does not believe when taking into account existing reserves, the ultimate resolution of these matters will materially affect the Company's financial position, results of operations, or cash flows. The cost of litigation is expensed as incurred and any settlement is first offset against such costs. Any settlement in excess of the cost to litigate is accounted for on a case-by-case basis, dependent on the nature of the settlement.

Note 10. Fair Value of Financial Assets and Liabilities

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

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

Level 2—Inputs to the valuation methodology include:

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

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

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

Specific valuation methods include the following:

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

Pension and other postretirement benefit plan assets are measured at either net asset value or level 1 depending on the investment.

Long-term debt fair values were estimated using the published quoted market price, if available, or the discounted cash flow analysis, based on the current rates available using a risk-free rate (a U.S. Treasury securities yield curve) plus a risk premium of 1.0%.

	June 30, 2026				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Long-term debt, including current maturities, net	\$ 1,472,538	\$ —	\$ 1,267,453	\$ —	\$ 1,267,453

	December 31, 2025				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Long-term debt, including current maturities, net	\$ 1,474,238	\$ —	\$ 1,284,272	\$ —	\$ 1,284,272

Note 11. Accumulated Other Comprehensive Loss

The table below presents changes in accumulated other comprehensive loss (AOCL), net of tax, by component for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Beginning balance	\$ (13,537)	\$ (7,063)	\$ (13,922)	\$ (7,217)
Amounts reclassified from AOCL	385	154	770	308
Ending balance	\$ (13,152)	\$ (6,909)	\$ (13,152)	\$ (6,909)

The table below presents amounts reclassified out of AOCL by component and the unaudited Condensed Consolidated Statements of Operations location of those amounts reclassified during the three and six months ended June 30, 2026 and 2025, respectively.

	Amount Reclassified from AOCL			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Amortization of defined benefit pension items (a)				
Prior service cost	\$ (20)	\$ (21)	\$ (40)	\$ (41)
Net actuarial loss	553	235	1,108	469
Total before tax	533	214	1,068	428
Tax benefit (b)	(148)	(60)	(298)	(120)
Total reclassification for the period, net of tax	\$ 385	\$ 154	\$ 770	\$ 308

(a) Amortization of these items is included in other components of net periodic benefit credit in other income and expenses on the unaudited Condensed Consolidated Statements of Operations.

(b) The tax benefit is included within income tax expense on the unaudited Condensed Consolidated Statements of Operations.

Note 12. Segment Information

The Company principally provides water and wastewater services in California, Washington, New Mexico, Hawaii, and Texas. The Company's operating segments were aggregated into one reportable segment as the operating segments provide similar services and operate in similar regulatory environments. The Company defines its segments on the basis of the way in which internally reported financial information is regularly reviewed by the chief operating decision maker (CODM) to analyze financial performance, make decisions, and allocate resources.

The Company's CODM is the Chairman, President and Chief Executive Officer. The CODM assesses performance of the segment and decides how to allocate resources on a consolidated basis based on consolidated net income. The CODM uses consolidated net income to evaluate income generated from the segment in making operating, capital, and business decisions.

The CODM is regularly provided with only the consolidated operating expenses at the same level of detail as noted on the face of the unaudited Condensed Consolidated Statements of Operations. Total assets are also provided as noted on the face of the unaudited Condensed Consolidated Balance Sheets.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar amounts in thousands unless otherwise stated)

FORWARD-LOOKING STATEMENTS

This quarterly report, including all documents incorporated by reference, contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 (the 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 quarterly report are based on currently available information, expectations, estimates, assumptions and projections, and our management's beliefs, assumptions, judgments and expectations about us, the water utility industry and general economic conditions. These statements are not statements of historical fact. When used in our documents, statements that are not historical in nature, including words like "will," "would," "expects," "intends," "plans," "believes," "may," "could," "estimates," "assumes," "anticipates," "projects," "progress," "predicts," "hopes," "targets," "forecasts," "should," "seeks," "indicates," or variations of these words or similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements in this quarterly report include, but are not limited to, statements describing our intention, indication or expectation regarding our financial performance, dividends or targeted payout ratio, our expectations, anticipations or beliefs regarding governmental, legislative, judicial, administrative or regulatory timelines, regulatory compliance, decisions, approvals, authorizations, requirements or other actions, the anticipated closing and timing of acquisition of Nexus Water Group's (Nexus) Nevada and Oregon systems, and the remaining membership interests in BVRT Utility Holding Company LLC (BVRT) and expected benefits resulting from such transactions, rate amounts, cost recovery or refunds, expected impact of certain per- and polyfluoroalkyl substances (PFAS) regulations, our expected or estimated revenue, our intentions regarding recovery billing, our expectations regarding regulatory asset and operating revenue recognition, estimates of, or expectations regarding, capital expenditures, funding needs or other capital requirements, obligations, contingencies or commitments, our expectations regarding water sources, our beliefs regarding adequacy of water supplies, our anticipation regarding renewing water supply contracts and estimated water prices, estimates and assumptions relating to our significant accounting policies, such as deferred revenue or assets or refund of advances, our expectations or assumptions regarding employee benefit plans and stock-based compensation and estimated contributions to our pension plans and other postretirement benefit plans, our estimated annual effective tax rate and expectations regarding tax benefits, our intentions regarding use of net proceeds from any future equity or debt issuances or borrowings, our expectations, intentions or anticipations regarding our sources of funding, capital structure, including authorized return on equity, cost of debt and rate of return, or capital allocation plans, our intentions regarding growth opportunities or our expectations regarding the amount, timing, and use of settlement proceeds relating to certain PFAS-contamination claims. The forward-looking statements are not guarantees of future performance. They are based on numerous assumptions that we believe are reasonable, but they are open to a wide range of uncertainties and business risks. Consequently, actual results or outcomes may vary materially from what is contained in a forward-looking statement.

