ATTACHMENT B

PROXY STATEMENT AND FINANCIAL STATEMENTS

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

California Water Service Group

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check all boxes that apply):

☒ No fee required

☐ Fee paid previously with preliminary materials

☐ Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14a-6(i)(1) and 0-11

A Letter from our Chairman, President & CEO

Dear Fellow Stockholder:

It is my pleasure to invite you to join us for the California Water Service Group 2024 Annual Meeting of Stockholders at 9:30 a.m. Pacific Time on Wednesday, May 29, 2024. Once again, we will hold the Annual Meeting online to allow for greater participation by all of our stockholders, regardless of their geographic location. Please see the Notice of Annual Meeting on the next page for more information.

Your vote is very important. We encourage you to read the Proxy Statement and vote your shares at your earliest convenience, even if you plan to attend the meeting.

As I look back on 2023, I am proud of all we accomplished while navigating complex regulatory challenges. Although our financial performance was impacted by the lack of a decision from the California Public Utilities Commission on our 2021 General Rate Case, we provided high-quality, affordable water and excellent service to approximately two million people and demonstrated our commitment to enhancing the quality of life in our communities.

In 2023, we invested a record $383.7 million in our water infrastructure, which included installation of 159,822 feet of water mains and replacement and/or upgrade of 91 storage tanks, 26 water quality treatment plants, and 16 panel board and generators. We also invested in increased groundwater pumping capacity in certain basins and strengthened our physical security.

We conducted more than half a million water quality tests in 2023, meeting or surpassing every applicable state and federal water quality standard set to protect public health and safety. We also established a multi-functional team to prepare and execute a robust program to meet new PFAS standards and revised lead and copper rule requirements.

As part of our emergency preparedness program, in 2023 we hosted nearly 20 emergency response events with more than 50 local and state agencies to collaborate and rehearse our emergency response plans. During the year, we continued to invest in employee training and continuing education and deployed 48 members of our Operations Rapid Response Team to emergencies and natural disasters. During the West Maui fires in Lahaina, our crews worked around the clock in extreme fire conditions to ensure our pumps never stopped and our systems stayed pressurized.

On a related note, we did exceedingly well on our customer service performance metrics for the year. We actively engage with our customers and seek their feedback through multiple channels including annual surveys, focus groups, and a new post-service survey platform implemented in 2023. To help customers with past-due balances accrued during the pandemic, we applied for $83 million in grant funding, and in April 2023 we were ranked number one in Customer Satisfaction Among Large Water Utilities in the West Region by J.D. Power.

Finally, we made significant progress on our ESG journey in 2023. We completed our first Greenhouse Gas (GHG) Protocol-aligned Inventory for Scope 1 and Scope 2 GHG emissions and announced our commitment to reduce absolute Scope 1 and Scope 2 GHG emissions by 63% by 2035 from a 2021 base year. This past year we also published our inaugural 2023 CDP Climate Change questionnaire response, which includes detailed energy- and emissions-related data, information about our efforts to minimize energy use and emissions, and a discussion of our climate change-related strategy, governance, and risk management.

On behalf of the California Water Service Group Board of Directors, thank you for your continued support and investment.

Sincerely,

Martin A. Kropelnicki
Chairman, President & Chief Executive Officer
April 17, 2024

A Letter from our Lead Independent Director

Dear Fellow Stockholder:

As lead independent director, I join Marty Kropelnicki in inviting you to attend our 2024 annual meeting of Stockholders.

I believe I speak for all of the Company's independent directors in saying that we are proud of the Company's progress in the past year, and of the role sound governance and appropriate oversight played in fostering that progress. The Board of Directors, together with the Management Team, bring diverse expertise and perspectives to create long-term sustainable value for our stockholders and other critical stakeholders by executing our strategy, mitigating risk, and fulfilling our purpose as a leading provider of water and wastewater utility services.

It is the Board's responsibility to provide independent leadership, both at the board and committee levels. At the board level, we are focused on building a board with strong governance and the right mix of skills, experiences, and backgrounds to provide rigorous and independent oversight of the Company's strategy, performance, and culture.

We had a notable year in 2023 as Marty Kropelnicki was elected as our Company's 10th Chairman of the Board. We make decisions about the Board's leadership structure within a governance framework that provides the Board flexibility to select the best structure based on the specific needs of the business at the time and what we believe is in the best interests of stockholders.

This year's Board nominees represent a wide range of backgrounds and expertise. We believe our diversity of experiences, perspectives, and skills contributes to the Board's effectiveness in managing risk and overseeing strategy and execution, positioning us for long-term success.

I would like to take this opportunity to thank and recognize the many contributions of Terry P. Bayer, our esteemed colleague who left the board in 2023 for medical reasons. We also welcomed two highly qualified new directors to our board last year. Charles R. Patton, former Executive Vice President, External Affairs, at American Electric Power Company, Inc., and Jeffrey Kightlinger, who retired as the longest serving Chief Executive Officer of the Metropolitan Water District of Southern California. Charles and Jeffrey bring to our board extensive leadership experience and expertise.

The Proxy Statement includes information about the management proposals to be voted on at the Company's Annual Meeting. We value your vote, and we encourage you to use one of the options laid out in this proxy to vote your shares whether or not you plan to join us for the Annual Meeting. We appreciate your investment in our Company and thank you for the opportunity to serve you and our Company as directors.

Sincerely,

Scott L. Morris
Lead Independent Director
April 17, 2024

Notice of Annual Meeting of Stockholders

Date and Time	Location	Record Date
Wednesday, May 29, 2024 9:30 a.m. Pacific Time	To attend and participate in the Annual Meeting visit www.virtualshareholdermeeting.com/CWT2024	Only stockholders at the close of business on April 2, 2024 are entitled to receive notice of and vote at the Annual Meeting

The 2024 Annual Meeting of Stockholders of California Water Service Group (Group) will be held on May 29, 2024, at 9:30 a.m. Pacific Time. You will be able to attend the Annual Meeting, vote your shares electronically, and submit your questions during the live webcast by visiting **www.virtualshareholdermeeting.com/CWT2024**. At the Annual Meeting, stockholders will consider and vote on the following matters:

1. Election of the eleven directors named in the Proxy Statement;
2. An advisory vote to approve executive compensation;
3. Ratification of the selection of Deloitte & Touche LLP as the Group's independent registered public accounting firm for 2024;
4. Approval of Group's 2024 Equity Incentive Plan;
5. Such other business as may properly come before the Annual Meeting.

These matters are more fully described in the Proxy Statement accompanying this notice. We believe your vote is important. Please submit a proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. You may submit your proxy: (a) online, (b) by telephone, or (c) by U.S. Postal Service mail. You may revoke your proxy at any time prior to the vote at the Annual Meeting. Of course, in lieu of submitting a proxy, you may vote online during the Annual Meeting. For specific instructions, please refer to "Questions and Answers About the Proxy Materials and the Annual Meeting" in this Proxy Statement and the instructions on the proxy card.

In the event of a technical malfunction or other situation that the Chair determines may affect the ability of the Annual Meeting to satisfy the requirements for a meeting of stockholders to be held by means of remote communication under the Delaware General Corporation Law, or that otherwise makes it advisable to adjourn the Annual Meeting, the Chair or Corporate Secretary will convene the meeting at 10:30 a.m. Pacific Time on the date specified above and at the address specified above solely for the purpose of adjourning the meeting to reconvene at a date, time, and physical or virtual location announced by the Chair or Corporate Secretary. Under either of the foregoing circumstances, we will post information regarding the announcement on our Investor Relations website at http://ir.calwatergroup.com.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 29, 2024: Electronic copies of the Group's Form 10-K, including exhibits, and this Proxy Statement will be available at **www.proxyvote.com**.

The Group expects to mail the Notice Regarding Internet Availability of Proxy Materials to its stockholders commencing on or about April 17, 2024.

By Order of the Board of Directors

Michelle R. Mortensen
Vice President, Corporate Secretary and Chief of Staff

April 17, 2024

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This proxy statement 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. Examples of forward-looking statements in this document include our strategy, goals, progress or expectations with respect to our approach to environmental, social, and governance, workplace and employee safety, diversity, equality, and inclusion, human capital management, corporate responsibility and sustainability and public policy and political involvement (collectively, ESG Information), and new acquisitions, among other topics. Forward-looking statements in this proxy statement 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 and 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, including, among other things, the evolution of applicable laws and regulations, and the ability of our suppliers and partners to meet our sustainability standards. Consequently, actual results may vary materially from what is contained in a forward-looking statement. For more information on these risks, uncertainties and other factors, refer to our Annual Report on Form 10-K for the year ended December 31, 2023, under the heading "Risk Factors" in Item 1A, as updated in Part II of our subsequent Quarterly Reports on Form 10-Q, and other filings with the Securities and Exchange Commission. 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 annual report or as of the date of any document incorporated by reference in this annual report, as applicable. 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.

In addition, historical, current and forward-looking ESG Information-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

ESG Information identified as material, significant or priority for purposes of, and information otherwise included in, this document may not be considered material for Securities and Exchange Commission (SEC) reporting purposes. The term "material" used in the context of our ESG Information is distinct from and should not be confused with what we consider "material" for the purposes of U.S. securities laws and SEC reporting.

Proxy Summary

Information About Our 2024 Annual Meeting of Stockholders

Date and time:	Wednesday, May 29, 2024 at 9:30 a.m. Pacific Time
Location:	To attend and participate in the Annual Meeting visit **www.virtualshareholdermeeting.com/CWT2024**
Record Date:	April 2, 2024
Voting matters:	Stockholders will be asked to vote on the following matters at the Annual Meeting:

Overview of Voting Items

Proposal	For More Information	Board Recommendation
Proposal No. 1: Election of Eleven Directors	Pages 19-31	**FOR All Nominees**
The Board of Directors and Nominating/Corporate Governance Committee believes that all of the following eleven nominees listed are highly qualified and have the skills and experience required for membership on our Board. A description of the specific experience, qualifications, attributes, and skills that led our Board to conclude that each of the nominees should serve as director follows the biographical information of each nominee. The directors reflect the diversity of the Company's stockholders, employees, customers, and communities.		

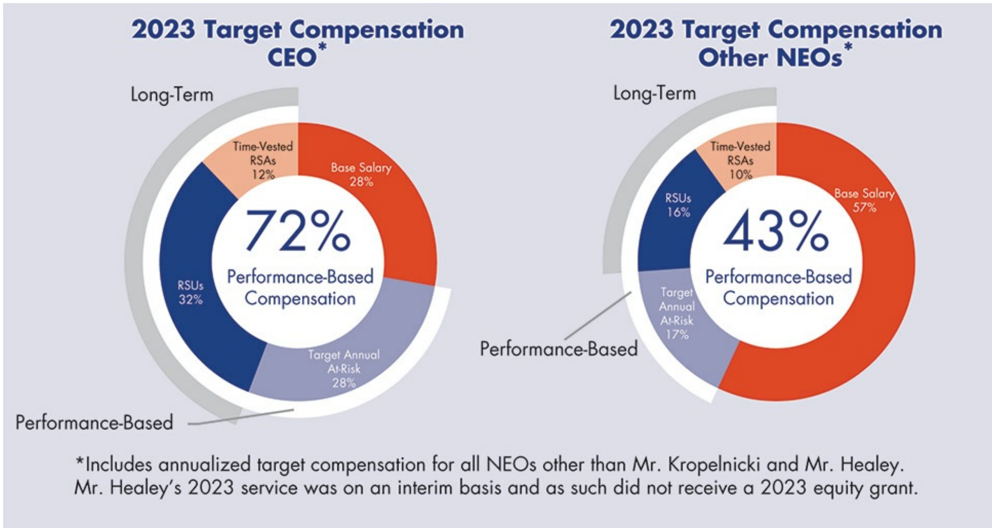
Name and Principal Occupation	Age	Director Since	Independent	Other Public Company Boards	Committees: A	C	F	NG	S
Gregory E. Aliff Former Vice Chairman and Senior Partner of U.S. Energy & Resources, Deloitte LLP	70	2015	Yes	1	✪		●		●
Shelly M. Esque Former Vice President and Global Director of Corporate Affairs of Intel Corporation	63	2018	Yes	—				●	●
Jeffrey Kightlinger Principal and Owner of Acequia Consulting, LLC	64	2023	Yes	—	●				●
Martin A. Kropelnicki Chairman, President & CEO of California Water Service Group	57	2013	—	—					
Thomas M. Krummel, M.D. Emile Holman and Chair Emeritus of the Department of Surgery at Stanford University School of Medicine	72	2010	Yes	1		✪		●	
Yvonne A. Maldonado, M.D. Professor of Global Health and Infectious Diseases, Departments of Pediatrics and Epidemiology and Population Health, Stanford University	68	2021	Yes	—				●	●
Scott L. Morris Chairman of Avista Corporation	66	2019	Yes	1		●		✪	
Charles R. Patton Former Executive Vice President, External Affairs of American Electric Power Company, Inc.	64	2023	Yes	2	●		●		
Carol M. Pottenger Principal and Owner of CMP Global, LLC Vice Admiral, U.S. Navy (Ret.)	69	2017	Yes	—			●	●	●
Lester A. Snow Director and Former President of the Klamath River Renewal Corporation	72	2011	Yes	—		●	●		✪
Patricia K. Wagner Former Group President of U.S. Utilities for Sempra Energy	61	2019	Yes	2	●	●	✪		
Number of meetings held during 2023					**4**	**3**	**3**	**3**	**3**
Number of executive sessions of the independent directors held in 2023					**4**	**3**	**2**	**2**	**3**

✪ Chair
● Member

A: Audit
F: Finance and Capital Investment
S: Enterprise Risk Management, Safety, and Security
C: Organization and Compensation
NG: Nominating/Corporate Governance

Proposal	For More Information	Board Recommendation
Proposal No. 2: Advisory Vote on Executive Compensation	Page 90	**FOR**

We seek to closely align the total direct compensation of our officer team with performance and appropriately balance the focus on our short-term and long-term priorities with annual and long-term rewards. Providing compensation that attracts, retains, and motivates talented officers is our committed goal. Our compensation programs are designed to reward excellent job performance, identify exceptional leadership, and represent fair, reasonable, and competitive total compensation that aligns officers' interests with the long-term interests of our stockholders and customers.



Proposal	For More Information	Board Recommendation
Proposal No. 3: Ratification of Independent Accountants	Page 93	**FOR**

The Board believes the continued retention of Deloitte & Touche LLP is in the best interests of the Company and its stockholders. The Board is recommending stockholder ratification of Deloitte & Touche LLP as the independent registered public accounting firm, to audit the Group's books, records, and accounts for the year ending December 31, 2024.

Proposal	For More Information	Board Recommendation
Proposal No. 4: Approval of Group's 2024 Equity Incentive Plan	Page 94	**FOR**

The 2024 Equity Incentive Plan (2024 Plan) is intended to serve as the successor to the Amended and Restated California Water Service Equity Incentive Plan (Prior Plan), which Prior Plan terminated in November 2023 and is no longer available for future awards. The Board believes that the availability to grant equity awards under the 2024 Equity Incentive Plan (2024 Plan) is critical to our continued success because it will promote and closely align the interests of employees and non-employee directors of the Group and its shareholders by providing the ability for the Group to award stock-based compensation and other performance-based compensation.

Our Company

California Water Service Group is the third largest publicly traded water utility in the United States, providing high-quality water and wastewater services to approximately two million people in over 100 communities. Our mission is to be the leading provider of sustainable water and wastewater services.

What We Do

The majority of our business consists of the production, purchase, storage, treatment, testing, distribution, and sale of water for domestic, commercial, industrial, public, and irrigation uses — and includes the provision of domestic and municipal fire protection services. Other services include wastewater collection and treatment. We also offer non-regulated services, such as water system operation, billing, and meter reading services under agreements with municipalities and other private companies. Additional non-regulated operations include the lease of communication antenna sites, provision of lab services to third parties, and the promotion of other non-regulated services.

Where We Operate

Headquartered in San Jose, California, the Group includes seven operating subsidiaries. California Water Service Company (Cal Water), New Mexico Water Service Company (New Mexico Water), Washington Water Service Company (Washington Water), and Hawaii Water Service Company, Inc. (Hawaii Water) are regulated public utilities that also provide certain non-regulated services. CWS Utility Services and HWS Utility Services LLC maintain non-utility property and provide non-regulated services to private companies and municipalities outside of California. Our seventh subsidiary, TWSC, Inc. (Texas Water), is a majority shareholder of BVRT Utility Holding Company (BVRT), which owns and develops wastewater and water utilities in Texas.

State	Customer Connections	% of Customer Connections	% of Total Consolidated Operating Revenue in 2023
California	497,700	89.5%	90.6%
Hawaii	6,500	1.2%	5.2%
Washington	38,000	6.8%	3.0%
New Mexico	11,400	2.0%	0.9%
Texas	2,800	0.5%	0.3%

Our Priorities

We remain laser focused on executing our strategy and serving our customers. In 2024, our priorities include:

- ***Customers***: Our efforts to reduce customer monthly bills include requesting $83.0 million from the State of California Water Arrearages Payment Program in November 2023 to pay residential and commercial customer delinquent and uncollected account balances.
- ***Sustainability***: We remain focused on the Environmental, Social, and Governance (ESG) topics that we believe are most important to our business and to our key stakeholders, and we are proud of the significant progress made in 2023 in the areas of climate change, affordability, infrastructure investment, and sustainability. Our ESG highlights are discussed further below, and the details of our accomplishments will be reported in our 2023 ESG Report, which we expect to publish in May 2024.
- ***2021 GRC Filing***: In March 2024, the California Public Utilities Commission issued a decision on Cal Water's 2021 General Rate Case and Infrastructure Improvement Plan approving $1.2 billion in capital expenditures following extensive review of the utility's water system improvement plans, costs, and rates. We continue to prepare our next General Rate Case and Infrastructure Improvement Plan, which we are scheduled to file in July 2024.
- ***Capital expenditures***: We continue to invest diligently in our water and wastewater system infrastructure so that we are positioned to provide reliable quality service to our customers and adapt to the effects of climate change.

Fiscal 2023 Overview

2023 Financial Highlights

Operating Revenue	Net Income
$794.6M	$51.9M

Earnings Per Share	Capital Investment	Dividend Increase
$0.91	$383.7M	4.0%

AWARDS AND RECOGNITIONS

Ranked highest in overall customer satisfaction among large water utilities in the western United States, in the J.D. Power 2023 Water Utility Residential Customer Satisfaction Study℠

Named one of "World's Most Trustworthy Companies" by Newsweek magazine for 2023 in its inaugural list

Earned the U.S. Environmental Protection Agency's 2023 WaterSense Excellence in Promoting WaterSense Labeled Products Award

Received recertification as a Great Place to Work® by the Great Place to Work® Institute for the eighth consecutive year

GOVERNANCE HIGHLIGHTS

Effective Board Leadership and Independent Oversight

- Independent Lead Director designated by the independent directors with defined responsibilities
- Regular scheduled executive sessions led by independent Lead Director at Board meetings
- Regular scheduled executive sessions at committee meetings
- Ongoing review of Board composition and succession planning
- Focus on the experience, skills, diversity, and attributes that enhance our Board
- Mandatory director retirement at age 75
- Demonstrated commitment to Board refreshment
- All Board members are independent except our Chairman & CEO and all committees are composed of independent directors
- Board and committee oversight of strategy and risk
- Board and committee oversight of ESG matters

Overview of Corporate Governance

- Code of Conduct for Directors, Officers, and Employees
- Annual committee assessments
- Adopted clawback policy for incentive-based compensation aligned with NYSE requirements
- Stock ownership guidelines for executive officers and directors
- Prohibition on short sales, transactions in derivatives, and hedging and pledging of stock by directors and executive officers
- Annual review of Board leadership structure
- Annual review of committee assignments and committee chairs
- Integrated active enterprise risk management
- Annual Board member self-assessments
- Demonstrated commitment to corporate responsibility and sustainability
- Demonstrated commitment to stockholder engagement
- Transparent public policy engagement
- Board and committees may hire outside advisors independent of management
- "Overboarding" limits for directors

Stockholder Rights

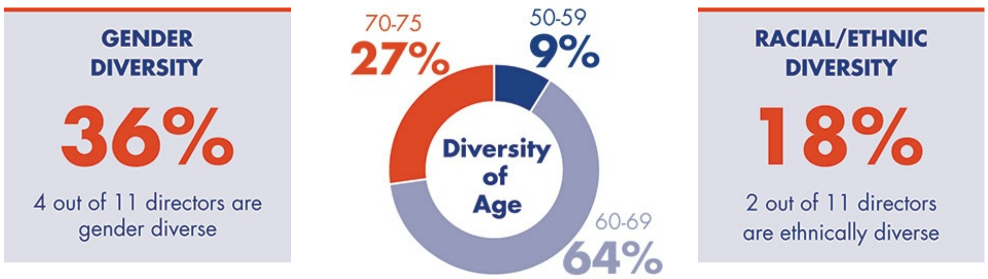
- No dual-class common stock structure
- Annual election of all directors
- Majority voting for directors in uncontested elections
- No supermajority voting requirements in governing documents
- Stockholder right at 10% threshold to call a special meeting
- Annual advisory vote for say-on-pay

Board of Directors

The Group's director nominees collectively contribute significant experience in the areas we believe to be the most relevant to overseeing the Company's business and strategy.

Board Diversity

Based on the voluntary self-identification of gender, age, race, and ethnicity by our director nominees, the graphs below represent the diversity of the director nominees.



Board Experience/Qualifications/Skills/Attributes

	Gregory	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Senior Leadership	●	●	●	●	●	●	●	●	●	●	●
Public Company Board	●			●	●		●	●			●
Human Capital Management	●	●	●	●	●	●	●	●	●	●	●
Sustainability, Governmental, Public Policy		●	●	●	●	●	●	●	●	●	●
Health and Human Services					●	●					
Cybersecurity	●		●	●			●		●		●
Financial/Capital Allocation	●		●	●	●		●	●	●		●
Industry	●		●	●			●	●	●	●	●
Other Current Public Boards	1				1		1	2			2
Age	70	63	64	57	72	68	66	64	69	72	61
Tenure	9	6	1	11	14	3	5	1	7	13	5

Board Independence

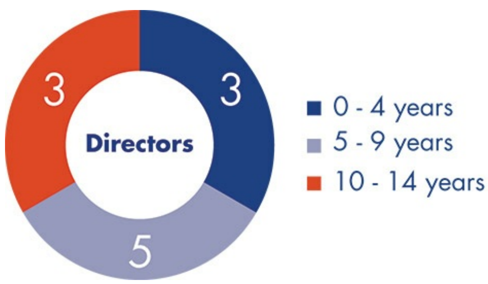
Scott L. Morris
Independent Lead Director

10 of 11
Independent Director Nominees

ALL
Independent Board Committees

75
Mandatory Retirement Age

Board Tenure



Stockholder Engagement and Responsiveness

Our Board and management value the views of our stockholders and believe that maintaining an active dialogue with them is important to our commitment to enhance long-term stockholder value. For fiscal year 2023, we received 96% of the votes cast on the Say-on-Pay advisory vote taken at the 2023 Annual Meeting of Stockholders.

During fiscal 2023, we met with several of our largest investors representing approximately 47% of our total outstanding shares. We also participated in meetings with stockholders that were not among our top 25 that expressed an interest in engaging with us. Our stockholder engagement activities included participation primarily from our senior leadership and Investor Relations team and covered topics including strategy, corporate governance, Board oversight, executive compensation, our sustainability and decarbonization efforts, including setting emission reduction targets, human capital management, and board and leadership refreshment. We also engaged various stakeholders including regulators, proxy advisory firms, ESG rating firms, and subject matter experts.

We engage with stockholders and others through multiple mediums, including quarterly investor calls and other investor-led conferences and presentations, Group-hosted investor meetings, both in-person and virtual, our virtual annual meetings of stockholders, as well as with our periodic reporting and disclosures.

As illustrated in the table below, our Board has been responsive to stockholder feedback. Over the past several years, we have made numerous changes to our governance and executive compensation programs and related disclosures based on feedback from our stockholders and our annual review of market practices.

Governance and Executive Compensation Changes

Governance

- Formed the Enterprise Risk Management, Safety, and Security Committee
- Environmental, social, and governance (ESG) items are overseen by the Nominating/Corporate Governance Committee
- Adopted four new policies: Environmental Sustainability; Diversity, Equality, and Inclusion; Political Engagement; and Human Rights
- Intend to publish our 2023 ESG report in May 2024 with disclosure aligned with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standards and the recommendations of the Task Force on Climate-related Financial Disclosures as well as in reference to Global Reporting Initiative (GRI) standards
- Included an ESG metric in the 2021, 2022, and 2023 long-term at-risk compensation program for the three-year performance periods 2021-2023, 2022- 2024, and 2023-2025
- Committed to setting absolute, science-aligned Scope 1 and Scope 2 emissions reduction targets by Q3 2024

Compensation

- Continued emphasis on long-term equity performance-based equity awards
- Modified the performance criteria used for long-term and short-term at-risk compensation programs
- Revised the methodologies used to determine our Supplemental Executive Retirement Plan's (SERP) actuarial assumptions and amended the plan, increasing the plan's unreduced retirement age from 60 to 65
- Conducted an independent, third-party review of:
  - Our Chairman, President and CEO's compensation plan
  - Our executive short-term and long-term at-risk compensation programs
  - Our proxy peer group
- Updated our peer group to reflect industry changes
- Adopted clawback policy for incentive-based compensation aligned with NYSE requirements

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE HIGHLIGHTS

As a company, we have always stood for "doing the right thing." We strive to make the world a better place and take pride in our long- standing efforts to provide a sustainable supply of safe water at affordable rates, be responsible stewards of the environment, invest in and give back to our communities, foster a positive and enriching work environment for our employees, and maintain high ethical standards. This commitment is instilled in our shared purpose, which is to enhance the quality of life for our customers, communities, employees, and stockholders.

Our Approach to Environmental, Social, and Governance (ESG)

We are dedicated to understanding and leveraging the interdependence of ESG interests and are proud of our contributions to a sustainable future. We aim to integrate our commitment to protecting the planet, caring for people, and operating with the utmost integrity into the fabric of our daily business activities. We believe this will support the long-term resilience of our Company, our communities, and our planet. We undertook a formal materiality assessment in 2020 to identify the ESG focus areas most important to our business and to our stakeholders. The assessment included researching the landscape of ESG topics, mapping impacts to our value chain, seeking internal and external stakeholder feedback, and validating our findings with company leadership. The results of the materiality assessment, shown below, directly informed our broader ESG program and priorities, including ESG reporting and disclosure, objective-setting, integration with our corporate strategy, and internal and external stakeholder engagement efforts.

Our material ESG topics are listed below in priority order for each category, with the most material ESG topics listed first. The “Highest Priority” topics were identified as most critical to both internal and external stakeholders with regards to business impact, risk, and opportunities. The “Higher Priority” topics did not emerge as the most critical but were nevertheless identified as somewhat important to our stakeholders. We view the “Highest Priority” and “Higher Priority” topics as the most important to effectively manage, set goals for, and provide robust discussion of in our reporting. The “High Priority” topics were viewed by stakeholders as standard business practice or areas that we already manage well but must maintain. As such, they were rated as less significant overall, but, nevertheless, important topics to monitor and manage effectively.

	Environmental	Customers and Communities	Workforce	Governance
Highest Priority	• Climate Change, Strategic Planning, and Risk Management • Water Supply Resilience and Reliability • Water System Resilience, Reliability, and Efficiency • End-Use Conservation	• Drinking Water Quality and Safety • Emergency Preparedness and Response • Water Affordability and Access • Stakeholder Engagement and Public Participation • Cybersecurity and Data Privacy		• Public Policy and Political Involvement
Higher Priority	• Energy and Emissions	• Philanthropy and Volunteerism	• Diversity, Equality, and Inclusion • Talent Attraction and Retention	• Corporate Governance • Ethics
High Priority	• Environmental Management, Compliance, and Stewardship	• Customer Service	• Workplace Health and Safety • Training and Development • Labor Relations and Management • Compensation, Benefits, and Employee Wellbeing	• Responsible Sourcing

California Water Service Group’s ESG objectives guide our proactive approach to managing our most material ESG topics and reflect our efforts to drive accountability, establish milestones, and measure progress. These objectives are in addition to a range of other ongoing initiatives we have in place to manage environmental and social issues across our business. In 2023, we made progress toward our objectives, as discussed below and in more detail in our 2023 Environmental, Social, and Governance (ESG) Report, which we intend to make available in May 2024.

Our Enterprise Risk Management (ERM) program supports our efforts to effectively mitigate ESG risks by incorporating material ESG topics into our ERM process. Our material ESG topics are closely aligned with the enterprise risks we monitor through our ERM program. In fact, there is an 85% overlap between our primary and secondary ERM risks and our material ESG topics. During our ERM review process each year, we analyze new and existing risks, and develop and revise the mitigation controls. We also review and update the mapping across ERM and ESG areas and strive to integrate new and emerging ESG-related risks into our risk assessments and mitigation controls as appropriate.

For more information on our formal ESG governance structure, please refer to “Board Oversight of Risks Related to Environmental, Social Responsibility, and Governance Matters” in this Proxy Statement. Additional information on this topic is available in our latest ESG report at www.calwatergroup.com. We expect to publish our 2023 ESG Report and 2023 ESG Analyst Download in May 2024.

Annual ESG Report

Our annual Environmental, Social, and Governance (ESG) reports and other relevant reports and documents, including additional information on the following topics, are available at www.calwatergroup.com. Our annual ESG reports align with the Sustainability Accounting Standards Board (SASB) Water Utilities and Services Industry Standard, leverage the guidance of the Task Force on Climate-related Financial Disclosures (TCFD), and reference the 2021 Global Reporting Initiative (GRI) Universal Standards. We expect to publish our 2023 ESG Report and 2023 ESG Analyst Download, which will cover our activities from January 1, 2023 to December 31, 2023, in May 2024. Web links are provided throughout this Proxy Statement for convenience and are inactive textual references only. The content on the referenced websites does not constitute a part of, and is not incorporated by reference into, this Proxy Statement.

Performance Highlights

Protecting Our Planet

Our mission as a leader in the water utility industry requires us to deliver — and steward — the planet's most precious resource. In our increasingly changing and interconnected world impacted by climate change, a global pandemic, social tensions, and technological innovations, it is more important than ever to build sustainability and resilience into everything we do.

Highlights from 2023 include:

- Established a target to reduce absolute Scope 1 and 2 emissions by 63% by 2035 from a 2021 base year
- 13.9% renewable energy consumption
- Published inaugural CDP Climate Change questionnaire response, which includes detailed energy- and emissions-related data, information about our efforts to minimize energy use and emissions, and a discussion of our climate change-related strategy, governance, risk management, and more.
- More than 2,600 million gallons of recycled water delivered to customers for landscaping, irrigation, and industrial uses
- $383.7 million invested in infrastructure to deliver safe, reliable water supply to our customers
- ~30 miles of water mains replaced to reduce water loss and improve system reliability and resiliency
- 10 straight months of water savings reached in February 2023 through joint Cal Water and customer efforts to address drought conditions
- $4.4 million invested in customer water conservation rebates and programs that are expected to save about 95 million gallons of water annually

Serving Our Customers and Communities

Safe, high-quality water service is critical to the health and well-being of our customers. In providing it, we also seek ways to promote its affordability, improve service, strengthen security, and prepare for emergencies. California Water Service Group is also committed to partnering with organizations that make a real difference in the communities we serve.

Highlights from 2023 include:

- #1 in Customer Satisfaction among Large Water Utilities in the West Region in the J.D. Power 2023 U.S. Water Utility Residential Customer Satisfaction Study
- 100% compliance with the Federal Safe Drinking Water Act (SDWA) and applicable state water quality standards across the company, with zero primary or secondary violations
- $83 million in funding applied for through the California Extended Water & Wastewater Arrearage Payment Program to help customers with past-due bills
- More than 121,600 customers enrolled in the Customer Assistance Program (CAP) as of year-end 2023, offering approximately $15 million in discounts during the year
- 19 community and 5 internal Emergency Operations Center (EOC) training events completed across our operating to better prepare us and our communities for enhanced coordination and resilience during emergency events
- More than $1.5 million donated to local community organizations
- $186,077 donated through our annual Firefighter Grant Program, which is more than triple the amount donated at the program's inception in 2019
- $75,000 awarded in college scholarships in the 10th year of Group's annual College Scholarship Program benefiting students in our California, Hawaii, New Mexico, and Washington service areas

Engaging Our Workforce

Our 1,200 employees help California Water Service Group serve more than 150 communities across five states. To develop a workforce that performs at the highest levels and reflects the diversity of the communities that we serve, we have made significant investments in hiring, training, engagement, and safety.

Highlights from 2023 include:

- Earned Great Place to Work® certification from the Great Place to Work® Institute for the eighth consecutive year
- 95% of employees attended unconscious bias training
- Attended 21 diverse recruitment events and career fairs for Cal Water including 5 military veteran recruitment events, 8 diversity career fairs, and 8 college and high school events
- Extended the opportunity to participate in our performance-based compensation program to regular full-time and part-time employees in good standing. The at-risk pay program is based upon performance metrics that contribute to the sustainability of the business, including public health and safety, customer service, and infrastructure investment
- Piloted a health and safety software program for real-time data tracking

Governing with Integrity

California Water Service Group's mission is to be the leading provider of sustainable water and wastewater services — and that starts with integrity as a core value. We hold our Board, employees, and suppliers to high ethical standards and follow best practices as we advocate for the interests of our customers, communities, employees, and future generations.

Highlights from 2023 include:

- 3 years as one of "America's Most Responsible Companies" and 1 of only 5 water utilities selected as one of the "World's Most Trustworthy Companies" recognized by *Newsweek* thanks to Group's sustainability and corporate citizenship efforts.
- 27.2% net procurement spend with diverse suppliers, exceeding our 22.5% target set by the CPUC by 4.7%
- Worked with community and non-profit organizations to advocate for legislation that helps support water quality, affordability of and access to water, water conservation and sustainability, and supply reliability
- 36% gender diversity; and 18% racial/ethnic diversity on the Board of Directors: 4 women, 7 men, and 2 racially/ethnically diverse directors of 11 acting directors
- 50+ individual committee or full Board meetings in which ESG-related matters were discussed, addressing more than 10 specific topics within Group's ESG strategy, such as water supply, climate change, affordability, emergency preparedness, and cybersecurity.

Workplace and Employee Safety

The health and safety of our employees is integral to the success of our business. We strive to surpass the requirements of applicable regulations and protect our team members by offering safety training, proactively preventing injuries, and fostering a culture of safety at our place of business. Health and safety represent a vital part of our operations because we believe our employees are our most important resources and are critical to our continued success. Our occupational health and safety management policies and processes apply to all Group employees, facilities, and operations, and guide our strategy to attain an accident-free and healthy work environment. Examples that demonstrate our commitment to the safety and well-being of our employees include the following:

- Maintenance of an Illness and Injury Prevention Plan that incorporates over 30 internal programs, procedures, and policies related to health and safety
- Development of local safety committees to promote safe practices through performing job safety analyses and increasing awareness of safety guidelines
- Partnership with The Utility Workers Union of America AFL-CIO (UWUA) to provide the Power for America (P4A) safety program in California
- Engagement with our union workforce through the P4A program to train union members to become safety advocates, who in turn perform job site audits, provide guidance on safety practices, monitor use of protective equipment, and review safety products in the field
- Performance of job safety analyses to help identify potential hazards, record trends in our compliance, and promote safe practices
- Implementation of a Stop Work Authority Program policy, designed to empower employees and contractors to pause tasks if health, safety, or environmental risks are observed, as well as a policy to prohibit punishment or retribution for exercising Stop Work Authority

- Continued execution of vehicle safety training, incorporating a specific focus on training employees on safe driving behavior, the causes of distracted driving, and our updated driving policies, with the aim to reward employees for safe driving and to promote consistency across departments and locations
- Providing safety training to improve employee safety and risk awareness and preparation, as well as specialized training relevant to specific teams and/or roles based on their exposure to safety risks

Diversity, Equality, and Inclusion

As part of our commitment to diversity and equality, our policy has been and continues to be to maintain a zero-tolerance approach to discrimination, harassment, and retaliation, and we seek to provide equal opportunity regardless of age, sex, race, ethnicity, ancestry, religion, creed, citizenship status, disability, national origin, marital status, military status, sexual orientation, gender identity, socio-economic status, or any other characteristic protected by law or any other non-job-related factor or activity. We continue to promote inclusive hiring processes and respect for diversity throughout the Company, from the Board of Directors to entry-level employees.

To support diverse recruitment and develop broader outreach, we work to:

- Leverage targeted job boards and job fairs and partner with local community colleges
- Enhance our hiring selection process by providing more diverse panels of interviewers and training our teams to prevent bias during the selection process
- Periodically analyze pay equity for diversity factors, including gender, within our business
- Factor diversity into our selection of high-potential leaders in our leadership development program
- Provide annual training to enhance inclusion throughout the Company, including sexual harassment avoidance training and an annual training on unconscious bias
- Source from minority-, disabled veteran-, LGBTQ-, and women-owned suppliers

The graphs below represent the diversity of the employees based on voluntary self-identification.

Women in the Workforce 2023

- Overall Workforce — 27%
- Field and Office Staff — 27%
- Management Positions (First and Mid-Level Managers) — 23%
- Senior Management (Directors and Officers) — 33%
- Board of Directors — 36%

Racial/Ethnic Diversity in the Workforce 2023

Overall Workforce
- Asian — 14%
- Black — 4%
- Hispanic — 32%
- Native American — 1%
- Native Hawaiian — 2%
- Two or more — 3%
- White — 44%

Field and Office Staff
- Asian — 13%
- Black — 4%
- Hispanic — 34%
- Native American — 1%
- Native Hawaiian — 3%
- Two or more — 3%
- White — 42%

Management Positions (First and Mid-Level Managers)
- Asian — 15%
- Black — 5%
- Hispanic — 25%
- Native American — 1%
- Native Hawaiian — 2%
- Two or more — 3%
- White — 50%

Senior Management (Directors and Officers)
- Asian — 23%
- Black — 6%
- Hispanic — 10%
- Native American — 0%
- Native Hawaiian — 0%
- Two or more — 5%
- White — 56%

Our public Diversity, Equality, and Inclusion Policy outlines our commitments for this topic. Additional information on this topic will be available in our 2023 ESG Report, which is scheduled to be published in May 2024.

Human Capital Management

We employ a one-team approach that has shared goals and objectives for all employees and officers. To attract, retain, and develop the best talent, we believe we provide competitive benefits, engage our employees to foster supportive environments, and develop their capabilities and expertise. We regularly update our human resources policies and processes to contribute to a stronger workforce, reflect our dedication to equal opportunity, diversity, and inclusion, and improve retention and satisfaction.

Talent Attraction and Retention

- Our hiring managers are required to offer flexible interview formats and promote diverse perspectives
- Our managers are trained on unconscious bias to help minimize potential preferential treatment and promote consistent hiring practices
- We partner with local high schools, trade schools, and colleges to educate students about potential careers in the water industry
- Each year, we employ two surveys to assess employee satisfaction and engagement and share results with our officer team to help identify opportunities to enhance our performance

Training and Development

- We promote internal advancement, where possible, and offer an interim promotion program
- We work to promote consistency in our leadership training for employees
- Our 18-month-long Future Leaders of Water (FLOW) program offers select high-potential leaders an opportunity to improve leadership skills
- We incentivize employees to achieve certifications beyond the minimum requirements by collaborating with a third party to grant access to these courses that employees can access at any time

Compensation, Benefits, and Employee Well-Being

We believe we offer competitive benefits for employees including:

- A defined benefit pension plan
- A choice of healthcare plans
- A commuter benefits program that encourages alternative modes of transportation
- An Employee Assistance Program that provides mental health, childcare, and eldercare resources
- Our Critical Incident Response Management (CIRM) program that offers peer-to-peer emotional support for employees who have experienced stress, loss, grief, change, or other traumatic events
- Financial wellness education, including planning tools and investment advisory services

Labor Relations and Management

- Our policy is to respect the right to freedom of association and collective bargaining
- We engage with our unions in meetings to review business matters and discuss potential issues
- We partner with our unions and seek to foster opportunities for career development and provide applicable safety and functional training

Corporate Responsibility and Sustainability

When we try to tease apart the components of the utility water process — from sourcing to delivering water to customers returning to the water cycle — we find they're inextricably linked. No part stands alone. That's why we must understand the connections and use that understanding to develop an interdisciplinary approach to providing a sustainable supply of safe, affordable water to customers.