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

- the outcome and timeliness of regulatory commissions' actions concerning rate relief and other matters;
- 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;
- changes in California State Water Resources Control Board (Water Board) water quality standards;
- changes in environmental compliance and water quality requirements, such as the United States Environmental Protection Agency's (EPA) finalization of and changes to a National Primary Drinking Water Regulation establishing legally enforceable maximum contaminant levels (MCL) for PFAS in drinking water in 2024 as well as legal challenges to such MCLs;

- 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;
- increased risk of inverse condemnation losses as a result of the impact of weather, climate change, and natural disasters, including wildfires and landslides;
- shifts in population, including housing and customer growth;
- issues with the implementation, maintenance or security of our information technology systems;
- physical and cyber security risks and threats and the adequacy of our efforts to mitigate such risks and threats;
- the ability of our enterprise risk management processes to identify or address risks adequately;
- labor relations matters as we negotiate with 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, including the Nevada and Oregon systems and BVRT 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, including into other geographic areas;
- the impact of stagnating or worsening business and economic conditions, including inflationary pressures, general economic slowdown or a recession, changes in tariff policy, the interest rate environment, changes in monetary policy, adverse capital markets activity or macroeconomic conditions as a result of geopolitical conflicts, including ongoing conflicts in the Middle East, and the prospect of shutdowns 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 and unbilled revenue;
- the impact of evolving legal and regulatory requirements, including sustainability requirements;
- the impact of the evolving U.S. political environment and changes effected, proposed or threatened by the U.S. federal government 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
- the risks set forth in “Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025 (2025 Annual Report on Form 10-K).

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We maintain our accounting records in accordance with accounting principles generally accepted in the United States of America and as directed by the Commissions to which our operations are subject. The process of preparing financial statements requires the use of estimates on the part of management. The estimates used by management are based on historic experience and an understanding of current facts and circumstances. Management believes that the following accounting policies are critical because they involve a higher degree of complexity and judgment, and can have a material impact on our results of operations, financial condition, and cash flows of the business. These policies and their key characteristics are discussed in detail in the 2025 Annual Report on Form 10-K. They include:

- regulated utility accounting;
- income taxes; and
- pensions, which include the supplemental executive retirement plan, and the postretirement health care benefit plan.

For the six months ended June 30, 2026, there were no material changes in the methodology for computing critical accounting estimates, no additional accounting estimates met the standards for critical accounting policies, and there were no material changes to the important assumptions underlying the critical accounting estimates.

RESULTS OF OPERATIONS

Net Income Attributable to California Water Service Group

Net income attributable to California Water Service Group for the three months ended June 30, 2026 was \$56.5 million or \$0.93 earnings per diluted common share, compared to net income of \$42.2 million or \$0.71 earnings per diluted common share for the three months ended June 30, 2025. The \$14.3 million increase in net income was due to an increase in operating revenue of \$43.6 million primarily as a result of the cumulative adjustment for the impacts of California Water Service Company's (Cal Water) general rate case (GRC) filed on July 8, 2024 (2024 CA GRC), retroactive to January 1, 2026 and rate increases. The operating revenue increase was partially offset by an increase in operating expenses of \$24.6 million. The operating expense increase was primarily due to increases in water production costs of \$6.3 million, administrative and general expense of \$2.9 million, other operations expense of \$13.4 million, and income tax expense of \$7.0 million. These operating expense increases were partially offset by a decrease in depreciation and amortization expenses of \$6.5 million. Additionally, net other income decreased by \$1.5 million and net interest expense increased by \$3.2 million.

Net income attributable to California Water Service Group for the six months ended June 30, 2026 was \$60.5 million or \$1.01 earnings per diluted common share, compared to net income of \$55.5 million or \$0.93 earnings per diluted common share for the six months ended June 30, 2025. The \$5.0 million increase in net income was due to an increase in operating revenue of \$54.3 million primarily as a result of the cumulative adjustment for the impacts of the 2024 CA GRC, retroactive to January 1, 2026 and rate increases. The operating revenue increase was partially offset by an increase in operating expenses of \$39.3 million. The operating expense increase was primarily due to increases in water production costs of \$14.7 million, administrative and general expense of \$2.4 million, other operations expense of \$15.8 million, and income tax expense of \$6.0 million. These operating expense increases were partially offset by a decrease in depreciation and amortization expenses of \$2.5 million. Additionally, net other income decreased by \$3.5 million and net interest expense increased by \$6.1 million.

Operating Revenue

For the three months ended June 30, 2026, operating revenue increased \$43.6 million, or 16.5%, to \$308.6 million as compared to \$265.0 million for the three months ended June 30, 2025.

For the six months ended June 30, 2026, operating revenue increased \$54.3 million, or 11.6%, to \$523.2 million as compared to \$468.9 million for the six months ended June 30, 2025.

The sources of the change in operating revenue were:

	Three Months Ended June 30,	Six Months Ended June 30,
	2026 vs. 2025	2026 vs. 2025
Net change due to rate changes, Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM), and other (1)	\$ 14,969	\$ 29,505
Interim Rates Memorandum Account (IRMA) revenue (2)	15,325	15,325
Customer usage increase	4,098	890
Deferred revenue recognition (3)	9,250	8,522
Net operating revenue change	<u>\$ 43,642</u>	<u>\$ 54,242</u>

1. The net change due to rate changes, M-WRAM, and other for the three months ended June 30, 2026 was primarily due to rate increases of \$11.6 million. For the six months ended June 30, 2026, the net change due to rate changes, M-WRAM, and other was primarily due to rate increases of \$23.3 million and an increase in accrued and unbilled revenue of \$3.9 million.
2. Due to the delay in the resolution of the 2024 CA GRC, the CPUC authorized Cal Water to track in an IRMA the variances between actual customer billings and those that would have been billed assuming the 2024 CA GRC had been implemented on January 1, 2026. Such variances are recorded as regulatory balancing account revenue. The 2024 CA GRC was approved in April of 2026 and final rates for the 2024 CA GRC were not implemented as of June 30, 2026; as a result, Cal Water recorded IRMA revenue of \$15.3 million in the second quarter of 2026 of which \$9.2 million was attributable to the first quarter of 2026.
3. Deferred revenue consists of amounts that are expected to be collected from customers beyond 24 months following the end of the accounting period in which the sales transaction occurred. Deferred revenue for the three and six months ended June 30, 2026 decreased due to changes in the amount expected to be collected beyond 24 months as new surcharges have been implemented to collect previously deferred balances.

Total Operating Expenses

For the three months ended June 30, 2026, total operating expenses increased \$24.6 million, or 11.5%, to \$237.7 million, as compared to \$213.1 million for the three months ended June 30, 2025.

For the six months ended June 30, 2026, total operating expenses increased \$39.3 million, or 10.0%, to \$434.1 million, as compared to \$394.8 million for the six months ended June 30, 2025.

Water Production Costs

Water production costs increased \$6.3 million, or 7.4%, for the three months ended June 30, 2026 as compared to the same period in 2025 primarily due to an increase in wholesale rates.

Water production costs increased \$14.7 million, or 9.9%, for the six months ended June 30, 2026 as compared to the same period in 2025 primarily due to an increase in wholesale rates.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	Change	2026	2025	Change
Purchased water	\$ 70,886	\$ 67,225	\$ 3,661	\$ 124,155	\$ 116,228	\$ 7,927
Purchased power	13,993	11,895	2,098	24,057	20,205	3,852
Pump taxes	6,964	6,383	581	14,960	12,061	2,899
Total	\$ 91,843	\$ 85,503	\$ 6,340	\$ 163,172	\$ 148,494	\$ 14,678

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Well production	52 %	53 %	52 %	52 %
Purchased	42 %	41 %	41 %	43 %
Surface	4 %	4 %	4 %	2 %
Recycled	2 %	2 %	3 %	3 %
Total	100 %	100 %	100 %	100 %

Administrative and General

Administrative and general expenses increased \$2.9 million for the three months ended June 30, 2026 as compared to the same period in 2025. The increase was primarily due to a \$1.6 million increase in consulting services and a \$1.7 million increase in other general corporate expenses.

Administrative and general expenses increased \$2.4 million for the six months ended June 30, 2026 as compared to the same period in 2025. The increase was primarily due to a \$3.5 million increase in consulting services and a \$1.3 million increase in other general corporate expenses. These increases were partially offset by a \$2.6 million decrease in employee related costs.

Other Operations

Other operations expenses increased \$13.4 million for the three months ended June 30, 2026 as compared to the same period in 2025. The increase was primarily due to the recognition of \$7.9 million of costs associated with recognized deferred revenue, an increase of \$2.1 million in conservation program expenses, an increase of \$0.7 million in miscellaneous office expenses, an increase in bad debt expense of \$0.7 million, an increase of \$0.6 million in software expenses, and an increase of \$0.6 million in labor expense.

Other operations expenses increased \$15.8 million for the six months ended June 30, 2026 as compared to the same period in 2025. The increase was primarily due to the recognition of \$8.0 million of costs associated with recognized deferred revenue, an increase of \$2.6 million in conservation program expenses, an increase of \$1.3 million in software expenses, an increase of \$1.0 million in labor expense, and an increase of \$0.5 million in water treatment expenses.

Depreciation and Amortization

Depreciation and amortization expense decreased \$6.5 million and \$2.5 million for the three and six months ended June 30, 2026, respectively, as compared to the same periods in 2025. The decreases were primarily due to lower depreciation rates in California, which were approved in the 2024 CA GRC.

Income Taxes

Income tax expense increased \$7.0 million and \$6.0 million for the three and six months ended June 30, 2026, respectively, as compared to the same periods in 2025. The increases were primarily due to increases in the effective tax rate due to reductions in Tax Cuts and Jobs Act refunds of excess deferred federal income taxes and increases in pre-tax operating income, which resulted from the 2024 CA GRC decision in the second quarter of 2026.

Other Income and Expenses

Net other income decreased \$1.5 million for the three months ended June 30, 2026, as compared to the same period in 2025. The decrease was primarily due to a \$2.3 million reduction in other components of net periodic benefit credit and an increase of \$1.4 million in acquisition-related expenses. These decreases in net other income were partially offset by a \$1.5 million gain associated with our non-qualified benefit plan investments and a \$0.6 million gain associated with our Company-owned life insurance.

Net other income decreased \$3.5 million for the six months ended June 30, 2026, as compared to the same period in 2025. The decrease was primarily due to a \$3.1 million reduction in other components of net periodic benefit credit and an increase of \$2.7 million in acquisition-related expenses. These decreases in net other income were partially offset by a \$0.9 million gain associated with our non-qualified benefit plan investments and a \$0.6 million gain associated with our Company-owned life insurance.

Net Interest Expense

Net interest expense increased \$3.2 million and \$6.1 million for the three and six months ended June 30, 2026, respectively, as compared to the same periods in 2025. The increases were primarily due to higher average outstanding borrowings partially offset by lower interest rates.

REGULATORY MATTERS

California Regulatory Activity

2024 CA GRC Application

The California Public Utilities Commission (CPUC) approved a decision on April 30, 2026 in the 2024 CA GRC (Decision 26-04-045) affecting its Class A districts in California (consisting of all regulated systems except Grand Oaks, a small Class D system). The decision marked the end of an extensive review of Cal Water's water system improvement plans, costs, and rates. The decision as issued adopts a revised version of the proposed decision issued on April 29, 2026, to change rates to increase 2026 revenues by approximately \$90.5 million retroactive to January 1, 2026. It also potentially increases revenues by approximately \$43.2 million for 2027 and \$48.9 million for 2028, subject to the CPUC's earnings test and inflationary adjustments.