Our climate change strategy, approved by the Board of Directors in 2021, aims to address the impacts of climate-related risks through mitigation and adaptation. The strategy includes the five core elements outlined below, which encompass several elements of our value chain, from water sourcing to water treatment and distribution and community engagement:

- **Reduce Group and Value Chain Contributions to Climate Change:** We strive to minimize our GHG emissions footprint by reducing energy use in our operations, transitioning to renewable energy where possible, and increasing fleet efficiency and electrification. We also work to reduce water consumption by increasing efficiency in the water system and helping customers conserve water and reduce demand. Additionally, we continue to advance our value chain GHG emissions inventory and explore strategies to help mitigate our suppliers' environmental impact and emissions.
- **Plan for Potential Climate Change Impacts on Our Business:** We are committed to delivering safe, high-quality water to our communities 24/7. Through adaptive planning pathways, we develop timeframes and triggers for implementing projects, while maintaining the flexibility to respond to changing climate, financial, and regulatory circumstances. Our current climate change adaptation efforts include managing changes in water availability and demand to secure a sustainable water supply for our customers far into the future; preserving water availability by saving water in our distribution system and engaging our communities to minimize downstream consumption; and investing strategically in operating and infrastructure resilience to prepare for and respond to climate change risks.
- **Ramp Up Collaboration and Advocacy:** We engage extensively with regulators, policymakers, customers and communities, and industry associations on climate priorities. Examples include: advocating for policies that advance climate change response, such as policies to decouple water utility profits from water sales to promote water conservation and to require water providers to develop Climate Risk Assessment Plans; increased media campaigns for conservation and climate change education among customers and community members; and partnership with the Public Policy Institute of California on projects that evaluate groundwater management, climate-related impacts on wastewater and recycled water, and drought resilience.
- **Set Time-Bound Goals:** We have publicly committed to science-aligned emissions reduction targets for our operational emissions, as well as several other objectives designed to support our efforts to reduce emissions and promote resilience in response to climate-related risks.
- **Continue to Mature Disclosures:** We strive to enhance our data collection process and to mature and enhance our climate change-related reporting to align with leading reporting standards and frameworks. Our climate change-related disclosures leverage the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2023, we also completed an updated inventory of GHG emissions that aligns with the GHG Protocol, published a mid-year update on our climate change strategy, and prepared our inaugural 2023 CDP Climate Change questionnaire response.

We manage climate-related risks and opportunities starting at the highest level of leadership. Led by the Chairman of the Board, President & Chief Executive Officer, our Board of Directors regularly reviews and discusses our climate-related risks and opportunities and maintains responsibility for formal approval and oversight of our climate change strategy. Executive leadership regularly reports to the Board on ESG and climate change-related matters throughout the year. Various departments also provide regular updates to the Board on routine operational priorities relating to climate mitigation and adaptation efforts. Given the importance of climate-related impacts to our business and their interrelation to numerous other ESG focus areas at Group, the Board considers climate-related issues while guiding business strategy, developing action plans, setting objectives, and evaluating company expenditures.

Our executive leadership team, led by the Chairman, President & Chief Executive Officer, collaboratively manages and executes our climate change strategy. This is primarily accomplished through the Strategy & Operating Committee and ESG Executive Oversight Committee. Our Senior Vice President (VP), Customer Service & Chief Sustainability Officer and Chief Water Resource Sustainability Officer drive our climate-related efforts. Executive-level updates and discussions frequently cover climate-related issues, such as wildfire preparation, water supply planning, and drought response. To help drive progress in and accountability for our climate efforts, climate-related issues are embedded in the annual corporate strategic goal-setting process for Group, as well as short- and long-term executive compensation plans.

Given climate is a cross-cutting risk, our Senior VP, Corporate Service & Chief Risk Officer, leads our Enterprise Risk Management team to carefully review and incorporate into the overall risk discussion to identify climate adaptation opportunities Additionally, we conduct and annual mapping exercise to determine the linkage of each enterprise risk to climate and document those findings in the ERM Program.

For more information on our climate change governance, strategy, risk management, and metrics and targets, please refer to our latest ESG reporting and CDP Climate Change questionnaire response at www.calwatergroup.com. We expect to publish our 2023 ESG Report and 2023 ESG Analyst Download in May 2024.

Public Policy and Political Involvement

Our political involvement is intended to be policy driven, nonpartisan, and transparent, and focused on benefiting our customers, communities, employees, and stockholders. We advocate for affordability, water quality, sustainability, and equality for our customers, as well as seek to safeguard our position as a leading provider of water service in our communities. In addition to our efforts to follow applicable regulations and proactively engage policymakers, we endeavor to set clear internal expectations for our employees and align our activities with our values and objectives. Our Community Affairs and Government Relations team is responsible for managing our political donations in accordance with local, state, and federal laws and regulations, and oversees two employee-funded Political Action Committees (PACs). Our Rates Department provides oversight for our relationship with the utilities commission in each state and examines regulatory impacts.

Political contributions funded by the company require approval by the Senior Vice President, Customer Service and Chief Sustainability Officer or the Vice President, Community and Government Affairs. The Vice President, Community and Government Affairs updates the Chairman, President & CEO regularly and provides an annual update on the Company's political contribution process to the Nominating/Corporate Governance Committee of the Board of Directors. Our advocacy efforts and focus areas can be found in public records, and we are required to file quarterly lobbying disclosure reports in accordance with California Government Code Section 86116. It is our policy in California to use contract lobbyists, and none of our employees are registered lobbyists.

Additional Corporate Governance Information Available

Our corporate webpage includes the following:

- California Water Service Group Bylaws
- Corporate Governance Guidelines
- Audit Committee Charter
- Organization and Compensation Committee Charter
- Finance and Capital Investment Committee Charter
- Nominating/Corporate Governance Committee Charter
- Enterprise Risk Management, Safety, and Security Committee Charter
- Ethics Policy of the Board of Directors
- Business Code of Conduct
- Environmental, Social, and Governance Reports
- Annual Supplier Diversity Reports
- Environmental Sustainability Policy
- Diversity, Equality, and Inclusion Policy
- Human Rights Policy
- Political Engagement Policy
- Commitment to Providing Excellent, Affordable Service and High-Quality Water to All Customers
- Information Regarding Reporting of Financial, Audit, and Security Law Matters

Corporate Governance Matters

PROPOSAL NO. 1 — ELECTION OF DIRECTORS

Our Board of Directors unanimously recommends that you vote **"FOR"** the election of each of the following nominees.

The Nominating/Corporate Governance Committee assesses the composition of and criteria for membership on the Board and its committees on an ongoing basis in consideration of our current and future business and operations. In fulfilling this responsibility, the Nominating/Corporate Governance Committee takes a long-term view and seeks a variety of occupational and personal backgrounds on the Board to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board as a group.

The Nominating/Corporate Governance Committee considers a variety of factors, including our long-term strategy, the skills and experiences that directors provide to the Board (including in the context of our business strategy), the performance of the Board and the organization, the Board's director retirement policy, the Board's view that a balanced and effective board should include members across a continuum of tenure, and the belief that valuable insights can be gained from diversity of gender, race, ethnic and national background, geography, age, and sexual orientation. The Board assesses its effectiveness in this regard as part of the annual board and director evaluation process. As a result of these long-term strategic assessments, the Nominating/Corporate Governance Committee has articulated a set of principles on board composition, which include:

Board Composition	
Diversity	Our Board is comprised of members who demonstrate a diversity of thought, perspectives, skills, backgrounds, experiences, and independence and has a goal of identifying candidates that can contribute to that diversity in a variety of ways, including ethnically and gender diverse candidates.
Board Skills	Our Board is composed of a collective set of skills to address corporate challenges, especially in the areas of business strategy, financial performance, utility regulation, risk management, cybersecurity, technology and enterprise innovation, and executive talent and leadership, and should evolve with the organization's business strategy.
Industry Experience	Our Board seeks and retains members with industry experience, including water, utility, and technology, that align with our long-term strategy; recognizes the utility industry is complex; and understands the importance of having directors who have experienced challenging business cycles and can share their knowledge.
Tenure	Our Board retains members across the director tenure spectrum to promote effective oversight and embrace innovation, as well as a changing market and customer expectations.
Board Size	Our Board considers the appropriate size of the board in relation to promoting active engagement, open discussion, effective risk management, and productive dialogue with management; continuously assesses the bench of successors for Board leadership positions in both expected and unexpected departure scenarios.

Director Nomination Process

The Nominating/Corporate Governance Committee's regular evaluation of the composition of, and criteria for membership on, the Board is ongoing. This evaluation includes an annual review of committee assignments, committee chairs, committee effectiveness, and director succession planning. Incumbent directors eligible for re-election, nominees to fill vacancies on the Board, and any nominees recommended by stockholders all undergo a review by the Committee.

Through a variety of sources, the Nominating/Corporate Governance Committee identifies new director nominees and will consider director nominees recommended by stockholders in the same manner it considers other nominees. This process is described in the following section. Stockholders seeking to recommend nominees for consideration by the Nominating/Corporate Governance Committee should submit a recommendation in writing describing the nominee's qualifications and other relevant biographical information, together with confirmation of the nominee's consent to serve as a director. Please submit this information to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4508.

Stockholders may also nominate directors by adhering to the advance notice procedure described under "Questions and Answers About the Proxy Materials and the Annual Meeting — How can a stockholder propose a nominee for the Board or other business for consideration at a stockholders' meeting?" in this Proxy Statement.

Director Criteria

Our Board believes our directors should possess a combination of skills, professional experience, and a diversity of backgrounds necessary to oversee our business. Also, the Board believes every director should possess certain attributes as reflected in the Board's membership criteria.

The Nominating/Corporate Governance Committee's charter requires that as part of the search process for each new candidate, the Committee will actively seek out diverse candidates to include in the pool from which candidates are chosen. The Committee focuses on the development of a Board composed of directors that meet the criteria set forth below:

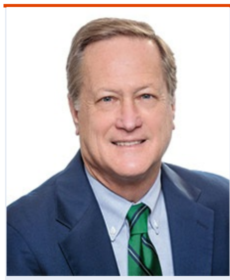
Director Criteria	
Personal Characteristics	• High personal and professional ethics, integrity and honesty, good character, and sound judgment • Independence and absence of any actual or perceived conflicts of interest • The ability to be an independent thinker
Commitment to the Organization	• A willingness to put in the time and energy to satisfy the requirements of Board and committee membership, including attendance and participation in Board and committee meetings of which they are a member and the annual meeting of stockholders, and be available to management to provide advice and counsel • Possess, or be willing to develop, a broad knowledge of critical issues facing the organization
Diversity	• Diversity, including the candidate's professional and personal experience, background, perspective, and viewpoint, as well as the candidate's gender and ethnicity
Skills and Experience	• Value derived from each nominee's skills, qualifications, experience, and ability to impact long-term strategic objectives • Educational background • Substantial tenure and experience in leadership roles • Business and financial experience • Understanding the intricacies of a public utility • Experience in risk management • Additionally, Section 2.9 of our bylaws contains requirements that a person must meet to avoid conflicts of interest that would disqualify that person from serving as a director
Identification of Director Nominees	• Through a variety of sources, the Nominating/Corporate Governance Committee identifies new director nominees and will consider director nominees recommended by stockholders in the same manner it considers other nominees. This process is described in "Director Qualifications and Diversity" and found elsewhere in this Proxy Statement.
Retirement Age of Directors	• We have established a mandatory retirement age for all directors. All directors must retire no later than the Annual Meeting that follows the date of the director's 75th birthday. Additionally, an employee director must retire as an employee no later than the Annual Meeting that follows the date of his or her 70th birthday, but may remain on the Board at the discretion of the Board of Directors.
Executive Sessions of the Board	• Under our Corporate Governance Guidelines, the non-management directors meet at least four times each year in executive session without management present, and the independent directors meet in executive session at least once a year. The Lead Independent Director, Scott L. Morris, chairs these sessions.

Information about our directors and nominees as of April 17, 2024 is as follows:

Name/Occupation	Age	California Water Service Group Position	Current Term Expires	Director Since	Independent	Other Board Experience	Public Utilities or Public Health Experience
Gregory E. Aliff Former Vice Chairman and Senior Partner of U.S. Energy & Resources, Deloitte LLP	70	Director	2024	2015	Yes	Yes	Yes
Shelly M. Esque Former Vice President and Global Director of Corporate Affairs of Intel Corporation	63	Director	2024	2018	Yes	Yes	—
Jeffrey Kightlinger Principal and Owner of Acequia Consulting, LLC	64	Director	2024	2023	Yes	—	Yes
Martin A. Kropelnicki Chairman, President & CEO of California Water Service Group	57	Chairman, President & CEO	2024	2013	No	Yes	Yes
Thomas M. Krummel, M.D. Emile Holman and Chair Emeritus of the Department of Surgery at Stanford University School of Medicine	72	Director	2024	2010	Yes	Yes	Yes
Yvonne A. Maldonado, M.D. Professor of Global Health and Infectious Diseases, Departments of Pediatrics and Epidemiology and Population Health, Stanford University	68	Director	2024	2021	Yes	Yes	Yes
Scott L. Morris Chairman of Avista Corporation	66	Lead Independent Director	2024	2019	Yes	Yes	Yes
Charles R. Patton Former Executive Vice President, External Affairs of American Electric Power Company, Inc.	64	Director	2024	2023	Yes	Yes	Yes
Carol M. Pottenger Principal and Owner of CMP Global, LLC, Vice Admiral, U.S. Navy (Ret.)	69	Director	2024	2017	Yes	Yes	—
Lester A. Snow Director and Former President of the Klamath River Renewal Corporation	72	Director	2024	2011	Yes	Yes	Yes
Patricia K. Wagner Former Group President of U.S. Utilities for Sempra Energy	61	Director	2024	2019	Yes	Yes	Yes

Director Nominees

Upon the recommendation of the Nominating/Corporate Governance Committee, our Board has nominated for election at the 2024 Annual Meeting of Stockholders a slate of eleven director nominees. All of the nominees were most recently elected by stockholders at the 2023 Annual Meeting with exception of Charles R. Patton, who was appointed to the Board effective July 1, 2023 and recommended by a national retained search firm, and Jeffrey Kightlinger, who was appointed to the Board effective November 1, 2023 and recommended by a national retained search firm. All directors are elected annually to serve until the next Annual Meeting or until their respective successors are elected.



Gregory E. Aliff
Independent
Age: 70
Director Since 2015

Committees:

- Chair, Audit
- Finance and Capital Investment
- Enterprise Risk Management, Safety, and Security

Public Board Directorships:

Current:

- New Jersey Resources Corp

Previous:

- SCANA Corporation

Skills

- Senior Leadership
- Public Company Board
- Human Capital Management
- Cybersecurity
- Financial/Capital Allocation
- Industry

Retired

Mr. Aliff is a retired Vice Chairman and Senior Partner, US Energy and Resources, at Deloitte LLP. From 2012 to his retirement in 2015, Mr. Aliff led Deloitte's US Sustainability Services, which focused on industrial and commercial water and energy management. From 2002 to 2012, he led Deloitte's US Energy and Resources practice, where he oversaw all professional services to the sector. Mr. Aliff earned his Bachelor of Science in accounting and his Master of Business Administration from Virginia Tech. He is a Certified Public Accountant and a designated Board Leadership Fellow of the National Association of Corporate Directors (NACD). He also holds a CERT Certificate in Cybersecurity Oversight from NACD. In addition to his public company directorships, Mr. Aliff has also served on the board of several non-profit organizations.

Mr. Aliff brings extensive accounting, auditing, and financial reporting experience to the Board, with specific expertise in both the public utility and energy and resources industries. He has in-depth experience in strategy, enterprise risk management, and regulatory affairs from his many years providing professional services to numerous major utilities. Mr. Aliff's deep understanding of public utility markets and the breadth of experience he has gained from working with public companies make him a valuable resource to the Board.

Shelly M. Esque
Independent
Age: 63
Director Since 2018

Committees:

- Nominating/Corporate Governance
- Enterprise Risk Management, Safety, and Security

Skills

- Senior Leadership
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience

Retired

Ms. Esque, prior to her retirement in 2016, served as Vice President and Global Director of Corporate Affairs at Intel Corporation, a leader in the semiconductor industry. Overseeing professionals in more than 35 countries, she was responsible for enhancing Intel's reputation as the world's leading technology brand and corporate citizen. She also served as both president and chair of the Intel Foundation. In her capacity as a leader of Intel's corporate social responsibility, community, education, foundation, and government relations worldwide, Ms. Esque represented Intel at numerous events, including the World Economic Forum, World Bank, UNESCO, and forums promoting women in the workplace.

Ms. Esque received the Greater Phoenix Chamber of Commerce 2011 ATHENA Businesswoman of the Year Award for excellence in business and leadership, exemplary community service, and support and mentorship of other women. She was also recognized by AZ Business Magazine as one of the 50 Most Influential Women in Arizona.
Ms. Esque is active on two non-profit boards, Basis Charter Schools, and the Boyce Thompson Arboretum. Ms. Esque's strong understanding of corporate social responsibility, education, media relations, and government and community affairs makes her a valuable resource to the Board.

Jeffrey Kightlinger
Independent
Age: 64
Director Since 2023

Committees:

- Audit
- Enterprise Risk Management, Safety, and Security

Skills

- Senior Leadership
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Cybersecurity
- Financial/Capital Allocation
- Industry

Principal and Owner, Acequia Consulting

Mr. Kightlinger is principal and owner of Acequia Consulting, LLC, which was founded in 2022 and provides strategic advice on Colorado River issues, natural resources, water and energy issues. Prior to founding Acequia Consulting, Mr. Kightlinger served as the Interim General Manager of the City of Pasadena's Water and Power Department from 2021 to 2022, where he oversaw the recruitment of a new water manager and a new general manager, along with the implementation of a new customer billing program and development of a long-term power resource plan. Prior to his role at the City of Pasadena's Water and Power Department, Mr. Kightlinger served as Chief Executive Officer of the Metropolitan Water District of Southern California, the largest municipal water supplier in the United States. During his tenure as CEO from 2006 to 2021, he took a leadership role in supporting a plan to build twin tunnels under the Sacramento-San Joaquin Delta to keep water flowing to Southern California while seeking to protect endangered species. Prior to becoming CEO, Mr. Kightlinger was Metropolitan's deputy general counsel and assistant general counsel from 1995 to 2002 and served as general counsel from 2002 to 2006.

Mr. Kightlinger earned his undergraduate degree from the University of California at Berkeley and a law degree from Santa Clara University. He currently serves on a number of boards including the Coro Foundation, the USC Price School of Public Policy, the UCLA Sustainability Advisory Board, the Climate Action Reserve, the California Foundation on the Environment and the Economy, the Los Angeles Economic Development Council, and the Los Angeles Area Chamber of Commerce. Mr. Kightlinger brings to the Board deep understanding and experience of water supply management, natural resource management, and sustainability. His experience as a leader in resolving complex water and environmental issues bring valuable perspective to the Board.

Martin A. Kropelnicki
Age: 57
Director Since 2013

Skills

- Senior Leadership
- Public Company Board
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Cybersecurity
- Financial/Capital Allocation
- Industry

Chairman, President & CEO, California Water Service Group

Mr. Kropelnicki is Chairman, President & CEO of the Group. Mr. Kropelnicki joined the Group as Vice President, Chief Financial Officer (CFO) and Treasurer in 2006 and was named President and COO in 2012. He then was appointed President & CEO of the Group effective September 1, 2013. He has over 34 years of experience in finance and operations, including 15-plus years as CFO at publicly listed companies. He has held executive positions at PowerLight Corporation, Hall Kinion & Associates, Deloitte & Touche Consulting Group, and Pacific Gas & Electric Company. He serves as a director for the Bay Area Council and the California Foundation on the Environment & Economy and is a member of the Silicon Valley Leadership Group. Mr. Kropelnicki is the past President of the National Association of Water Companies (NAWC) and currently serves on the NAWC Board of Directors and Executive Committee. He holds a Bachelor of Arts and Master of Arts in business economics from San Jose State University. In 2016, Mr. Kropelnicki was awarded the United States Navy Memorial Fund's Naval Heritage Award. He is the 12th recipient of this award since its inauguration.

Mr. Kropelnicki is well positioned to lead the Group's management team and give guidance and perspective to the Board. His experience as the former CFO of the Group provides expertise in both corporate leadership and financial management, and his management experience enables him to offer valuable perspectives to our strategic planning, rate making, and budgeting, along with operational and financial reporting.

Thomas M. Krummel, M.D.
Independent
Age: 72
Director Since 2010

Board Committees:

- Chair, Organization and Compensation
- Nominating/Corporate Governance

Public Board Directorships:

Current:

- Procept BioRobotics Corporation

Skills

- Senior Leadership
- Public Company Board
- Sustainability, Governmental, Public Policy Experience
- Human Capital Management
- Health and Human Services
- Financial/Capital Allocation

Emile Holman and Chair Emeritus, Department of Surgery, Stanford University

Dr. Krummel is the Emile Holman Professor and Chair Emeritus of the Department of Surgery at Stanford University School of Medicine and former co-director of the Stanford Biodesign program. A leader in his field, he has been honored with the William E. Ladd Medal by the American Academy of Pediatrics, the Albion Walter Hewlett Award by the Stanford Department of Medicine, the Henry J. Kaiser Family Foundation Award for Excellence in Clinical Teaching; the John Austin Collins, M.D. Memorial Award for Outstanding Teaching and Dedication to Resident Training, and the Lucile Packard Children's Hospital Recognition of Service Excellence. Dr. Krummel is currently chair of the board of directors at Fogarty Innovation, a not-for-profit medtech educational incubator, a venture partner at Santé Ventures, and a board member for Morgridge Institute for Research at the University of Wisconsin.

Dr. Krummel brings to the Board experience in professional training and development as well as a familiarity with medical, public health, and science issues. He offers the Board unique insight on public health matters, including healthcare policy and legislation, drinking water quality, and employee health.

Yvonne (Bonnie) A. Maldonado, M.D.
Independent
Age: 68
Director Since 2021

Board Committees:

- Nominating/Corporate Governance
- Enterprise Risk Management, Safety, and Security

Skills

- Senior Leadership
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Health and Human Services

Professor of Global Health and Infectious Diseases, Departments of Pediatrics and Epidemiology and Population Health, Stanford University

Dr. Maldonado is currently a pediatric infectious diseases epidemiologist at Stanford University School of Medicine as well as the medical director of Infection Prevention and Control, and an attending physician at Packard Children's Hospital at Stanford. She is also a professor in the Departments of Pediatrics and Health Research and Policy, chief of the Division of Infectious Diseases, director of Global Child Health, and senior associate dean for faculty development and diversity at Stanford's School of Medicine. Dr. Maldonado is currently the chair of the American Academy of Pediatrics Committee on Infectious Diseases, serves on the board of the Lucile Packard Foundation for Children's Health, and is a member of numerous medical associations and committees.

Nationally and internationally renowned for her knowledge, research, and expertise in infectious and vaccine-preventable disease control and international health, Dr. Maldonado has led studies and investigations funded by the United States, CDC, WHO, NIH, and Gates Foundation worldwide on HIV, polio, and measles. Dr. Maldonado brings a unique perspective and valuable insight to the Board.

Scott L. Morris
Independent
Age: 66
Director Since 2019

Lead Independent Director

Committees:

- Chair, Nominating/ Corporate Governance
- Organization and Compensation

Public Board Directorships:

Current:

- Avista Corporation

Skills

- Senior Leadership
- Public Company Board
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Cybersecurity
- Financial/Capital Allocation
- Industry

Chairman, Avista Corporation

Mr. Morris has been Chairman of Avista Corporation, a publicly traded electrical and natural gas utility serving customers primarily in the Pacific Northwest, since January 2008. From January 2008 to October 1, 2019, he also served as Avista's CEO, from January 2008 to January 2018 he served as its President, and from May 2006 to December 2007, he served as its President and Chief Operating Officer. Mr. Morris joined Avista in 1981 and his experience at the company includes management positions in construction and customer service and general manager of the company's Oregon utility business. He is a graduate of Gonzaga University where he received his master's degree from Gonzaga University in organizational leadership. He also attended the Stanford Business School Financial Management Program and the Kidder Peabody School of Financial Management. Mr. Morris serves on the board of McKinstry and on the Board of Trustees of Gonzaga University. He has served on a number of Spokane non-profit and economic development boards.

Mr. Morris brings to the Board a deep knowledge and understanding of the utility industry, having spent his entire career in the industry. As a former senior executive, he also contributes senior leadership experience and valuable perspectives on strategy, operations, and business management.

Charles R. Patton

Independent
Age: 64
Director Since 2023

Committees:

- Audit
- Finance and Capital Investment

Public Board Directorships:

Current:

- Ameresco, Inc.
- Sterling Infrastructure, Inc.

Previous:

- Southwestern Electric Power Company

Skills

- Senior Leadership
- Public Company Board
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Industry
- Financial/Capital Allocation

Retired

Prior to his retirement after a 27-year tenure with the company, Mr. Patton served as Executive Vice President, External Affairs, at American Electric Power Company, Inc. (AEP), an electric utility organization that serves customers across 11 states, from January 2017 to July 2022. In this capacity, he was responsible for customer service, regulatory affairs, communications, and federal public policy. He also led corporate sustainability initiatives and AEP's compliance program to satisfy the requirements of the North American Electric Reliability Corporation, a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of the risks to the reliability and security of the electrical grid.

Currently, Mr. Patton serves as an independent director of Ameresco, Inc. and Sterling Infrastructure, Inc. He has also served as a Board Member for Corpus Christi Regional Economic Development Corporation, Southwestern Electric Power Company and the Public Service Company of Oklahoma. Mr. Patton was a Company Liaison with the United States Energy Association and traveled internationally to discuss government affairs and public relations with Eastern European utilities. He served as Chairman of the Board of the Association of Electric Companies of Texas and Texas Taxpayers and Research Association, as well as the Federal Reserve Bank of Richmond. He holds a bachelor's degree from Bowdoin College in Brunswick, Maine, and a Master's Degree from the Lyndon B. Johnson School of Public Policy at the University of Texas at Austin. Mr. Patton's extensive knowledge and senior leadership experience in the utility industry brings valuable resources to the Board.

Carol M. Pottenger

Independent
Age: 69
Director Since 2017

Committees:

- Enterprise Risk Management, Safety, and Security
- Finance and Capital Investment
- Nominating/Corporate Governance

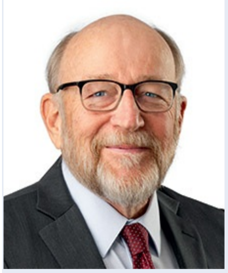
Skills

- Senior Leadership
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Cybersecurity
- Financial/Capital Allocation
- Industry

Principal and Owner, CMP Global, LLC

Ms. Pottenger is principal and owner of CMP Global LLC, which was founded in 2014 and provides consulting services in business development, process improvement, corporate governance, strategic planning, and cyber and information systems. The first female three-star Admiral in American history to lead in a combat branch, Ms. Pottenger commanded two ships, a logistics force of 30 ships, a Japan-based strike-group of eight ships, and the Expeditionary Force of 40,000 sailors during her 36 years in the U.S. Navy before retiring in 2013. She was also the senior U.S. Flag Officer responsible for military transformation and sensitive military topics such as counterterrorism and cybersecurity while on assignment with NATO.

Ms. Pottenger brings unique experience to the Board, ranging from operations to technology to risk management. A graduate of Purdue University in Lafayette, Indiana, she also serves on various private, defense, and non-profit boards, including the U.S. Navy Memorial Foundation in Washington, D.C., PricewaterhouseCoopers LLP Board of Partners and Principals, and Serco North America.



Lester A. Snow
Independent
Age: 72
Director Since 2011

Committees:

- Chair, Enterprise Risk Management, Safety, and Security
- Finance and Capital Investment
- Organization and Compensation

Skills

- Senior Leadership
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Industry

Retired

Mr. Snow has served as Secretary of the California Natural Resources Agency, Director of the California Department of Water Resources, Regional Director of the U.S. Bureau of Reclamation, Executive Director of the CALFED Bay Delta Program, and General Manager of the San Diego County Water Authority. He also served as Executive Director of the California Water Foundation, an initiative of the Resources Legacy Fund, and serves on the board of the Klamath River Renewal Corporation. He holds a Master of Science Degree in water resources administration from the University of Arizona and a Bachelor of Science in earth sciences from Pennsylvania State University.

Mr. Snow brings more than 40 years of water and natural resource management experience to the Board. His distinguished public service career enables him to assist the Board in addressing water and environmental issues as well as regulatory and public policy matters. Mr. Snow's executive experience in the public sector provides the Board with critical insight on a variety of operational and financial matters.

Patricia K. Wagner

Independent
Age: 61
Director Since 2019

Committees:

- Chair, Finance and Capital Investment
- Audit
- Organization and Compensation

Public Board Directorships:

Current:

- Apogee Enterprises
- Primoris Services Corporation

Previous:

- SoCalGas

Skills

- Senior Leadership
- Public Company Board
- Human Capital Management
- Sustainability, Governmental, Public Policy Experience
- Cybersecurity
- Financial/Capital Allocation
- Industry

Retired

Ms. Wagner, prior to her retirement in 2019, served as Group President, U.S. Utilities for Sempra Energy, an energy-services holding company whose subsidiaries include San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas), both California regulated utilities, as well as other companies operating in the electric and gas infrastructure business. Prior to her role as Group President, from 2017 to 2018 she served as Chairman and Chief Executive Officer of SoCalGas, one of the largest natural gas utilities in the country. She served as Executive Vice President of Sempra Energy in 2016, and as President and Chief Executive Officer of Sempra U.S. Gas & Power from 2014 to 2016. During her 24-year career in the utility sector, Ms. Wagner held a range of other leadership positions, including: Vice President of Audit Services for Sempra Energy; Vice President of Accounting and Finance for SoCalGas; Vice President of Information Technology for SoCalGas and SDG&E; and Vice President of Operational Excellence for SoCalGas and SDG&E. Ms. Wagner is currently a director of Apogee Enterprises, Inc., a public company that designs and develops commercial glass and metal products, and Primoris Services Corporation, a public company providing a wide range of specialty construction services, fabrication, maintenance, replacement, and engineering services.
Ms. Wagner earned her Master of Business Administration from Pepperdine University and her bachelor's degree in chemical engineering from California State Polytechnic University, Pomona.

Ms. Wagner has immense working knowledge and familiarity with the California regulatory environment and has worked with the California Public Utilities Commission. Her deep understanding of regulatory affairs and experience working for an investor-owned utility make her a valuable asset to the Group. She also brings valuable accounting and finance, senior leadership, and operational experience to the Board.

Corporate Governance Practices

We are committed to objective, independent leadership on our Board and each of its committees. In addition, our Board believes the active, objective, and independent oversight of management is central to effective Board governance and serves the best interests of all stakeholders, including customers, stockholders, regulators, suppliers, associates, and the general public.

Specifically, our Board has adopted Corporate Governance Guidelines comprised of rigorous governance practices and procedures. To maintain and enhance its independent oversight, our Board has implemented measures to further enrich Board composition, leadership, and effectiveness. These measures align our corporate governance structure with achieving our strategic objectives and enable our Board to effectively communicate and oversee our culture of compliance and in-depth risk management. Our Board frequently discusses business and other matters with the senior management team and principal advisors such as our legal counsel, auditors, consultants, and financial advisors. Our Board annually reviews and approves the Corporate Governance Guidelines and charters of the Board committees to align with evolving best practices and regulatory requirements, including the New York Stock Exchange (NYSE) corporate governance listing standards. The Corporate Governance Guidelines and the current charters for the Audit, Organization and Compensation, Finance and Capital Investment, Nominating/Corporate Governance, and Enterprise Risk Management, Safety, and Security committees are posted on our website at http://www.calwatergroup.com.

Corporate Governance Overview

Our corporate governance practices are substantially aligned with the Investor Stewardship Group's (ISG) Corporate Governance Framework for U.S. Listed Companies, as shown in the table below.

ISG Principle	Our Practice
Principle 1 Boards are accountable to stockholders	• Annual election of all directors • Majority voting for directors in uncontested elections • Directors are required to offer to resign if they fail to receive a majority of votes cast • No supermajority voting requirements in governing documents • Stockholder right at 10% threshold to call a special meeting
Principle 2 Stockholders should be entitled to voting rights in proportion to their economic interest	• No dual class common stock structure • Each stockholder is entitled to one vote per share • No cumulative voting for directors

Principle 3
Boards should be responsive to stockholders and be proactive in order to understand their perspectives
	• Proactive, year-round investor outreach program
	• Directors receive regular updates on investor feedback and are available for stockholder engagement
	• In response to investor feedback, over the last several years, we have, for example:
	  • Publish annually our Environmental, Social, and Governance report;
	  • Formed the Enterprise Risk Management, Safety, and Security Committee;
	  • Incorporated environmental leadership into our at-risk compensation program;
	  • Modified the performance criteria used for long-term and short-term at-risk compensation program;
	  • Increased the Supplemental Pension Plan's (SERP) unreduced retirement age from 60 to 65; and
	  • Committed to setting absolute, science-aligned Scope 1 and Scope 2 emissions reduction targets by Q3 2024

ISG Principle	Our Practice
Principle 4 Boards should have a strong, independent leadership structure	• Independent Lead Director with well-defined responsibilities • Substantial majority of the Board is independent (10 of 11 director nominees or 91% of the Board) and Board committees are completely independent • Non-management directors meet at least four times each year in executive session without management present, and the independent directors meet in executive session at least once a year (in 2023, the Board and committees met in executive session 22 times)
Principle 5 Boards should adopt structures and practices that enhance their effectiveness	• Demonstrated focus on Board refreshment, with a balanced mix of director tenures and five new directors joining the Board since 2019 • Demonstrated focus on Board diversity, with four female director nominees (36% of the Board) and two ethnically diverse director nominees (18% of the Board) • Annual review of the Board, committees, Independent Lead Director, and individual directors • Limits on outside board service, with no director permitted to serve on more than four public company boards (including the Group) and directors who are public company executive officers not permitted to serve on more than two public company boards (including the Group) • Mandatory director retirement at age 75
Principle 6 Boards should develop management incentive structures that are aligned with the long-term strategy of the company	• Target total direct compensation is heavily weighted towards performance, comprising 72% of CEO pay and 43% of other NEO pay in 2023 on an annualized basis, and appropriately balances short-term drivers of the Group's success and long-term creation of stockholder value • Organization & Compensation Committee annually re-evaluates the mix of fixed and variable compensation to best attract, retain and incentivize talented officers who contribute to the long-term success of the Group • We incorporate a number of risk mitigation features into our executive compensation program, including stock ownership requirements, clawback policy for incentive-based compensation aligned with NYSE requirements and anti-hedging and anti-pledging policies

Board Structure and Independence

We believe our Board encompasses the optimal mix of diverse backgrounds, experiences, skills, expertise, and an uncompromising commitment to integrity and sound judgment. The Board thoughtfully advises and guides management as they work to achieve our long-term strategic goals. To promote sound board structure and independence standards, our Board adheres to the following policies and procedures:

- Our Board is comprised of a substantial majority of independent directors and Board committees are completely independent
- All directors are required to retire no later than the Annual Meeting that follows the date of the director's 75th birthday
- Our Board conducts an annual review of Board composition, committee effectiveness, Independent Lead Director, individual directors, and succession planning resulting in refreshment of the Board and a diversity of skills, attributes, and perspectives on the Board
- Non-management directors meet at least four times each year in executive session without management present, and the independent directors meet in executive session at least once a year
- Directors are required to offer to resign if they fail to receive a majority of votes cast
- Independent Lead Director is designated by the independent directors and has well-defined responsibilities

Board Oversight

Our Board is responsible for seeing that our organization is appropriately stewarding the resources entrusted to it and following legal and ethical standards. In addition, our Board has the fundamental and legal responsibility to provide oversight and accountability for the organization. By following key risk management principles, our Board provides a solid foundation of organizational oversight:

- Understands the organization's strategy and key drivers of success
- Regularly assesses the risks in the organization's strategy
- Appropriately defines the role of the full Board and its standing committees specific to risk management and key risk oversight
- Assesses the organization's risk management system — including people, processes, and technology — to confirm resource appropriateness and sufficiency
- Works with management to understand and agree on the types (and format) of risk information the Board requires and risk prioritization
- Encourages dynamic and constructive risk dialogue between management and the Board, including a willingness to challenge assumptions
- Closely monitors the potential and evolving risks to culture and the incentives structure
- Oversees the critical alignment of strategy, risk, controls, compliance, incentives, and people

Director Orientation and Continuing Education

Our director education about California Water Service Group and our strategy, control framework, regulatory environment, and industry begins when a director is elected to our Board and continues throughout his or her tenure on the Board. Upon joining our Board, new directors are provided with a comprehensive orientation about our company, which includes an overview of director duties and our corporate governance, one-on-one sessions with the Chairman, President & CEO, and presentations by senior management and other key management representatives on the organization's strategy, regulatory framework, and control framework. As directors are appointed to new committees or assume a leadership role, such as committee chair, they receive additional orientation sessions specific to such responsibilities.

Board and Committee presentations, educational briefings, discussions with subject matter experts on business, governance, regulatory, and control matters help to keep directors appropriately apprised of key developments in our business and in our industry, including material changes in regulation, so they can carry out their oversight responsibilities.

Annual Evaluation of Board, Committees, and Independent Lead Director

Overview of Evaluation Process

Our Board and Committees maintain a regular and robust evaluation process to promote the effective functioning of our Board. It is important to examine Board, Committee, and director performance and to solicit and act upon feedback received from each member of our Board. Evaluations are intended to assess the effectiveness in board composition and conduct, meeting structure, materials and information, committee composition and effectiveness, strategic and succession planning, culture and exercise of oversight, and continued education and access to management.

ANNUAL BOARD SELF-EVALUATIONS

As part of the evaluation, each Board member completes an anonymous, comprehensive questionnaire soliciting input on topics such as corporate governance issues, Board and committee culture, structure and meeting process, director interactions with each other and with management, management responsiveness, quality and quantity of information provided to the Board of Directors, strategic planning, and more.

SUMMARY OF WRITTEN EVALUATIONS

Each Director's anonymous responses to the questionnaire are sent to outside counsel retained by the Company at the Nominating/Corporate Governance Committee's request. Outside counsel compiles the results of the evaluations into a report for the Nominating/Corporate Governance Committee and Lead Independent Director.

CONVERSATIONS

Additionally, the Lead Independent Director has individual conversations throughout the year with each member of the Board, providing further opportunity for dialogue, feedback, and improvement.

BOARD REVIEW

The responses to the questionnaires, in addition to other feedback provided by Board members through interviews and other communications, are then reviewed and compiled by our Lead Independent Director to determine strengths and areas for improvement. Those results are then discussed with the Nominating/Corporate Governance Committee and the Board of Directors, and such results are used to improve Board and committee performance. Matters that require further assessment or additional follow-up are addressed at future Board or committee meetings, as applicable.

ACTIONS

Our evaluation process typically generates robust comments and discussion with the Board, including with respect to Board composition and processes. These evaluation results have led to changes designed to increase Board effectiveness and efficiency. Examples include enhancements to meeting materials, the structure of the Board, responsibilities of committees, committee and executive session discussions, committee reports to the Board, Director onboarding, continuing education, and hands-on experiences with our business, senior leaders, and emerging talent throughout the Company.

Director Independence

As discussed in our Corporate Governance Guidelines, a substantial majority of the Board is comprised of independent directors. Based on the recommendation of the Nominating/Corporate Governance Committee, the Board determined that, other than Martin A. Kropelnicki, each of our director nominees (Gregory E. Aliff, Shelly M. Esque, Jeffrey Kightlinger, Thomas M. Krummel, M.D., Yvonne A. Maldonado, M.D., Scott L. Morris, Charles R. Patton, Carol M. Pottenger, Lester A. Snow, and Patricia K. Wagner) is independent. In addition, Terry P. Bayer was independent during the period she served on the Board.

Under the listing standards of the New York Stock Exchange, a director is independent if he or she has no material relationship, whether commercial, industrial, banking, consulting, accounting, legal, charitable, familial, or otherwise, with the organization, either directly or indirectly as a partner, stockholder, or executive officer of an entity that has a material relationship with us. Our Board makes an affirmative determination regarding the independence of each director annually, based on the recommendation of the Nominating/ Corporate Governance Committee.

Independence Standards

The Board has adopted standards to assist in assessing the independence of directors, which are part of the Corporate Governance Guidelines available at **http://www.calwatergroup.com**. Under these standards, our Board has determined that a director is not independent if:

- The director is, or has been within the last three years, an employee of any company that comprises the Group or an immediate family member is, or has been within the last three years, an executive officer of any company that comprises the Group,
- The director has received, or has an immediate family member who has received, during any 12-month period during the last three years, more than $120,000 in direct compensation from companies that comprise the Group, other than director or committee fees and pension or other forms of deferred compensation for prior service,
- The director, or an immediate family member, is a current partner of the Group's internal or external auditor; the director is a current employee of such a firm; the director's immediate family member is a current employee of such a firm who personally works on the Group's audit, or the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Group's audit within that time,
- The director, or an immediate family member, is, or has been within the last three years, employed as an executive officer of another company where any of the Group's present executive officers serves or served at the same time on that company's compensation committee,
- The director is a current employee, or has an immediate family member who is a current executive officer, of a customer or vendor or other party that has made payments to or received payments from companies that comprise the Group for property or services in an amount that, in any of the last three fiscal years, exceeded the greater of $1 million or 2% of the party's consolidated gross revenues,
- The director, or the director's spouse, is an executive officer of a non-profit organization to which the Group makes, or in the past three years has made, payments that, in any single fiscal year, exceeded the greater of $1 million or 2% of the non-profit organization's consolidated gross revenues

In addition, our Board has determined that none of the following relationships, by itself, is a material relationship that would impair a director's independence:

- Being a residential customer of any service territory
- Being a current executive officer or employee of, or being otherwise affiliated with, a commercial customer from which the Group has received payments that, in any of the last three fiscal years, did not exceed the greater of (i) 1% of the Group's consolidated gross revenues for the year; or (ii) $500,000
- Being a current executive officer or employee of, or having a 5% or greater ownership or similar financial interest in, a supplier or vendor that has received payments from the Group that, in any of the last three fiscal years, did not exceed the lesser of (i) 1% of the Group's consolidated gross revenues for the year; or (ii) $500,000
- Being a director of any of the Group's subsidiaries

Directors inform the Board as to any relationships they may have with the organization and provide other pertinent information in annual questionnaires they complete, sign, and certify. The Board reviews relevant relationships to identify possible impairments to director independence and in connection with disclosure obligations. For those directors who reside in one of our service territories and are customers, our Board has determined that it is not a material relationship that would impair their independence under the above standards.