The decision authorizes Cal Water to invest approximately \$1.45 billion from 2024 through 2027 to upgrade infrastructure, such as water quality projects to protect customers from existing and newly regulated contaminants; pipes and other infrastructure to keep pumping and delivering water reliably; equipment to keep water flowing during power outages and shutoffs; cyber and physical security improvements to protect employees, customers, and facilities; and water supply initiatives to secure long-term sustainability of water sources. It also authorizes up to \$229 million of infrastructure projects that may be submitted for recovery via the CPUC's advice letter process.

The decision also authorizes key revenue stabilization mechanisms, including continuation of the M-WRAM, a higher percentage of revenue collected in fixed charges, and a new annual Sales Reconciliation Mechanism. In addition, it includes provisions that allow for recovery of certain costs through balancing accounts and other regulatory mechanisms designed to mitigate volatility in customer usage and uncertain costs.

In May of 2026 pursuant to standard procedures, Cal Water submitted a request for expedited corrections to the appendices of the April 30, 2026 decision. The appendices contained certain language, numbers, and calculations that were inconsistent or did not fully reflect the substantive outcomes described in the approved decision. On June 1, 2026, the executive director of the CPUC issued a decision approving the corrections (Decision 26-06-001).

In May of 2026, Cal Water submitted an advice letter requesting approval of the calculations for new 2026 rates effective back to January 1, 2026. The calculations included the GRC decision-approved base rates plus all rate base offsets and water production offsets approved by the CPUC since July of 2024 (when the 2024 CA GRC was filed), including those discussed in the rate base offset and expense offset sections below. These calculations resulted in the "final" customer rates that are considered effective back to January 1, 2026, and that are used in the IRMA tracking calculations (further discussed below).

In March and May of 2026, Cal Water also submitted rate base offset advice letters requesting revenue increases of \$1.5 million and \$9.9 million, respectively, for additional capital projects completed in its Class A water systems. Cal Water implemented new rates incorporating all the items discussed above (GRC revenue increases and various offsets) on July 1, 2026 for most of its ratemaking areas, and expects to implement new rates on August 1, 2026 for a small subset of its ratemaking areas.

2024 CA GRC IRMA

In June of 2025, Cal Water filed a motion requesting authority to increase rates by inflation on January 1, 2026 (interim rates) and for the establishment of an IRMA in the event the CPUC did not issue a final decision for the 2024 CA GRC in time for new rates to be implemented on January 1, 2026. In October of 2025, the CPUC granted Cal Water's motion for interim rates and the establishment of the IRMA. In November of 2025, Cal Water filed an advice letter implementing a three percent increase in interim rates for most districts, and creation of the IRMA, as of January 1, 2026. The IRMA tracks the difference between interim rates and the final rates that were approved pursuant to the CPUC's final decision on the 2024 CA GRC.

The 2024 CA GRC was approved in April of 2026 and rates based on the 2024 CA GRC were first implemented in most districts as of July 1, 2026; as a result, Cal Water calculated and recorded a net regulatory asset of \$15.3 million and a corresponding increase to revenue for the difference between final rates and interim rates for the first six months of 2026. Cal Water also recorded a regulatory liability of \$1.3 million and a corresponding increase to regulatory assets for Customer Assistance Program and Rate Support Fund program credits that would have been given to customers had the rate case been approved on time.

The IRMA will remain open until the true-up between interim rates and final rates is fully amortized through surcharges and/or credits on customer bills.

Rate Base Offset Requests

For construction projects authorized in the 2021 and 2024 CA GRCs as advice letter projects, Cal Water was allowed to request rate base offsets to increase revenues after the project goes into service.

In November of 2025, Cal Water submitted a \$12.3 million rate base offset advice letter to recover \$1.5 million of annual revenue increases. The new rates were implemented on January 1, 2026.

In March of 2026, Cal Water submitted an \$8.9 million rate base offset advice letter to recover \$1.5 million of annual revenue increases. Rates including these revenues were implemented with the 2024 CA GRC decision-approved base rates and went into effect on July 1, 2026.

In May of 2026, Cal Water submitted a \$65.6 million rate base offset advice letter to recover \$9.9 million of annual revenue increases for all of its regulated Class A districts. Rates including these revenues were implemented with the 2024 CA GRC decision-approved base rates and went into effect July 1, 2026.

Expense Offset Requests

Expense offsets are dollar-for-dollar increases in revenue to match increased expenses, and therefore do not affect net operating income. In November of 2025, Cal Water submitted an advice letter to request expense offsets for increases in purchased water, pump tax, and purchased power costs in most of its regulated Class A districts totaling \$15.7 million. The new rates were implemented on January 1, 2026.

M-WRAM Filing

In June of 2026, Cal Water submitted an advice letter requesting surcharges to bill for the M-WRAM related undercollections for 2025 for its regulated districts with tiered residential rates. The advice letter was approved and \$26.1 million is being recovered from customers in the form of 12- and 24-month surcharges. The new rates were implemented on July 1, 2026. These new surcharges are in addition to surcharges authorized in prior years which have not yet expired.

Incremental Cost Balancing Account (ICBA) Filing

In May of 2026, Cal Water submitted an advice letter to recover a net \$4.6 million undercollection in its ICBA for 2025 in most of its regulated districts. The advice letter was approved and the new surcharges/surcredits were implemented on July 1, 2026. Additionally, \$7.6 million is being recovered via a 12-month surcharge and \$3.0 million is being refunded via a 12-month surcredit.

2021 CA GRC Conservation Expense Balancing Account (CEBA), Health Cost Balancing Account (HCBA), Pension Cost Balancing Account (PCBA) Filing

In May of 2026, Cal Water submitted an advice letter to amortize the CEBA, HCBA and PCBA from the 2021 CA GRC that tracked the difference between the costs authorized in customer rates and actual costs incurred for the period of 2023-2025. For the CEBA, \$4.8 million is expected to be refunded to customers in the form of one-time or 12-month surcredits as actual conservation program costs during 2023-2025 were lower than authorized costs in customer rates. For

the HCBA, \$4.2 million is expected to be refunded to customers in the form of one-time or 12-month surcredits as actual employee and retiree medical costs during 2023-2025 were lower than authorized costs in customer rates. For the PCBA, \$17.9 million is expected to be refunded to customers in the form of one-time or 12-month surcredits as actual costs for employee pension benefits during 2023-2025 were lower than adopted costs in customer rates. The new credits for these accounts were implemented on July 1, 2026.

General District Balancing Account (GDBA)

In May of 2026, Cal Water submitted an advice letter to recover a net \$12.5 million undercollection in its GDBA for amounts tracked as of April 30, 2026. The GDBA tracks the residual balances from memorandum and balancing accounts that have been aggregated into one balancing account for future recovery. The advice letter was approved and new surcharges and credits were implemented on July 1, 2026. \$12.9 million is being recovered via either a one-time or 12-month surcharge and \$0.4 million is being refunded via either a one-time or 12-month surcredit.

Drinking Water Fee Balancing Account (DWFBA)

In May of 2026, Cal Water submitted an advice letter to recover a net \$1.5 million undercollection in its DWFBA for amounts tracked from July 2021 to December 2023. The DWFBA tracks the difference between actual drinking water fees charged by the Water Board's Division of Drinking Water and amounts authorized in customer rates. The advice letter was approved and new surcharges and credits were implemented on July 1, 2026. \$1.5 million is being recovered via either a one-time or 12-month surcharge and less than \$0.1 million is being refunded via one-time surcredits.

Regulatory Activity - Other States

Washington Water Service Company (Washington Water) – 2025 East Pierce and Legacy Water Systems General Rate Case

On September 25, 2025, Washington Water filed a tariff update with the Washington Utilities and Transportation Commission (UTC) for the East Pierce and Legacy water systems to increase revenues by \$4.9 million. The general rate increase includes recovery of expenses and capital expenditures. A settlement with UTC staff and the Washington Public Counsel was reached and filed before the UTC in May of 2026. A final decision is expected to be implemented in the second half of 2026.

Hawaii Water Service Company (Hawaii Water) – 2025 Kapalua General Rate Case and 2026 Request for Water Production Regulatory Asset

In November of 2025, Hawaii Water filed a rate case with the State of Hawaii Public Utilities Commission (HPUC) to increase revenue in its Kapalua water and wastewater systems by \$2.2 million. The request seeks to recover increases in purchased water costs, higher operating expenses, and the cost of completed capital investments. The new rates, if approved, are expected to be effective in the fourth quarter of 2026.

In March of 2026, Hawaii Water filed a petition with the HPUC to establish a regulatory account in the Kapalua system to capture the cost of purchasing water from a third party that is above or below the revenues recovered for the purchases. Disposition of the costs captured in the regulatory account will be sought in a future application. A ruling on this proposal is expected in the fourth quarter of 2026.

Texas Water Service Company

In June of 2024, BVRT filed a general rate case for 5 utilities with the Public Utility Commission of Texas (PUCT). Consumer advocates reviewed and filed their reports in April and May of 2025, and BVRT filed a rebuttal in June of 2025. A comprehensive settlement was reached and the initial phase of the new rates was implemented on July 25, 2025. The final PUCT approval of the settlement agreement is pending.

In February of 2022, Camino Real Utility filed a new wastewater Certificate of Convenience and Necessity and Sale, Transfer, or Merger application with the PUCT to transfer an existing sewer service area and establish a new sewer service area that initially covers 6,216 acres in Caldwell and Travis Counties. PUCT has set a year-end 2026 schedule to complete the application.

On March 6, 2026, a change of control application was filed with the PUCT to acquire the remaining membership interests of BVRT. On July 2, 2026, the ALJ deemed the application administratively complete and established a procedural schedule for continued processing of the application.

Nexus in Oregon and Nevada

On April 2, 2026, we filed a change of control application for the purchase of 100% of the equity interest in Nexus's water systems in Oregon with the Oregon Public Utility Commission (OPUC). Regulatory approval is a required closing condition for the acquisition.

On April 10, 2026, we filed a change of control application for the purchase of 100% of the equity interest in Nexus's water and wastewater systems in Nevada with the Public Utilities Commission of Nevada (PUCN). Regulatory approval is a required closing condition for the acquisition.

LIQUIDITY

Cash Flow from Operating Activities

During the six months ended June 30, 2026, we generated cash flow from operations of \$113.0 million compared to \$87.4 million for the same period in 2025. The increase in the first six months of 2026 as compared to the same period in 2025 was primarily due to an increase in cash collections in the first six months of 2026 as compared to 2025 due to an increase in customer rates. Cash generated by operations varies during the year due to customer billings, and timing of collections and contributions to our benefit plans.

During the six months ended June 30, 2026 and 2025, we made cash contributions of \$1.7 million and \$3.3 million, respectively, to our employee pension plan. No cash contributions were made to our other postretirement benefit plans during the six months ended June 30, 2026 and 2025. The 2026 estimated cash contribution to the employee pension plan is expected to be approximately \$2.7 million and no cash contributions are expected to be made for the other postretirement benefits plans.

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

Cash Flow from Investing Activities

During the six months ended June 30, 2026 and 2025, we used \$276.4 million and \$229.5 million, respectively, of cash for Company-funded and developer-funded utility capital expenditures. Cash used in investing activities fluctuates each year largely due to the availability of construction resources and our ability to obtain construction permits in a timely manner. For 2026, our utility capital expenditures are estimated to be between \$580.0 million and \$640.0 million based on the 2024 CA GRC and normal capital needs in the other subsidiaries.