Board Leadership Structure and Composition

Leadership Structure

Our Board reviews its leadership structure regularly to confirm that it remains appropriate for the Group. The Board considers several factors in making determinations regarding the Group's leadership structure, including the strategic goals of Group, the various capabilities of our directors, the dynamics of our Board, investor views, market practices and the Group's other governance practices that promote independent Board oversight of management.

The Board believes that a combined Chairman and CEO structure, together with a Lead Independent Director with significant and clearly defined responsibilities, a Board consisting entirely of independent directors other than Mr. Kropelnicki, and five standing Board

Committees consisting entirely of independent directors, is the most appropriate leadership structure for the Group at this time. The Board believes that Mr. Kropelnicki, who has been President & CEO and a member of the Board since 2013, brings significant experience in the water and public utility industries, making him best positioned to provide strong unified leadership for the Group as the director most familiar with the Group's business and with the risks, challenges, and opportunities for our industry. In this expanded role, Mr. Kropelnicki will continue to drive forward the implementation of our business strategy and will leverage his deep understanding of the Group's business and operations to lead the Board as it considers risks related to strategy and business decisions and performs its oversight function. The Board believes this leadership structure fosters effective decision-making and alignment on corporate strategy, is appropriate to the Group's size and complexity, and represents a cost-effective and efficient allocation of responsibilities and accountability, while providing effective and independent oversight of management.

The Board retains the flexibility to change the leadership structure from time to time so that it can adjust, as appropriate, as the Group's needs change.

Lead Independent Director

Our Lead Independent Director is selected annually from and by the independent directors and has expansive duties and authority as included in our Corporate Governance Guidelines. Scott L. Morris has served as our Lead Independent Director since 2023. Our Corporate Governance Guidelines list the Lead Independent Director's responsibilities and authority, which includes:

- Presiding at meetings of the Board in the absence of the Chairman of the Board
- Presiding over executive sessions of the non-management and independent directors and calling executive sessions
- Recommending to the Chairman of the Board items for consideration to be included in the Board meeting agendas and schedules
- Serving as liaison between the Chairman of the Board and the independent directors
- Consulting and communicating with major stockholders upon request

In evaluating candidates for Lead Independent Director, the independent directors consider several factors, including each candidate's corporate governance experience, board service and tenure, leadership roles, and the ability to meet the necessary time commitment. For an incumbent Lead Independent Director, the independent directors also consider the results of the annual Lead Independent Director assessment as described above.

Annual Meeting Attendance

All directors are expected to attend the Annual Meeting of Stockholders unless attendance is prevented by an emergency. All our Board members who were director nominees for our 2023 Annual Meeting attended the meeting.

Board Meetings and Committees

Board Meetings

Our policy is that all directors must be able to devote the required time to carry out director responsibilities and should attend all meetings of the Board and of committees on which they serve.

Members of the Board are expected to attend Board meetings in person unless the meeting is held by teleconference. During 2023, there were ten meetings of the Board and collectively 16 committee meetings. All incumbent directors attended at least 75%, and on average attended 99%, of all Board and applicable committee meetings in 2023 (held during the period each director served).

Committees

There are five committees within our Board of Directors: Audit; Organization and Compensation; Finance and Capital Investment; Nominating/Corporate Governance; and Enterprise Risk Management, Safety, and Security. The membership and the function of each of these committees are described below.

Name	Audit	Organization and Compensation	Finance and Capital Investment	Nominating/ Corporate Governance	Enterprise Risk Management, Safety, and Security
Gregory E. Aliff	✪		●		●
Shelly M. Esque				●	●
Jeffrey Kightlinger	●				●
Martin A. Kropelnicki					
Thomas M. Krummel, M.D.		✪		●	
Yvonne A. Maldonado, M.D.				●	●
Scott L. Morris		●		✪	
Charles R. Patton	●		●		
Carol M. Pottenger			●	●	●
Lester A. Snow		●	●		✪
Patricia K. Wagner	●	●	✪		
Number of meetings held during 2023	4	3	3	3	3

✪ Chair ● Member

AUDIT COMMITTEE

Current Members:	Primary Responsibilities:
Gregory E. Aliff, Chair Jeffrey Kightlinger Charles R. Patton Patricia K. Wagner Committee Meetings Held in 2023: **4**	• Represents and assists the Board in oversight of the quality and integrity of the Company's financial statements; the Company's compliance with legal, environmental, regulatory, and reporting requirements; the qualifications, performance, and independence of the Company's Independent Registered Public Accounting Firm; the Company's internal audit function; cybersecurity risk; and third-party supplier risk • Responsible for the appointment, retention, compensation, and oversight of the Independent Registered Public Accounting Firm • Reviews with management each Form 10-K and 10-Q report required to be submitted to the SEC • Reviews annually the quality of reporting processes and internal controls, Independent Registered Public Accounting Firm reports and opinions, and any recommendations the internal auditor or Independent Registered Public Accounting Firm may have for improving or changing the Company's internal controls • Oversees and reviews with management risks related to the Company's financial reporting and internal controls • Oversees the Company's compliance program with respect to legal and regulatory requirements, including the Company's code of business conduct for executive officers and employees, and oversees the Company's policies and procedures for monitoring compliance • Oversees the Company's cybersecurity program, including management's response to emerging risks and compliance with all federal and state cybersecurity standards and privacy laws • Oversees the Company's program to identify, manage, and mitigate third party supplier risk and reviews with management prior year results and updates to the Supplier Diversity Program, compliance with the Supplier Code of Conduct, and performance of the Supplier Diversity Program

All members of the Audit Committee are independent as defined in the New York Stock Exchange and meet additional independence requirements for audit committee members applicable under SEC rules and the New York Stock Exchange listing standards.

The Board has determined that each Audit Committee member has considerable knowledge of financial and auditing matters to serve on the Audit Committee. Gregory E. Aliff, Jeffrey Kightlinger, and Patricia K. Wagner meet the New York Stock Exchange listing standards of financial sophistication and are "audit committee financial experts" under SEC rules.

ORGANIZATION AND COMPENSATION COMMITTEE

Current Members:	Primary Responsibilities
Thomas M. Krummel, M.D., Chair Scott L. Morris Lester A. Snow Patricia K. Wagner Committee Meetings Held in 2023: **3**	• Oversees the Company's officer compensation structure, policies and programs; assesses whether the Company's compensation structure establishes appropriate incentives for officers; and assesses the results of the Company's most recent advisory vote on executive compensation • Oversees the evaluation and recommendations of the compensation of the CEO to the independent directors and of the executive officers to the Board of Directors • Reviews the organizational structure for the Company's senior management • Oversees the strategies and policies related to human capital management, including matters such as diversity and inclusion, workplace environment, culture, talent development and retention, and succession planning • Oversees a periodic assessment of the risk related to the Company's compensation policies and practices applicable to officers and employees • Reviews and discusses with our management the Compensation Discussion and Analysis disclosure required to be included in the proxy statement for the Annual Meeting of Stockholders to be filed with the SEC, and based on such review and discussion, determines whether to recommend to the Board that the Compensation Discussion and Analysis disclosure be included in such filing • Oversees preparation of the Organization and Compensation Committee report required by SEC rules to be included in the proxy statement for the Annual Meeting of Stockholders • Oversees the administration of the Company's clawback policy • Monitors compliance by executive officers with the Company's stock ownership guidelines All members are independent as defined in the listing standards of the New York Stock Exchange and meet additional independence requirements for compensation committee members applicable under SEC rules and the New York Stock Exchange listing standards.

Compensation Consultant

The Organization and Compensation Committee retained Meridian Compensation Partners (Meridian) to advise it on marketplace trends in executive compensation, management proposals for the 2023 compensation program, and executive officer compensation decisions. Additionally, Meridian generally evaluated our equity compensation programs.

Meridian was directly accountable to the Organization and Compensation Committee. To maintain the independence of their advice, Meridian did not provide any services to us other than those described above and advice to the Nominating/Corporate Governance Committee on marketplace trends in director compensation for the 2023 compensation program. In addition, the Organization and Compensation Committee conducted a conflict-of-interest assessment, considering the six factors below with respect to Meridian and confirmed that no conflict-of-interest existed after it reviewed such factors:

- The provision of other services to the Group by Meridian
- The amount of annual fees received from the Group by Meridian, as a percentage of total revenue of Meridian
- The policies and procedures of Meridian that are designed to prevent conflicts of interest
- Any business or personal relationship between the consultants at Meridian with whom the Group works and any members of the Organization and Compensation Committee
- Whether Meridian consultants own our stock and if so, how much
- Any business or personal relationship of Meridian consultants with any of the Group's executive officers

For a description of the processes and procedures used by the Organization and Compensation Committee for the consideration and determination of executive compensation, see "Compensation Discussion and Analysis" in this Proxy Statement.

FINANCE AND CAPITAL INVESTMENT COMMITTEE

Current Members:	Primary Responsibilities:
Patricia K. Wagner, Chair Gregory E. Aliff Charles R. Patton Carol M. Pottenger Lester A. Snow Committee Meetings Held in 2023: **3**	• Assists the Board of Directors in fulfilling its oversight responsibilities with respect to the monitoring and oversight of our financial resources, including its capital investment management and rate recovery, and financial resources planning and processes • Assists the Board in reviewing our financial policies, strategies, and capital structure • Reviews and makes recommendations to the Board for approval, where authority to do so has been delegated by the Board, regarding: ◦ long-term financial objectives and policies ◦ financing requirements and financing plans ◦ the annual dividend plan ◦ oversight of the annual operating budgets ◦ oversight of the annual capital investment plans, including periodic updates on the progress of the annual construction and capital investment programs ◦ reports received from the Employee Benefit Finance Committee ◦ other finance matters as appropriate In addition, the Committee discusses with management the policies and procedures concerning the major risk exposures, including exposures to infrastructure failure risk and credit risk, and the steps management has taken and/or proposes to take to monitor, mitigate, and control such exposures within the capital investment process. All members are independent as defined in the listing standards of the New York Stock Exchange.

NOMINATING/CORPORATE GOVERNANCE COMMITTEE

Current Members:	Primary Responsibilities:
Scott L. Morris, Chair Shelly M. Esque Thomas M. Krummel, M.D. Yvonne A. Maldonado, M.D. Carol M. Pottenger Committee Meetings Held in 2023: **3**	• Engages in director succession planning and actively seeks diverse individuals qualified to become Board members • Evaluates the composition of the Board annually to assess whether the skills, experience, characteristics, and other criteria established by the Board are currently represented on the Board as a whole and in individual directors, and to assess the criteria that may be needed in the future • Oversees the evaluation of the Board and its committees • Oversees risks related to matters of corporate governance, including director independence and Board performance • Recommends to the Board the size, structure, composition, and functioning of the Board and its committees • Reviews the compensation of directors for service on the Board and its committees, and recommends changes to the Board as appropriate • Reviews the Corporate Governance Guidelines annually and recommends changes to the Board • Oversees the Company's Code of Business Conduct and Ethics Policy of the Board of Directors and compliance with the Code • Provides oversight of and reviews the Company's strategy, policies, practices, risks, and disclosures with respect to ESG matters, and makes recommendations to management as appropriate • Oversees internal and external communications with employees, investors, and other stakeholders regarding the Company's position on or approach to ESG matters All members are independent as defined in the listing standards of the New York Stock Exchange.

ENTERPRISE RISK MANAGEMENT, SAFETY, AND SECURITY COMMITTEE

Current Members:

Lester A. Snow, Chair
Gregory E. Aliff
Shelly M. Esque
Jeffrey Kightlinger
Yvonne A. Maldonado, M.D.
Carol M. Pottenger

Committee Meetings Held in 2023: **3**

Primary Responsibilities

- Assists the Board in the oversight of our enterprise risk management, safety, and security programs, including those related to physical safety and security
- Discusses with management our principal risks and the effectiveness of the processes used by management to both identify and analyze major risks, as well as the effectiveness of the programs to manage and mitigate risks
- Reviews with management our risk assessments, the steps management has taken, or would consider taking, to mitigate such risks or exposures and safeguard assets, and our underlying policies with respect to risk assessment, risk management, and asset protection
- Discusses with management current and emerging applicable matters that may affect the business, operations, performance, or public image of the organization, or are otherwise pertinent to us and our stakeholders
- Reviews our Emergency Preparedness program, including emergency response and coordination with authorities
- Reviews our physical safety and security programs to confirm preventative, detective, and remedial controls and processes are in place
- Oversees our other compliance programs for enterprise risk management, safety, and security, as well as our policies and procedures for monitoring compliance
- Makes recommendations to the Board and to our senior management with respect to any of the above matters as the Committee deems necessary or appropriate

All members are independent as defined in the listing standards of the New York Stock Exchange.

Board Role in Risk Oversight

Inherent in the Board's responsibilities is an understanding of, and oversight over, the various risks facing the Company. The Board does not view risk in isolation but includes risk as part of its regular consideration of business decisions and business strategy. To assist the Board in its risk oversight, the Board reviews the Company's risks and the responsibilities of management and the Board committees regularly. The committees report to the entire Board on a regular basis and have overlapping directors, invite Chairs of other committees and other directors to attend meetings, and hold joint meetings as necessary.

BOARD OF DIRECTORS

The Company believes that its Board leadership structure supports the risk oversight function of the Board. As effective risk oversight is an important priority of the Board, the Board has allocated responsibilities for risk oversight among the full Board and its committees.

AUDIT

Oversees risks related to financial reporting and internal controls, cybersecurity, and third-party suppliers.

ORGANIZATION AND COMPENSATION

Oversees risks related to human capital management and oversees periodic assessments of risks relating to our compensation plans and programs to see that these plans and programs do not encourage management to take unreasonable risks relating to our business.

FINANCE AND CAPITAL INVESTMENT

Oversees risks within the capital investment programs including infrastructure failures and credit risk.

NOMINATING/CORPORATE GOVERNANCE

Oversees risks related to matters of corporate governance, including director independence and Board performance, as well as risks related to environmental, social responsibility, and sustainability matters.

ENTERPRISE RISK MANAGEMENT, SAFETY, AND SECURITY

Oversees management's development and execution of the Group's enterprise risk management, safety, and security programs, including those related to physical safety and security and advises on the committee oversight function for key risks.

EXECUTIVE MANAGEMENT

STRATEGY & OPERATING COMMITTEE

The Company's Strategic Operating Committee (SOC), chaired by the Chairman, President & CEO, is comprised of senior officers and NEOs, and meets twice per month. Among other functions, the SOC assesses evolving market conditions and develops a long-term strategy to mitigate emerging risks and maximize future opportunities.Priorities for the SOC include, but are not limited to, strategy, workforce transformation (including succession planning, employee development, and recruitment), business development, political and regulatory climate, operating model, affordability, resiliency, climate change, and sustainability, with an emphasis on water resource planning.

MANAGEMENT COMMITTEE

The Company's Management Committee (MC), chaired by the Chairman, President & CEO, is comprised of Group and subsidiary executives, and meets monthly. Among other functions, the MC identifies and prioritizes key risks and recommends the implementation of appropriate mitigation measures as needed. Management reports to the Board and Board Committees multiple times throughout the year. Further review or reporting of risks is conducted as needed or as requested by the Board or a committee.

The following is our Enterprise Risk Management and Risk Responsibility Matrix, which identifies our major corporate risks, board oversight, and lead officer and department currently responsible for risk mitigation. It also demonstrates our commitment to transparency and accountability for management of the key risks facing the company and effective risk management:

Board Oversight	Tier 1 Risk[1]	Lead Officer
Full Board	Affordability and Access Risk	VP, Rates and Regulatory Affairs
	Political Risk	VP, Government and Community Affairs
	Regulatory Risk	VP, Rates and Regulatory Affairs
	Water Supply Risk	Chief Water Resource Sustainability Officer
	Climate Change Risk	Chief Water Resource Sustainability Officer
	Governance Risk	Chairman, President & CEO; SVP, General Counsel & Business Development; VP, Corporate Secretary & Chief of Staff
Enterprise Risk Management, Safety, and Security Committee[2]	Environmental Contamination Risk	VP, Water Quality & Environmental Affairs
	Physical Safety and Security Risk	VP, Emergency Preparedness, Safety & Security
	Natural or Human-Caused Disaster Risk	VP, Emergency Preparedness, Safety & Security; SVP, Operations
	Emergency Preparedness & Business Continuity Risk	VP, Emergency Preparedness, Safety & Security
	Water Quality Risk	VP, Water Quality & Environmental Affairs
Finance Committee	Infrastructure and Asset Failure Risk	SVP, Corporate Services & Chief Risk Officer; Chief Engineering Officer
Organization/Compensation Committee	Talent Risk, including Diversity, Equality, and Inclusion	VP, Chief Human Resource Officer
Audit Committee	Cybersecurity Risk	SVP, Corporate Services & Chief Risk Officer
	Third-Party Supplier Dependency Risk	SVP, General Counsel & Business Development; VP, Facilities, Fleet, and Procurement

(1) Each Tier 1 Risk topic is also led by designated officers of the Company across departments.

(2) The Enterprise Risk Management, Safety, and Security Committee is responsible for the oversight of the emergency response management process, including emergency response management updates and annual reporting to the Board regarding compliance.

Board Oversight of Management Development and Succession Planning

The Board believes one of its primary responsibilities is to ensure that appropriate succession plans are in place for our Chairman, President & CEO and other members of senior management in order to execute the Company's long-term strategy.

The Organization and Compensation Committee oversees talent management and development including executive and employee succession planning, management development, and diversity, equality, and inclusion. The Committee, together with the Chairman, President & CEO, regularly reviews senior management talent, including readiness to take on additional leadership roles and developmental opportunities needed to prepare senior leaders for greater responsibilities. In addition, the Organization and Compensation Committee regularly discusses recommendations and evaluations from the Chairman, President & CEO as to potential successors to fill senior positions, including potential successors to the CEO role. These discussions include developmental plans for senior leaders to help prepare them for future succession as well as contingency plans in the event the CEO is unable to serve for any reason (including death or disability).

The Board provides senior leaders with the opportunity to present at Board and committee meetings on their respective areas of expertise. This not only provides a platform for senior talent to demonstrate their knowledge and contribute to the organization's strategic discussions, but it also allows the Board to assess the leaders' abilities and potential for advancement. While the Organization and Compensation Committee has the primary responsibility to develop succession plans for the CEO position, the Committee regularly reports back to the full Board and decisions are made at the Board level.

Board Oversight of Cybersecurity Risk

The Board and Audit Committee are responsible for overseeing information technology and operational technology risks from cybersecurity threats. The Board recognizes the importance of maintaining the trust and confidence of our customers, employees, stockholders, and regulators and the need to protect information stored on our and our vendors' systems, including personal and proprietary data. Our Senior Vice President of Corporate Services & Chief Risk Officer, who reports directly to our Chairman, President & CEO leads a team that is responsible for managing our enterprise-wide information security strategy, policy, standards, architecture, and processes. The Board and Audit Committee receive regular reports from management no less than quarterly, and on an ad hoc basis, on information and operational technology risks, including cybersecurity and data security risks, as well as on the status of projects to strengthen our information security systems, assessments of our security program, and the emerging threat landscape.

For additional information regarding our cybersecurity governance and risk management, please refer to our Annual Report on Form 10-K for the year ended December 31, 2023, under the heading "Cybersecurity" in Item 1C.

Board Oversight of Risks Related to Environmental, Social Responsibility, and Governance Matters

To further drive ESG progress, we have also implemented a formal structure for ESG governance to designate responsibility and guide our execution. Our full Board oversees the execution of our climate change strategy, and the Nominating/Corporate Governance Committee oversees our ESG program and reporting, as well as our Board diversity.

Additional Board committees maintain specific ESG-related responsibilities, including our Enterprise Risk Management, Safety, & Security Committee, which advises executive leaders about our Enterprise Risk Management program, including safety and security risks that threaten business resilience, our Organization & Compensation Committee, which oversees employee relations, turnover, employee diversity, employee development, and executive compensation, our Audit Committee, which monitors cybersecurity risk, ethics reporting, and the integrity of our suppliers, and our Finance & Capital Investment Committee, which manages investments in corporate assets and our ability to obtain financing, which supports ESG efforts.

At least annually, the Nominating/Corporate Governance Committee receives a formal ESG update, although additional updates are given throughout the year as needed. Topics typically covered in these updates may include progress on ESG focus areas and objectives, new strategic ESG initiatives, significant stakeholder concerns relating to ESG matters, and current and emerging ESG legislation and trends relevant to Group. Additionally, specific topics within Group's ESG strategy may be discussed at other committee and/or full Board meetings throughout the year. For example, the Enterprise Risk Management, Safety, and Security Committee is formally scheduled to discuss specific safety, and environmental matters at a minimum twice per year, and on an as needed basis thereafter.

At the executive level, the ESG Executive Oversight Committee, comprised of members of the executive leadership team across different functional areas of the Company, is led by our VP of Customer Service & Chief Citizenship Officer and ESG Program Manager. The ESG Executive Oversight Committee's purpose is to oversee our overall ESG vision, management, and communications, as well as track progress of the strategies, policies, and practices relating to our material sustainability issues. We also have various ESG Working Groups that include officer sponsors, subject matter experts, and goal owners across the Company and are dedicated to specific cross- cutting ESG focus areas. These teams support the execution of our ESG strategies and objectives as well as facilitate cross- departmental collaboration for their areas of focus.

Other Governance Practices

We adopted other practices we believe reflect our commitment to good corporate governance including:

Policies Prohibiting Hedging and Pledging

In accordance with our Insider Trading Policy, our directors and executives are prohibited from:

- Hedging their ownership of Group stock, including trading in options, puts, calls, or other derivative instruments related to Group stock or debt; and
- Pledging their ownership of Group stock.

Executive Compensation Recovery ("Clawback") Policy

Our Board has adopted an executive compensation recovery, or "clawback," policy aligned with NYSE requirements and Rule 10D-1 under the Securities and Exchange Act of 1934 requiring the reimbursement of excess incentive-based compensation provided to the executives in the event of certain restatements of our financial statements. A more detailed description of the Executive Compensation Recovery Policy appears in the "Compensation Discussion and Analysis" section of this Proxy Statement.

Codes of Business Conduct

Board members are expected to adhere to the Code of Business Conduct and Ethics for Members of the Board of Directors, which outlines expectations for behavior and promotes a culture of honesty. Our Business Code of Conduct applies to all officers and employees of Group, highlights areas of ethical risk, provides guidance in recognizing and handling ethical issues, and describes established mechanisms for reporting unethical conduct. We require employees to receive annual ethics training. Our Business Code of Conduct is available on our website at **http:/www.calwatergroup.com**.

Overboarding Policy

In accordance with our Corporate Governance Guidelines, our directors should not serve as a director of more than four public companies, Group being one of the four, and our directors who are serving as executive officers of public companies may not serve on the boards of more than two public companies, Group being one of these. Service on the boards of subsidiary companies with no publicly traded stock, non-profit organizations and non-public for-profit organizations is not included in this calculation for purposes of our policy. Moreover, if a director sits on several mutual fund boards within the same fund family, this will count as one board for the purpose of our policy. All of our directors are in compliance with this policy.

Director Compensation

The Nominating/Corporate Governance Committee is responsible for non-employee director compensation and makes recommendations to the Board. For 2023, the Nominating/Corporate Governance Committee retained the services of Meridian for determining non-employee director compensation with Meridian's recommendations based on competitive positioning, in terms of both individual compensation components and total compensation.

For fiscal year ended 2023, our non-employee directors received compensation comprised of both annual cash retainers for Board and committee chair services (with an additional retainer for the Lead Director) and an annual equity award. Effective for 2023, meeting attendance fees for director service have been eliminated from our director compensation program.

Annual Base Retainer — All Directors	$118,000
Lead Independent Director Retainer	$ 40,000
Committee Chair Retainers:	
Audit Committee Chair Retainer	$ 25,000
Organization and Compensation Committee Chair Retainer	$ 20,000
Nominating/Corporate Governance Committee Chair Retainer	$ 15,000
Finance and Risk Management Committee Chair Retainer	$ 15,000

Enterprise Risk Management, Safety, and Security Committee Chair Retainer	$ 15,000
Equity:	
Annual RSA Equity Grant[(1)]	$110,000

(1) In 2023, non-employee directors received annual grants of restricted stock valued at $110,000. The restricted stock grants were made on March 7, 2023, respectively, and were fully vested on the first anniversary of the grant date.

Directors may elect to defer cash compensation payable to them under the Group's deferred compensation plan in the same manner as applicable to the Group's executives as described below. The following table sets forth compensation earned during fiscal 2023 by each person who served as a non-employee Director during the year.

Name (a)[(1)]	Fees Earned or Paid in Cash ($) (b)	Stock Awards[(3)(4)] ($) (c)	Total ($) (h)
Peter C. Nelson, Former Chairman[(2)]	86,667	43,259	129,926
Gregory E. Aliff	143,000	103,710	246,710
Shelly M. Esque	118,000	103,710	221,710
Jeffrey Kightlinger	19,667	18,894	38,561
Thomas M. Krummel, M.D.	138,000	103,710	241,710
Yvonne A. Maldonado, M.D.	118,000	103,710	221,710
Scott L. Morris, Lead Independent Director	173,000	103,710	276,710
Charles R. Patton	59,000	55,537	114,537
Carol M. Pottenger	118,000	103,710	221,710
Lester A. Snow	133,000	103,710	236,710
Patricia K. Wagner	133,000	103,710	236,710

(1) During fiscal 2023, former director Terry P. Bayer, who did not stand for re-election at the 2023 annual meeting due to a medical issue, received $118,000 in cash retainers.

(2) Mr. Nelson's 2023 compensation includes the annual base retainer, Chairman of the Board retainer, and 2023 stock award for his role as Chairman of the Board, prorated for his retirement from the Board on May 31, 2023.

(3) Amounts reflect the full grant date fair value of each RSA granted in 2023 to the non-employee directors, calculated in accordance with FASB ASC Topic 718, disregarding estimates for forfeitures. On March 7, 2023, non-employee directors received annual grants of restricted stock valued at $110,000 as the Board retainer. Assumptions used in the calculation of these amounts are included in footnote 12 of Group's annual report on Form 10-K, filed with the Securities and Exchange Commission on February 29, 2024.

(4) At the end of 2023, the aggregate number of RSAs held by each non-employee director then serving on the Board was as follows: Gregory E. Aliff, 16,200; Shelly M. Esque, 9,533; Jeffrey Kightlinger, 381; Thomas M. Krummel, M.D., 24,300; Dr. Yvonne A. Maldonado, 4,541; Scott L. Morris, 7,118; Charles R. Patton, 1,067; Carol M. Pottenger, 11,089; Lester A. Snow, 19,825; Patricia K. Wagner, 7,115.

Compensation Discussion and Analysis

Executive Compensation

In this section, we describe our executive compensation philosophy and program that supports our strategic objectives and serves the long-term interests of our stockholders. We also discuss how our Chairman, President & Chief Executive Officer, Chief Financial Officer, and other Named Executive Officers (collectively, our NEOs) were compensated in 2023 and describe how their compensation fits within our executive compensation philosophy. For fiscal 2023, our NEOs were:

Name	Title
Martin A. Kropelnicki	Chairman, President & Chief Executive Officer
David B. Healey	Former Vice President, Chief Financial Officer & Treasurer
Thomas F. Smegal, III	Former Vice President, Chief Financial Officer & Treasurer
Paul G. Townsley	President, TWSC, Inc. & Former Vice President, Business Development
Michael B. Luu	Senior Vice President, Corporate Services & Chief Risk Officer
Ronald D. Webb	Vice President, Chief Human Resource Officer
Shawn C. Bunting	Senior Vice President, General Counsel & Business Development

This section is divided into the below six sections:

1 2023 COMPENSATION OVERVIEW

Our executive compensation programs are designed to attract, motivate, and retain key officers with the ultimate goal of generating strong operating results and creating long-term alignment with our stockholders and customers. We reward for excellent job performance, overall leadership, long-term results, and provide for fair, reasonable, and competitive total compensation.

Our executive compensation programs are built upon the following framework:

- **Pay-for-performance** by aligning officer compensation to pre-established, quantifiable performance goals that rewards long-term growth and sustainability
- **Align management interests with the long-term interests of our customers, communities, and stockholders**
- Establish performance goals that are **aligned with our organizational strategy**
- Use performance metrics that are **understandable** and are **tied to key performance indicators**; all of our officers have the **ability to make an impact**
- Provide **competitive pay** to attract and retain highly qualified officers
- Maintain a **one-team approach**, meaning all eligible officers, department heads, and eligible employees share the same performance targets and compensation plan

Our officer team's 2023 performance demonstrates our commitment to delivering value to our stockholders and customers. For 2023, our performance on both financial and non-financial measures resulted in 138% achievement of target for the short-term at-risk compensation plan and 152% achievement of target and payout for the long-term performance-based equity grant for performance period 2021-2023.

2 NEO COMPENSATION COMPONENTS AND PAY MIX

Our officers' total direct compensation is heavily weighted towards performance and appropriately balances officer focus on our short-term and long-term priorities with annual and long-term rewards. Consistent with our compensation philosophy, our total compensation program was developed by taking into account competitive market data as well as a variety of additional factors, including individual experience, tenure, performance and leadership, Group performance, and internal equity among the officers.

2023 Total Direct Compensation

	2023 Base Salary $	Achieved Short-Term At-Risk Compensation $	Achieved Long-Term At-Risk Compensation $	2023 Total Direct Compensation(1) $
Martin A. Kropelnicki	1,050,005	1,449,000	1,225,666	3,724,671
David B. Healey	289,564	113,505	—	403,069
Thomas F. Smegal III	426,344	90,494	179,136	695,974
Paul G. Townsley	367,266	151,871	179,136	698,273
Michael B. Luu	415,021	172,204	204,053	791,278
Ronald D. Webb	334,198	138,483	179,136	651,817
Shawn C. Bunting	329,235	138,000	149,354	616,589

(1) Total "Direct" Compensation consists of base salary, earned annual performance-based short-term at-risk compensation, grant date fair value of long-term performance-based restricted stock units, and grant date fair value of time-based restricted stock awards.

Total Compensation Philosophy for Executives

Providing compensation that attracts, retains, and motivates talented officers is our committed goal. Our compensation programs reward excellent job performance, identify exceptional leadership, and represent fair, reasonable, and competitive total compensation that aligns officers' interests with the long-term interests of our customers and stockholders. When designing our compensation programs, the Organization and Compensation Committee (Committee) prioritizes transparency and simplicity of the programs as well as maintaining unified goals and objectives of the annual short- and long-term incentive programs for the entire executive team to drive aligned operational decisions and Company performance.

The Committee believes a balance of fixed and variable compensation components, with short-term and long-term compensation elements, maintains a strong link between the NEOs' compensation and the overall Group's performance while promoting the interests of both customers and stockholders. The Committee annually re-evaluates the mix of fixed and variable compensation, including the proportions of at-risk compensation awarded as short-term cash-based and long-term equity- based awards and stockholder feedback. Additionally, the Committee continues to monitor our program on an annual basis to ensure the structure will not incentivize excessive risk-taking.

In addition, our executive compensation program considers the following factors:

- The overall financial and operating performance of our Company
- Changes in market conditions, cost of living differences, market trends, and inflation
- Each officer's performance and contributions to the achievement of short-term and long-term financial goals and operational milestones
- Each NEO's job responsibilities, expertise, historical compensation, and years and level of experience
- Our overall succession planning and the importance of retaining each NEO and each NEO's potential to assume greater responsibilities in the future
- Peer group benchmarking data and compensation analyses

We believe our executive compensation program is achieving the intended results. Our compensation programs continue to be competitive in the industry and have resulted in the attraction and retention of talented officers who contribute to the long-term success of the Group. Our compensation programs create a strong linkage between pay and performance through long-term equity and annual performance-based short-term at-risk compensation without encouraging imprudent risk taking by our officers.

Elements of Compensation

The material elements of our officer compensation program for 2023 included:

- Base Salary
- Annual Short-Term Performance-Based At-Risk Compensation
- Performance and Time-Based Long-Term Equity Compensation
- Basic and Supplemental Pension Plan Benefits
- Employee funded Deferred Compensation Plan Benefits
- Limited Perquisites

In determining compensation, the Committee is mindful that as a holding company for a California regulated utility, the Group's financial performance is substantially dependent upon CPUC regulation plus other factors, which to a large extent are beyond the control of officers. Therefore, the Committee's decisions regarding overall compensation are determined largely by evaluation of factors that are within the officers' control and comparisons with companies in its peer group. As discussed below under "2023 Performance Goals and Performance", the metrics used to determine our officers' annual short-term performance-based at-risk compensation and the vesting of long-term performance-based equity compensation awards are appropriate metrics that align officer performance in a manner beneficial to both customers and stockholders, and do not encourage imprudent risk-taking.

Base Salary

The only guaranteed portion of executive total compensation is fixed base salaries commensurate with the performance of primary roles and responsibilities. The Committee reviews officer base salaries annually and determines whether to recommend adjustments to salaries based on performance and changing market conditions.

The Committee targets fixed base salaries for each officer that are appropriate for the performance, skills, capabilities, tenure, and individual contributions in his/her position. Consistent with established practice, the 2023 base salaries for our officers were compared to the base salaries for similar positions within the competitive data and California peers. Similarly, the total target cash compensation for our officers (taking into account annual short-term at-risk compensation targets) was compared to the competitive market data for target total cash compensation. Each officer's 2023 base salary (taking into account annual short-term at-risk compensation targets) was within the competitive range (defined as plus or minus 20% from the median compensation level, based upon available survey data) of target total cash compensation.

For 2023, annual base salaries for NEOs were increased to reflect cost-of-living increases and, in some cases, performance and promotions as described in the chart below. This is intended to compensate NEOs for job performance and overall leadership while maintaining salaries within the "competitive range" of the market data. This market data is updated annually by the independent compensation consultant retained by the Board. The below table represents the 2022 and 2023 annualized salaries for our NEOs.

Name	2022 Base Salary $	2023 Base Salary $	Change in Base Salary %
Martin A. Kropelnicki	1,050,000	1,050,000	—
David B. Healey(1)	285,600	470,000	64.6
Thomas F. Smegal III(2)	504,400	524,600	4.0
Paul G. Townsley(3)	450,000	470,300	4.5
Michael B. Luu(4)	378,400	429,200	13.4
Ronald D. Webb	318,500	334,500	5.0
Shawn C. Bunting(5)	—	400,000	—

(1) Mr. Healey retired December 31, 2022 as Vice President, Corporate Controller. Mr. Healey returned to the Company on May 31, 2023 and was appointed Interim Vice President, Chief Financial Officer and Treasurer until January 3, 2024.

(2) Ms. Smegal ceased to be Vice President, Chief Financial Officer and Treasurer effective May 31, 2023 and transitioned to the part-time role of Manager of Special Projects for the remainder of the year. Mr. Smegal's 2023 annual base salary amount reflects Mr. Smegal's base salary in effect at the time he stepped down from his role of Vice President, Chief Financial Officer and Treasurer on May 31, 2023. For more discussion on the terms of Mr. Smegal's transition agreement, please see the section titled "Transition Agreements and Severance Arrangements" in this Proxy Statement.

(3) Mr. Townsley's 2023 base salary reflects added responsibilities to his role as Vice President, Business Development prior to his retirement on May 1, 2023.

(4) Mr. Luu was promoted to Senior Vice President, Corporate Services & Chief Risk Officer effective June 1, 2023.

(5) Mr. Bunting began his employment with the Company effective February 28, 2023.

Short-Term Performance-Based Award Opportunity

As strategic goals are long-term in nature, we maintain an annual performance-based short-term at-risk compensation program for officers designed to align annual performance and achievement with the long-term strategic goals of the Group. The performance- based short-term compensation is fully at risk with payout, dependent upon achievement of certain performance objectives over a one-year performance period.

For additional description of the program, performance metrics, and the factors used by the Committee to establish the 2023 short-term at-risk performance metrics, see "Performance-Based Short-Term At-Risk Compensation" in this Proxy Statement.

Performance and Time-Based Equity Compensation

Our long-term equity compensation is designed to align executive compensation with the long-term interests of both stockholders and customers, to create incentives for officer recruiting and retention, to encourage long-term performance by our officers, and to promote stock ownership. We grant our officers long-term equity compensation consisting of performance-based restricted stock units (RSUs) and time-based restricted stock awards (RSAs).

More than half of our long-term equity is in the form of RSUs subject to at-risk performance-based vesting criteria, vesting 0% to 200% based on performance of each metric. RSUs reward officers only if preset performance targets are met and vest subject to the level of achievement under a three-year performance period. Time-based RSAs vest over three years, vesting one-third at the end of the first year and the remaining shares vesting quarterly over the next 24 months.

For additional description of the program, performance metrics, and the factors used by the Committee to establish the 2023 long-term at-risk performance metrics, see "2023 Long-Term Performance and Time-Based Equity Compensation" in this Proxy Statement.

3 EXECUTIVE COMPENSATION GOVERNANCE AND PROCESS

Role of the Organization and Compensation Committee

We are committed to the highest standards of compensation governance. Comprised entirely of independent outside directors, the Committee is responsible for overseeing our compensation programs for officers and officer succession. This includes reviewing and approving goals and objectives relevant to the compensation of our CEO, evaluating our CEO's performance in light of those goals and objectives, and based on this evaluation, recommending our CEO's compensation level to the independent directors for approval.

The Committee also recommends to the Board compensation levels and at-risk performance objectives for officers for the 12-month period beginning January 1 of each year. These objectives align with stockholder and customer interests and support our long-term growth and health of the Company. To assist the Committee, our Chairman, President & CEO provides an assessment of each officer's performance and contribution towards the key corporate goals. Our Chairman, President & CEO's recommendations regarding direct compensation adjustments are provided to the Committee for each of our officers other than himself based on the competitive data and the other factors described below under "Total Compensation Factors."

The Committee may delegate its duties and responsibilities to one or more subcommittees, consisting of not less than two members of the Committee, as it determines appropriate. The Committee also has the authority to engage outside advisors, such as compensation consultants, to assist it in carrying out its responsibilities.

The Committee starts its planning and review process in February of each preceding year and generally concludes its process in November. After year-end results are final, the Committee reviews the achieved results for the prior year, certifies the achievement of each goal, approves payment of at-risk compensation as certified, and approves the at-risk compensation targets for the current year.

The following summary outlines the key features of our officer compensation program:

WHAT WE DO

- We retain an independent compensation consultant who reports to the Organization and Compensation Committee.
- We pay for performance with compensation in the form of annual short-term at-risk performance-based compensation, as well as award more than half of long-term equity compensation in the form of at-risk restricted stock units (RSUs) subject to performance-based vesting criteria over a three- year period.
- We set minimum performance standards for incentive compensation.
- We cap individual payouts for short-term at-risk performance-based compensation and long-term at-risk equity compensation plans.
- We hold an annual "say-on-pay" advisory vote.
- We require stock ownership with minimum holding requirements for all directors and officers to promote a long-term perspective in managing the Group and to help align the interests of our stockholders, directors, and officers.
- We adopted an executive compensation recovery, or "clawback," policy aligned with NYSE requirements and Rule 10D-1 under the Securities and Exchange Act of 1934 requiring the reimbursement of excess incentive-based compensation provided to the executives in the event of certain restatements of our financial statements.

WHAT WE DON'T DO

- No excessive perquisites; the Group provides officers with only limited perquisites consisting of a company vehicle with related excess liability insurance.
- No tax gross-ups on perquisites or other personal benefits.
- No employment agreements; other than participation in the Executive Severance Plan, none of our current officers are party to individual employment or severance agreements.
- No single-trigger change-in-control benefits; the Group's Executive Severance Plan provides for change-in-control severance benefits upon a qualifying termination of employment following a change-in- control; the Group's equity compensation plan does not require single-trigger vesting acceleration upon a change-in-control.
- No hedging and pledging of Group stock; the Group's directors and officers are prohibited from hedging their ownership of Group stock, including trading in options, puts, calls, or other derivative instruments related to Group stock or debt, in accordance with the anti-hedging prohibition in our insider trading policy; directors and officers are also prohibited from pledging their ownership of Group stock in accordance with an anti-pledging provision in our insider trading policy.

Role of the Independent Executive Compensation Consultant and Total Compensation Factors

Each year the Committee reviews, assesses, and recommends to the full Board all compensation for our officers after determining that the compensation for these individuals is competitive relative to companies of comparable size, complexity, location, and business nature (see below for additional discussion of this comparison).

Role of the Independent Executive Compensation Consultant

With respect to 2023 compensation decisions, the Committee engaged Meridian Compensation Partners (Meridian) as its independent executive compensation consultant.

Under the terms of its engagement, Meridian reports directly to the Committee; the Committee has sole authority to retain, terminate, and approve the fees paid to Meridian; and Meridian may not be engaged to provide any other services to the Company without the approval of the Committee. Other than its engagement by the Committee, Meridian does not perform any other services for the Group. The Committee believes having an independent evaluation of compensation is a beneficial tool for the Committee, the Group, and stockholders. The Committee retained Meridian for several purposes, including:

- Constructing and reviewing competitive compensation comparisons from readily available published survey and public filings data
- Performing a competitive assessment of the compensation programs and best practices for directors and officers
- Reviewing our compensation plans, including base salary, short-term at-risk compensation, and long-term at-risk equity compensation, relative to the plans of our proxy peer group

The Committee annually assesses Meridian in light of various factors, including performance and those factors required by SEC rules and NYSE Listed Company Rules regarding compensation consultant independence. The Committee has affirmatively concluded that Meridian is independent from California Water Service Group and has no conflicts of interest relating to its engagement by the Committee.