Cash Flow from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2026 was \$155.2 million compared to \$142.4 million for the same period in 2025. For the six months ended June 30, 2026 and 2025, we paid dividends of \$40.0 million and \$38.1 million, respectively. For the six months ended June 30, 2026, we issued \$94.1 million of Company common stock through our at-the-market equity program and \$1.4 million of Company common stock through our employee stock purchase plan. For the six months ended June 30, 2025, we issued \$1.3 million through our employee stock purchase plan. We received \$18.5 million and \$10.6 million of PFAS settlement proceeds for the six months ended June 30, 2026 and 2025, respectively. We also made a \$7.0 million payment to BVRT as required by the membership interest purchase agreement (see Acquisitions below) in the first quarter of 2026.

For the six months ended June 30, 2026 and 2025, we borrowed \$555.0 million and \$410.0 million, respectively, on our unsecured revolving credit facilities. We made repayments on our unsecured revolving credit facilities of \$480.0 million and \$255.0 million during the six months ended June 30, 2026 and 2025, respectively.

The combined total net IRMA, M-WRAM, Water Revenue Adjustment Mechanism and Modified Cost Balancing Account receivable balance was \$110.2 million and \$118.4 million as of June 30, 2026 and 2025, respectively. The receivable balances were primarily financed by Cal Water using short-term financing arrangements to meet operational cash requirements. Interest on the receivable balances, which represents the interest recoverable from customers, is limited to the then-current 90-day commercial paper rates, which typically are significantly lower than Cal Water's short-term financing rates.

Short-term and Long-term Financing

Short-term liquidity is provided by the Company's unsecured revolving credit facility (the Company facility) and the Cal Water unsecured revolving credit facility (the Cal Water facility) and internally generated funds. Long-term financing is accomplished through the use of both debt and equity. The Company and subsidiaries that it designates may borrow up to \$200.0 million under the Company facility. Cal Water may borrow up to \$400.0 million under the Cal Water facility; however, all of Cal Water's borrowings under the Cal Water facility must be repaid within 24 months as authorized by the CPUC. The proceeds from the Company and Cal Water facilities may be used for working capital or other business purposes.

As of June 30, 2026 and December 31, 2025, short-term borrowings of \$205.0 million and \$130.0 million, respectively, were outstanding on the unsecured revolving credit facilities.

Given our ability to access the Company and Cal Water credit facilities on a daily basis, cash balances are managed to levels required for daily cash needs and excess cash is invested in short-term or cash equivalent instruments.

The Company and Cal Water facilities contain affirmative and negative covenants and events of default customary for credit facilities of this type including, among other things, limitations and prohibitions relating to additional indebtedness, liens, mergers, and asset sales. Also, the Company and Cal Water facilities contain financial covenants that require the Company and its subsidiaries' debt portion of the Company's consolidated total capitalization ratio not to exceed 66.7% and an interest coverage ratio of three or more to one (each as defined in the respective credit agreements). As of June 30, 2026, we are in compliance with all of the covenant requirements and are eligible to use the full amount of the undrawn portion of the Company and Cal Water facilities.

Long-term financing, which includes first mortgage bonds, other debt securities, and common stock, has typically been used to replace short-term borrowings and fund capital expenditures. Internally generated funds, after making dividend payments, provide positive cash flow, but have not been at a level to meet the needs of our capital expenditure requirements. Management expects this trend to continue given our capital expenditure plans for the next five years. Some capital expenditures are funded by payments received from developers for contributions in aid of construction or advances for construction. Funds received for contributions in aid of construction are non-refundable, whereas funds classified as advances in construction are refundable. Management believes long-term financing is available to meet our cash flow needs through issuances of both debt and equity instruments.

Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

On April 17, 2009, Cal Water (Issuer) issued \$100.0 million aggregate principal amount of 5.5% first mortgage bonds due 2040 (the Bonds), all of which are fully and unconditionally guaranteed by the Company (Guarantor). Certain subsidiaries of the Company do not guarantee the security and are referred to as Non-guarantors. The Guarantor fully, absolutely, irrevocably and unconditionally guarantees the due and punctual payment when due, whether at stated maturity, by acceleration, by notice of prepayment or otherwise, of the principal of, premium, if any, and interest on the Bonds. The Bonds rank equally among Cal Water's other first mortgage bonds.

The following tables present summarized financial information of the Issuer and the Guarantor. The information presented below excludes eliminations necessary to arrive at the information on a consolidated basis. In presenting the summarized financial statements, the equity method of accounting has been applied to the Guarantor interests in the Issuer. The summarized information excludes financial information of the non-issuers, including earnings from and investments in these entities.

Summarized Statement of Operations

(in thousands)

	Six Months Ended June 30, 2026		Twelve Months Ended December 31, 2025	
	Issuer	Guarantor	Issuer	Guarantor
Net sales	\$ 476,557	\$ —	\$ 912,596	\$ —
Gross profit	\$ 322,378	\$ —	\$ 609,333	\$ —
Income from operations	\$ 88,897	\$ 1,308	\$ 169,549	\$ 1,479
Equity in earnings of guarantor	\$ —	\$ 59,115	\$ —	\$ 121,748
Net income	\$ 63,246	\$ 60,490	\$ 128,048	\$ 127,848

Summarized Balance Sheet Information

(in thousands)

	As of June 30, 2026		As of December 31, 2025	
	Issuer	Guarantor	Issuer	Guarantor
Current assets	\$ 310,463	\$ 8,977	\$ 260,566	\$ 13,713
Intercompany receivable from guarantor & non-issuer subsidiaries	7,897	129,049	7,055	69,246
Other assets	688,835	1,521,962	689,390	1,478,043
Long-term intercompany receivable from non-issuer subsidiaries	—	145,490	—	135,016
Net utility plant	4,389,353	—	4,187,250	—
Total assets	\$ 5,396,548	\$ 1,805,478	\$ 5,144,261	\$ 1,696,018
Current liabilities	\$ 548,715	\$ 4,387	\$ 383,953	\$ 3,882
Intercompany payable to guarantor & non-issuer subsidiaries	43,115	2,398	—	2,498
Long-term debt	1,302,732	169,127	1,302,788	169,092
Other liabilities	1,987,877	3,284	1,988,083	3,284
Total liabilities	\$ 3,882,439	\$ 179,196	\$ 3,674,824	\$ 178,756

Dividends

During the six months ended June 30, 2026, our quarterly common stock dividend payments were \$0.67 per share compared to \$0.64 per share, which includes a one-time special dividend of \$0.04 per share, for the six months ended June 30, 2025. For the full year 2025, the payout ratio was 57.6% of net income. On a long-term basis, our goal is to achieve a dividend payout ratio of approximately 60% of net income.