Total Compensation Factors

The Committee reviewed a number of compensation recommendations, including those pertaining to the officers that were based on the competitive assessments provided by and through consultation with Meridian. The Committee's recommendations to the Board were made, however, entirely by the Committee in its sole discretion.

To determine competitive compensation practices for 2023, the Committee relied, in part, on published survey compensation data, as well as proxy data for individual peer companies, compiled by Meridian. The individual companies are referred to in this proxy statement as the "Peer Group." In partnership with the independent consultant, a robust process has been established to appropriately assess the relevance of different companies in the context of making competitive compensation comparisons. As with prior years, an established process was used to assess the proxy peer group composition and to establish the fiscal 2023 peers using the following factors:

Regulated Utilities	Companies that are generally highly regulated public gas, water, or multi-utility-based organizations
Similar Business Models	Companies that operate in similar arenas, requiring similar skills and experiences from their executive talent, and being subject to similar market forces
Size (Revenue Within 1/2x-2x Range)	Companies of a broadly relevant size as an indicator of complexity and scope for executive roles; companies that are of a reasonable size for making market comparisons
Other Factors	Companies that are subject to unique California statutes that are applicable to the Group (we aim for a portion of the peer group to meet this requirement)

On October 24, 2023, the Committee approved the following 2023 proxy peer group from which to derive competitive pay information, comparing each officer's compensation to market levels for his/her executive position.

Allete, Inc.	**MGE Energy**
American States Water Company	**Northwest Natural Gas Company**
Avista Corporation	**NorthWestern Corp.**
Black Hills Corp.	**Otter Tail Corporation**
Chesapeake Utilities Corp.	**PNM Resources**
Essential Utilities, Inc.	**San Jose Water Group**
IDACORP, Inc.	**Unitil Corporation**

After consideration of the competitive data, in making compensation recommendations for the 2023 fiscal year for the officers, the Committee's general objective was to set total compensation within a "competitive range" for each officer's position based on the competitive data. The Committee considers the "competitive range" to mean that compensation levels are within plus or minus 20% of the median compensation levels, as determined by reference to data derived from peer group companies or general industry survey data, as applicable. Given reliable proxy data is only available for the CEO and CFO, general industry survey data is referenced using the same approach for the officers in non-CEO and non-CFO roles.

In addition to competitive marked data, the Compensation Committee considered other factors when setting each officer's compensation including each officer's experience, tenure, performance and leadership, Group's performance, regional cost-of-living adjustments, internal equity among the officers, and the need to retain and motivate strategic talent. Based on these other factors, the Compensation Committee may determine it is appropriate to set an officer's total compensation outside the competitive range.

Stockholder Engagement and Say-on-Pay

Our Board and management value the views of our stockholders and believe that maintaining an active dialogue with them is important to our commitment to long-term stockholder value. For fiscal year 2023, we received 96% of the votes cast on the Say-on-Pay advisory vote taken at the 2023 Annual Meeting of Stockholders. In light of the strong support received at our last Say-on-Pay vote, we did not make any changes to the executive compensation program in response to the 2023 Say-on-Pay vote.

Say-on-Pay Vote

2023	2022	2021	2020	2019
96%	92%	93%	92%	94%

The Committee recognizes that best practices in executive compensation continue to evolve, and we believe in soliciting feedback from stockholders to better understand their perspectives, to receive their input on our business strategy and execution, and to gather feedback regarding other matters of investor interest. Over the course of 2023, management engaged regularly with investors at conferences, one-on-one meetings, and other forums, and discussed several topics, including corporate strategy, financial results, executive compensation, and environmental, social, and governance issues.

Through stockholder feedback, we have observed the following:

- **Stockholders have shared favorable views of our executive leadership team**, including each of the named executive officers, and the alignment between pay and performance.
- **Stockholders understand the drivers of the non-cash change in pension** which can change significantly based on uncontrollable factors (such as the discount rate) represent a large non-cash portion of the reported total compensation for our CEO and did not see previously reported amounts as a risk factor that influenced their Say-on-Pay vote. Instead, stockholders tend to focus on changes in our CEO's pay, excluding the actuarial change in pension value.

The table below shows the Board's and Compensation Committee's responsiveness to stockholder feedback over the past several years.

Recent Governance and Executive Compensation Changes

Governance

- Formed the Enterprise Risk Management, Safety, and Security Committee
- Environmental, social, and governance (ESG) items are now overseen by the Nominating/Corporate Governance Committee
- Adopted four new policies: Environmental Sustainability; Diversity, Equality, and Inclusion; Political Engagement; and Human Rights
- Intend to publish our 2023 ESG report in May 2024 with disclosure aligned with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standards and the recommendations of the Task Force on Climate-related Financial Disclosures as well as in reference to Global Reporting Initiative (GRI) standards
- Included an ESG metric in the 2020, 2021, 2022, and 2023 long-term at-risk compensation program for the three-year performance periods 2020-2022, 2021-2023, 2022-2024, and 2023-2025

Compensation

- Continued emphasis on allocating long-term equity compensation to performance-based equity awards
- Modified the performance criteria used for long-term and short-term at-risk compensation programs
- Revised the methodologies used to determine our Supplemental Executive Retirement Plan (SERP)'s actuarial assumptions and amended the plan, increasing the plan's unreduced retirement age from 60 to 65
- Conducted an independent, third-party review of:
  - Our President and CEO's compensation program
  - Our executive short-term and long-term at-risk compensation programs
  - Our proxy peer group
- Updated our peer group to reflect industry changes

4 2023 PERFORMANCE GOALS AND PERFORMANCE

Pay-for-Performance

Our executive compensation program is designed to link officer compensation to our overall short-term and long-term performance (as measured by key operational and financial objectives incorporated in both short-term (ARP) and long-term (ARP-LT) performance- based compensation programs as outlined below.

- We utilize a short-term performance-based compensation program consisting of an annual at-risk performance-based short-term cash award that supports our long-term growth objectives of the Group.
- We grant to our officers long-term equity compensation of which more than half is in the form of restricted stock units (RSUs) subject to at-risk performance-based vesting criteria. The Group's Chairman, President & CEO is awarded 64% of long-term equity compensation in the form of RSUs, subject to performance-based vesting criteria, with the remaining 36% awarded in the form of time-based restricted stock awards (RSAs). The Group's senior vice presidents are awarded 65% of long-term equity compensation in the form of RSUs, subject to performance-based vesting criteria, with the remaining 35% awarded in the form of RSAs. The Group's vice presidents are awarded 61% of long-term equity compensation in the form of RSUs, subject to performance-based vesting criteria, with the remaining 39% awarded in the form of RSAs. All other executives are awarded 61% of long-term equity compensation in the form RSUs, subject to performance-based vesting criteria, with the remaining 39% awarded in the form of RSAs.
- We use a three-year performance period for the long-term performance-based RSUs with vesting based upon achievement of annual performance targets related to ESG, shareholder value, and earnings per share.

2023 Corporate Goals, Objectives, and Achievements

Each year, our officers establish a number of corporate goals and objectives that seek to promote long-term growth and align the interests of stockholders, customers, and employees. The objectives are communicated internally and monitored quarterly. Changes in base salary for our Chairman, President & CEO and other NEOs are generally based on progress against certain of these key corporate goals, officer performance goals, and individual officer performance.

Once the Committee assesses the business results for each long-term goal as described below for 2023, the Committee then reviews and discusses the overall performance of each officer and the competitive data provided by the independent consultant retained by the Committee. Once reviewed and agreed upon, the Committee recommends to the Board the base salaries for our officers (including the Chairman, President & CEO).

Group Operations:	• Began serving 1,640 new customers through acquisitions of Bethel Green Acres Water Association, Skylonda Mutual Water Company, Monterey Water Company, City of Willows, and Stroh's Water Company • Added 1,770 equivalent dwelling units of wastewater customers through the acquisitions of HOH Utilities, LLC on the island of Kauai • Ranked highest in overall customer satisfaction among large water utilities in the western United States, in the J.D. Power 2023 Water Utility Residential Customer Satisfaction Study℠ • Named one of "World's Most Trustworthy Companies" by **Newsweek** magazine for 2023 in its inaugural list • Earned the U.S. Environmental Protection Agency's 2023 WaterSense Excellence in Promoting WaterSense Labeled Products Award • Completed first Greenhouse Gas (GHG) Protocol science-aligned inventory for Scope 1 and 2 GHG emissions • Completed targeted regional Water Supply Reliability Study and climate risk analysis • Increased spending with diverse vendors to more than 27% in California
Financial:	• Invested $383.7 million of capital in accordance with our infrastructure improvement program, including $17.2 million in developer funded capital • Achieved the majority of our operational goals while keeping controllable costs within budget • Increased the Group's 2023 annual dividend by four cents, or 4.0%, which represents our 56th consecutive annual dividend increase • Entered into unsecured revolving credit facilities for Group and its subsidiaries totaling $600 million for a term of five years
Regulatory:	• Secured $4.3 million in grants to reduce rate impacts of critical water supply projects in disadvantaged communities • Assisted customers in receiving more than $2 million from the state and federal Low-Income Household Water Assistance Program (LIHWAP) • Applied for $83 million from the State of California Water Arrearages Payment Program to pay residential and commercial customer delinquent and uncollected account balances as well as the administrative expenses of the program
Employee Retention and Development:	• Graduated nine employees from our new Operations Leadership Program and enrolled another 15 employees into the program, which supports the growth of our employees by defining career maps, offering educational resources, and connecting members with a trained mentor • Provided unconscious bias training to more than 95% of our employees • Invited all employees to participate in the "At-Risk Pay Program", a program that rewards performance against the same short-term at-risk performance metrics as the executive compensation program • Further increased presence in diverse recruiting channels and engaged prospective employees through multiple career fairs, including military-, disability-, and minority-focused career fairs • Received recertification as a Great Place to Work® by the Great Place to Work® Institute for the eighth consecutive year

Performance-Based Short-Term At-Risk Compensation

As strategic goals are long-term in nature, we maintain an annual performance-based short-term at-risk compensation program for officers designed to align annual performance and achievement with the long-term strategic goals of the Group. The performance- based short-term compensation is fully at risk with payout dependent upon achievement of certain performance objectives over a one- year performance period.

The Committee considered a number of factors when establishing the 2023 short-term at-risk performance metrics, including:

- Our long-term strategic plan
- Historical performance
- The regulatory environments in which we operate
- Feedback and analysis from our independent compensation consultant
- Stockholder feedback
- Management performance

The annual performance metrics are designed to reward performance, to foster and enhance cross-functional integration, and to support customer service, continuous improvement, and team accountability while focusing on key corporate goals and initiatives that align with our strategic priorities and long-term growth. Performance metrics focus on achieving annual financial, operational, and safety goals, all of which are tied to advancing the Company's values, key initiatives, and long-term sustainable growth for our stockholders.

As in prior years, the annual short-term at-risk compensation program for 2023 included two financial metrics-Infrastructure Improvement and Utility Plant Investment and Budget to Actual Performance (EPS). Both of these metrics are key measures of overall Company financial performance and health and are drivers of sustained stockholder value.

The annual performance-based short-term at-risk compensation program also includes three performance metrics tied to operations, customer service, and public health. For 2023, these performance metrics were Water Quality and Public Health, Customer Service and Support, and Emergency Preparedness and Safety. These metrics reflect the critical importance of and the Company’s long-standing focus and prioritization on public health and safety for our customers, employees, and communities and providing affordable and excellent service to our customers. As a provider of essential water and wastewater services to approximately 2 million people, we must provide safe, reliable, uninterrupted service to our customers. We also must comply with the policies and procedures established by the states we operate in as called for by the Safe Drinking Water Act. We must also comply with numerous regulations such as the California State Water Resources Control Board, Division of Drinking Water (DDW) standards, which also incorporates U.S. Environmental Protection Agency (EPA) drinking water standards. Similarly, our subsidiaries in Washington, Hawaii, and New Mexico are regulated by their respective state health regulators and the EPA. The operational performance metrics support our commitment to compliance with these policies, procedures, and regulations.

Targets for each of the performance metrics were designed to be challenging but critical to how we operate as a public utility to serve our customers, communities, and stockholders. All metrics under the annual short-term at-risk compensation program are equally weighted. If the threshold performance level is reached for a performance metric, the total payout for that metric is 50% of the target payout opportunity. If the maximum performance level is reached for a performance metric, the total payout for that performance metric is capped at 200% of the target payout opportunity. If the threshold goal is not achieved for a performance metric, there is no payout for that performance metric.

For 2023, there was no payout under the Budget to Actual (EPS) performance metric as threshold achievement was not met, primarily due to the delayed final decision from the CPUC on Cal Water’s then pending 2021 General Rate Case (2021 GRC) to set new revenue, rates, and regulatory mechanisms. The 2021 GRC was originally scheduled to be completed on December 31, 2022 with new rates effective on January 1, 2023. On January 24, 2024, the assigned CPUC Administrative Law Judges (ALIs) issued a Proposed Decision (PD) on the fully litigated 2021 GRC, and concurrently, the assigned CPUC Commissioner issued an Alternate Proposed Decision (APD) opposing and modifying certain decisions made by the ALIs. We were unable to determine which of the two proposed decisions would be adopted by the CPUC, or if a second alternate proposed decision would be issued. As a result of this uncertainty, we were unable to reasonably estimate and record the impact on 2023 operating revenue and therefore the Committee did not approve any payout of the budget to actual performance metric for 2023, which was weighted as 20% of the total plan.

For 2023, the Committee granted the opportunity for our officers to receive short-term at-risk (ARP) performance awards as follows:

Chairman, President & CEO

Target ARP Payout:
100% of base salary

Actual ARP Payout Range:
0% to 200% of target, based on performance

All Other Officers

Target ARP Payout:
30% of base salary

Actual ARP Payout Range:
0% to 200% of target, based on performance

Payment of the short-term at-risk performance awards is typically made in March, following the Group's receipt of audited financial statements and the subsequent certification of the Group's performance by the Committee.

See below for additional information regarding the performance goals and resulting payouts under the annual short-term at-risk compensation program for 2023.

2023 Annual Short-Term At-Risk Performance Goals

Water Quality and Public Health
Weight: 20%

This metric evaluates performance based on the number of procedural violations and violations of primary and secondary drinking water standards. The CPUC has authority to set drinking water standards for Cal Water. It has adopted the California State Water Resources Control Board, Division of Drinking Water (DDW) standards, which also incorporate U.S. Environmental Protection Agency (EPA) drinking water standards. Similarly, the Group's subsidiaries in Washington, Hawaii, and New Mexico are regulated by their respective state health regulators and the EPA. We have continued to include all state operations in the performance metric for primary water quality. The secondary and procedural water quality metrics measure activity in the California subsidiary only, but in the future, secondary and procedural water quality metrics could include other states' compliance.

- A primary drinking water standard violation is related to public health, either acute or long-term
- A secondary drinking water standard violation is related to taste or aesthetics, such as excessive iron and manganese, which can generate customer complaints
- A procedural drinking water violation is a missed sample or other non-compliance item that is not a violation of a primary or secondary drinking water standard

We make it a priority to meet all water quality standards, every day, in every service area. For this reason, the target performance level was set for no primary drinking water standard violations, two or fewer secondary drinking water standard violations, and no more than four procedural drinking water violations.

Performance Level*	Primary Drinking Water Standards Violations (all states)	Secondary Drinking Water Standards Violations (California only)	Procedural Drinking Water Violations (California only)	Percent of Target Earned
Maximum	0	0	0	200%
Target	0	2 or fewer	Up to 4	100%
Threshold	1 or fewer	4 or fewer	Up to 8	50%

* An additional tier applies between the target and maximum level

Customer Service and Support Weight: 20%	The first metric measures against CPUC standards and three internal performance indicators for all California service areas, Hawaii, New Mexico, and Washington, including key measurements for telephone responsiveness, service responsiveness, billing accuracy and timeliness, and general levels of customer complaints. CPUC customer service standards are found in the CPUC's General Order 103-A. The Customer Service metric is evaluated each quarter for 10 measurements in 20 California service areas, Hawaii, New Mexico, and Washington for an annual target of 863 – 848 and a maximum annual measurement of 920. The second performance metric is based upon the Company implementing PromisePay to allow for more flexible and convenient payment arrangements and achieving an overall 20% reduction in California customer accounts receivable 90 days and over by the end of 2023 compared to 2022 through all outreach and assistance efforts.

Performance Level*	Criteria	Percent of Target Earned
Maximum	99.1% of maximum annual metric, plus PromisePay implementation and a 20% reduction in California customer accounts receivable 90 days and over from all customer outreach	200%
Target	92.1.% of maximum annual metric	100%
Threshold	90.0% of maximum annual metric	50%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

Infrastructure Improvement and Utility Plant Investment Weight: 20%	Historically, the annual Board-approved capital expenditures budget is the target for this metric. Investment in utility plant, property, and equipment is a driver of stockholder return and a key component of providing reliable, high-quality water service to customers. This metric is updated each year to reflect the annual approved capital program and budget for the Group and its subsidiaries and is tied to regulatory approvals. As the outcome of the California general rate case was still pending as of fiscal year end and there was not yet regulatory approvals for 2023, the 2023 target performance level was set at $290 million.

Performance Level*	2023 (In Millions)	Percent of Target Earned
Maximum	$330	200%
Target	$290	100%
Threshold	$245	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

Budget to Actual Performance (EPS)
Weight: 20%

This metric measures the annual budget-to-actual performance of the Company. Specifically, this measure compares the actual diluted earnings per share to the forecasted diluted earnings per share for the calendar year. The forecasted diluted earnings per share is adopted during the budget process by the Board of Directors each year at its January meeting. By adhering to budgets, management can demonstrate to the Board, stockholders and customers that the Company is effective at managing controllable costs and has the ability to efficiently execute its business plan.

Performance Level*	EPS Variance From Budget	Percent of Target Earned
Maximum	Over 10%	200%
Target	−2.5% to 2.5%	100%
Threshold	−7.6% to −10%	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

Emergency Preparedness and Safety
Weight: 20%

This metric is measured annually and is comprised of five safety program components. These five components include Community Emergency Operations Center (EOC) training; full attendance at Cal Water mandated safety, wildfire preparedness, and cyber training for all employees (minimum of five training topics annually); Total Case Incident Rate (TCIR), which represents the average number of work-related injuries incurred by 100 workers during a one-year period as measured against California companies; the number of preventable vehicle accidents; and the number of unannounced site safety audit and immediate onsite reviews. The five safety components are weighted as follows:

- Community EOC Training measure — 20%
- Training attendance rate measure — 10%
- TCIR measure — 20%
- Preventable vehicle accident measure — 25%
- Unannounced site safety audit and immediate onsite review — 25%

Focused on improving the management of these safety programs, our officers have set this metric to improve performance from current conditions towards industry averages, where applicable, and performance expectations.

Community EOC Training

Performance Level*	Performance Target	Percent of Target Earned
Maximum	Conduct 17 community EOC trainings	200%
Target	Conduct 12 community EOC trainings	100%
Threshold	Conduct 10 community EOC trainings	50%

* An additional tier applies between the target and maximum level.

Training Attendance

Performance Level*	Performance Target	Percent of Target Earned
Maximum	100% of applicable employees	200%
Target	85% of applicable employees	100%
Threshold	70% of applicable employees	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

TCIR

Performance Level*	Performance Target	Numeric Equivalent	Percent of Target Earned
Maximum	25% improvement over target results	2.55	200%
Target	Maintain 2022 achieved TCIR, excluding OSHA reportable COVID-19 incidents	3.40	100%
Threshold	85% of target results	3.91	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

Preventable Vehicle Accident

Performance Level*	Performance Target	Numeric Equivalent	Percent of Target Earned
Maximum	20% improvement over 3-year average (2020-2022) achieved results	33	200%
Target	Maintain 3-year average (2020-2022) achieved results	41	100%
Threshold	85% of 3-year average (2020-2022) achieved results	47	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

Unannounced Site Safety Audit and Immediate Onsite Review

Performance Level*	Performance Target	Percent of Target Earned
Maximum	505 Audits	200%
Target	365 Audits	100%
Threshold	260 Audits	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

2023 Short-Term Performance Goal Achievements

Performance Metric	Minimum Threshold Performance	Target Performance	Maximum Performance	Achieved Results
Water Quality and Public Health Weight: 20%	Up to one primary (all states), up to four secondary (California only), up to eight procedural violations (California only)	No primary (all states), up to two secondary (California only), up to four procedural violations (California only)	No primary (all states), no secondary (California only), no procedural violations (California only)	**200%** — No primary, no secondary, no procedural violation
Customer Service and Support Weight: 20%	90.9% of the maximum annual metric	93.9% of the maximum annual metric	99.1% of the maximum annual metric, plus implementation of Promise Pay and a 20% reduction in California customer accounts receivable 90 days and over from all customer outreach and assistance efforts	**175%** — Achieved 100% of the maximum annual metric, implementation of PromisePay achieved, 20% reduction in California customer accounts receivable 90 days and over was not achieved
Infrastructure Improvement and Utility Plant Investment Weight: 20%	$245 million in company-funded capital expenditures	$290 million in company-funded capital expenditures	$330 million in company-funded capital expenditures	**200%** — $366 million in company-funded expenditures
Budget to Actual (EPS) Weight: 20%	Negative 10% EPS variance from budget	+/- 2.5% EPS variance from budget	Positive 10% EPS variance from budget	**0%** — (53%) variance from budget
Emergency Preparedness and Safety Weight: 20%				**114%** — Overall safety
	• Conduct 10 community EOC trainings	• Conduct 12 community EOC trainings	• Conduct 17 community EOC trainings	• Conducted 19 community EOC trainings
	• 70% of applicable employees trained	• 85% of applicable employees trained	• 100% of applicable employees trained	• 99% of applicable employees trained
	• 85% of target results	• Maintain 2022 target TCIR numeric equivalent, metric excludes OSHA reportable COVID-19 incidents	• 25% improvement over target results	• No improvement over 2022 TCIR results
	• 85% of target results	• Maintain 3-year average (2020-2022) achieved results	• 20% improvement over target result	• No improvement over three-year average result
	• 260 unannounced site safety audits and immediate onsite review	• 365 unannounced site safety audits and immediate onsite review	• 505 unannounced site safety audits and immediate onsite review	• 434 unannounced site safety audits and immediate onsite review

Consistent with the results summarized above, the Committee approved the total payout of 138%.

Performance Metric	Weight	Achievement	Achieved Results
Water Quality and Public Health	20%	200%	40%
Customer Service and Support	20%	175%	35%
Infrastructure Improvement and Utility Plant Investment[(1)]	20%	200%	40%
Budget to Actual Performance (EPS)[(2)]	20%	0%	0%
Emergency Preparedness and Safety	20%	114%	23%
Final 2023 Achievement			**138%**

(1) Company-funded capital expenditures were $366.4 million. The Group's 2023 achieved capital expenditures was $383.7 million as reported in item 7 of the Group's Form 10-K for the year ended December 31, 2023 as filed with the SEC. Excluding developer-funded expenditures of $17.2 million and including a decrease in accounts payable accrual of $2.9 million for capital project spend, the Group spent $366.4 million on company-funded capital expenditures for the 2023 performance period.

(2) Due to the continued delay by the California Public Utilities Commission on our 2021 General Rate Case which precluded us from recovering significant costs we incurred.

The table below summarizes the total performance-based short-term at-risk compensation earned by our officers for the fiscal year ended December 31, 2023.

Name	2023 Short-Term At-Risk Compensation Earned ($)[(1)]
Martin A. Kropelnicki	$1,449,00
David B. Healey	113,505
Thomas F. Smegal	90,494
Paul G. Townsley	151,871
Michael B. Luu	172,204
Ronald D. Webb	138,483
Shawn C. Bunting	138,000

(1) The short-term at-risk compensation is paid out annually following certification of the prior year's results by the Committee.

2023 Long-Term Performance and Time-Based Equity Compensation

The purpose of our long-term equity compensation is to align executive compensation with the long-term interests of both stockholders and customers, to create incentives for officer recruiting and retention, to encourage long-term performance by our officers, and to promote stock ownership. Risk is taken into account in determining the aggregate amount of at-risk compensation and performance criteria, including assessment of risk management and risk mitigation.

As with target short-term at-risk compensation, the Committee reviewed the competitive range of long-term equity compensation and total direct compensation for similar positions within the competitive market in making decisions regarding long-term equity compensation awards for 2023. The Committee also believes that, in the interest of strengthening and rewarding teamwork and collaboration within the officer team, the annual equity awards granted to each of our officers should be based on the same objectives and methodology.

Based on the methodology described above the Committee set the total target value for the long-term at-risk (ARP-LT) equity compensation awards for 2023 and 2022 as follows:

2023 Total Target Value for Long-Term At-Risk Equity Compensation Awards

President & CEO — Target ARP-LT Total Value: $1,300,000 ($832,000 RSUs and $468,000 RSAs)

Group's Senior Vice Presidents — Target ARP-LT Total Value: $215,000 ($140,000 RSUs and $75,000 RSAs)

Group's Vice Presidents — Target ARP-LT Total Value: $190,000 ($115,000 RSUs and $75,000 RSAs)

All Other Officers — Target ARP-LT Total Value: $115,000 ($70,000 RSUs and $45,000 RSAs)

2022 Total Target Value for Long-Term At-Risk Equity Compensation Awards

President & CEO — Target ARP-LT Total Value: $1,030,000 ($652,000 RSUs and $368,000 RSAs)

Group's Senior Vice Presidents — Not Applicable

Group's Vice Presidents — Target ARP-LT Total Value: $170,000 ($95,000 RSUs and $75,000 RSAs)

All Other Officers — Target ARP-LT Total Value: $100,000 ($55,000 RSUs and $45,000 RSAs)

For the performance metrics applicable to the 2023 performance-based RSU award, the Committee will certify the level of achievement at the end of the three-year performance period. The number of shares awarded at the end of the three-year performance period is based on the extent the performance criteria is met over such time and subject to the officer's continued employment through such date.

The 2023 performance-based RSUs are subject to the following performance measures, goals, and related payout levels for the three-year period ending on December 31, 2025.

2023 Long-Term Performance-Based Equity Compensation Metrics (Performance Period 2023 — 2025)

Return on Equity
Weight: 40%

This metric measures return on equity (ROE) as shown in the public financial statements of California Water Service Group. It is defined as net income divided by average common stockholders' equity for the three- year performance period. The final three-year achievement will be certified at the end of the three-year performance period. Stockholders expect the Company to earn its authorized return on equity for its regulated business. For this reason, the metric uses the authorized ROE as the target for 100% performance achievement. The rationale for tiers above and below the authorized ROE is to account for regulatory mechanisms and lag.

Performance Level*	Annual Return on Common Stockholders' Equity	Percent of Target Earned
Maximum	Target plus 50 basis points	200%
Target	California authorized ROE	100%
Threshold	Target minus 200 basis points	20%

* An additional tier applies between the target and maximum level.

Growth in Stockholders' Equity
Weight: 40%

This metric measures growth in stockholders' equity by the accumulation of two factors over the performance period growth in total stockholders' equity and actual dividends paid in the calendar year. These growth values can be objectively validated using the Company's audited annual financial statements. The metric, in a stock-price neutral way, measures the growth in stockholders' equity created by the Company over the performance period. Investors in water utilities are interested in value creation along with dividend growth.

Performance Level*	Accumulation of Stockholder Value Over the Performance Period	Percent of Target Earned
Maximum	$750 million	200%
Target	$650 million	100%
Threshold	$575 million	25%

* Multiple tiers apply between the threshold and target level, and between the target and maximum level.

Environmental, Social, and Governance - Environmental Leadership
Weight: 20%

In 2020, we completed a materiality assessment to identify the ESG topics most material to our business. We followed in 2021 with our first framework-aligned ESG Report, four new ESG-related policies (Political Involvement, Human Rights, Diversity, Equality & Inclusion, and Environmental Sustainability), an ESG governance framework, a climate change strategy, and a robust ESG goal-setting process.

We have integrated ESG into our strategic framework and planning process, which will ensure continued progress on material ESG topics. This ESG performance metric rewards completion of three cross-functional projects:

1. Set an emissions reduction target for Scope 1 and 2 emissions by end of 2025.
2. Implement a multi-year strategy to improved energy efficiency in California office facilities, including:
    a. By end of 2024, set an enterprise-wide energy efficiency standard for office buildings.
    b. By end of 2025, replace office facility lighting with available LED lighting at district office facilities identified in our 2023 energy audit as suitable based upon cost and energy savings.
3. By end of 2023, identify opportunities for all employees to participate in a community service or volunteer project. By end of 2025, achieve an employee participation rate of 50% and a work site participation rate of 90%.

Performance Level	Performance Target	Percent of Target Earned
Maximum	Achieve three goals	200%
Target	Achieve two goals	100%
Threshold	Achieve one or fewer goals	0%

2021 Long-Term Performance-Based Equity Compensation Achievement (Performance Period 2021 — 2023)

In 2021, we granted performance-based equity in the form of RSUs to our officers for the three-year performance period ending on December 31, 2023. The component weighting is 40% for each of the two financial measures and 20% for the environmental leadership metric. The payouts are summarized below:

Performance Metric	Annual Threshold Performance	Annual Target Performance	Annual Maximum Performance	Achieved Results
Return on Equity Weight: 40%	7.20% in 2021 and 2022, 8.27% in 2023	CPUC authorized ROE: 9.20% in 2021 and 2022, 10.27% in 2023	9.70% in 2021 and 2022, 10.77% in 2023	**80%** — GAAP ROE — 9.71% in 2021, 7.70% in 2022, 3.73% in 2023
Growth in Stockholders' Equity Weight: 40%	$345 million	$420 million	$520 million	**200%** — $677 million
Affordability and Rate Design Weight: 20%	Implementation of rate design which increases the total percent of company-wide annual revenue requirement collected through a customer's fixed monthly service charge	Implementation of rate design which increases the total percent of company-wide annual revenue requirement collected through a customer's fixed monthly service charge, and reduces the typical Customer Assistance Program ("CAP") customer bill in 5 service areas as compared to the rate design approved in the 2018 rate case	Implementation of rate design which increases the total percent of company-wide annual revenue requirement collected through a customer's fixed monthly service charge, and reduces the typical Customer Assistance Program ("CAP") customer bill in 15 service areas as compared to the rate design approved in the 2018 rate case.	**200%** — Implemented rate design which increases the total percent of company-wide annual revenue requirement collected through a customer's fixed monthly service charge, and reduces the typical Customer Assistance Program ("CAP") customer bill in 15 service areas as compared to the rate design approved in the 2018 rate case.

Consistent with the results summarized above, the Committee approved the total payout of 152%.

Performance Metric	Weight	Achievement	Achieved Results
Return on Equity	40%	80%	32%
Growth in Stockholders' Equity	40%	200%	80%
Affordability and Rate Design	20%	200%	40%
Final Achievement			**152%**

The table below summarizes the total performance-based equity compensation earned by our officers for the three-year performance period ended December 31, 2023.

Name	2023 Performance Stock Earned ($)[1]
Martin A. Kropelnicki	667,288
David B. Healey	88,556
Thomas F. Smegal	102,807
Paul G. Townsley	102,807
Michael B. Luu	102,807
Ronald D. Webb	102,807
Shawn C. Bunting[2]	—

(1) The shares for the 2021 performance stock award, which is comprised of the years 2021, 2022, and 2023, were earned and vested following the end of the three- year performance period on March 2, 2024.

(2) Mr. Bunting was not an employee in 2021 and therefore did not participate in this performance award cycle.

5 OTHER COMPENSATION PROGRAMS

Basic and Supplemental Pension Plan Benefits (SERP)

In addition to the tax-qualified defined benefit plan that covers all permanent employees, supplemental retirement benefits are provided to our officers under the SERP. The SERP is designed primarily to compensate for limitations imposed by the Internal Revenue Code (Code) on allocations and benefits that may be paid to officers under the Group's tax-qualified plan. Because the Code restricts benefits under the tax-qualified plan, our officers otherwise would not be eligible to receive the retirement benefits that are proportional to the benefits received by our employees. The benefits under the SERP are obtained by applying similar benefit provisions of the Pension Plan to all compensation included under the Pension Plan, without regard to these limits, reduced by benefits actually accrued under the Pension Plan. The SERP is structured as such that benefits are paid to our officers on a "pay as you go" basis. The SERP is an unfunded, unsecured obligation of the Group and is designed to assist in attracting and retaining key officers while providing a competitive, total compensation program. We believe that pension benefits are an important recruitment and retention tool for our employees and are consistent with practice among most of our peers.

No pension benefits will be paid to any participant until after retirement. Any pension amounts listed in this Proxy Statement are the year-over-year, non-cash, changes in the actuarial present value of the accrued pension liability and do not represent actual cash compensation paid. During 2020, the SERP was amended, increasing the plan's unreduced retirement age from 60 to 65.

Deferred Compensation Plan

The Group maintains a deferred compensation plan for its directors, officers, and eligible employees. The plan is intended to promote retention by providing eligible employees, including the officers, with a long-term savings opportunity on an income tax-deferred basis. This plan is voluntary and funded by the individuals who elect to participate in the program. There are no company or company- matching contributions.

401(k) Plan

All employees satisfying the eligibility requirements are entitled to participate in our 401(k) plan and receive matching contributions from the Group. Pursuant to the plan, all employees, including our NEOs, are entitled to contribute up to the statutory limit set by the Internal Revenue Service (IRS) and the Group matches 75% for each dollar contributed up to 8% for a maximum company-matching contribution of 6% of employee's eligible earnings.

Limited Perquisites and Other NEO Benefits

As part of the Group's automobile policy, officers have the use of a company-owned vehicle, including excess liability insurance. The Committee believes the use of a company-owned vehicle allows our officers to work more efficiently because many of the geographic areas served by the Group are most effectively reached by automobile as opposed to other forms of transportation, such as air travel. Any personal mileage incurred by our officers is taxed as additional compensation in accordance with IRS regulations and paid for by the officers. The Group offers its officers a supplemental medical plan providing proactive health protection services, including executive physicals and emergency travel assistance. Additionally, the Group has a relocation program assisting employees required to move on behalf of the Group to remain as productive as possible during the relocation transition. Employees who receive relocation assistance are required to sign a repayment agreement. Other than these benefits, the Committee's general philosophy is not to provide perquisites and other personal benefits of substantial value to the officers.

6 EXECUTIVE COMPENSATION POLICIES AND PRACTICES

CEO Pay Overview

Martin A. Kropelnicki, our Chairman, President & CEO since September 1, 2013, made significant contributions managing our 2023 performance. Based on our annual performance objectives for 2023, the Committee granted Mr. Kropelnicki an equity award of $1,300,000 for 2023, consisting of $468,000 in the form of time-based RSAs vesting over three years, and $832,000 in the form of performance-based RSUs with a three-year performance period. Mr. Kropelnicki also has the opportunity to earn up to 200% of the target performance-based RSU award based on achievement with respect to Committee approved objectives.

With a 2023 base salary of $1,050,000 and $1,449,000 annual performance-based short-term at-risk compensation (representing a payout of 138% of target which includes no payout for the Budget to Actual (EPS) metric given the continued delay in the 2021 General Rate Case), Mr. Kropelnicki's total direct compensation was $3,724,671 (comprised of salary, earned annual performance-based short-term at-risk compensation bonus, grant date fair value of long-term performance-based restricted stock units, and grant date fair value of time-based restricted stock awards).

Mr. Kropelnicki is a participant in the tax-qualified defined benefit plan that covers all permanent employees as well as the non-qualified supplemental retirement benefit plan provided to our officers under the SERP. The amounts reported in the 2023 Summary Compensation Table later in this Proxy Statement is the change in the actuarial estimate of his future potential pension benefits. The change in pension value represents the present value of future retirement benefits and does not represent any cash payment to or from Mr. Kropelnicki or a change in the formula which determines his retirement benefit.

Changes in pension value historically have been impacted significantly by external factors unrelated to Mr. Kropelnicki's compensation, such as discount rate, age at retirement, changes in mortality tables, and vesting status. The discount rate, used to value the pension benefits used for financial statement reporting purposes, is itself driven in large part by the overall interest rate environment and can cause substantial volatility in the change in pension value. For example, over the last 10 years, Mr. Kropelnicki's change in pension value has ranged from less than $100,000 (in 2013) to more than $10 million (in 2019) to $0 (in 2020 and 2022).

No pension benefit will be paid to Mr. Kropelnicki until after his retirement from the Group. The net present value of the pension benefit ultimately received by Mr. Kropelnicki will change based on a number of factors, including changes in interest rates, changes in mortality tables, Mr. Kropelnicki's current age, years of service, and age at retirement.

Stock Ownership Requirements

Officers and members of our Board are required to own shares of Group's stock to further align their interests with those of our stockholders. The requirements were adopted to promote a long-term perspective in managing the Group and to help align the interests of our stockholders, directors, and officers. Each non-employee director and officer must directly own Group stock having a market value equal to:

Title	Equity
Chairman, President & CEO	3X annual base salary
Group Senior Vice Presidents and Vice Presidents	1.5X annual base salary
Other Officers	1X annual base salary
Non-Employee Directors	5X annual base retainer

Officers must retain 50% of the net after-tax shares from equity awards until the relevant ownership requirement is achieved. Non- employee directors are required to achieve the relevant ownership threshold within five years following adoption of the requirements or five years after commencing service, whichever is later. For officers, the Committee reviews compliance with these requirements annually. The Nominating/Corporate Governance Committee reviews compliance with these requirements for non-employee directors annually. All non-employee directors and officers are in compliance with this requirement.

The following table summarizes which equity holdings are included in the stock ownership requirements.

WHAT IS INCLUDED	WHAT IS NOT INCLUDED
Shares personally owned	Unvested equity awards, including RSAs and RSUs options
Holdings in our 401(k) plan	Vested, unexercised stock
Holdings acquired through our employee stock purchase program (ESPP)	

Transactions Involving Stock — Anti-hedging and No Pledging Policy

The Board adopted an insider trading policy in 2012, which prohibits our directors and officers from engaging in hedging transactions (such as swaps, puts and calls, collars, and similar financial instruments) that would eliminate or limit the risks and rewards of share ownership. In addition, our directors and officers may not at any time engage in any short selling, buy or sell options, puts or calls, whether exchange-traded or otherwise, or engage in any other transaction in derivative securities that reflects speculation about the price of our stock or that may place their financial interests ahead of the financial interests of the Group.

Executive Compensation Recovery — Our Clawback Policy

In 2023, the Company adopted a new clawback policy that is consistent with the NYSE listing standard adopted under Exchange Act Rule 10D-1 and all current officers of the Company and its subsidiaries have agreed in writing to the policy. Under such policy, in the event the Company is required to prepare an accounting restatement of the Company's financial statements due to the Company's material non-compliance with any financial reporting requirement under the federal securities laws (including any such correction that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period), the Company will recover the amount of any incentive-based compensation received by an officer that exceeds the amount that otherwise would have been Received had it been determined based on the restated financial statements

Tax and Section 162(m) Implications

Section 162(m) of the Internal Revenue Code generally places a $1 million limit on the amount of compensation a company can deduct in any one year for certain "covered employees," which term includes all of our named executive officers. While we consider the deductibility of awards as one factor in determining officer compensation, we also look at other factors in making decisions and we retain the flexibility to award compensation that we determine to be consistent with the goals of our officer compensation program even if the awards are not deductible by us for tax purposes.

Summary Compensation Table

The table below summarizes the total compensation paid or earned by our Chairman, President & CEO, CFO, and the three most highly compensated officers of the Group for the fiscal years ended December 31, 2023, 2022, and 2021.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Stock Awards ($)(1)(2) (e)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(4) (h)	All Other Compensation ($)(5) (i)	Total ($) (j)	Total Excluding Change in Pension Value and Non-Qualified Deferred Compensation Earnings(6)
Martin A. Kropelnicki Chairman, President & Chief Executive Officer	2023	1,050,005	1,225,666	1,449,000	1,062,525	69,556	4,856,752	3,794,227
	2022	1,047,120	980,523	1,281,000	0	42,886	3,351,529	3,351,529
	2021	901,872	988,682	1,206,000	$ 575,989	45,544	3,718,087	3,142,098
David B. Healey[7] Former Vice President, Chief Financial Officer	2023	289,564	0	113,505	382,362	28,451	813,882	431,520
Thomas F. Smegal[8] Former Vice President, Chief Financial Officer	2023	426,344	179,136	90,494	76,684	41,935	814,594	737,910
	2022	502,937	163,449	184,611	0	45,347	896,343	896,343
	2021	429,032	198,497	172,136	348,593	42,276	1,190,534	841,941
Paul G. Townsley[9] President, TWSC, Inc.	2023	367,266	179,136	151,871	707,116	145,348	1,550,737	843,621
	2022	448,616	163,449	164,700	0	135,503	912,267	912,267
	2021	378,245	192,777	151,795	745,224	40,350	1,508,391	763,167
Michael B. Luu[10] Senior Vice President, Corporate Services & Chief Risk Officer	2023	415,021	204,053	172,204	210,501	49,680	1,051,459	840,958
	2022	377,234	163,449	138,495	0	48,026	727,203	727,203
Ronald D. Webb[11] Vice President, Chief Human Resource Officer	2023	334,198	179,136	138,483	290,021	34,539	976,376	686,356
Shawn C. Bunting[12] Senior Vice President, General Counsel & Business Development	2023	329,235	149,354	138,000	102,395	97,260	816,244	713,848

(1) Amounts reflect the full grant date fair value of RSAs and performance-based RSUs granted in the years shown, calculated in accordance with FASB Accounting Standards Codification (ASC) Topic 718, disregarding estimates for forfeitures and assuming target performance. Assumptions used in the calculation of these amounts are included in footnote 13 of Group's annual report on Form 10-K, filed with the SEC on February 29, 2024.

(2) For time-based RSAs and performance-based RSUs, the grant date fair value was determined using the closing share price of the Company's common stock on the date of grant. The RSUs reported were calculated assuming 100% achievement of target of the respective pre-established performance metrics. The amounts reported are as follows:

Name	RSA Grant Date Fair Value $	RSU Grant Date Fair Value at Target Achievement $	RSU Grant Date Fair Value at Maximum Achievement $
Mr. Kropelnicki	441,240	784,427	1,568,853
Mr. Healey	—	—	—
Mr. Smegal	70,712	108,424	216,849
Mr. Townsley	70,712	108,424	216,849
Mr. Luu	70,712	133,341	266,683
Mr. Webb	70,712	108,424	216,849
Mr. Bunting	58,954	90,400	180,800

(3) Amounts in this column reflect the amount paid to each officer pursuant to the performance-based short-term at-risk compensation program for the applicable year.

(4) Amounts in this column are the year-over-year, non-cash, changes in the actuarial present value of the accrued pension liability and do not represent actual cash compensation paid to any of the Named Executive Officers. Pension values are included in customer rates through a rate recovery mechanism and may fluctuate significantly from year-to- year depending on a number of factors including changes in the discount rate and other assumptions, changes in compensation, years of service, and vesting. Other than assuming retirement at the unreduced retirement age, all assumptions are consistent with those used in the Group's financial statements and include amounts which the officers may not be entitled to receive due to vesting requirements consistent with the plans. For further information, see the "CEO Pay Overview," "Basic and Supplemental Pension Plan Benefits," and "Pension Benefits for Fiscal Year Ended 2023" sections of this Proxy Statement. Earnings on the non-qualified deferred compensation plan are noted on the Non-qualified Deferred Compensation Table for those officers participating in the plan. Earnings have been excluded from this table since earnings were not at above market or at preferential rates.

(5) All other compensation for 2023 is comprised of 401(k) matching contributions made by the Group on behalf of the officer, the personal use of company-provided vehicles and associated insurance, supplemental medical reimbursement plan, and relocation benefits. The value of the 401(k) matching contributions made by the Group on behalf of the named executives was $19,800 of the listed executives except, Mr. Luu was $16,875 and Mr. Bunting was $19,754. The reported value attributable to personal use of company-provided cars are as follows: Mr. Kropelnicki, $29,956; Mr. Healey, $8,651; Mr. Smegal, $2,335; Mr. Townsley, $2,308; Mr. Luu, $13,005; Mr. Webb, $2,667; and Mr. Bunting, $5,356. The recorded cost for the supplemental medical plan was $18,600 of the listed executives except, Mr. Townsley, $11,472; Mr. Webb, $11,472, and Mr. Bunting $15,500. Additionally, the amount for Mr. Bunting includes moving expense totaling $55,634, Mr. Townsley includes relocation totaling $30,000 approved by the Organization and Compensation Committee. Mr. Townsley also had wages incurred with his retirement totaling $81,400 which is comprised of $54,267 for vacation payout, $9,044 for payout of unused floating holidays, and $18,089 in termination wages paid in accordance to the Company's general termination policy as described in "Executive Severance Plan" of this Proxy Statement.

(6) To show how year-over-year changes in pension value impact total compensation, as determined under SEC rules, we have included this column to show total compensation without pension value changes. The amounts reported in this column differ substantially from, and are not a substitute for, the amounts reported in the "Total" column.

(7) Mr. Healey retired from the Company on December 31, 2022 as Vice President, Corporate Controller. On May 31, 2023 Mr. Healey returned from retirement and began serving as interim Vice President, Chief Financial Officer and Treasurer, remaining in this role through the end of fiscal 2023 and until James Lynch joined the Company on January 3, 2024. Mr. Healey then assumed the duties of Principal Financial Officer until the filing of the Company's annual report for fiscal year 2023 on February 29, 2024. Since February 29, 2024, Mr. Healey has been providing part-time advisory services, as needed. Mr. Healey was not an NEO during the years 2022 and 2021.

(8) Mr. Smegal served as Vice President, Chief Financial Officer and Treasurer from January 1, 2023 to May 31, 2023, and transitioned into Manager of Special Projects thereafter.

(9) Mr. Townsley retired as Vice President, Business Development of the Company on May 1, 2023. On June 17, 2023, Mr. Townsley rejoined the Company as Manager of Special Projects and on January 1, 2024 began serving as President, TWSC, Inc.

(10) Mr. Luu was not an NEO during the year 2021.

(11) Mr. Webb was not an NEO during the years 2022 and 2021.

(12) Mr. Bunting was not an NEO during the years 2022 and 2021.

Grants of Plan-Based Awards for Fiscal Year Ended 2023

The table below sets forth certain information with respect to awards granted during the fiscal year ended December 31, 2023, to each of our NEOs.

Name (a)	Grant Date (b)	Estimated Payouts Under Non-Equity Incentive Plan Awards ($)[(1)]			Estimated Payouts Under Equity Incentive Plan Awards[(2)]			All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	Grant Date Fair Value of Stock and Options Awards ($) (l)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Martin A. Kropelnicki[(3)]	3/7/2023	378,000	1,050,000	2,100,000					
	3/7/2023							7,956	441,240
	3/7/2023				5,375	14,144	28,288		784,426
David B. Healey[(3)]	3/7/2023								
	3/7/2023								
	3/7/2023								
Thomas F. Smegal III[(3)(4)]	3/7/2023	23,607	65,575	131,150					
	3/7/2023							1,275	70,712
	3/7/2023				743	1,955	3,910		108,424
Paul G. Townsley[(3)(5)]	3/7/2023	39,618	110,050	220,100					
	3/7/2023							1,275	70,712
	3/7/2023				743	1,955	3,910		108,424
Michael B. Luu[(3)(6)]	3/7/2023	44,923	124,785	249,570					
	3/7/2023							1,275	70,712
	3/7/2023				743	1,955	3,910		108,424
	6/1/2023				169	444	888		24,917
Ronald D. Webb[(3)]	3/7/2023	36,126	100,350	200,700					
	3/7/2023							1,275	70,712
	3/7/2023				743	1,955	3,910		108,424
Shawn C. Bunting[(3)]	3/7/2023	36,000	100,000	200,000					
	3/7/2023							1,275	70,712
	3/7/2023				619	1,630	3,260		90,400

(1) The threshold, target, and maximum values reported are for the performance-based short-term at-risk compensation program.

(2) The threshold, target, and maximum units reported are for the full RSU award for the 2023-2025 performance period.

(3) The time-based RSAs granted to the officers on March 7, 2023, vest over three years, with one-third of the RSAs vesting on the first anniversary of the grant date and the remaining RSAs vesting in equal quarterly installments thereafter. The performance-based RSUs reported reflect the grant date fair value of the award.

(4) The estimated payout under the non-equity incentive plan for Mr. Smegal was prorated to reflect time served as an executive officer in fiscal year ended 2023.

(5) The estimated payout under the non-equity incentive plan for Mr. Townsley was prorated to reflect time served as an executive officer in fiscal year ended 2023.

(6) Mr. Luu received a performance-based RSU grant on June 1, 2023 when promoted to senior vice president. The performance-based RSU reported reflects the grant date fair value of the award.

(7) The estimated payout under the non-equity incentive plan for Mr. Bunting was prorated to reflect time served as an executive officer in fiscal year ended 2023.

Outstanding Equity Awards at Fiscal Year Ended 2023

The following table provides information on unvested time-based RSAs and performance-based RSUs granted to the named executive officers that were outstanding on December 31, 2023.

	Stock Awards		Equity Incentive Plan Awards	
Name (a)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1) (h)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Market Value of Unearned Shares, Units, or Other Rights That Have Not Vested ($)(1)
Martin A. Kropelnicki	536(2)	27,802	9,642(2)	500,131
	2,614(3)	135,588	11,109(3)	576,224
	7,956(4)	412,678	14,144(4)	733,649
David B. Healey	110(2)	5,706	1,249(2)(6)	64,786
	532(3)	27,595	540(3)(6)	28,010
Thomas F. Smegal III	110(2)	5,706	1,485(2)	77,027
	532(3)	27,595	1,619(3)	83,978
	1,275(4)	66,134	1,955(4)	101,406
Paul G. Townsley	110(2)	5,706	1,485(2)	77,027
	532(3)	27,595	1,619(3)	83,978
	1,275(4)	66,134	1,955(4)	101,406
Michael B. Luu	110(2)	5,706	1,485(2)	77,027
	532(3)	27,595	1,619(3)	83,978
	1,275(4)	66,134	1,955(4)	101,406
			444(5)	23,030
Ronald D. Webb	110(2)	5,706	1,485(2)	77,027
	532(3)	27,595	1,619(3)	83,978
	1,275(4)	66,134	1,955(4)	101,406
Shawn C. Bunting	1,063(4)	55,138	1,630(4)	85,548

(1) The market value of the stock awards represents the product of the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87, and the number of shares underlying each such award.

(2) The time-based RSAs were granted on March 2, 2021, with 33.3% vesting on March 2, 2022, and the remaining 66.7% vesting ratably over 24 months. The performance-based RSUs are for performance periods 2021, 2022, and 2023 and vest on March 2, 2024.

(3) The time-based RSAs were granted on March 1, 2022, with 33.3% vesting on March 1, 2023, and the remaining 66.7% vesting ratably over 24 months. The performance-based RSUs are for performance periods 2022, 2023, and 2024 and vest on March 1, 2025.

(4) The time-based RSAs were granted on March 7, 2023, with 33.3% vesting on March 7, 2024, and the remaining 66.7% vesting ratably over 24 months. The performance-based RSUs are for performance periods 2023, 2024, and 2025 and vest on March 7, 2026.

(5) The time-based RSAs were granted on June 1, 2023, with 33.3% vesting on March 7, 2024, and the remaining 66.7% vesting ratably over 24 months. The performance-based RSUs are for performance periods 2023, 2024, and 2025 and vest on March 7, 2026.

(6) Awards were reflected at full grant value. Mr. Healey initially retired effective January 1, 2023 and grant value will be pro-rated at vesting.

Option Exercises and Stock Vested for Fiscal Year Ended 2023

Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Martin A. Kropelnicki	—	—	22,406	1,259,147
David B. Healey	—	—	3770	211,343
Thomas F. Smegal III	—	—	3770	211,343
Paul G. Townsley	—	—	3770	211,343
Michael B. Luu	—	—	3770	211,343
Ronald D. Webb	—	—	3770	211,343
Shawn C. Bunting	—	—	—	—

Pension Benefits for Fiscal Year Ended 2023

The table below shows the present value of accumulated benefits payable to each NEO, including the number of years of service credited to each officer under the California Water Service Pension Plan ("Pension Plan") and the SERP, each of which is described elsewhere in this Proxy Statement.

Name (a)	Plan Name (b)	Number of Years Credited Service (#)(1) (c)	Present Value of Accumulated Benefit ($)(2) (d)	Payments During Last Fiscal Year ($) (e)
Martin A. Kropelnicki(3)	California Water Service Pension Plan	17.80	1,356,454	—
	Supplemental Executive Retirement Plan	15.00	16,103,884	—
David B. Healey	California Water Service Pension Plan	14.50	845,138	58,699
	Supplemental Executive Retirement Plan	14.50	2,520,532	161,262
Thomas F. Smegal III(3)	California Water Service Pension Plan	26.67	1,788,914	—
	Supplemental Executive Retirement Plan	15.00	2,856,311	—
Paul G. Townsley	California Water Service Pension Plan	10.83	776,559	24,686
	Supplemental Executive Retirement Plan	10.83	3,154,754	123,769
Michael B. Luu(3)	California Water Service Pension Plan	23.60	837,476	—
	Supplemental Executive Retirement Plan	15.00	1,191,823	—
Ronald D. Webb	California Water Service Pension Plan	9.39	659,284	—
	Supplemental Executive Retirement Plan	9.39	1,851,616	—
Shawn C. Bunting	California Water Service Pension Plan	.84	55,892	—
	Supplemental Executive Retirement Plan	.84	46,503	—

(1) Assumptions used in the calculation of the present value are included in footnote 12 of Group's annual report on Form 10-K, filed with the SEC on February 29, 2024.

(2) Includes amounts the NEOs may not currently be entitled to receive because such amounts are not vested. Pension values may fluctuate significantly from year-to-year depending on a number of factors including changes in the discount rate, changes in mortality rates, changes in compensation, years of service, and vesting.

(3) The maximum number of years of credited service under the SERP is 15 years. Mr. Kropelnicki, Mr. Smegal, and Mr. Luu have attained the maximum of 15 years of credited service.

The benefits under the SERP are obtained by applying similar benefit provisions of the Pension Plan, a tax-qualified plan, to all compensation included under the Pension Plan, without regard to these limits, reduced by benefits actually accrued under the Pension Plan. Under the SERP, all eligible officers are vested after five years of service as an officer and are eligible for the full benefit after 15 years of service and at age 65. SERP participants are eligible for early retirement starting at age 55 and would receive a reduced benefit of their monthly SERP benefit upon early retirement between the ages of 55 and 65, and further adjusted if service credited is less than 15 years. Under the Pension Plan, all eligible employees, including officers, are fully vested after 35 years of service. The SERP is structured such that benefits are paid to officers on a “pay as you go” basis.

The combined maximum benefit payout under the SERP and Pension Plan achievable by an officer is 60% of the average, eligible compensation paid over the previous 36 months prior to retirement, or three highest consecutive years, whichever is higher, excluding any equity compensation. For additional description of the SERP and Pension Plan, see “Basic and Supplemental Pension Plan Benefits (SERP)” in this Proxy Statement.

Non-Qualified Deferred Compensation for Fiscal Year Ended 2023

Name (a)	Executive Contributions in Last FY ($)(1) (b)	Aggregate Earnings in Last FY ($)(1) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FY ($)(2) (f)
Martin A. Kropelnicki	193,720	$ 0	$ —	3,632,995
David B. Healey	—	—	—	—
Thomas F. Smegal III	—	—	—	—
Paul G. Townsley	19,038	0	(33,172)	518,195
Michael B. Luu	35,976	—	(32,120)	436,775
Ronald D. Webb	68,391	0	—	575,949
Shawn C. Bunting	—	0	—	0

(1) All of the amounts reported under “Executive Contributions in Last FY” are included in the Summary Compensation Tables shown below. None of the amounts reported under “Aggregate Earnings in Last FY” are included in the Summary Compensation Table for 2023.

Name		Salary	Non-Equity Incentive Plan	Total
Mr. Kropelnicki	2023	$40,000		$ 40,000
	2022		$153,720	$153,720
Mr. Townsley	2023	19,038		19,038
	2022			
Mr. Luu	2023	29,052		29,052
	2022		6,925	6,925
Mr. Webb	2023	33,420		33,420
	2022		34,971	

(2) The amounts reported under “Aggregate Balance at Last FY” that are included in the Summary Compensation Table in years prior to 2023 are as follows: Mr. Kropelnicki, $1,956,772; Mr. Townsley, $399,189, Mr. Luu, $279,679 and Mr. Webb, $416,118.

The Deferred Compensation Plan provides specified benefits to a select group of management and highly compensated employees who contribute materially to the continued growth, development, and future business success of the Group. The Deferred Compensation Plan permits the Group's officers and eligible employees to defer up to 50% of their base salary. In addition, officers can defer up to 100% of their short-term at-risk compensation. The Group does not make any contributions to the Deferred Compensation Plan. The Deferred Compensation Plan's investment options are similar, but not identical, to the Group's tax-qualified 401(k) plan and are funded by a Rabbi trust created for the funding of such benefits. Benefits under the Deferred Compensation Plan are payable by the Group upon separation from service with the Group, either in lump sum at separation, in monthly installments over five years following separation, or in lump sum or installments commencing five years following separation.

Transition Agreements and Severance Arrangements

None of our officers are party to an individual employment agreement. Additionally, our officers are not provided with single-trigger change-in-control benefits.

Consistent with the Group's compensation philosophy, the Committee believes the interests of stockholders are best served if the interests of senior management are aligned with those of our stockholders. To this end, the Group provides change-in-control severance benefits to our officers under the Group's Executive Severance Plan to reduce any reluctance of our officers to pursue or support potential change-in-control transactions that would be beneficial to our stockholders. The Group adopted the Executive Severance Plan in 1998, and its purpose is to promote the continued employment and dedication of our officers without distraction in the face of a potential change- in-control transaction. The Group's Executive Severance Plan is described in further detail below.

In May 2023, Mr. Smegal and the Company entered into a transition agreement, pursuant to which Mr. Smegal ceased to serve as Vice President, Chief Financial Officer and Treasurer and changed position to Manager, Special Projects until the period, ending June 30, 2025. Mr. Smegal's duties as Manager, Special Projects consist of performing project work, assisting with Company initiatives, advice, consultation, etc. up to twenty (20) hours per week. For the first year of the transition period, Mr. Smegal's base salary will be $351,482. For the second year of the Transition Period, Mr. Smegal's base salary will be $173,118. During the transition period, Mr. Smegal will continue to receive Company-provided employee benefits but will not participate in either the Company At-Risk-Pay Plan, the performance based short-term at-risk compensation program for Officers, or the long-term performance and time-based equity compensation program for Officers. However, any RSAs or RSUs previously awarded to Mr. Smegal will continue to vest during the Transition Period, as provided for in the applicable plan.

Executive Severance Plan

The Group adopted the Executive Severance Plan on December 16, 1998. The Executive Severance Plan provides that if within 24 months following a change-in-control of the Group, the officer's employment is terminated by the Group for any reason other than good cause or by the officer for good reason (each, a qualifying reason), the Group will make a cash payment to the officer in an amount equal to three times the officer's base salary on the date of the change-in-control or on the date the officer's employment terminates, whichever is greater. The payments would be paid in three equal annual installments, commencing on the first of the month following the month in which the officer's employment terminated, and payable thereafter on the anniversary of the initial payment date. Each officer will also receive a gross-up payment if the officer is required to pay an excise tax under section 4999 of the Internal Revenue Code. This provision for a tax gross-up has been a part of the Executive Severance Plan since its inception in 1998 and has not been modified since then.

Each officer's entitlement to the severance payment is conditioned upon execution of a release agreement. Additionally, the officer forfeits the right to receive the severance payment if he or she violates the non-solicitation and confidentiality provisions of the Executive Severance Plan.

For purposes of the Executive Severance Plan, the term "change-in-control" means the occurrence of (i) any merger or consolidation of the Group in which the Group is not the surviving organization, a majority of the capital stock of which is not owned by the stockholders of the Group immediately prior to such merger or consolidation; (ii) a transfer of all or substantially all of the assets of the Group; (iii) any other corporate reorganization in which there is a change in ownership of the outstanding shares of the Group, wherein thirty percent (30%) or more of the outstanding shares of the Group are transferred to any person; (iv) the acquisition by or transfer to a person (including all affiliates or associates of such person) of beneficial ownership of capital stock of the Group, if after such acquisition or transfer such person (and their affiliates or associates) is entitled to exercise thirty percent (30%) or more of the outstanding voting power of all capital stock of the Group entitled to vote in elections of directors; or (v) the election to the Board of Directors of the Group of candidates who were not recommended for election by the Board of Directors of the Group in office immediately prior to the election, if such candidates constitute a majority of those elected in that particular election.

For purposes of the Executive Severance Plan, "good cause" exists if (i) the applicable officer engages in acts or omissions that result in substantial harm to the business or property of the Group, and that constitute dishonesty, intentional breach of fiduciary obligation, or intentional wrongdoing; or (ii) the applicable officer is convicted of a criminal violation involving fraud or dishonesty.

For purposes of the Executive Severance Plan, “good reason” exists if, without the applicable officer’s consent, (i) there is a significant change in the nature or the scope of the applicable officer’s authority, or in his or her overall working environment; (ii) the applicable officer is assigned duties materially inconsistent with his or her present duties, responsibilities, and status; (iii) there is a reduction in the applicable officer’s rate of base salary or bonus; or (iv) the Group changes by 100 miles or more the principal location in which the applicable officer is required to perform services. Had a change-in-control occurred during fiscal year 2023 and had their employment been terminated on December 31, 2023, either without good cause or by the officer for good reason, the NEOs would have been eligible to receive the payments set forth in the table below.

In addition to the Executive Severance Plan, each officer is covered by the Group’s general termination policy. Under the termination policy, each non-union employee of the Group whose employment is terminated without cause is entitled to termination pay of either one week’s pay after completing two years of service or two weeks’ pay after completing five or more years of service, provided at least two weeks’ notice is given. In addition, all officers are entitled to a payout of six weeks of vacation time upon any termination of employment, to be paid in a lump sum at termination.

Each officer’s entitlement to the severance payment is conditional upon execution of a release agreement. Additionally, the officer forfeits the right to receive the severance payment if he or she violates the non-solicitation and confidentiality provisions of the Executive Severance Plan.

Potential Payments Upon Termination or Change-in-Control

The information below describes certain compensation that would have become payable pursuant to existing plans and contractual arrangements assuming a termination of employment or a change-in-control and termination of employment had occurred on December 31, 2023, given the officer’s compensation and service levels as of such date.

It is important to note that the amounts of compensation set forth in the table below are based on assumptions set forth above and do not predict the actual compensation that our NEOs would receive. Actual compensation received would be a function of a number of factors that are unknowable at this time, including: the date of the officer’s termination of employment; the officer’s base salary at the time of termination; and, because many elements of the compensation are performance-based pursuant to the Company’s compensation philosophy described in “Performance Goals and Performance” above, the future performance of the Company. Moreover, the restricted stock unit and restricted stock award valuation amounts in case of a change in control and termination of employment assume that these awards immediately accelerate, which is not the case in the absence of a change in control. Rather, RSUs and RSAs continue to vest over time and RSUs are subject to the same performance metrics that apply as if there had been no termination.

In addition to the benefits described below, upon any termination of employment, each of the officers would also be entitled to the benefits as described in the table of Pension Benefits for Fiscal Year 2023 and the amount shown in the column labeled “Aggregate Balance at Last FY” of the table of Non-qualified Deferred Compensation for Fiscal Year 2023 above.

Martin A. Kropelnicki	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance[1]	161,538	161,538	3,311,538
	ARP[2]	1,050,000	1,050,000	1,050,000
Long-Term Equity Compensation	RSUs[3]	—	837,747	1,810,004
	RSAs[4]	—	—	576,068
Benefits	Accrued Vacation	—	—	—
Total		1,211,538	2,049,285	6,747,610

(1) This amount represents severance and termination wage benefits as described above in the section “Executive Severance Plan” in the Proxy Statement.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group’s common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group’s common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

David B. Healey	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance(1)	—	—	1,410,000
	ARP(2)	82,250	82,250	82,250
Long-Term Incentives	RSUs(3)	—	94,352	94,352
	RSAs(4)	—	—	33,301
Benefits	Accrued Vacation	—	—	—
Total		82,250	176,602	1,619,902

(1) Mr. Healey received his cash severance and termination wages as described above under "Executive Severance Plan" in this Proxy Statement at the time of his retirement on December 31, 2022.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

Thomas F. Smegal III	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance(1)	—	—	—
	ARP(2)	65,575	65,575	65,575
Long-Term Incentives	RSUs(3)	—	125,618	262,410
	RSAs(4)	—	—	99,435
Benefits	Accrued Vacation	16,222	16,222	16,222
Total		81,797	207,415	443,642

(1) Mr. Smegal was ineligible for severance and termination wage benefits as described above in the section "Executive Severance Plan" as of December 31, 2023.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

Paul G. Townsley	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance(1)	—	—	—
	ST-ARP(2)	110,051	110,051	110,051
Long-Term Incentives	RSUs(3)	—	125,618	262,410
	RSAs(4)	—	—	99,435
Benefits	Accrued Vacation	—	—	—
Total		110,051	235,669	471,896

(1) Mr. Townsley was ineligible for severance and termination wage benefits as described above in the section “Executive Severance Plan” as of December 31, 2023.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group’s common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group’s common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

Michael B. Luu	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance(1)	66,031	66,031	1,353,631
	ST-ARP(2)	124,785	124,785	124,785
Long-Term Incentives	RSUs(3)	—	128,176	285,441
	RSAs(4)	—	—	99,435
Benefits	Accrued Vacation	87,491	87,491	87,491
Total		278,307	406,483	1,950,783

(1) This amount represents severance and termination wage benefits as described above in the section “Executive Severance Plan” in the Proxy Statement.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group’s common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group’s common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

Ronald D. Webb	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance(1)	51,462	51,462	1,054,962
	ST-ARP(2)	100,350	100,350	100,350
Long-Term Incentives	RSUs(3)	—	125,618	262,410
	RSAs(4)	—	—	99,435
Benefits	Accrued Vacation	—	—	—
Total		151,812	277,430	1,517,157

(1) This amount represents severance and termination wage benefits as described above in the section "Executive Severance Plan" in the Proxy Statement.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

Shawn C. Bunting	Compensation and Benefits	Termination of Employment without a Change-in-Control Severance Amount ($)	Retirement Severance ($)	Change-in-Control and Termination of Employment Severance Amount ($)
Cash Compensation	Cash Severance(1)	46,154	46,154	1,246,154
	ST-ARP(2)	100,000	100,000	100,000
Long-Term Incentives	RSUs(3)	—	9,394	55,138
	RSAs(4)	—	—	84,548
Benefits	Accrued Vacation	—	—	—
Total		146,154	155,548	1,485,840

(1) This amount represents severance and termination wage benefits as described above in the section "Executive Severance Plan" in the Proxy Statement.

(2) This amount assumes short-term at-risk compensation is paid at target achievement.

(3) This amount assumes RSUs vest at target achievement and are valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

(4) This amount represents RSAs valued at market value, the closing price for the Group's common stock on the New York Stock Exchange as of December 29, 2023, which was $51.87.

2023 CEO Pay Ratio

In accordance with SEC rules, we are providing the ratio of the annual total compensation of our CEO to the annual total compensation of our median associate. In calculating this ratio, SEC rules allow companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions reflecting their unique employee populations. Our reported pay ratio may not be comparable to that reported by other companies due to differences in industries, scope of operations, business models and scale, as well as the different estimates, assumptions, and methodologies applied by other companies in calculating their respective pay ratios.

The pay ratio reported below is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records, and the methodology as described. For these purposes, we identified the median compensated employee by first including full-time, part-time, seasonal, and temporary employees, excluding the Chairman, President & CEO, for a total of 1,259 employees in the median compensation pool. We used actual salary and compensation paid in 2023, as reflected in our payroll records, excluding equity awards and bonus payments as these are not broadly distributed, to determine the median employee. We then calculated the median employee's total compensation in accordance with SEC rules to determine the pay ratio. We did not annualize the compensation for any employee who did not work for the entire year. We identified our new median employee from our employee population as of December 31, 2023 based on our payroll records.

The 2023 annual total compensation of the median compensated of all our employees who were employed on December 31, 2023, other than our Chairman, President & CEO, was $182,866 inclusive of $65,025 of estimated non-cash present value pension changes. Mr. Kropelnicki's 2023 annual total compensation was $4,856,752 inclusive of $1,062,525 of estimated change in present value of pension benefits. The ratio of these amounts was 1-to-27.

Measurement	Under SEC Rules	Excluding Change in Present Value of Pension Benefits
CEO Compensation	$4,856,752	$3,794,227
Median Employee Compensation	$ 182,866	$ 117,841
Ratio	**1:27**	**1:32**

Pay Versus Performance

As required by Section 953(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(v) of Regulation S-K, we are providing the following information about the relationship between "compensation actually paid" to our Chairman, President & CEO and the average of the compensation actually paid to our other NEOs and certain financial performance of the Company. These amounts are calculated in accordance with applicable SEC rules, and do not reflect the actual amount of compensation earned by or paid to our named executive officers during each applicable year.

Providing compensation that attracts, retains, and motivates talented officers is our committed goal. Our compensation programs reward excellent job performance, identify exceptional leadership, and represent fair, reasonable, and competitive total compensation that aligns officers' interests with the long-term interests of our stockholders and customers. Our executive compensation program is designed to link officer compensation to our overall short-term and long-term performance as measured by key operational and financial objectives incorporated in both long-term and short-term performance-based compensation programs. Please refer to the Compensation Discussion and Analysis section of this proxy statement for details regarding how the Organization & Compensation Committee links the compensation paid to our named executive officers to our corporate performance.

Year(1)	Summary Comp. Table for CEO	Comp. Actually Paid to CEO(2)	Average Summary Comp. Table Total for Non-CEO NEOs	Average Comp. Actually Paid to Non-CEO NEOs(2)	Value of Initial Fixed $100 Investment Based On: TSR	Peer Group TSR(3)	Net Income ($M)	Budget to Actual Performance (EPS)(4)
2023	$4,856,752	$3,689,961	$1,003,883	$ 704,548	$107.84	$105.53	$ 51.9	(52.1)%
2022	$3,351,529	$3,111,318	$ 820,950	$ 829,540	$123.71	$123.42	$ 96.0	(1.7)%
2021	$3,718,087	$4,495,501	$1,204,755	$1,050,610	$144.06	$144.46	$101.1	6.5%
2020	$3,776,856	$4,268,399	$ 901,550	$ 983,279	$106.68	$115.75	$ 96.8	21%

(1) The CEO for all four reporting years was Martin Kropelnicki. The other NEOs in 2023 were Thomas Smegal III, David Healey, Paul Townsley, Shawn Bunting, Ronald Webb, and Michael Luu. The other NEOs in 2022 were Thomas Smegal III, Paul Townsley, Robert Kuta and Michael Luu. The other NEOs in the 2021 and 2020 reporting year were Thomas Smegal III, Paul Townsley, Robert Kuta and Lynne McGhee.

(2) Amounts reported in this column are based on total compensation reported for our CEOs and the average of the total compensation of our other NEOs in the Summary Compensation Table for the indicated reporting year and adjusted as shown in the table below. Fair value of equity awards was computed in accordance with the Company's methodology used for financial reporting purposes.

(3) Amounts reported in this column represent returns on an initial $100 investment based on the Robert W. Baird Water Utility Index, which we chose as peer group for purposes of the PvP table.

(4) In accordance with SEC rules, the Group is required to include in the Pay versus Performance table the "most important" financial performance measure (as determined by the Company) used to link compensation actually paid to our CEO and other named executive officers to Company performance for the most recently completed fiscal year. The Group determined that the annual budget-to-actual performance of the Company meets this requirement. This performance measure compares the actual diluted earnings per share to the forecasted diluted earnings per share for the calendar year. The forecasted diluted earnings per share is adopted during the budget process by the Board of Directors each year at its January meeting. By adhering to budgets, management is able to demonstrate to the Board, stockholders and customers that the Company is effective at managing controllable costs and has the ability to efficiently execute its business plan.

Chairman, President & CEO Summary Compensation Table (SCT) Total to Compensation Actually Paid (CAP) Reconciliation

	2023
Summary Compensation Table Reported Compensation	**$ 4,856,752**
Deduction for pension values reported in SCT for the covered year	$(1,062,525)
Increase for pension value attributable to current year's service and any change in pension value attributable to plan amendments made in the covered year	$ 63,639
Deduction for grant date fair value of equity awards reported in "Stock Awards" column of the SCT for the covered year	$(1,225,666)
Increase for the fair value as of the end of the covered year of all equity awards granted during the covered year that are outstanding and unvested as of the end of such covered year	$ 1,244,147
Increase/(Deduction) for the change in fair value as of the end of the covered year of any equity awards granted in any prior year that are outstanding and unvested as of the end of such covered year	$ (99,624)
Increase/(Deduction) for the change in fair value as of the vesting date of any equity awards granted in any prior year for which all applicable vesting conditions were satisfied during the covered year	$ (99,553)
Increase for the dollar value of any dividends or other earnings paid on stock or option awards in the covered year prior to the vesting date that are not otherwise reflected in the fair value of such award	$ 12,790
Total Compensation Actually Paid	**$ 3,689,961**

Average Non-Chairman, President & CEO NEO SCT Total to CAP Reconciliation

	2023
Summary Compensation Table Reported Compensation	**$1,003,883**
Deduction for pension values reported in SCT for the covered year	$ (294,847)
Increase for pension value attributable to current year's service and any change in pension value attributable to plan amendments made in the covered year	$ 37,375
Deduction for grant date fair value of equity awards reported in "Stock Awards" column of the SCT for the covered year	$ (148,469)
Increase for the fair value as of the end of the covered year of all equity awards granted during the covered year that are outstanding and unvested as of the end of such covered year	$ 131,063
Increase/(Deduction) for the change in fair value as of the end of the covered year of any equity awards granted in any prior year that are outstanding and unvested as of the end of such covered year	$ (11,899)
Increase/(Deduction) for the change in fair value as of the vesting date of any equity awards granted in any prior year for which all applicable vesting conditions were satisfied during the covered year	$ (14,331)
Increase for the dollar value of any dividends or other earnings paid on stock or option awards in the covered year prior to the vesting date that are not otherwise reflected in the fair value of such award	$ 1,773
Total Compensation Actually Paid	**$ 704,548**

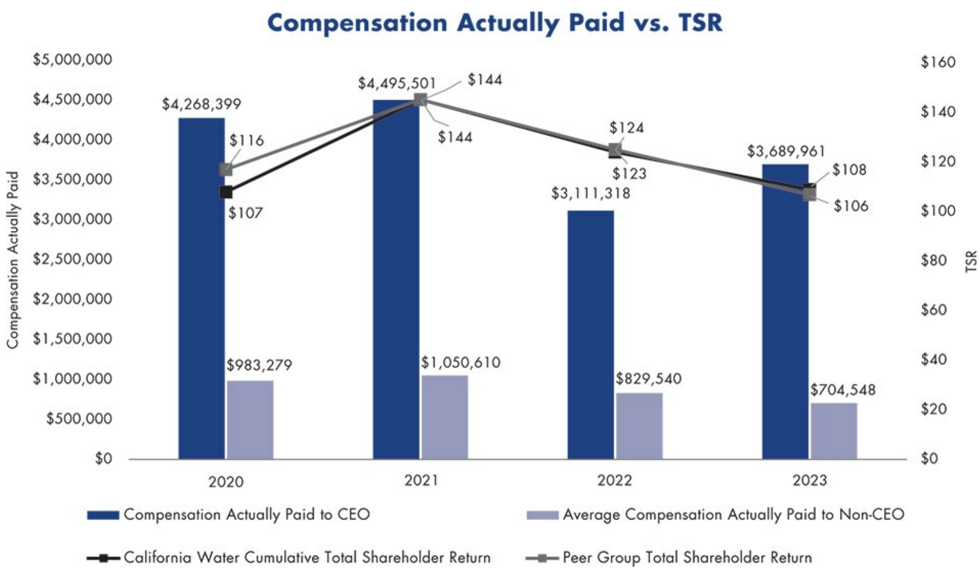
Tabular List of Performance Metrics

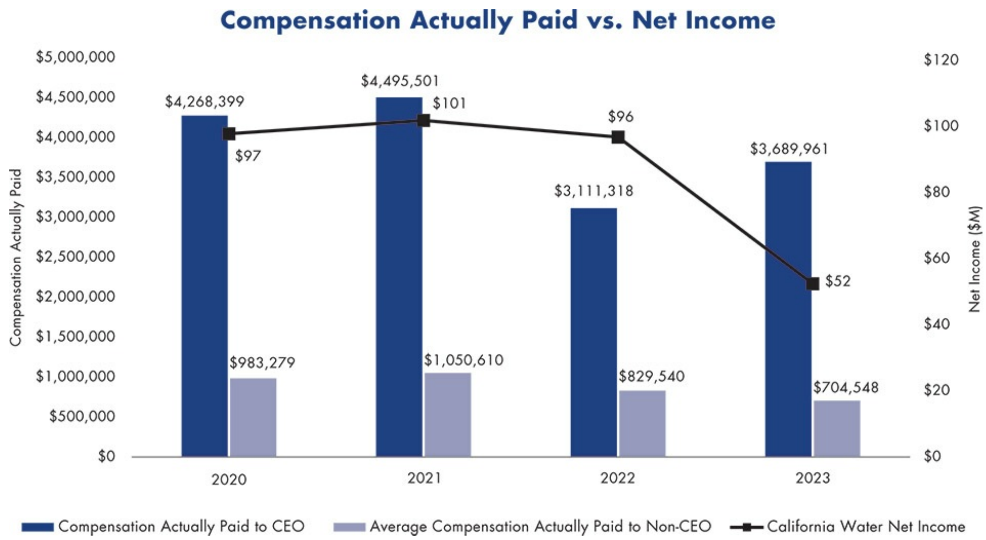
The following are the most important financial performance measures (and non-financial performance measures), as determined by the Group, that link compensation actually paid to our NEOs to the Company's performance for the most recently completed fiscal year.

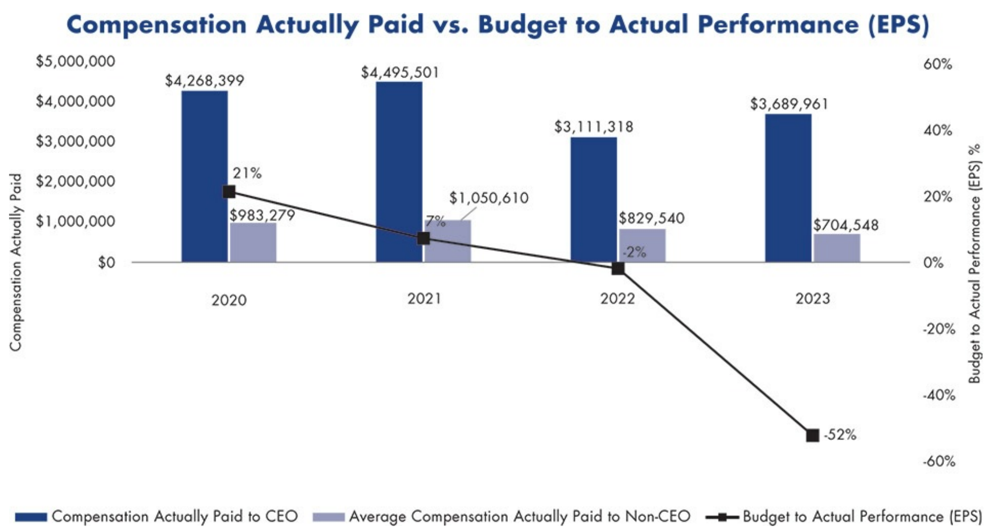
Budget to Actual Performance (EPS)
Return on Equity for Stockholder Return
Growth in Stockholder's Equity
Customer Service and Support
Emergency Preparedness and Safety
Infrastructure Improvement and Utility Plant Investment
Water Quality and Public Health

Compensation Actually Paid versus Total Shareholder Return (TSR), Net Income, and Budget to Actual Performance

The following graphs describe the relationship between compensation actually paid to our NEOs and the Company's cumulative Total Shareholder Return, net income and budget to actual performance (EPS) for the indicated years. In addition, the first graph below compares the Company's cumulative TSR and our peer group cumulative TSR.




Compensation Actually Paid vs. Net Income
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
Compensation Actually Paid
$120
$100
$80
$60
$40
$20
$0
Net Income ($M)
$4,268,399
$4,495,501
$3,111,318
$3,689,961
$983,279
$1,050,610
$829,540
$704,548
$97
$101
$96
$52
2020
2021
2022
2023
Compensation Actually Paid to CEO
Average Compensation Actually Paid to Non-CEO
California Water Net Income


Compensation Actually Paid vs. Budget to Actual Performance (EPS)
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
Compensation Actually Paid
60%
40%
20%
0%
-20%
-40%
-60%
Budget to Actual Performance (EPS) %
$4,268,399
$4,495,501
$3,111,318
$3,689,961
$983,279
$1,050,610
$829,540
$704,548
21%
7%
-2%
-52%
2020
2021
2022
2023
Compensation Actually Paid to CEO
Average Compensation Actually Paid to Non-CEO
Budget to Actual Performance (EPS)

Report of the Organization and Compensation Committee of the Board of Directors on Executive Compensation

The Organization and Compensation Committee of the Group's Board of Directors has submitted the following report for inclusion in this Proxy Statement:

The Organization and Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based on our review of and the discussions with management with respect to the Compensation Discussion and Analysis, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Group's annual report on Form 10-K for the fiscal year ended December 31, 2023, for filing with the Securities and Exchange Commission.

The foregoing report is provided by the following directors, who constitute the Organization and Compensation Committee:

ORGANIZATION AND COMPENSATION COMMITTEE

Thomas M. Krummel, M.D., Committee Chair
Scott L. Morris
Lester A. Snow
Patricia K. Wagner

Organization and Compensation Committee Interlocks and Insider Participation

The following directors were members of the Organization and Compensation Committee during the 2023 fiscal year: Thomas M. Krummel, M.D., Committee Chair, Terry P. Bayer, Scott L. Morris, and Lester A. Snow. No member of the Organization and Compensation Committee was an officer or employee of the Group or any of its subsidiaries during 2023, nor was any such member previously an officer of the Group or any of its subsidiaries. No member of the Organization and Compensation Committee had any material interest in a transaction of the Group or a business relationship with, in each case that would require disclosure under "Procedures for Approval of Related Person Transactions", included elsewhere in this Proxy Statement.