At the July 29, 2026 meeting, the Company's Board of Directors declared the third quarter dividend of \$0.335 per share payable on August 21, 2026, to stockholders of record on August 10, 2026. This was our 326th consecutive quarterly dividend.

2026 Financing Plan

We intend to fund our utility plant investment financing requirements in future periods through a relatively balanced approach between long-term debt and equity.

We utilize the Company and Cal Water facilities for our short-term financing needs. As of June 30, 2026, the availability on the Company and Cal Water credit facilities was \$200.0 million and \$195.0 million, respectively.

Book Value and Stockholders of Record

Book value per common share was \$29.23 at June 30, 2026 compared to \$28.33 at December 31, 2025. There were approximately 1,692 stockholders of record for our common stock as of May 11, 2026.

Utility Plant Expenditures

During the six months ended June 30, 2026, utility plant expenditures totaled \$276.4 million, including Company-funded projects of \$242.8 million and developer-funded projects of \$33.6 million. For 2026, we estimate utility capital expenditures to be between \$580.0 million and \$640.0 million based on the 2024 CA GRC and normal capital needs in the other subsidiaries. The range includes an estimated PFAS compliance cost of \$79.2 million for 2026.

As of June 30, 2026, construction work in progress was \$435.5 million. Construction work in progress includes projects that are under construction but not yet complete and placed in service.

PFAS Settlement Proceeds

See Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements for details on settlement proceeds from PFAS manufacturers.

Acquisitions

In November of 2025, we entered into an agreement to purchase the remaining membership interests of BVRT for \$45.0 million. As required by the membership interest purchase agreement, we made an initial payment of \$7.0 million in the first quarter of 2026. An additional payment of \$3.8 million was made in July of 2026, with the remainder due upon closing of

the acquisition. Acquisition of the remaining membership interests is subject to satisfaction of customary closing conditions in addition to PUCT and our Board of Director's approval. We expect to fund the purchase with cash from operations.

In February of 2026, we agreed to purchase Nexus's Nevada and Oregon water and wastewater systems for approximately \$218.0 million, subject to the finalization of closing adjustments. Our Board of Directors has approved the acquisition, and change of control applications have been submitted to the OPUC and PUCN for review and approval. We expect to fund the purchase with a combination of cash from operations and debt and equity capital raises.

Commitments

In the second half of 2026, we expect to transfer \$43.8 million to Guadalupe Blanco River Authority for our share of the cost of a pipeline project in Texas (see Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements for more details).

WATER SUPPLY

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

Historically, approximately half of our annual water supply is pumped from wells. State groundwater management agencies operate differently in each state. Some of our wells extract ground water from adjudicated groundwater basins, in which a court has settled the dispute between landowners, or other parties over how much annual groundwater can be extracted by each party. All of our adjudicated groundwater basins are located in the State of California. Our average annual groundwater extraction from adjudicated groundwater basins approximates 8.2 billion gallons or 15.0% of our total average annual (2024 to 2025) water supply pumped from wells. Historically, we have extracted less than 100% of our annual adjudicated groundwater rights and have the right to carry forward up to 20% of the unused amount to the next annual period. All of our remaining wells extract groundwater from locally managed or unmanaged water basins or aquifers. There are currently no set limits for the ground water extracted from these water basins or aquifers. Our average annual groundwater extraction from managed groundwater basins approximates 30.9 billion gallons or 56.2% of our total average annual (2024 to 2025) water supply pumped from wells. Many managed groundwater basins from which we extract water have groundwater recharge facilities that we financially support by paying well pump taxes. For the six months ended June 30, 2026 and 2025, our well pump taxes were \$15.0 million and \$12.1 million, respectively. In 2014, the State of California enacted the Sustainable Groundwater Management Act of 2014 (SGMA). The law and its implementing regulations required most basins to create a sustainability agency by 2017, develop a sustainability plan by the end of 2022, and show progress toward sustainability by 2027. We expect that after the SGMA provisions are fully implemented, all the Company's California groundwater will be produced from sustainably managed and/or adjudicated basins.

California's normal weather pattern yields little precipitation between mid-spring and mid-fall. The Washington Water service areas receive precipitation in all seasons, with the heaviest amounts during the winter. New Mexico Water's rainfall is heaviest in the summer monsoon season. Hawaii Water receives precipitation throughout the year, with the largest amounts in the winter months. Typically, water usage in all service areas is highest during the warm and dry summers and declines in the cool winter months. Rain and snow during the winter months in California replenish underground water aquifers and fill reservoirs, providing the water supply for subsequent delivery to customers. As of July 20, 2026, statewide precipitation was 97% of long-term averages and statewide reservoir storage was above long-term averages during the 2025 to 2026 water year (per the California Department of Water Resources). Management believes that supply pumped from underground aquifers and purchased from wholesale suppliers will be adequate to meet customer demand during 2026 and thereafter. However, water rationing may be required in future periods, dependent on local conditions or if declared by the state or local jurisdictions. Long-term water supply plans are developed for each of our service areas to help assure an adequate water supply under various operating and supply conditions. Some service areas have unique challenges in meeting water quality standards, but management believes that supplies will meet current standards using currently available treatment processes or by installing the best available technologies.