None of the officers of the Group have served on the Board of Directors or on the Organization and Compensation Committee of any other entity, any of whose officers served either on the Board of Directors or on the Organization and Compensation Committee of the Group.

Procedures for Approval of Related Person Transactions

It is our policy that all employees and Directors must avoid any activity that is in conflict with, or has the appearance of conflicting with, the Group's business interests. This policy is included in the Code of Business Conduct and Ethics for Directors and the Business Code of Conduct for Employees. Transactions involving related persons are reviewed on a case-by-case basis and approved as appropriate. The Board's Nominating/Corporate Governance Committee is responsible for review, approval, or ratification of "related person transactions" involving the Group or its subsidiaries and related persons, as defined in SEC rules. Under SEC rules, a related person is a director, executive officer, nominee for director, or a greater than 5% stockholder of the Group at any time since the beginning of the previous fiscal year.

Potential related person transactions are brought to the attention of management and the Board in a number of ways. Each of our directors and executive officers is instructed and periodically reminded to inform the Corporate Secretary of any potential related person transactions. In addition, each director and officer completes a questionnaire on an annual basis designed to elicit information about any potential related person transactions.

Since the beginning of 2023, there were no related person transactions under the relevant standards.

PROPOSAL NO. 2 — ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Our Board of Directors unanimously recommends that you vote **“FOR”** this proposal.

We are asking our stockholders to approve, on a non-binding, advisory basis, under Section 14A of the Exchange Act, the compensation of our NEOs as disclosed in this proxy statement. We have held a similar stockholder vote every year since 2014.

As described in the CD&A, our executive compensation program is designed with an emphasis on performance and is intended to closely align the interests of our NEOs with the interests of our stockholders and customers. We regularly review our executive compensation program with the goal that compensation is closely tied to aspects of our company’s performance that our NEOs can impact and that are likely to have an impact on stockholder value.

Our compensation program is also designed to balance long-term performance with shorter-term performance and to mitigate any risk that an officer would be incentivized to pursue good results with respect to a single performance measure, company segment, or area of responsibility to the detriment of our company as a whole.

In the CD&A, we also discuss why we believe the compensation of our NEOs for fiscal 2023 was appropriately aligned with our company’s performance during fiscal 2023. The CD&A also describes feedback we received regarding our executive compensation program during our stockholder outreach efforts, and is intended to provide additional clarity and transparency regarding the rationale for, and philosophy behind, our executive compensation program and practices. We urge you to carefully read the CD&A, the compensation tables, and the related narrative discussion in this proxy statement when deciding how to vote on this proposal.

The Group is asking stockholders to support the named executive officer compensation as described in this Proxy Statement. The Organization and Compensation Committee and the Board believe the policies and procedures articulated in the “Compensation Discussion and Analysis” are effective in achieving the Group’s goals and the compensation of the Group’s named executive officers reported in this Proxy Statement has supported and contributed to the Group’s success. Accordingly, the Group asks stockholders to vote “FOR” the following resolution at the 2023 Annual Meeting:

> “RESOLVED, that the stockholders of California Water Service Group approve, on an advisory basis, the compensation paid to California Water Service Group’s named executive officers, as disclosed in this Proxy Statement pursuant to the SEC’s compensation disclosure rules, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussion.”

This advisory resolution, commonly referred to as a “Say-on-Pay” resolution, is not binding upon the Group, the Organization and Compensation Committee, or the Board. However, the Board and the Organization and Compensation Committee, which is responsible for designing and administering the Group’s executive compensation programs, value the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers. After consideration of the vote of stockholders at the 2023 Annual Meeting of Stockholders and other factors, the Board decided to hold advisory votes on the approval of executive compensation annually until the next advisory vote on frequency occurs. Unless the Board modifies its policy on the frequency of future advisory votes, the next such advisory vote will be held at the 2025 Annual Meeting.

Recommendation of the Board

Our Board of Directors unanimously recommends that you vote **“FOR”** this proposal.

Report of the Audit Committee

The Audit Committee oversees the Group's financial reporting process on behalf of the Board of Directors. The Audit Committee's purpose and responsibilities are set forth in the Audit Committee charter. The current charter is available on the Group's website at http://www.calwatergroup.com. The Audit Committee consists of four members, each of whom meet the New York Stock Exchange standards for independence and the Sarbanes-Oxley Act independence standards for Audit Committee membership, and all of the Audit Committee's members meet the requirements of an Audit Committee financial expert. During 2023, the Audit Committee met four times.

The Group's management has primary responsibility for preparing the Group's financial statements and the overall reporting process, including the Group's system of internal controls. Deloitte & Touche LLP, the Group's independent registered public accounting firm, audited the financial statements prepared by the Group and expressed their opinion that the financial statements fairly present the Group's financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. Deloitte & Touche LLP also determined that the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023.

In connection with the December 31, 2023 financial statements, the Audit Committee:

(1) Reviewed and discussed the audited financial statements with management and Deloitte & Touche LLP;

(2) Discussed with Deloitte & Touche LLP the matters required to be discussed under applicable rules of the Public Company Accounting Oversight Board and the Securities and Exchange Commission;

(3) Received from Deloitte & Touche LLP the written disclosures and the letter required by applicable rules of the Public Company Accounting Oversight Board regarding the firm's communications with the Audit Committee concerning independence, and also discussed with Deloitte & Touche LLP the firm's independence, and considered whether the firm's provision of non-audit services and the fees and costs billed for those services are compatible with Deloitte & Touche LLP's independence; and

(4) Met privately with Deloitte & Touche LLP and the Group's internal auditor, each of whom has unrestricted access to the Audit Committee, without management present, and discussed their evaluations of the Group's internal controls and overall quality of the Group's financial reporting and accounting principles used in preparation of the financial statements. The Committee also met privately with the Group's Chairman, President & CEO, the CFO and the Controller, and the General Counsel to discuss the same matters.

Based upon these reviews and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in the annual report on Form 10-K for the fiscal year ended December 31, 2023 to be filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

Gregory E. Aliff, Committee Chair
Jeffrey Kightlinger
Charles R. Patton
Patricia K. Wagner

Relationship with the Independent Registered Public Accounting Firm

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the Group's independent registered public accounting firm. The Audit Committee evaluates the selection of the independent registered accounting firm each year. In addition, the Audit Committee considers the independence of the independent registered public accounting firm each year and periodically considers whether there should be a regular rotation of the independent registered public auditing firm. The Audit Committee also is involved in considering the selection of Deloitte & Touche LLP's lead engagement partner when rotation is required.

Deloitte & Touche LLP has served as the Group's independent auditor since fiscal year 2008. After careful consideration of a number of factors, including the length of time the firm has served in this role, the firm's past performance, and an assessment of the firm's qualifications and resources, the Audit Committee has selected Deloitte & Touche LLP to serve as the Group's independent registered public accounting firm for the year ending December 31, 2024. The Committee's selection of Deloitte & Touche LLP as the Group's independent registered public accounting firm is being submitted for ratification by vote of the stockholders at this Annual Meeting.

The following table summarizes the audit fees billed and expected to be billed by Deloitte & Touche LLP, the Group's independent registered public accounting firm, for the indicated fiscal years and the fees billed by Deloitte & Touche LLP for all other services rendered during the indicated fiscal years.

Category of Services	2022	2023
Audit Fees(1)	$2,322,469	$2,162,750
Audit-Related Fees(2)	269,877	163,803
Tax Fees	0	0
All Other Fees(3)	0	189,000
Total	$2,592,346	$2,515,553

(1) Audit fees relate to audits of the Group's annual financial statements, quarterly reviews of the Group's interim financial statements and the audit of the effectiveness of internal control over financial reporting.

(2) Audit-related fees related to comfort letters associated with Group's at-the-market equity program.

(3) The services comprising the fees disclosed under "All Other Fees" relate to supply chain strategy services.

The Audit Committee is responsible for overseeing audit fee negotiations associated with the retention of Deloitte & Touche LLP for the audit of the Group. Additionally, it is the policy of the Audit Committee, as set forth in its charter, to approve in advance all audit and permissible non-audit services to be provided by the independent registered public accounting firm, as well as related fees. Under applicable law, the Audit Committee may delegate preapproval authority to one or more of its members, and any fees preapproved in this manner must be reported to the Audit Committee at its next regularly scheduled meeting. All of the fees reported in the table above were pre-approved in accordance with these procedures.

PROPOSAL NO. 3 — RATIFICATION OF SELECTION OF DELOITTE & TOUCHE LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2024

Our Board of Directors unanimously recommends that you vote **“FOR”** this proposal.

After consideration, and as a matter of good corporate governance, the Board is requesting stockholder ratification of Deloitte & Touche LLP as the independent registered public accounting firm, to audit the Group’s books, records, and accounts for the year ending December 31, 2024. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP to serve as the Group’s independent registered public accounting firm is in the best interests of the Group and its stockholders. Following the recommendation of the Audit Committee, the Board recommends a vote “FOR” the adoption of this proposal. Representatives of Deloitte & Touche LLP are expected to be present at the meeting to answer appropriate questions from stockholders and will have an opportunity to make a statement if they desire to do so. If the stockholders do not ratify this appointment, the Audit Committee will reconsider the selection of the independent registered public accounting firm.

Recommendation of the Board

Our Board of Directors unanimously recommends that you vote **“FOR”** this proposal.

PROPOSAL NO. 4 — APPROVE GROUP'S 2024 EQUITY INCENTIVE COMPENSATION PLAN

Our Board of Directors unanimously recommends that you vote **"FOR"** this proposal.

General

On April 2, 2024, the Board approved the Company's 2024 Equity Incentive Plan (the "2024 Plan") subject to stockholder approval. The approval by an affirmative vote of a majority of the votes cast on this proposal (either in person or by proxy) is required for adoption. The complete text of the 2024 Plan approved by the Board is attached as Appendix A to this proxy statement.

The Board believes that the adoption of the 2024 Plan is desirable because it will promote and closely align the interests of employees and non-employee directors of the Company and its shareholders by providing the ability for the Company to award stock-based compensation and other performance-based compensation.

The 2024 Plan is intended to serve as the successor to the Amended and Restated California Water Service Equity Incentive Plan (the "Prior Plan"), which Prior Plan terminated in November 2023 and is no longer available for future awards. Awards granted under the Prior Plan prior to the adoption of the 2024 Plan will remain in full force and effect and will remain subject to the terms of the Prior Plan.

If the 2024 Plan is approved by our stockholders, it will become effective on May 29, 2024 (the "Effective Date").

The following is a summary of the principal terms of the 2024 Plan, as proposed. Because this is a summary, it may not contain all the information that may be considered important. Therefore, the Board encourages stockholders to read the full text of the 2024 Plan.

Key Features of the 2024 Plan

The 2024 Plan has a number of special terms and limitations, including:

- the exercise price for stock options and stock appreciation rights granted under the 2024 Plan must equal or exceed the underlying stock's fair market value, based on the closing price per share of the Company's common stock, at the time the stock option or stock appreciation right is granted;
- the 2024 Plan expressly states that stock options and stock appreciation rights granted under the plan may not be "repriced" without stockholder approval;
- 1,600,000 shares are proposed to be available for issuance under the 2024 Plan, which will be comprised of (i) 349,208 that were available, but never issued under the Prior Plan at the time of its termination and (ii) 1,250,792 new shares;
- dividends or dividend equivalent rights that relate to awards subject to vesting will be subject to the same vesting conditions as the underlying award, provided that dividends or dividend equivalents will not be made available with respect to stock options and SARs;
- clawback policy applicable to all awards under the 2024 Plan (time-based and performance-based);
- no "evergreen" provision to automatically increase the number of shares issuable under the 2024 Plan;
- the 2024 Plan does not provide for tax gross-ups on excise taxes resulting from excess parachute payments; and
- stockholder approval is required for certain types of amendments to the 2024 Plan.

Information Regarding Grants Made under the Prior Plan

Potential Equity Dilution

Common Share Price. As of April 2, 2024, the closing price of a Common Share on the NYSE was $46.02.

Information on Outstanding Equity Awards; Overhang; Dilution. Overhang is equal to the number of equity awards outstanding plus the total number of Common Shares available for grant under the Prior Plan, divided by the sum of the total Common Shares outstanding, the number of equity awards outstanding and the total number of shares available for grant under the Prior Plan. Our overhang as of December 31, 2023 was 0.87%. If the 2024 Plan is approved, our overhang will be approximately 0.85%%. The 1,600,000 shares are proposed to be available for issuance under the 2024 Plan represent 2.77% of the Common Shares outstanding as of December 31, 2023.

Information regarding awards outstanding as of December 31, 2023 under the Prior Plan is summarized in the following table:

Award	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Term
Stock Options & SARs	0	Not applicable	Not applicable
Full Value Awards[(1)]	203,380	Not applicable	Not applicable
Total Overhang	0.87%	—	—
Shares Available for Grant	349,208	—	—

(1) Full-value awards are awards other than stock options and SARs. These include RSAs, RSUs and PSUs. PSUs are included assuming the maximum level of performance.

Burn Rate. One means of evaluating the long-term dilution from equity compensation plans is to monitor the number of equity awards granted annually, commonly referred to as "burn rate." As shown in the following table, the Company's three-year average annual burn rate has been 0.15%.

Year	SAR Options Granted	Full-Value Shares Granted[(1)]	Total Granted	Weighted Average Number of Common Shares Outstanding	Burn Rates
2023	0	87,848	87,848	56,951,846	0.15%
2022	0	77,968	77,968	54,320,445	0.14%
2021	0	82,730	82,730	51,633,168	0.16%
Three-year average	0	82,849	82,849	54,301,820	0.15%

(1) Full Value awards are awards other than stock options and SARS. These include RSUs and PSUs. PSUs are included assuming the target level of performance.

Stock Subject to the 2024 Plan

The aggregate number of common stock that can be issued under the 2024 Plan may not exceed 1,600,000 shares, plus the number of shares subject to any award outstanding under the Prior Plan as of the Effective Date that after the Effective Date are not issued because such award is forfeited, canceled, terminates, or otherwise lapses, or is settled in cash. The 2024 Plan provides that the following shares will again be available for issuance under the 2024 Plan:

- stock awards that expire or otherwise terminate, in whole or in part, without having been exercised in full;
- shares issued pursuant to an award that is forfeited to or repurchased by the Company, including, but not limited to, any repurchase or forfeiture caused by the failure to meet a contingency or condition required for the vesting of such shares, then such shares not issued, forfeited or repurchased by the Company; and
- shares subject to an award (other than options or stock appreciation rights) that are not delivered because such shares are withheld for the payment of taxes or the award is exercised through a reduction of shares subject to the award.

Any shares of common stock that are withheld by the Company or tendered by a participant (1) as full or partial payment of withholding or other taxes owed by the participant related to an outstanding stock option or SAR or (2) as payment for the exercise or conversion price of a stock option, SAR or similar grant based on "spread value" under the 2024 Plan will not be counted towards determining the number of shares remaining available for delivery under the Plan.

The aggregate number of shares that may be issued pursuant to the exercise of incentive stock options granted under the 2024 Plan may not exceed 200,000 shares of common stock.

Notwithstanding the foregoing, if there is any change in the stock subject to the 2024 Plan or subject to any award granted under the 2024 Plan, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or otherwise), the 2024 Plan and awards outstanding under the plan will be appropriately adjusted as to the type of security and the maximum number of shares subject to such plan, the maximum number of shares which may be granted to an individual during any calendar year, and the type of security, number of shares and price per share of stock subject to such outstanding stock awards.

Eligibility

All of our employees and non-employee directors are eligible to receive awards under the 2024 Plan. Non-employee directors are not eligible to receive incentive stock options. As of March 31, 2024, approximately 1,269 employees (including executive officers), and 10 non-employee directors were eligible to participate in the 2024 Plan.

Administration

The 2024 Plan is administered by the Board. The Board has the power to construe and interpret the plan and, subject to the provisions of the plan, to determine the persons to whom and the dates on which awards will be granted, the number of shares to be subject to each award, the time or times during the term of each award within which all or a portion of the award may be exercised, the exercise price, the type of consideration and other terms of the award.

The Board is authorized to delegate administration of the 2024 Plan to a committee composed of one or more of its members. The Board also is authorized to delegate to one or more officers of the Company the authority to designate employees of the Company or its affiliates to whom stock awards will be granted (other than themselves), and to determine the number of shares to be subject to that award.

Awards

The 2024 Plan authorizes the grant and issuance of the following types of awards: stock options, stock appreciation rights, restricted stock purchase awards, restricted stock, restricted stock units and other stock awards.

Stock Option Awards

The following is a description of the permissible terms of options under the 2024 Plan. Individual option grants may be more restrictive as to any or all of the permissible terms described below:

Exercise Price; Payment: The exercise price of options under the 2024 Plan may not be less than 100% (110%, in the case of incentive stock options granted to employees deemed to own more than 10% of the outstanding voting power of the Company) of the fair market value of the common stock subject to the option on the date of the option grant. The exercise price of options granted under the 2024 Plan must be paid either in cash at the time the option is exercised or, unless otherwise determined by the Board, (i) by delivery of other shares of the ‘Company’s common stock, (ii) by a “net exercise” of the option, by which shares subject to exercise are withheld as payment for the exercise price, (iii) pursuant to a “cashless” exercise procedure under which the Company receives either cash or a check, or irrevocable instructions to pay from the proceeds of the sale of the option stock, the aggregate exercise price of the option, prior to the Company issuing the stock to the option holder or (iv) in any other form of legal consideration acceptable to the Board.

Exercise/Vesting: Options granted under the 2024 Plan may become exercisable (“vest”) in cumulative increments as determined by the Board. Such vesting typically is time-based or performance-based. The Board has the power to accelerate the time during which an option may be exercised. In addition, options granted under the 2024 Plan may permit exercise before vesting, but in that event the option holder may be required to enter into an early exercise stock purchase agreement that allows the Company to repurchase shares not yet vested at their exercise price should the option holder’s employment or relationship as a director of the Company or its affiliates terminate before vesting. Shares subject to repurchase by the Company under an early exercise stock purchase agreement may be subject to any restrictions on transfer that the Board deems appropriate.

Term: The maximum term of stock options under the 2024 Plan is generally 10 years. Options under the 2024 Plan generally terminate 30 days after termination of the option holder’s employment or relationship as a director of the Company or its affiliates, unless (i) such termination is due to the option holder’s death or permanent and total disability (as defined in the Code), or an immediate pension is payable to the option holder by the Company or any affiliate after such termination, in which case the option will terminate five years after such termination; or (ii) the option by its terms specifically provides otherwise. Individual options by their terms may provide for exercise within a longer or shorter period of time following termination of employment or other relationship.

No Repricing: Other than as required by the adjustment provisions in the 2024 Plan, at any time when the exercise price of an option is above the fair market value of the underlying share of common stock, the Board cannot, without stockholder approval, reduce the exercise price of such option and cannot exchange such option for a new award with a lower exercise price or for cash.

Stock Appreciation Rights

Stock Appreciation Rights (SARs) granted under the 2024 Plan will be granted pursuant to a SAR Agreement which will be in such form and will contain such terms and conditions, including vesting terms and strike price, as the Board deems appropriate. Upon exercising a SAR, the participant is entitled to receive the amount by which the fair market value of the common stock at the time of exercise exceeds the exercise price of the SAR. The exercise price of a SAR will be specified in the award agreement and is subject to the same limitations as the exercise price of a stock option. This amount is payable only in common stock, and neither the Company or any affiliate can enter into an agreement providing for the purchase of such common stock. In the event that a participant's service is terminated, such participant may exercise his or her SARs, but only to the extent then vested, within such period of time ending on the earlier of (a) the date thirty days following termination, or (b) the expiration of the terms of the SAR (which cannot exceed ten years from the date of grant). Similar to the restrictions on options, at any time when the strike price of a SAR is above the fair market value of the underlying share of common stock, the Board cannot, without stockholder approval, reduce the strike price of such SAR and cannot exchange such SAR for a new award with a lower strike price or for cash.

Restricted Stock Awards

Restricted stock awards (RSAs) granted under the 2024 Plan may be either in the form of a restricted stock purchase right, giving the participant a right to immediately purchase shares of common stock of the Company, or in the form of a "restricted stock award," which is an award of shares, the grant, issuance, retention and/or vesting of which is subject to such performance and other conditions as are specified by the Board. The purchase price (if any) will be determined by the Board and may be less than the current fair market value of the common stock but not less than the par value of the stock. RSAs may be subject to vesting conditions based upon such time-based or performance-based requirements specified by the Board, and the shares acquired may not be transferred by the participant until vested. If RSA recipient's employment or relationship as a director of the Company or its affiliates terminates, the Company may reacquire all of the shares of common stock issued to the recipient pursuant to a restricted stock award that have not vested as of the date of such termination. Participants holding restricted stock will be permitted to vote the shares.

The criteria upon which restricted stock is granted, issued, retained and/or vested may be based on standards of financial performance and/or personal performance evaluations as established by the Board.

Restricted Stock Unit Awards

A restricted stock unit (RSU) will be denominated in units equivalent to a number of shares of common stock and will represent a promise to pay the value of such units upon vesting, the grant, issuance, retention and/or vesting of which is subject to such performance and other conditions as are specified by the Board. RSUs may be payable in any legal form permitted by the Board in its discretion. RSUs will be granted subject to vesting conditions as determined by the Board, which may be time-based or performance-based. Participants have no voting rights or rights to receive cash dividends with respect to RSUs unless and until shares of common stock are issued in settlement of such awards. However, the Board may grant RSUs that entitle their holders to receive dividend equivalents, which are rights to receive additional restricted stock units for a number of shares of common stock whose value is equal to any cash dividends paid by the Company on its common stock. If a RSU recipient's employment or relationship as a director of the Company or its affiliates terminates, any unvested portion of the RSU is forfeited upon the recipient's termination of service.

The criteria upon which a RSU is granted, issued, retained and/or vested may be based on standards of financial performance and/or personal performance evaluations as established by the Board.

In general, dividend or dividend equivalents that relate to a restricted stock purchase award, restricted stock award, restricted stock unit award or other stock award will be subject to the same vesting conditions as the underlying award. For the avoidance of doubt, dividends or dividend equivalents will not be made available with respect to stock options and SARs.

Other Stock Awards

In addition to the awards listed above, the Board may grant other forms of stock awards valued in whole or in part by reference to, or otherwise based on, common stock, either alone or in addition to the awards listed above.

Acceleration

An award granted under the 2024 Plan may be subject to additional acceleration of vesting and exercisability upon or after a change in control (as defined in the 2024 Plan) as may be provided in an award agreement, or any other written agreement. If there is no such agreement governing the treatment of award granted under the 2024 Plan, then there will be no such acceleration.

In addition, the Board maintains the power to accelerate the time at which an award granted under the 2024 Plan may first be exercised or will vest.

Forfeiture of Awards (Clawback)

The 2024 Plan provides that the Company may require forfeiture of awards or recoupment of awards already paid in the event that in the case of executive officers, the Company is required to prepare an accounting restatement due to the material noncompliance with any financial reporting requirement under federal securities laws, regardless of fault and consistent with the terms of our Incentive Compensation Clawback Policy as described in more detail in the section "Executive Compensation Recovery — Our Clawback Policy" in this Proxy Statement. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an award agreement or policy as the Board determines necessary or appropriate, including a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of misconduct. No recovery of compensation under such a clawback policy or recoupment right will be an event giving rise to a right to resign for "good reason" or be deemed a "constructive termination" (or any similar term) as such terms are used in any agreement between any participant and the Company.

Effect of Certain Corporate Events

In the event of a dissolution or liquidation of the Company, then all outstanding stock awards (other than awards consisting of vested common stock not subject to the Company's right of repurchase) under the 2024 Plan will terminate if not exercised (if applicable) before such event. In the event of a specified type of merger or other corporate reorganization, any surviving corporation may either assume stock awards outstanding under the 2024 Plan or substitute similar stock awards for those outstanding under the 2024 Plan and such outstanding stock awards will continue in full force and effect. If any surviving corporation declines to assume or continue awards outstanding under the 2024 Plan, or to substitute similar awards, then (i) with respect to stock awards held by participants whose employment or relationship as a director of the Company or its affiliates has not terminated , the vesting of those stock awards (and, if applicable, the time at which those awards may be exercised) will be accelerated, and those awards will terminate if not exercised (if applicable) at or before such event, and (ii) with respect to any other stock awards, the vesting and exercisability (if applicable) of those awards will not accelerate (unless otherwise provided in the award agreement), and those awards will terminate if not exercised (if applicable) before such event. The acceleration of a stock award in the event of an acquisition or similar corporate event may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain control of the Company which may otherwise be beneficial to stockholders. Any acceleration of performance-based awards will take into account the actual performance of the Company through the date of any corporate transaction.

Payment of Withholding Taxes

To the extent provided for in an award agreement, the Company may in its discretion, satisfy any federal, state or local tax withholding obligation relating to an award under the 2024 Plan by any of the following means, which are in addition to the Company's right to withhold from the participant's compensation from the Company or by a combination of such means: (i) causing the participant to tender a cash payment; (ii) withholding shares of common stock from the shares of common stock issued or otherwise issuable to the participant in connection with the award; or (iii) by such other method as may be set forth in the award agreement.

Transferability of Awards

The terms governing the transferability of award granted under the 2024 Plan will be set forth in an award agreement. Notwithstanding the foregoing, incentive stock options and, to the extent not provided for otherwise in an award agreement, nonstatutory stock options are not transferable except by will or by the laws of descent and distribution.

Amendments and Termination

The Board may amend the 2024 Plan at any time or from time to time. However, no amendment will be effective unless approved by the Company's stockholders, to the extent stockholder approval is necessary in order for the 2024 Plan to satisfy the requirements of the tax laws, securities laws, or the New York Stock Exchange's listing requirements, as applicable. The Board may submit any other amendment to the 2024 Plan for stockholder approval.

The Board may terminate the 2024 Plan at any time or suspend the 2024 Plan from time to time, without stockholder approval. Unless sooner terminated, the 2024 Plan will automatically terminate on May 29, 2034.

Repricing Prohibited

Under the 2024 Plan, other than in connection with an adjustment in the Company's capitalization, the Company will not, without shareholder approval, reduce the exercise price of a stock option or SAR and, at any time when the exercise price of a stock option or SAR is above the fair market value of a Common Share, the Company will not, without shareholder approval (except in the case of a change in control), exchange such stock option or SAR for a new award or for cash. However, the foregoing provision does not apply in connection with an adjustment involving a corporate transaction or event as provided in the 2024 Plan.

U.S. Federal Income Tax Consequences

The following discussion of the U.S. federal income tax consequences of the 2024 Plan is intended to be a summary of applicable U.S. federal law as currently in effect. State and local tax consequences may differ and may be amended or interpreted differently during the term of the 2024 Plan or of stock options granted under the 2024 Plan. Because the U.S. federal income tax rules governing stock options and related payments are complex and subject to frequent change, optionees are advised to consult their tax advisors prior to exercise of stock options or dispositions of stock acquired pursuant to option exercise.

Federal Income Tax Consequences to the Company

Generally, to the extent that a recipient recognizes ordinary income, the Company will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an “excess parachute payment” within the meaning of Code Section 280G and, together with other compensation paid certain “covered employees,” is below the $1,000,000 deduction limitation imposed by IRC Section 162(m). Compensation paid to a covered employee whether performance-based or not, will not be deductible to the extent such amounts exceed $1 million in any one year.

Incentive Stock Options

Incentive stock options under the 2024 Plan are intended to be eligible for the favorable federal income tax treatment accorded “incentive stock options” under the Code.

There are generally no federal income tax consequences to the participant or the Company by reason of the grant or exercise of an incentive stock option. However, the exercise of an incentive stock option may increase the participant’s alternative minimum tax liability, if any.

If a participant holds stock acquired through exercise of an incentive stock option for more than one year from the date on which the shares are transferred to the participant upon exercise of the option, and does not dispose of the stock within two years from the date on which the option is granted, any gain or loss on a disposition of such stock will be a long-term capital gain or loss.

Generally, if the participant disposes of the stock before the expiration of either of these holding periods (a “disqualifying disposition”), then at the time of disposition the participant will realize taxable ordinary income equal to the lesser of (i) the excess of the stock’s fair market value on the date of exercise over the exercise price, or (ii) the participant’s actual gain, if any, on the purchase and sale. Any additional gain or any loss upon the disqualifying disposition will be a capital gain or loss, which will be long-term or short-term depending on whether the stock was held for more than one year.

Nonstatutory Stock Options

Nonstatutory stock options awards granted under the 2024 Plan generally have the following federal income tax consequences:

- There are no tax consequences to the participant or the Company by reason of the grant or vesting of a nonstatutory stock option. After exercise of a nonstatutory stock option, the participant normally will recognize taxable ordinary income equal to the excess, if any, of the stock’s fair market value on the acquisition date over the exercise price.
- With respect to employees the Company is generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized.
- Upon disposition of the stock acquired on exercise of a nonstatutory stock option, the participant will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock plus any amount recognized as ordinary income upon acquisition of the stock. Such gain or loss will be long-term if the stock was held for more than one year and short-term if it was held for one year or less.

Restricted Stock Awards

Restricted stock awards granted under the 2024 Plan generally have the following federal income tax consequences:

- There are no tax consequences to the participant or the Company by reason of the grant. To the extent the stock is subject to certain types of vesting restrictions, the taxable event will be delayed until the vesting restrictions lapse, unless the participant elects to be taxed on receipt of the award. After vesting of an RSA or after exercise of a stock option, the participant normally will recognize taxable ordinary income equal to the excess, if any, of the stock’s fair market value on the acquisition date over the purchase price, if any.
- With respect to employees the Company is generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized.
- Upon disposition of the stock, the participant will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock, if any, plus any amount recognized as ordinary income upon acquisition (or vesting) of the stock. Such gain or loss will be long-term if the stock was held for more than one year and short-term if it was held for one year or less.

Stock Appreciation Rights and Restricted Stock Units

There are no tax consequences to the participant or the Company by reason of the grant of a SAR or RSU. Upon exercise of the SAR or settlement of an RSU, the fair market value of the shares or cash (or combination of both) received by the participant is treated as compensation taxable as ordinary income to the participant in the year of such exercise. Generally, with respect to employees, the Company is required to withhold from the payment made on the RSU or on exercise of the SAR, or from regular wages or supplemental wage payments, an amount based on the ordinary income recognized.

Plan Term, Amendment and Termination

The 2024 Plan will have a term expiring on May 29, 2034, unless terminated earlier by the Board. Unless prohibited by applicable law or otherwise expressly provided in an award agreement or in the 2024 Plan, the Board may at any time and from time to time and in any respect amend, alter, suspend, discontinue or terminate the 2024 Plan. The Board may seek the approval of any amendment or modification by the company's stockholders to the extent it deems necessary or advisable in its sole discretion. No amendment or modification of the 2024 Plan will adversely affect any outstanding award without the consent of the employee or the permitted transferee of the award.

New Plan Benefits

No awards will be granted under the 2024 Plan prior to approval by stockholders of the Company. All awards will be granted at the discretion of the Board, and, accordingly, are not yet determinable.

Vote Required

Approval of Proposal No. 4 requires the affirmative vote a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting. In addition, under the listing standards of the New York Stock Exchange, approval of Proposal No. 4 requires the affirmative vote of a majority of the votes cast.

Recommendation of the Board

Our Board of Directors unanimously recommends that you vote **"FOR"** this proposal.

Other Matters

Stock Ownership of Management and Certain Beneficial Owners

Non-Employee Director and Executive Stock Ownership Guidelines

The Board of Directors requires non-employee directors to maintain a certain amount of stock ownership consistent with our stock ownership requirements. The requirements were adopted to promote a long-term perspective in managing the Group and to help align the interests of our stockholders, directors, and executive officers. A more complete description of the stock ownership requirements appears in the "Compensation Discussion and Analysis" section of this Proxy Statement.

The following table shows the common stock ownership of our current directors and nominees, the executive officers named in the 2023 Summary Compensation Table, and such directors and all of our executive officers as a group, as of April 2, 2024. All directors and executives have sole voting and investment power over their shares (or share such powers with their spouses).

Name	Common Stock Beneficially Owned(*)
Gregory E. Aliff, Director	17,647
Shawn C. Bunting, Executive Officer	860
Shelly M. Esque, Director	10,065
David B. Healey, Former Executive Officer	3,473
Jeffrey Kightlinger, Director	381
Martin A. Kropelnicki, Director and Executive Officer	120,765
Thomas M. Krummel, M.D., Director	26,093
Michael B. Luu, Executive Officer	19,790
Yvonne A. Maldonado, M.D., Director	4,564
Scott L. Morris, Director	7,139
Charles R. Patton, Director	1,067
Carol M. Pottenger, Director	11,116
Thomas F. Smegal III, Former Executive Officer	47,756
Lester A. Snow, Director	22,067
Paul G. Townsley, Executive Officer	32,661
Ronald D. Webb, Executive Officer	24,393
Patricia K. Wagner, Director	7,142
All current directors and executives as a group	424,225

* To our knowledge, as of April 2, 2024, all directors and executives together beneficially owned an aggregate of approximately 1.0% of outstanding common shares. No one director or executive beneficially owns more than 1.0% of outstanding common shares.

Ownership of Largest Stockholders

As of December 31, 2023, our records and other information available from outside sources indicated that the following stockholders were the beneficial owner of more than 5% percent of the outstanding shares of our common stock.

The information below is as reported in filings made by third parties with the SEC. Based solely on the review of our stockholder records and public filings made by the third parties with the SEC, we are not aware of any other beneficial owners of more than 5% percent of the common stock.

Beneficial Owner	Number of Shares of Common Stock	Percent of Class
BlackRock, Inc.[1] 50 Hudson Yards New York, NY 10001	10,687,783	18.5%
The Vanguard Group, Inc.[2] 100 Vanguard Blvd. Malvern, PA 19355	6,966,637	12.07%
State Street Corporation[3] 1 Congress Street, Suite 1 Boston, MA 02111	3,434,902	5.95%
T. Rowe Price Investment Management, Inc.[4] 101 E. Pratt Street Baltimore, MD 21201	2,908,537	5.0%

(1) BlackRock, Inc. has sole voting power over 10,541,202 shares and sole investment power over all 10,687,783 shares, and no shared voting power or shared investment power as of December 31, 2023, as disclosed on Schedule 13G/A filed with the SEC on January 19, 2024.

(2) The Vanguard Group, Inc. has sole voting power over 0 shares; sole investment power over 6,817,954 shares; shared voting power over 87,657 shares; and shared investment power over 148,683 shares as of December 29, 2023, as disclosed on Schedule 13G/A filed with the SEC on February 13, 2024.

(3) State Street Corporation has shared voting power over 3.031,596 shares, shared investment power over 3,434,302 shares, and no sole voting power or sole investment power over any shares as of December 31, 2023, as disclosed on Schedule 13G/A filed with the SEC on January 29, 2024.

(4) T. Rowe Price Investment Management, Inc. has sole voting power over 981,750 shares and sole investment power over all 2,908,537 shares, and no shared voting power or shared investment power as of December 31, 2023, as disclosed on Schedule 13G filed with the SEC on February 14, 2024.

Delinquent Section 16(a) Reports

Under Section 16(a) of the Exchange Act and SEC rules, our directors, executive officers and beneficial owners of more than 10% of any class of equity security are required to file periodic reports of their ownership, and changes in that ownership, with the SEC. Based solely on a review of the reports filed for fiscal year 2023 and related written representations, we believe that all Section 16(a) reports were filed on a timely basis, except for that the following were filed late due to an administrative error (i) one Form 4 to report one transaction with respect to Michelle Mortensen and (ii) one Form 4 to report one transaction with respect to Thomas Scanlon.

Adjournment

Notice of adjournment need not be given if the place, if any, and date and time thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the Annual Meeting at which the adjournment is taken, displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxyholders to participate in the meeting by means of remote communication or set forth in the notice of meeting given in accordance with our bylaws. However, if the adjournment is for more than 30 days, or if a new record date is fixed for the adjourned Annual Meeting, a notice of the adjourned Annual Meeting will be given to each stockholder entitled to vote at the Annual Meeting. At adjourned annual meetings, any business may be transacted that might have been transacted at the original Annual Meeting.

Cost of Proxy Solicitation

The Group is soliciting proxies on behalf of the Board and will bear the entire cost of preparing, assembling, printing, and mailing this Proxy Statement, the proxies, and any additional materials that may be furnished by the Board to stockholders. The solicitation of proxies will be made by the use of the U.S. Postal Service and also may be made by telephone, or personally, by directors, officers, and regular employees of the Group, who will receive no extra compensation for such services. Morrow Sodali, LLC, 470 West Avenue, Stamford, CT 06902 was hired to assist in the distribution of proxy materials and solicitation of votes for a $10,000 fee, plus distribution expenses. The Group will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

Electronic Availability of Proxy Statement and Annual Report

As permitted by Securities and Exchange Commission rules, we are making this proxy statement and our annual report available to stockholders electronically via the Internet on the Company's website at http://ir.calwatergroup.com. On April 17, 2024, we began mailing to our stockholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice or set forth in the following paragraph. You can elect to receive future Proxy Materials by email, which will save us the cost of producing and mailing documents to you by enrolling at www.ProxyVote.com. If you choose to receive future Proxy Materials by email, you will receive an email with instructions containing a link to the website where those materials are available and where you can vote.

Other Matters

The Board is not aware of any other matters to come before the Annual Meeting. If any other matters should be brought before the Annual Meeting or any adjournment or postponement thereof, upon which a vote properly may be taken, the proxy holders will vote in their discretion.

The report of the Organization and Compensation Committee, and the report of the Audit Committee, are not to be considered as incorporated by reference into any other filings that the Group makes with the SEC under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. These portions of this Proxy Statement are not a part of any of those filings unless otherwise stated in those filings.

Stockholders Sharing an Address

The SEC allows the Group to deliver a single proxy statement and annual report to an address shared by two or more of our stockholders. This delivery method, referred to as "householding," can result in significant cost savings for the Group. In order to take advantage of this opportunity, banks and brokerage firms that hold shares for stockholders who are the beneficial owners, but not the record holders, of the Group's shares, have delivered only one proxy statement and annual report to multiple stockholders who share an address, unless one or more of the stockholders has provided contrary instructions. For stockholders who are the record holders of the Group's shares, the Group may follow a similar process absent contrary instructions. The Group will deliver promptly, upon written or oral request, a separate copy of the proxy statement and annual report to a stockholder at a shared address to which a single copy of the documents was delivered. A stockholder who wishes to receive a separate copy of the proxy statement and annual report, now or in the future, may obtain one, without charge, by addressing a request to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4508 or calling (408) 367-8200. Stockholders of record sharing an address who are receiving multiple copies of proxy materials and annual reports and wish to receive a single copy of such materials in the future should submit their request by contacting the Group in the same manner. If you are the beneficial owner, but not the record holder, of the Group's shares and wish to receive only one copy of the proxy statement and annual report in the future, you will need to contact your broker, bank, or other nominee to request that only a single copy of each document be mailed to all stockholders at the shared address in the future.

Copies of Annual Report on Form 10-K

The Group, upon written request, will furnish to record and beneficial holders of its common stock, free of charge, a copy of its Annual Report on Form 10-K (including financial statements and schedules, but without exhibits) for fiscal year 2023. Copies of exhibits to Form 10-K also will be furnished upon request for a payment of a fee of $0.50 per page. All requests should be directed to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4508.

Electronic copies of the Group's Form 10-K, including exhibits and this Proxy Statement, will be available on the Group's website at http://www.calwatergroup.com.

Disclaimer Regarding Website

The information contained on the Group's website, including the Environmental, Social, and Governance Report, is not to be deemed included or incorporated by reference into this Proxy Statement.

Frequently Asked Questions

What am I voting on?

- Election of the eleven directors named in the Proxy Statement to serve until the 2025 Annual Meeting;
- An advisory vote to approve executive compensation;
- Ratification of the selection of Deloitte & Touche LLP as the Group's independent registered public accounting firm for 2024; and
- Approval of the Group's 2024 Equity Incentive Plan.

Who may attend the Annual Meeting?

Any stockholders of the Group as of the record date may attend.

How can I attend the Annual Meeting?

This year, we plan to hold the Annual Meeting online through an audio webcast. This format will enable stockholders to attend the meeting and participate from any location, at minimal cost. You will be able to attend the Annual Meeting online at **www.virtualshareholdermeeting.com/CWT2024. You will also be able to vote your shares online at the Annual Meeting (see below).**

If you are the record holder, to participate in the Annual Meeting, you will need the control number included on your proxy card. If your shares are held through a stockbroker or another nominee, and your voting instruction form indicates that you may vote those shares through www.proxyvote.com, then you may participate in the Annual Meeting with the access code indicated on that voting instruction form. Otherwise, stockholders who hold their shares through a stockbroker or another nominee should contact their broker or nominee (preferably at least five days before the Annual Meeting) and obtain a "legal proxy" in order to be able to participate in the Annual Meeting, or voting instruction card (if your shares are held through a stockbroker or another nominee).

We encourage you to access the Annual Meeting 15 minutes prior to the start time and allow ample time to log in to the meeting webcast and test your computer audio system.

Additional information regarding the rules and procedures for participating in the Annual Meeting will be set forth in our meeting rules of conduct, which stockholders can view during the meeting at the meeting website.

How can I ask questions at the Annual Meeting?

Stockholders may submit questions live during the Annual Meeting at**www.virtualshareholdermeeting.com/CWT2023**.

The Group is committed to transparency. All questions received during the Annual Meeting that comply with the meeting rules of conduct, and the Group's responses, will be posted to our Investor Relations website at http://ir.calwatergroup.com/ reasonably promptly after the Annual Meeting. Personal details may be omitted for data protection purposes. If we receive substantially similar questions, we may group these questions together and provide a single response to avoid repetition.

What if during the check-in time or during the meeting I have technical difficulties or trouble accessing the meeting website?

The technical support telephone number will be posted on the Virtual Shareholder Meeting login page, **www.virtualshareholdermeeting.com/CWT2024**. If you encounter any difficulties, please call the number and speak to a technical support representative.

Who is entitled to vote?

Stockholders of record on the record date are entitled to vote. The Board has fixed the close of business on April 2, 2024 as the record date (Record Date) for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting.

How many votes do I get?

Each share of common stock is entitled to one vote.

What constitutes a quorum?

A majority of the shares of common stock outstanding and entitled to vote at the Annual Meeting present or represented by persons holding valid proxies constitutes a quorum. If you submit a valid proxy card, your shares will be considered in determining whether a quorum is present.

Without a quorum, no business may be transacted at the Annual Meeting. However, in the absence of a quorum, a majority of the voting power of those present at the Annual Meeting may adjourn the Annual Meeting to another date, time, and place.

At the Record Date, there were 57,754,106 shares of our common stock outstanding and entitled to vote at the Annual Meeting.

How are the directors elected?

Our bylaws provide for a majority voting standard for the election of directors in uncontested elections. Under this majority voting standard, each director must be elected by the affirmative vote of a majority of the votes cast with respect to the director. A majority of the votes cast means that the number of votes cast "FOR" a nominee for director exceeds the number of votes cast "AGAINST" that nominee for director. In accordance with our director resignation policy, the Nominating/Corporate Governance Committee has established procedures that require an incumbent nominee for director who does not receive the required votes for re-election to tender his or her resignation offer to the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee will recommend to the Board whether to accept or reject the offer, or whether other action should be taken. The Board will act on the Nominating/Corporate Governance Committee's recommendation within 90 days after certification of the election results. We will promptly publicly disclose the Board's decision regarding the resignation offer, including the rationale for rejecting the resignation offer, if applicable.

How do I vote?

If you are a stockholder of record (that is, you hold your shares in your own name), you may vote in advance of the Annual Meeting online, by telephone or, by mail, or you may vote online during the Annual Meeting. Different rules apply if your stockbroker or another nominee holds your shares for you (see below).

You may vote online.	**You may vote by telephone.**	**You may vote by mail.**
You do this by following the "Vote by Internet" instructions on the proxy card. If you vote online, you do not have to mail in your proxy card. Even if you plan to attend the Annual Meeting online, we recommend that you vote your shares prior to the meeting so that your vote will be counted if you later decide not to attend.	You do this by following the "Vote by Phone" instructions on the proxy card. If you vote by telephone, you do not have to mail in your proxy card. You must have a touch-tone phone to vote by telephone.	You do this by signing the proxy card and mailing it in the enclosed, prepaid, and addressed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If you return a signed card but do not provide voting instructions, your shares will be voted in accordance with the Board's recommendations set forth in this proxy statement.

What if I change my mind after I return my proxy?

You may revoke your proxy and/or change your vote at any time before the polls close at the Annual Meeting. You may do this by:

- Signing another proxy with a later date;
- Voting online or by telephone by the applicable deadline (your latest online or telephone proxy is counted);
- Voting online during the Annual Meeting; or
- Notifying the Corporate Secretary, in writing, that you wish to revoke your previous proxy. We must receive your notice prior to the vote at the Annual Meeting.

Will my shares be voted if I do not return my proxy?

If you are a stockholder of record, and you do not return your proxy, your shares will not be voted unless you attend the Annual Meeting and vote online during the meeting.

How do I vote if my shares are held by my stockbroker (or other nominee)?

If your shares are held by a stockbroker (or other nominee), you may vote your shares without participating in the Annual Meeting, or online during the Annual Meeting if you choose to attend.

You will receive a voting instruction card with information about how to instruct your stockbroker to vote your shares. If you do not provide instructions, then your stockbroker, under certain circumstances, may vote your shares.

Specifically, stockbrokers have authority to vote your uninstructed shares on certain “routine” matters. Whether a proposal is considered routine or non-routine is subject to stock exchange regulations and final determination by the stock exchange. For “non- routine” matters, no votes will be cast on your behalf if you do not instruct your stockbroker on how to vote. If you wish to change the voting instructions that you gave to your stockbroker, you must ask your stockbroker how to do so.

If you do not give your stockbroker voting instructions, your stockbroker may either:

- Proceed to vote your shares on routine matters and refrain from voting on non-routine matters (“broker non-votes”); or
- Leave your shares entirely unvoted (and we are aware that some stockbrokers are choosing to leave shares entirely unvoted even on routine matters).

Broker non-votes will count towards the quorum. We encourage you to provide your voting instructions to your stockbroker. This ensures that your shares will be voted at the Annual Meeting.

What is the voting requirement to approve each of the proposals?

Proposal	Vote Required
Proposal No. 1 — Election of 11 directors	Majority of Votes Cast
Proposal No. 2 — Advisory vote to approve executive compensation	Majority of Shares Present in Person or Represented by Proxy and Entitled to Vote on the Matter
Proposal No. 3 — Ratify the selection of Deloitte & Touche LLP as the Group’s independent registered public accounting firm for 2024	Majority of Shares Present in Person or Represented by Proxy and Entitled to Vote on the Matter
Proposal No. 4 — Approval of the Group’s 2024 Equity Incentive Plan	Majority of Shares Present in Person or Represented by Proxy and Entitled to Vote on the Matter

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only “FOR” and “AGAINST” votes are counted for purposes of determining the votes received in connection with the proposal relating to the election of directors (Proposal No. 1), and therefore broker non-votes, if any, and abstentions have no effect on that proposal. With respect to Proposal Nos. 2, 3, and 4 broker non-votes, if any, have no effect on the outcome, and abstentions have the effect of a vote “AGAINST.”

Who will count the vote?

Representatives of Broadridge Financial Services, Proxy Services, will serve as the inspector of elections and count the votes.

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts at the transfer agent and/or with stockbrokers. Please sign and return all proxy cards to ensure that all your shares are voted.

What is the deadline for submitting stockholder proposals for inclusion in the Group’s proxy materials for next year’s Annual Meeting?

Any proposals that stockholders intend to submit for inclusion in next year’s Group proxy materials must be received by the Corporate Secretary of the Group by the close of business (5:00 p.m. Pacific Time) on December 18, 2024. A proposal, together with any supporting statement, may not exceed 500 words and must comply with other requirements of Rule 14a-8 under the Securities Exchange Act of 1934. Please submit the proposal to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4508. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement.

How can a stockholder propose a nominee for the Board or other business for consideration at a stockholders’ meeting?

Stockholders who are entitled to vote at a stockholders’ meeting may propose a nominee for the Board or other business for consideration at a meeting without seeking to have the matter included in the proxy materials for the Annual Meeting pursuant to Rule 14a-8. The bylaws contain the requirements for doing so (including the timing and information required under Rule 14a-19 of the Exchange Act). The bylaws are posted on the Group’s website at http://www.calwatergroup.com. Physical copies of these documents are also available upon request to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, CA 95112-4508. Briefly, a stockholder must give timely prior notice of the matter to the Group. The notice must be received by the Corporate Secretary at the Group’s principal place of business no less than 90 days before and no more than 120 days before the first anniversary of the prior year’s Annual Meeting. For the 2025 Annual Meeting, to be timely, notice must be received by the Corporate Secretary not later than the close of business (5:00 p.m. Pacific Time) between January 29, 2025 and February 28, 2025. If we change the date of the Annual Meeting by more than 30 days before or more than 60 days after the date of the previous meeting, notice is due not less than 90 days nor more than 120 days before the Annual Meeting or the 10th day after we publicly announce the holding of the Annual Meeting. If the Group’s Corporate Secretary receives notice of a matter after the applicable deadline, the notice will be considered untimely. In that case, or where notice is timely but the stockholder fails to satisfy the requirements of Rule 14a-4 under the Securities Exchange of 1934, the persons named as proxies may exercise their discretion in voting with respect to the matter when and if it is raised at the Annual Meeting.

The bylaws specify what the notice must contain. Stockholders must comply with applicable law with respect to matters submitted in accordance with the bylaws. The bylaws do not affect any stockholder’s right to request inclusion of proposals in the Group’s Proxy Statement under Rule 14a-8. We reserve the right to reject, rule out of order or take other appropriate action with respect to any nomination or proposal that does not comply with these and other applicable requirements.

How can a stockholder or other interested parties contact the independent directors, the director who chairs the Board's executive sessions, or the full Board?

Stockholders or other interested parties may address inquiries to any of the Group's directors, to the lead director (who chairs the Board's executive sessions), or to the full Board, by email to stockholdercommunication@calwater.com or by writing to them in care

of the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4508. All such communications are sent directly to the intended recipient(s).

Where and when will I be able to find the results of the voting?

Preliminary results will be announced at the Annual Meeting. We will publish the final results in a current report on Form 8-K to be filed with the Securities and Exchange Commission ("SEC") within four business days of the Annual Meeting.

Appendix A: 2024 Equity Incentive Plan

As adopted on April 2, 2024

1. Purposes.

(a) *Eligible Stock Award Recipients.* The persons eligible to receive Stock Awards are Employees and Directors.

(b) *Available Stock Awards.* The Plan provides for the grant of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Purchase Awards, (v) Restricted Stock Awards, (vi) Restricted Stock Unit Awards, and (vii) Other Stock Awards.

(c) *General Purpose.* The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Stock Awards, to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates and to provide a means by which eligible recipients of Stock Awards may be given an opportunity to benefit from increases in the value of the Common Stock.

2. Definitions.

(a) "Affiliate" means (i) a member of a controlled group of corporations of which the Company is a member or (ii) any corporation, or unincorporated trade or business in which the Company has an ownership interest of at least 25% of the equity value of the entity. For this purpose, a "controlled group of corporations" means a controlled group of corporations as defined in Section 1563(a) of the Code determined without regard to Section 1563(a)(4) and (e)(3)(C) of the Code.

(b) "Board" means the Board of Directors of the Company.

(c) "Capitalization Adjustment" has the meaning ascribed to that term in Section 12(a).

(d) "Change in Control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any Exchange Act Person (the "Subject Person") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date this Plan is adopted by the Board, are members of the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement (it being understood, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply).

(e) “Code” means the Internal Revenue Code of 1986, as amended.

(f) “Committee” means a committee of one or more members of the Board appointed by the Board in accordance with Section 3(c).

(g) “Common Stock” means the common stock of the Company.

(h) “Company” means California Water Service Group, a Delaware corporation.

(i) “Continuous Service” means that the Participant’s service with the Company or an Affiliate, whether as an Employee or Director, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service. For example, a change in status from an Employee of the Company to a Director will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party’s discretion, may determine whether Continuous Service will be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company’s leave of absence policy or in the written terms of the Participant’s leave of absence.

(j) “Corporate Transaction” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 90% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(k) “Director” means a member of the Board.

(l) “Disability” means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code. “Employee” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(m) “Entity” means a corporation, partnership or other entity.

(n) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(o) “Exchange Act Person” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company.

(p) “Fair Market Value” means, as of any date, the value of the Common Stock determined as follows:

(i) Unless otherwise determined by the Board, if the Common Stock is listed on any established stock exchange or traded on the New York Stock Exchange, the Fair Market Value of a share of Common Stock will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Board deems reliable.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined by the Board in good faith.

(q) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(r) "Non-Employee Director" means a Director who either (i) is not a current Employee or Officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(s) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(t) "Normal Retirement" means termination of a Participant's Continuous Service with an immediate pension benefit being paid by the Company or an Affiliate.

(u) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(v) "Option" means an option to purchase shares of Common Stock granted pursuant to the Plan.

(w) "Option Agreement" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement is subject to the terms and conditions of the Plan.

(x) "Optionholder" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(y) "Other Stock Award" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 7(e).

(z) "Other Stock Award Agreement" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an individual Other Stock Award grant. Each Other Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(aa) "Own," "Owned," "Owner," "Ownership" means a person or Entity is deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(bb) "Participant" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(cc) "Plan" means this California Water Service Group 2024 Equity Incentive Plan.

(dd) "Prior Plan" means the Amended and Restated Equity Incentive Plan of the California Water Service Group.

(ee) "Restricted Stock Award" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(c).

(ff) "Restricted Stock Award Agreement" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement is subject to the terms and conditions of the Plan.

(gg) "Restricted Stock Purchase Award" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(b).

(hh) "Restricted Stock Purchase Award Agreement" means a written agreement between the Company and a holder of a Restricted Stock Purchase Award evidencing the terms and conditions of a Restricted Stock Purchase Award grant. Each Restricted Stock Purchase Award Agreement is subject to the terms and conditions of the Plan.

(ii) "Restricted Stock Unit Award" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(d).

(jj) "Restricted Stock Unit Award Agreement" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement is subject to the terms and conditions of the Plan.

(kk) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(ll) "Securities Act" means the Securities Act of 1933, as amended.

(mm) "Spread Value" means, with respect to a share of Common Stock subject to an award, an amount equal to the excess of the Fair Market Value, on the date such value is determined, over the award's exercise or strike price, if any.

(nn) "Stock Appreciation Right" means a right to receive the appreciation of Common Stock that is granted pursuant to the terms and conditions of Section 7(a).

(oo) "Stock Appreciation Right Agreement" means a written agreement between the Company and a holder of a Stock Appreciation terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement is subject to the terms and conditions of the Plan.

(pp) "Stock Award" means any right granted under the Plan, including an Option, a Stock Appreciation Right, a Restricted Stock Purchase Award, a Restricted Stock Award, a Restricted Stock Unit Award or any Other Stock Award.

(qq) "Stock Award Agreement" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement is subject to the terms and conditions of the Plan.

(rr) "Subsidiary" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation has or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(ss) "Ten Percent Stockholder" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

3. Administration.

(a) *Administration by Board.* The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee, as provided in Section 3(c).

(b) *Powers of Board.* The Board has the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time which of the persons eligible under the Plan will be granted Stock Awards; when and how each Stock Award will be granted; what type or combination of types of Stock Award will be granted; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person will be permitted to receive Common Stock pursuant to a Stock Award; and the number of shares of Common Stock with respect to which a Stock Award will be granted to each such person.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or a Stock Award as provided in Section 13.

(iv) To terminate or suspend the Plan as provided in Section 14.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan.

(vi) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States.

(c) *Delegation to Committee*.

(i) *General.* The Board may delegate some or all of the administration of the Plan to a Committee or Committees of one or more members of the Board, and the term "Committee" will apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) *Rule 16b-3 Compliance.* In the discretion of the Board, the Committee may consist solely of two or more Non-Employee Directors, in accordance with Rule 16b-3. In addition, the Board or the Committee, in its discretion, may delegate to a committee of one or more members of the Board who need not be Non-Employee Directors the authority to grant Stock Awards to eligible persons who are not then subject to Section 16 of the Exchange Act.

(d) *Delegation to an Officer.* The Board may delegate to one or more Officers of the Company the authority to do one or both of the following: (i) designate Employees of the Company or any of its Subsidiaries to be recipients of Stock Awards and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards; provided, however, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself or to any person then subject to Section 16 of the Exchange Act. Notwithstanding anything to the contrary in this Section 3(d), the Board may not delegate to an Officer authority to determine the Fair Market Value of the Common Stock pursuant to Section 2(r)(ii) above.

(e) *Effect of Board's Decision.* All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

4. Shares Subject To The Plan.

(a) *Share Reserve.* Subject to the provisions of Section 12(a) relating to Capitalization Adjustments, the shares of Common Stock that may be issued pursuant to Stock Awards will not exceed in the aggregate 1,600,000 shares of Common Stock, plus the number of shares of Common Stock subject to any award outstanding under the Prior Plan as of the Effective Date that after the Effective Date are not issued because such award is forfeited, canceled, terminates, expires or otherwise lapses without being exercised (to the extent applicable), or is settled in cash.

(b) *Reversion of Shares to the Share Reserve.* If any Stock Award for any reason expires or otherwise terminates, in whole or in part, without having been exercised in full, or if any shares of Common Stock issued to a Participant pursuant to a Stock Award are forfeited to or repurchased by the Company, including, but not limited to, any repurchase or forfeiture caused by the failure to meet a contingency or condition required for the vesting of such shares, then the shares of Common Stock not issued under such Stock Award, or forfeited to or repurchased by the Company, will revert to and again become available for issuance under the Plan. If any shares subject to a Stock Award are not delivered to a Participant because such shares are withheld for the payment of taxes or the Stock Award is exercised through a reduction of shares subject to the Stock Award (i.e., "net exercised"), the number of shares that are not delivered to the Participant will remain available for issuance under the Plan. If the exercise price of any Stock Award is satisfied by tendering shares of Common Stock held by the Participant (either by actual delivery or attestation), then the number of shares so tendered will remain available for issuance under the Plan. For purposes of qualification under Section 422 of the Code, notwithstanding anything to the contrary in this Section 4(b) and subject to the provisions of Section 12(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued as Incentive Stock Options will be 200,000 shares of Common Stock. Further, any shares of Common Stock that are withheld by the Company or tendered by a Participant (1) as full or partial payment of withholding or other taxes owed by the Participant related to an outstanding Option or Stock Appreciation Right or (2) as payment for the exercise or conversion price of an Option, Stock Appreciation Right or similar grant based on Spread Value under the Plan will be deemed distributed for purposes of determining the maximum number of shares remaining available for delivery under the Plan.

(c) *Source of Shares.* The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

5. Eligibility.

(a) *Eligibility for Specific Stock Awards.* Incentive Stock Options may be granted only to Employees. Stock Awards other than Incentive Stock Options may be granted to Employees and Directors.

(b) *Ten Percent Stockholders.* A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value of the Common Stock on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

(c) *Director Awards.* The aggregate dollar value of equity-based (based on the grant date fair market value of Stock Awards) and cash compensation granted under this Plan or otherwise during any calendar year to any non-employee Director shall not exceed $600,000; provided, however, that in the calendar year in which a non-employee Director first joins the Board or during any calendar year in which a non-employee director is designated as Chairman of the Board, the maximum aggregate dollar value of equity-based and cash compensation granted to the non-employee Director may be up to $900,000.

6. Option Provisions. Each Option will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock on exercise of each type of Option. The provisions of separate Options need not be identical, but each Option will include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) *Term.* The Board shall determine the term of an Option; provided, however that, subject to the provisions of Section 5(b) regarding Incentive Stock Options granted to Ten Percent Stockholders, no Option will be exercisable after the expiration of 10 years from the date on which it was granted.

(b) *Exercise Price of an Option.* Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, the exercise price of each Option will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(c) *Consideration.* The purchase price of Common Stock acquired pursuant to an Option will be paid, to the extent permitted by applicable law, either (i) in cash at the time the Option is exercised or (ii) unless the Board determines otherwise(1) by delivery to the Company (either by actual delivery or attestation) of other Common Stock at the time the Option is exercised, (2) by a “net exercise” of the Option (as further described below), (3) pursuant to a program developed in conformity with Regulation T as promulgated by the Governors of the Federal Reserve System that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds or (4) in any other form of legal consideration that may be acceptable to the Board. Unless otherwise specifically provided in the Option, the purchase price of Common Stock acquired pursuant to an Option that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, will be paid only by shares of the Common Stock of the Company that have been held for more than six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes). At any time that the Company is incorporated in Delaware, payment of the Common Stock’s “par value,” as defined in the Delaware General Corporation Law, will not be made by deferred payment.

In the case of a “net exercise” of an Option, the Company will not require a payment of the exercise price of the Option from the Participant but will reduce the number of shares of Common Stock issued upon the exercise by the largest number of whole shares that has a Fair Market Value that does not exceed the aggregate exercise price. With respect to any remaining balance of the aggregate exercise price, the Company will accept a cash payment from the Participant. Shares of Common Stock will no longer be outstanding under an Option (and will therefore not thereafter be exercisable) following the exercise of such Option to the extent of (i) shares used to pay the exercise price of an Option under the “net exercise”, (ii) shares actually delivered to the Participant as a result of such exercise and (iii) shares withheld for purposes of tax withholding.

(d) *No Repricing.* Other than in connection with Capitalization Adjustments (as described in Section 12(a)), at any time when the exercise price of an Option is above the Fair Market value of a share of Common Stock, the Board shall not, without stockholder approval, reduce the exercise price of such Option and shall not exchange such Option for a new Stock Award with a lower (or no) exercise price of for cash.

(e) *Transferability of an Incentive Stock Option.* An Incentive Stock Option is not transferable except by will or by the laws of descent and distribution and is exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, will thereafter be entitled to exercise the Option.

(f) *Transferability of a Nonstatutory Stock Option.* A Nonstatutory Stock Option is transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option is not transferable except by will or by the laws of descent and distribution and is exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, will thereafter be entitled to exercise the Option.

(g) *Vesting Generally.* The total number of shares of Common Stock subject to an Option may vest and therefore become exercisable in periodic installments that may be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this Section 6(g) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(h) *Termination of Continuous Service.* In the event that an Optionholder’s Continuous Service terminates (for reasons other than the Optionholder’s death, Disability or Normal Retirement), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the expiration of the term of the Option as set forth in the Option Agreement or (ii) the date 30 days following the termination of the Optionholder’s Continuous Service (or such longer or shorter period specified in the Option Agreement). If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within the time specified herein or in the Option Agreement (as applicable), the Option will terminate.

(i) *Extension of Termination Date.* An Optionholder's Option Agreement may provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (for reasons other than the Optionholder's death, Disability or Normal Retirement) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (i) the expiration of the term of the Option set forth in the Option Agreement or (ii) the expiration of a period of three months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(j) *Death, Disability or Normal Retirement of Optionholder.* In the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, death, or Normal Retirement, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the expiration of the term of the Option as set forth in the Option Agreement or (ii) the date five years following such termination of Continuous Service (or such longer or shorter period specified in the Option Agreement). If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within the time specified herein or in the Option Agreement (as applicable), the Option will terminate.

(k) *Early Exercise.* The Option may include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate. The Company will not be required to exercise its repurchase option until at least six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option.

7. Provisions Of Stock Awards Other Than Options.

(a) *Stock Appreciation Rights.* Each Stock Appreciation Right Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Stock Appreciation Right Agreements may change from time to time; and the terms and conditions of separate Stock Appreciation Right Agreements need not be identical, provided, however, that each Stock Appreciation Right Agreement will include (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) *Strike Price and Calculation of Appreciation.* Each Stock Appreciation Right will be denominated in shares of Common Stock equivalents. The appreciation payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of:

(A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of shares of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over

(B) an amount (the strike price) that will be determined by the Board at the time of grant of the Stock Appreciation Right, which amount will be not less than 100% of the Fair Market Value of the Common Stock subject to the Stock Appreciation Right on the date the Stock Appreciation Right is granted.

(ii) *Vesting.* At the time of the grant of a Stock Appreciation Right, the Board may impose such restrictions or conditions to the vesting of such Stock Appreciation Right as it, in its discretion, deems appropriate.

(iii) *Exercise.* To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(iv) *No Repricing.* Other than in connection with Capitalization Adjustments (as described in Section 12(a)), at any time when the strike price of a Stock Appreciation Right is above the Fair Market value of a share of Common Stock, the Board shall not, without stockholder approval, reduce the strike price of such Stock Appreciation Right and shall not exchange such Stock Appreciation Right for a new Stock Award with a lower (or no) strike price of for cash.

(v) *Payment.* The appreciation payable in respect of a Stock Appreciation Right may be paid only in the form of Common Stock. In addition, neither the Company nor any Affiliate may enter into any agreement or arrangement providing for its purchase of Common Stock delivered on exercise of a Stock Appreciation Right.

(vi) *Term.* The Board shall determine the term of a Stock Appreciation Right; provided, however, that no Stock Appreciation Right will be exercisable after the expiration of 10 years from the date on which it was granted.

(vii) *Deferral of Compensation.* A Stock Appreciation Right may not include any feature for the deferral of compensation other than the deferral of recognition of income until the Participant's exercise of such Stock Appreciation Right.

(viii) *Termination of Continuous Service.* In the event that a Participant's Continuous Service terminates, the Participant may exercise his or her Stock Appreciation Right (to the extent that the Participant was entitled to exercise such Stock Appreciation Right as of the date of termination) but only within such period of time ending on the earlier of (i) the date 30 days following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the Stock Appreciation Right Agreement) or (ii) the expiration of the term of the Stock Appreciation Right as set forth in the Stock Appreciation Right Agreement. If, after termination, the Participant does not exercise his or her Stock Appreciation Right within the time specified herein or in the Stock Appreciation Right Agreement (as applicable), the Stock Appreciation Right will terminate.

(b) *Restricted Stock Purchase Awards.* Each Restricted Stock Purchase Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. At the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Purchase Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Purchase Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Purchase Award Agreements need not be identical; provided, however, that each Restricted Stock Purchase Award Agreement will include (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) *Purchase Price.* At the time of the grant of a Restricted Stock Purchase Award, the Board will determine the price to be paid by the Participant for each share subject to the Restricted Stock Purchase Award. To the extent required by applicable law, the price to be paid by the Participant for each share of the Restricted Stock Purchase Award will not be less than the par value of a share of Common Stock.

(ii) *Consideration.* At the time of the grant of a Restricted Stock Purchase Award, the Board will determine the consideration permissible for the payment of the purchase price of the Restricted Stock Purchase Award. The purchase price of Common Stock acquired pursuant to the Restricted Stock Purchase Award will be paid either: (i) in cash at the time of purchase or (ii) in any other form of legal consideration that may be acceptable to the Board and permissible under the Delaware General Corporation Law.

(iii) *Vesting.* Shares of Common Stock acquired under a Restricted Stock Purchase Award may be subject to a share repurchase right or option in favor of the Company in accordance with a vesting schedule to be determined by the Board, which may include performance criteria.

(iv) *Termination of Participant's Continuous Service.* In the event that a Participant's Continuous Service terminates, the Company will have the right, but not the obligation, to repurchase or otherwise reacquire, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination under the terms of the Restricted Stock Purchase Award Agreement. At the Board's election, the repurchase right may be at the least of: (i) the Fair Market Value on the relevant date or (ii) the Participant's original cost. The Company will not be required to exercise its repurchase option until at least six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes) have elapsed following the purchase of the restricted stock unless otherwise determined by the Board or provided in the Restricted Stock Purchase Award Agreement.

(v) *Transferability.* Rights to purchase or receive shares of Common Stock granted under a Restricted Stock Purchase Award will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Purchase Award Agreement, as the Board shall determine in its discretion, and so long as Common Stock awarded under the Restricted Stock Purchase Award remains subject to the terms of the Restricted Stock Purchase Award Agreement.

(c) *Restricted Stock Awards.* Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. At the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical, but each Restricted Stock Award Agreement will include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) *Consideration.* A Restricted Stock Award may be awarded in consideration for past services actually rendered to the Company or an Affiliate.

(ii) *Vesting.* Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board, which may include performance criteria.

(iii) *Termination of Participant's Continuous Service.* In the event a Participant's Continuous Service terminates, any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination of Continuous Service will be forfeited under the terms of the Restricted Stock Award Agreement.

(iv) *Transferability.* Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board determines in its discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(d) *Restricted Stock Unit Awards.* A Restricted Stock Unit Award will be denominated in units equivalent to a number of shares of Common Stock and will represent a promise to pay the value of such units upon vesting. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical; provided, however, that each Restricted Stock Unit Award Agreement will include (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) *Vesting.* At the time of the grant of a Restricted Stock Unit Award, the Board shall impose such restrictions or conditions to the vesting of the Restricted Stock Unit Award as it, in its discretion, deems appropriate, which may include performance criteria.

(ii) *Payment.* A Restricted Stock Unit Award, net of any withholding obligations, may, to the extent vested, be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iii) *Additional Restrictions.* At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award after the vesting of such Restricted Stock Unit Award.

(iv) *Dividend Equivalents.* Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all the terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate. Notwithstanding the foregoing, dividends or dividend equivalents that relate to an unvested Restricted Stock Purchase Award, Restricted Stock Purchase, Restricted Stock Unit Award or Other Stock Award will be subject to the same vesting conditions as the underlying Stock Award.

(e) *Other Stock Awards.* Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock may be granted either alone or in addition to Stock Awards provided for under Section 6 and the preceding provisions of this Section 7. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Awards and all other terms and conditions of such Awards.

8. Performance-Based Compensation. The Board may establish performance criteria and level of achievement versus such criteria that shall determine the number of shares of Common Stock to be granted, retained, vested, issued or issuable under or in settlement of or the amount payable pursuant to a Stock Award.

9. Covenants of the Company.

(a) *Availability of Shares.* During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(b) *Securities Law Compliance.* The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained.

10. Use of Proceeds from Stock. Proceeds from the sale of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

11. Miscellaneous.

(a) *Acceleration of Exercisability and Vesting.* The Board has the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(b) *Stockholder Rights.* No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms.

(c) *No Employment or other Service Rights.* Nothing in the Plan, any Stock Award Agreement or other instrument executed thereunder or any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(d) *Incentive Stock Option $100,000 Limitation.* To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, the Options or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(e) *Withholding Obligations.* To the extent provided by the terms of a Stock Award Agreement, the Company may in its discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; or (iii) by such other method as may be set forth in the Stock Award Agreement.

12. Adjustments Upon Changes in Stock.

(a) *Capitalization Adjustments.* If any change is made in, or other event occurs with respect to, the Common Stock subject to the Plan or subject to any Stock Award without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company (each a "Capitalization Adjustment"), then (i) the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to Sections 4(a) and 4(b) and (ii) the outstanding Stock Awards will be appropriately adjusted in the class(es) and number of securities and price per share of Common Stock subject to such outstanding Stock Awards. The Board shall make such adjustments, and its determination will be final, binding and conclusive. (Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a transaction "without receipt of consideration" by the Company.)

(b) *Dissolution or Liquidation.* In the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested Common Stock not subject to the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and Common Stock subject to the Company's repurchase option may be repurchased by the Company notwithstanding the fact that the holder of such stock is still in Continuous Service; provided, however that, the Board may, in its discretion, cause some or all Stock Awards to be fully vested, exercisable and/or no longer subject to repurchase (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) *Corporate Transaction.* In the event of a Corporate Transaction, any surviving corporation or acquiring corporation may assume or continue any or all Stock Awards outstanding under the Plan or may substitute similar stock awards for Stock Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company, as the case may be, pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Stock Awards may be assigned by the Company to the successor of the Company (or the successor's parent company), if any, in connection with such Corporate Transaction. In the event that any surviving corporation or acquiring corporation does not assume or continue all such outstanding Stock Awards or substitute similar stock awards for all such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction, the vesting of such Stock Awards (and, if applicable, the time at which such Stock Awards may be exercised) will (contingent upon the effectiveness of the Corporate Transaction) be accelerated in full (but taking into account the actual performance of the Company through the date of the Corporate Transaction for any Stock Awards subject to performance-based vesting conditions) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective time of the Corporate Transaction), and such Stock Awards will terminate if not exercised (if applicable) at or prior to such effective time and any reacquisition or repurchase rights held by the Company with respect to such Stock Awards will (contingent upon the effectiveness of the Corporate Transaction) lapse. With respect to any other Stock Awards outstanding under the Plan that have not been assumed, continued or substituted, the vesting of such Stock Awards (and, if applicable, the time at which such Stock Award may be exercised) will not be accelerated, unless otherwise provided in a written agreement between the Company or any Affiliate and the holder of such Stock Award, and such Stock Awards will terminate if not exercised (if applicable) prior to the effective time of the Corporate Transaction.

(d) *Change in Control.* A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

13. Amendment of the Plan and Stock Awards.

(a) *Amendment of Plan.* Subject to the limitations, if any, of applicable law, the Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 12(a) relating to Capitalization Adjustments, no amendment will be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy applicable law.

(b) *Stockholder Approval.* The Board, in its discretion, may submit any other amendment to the Plan for stockholder approval.

(c) *Contemplated Amendments.* It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

(d) *No Impairment of Rights.* Rights under any Stock Award granted before amendment of the Plan will not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

(e) *Amendment of Stock Awards.* The Board at any time, and from time to time, may amend the terms of any one or more Stock Awards, subject to any specified limits in the Plan that are not subject to Board discretion; provided, however, that the rights under any Stock Award will not be impaired by any such amendment unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

14. Termination or Suspension of the Plan.

(a) *Plan Term.* The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan will terminate on the day before the 10th anniversary of the date this the Plan approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) *No Impairment of Rights.* Suspension or termination of the Plan will not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the Participant.

15. Effective Date of Plan. The Plan was adopted by the Board as of April 2, 2024, and will become effective upon approval by the stockholders of the Company.

16. Choice of Law. The law of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

17. Compensation Recoupment Policy. Subject to the terms and conditions of the Plan, all Stock Awards granted under the Plan shall be subject to all recovery, recoupment, clawback and/or other forfeiture policies maintained by the Company from time to time, including the Company's Incentive Compensation Clawback Policy. In addition, the Board may impose such other clawback, recovery or recoupment provisions in a Stock Award Agreement or policy as the Board determines necessary or appropriate, including a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of misconduct. No recovery of compensation under such a clawback policy or recoupment right will be an event giving rise to a right to resign for "good reason" or be deemed a "constructive termination" (or any similar term) as such terms are used in any agreement between any Participant and the Company.

CALIFORNIA WATER SERVICE GROUP
ATTN: MICHELLE MORTENSEN
1720 NORTH FIRST STREET
SAN JOSE, CA 95112-4508

SCAN TO
VIEW MATERIALS & VOTE

VOTE BY INTERNET
Before The Meeting - Go to **www.proxyvote.com or scan the QR Barcode above**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 p.m. Eastern Time May 28, 2024 for shares held directly and by 11:59 p.m. Eastern Time May 26, 2024 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to **www.virtualshareholdermeeting.com/CWT2024**

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 p.m. Eastern Time May 28, 2024 for shares held directly and by 11:59 p.m. Eastern Time May 26, 2024 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

V40627-P07601 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

CALIFORNIA WATER SERVICE GROUP

The Board of Directors recommends you vote FOR each of the nominees listed in proposal 1.

1. ELECTION OF DIRECTORS

Nominees:	**For**	**Against**	**Abstain**
1a. Gregory E. Aliff	☐	☐	☐
1b. Shelly M. Esque	☐	☐	☐
1c. Jeffrey Kightlinger	☐	☐	☐
1d. Martin A. Kropelnicki	☐	☐	☐
1e. Thomas M. Krummel, M.D.	☐	☐	☐
1f. Yvonne A. Maldonado, M.D.	☐	☐	☐
1g. Scott L. Morris	☐	☐	☐
1h. Charles R. Patton	☐	☐	☐
1i. Carol M. Pottenger	☐	☐	☐
1j. Lester A. Snow	☐	☐	☐
1k. Patricia K. Wagner	☐	☐	☐

The Board of Directors recommends you vote FOR proposals 2, 3, and 4.	**For**	**Against**	**Abstain**
2. Advisory vote to approve executive compensation.	☐	☐	☐
3. Ratification of the selection of Deloitte & Touche LLP as the Group's independent registered public accounting firm for 2024.	☐	☐	☐
4. Approval of the 2024 Equity Incentive Plan.	☐	☐	☐

NOTE: I authorize the proxies to vote according to their discretion on any other matters that properly come before the Annual Meeting of Stockholders or any adjournment or postponement thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Proxy Statement and the Annual Report are available at www.proxyvote.com.

V40628-P07601

CALIFORNIA WATER SERVICE GROUP
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

MARTIN A. KROPELNICKI and MICHELLE R. MORTENSEN, and each of them with full power of substitution, are hereby authorized to vote, as designated on the reverse side, all the shares of California Water Service Group common stock of the undersigned at the Annual Meeting of Stockholders of California Water Service Group to be held on May 29, 2024, or at any adjournment or postponement thereof (including, if applicable, for the election of any substitute nominee named by the Board of Directors if any nominee named in proposal 1 becomes unavailable to serve). By my signature on the reverse side of this proxy, I acknowledge that I have received a copy of the Notice of Meeting and Proxy Statement relating to this meeting and of the Group's most recent Annual Report to Stockholders.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S), AND IN THE DISCRETION OF THE PROXY HOLDERS UPON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING AND ANY ADJOURNMENT OR POSTPONEMENT THEREOF. **IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE NOMINEES LISTED IN PROPOSAL 1, FOR PROPOSAL 2, FOR PROPOSAL 3, AND FOR PROPOSAL 4.**

Please date, sign and mail in the enclosed envelope, or vote by Internet or telephone, as soon as possible.

Continued and to be signed on reverse side

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

Form 10-K

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

For the fiscal year ended December 31, 2023

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 No. 1-13883

CALIFORNIA WATER SERVICE GROUP

(Exact name of registrant as specified in its charter)

Delaware	**77-0448994**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1720 North First Street San Jose, California	**95112**
(Address of Principal Executive Offices)	(Zip Code)

(408) 367-8200

(Registrant's Telephone Number, including Area Code)

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☒ No☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act. Yes☐ No☒

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 (§ 232,405 of this chapter) 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was $1,814 million on June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter. The valuation is based on the closing price of the registrant's common stock as traded on the New York Stock Exchange.

The Common stock outstanding at February 12, 2024 was 57,675,179 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required to be disclosed in Part III of this report is incorporated by reference from the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on or about May 29, 2024. The proxy statement is expected to be filed no later than 120 days after the end of the fiscal year covered by this report.

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Item 1. *Business.*

Forward-Looking Statements

This annual 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 annual 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 annual 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, decisions, approvals, authorizations, requirements or other actions, including our 2021 GRC, rate amounts or cost recovery, certain PFAS regulations, and associated impacts, such as our expected or estimated revenue benefit or loss, authorized return on equity, cost of debt and capital structure, expectations regarding regulatory asset and operating revenue recognition, sources of funding or capital requirements, 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, estimated future amortization expense, estimates relating to our significant accounting policies, such as deferred revenue or assets or refund of advances, our expectations regarding 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 or our intentions or anticipations regarding our sources of funding, capital structure or capital allocation plans. 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 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, including with respect to our 2021 GRC;
- changes in regulatory commissions' policies and procedures, such as the California Public Utilities Commission (CPUC)'s decision in 2020 to preclude companies from proposing fully decoupled WRAMs (which impacted our 2021 GRC);
- our ability to collect eligible customer arrearages and program administrative costs under the California Extended Water and Wastewater Arrearages Payment Program;
- our ability to invest or apply the proceeds from the issuance of common stock in an accretive manner;
- governmental and regulatory commissions' decisions, including decisions on proper disposition of property;
- consequences of eminent domain actions relating to our water systems;
- increased risk of inverse condemnation losses as a result of climate change and drought;
- changes in California State Water Resources Control Board water quality standards;
- changes in environmental compliance and water quality requirements;
- electric power interruptions, especially as a result of Public Safety Power Shutoff (PSPS) programs;

- availability of water supplies;
- housing and customer growth;
- the impact of opposition to rate increases;
- our ability to recover costs;
- our ability to renew leases to operate water systems owned by others on beneficial terms;
- issues with the implementation, maintenance or security of our information technology systems;
- civil disturbances or terrorist threats or acts;
- the adequacy of our efforts to mitigate physical and cyber security risks and threats;
- the ability of our enterprise risk management processes to identify or address risks adequately;
- labor relations matters as we negotiate with the unions;
- changes in customer water use patterns and the effects of conservation, including as a result of drought conditions;
- our ability to complete, in a timely manner or at all, successfully integrate, and achieve anticipated benefits from announced acquisitions;
- the impact of weather, climate change, natural disasters, and actual or threatened public health emergencies, including disease outbreaks, on our operations, water quality, water availability, water sales and operating results and the adequacy of our emergency preparedness;
- restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends;
- risks associated with expanding our business and operations geographically;
- the impact of stagnating or worsening business and economic conditions, including inflationary pressures, general economic slowdown or a recession, increasing interest rates, instability of certain financial institutions, changes in monetary policy, adverse capital markets activity or macroeconomic conditions as a result of geopolitical conflicts, and the prospect of a shutdown of the U.S. federal government;
- the impact of market conditions and volatility on unrealized gains or losses on our non-qualified benefit plan investments and our operating results;
- the impact of weather and timing of meter reads on our accrued unbilled revenue;
- the impact of evolving legal and regulatory requirements, including emerging environmental, social and governance requirements; and
- the risks set forth in "Risk Factors" included elsewhere in this annual report.

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 annual report or as of the date of any document incorporated by reference in this annual report, as applicable. When considering forward-looking statements, investors should keep in mind the cautionary statements in this annual 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.

Overview

California Water Service Group (Company) is a holding company with seven operating subsidiaries: California Water Service Company (Cal Water), New Mexico Water Service Company (New Mexico Water), Washington Water Service Company (Washington Water), Hawaii Water Service Company, Inc. (Hawaii Water), TWSC, Inc. (Texas Water), and CWS Utility Services and HWS Utility Services LLC (CWS Utility Services and HWS Utility Services LLC being referred to collectively in this annual report as Utility Services). Cal Water, New Mexico Water, Washington Water, and Hawaii Water are regulated public utilities. Texas Water is a holding company with regulated and contracted wastewater utilities.