On May 31, 2018, California's Governor signed two bills (Assembly Bill 1668 and Senate Bill 606) into law that were intended to establish long-term standards for water use efficiency. The bills revise and expand the existing urban water management plan requirements to include five-year drought risk assessments, water shortage contingency plans, and annual water supply/demand assessments. The Water Board, in conjunction with the California Department of Water Resources, has adopted long-term water use standards for indoor residential use, outdoor residential use, water losses, and other uses.

Cal Water is also required to calculate and report on urban water use targets each year, which compare actual urban water use to the targets. Management believes that Cal Water is well positioned to comply with all such regulations.

In April of 2024, the EPA finalized a National Primary Drinking Water Regulation (NPDWR) establishing legally enforceable MCLs for six PFAS in drinking water. Under the PFAS regulation, water utilities across the country are required to complete initial PFAS monitoring by 2027 and to implement treatment for sources exceeding the MCL by 2029. On January 20, 2026, a three-judge panel of the U.S. Court of Appeals for the District of Columbia unanimously denied an EPA request to vacate and remove MCLs on four PFAS. Multi-party litigation continues regarding the PFAS MCLs. Final briefs were submitted in March of 2026, oral argument is scheduled for September 2026, and a decision is possible in late 2026. In May of 2026, the EPA proposed two new rules. The first proposed rule would retain MCLs for perfluorooctanoic acid and perfluorooctane sulfonate while providing a mechanism for water systems to seek an extension of the MCL compliance deadline from April 2029 to April 2031. The second proposed rule would rescind the NPDWR for four PFAS as well as related changes. It is anticipated that the EPA will issue final rules in the second half of 2026. We estimate a capital investment of approximately \$269.1 million will be required to comply with the currently effective regulation.

On April 17, 2024, the Water Board adopted an MCL of 10 parts per billion for Chromium-6 in drinking water. Our water systems in California will be required to comply with the regulation within two to four years. We developed and installed treatment for this contaminant at most of our impacted water sources when the same MCL was originally set in 2014, which was subsequently vacated for administrative reasons. After the MCL was vacated, we continued to treat our impacted water systems where treatment was installed. We anticipate installing treatment or taking wells out of service for the remaining impacted sources before the regulatory deadline.

CONTRACTUAL OBLIGATIONS

During the six months ended June 30, 2026, there were no material changes in contractual obligations outside the normal course of business.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

There have been no material changes to the Company's quantitative and qualitative disclosures about market risk set forth in Part II, Item 7A of the 2025 Annual Report on Form 10-K.

Item 4. CONTROLS AND PROCEDURES

(a) Management's Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

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

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. Based on that evaluation, our management including our Chief Executive Officer and Chief Financial Officer, have concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes to Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the second quarter of 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, the Company is involved in various disputes and litigation matters that arise in the ordinary course of business. The status of each significant matter is reviewed and assessed for potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount of the range of loss can be reasonably estimated, a liability is accrued for the estimated loss in accordance with the accounting standards for contingencies. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on the best information available at the time. While the outcome of these disputes and litigation matters cannot be predicted with any certainty, management does not believe when taking into account existing reserves the ultimate resolution of these matters will materially affect the Company's financial position, results of operations, or cash flows. In the future, we may be involved in disputes and litigation related to a wide range of matters, including employment, construction, environmental issues, securities, and operations. Litigation can be time-consuming and expensive and could divert management's time and attention from our business. In addition, if we are subject to new lawsuits or disputes, we might incur significant legal costs and it is uncertain whether we would be able to recover the legal costs from customers or other third parties. Please refer to Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information.

Item 1A. RISK FACTORS

There have been no material changes to the Company's risk factors set forth in Part I, Item 1A of the 2025 Annual Report on Form 10-K.

Item 5. OTHER INFORMATION

(c) Trading Plans

During the last fiscal quarter, no director or Section 16 officer of the Company adopted or terminated any Rule 10b5-1 or non-Rule 10b5-1 trading arrangement (as defined under Securities and Exchange Commission rules).

Item 6. EXHIBITS

Exhibit Number	Description
3.1	Certificate of Incorporation of California Water Service Group (Exhibit 3.1 to the Quarterly Report on Form 10-Q filed August 9, 2006)
3.2	Certificate of Amendment to Certificate of Incorporation of California Water Service Group (Exhibit 3.1 to the Current Report on Form 8-K filed June 10, 2011)
3.3	Certificate of Amendment to Amended Certificate of Incorporation of California Water Service Group (Exhibit 3.3 to the Quarterly Report on Form 10-Q filed July 28, 2022)
3.4	Certificate of Amendment to Amended Certificate of Incorporation of California Water Service Group (Exhibit 3.4 to the Quarterly Report on Form 10-Q filed July 27, 2023)
3.5	Amended and Restated Bylaws of California Water Service Group, as amended on February 28, 2024 (Exhibit 3.5 to the Annual Report on Form 10-K filed February 29, 2024)
4.0	The Company agrees to furnish upon request to the Securities and Exchange Commission a copy of each instrument defining the rights of holders of long-term debt of the Company.
31.1	Chief Executive Officer certification of financial statements pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer certification of financial statements pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from this Quarterly Report on Form 10-Q formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, (v) the Notes to the Condensed Consolidated Financial Statements, and (vi) Part II, Item 5(c).
104	The cover page from this Quarterly Report on Form 10-Q formatted in iXBRL (included as Exhibit 101)

SIGNATURE

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

CALIFORNIA WATER SERVICE GROUP
Registrant

July 30, 2026

By: /s/ James P. Lynch
James P. Lynch
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

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

I, Martin A. Kropelnicki, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2026, of California Water Service Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2026

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

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

I, James P. Lynch, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2026, of California Water Service Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2026

By: /s/ James P. Lynch
JAMES P. LYNCH
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this quarterly report on Form 10-Q for the period ended June 30, 2026 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of California Water Service Group.

Date: July 30, 2026

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

Date: July 30, 2026

By: /s/ James P. Lynch
JAMES P. LYNCH
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
California Water Service Group