The regulated utility entities also provide some non-regulated services. Utility Services holds non-utility property and provides non-regulated services to private companies and municipalities outside of California (see "Non-Regulated Activities" below for more details). Cal Water was the original operating company that began operations in 1926.

Our business is conducted through our operating subsidiaries and we provide utility services to approximately two million people. The bulk of the business consists of the production, purchase, storage, treatment, testing, distribution, and sale of water for domestic, industrial, public, and irrigation uses, and the provision of domestic and municipal fire protection services. In some areas, we provide wastewater collection and treatment services, including treatment which allows water recycling. We also provide non-regulated water-related services under agreements with municipalities and other private companies. The non-regulated services include full water system operation, meter reading, and billing services. Non-regulated operations also include the lease of communication antenna sites, lab services, and promotion of other non-regulated services.

During the year ended December 31, 2023, there were no significant changes in the kind of products produced or services rendered by our operating subsidiaries, or in the markets or methods of distribution.

Our mailing address and contact information is:

California Water Service Group
1720 North First Street
San Jose, California 95112-4598
Telephone number: 408-367-8200
www.calwatergroup.com

Annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports are available free of charge through our website at www.calwatergroup.com. The reports are available on our website as soon as reasonably practicable after such reports are filed with the SEC.

The content on any website referred to in this annual report is not incorporated by reference in this annual report unless expressly noted.

Regulated Business

California water operations are conducted by Cal Water, which provides service to approximately 497,700 customer connections in approximately 100 California communities through 21 separate districts, which are subject to regulation by the CPUC. California water operations accounted for approximately 89.5% of our total customer connections and 90.6% of our total consolidated operating revenue in 2023.

We operate the City of Hawthorne and the City of Commerce water systems under lease agreements. In accordance with the lease agreements, we receive all revenues from operating the systems and are responsible for paying the operating costs. The City of Hawthorne and the City of Commerce lease revenues are governed through their respective city councils and are considered non-regulated because they are outside of the CPUC's jurisdiction. We report revenue and expenses for the City of Hawthorne and City of Commerce leases in operating revenue and operating expenses because we are entitled to retain all customer billings and are responsible for all operating expenses. These leases are considered "nontariffed products and services" (NTPS) by the CPUC and require a 10% revenue sharing with regulated customers.

In October of 2011, an agreement was negotiated with the City of Hawthorne to lease and operate its water system. The system, which is located near the Hermosa Redondo district, serves about half of Hawthorne's population. The capital lease agreement required an up-front $8.1 million lease deposit to the city that is being amortized over the lease term. Additionally, annual lease payments are contracted to be adjusted based on changes in rates charged to customers. Under the lease, we are responsible for all aspects of system operation and capital improvements, although title to the system and system improvements reside with the city. Capital improvements are recorded as depreciable plant and equipment and depreciated per the asset lives set forth in the agreement. In exchange, we receive all revenue from the water system, which was $12.2 million, $12.5 million, and $11.4 million in 2023, 2022, and 2021, respectively. At the end of the lease, the city is required to reimburse us for the unamortized value of capital improvements made during the term of the lease. The City of Hawthorne capital lease is a 15-year lease and expires in 2026.

In April of 2018, a renewal agreement was negotiated with the City of Commerce for us to continue to lease and to operate its water system for 15 years. Under the agreement, the operating lease requires us to pay $0.8 million per year in monthly installments. We have operated the City of Commerce water system since 1985 and are responsible for all operations, maintenance, water quality assurance, customer service programs, and financing capital improvements to provide a reliable supply of water that meets federal and state standards to customers served by the City of Commerce system. The City of Commerce retains title to the system and system improvements and remains responsible for setting its customers' water rates. We bear the risks of operation and collection of amounts billed to customers. In exchange, we receive all revenue from the water system, which was $4.2 million, $4.2 million, and $3.4 million in 2023, 2022, and 2021, respectively. The agreement allows us to request a rate change annually in order to recover costs.

Hawaii Water provides service to approximately 6,500 water and wastewater customer connections on the islands of Kauai, Maui, Oahu, and Hawaii, including several large resorts and condominium complexes. Hawaii Water's regulated customer connections are subject to the jurisdiction of the Hawaii Public Utilities Commission (HPUC). Hawaii Water accounted for 1.2% of our total customer connections and approximately 5.2% of our total consolidated operating revenue in 2023.

Washington Water provides domestic water service to approximately 38,000 customer connections in the Tacoma, Olympia, Graham, Spanaway, Puyallup, Rainier, Yelm, and Gig Harbor areas. Washington Water's utility operations are regulated by the Washington Utilities and Transportation Commission (UTC). Washington Water accounted for approximately 6.8% of our total customer connections and approximately 3.0% of our total consolidated operating revenue in 2023.

New Mexico Water provides service to approximately 11,400 water and wastewater customer connections in our Rio Communities, Rio Del Oro, Meadow Lake, Indian Hills, Squaw Valley, Elephant Butte, Morningstar, Sandia Knolls, Juan Tomas, and Cypress Gardens systems. New Mexico's regulated operations are subject to the jurisdiction of the New Mexico Public Regulation Commission (NMPRC). New Mexico Water accounted for approximately 2.0% of our total customer connections and 0.9% of our total consolidated operating revenue in 2023.

In May of 2021, Texas Water became the majority owner of BVRT Utility Holding Company (BVRT), a Texas-based utility development company owning and operating four wastewater utilities serving growing communities outside of Austin and San Antonio. Texas Water initially invested funds to enable BVRT to continue to build wastewater infrastructure and converted its investment to equity. BVRT's four wastewater utilities currently serve or are under contract to serve approximately 2,800 customer connections. On August 16, 2022, BVRT entered into a long-term water supply agreement with the Guadalupe Blanco River Authority (GBRA) that enables BVRT to receive up to 2,419 acre-feet of potable water annually (see Note 14 for more details). Texas Water accounted for approximately 0.5% of our total customer connections and 0.3% of our total consolidated operating revenue in 2023.

The state regulatory bodies governing our regulated operations are referred to as the Commissions in this annual report. Rates and operations for regulated customers are subject to the jurisdiction of the respective state's regulatory Commission. The Commissions require that water and wastewater rates for each regulated district are independently determined based on the cost of service. The Commissions are expected to authorize rates sufficient to recover normal operating expenses and allow the utility to earn a fair and reasonable return on invested capital.

We treat and distribute water and treat wastewater in accordance with accepted water utility methods. Where applicable, we hold franchises and permits in the cities and communities where we operate. The franchises and permits allow us to operate and maintain facilities in public streets and rights-of-way as necessary.

Non-Regulated Activities

Non-regulated activities consist primarily of the operation of water systems that are owned by other entities under lease agreements, leasing of communication antenna sites on our properties, and billing of optional third-party insurance programs to our residential customers.

Fees for non-regulated activities are based on contracts negotiated between the parties. Under our non-regulated contract arrangements, we operate municipally owned water systems and privately owned water and recycled water distribution systems, but are not responsible for all operating costs. Non-regulated revenue received from non-leased water system operations is generally determined on a fee-per-customer basis.

In California, nearly all non-regulated activities are considered NTPS. The prescribed accounting for these NTPS is incremental cost allocation plus revenue sharing with regulated customers. Non-regulated services determined to be “active activities” require a 10% revenue sharing, and “passive activities” require a 30% revenue sharing. The amount of non-regulated revenues subject to revenue sharing is the total billed revenues less any authorized pass-through costs. Some examples of CPUC authorized pass-through costs are purchased water, purchased power, and pump taxes. All of our non-regulated services, except for leasing communication antenna sites on our properties, are “active activities” subject to a 10% revenue sharing. Leasing communication antenna sites on our properties are “passive activities” subject to a 30% revenue sharing. Cal Water’s annual revenue sharing with regulated customers was $2.7 million, $2.7 million, and $3.1 million in 2023, 2022, and 2021, respectively.

Operating Segment

We operate in one reportable segment, the supply and distribution of water and providing water-related utility services. For information about revenue from external customers, net income attributable to California Water Service Group and total assets, see “Item 8. Financial Statements and Supplementary Data.”

Growth

We intend to continue exploring opportunities to expand our regulated and non-regulated water and wastewater activities, particularly in the western United States. The opportunities could include system acquisitions, lease arrangements similar to the City of Hawthorne and City of Commerce contracts, utility development investments similar to the BVRT investment, full service system operation and maintenance agreements, meter reading, billing contracts, customer service functions, and other utility-related services.

Geographical Service Areas and Number of Customer Connections at Year-end

Our principal markets are users of water within our service areas. The approximate number of customer connections served in each regulated district, the City of Hawthorne and the City of Commerce, at December 31 is as follows:

(rounded to the nearest hundred)	2023	2022
SAN FRANCISCO BAY AREA/NORTH COAST		
Bay Area Region (serving South San Francisco, Colma, Broadmoor, San Mateo, San Carlos, Lucerne, Duncans Mills, Guerneville, Dillon Beach, Noel Heights and portions of Santa Rosa)	56,000	56,000
Bear Gulch (serving portions of Menlo Park, Atherton, Woodside and Portola Valley)	19,100	19,000
Los Altos (including portions of Cupertino, Los Altos Hills, Mountain View and Sunnyvale)	19,000	19,000
Livermore	19,000	19,000
	113,100	113,000
SACRAMENTO VALLEY		
Chico (including Hamilton City)	31,500	31,300
Oroville	3,700	3,700
Marysville	3,800	3,800
Dixon	3,100	3,100
Willows	2,400	2,400
	44,500	44,300
SALINAS VALLEY		
Salinas Valley Region (including Salinas and King City)	31,800	31,700
	31,800	31,700
SAN JOAQUIN VALLEY		
Bakersfield	74,400	74,100
Stockton	45,200	45,200
Visalia	48,700	48,100
Selma	6,600	6,600
Kern River Valley	4,000	4,100
	178,900	178,100
LOS ANGELES AREA		
East Los Angeles	26,900	27,000
Hermosa Redondo (serving Hermosa Beach, Redondo Beach and a portion of Torrance)	27,300	27,200
Dominguez (Carson and portions of Compton, Harbor City, Long Beach, Los Angeles and Torrance)	34,500	34,400
Los Angeles County Region (including Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills, Fremont Valley, Lake Hughes, Lancaster and Leona Valley)	26,000	25,900
Westlake (a portion of Thousand Oaks)	7,100	7,100
Hawthorne and Commerce (leased municipal systems)	7,600	7,700
	129,400	129,300
CALIFORNIA TOTAL	497,700	496,400
HAWAII	6,500	6,200
NEW MEXICO	11,400	10,700
WASHINGTON	38,000	37,500
TEXAS	2,800	2,200
COMPANY TOTAL	556,400	553,000

Rates and Regulation

The Commissions have plenary powers setting both rates and operating standards. As such, the Commissions' decisions significantly impact the Company's revenues, earnings, and cash flows. The amounts discussed herein are generally annual amounts, unless otherwise stated, and the financial impact to recorded revenue is expected to occur over a 12-month period from the effective date of the decision. In California, water utilities are required to make several different types of filings. Certain filings, such as General Rate Case (GRC) filings, escalation rate increase filings, and offset filings, may result in rate changes that generally remain in place until the next GRC. As explained below, surcharges and surcredits to recover balancing and memorandum accounts as well as GRC interim rate relief are temporary rate changes, having specific time frames for recovery.

The CPUC follows a rate case plan which requires Cal Water to file a GRC for each of its regulated operating districts (except Grand Oaks, which is filed as needed) every three years. In a GRC proceeding, the CPUC not only considers the utility's rate setting requests, but may also consider other issues that affect the utility's rates and operations. The CPUC is generally required to issue its GRC decision prior to the first day of the test year or authorize interim rates and an Interim Rates Memorandum Account (IRMA). In accordance with the rate case plan, Cal Water filed its most recent GRC filing in July of 2021 (2021 GRC) requesting rate changes effective January 1, 2023. For additional information on our 2021 GRC, see "Regulatory Activity—California".

Between GRC filings, Cal Water may file escalation rate increases, which allow Cal Water to recover cost increases, primarily from inflation and incremental investments, generally during the second and third years of the rate case cycle. However, escalation rate increases are district specific and subject to an earnings test. The CPUC may reduce a district's escalation rate increase if, in the most recent 13-month period, the earnings test reflects earnings in excess of what was authorized for that district.

In addition, California water utilities are entitled to make offset requests via advice letter. Offsets may be requested to adjust revenues for construction projects authorized in GRCs or recycled water projects when those capital projects go into service (these filings are referred to as "rate base offsets"), or for rate changes charged to Cal Water for purchased water, purchased power, and pump taxes (which are referred to as "expense offsets"). Rate changes approved in offset requests remain in effect until the next GRC is approved.

In pursuit of the State of California's water conservation goals, the CPUC decoupled Cal Water's revenue requirement from customer consumption levels in 2008 by authorizing a Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) for each district. The WRAM and MCBA were designed to ensure that Cal Water recovers revenues authorized by the CPUC regardless of customer consumption. This removed the historical disincentive against promoting lower water usage among customers. Through an annual advice letter filing, Cal Water can seek to recover any under-collected metered revenue amounts authorized, or refund over-collected metered revenues, via surcharges and surcredits. The advice letters generally have been filed in April of each year and addressed the net WRAM and MCBA balances recorded for the previous calendar year. The majority of WRAM and MCBA balances have been collected or refunded through surcharges/surcredits over 12 and 18 month periods. The WRAM and MCBA amounts have been cumulative, so if they were not amortized in a given calendar year, the balance was carried forward and included with the following year's balance. Cal Water also had a Sales Reconciliation Mechanism (SRM) in place for 2021 and 2022 (the second and third years of its 2018 GRC), that allowed the company to adjust its adopted sales forecast if actual sales vary from adopted sales by more than 5.0% over the prior year in a district. The SRM moderates the growth of the net WRAM and MCBA balances until the next GRC.

The CPUC issued a decision effective August 27, 2020 requiring that Class A companies submitting GRC filings after the effective date be (i) precluded from proposing the use of a full decoupling WRAM in their next GRCs and (ii) allowed the use of a Monterey-Style Water Revenue Adjustment Mechanism (MWRAM). In addition, the CPUC's decision allowed for Incremental Cost Balancing Accounts (ICBAs) to replace the MCBA. The MWRAM 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 ICBA tracks differences between the authorized per-unit prices of water production costs and actual per-unit prices of water production costs. Cal Water complied with this decision in its 2021 GRC and the MWRAM and ICBAs are expected to be effective retroactive to January 1, 2023 once approved.

In September 2020, Cal Water filed an Application for Rehearing at the CPUC seeking to reverse the August 27, 2020 CPUC decision. In September 2021, the CPUC denied the Application for Rehearing. On or about October 27, 2021, Cal Water along with four other Class A California water utilities filed Petitions for a Writ of Review with the California Supreme Court (Court). On May 18, 2022, the Court issued writs granting review and ordered the CPUC and other filing parties to submit additional pleadings to the Court. The final pleadings were submitted on January 13, 2023. Cal Water anticipates that the Court will schedule an oral argument before it begins deliberations and issues its decision.

Regulatory Activity—California

2021 GRC

On July 2, 2021, Cal Water filed its 2021 GRC requesting water infrastructure improvements of $1.0 billion in accordance with the rate case plan for all of its regulated operating districts (except Grand Oaks) for the years 2022, 2023, and 2024. Cal Water proposed rate design changes that would improve revenue stability and provide a discounted unit rate for the first six units of water per month for residential customers. This block of usage would be charged at 25% of the second tier rate. As part of the rate design changes, Cal Water has also proposed the use of a MWRAM and ICBA. In the 2021 GRC, Cal Water proposed to the CPUC to increase revenues by $80.5 million, or 11.1%, in 2023; $43.6 million, or 5.4%, in 2024; and $43.2 million, or 5.1%, in 2025 to support these investments.

On January 24, 2024, the assigned CPUC Administrative Law Judges (ALJs) issued a proposed decision (PD) on the litigated 2021 GRC, and concurrently, the assigned CPUC Commissioner issued an alternate proposed decision (APD) opposing and modifying certain decisions made by the ALJs. The PD issued by the ALJs was closer aligned to Cal Water's requested revenue requirement whereas the APD issued by the assigned Commissioner was closer aligned to the Public Advocates' requested revenue requirement. On February 13, 2024, Cal Water filed a request to change several elements in the PD and APD, including correction of possible 2021 GRC technical issues. We are unable to determine which of the two proposed decisions will be adopted by the CPUC, or if a second alternate proposed decision will be issued by the CPUC. As a result of the uncertainty of the decision that will ultimately be made by the CPUC, we are unable to reasonably estimate the impact on 2023 operating revenue and expenses. The 2021 GRC cumulative adjustment plus interest which is retroactive to January 1, 2023, will be recorded when the final decision is issued by the CPUC.

2021 GRC Interim Rates and IRMA

In June of 2022, Cal Water filed a motion requesting authority to increase rates by inflation on January 1, 2023 and for the establishment of an IRMA in the event the CPUC did not issue a final decision for the 2021 GRC in time for new rates to be implemented on January 1, 2023. In November of 2022, the ALJ assigned to evaluate the motion granted Cal Water's request for the IRMA but did not authorize the inflation rate increase. The IRMA tracks the difference between the current rates that continue to be billed starting January 1, 2023 (considered to be interim rates), and the rates that will eventually be approved pursuant to the CPUC's decision concerning Cal Water's 2021 GRC plus any additional revenue changes approved since July 1, 2021 (final rates). After the CPUC's decision is issued and final rates are implemented, we would then expect the balance in the IRMA to be reviewed, and customer bills to be adjusted to account for the difference between interim rates and final rates back to January 1, 2023.

In January of 2023, Cal Water filed a motion requesting a modification to the November 2022 ruling on inflationary rate increases. In the motion, Cal Water requested inflationary rate increases of 1.5% in Marysville and 4% for all other ratemaking areas besides Selma, Travis Air Force Base, and Visalia for whom a rate increase was not requested. In February of 2023, the ALJ granted Cal Water's request. Cal Water implemented the increased interim inflation rates on May 5, 2023.

2021 Cost of Capital Application

On May 3, 2021, after an approved extension from a 2020 due date, Cal Water filed its required application with the CPUC to review its cost of capital for 2022 through 2024 (2021 Cost of Capital Application). At the time of filing, Cal Water had an approved return on equity of 9.2%, a cost of debt of 5.51%, and a capital structure of 53.4% equity and 46.6% debt. Cal Water requested a return on equity of 10.35%, a cost of debt of 4.23%, and a capital structure of 53.4% equity and 46.6% debt. The California Public Advocates Office recommended a return on equity of 7.81%, a cost of debt of 4.23%, and a capital structure of 49.4% equity and 50.6% debt. Evidentiary hearings were held in May 2022 and the case was submitted to the CPUC at the end of the second quarter of 2022. In the second quarter of 2023, the CPUC issued and adopted a proposed decision for the 2021 Cost of Capital Application. Cal

Water was authorized a return on equity of 9.05%, a cost of debt of 4.23%, a capital structure of 53.4% equity and 46.6% debt, and an authorized rate of return of 6.80% for 2023 and 2024. The CPUC also reauthorized the Water Cost of Capital Mechanism (WCCM), which automatically adjusts the rate of return when the Moody's Utilities Bond Index (Index) fluctuates between cost of capital applications. Because the Index changed in 2022, the WCCM triggered for 2023. Cal Water implemented new rates based on an authorized 9.57% return on equity, with a 4.23% cost of debt, and an authorized rate of return of 7.08% on July 31, 2023. The 40 basis-point reduction from Cal Water's prior rate of return of 7.48% lowered adopted annual operating revenue as of July 31, 2023 by $7.0 million and is subject to change based on finalization of the 2021 GRC.

In October of 2023, Cal Water evaluated the WCCM for 2024 and determined that it was triggered due to a change in the Index in 2023. Cal Water filed an advice letter to implement new rates based on an authorized 10.27% return on equity, with a 4.23% cost of debt, and an authorized rate of return of 7.46% effective January 1, 2024. These new rates were implemented on January 1, 2024. We currently expect that the 38 basis-point increase from Cal Water's rate of return for the period July 31, 2023 to December 31, 2023 of 7.08% will positively impact adopted annual operating revenue for 2024 by approximately $10.0 million. This estimate is subject to change based on finalization of the 2021 GRC.

On February 2, 2024, Cal Water received a letter from the CPUC addressed jointly to Cal Water and three other Class A water companies granting their request for a one-year extension in their next cost of capital filing with the CPUC to May 1, 2025. The WCCM will remain in effect during the one-year extension. As a result, Cal Water's authorized return on equity in 2025 is expected to be 10.27% plus or minus any changes from the WCCM.

2023 Financing Application for California

On October 6, 2023, Cal Water filed a financing application with the CPUC requesting authority to issue up to $1.3 billion of new equity and debt securities, in addition to previously-authorized amounts, to finance water system infrastructure investments in 2024, 2025, and 2026. Cal Water also seeks a continuation of its existing waiver that authorizes each Cal Water borrowing under its revolving credit arrangements to be payable at periods up to twenty-four months from the date of the applicable borrowing, rather than the twelve-month period currently permitted for short-term borrowings.

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 December of 2022, Cal Water submitted an advice letter to request offsets for increases in purchased water costs and pump taxes in five of its regulated districts totaling $5.1 million. The new rates were implemented on January 1, 2023.

In July of 2023, Cal Water submitted an advice letter to request offsets for increases in purchased water costs, pump taxes, and purchased power costs in 11 of its regulated districts totaling $24.6 million. The new rates were implemented on July 31, 2023.

In November of 2023, Cal Water submitted an advice letter to request offsets for increases in purchased water costs and pump taxes in six of its regulated districts totaling $5.1 million. The new rates were implemented on January 1, 2024.

WRAM/MCBA Filings

In April and July of 2023, Cal Water submitted advice letters to true up the revenue under-collections for the 2022 annual WRAMs/MCBAs of its regulated districts. A net under-collection of $76.6 million is being recovered from customers in the form of 12, 18, and greater-than-18-month surcharges. The new surcharges incorporate net WRAM/MCBA balances that were previously approved for recovery and were implemented on May 5, 2023, except for Kern River Valley's surcharge, which was implemented on January 15, 2024. The balance also includes $1.5 million of settlement proceeds from a settled lawsuit with the Stockton East Water District related to purchased water in Stockton. Cal Water intends to pass on this benefit to its Stockton customers through a reduction of its net WRAM receivable.

California Drought Memorandum Account (DRMA)

In June 2021, Cal Water submitted advice letters to request a DRMA to track the incremental operational and administrative costs incurred to further implement updated Rule 14.1 for voluntary conservation measures and Schedule 14.1 for implementation of our Water Shortage Contingency Plan, including activities related to enhanced conservation efforts, staffing, and capital expenditures to ensure a safe, reliable water supply. The DRMA would also track monies paid by customers for fines, penalties, or other compliance measures associated with water use violations; and penalties paid by Cal Water to its water wholesalers. The DRMA was approved by the CPUC with an effective date of June 14, 2021. As of December 31, 2023, Cal Water has incurred $2.1 million of cumulative DRMA related costs, of which $0.8 million was incurred in 2023.

California's Governor issued a drought declaration for all California counties through a series of State of Emergency Proclamations with the most recent in March 2022. Given these drought proclamations and then-existing water usage levels in all of its service areas, in 2022 Cal Water activated Stage 2 of the "Water Use Restrictions of its Water Shortage Contingency Plan" (WSCP) of Schedule 14.1 in all of its service areas; as a result, Cal Water saw an increase in DRMA related costs in 2022 and 2023.

In Stage 1, irrigating ornamental landscape with potable water is prohibited during the hours of 8:00 a.m. and 6:00 p.m. For Stage 2, irrigating ornamental landscapes with potable water is limited to no more than three days per week as well as prohibited during the hours of 8:00 a.m. and 6:00 p.m. In addition, this stage states that new connections may not install single-pass cooling systems for air conditioning or other cooling system applications unless required for health or safety reasons.

On March 24, 2023, the Governor issued an Executive Order (EO) that, among other things, ended the voluntary 15% water conservation target and ended the requirement that local water agencies implement Stage 2 of their drought contingency plans. This EO maintained the ban on wasteful water uses and retained the State of Emergency for all 58 California counties to allow for drought response and recovery efforts to continue.

On May 8, 2023, Cal Water deactivated Stage 2 and moved to Stage 1 of Cal Water's Schedule 14.1 in all regulated service areas.

On July 28, 2023, Cal Water submitted a Tier 3 advice letter requesting authority to amortize $1.4 million of incremental expenses incurred from June 14, 2021 to December 31, 2022 tracked in the DRMA. The effective date of the advice letter is uncertain as Tier 3 advice letters require a resolution to be adopted by the CPUC.

Drought Response Memorandum Account (DREMA)

In December of 2022, Cal Water received approval for a DREMA to track lost revenues, for potential future recovery, associated with reduced sales as a result of the activation of Rule 14.1 and Schedule 14.1 of its WSCP in all of its service territories. The request is consistent with the CPUC's drought procedures which allow companies without full decoupling mechanisms to track lost revenues, subject to a 20 basis points return on equity adjustment, associated with the reduced sales as a result of the activation of either Rule 14.1 or Schedule 14.1. As Cal Water's full decoupling mechanisms ended on December 31, 2022, the DREMA became effective as of January 1, 2023.

Polyfluoroalkyl Substances Memorandum Account (PFAS MA)

Public water systems have been ordered by the State Water Resources Control Board to detect, monitor, and report perfluorooctanoic and perfluorooctanesulfonic acid in drinking water. In the third quarter of 2020, the CPUC approved the PFAS MA which allows Cal Water to track incremental expenses related to compliance with the order. The tracking of capital costs was excluded due to the current lack of a maximum contaminant level (MCL).

In March of 2023, the United States Environmental Protection Agency (EPA) issued proposed MCLs for six per- and polyfluoroalkyl substances (PFAS). In September of 2023, Cal Water filed an application with the CPUC to modify the PFAS MA to track capital related costs associated with activities necessary to comply with the proposed PFAS drinking water regulations. Cal Water also proposed to submit Tier 2 advice letters requesting authority to add completed PFAS-related capital projects to authorized rate base.

2018 GRC Conservation Expense Balancing Account (CEBA) Filing

In March of 2023, Cal Water submitted an advice letter to amortize the CEBA from the 2018 GRC that tracked the difference between adopted and actual conservation program costs for the period of 2020-2022. $6.2 million is being refunded to customers in some districts in the form of one-time or 12-month surcredits as actual conservation program costs during 2020-2022 were lower than the adopted conservation program costs. The new surcredits were implemented on May 5, 2023.

2018 GRC Health Cost Balancing Account (HCBA) and Pension Cost Balancing Account (PCBA) Filing

In June of 2023, Cal Water submitted an advice letter to amortize the HCBA and PCBA from the 2018 GRC that tracked the difference between adopted and actual costs for the period of 2020-2022. For the HCBA, $14.0 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 2020-2022 were lower than the adopted employee and retiree medical costs. For the PCBA, $17.4 million is expected to be recovered from customers in the form of one-time or 12-month surcharges as actual costs for employee pension benefits during 2020-2022 were higher than the adopted employee pension benefit costs. The new rates were implemented on July 31, 2023.

City of Hawthorne GRC Filing

In June of 2023, the City of Hawthorne approved Cal Water's water rate increase proposal for 2023-2026. Cal Water was approved to increase total revenue by $0.9 million incrementally over four years. Revenue is scheduled to increase by 1.5% in 2023, 1.9% in 2024, 1.6% in 2025, and 2.3% in 2026. The 2023 increase was implemented on July 1, 2023. Cal Water was also approved to establish a Full Cost Balancing Account to track differences between adopted and actual water production costs.

Palos Verdes Peninsula Water Reliability Project (Project)

In 2002, Cal Water commissioned a Water System Master Plan (Master Plan) for the Palos Verdes water system. The Master Plan identified the high-priority need to augment the existing potable water system with new transmission mains and a new pump station to improve the capacity and reliability of the water system. This resulted in the development of a capital project known as the Project. Before the Project, a single pipeline that is over 60 years old delivered potable water to approximately 90 percent of the Peninsula, and a second pipeline of the same age delivered water to the remaining 10 percent. Both of these pipelines were approaching the end of their useful lives.

The CPUC authorized Cal Water to recover revenue associated with costs up to a cap of $96.1 million after the Project was in service, subject to the CPUC's reasonableness review. In 2020, the Project was completed and Advice Letter 2387 was filed asking for authority to increase rates reflecting the Project costs up to the cap, with an effective date of August 27, 2020. The advice letter was approved on January 29, 2021. New rates were implemented on February 1, 2021, with the revenue requirement being effective as of August 27, 2020.

Due to the complexity of the Project, total project costs exceeded the advice letter cap of $96.1 million. Total project costs incurred as of the end of 2023 were $117.2 million. Amongst other things, the 2021 GRC requested an additional $6.4 million of capital costs to be included in base rates plus authority to open a memorandum account allowing Cal Water to track incremental capital-related costs associated with this project. The remaining $14.7 million of capital costs not in base rates will be applied for in a future rate proceeding or tracked in the memorandum account for possible future recovery.

Regulatory Activity—Other States

2023 Washington Water GRC (Washington Water)

On April 10, 2023, Washington Water filed a GRC application with the UTC requesting an annual revenue increase of $3.0 million for its East Pierce water system phased in over two years and an annual revenue increase of $0.6 million for its legacy Washington Water system. In July of 2023, the UTC approved an annual revenue increase of $2.1 million. Washington Water implemented the new rates on July 28, 2023.

Pukalani GRC (Hawaii Water)

On October 30, 2023, HPUC approved Pukalani's GRC application that was filed in 2022. The approval increased annual revenues by $0.4 million to be implemented at $0.2 million each year for the next two years. The new rates were implemented on December 1, 2023.

HOH Utilities Company (Hawaii Water)

In December of 2023, Hawaii Water closed on the acquisition of assets of HOH Utilities Company, a wastewater utility located in the growing Poipu/Koloa area of Kauai County on the island of Kauai.

The acquisition of HOH Utilities Company's wastewater system assets added 1,800 residential, commercial and resort customers, including three hotels, condominiums, multi-family housing, single-family homes and a golf course to the customer base of Hawaii Water.

Kaanapali GRC (Hawaii Water)

On February 1, 2024, Hawaii Water filed a GRC application with the HPUC requesting an annual revenue increase of $0.6 million. Hawaii Water is requesting a fourth quarter of 2024 effective date for new rates.

Water Supply

Our source of supply varies among our operating districts. Certain districts obtain all of their supply from wells; some districts purchase all of their supply from wholesale suppliers; and other districts 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 water basins under state ordinances. These are 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 annual groundwater extraction from adjudicated groundwater basins approximates 6.7 billion gallons or 13.1% of our total annual 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 ground water from managed or unmanaged water basins. There are no set limits for the ground water extracted from these water basins. Our annual groundwater extraction from managed groundwater basins approximates 29.7 billion gallons or 57.6% of our total annual water supply pumped from wells. Our annual groundwater extraction from unmanaged groundwater basins approximates 15.1 billion gallons or 29.3% of our total annual water supply pumped from wells. Most of the managed groundwater basins we extract water from have groundwater recharge facilities. We are required to financially support these groundwater recharge facilities by paying well pump taxes. Our well pump taxes for 2023, 2022, and 2021 were $19.0 million, $16.2 million, and $15.3 million, respectively. In 2014, the State of California enacted the Sustainable Groundwater Management Act of 2014 (SGM Act). The law and its implementing regulations required most basins to select 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 SGM Act's provisions are fully implemented, substantially all the Company's California groundwater will be produced from sustainably managed and 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 February 22, 2024, the State of California snowpack water content during the 2023-2024 water year was 99% of long-term averages (per the California Department of Water Resources, Northern Sierra Precipitation Accumulation report). The northern Sierra region is the most important for the state's urban water supplies. The central and southern portions of the Sierras have recorded 82% and 80%, respectively, of long-term averages. Management believes that supply pumped from underground aquifers and purchased from wholesale suppliers will be adequate to meet customer demand during 2024 and thereafter. Long-term water supply plans are developed for each of our districts to help assure an adequate water supply under various operating and supply conditions. Some districts have unique challenges in meeting water quality standards, but management believes that supplies will meet current standards using currently available treatment processes.

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 California State Water Resources Control Board, in conjunction with the California Department of Water Resources, is expected to establish long-term water use standards for indoor residential use, outdoor residential use, water losses, and other uses. Cal Water will also be required to calculate and report on its urban water use targets by November 1 of each year, that compares actual urban water use to the targets. Management believes that Cal Water is well positioned to comply with all such regulations.

In March of 2023, the EPA issued proposed MCLs for six PFAS. Based on current information, if the regulation is adopted in its current form, we expect that we would have three years to comply with the final PFAS regulations and we estimate that capital investments of approximately $215.0 million would be required to comply.

The following table shows the estimated quantity of water purchased and the percentage of purchased water to total water production in each California operating district that purchased water in 2023. Other than noted below, all other districts receive 100% of their water supply from wells.

District	Water Purchased (MG)	Percentage of Total Water Production	Source of Purchased Supply
SAN FRANCISCO BAY AREA/NORTH COAST			
Bay Area Region*	6,275	98.9%	San Francisco Public Utilities Commission and Yolo County Flood Control & Water Conservation District
Bear Gulch	3,561	100.0%	San Francisco Public Utilities Commission
Los Altos	2,147	63.6%	Valley Water
Livermore	1,777	67.5%	Alameda County Flood Control and Water Conservation District, Zone 7
SACRAMENTO VALLEY			
Oroville	668	89.7%	Pacific Gas and Electric Co. and County of Butte
SAN JOAQUIN VALLEY			
Bakersfield	9,811	55.0%	Kern County Water Agency and City of Bakersfield
Stockton	6,462	88.9%	Stockton East Water District
LOS ANGELES AREA			
East Los Angeles	586	14.0%	Central Basin Municipal Water District
Dominguez	8,108	78.4%	West Basin Municipal Water District and City of Torrance
City of Commerce	361	49.5%	Central Basin Municipal Water District
City of Hawthorne	1,059	89.1%	West Basin Municipal Water District
Hermosa Redondo	2,901	90.2%	West Basin Municipal Water District
Los Angeles County Region**	4,451	97.0%	West Basin Municipal Water District and Antelope Valley-East Kern Water Agency
Westlake	1,794	100.0%	Calleguas Municipal Water District and Triunfo Water and Sanitation District
Kern River Valley	53	22.8%	City of Bakersfield

MG = million gallons

* Bay Area Region includes Bayshore and Redwood Valley

** Los Angeles County Region includes Palos Verdes and Antelope Valley

The Bear Gulch district obtains a portion of its water supply from surface runoff from the local watershed. The Oroville district in the Sacramento Valley, the Bakersfield district in the San Joaquin Valley, and the Kern River Valley district in the Los Angeles Area purchase water from a surface supply. Surface sources are processed through our water treatment plants before being delivered to the distribution system. The Bakersfield district also purchases treated water as a component of its water supply.

The Chico, Marysville, Dixon, and Willows districts in the Sacramento Valley, the Salinas Valley Region district in the Salinas Valley, the Selma and Visalia districts in the San Joaquin Valley, and the Travis Air Force Base in Solano County obtain their entire supply from wells.

Purchases for the Los Altos, Livermore, Oroville, Redwood Valley, Stockton, and Bakersfield districts are pursuant to long-term contracts expiring on various dates after 2023. The water supplies purchased for the Dominguez, East Los Angeles, Hermosa Redondo, Palos Verdes, and Westlake districts as well as the Hawthorne and Commerce systems are provided by public agencies pursuant to a statutory obligation of continued non-preferential service to purveyors within the agencies' boundaries. Purchases for the Bayshore and Bear Gulch districts are in accordance with long-term contracts with the San Francisco Public Utilities Commission (SFPUC) until June 30, 2034.

Management anticipates water supply contracts will be renewed as they expire though the price of wholesale water purchases is anticipated to increase in the future.

Shown below are wholesaler price rates and increases that became effective in 2023, and estimated wholesaler price rates and percent changes for 2024. In 2023, several districts experienced purchased water rate increases, resulting in the filing of several purchased water offsets.

District	Effective Month	2023 Unit Cost	Percent Change	Effective Month	2024 Unit Cost	Percent Change
Antelope	July	$ 752.00 /af	7.6%	July	$ 809.00 /af	7.6%
Bakersfield (1)	July	$ 195.00 /af	8.9%	January	$ 195.00 /af	—
Bear Gulch	July	$ 5.21 /ccf	9.7%	January	$ 5.21 /ccf	—
Commerce (2)	January	$1,379.00 /af	5.0%	January	$1,426.00 /af	3.4%
Dominguez (2)	July	$1,605.00 /af	7.0%	January	$1,677.00 /af	4.5%
East Los Angeles (2)	January	$1,379.00 /af	5.0%	January	$1,426.00 /af	3.4%
Hawthorne (2)	July	$1,605.00 /af	7.0%	January	$1,677.00 /af	4.5%
Hermosa-Redondo (2)	July	$1,605.00 /af	7.0%	January	$1,677.00 /af	4.5%
Livermore	February	$ 2.27 /ccf	10.2%	January	$ 2.34 /ccf	3.1%
Los Altos	July	$2,089.00 /af	13.6%	January	$2,089.00 /af	—
Oroville (2)	April	$ 216,068 /yr	8.0%	January	$ 216,068 /yr	—%
Palos Verdes (2)	July	$1,605.00 /af	7.0%	January	$1,677.00 /af	4.5%
Mid-Peninsula	July	$ 5.21 /ccf	9.7%	January	$ 5.21 /ccf	—
Redwood Valley	January	$ 69.24 /af	—	January	$ 69.24 /af	—
South San Francisco	July	$ 5.21 /ccf	9.7%	January	$ 5.21 /ccf	—
Stockton	October	$ 931,190/mo	1.4%	January	$ 931,190/mo	—
Westlake	January	$1,632.00 /af	4.5%	January	$1,730.00 /af	6.0%

af = acre foot;

ccf = hundred cubic feet;

yr = fixed annual cost;

mo = fixed monthly cost

(1) untreated water

(2) wholesaler price changes occur every six months

We work with all local suppliers and agencies responsible for water supply to enable adequate, long-term supply for each system.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Water Supply" for more information on adequacy of supplies.

Seasonal Fluctuations

In California, our customers' consumption pattern of water varies with the weather, in terms of rainfall and temperature. When setting customer rates, the CPUC considers the historical pattern in determining the adopted sales and production costs. With a majority of our sales expected to be subject to the MWRAM and per-unit variations in production costs being covered by the ICBA, fluctuations in financial results are expected to be moderated once the MWRAM and ICBA mechanisms are approved by the CPUC. However, cash flows from operations and short-term borrowings on our credit facilities can be significantly impacted by seasonal fluctuations including recovery of the MWRAM and ICBA.

Our water business is seasonal in nature. Weather conditions can have a material effect on customer usage. Customer demand for water generally is lower during the cooler and rainy winter months. Demand increases in the spring when warmer weather returns and the rains end, and customers use more water for outdoor purposes such as landscape irrigation. Warm temperatures during the generally dry summer months result in increased demand. Water usage declines during the late fall as temperatures decrease and the rainy season begins. During years in which precipitation is especially heavy or extends beyond the spring into the early summer, customer demand can decrease from historic normal levels, generally due to reduced outdoor water usage. Likewise, an early start to the rainy season during the fall can cause a decline in customer usage. As a result, seasonality of water usage has a significant impact on our cash flows from operations and borrowing on our short-term facilities.

Utility Plant Construction

We have continually extended, enlarged, and replaced our facilities as required to meet increasing demands and to maintain our water systems. We obtain construction financing using funds from operations, long-term financing, advances for construction and contributions in aid of construction that are funded by developers. Advances for construction are cash deposits from developers for construction of water facilities or water facilities deeded from developers. These advances are generally refundable without interest over a period of 40 years in equal annual payment amounts and developer-installed facilities are exempt from corporate income taxes. Contributions in aid of construction consist of nonrefundable cash deposits or facilities transferred from developers, primarily for fire protection and relocation projects. We cannot control the amounts received from developers. This amount fluctuates from year-to-year as the level of construction activity carried on by developers varies. This activity is impacted by the demand for housing, commercial development, and general business conditions, including interest rates.

See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” for additional information.

Energy Reliability

We continue to seek to use power efficiently to minimize the power expenses passed on to our customers, and maintain backup power systems to continue water service to our customers if the power companies’ supplies are interrupted. If future legislation limits emissions from the power generation process, our cost of power may increase. Any increase in the per-unit cost of power would be expected to be passed along to our California customers through the ICBA or included in our cost of service paid by our customers as requested in our GRC filings. Many of our well sites are equipped with emergency electric generators designed to produce electricity to keep the wells operating during power outages. Storage tanks also provide customers with water during blackout periods.

During 2023, 2022, and 2021 we leased additional emergency generators to respond to potential PSPSs, an electric utility operating paradigm approved by the CPUC.

Security at Company Facilities

Due to terrorism and other risks, we have heightened security at our facilities and have taken added precautions to protect our employees and the water delivered to customers. In 2002, federal legislation was enacted that resulted in new regulations concerning security of water facilities, including submitting vulnerability assessment studies to the federal government. We have complied with regulations issued by the EPA pursuant to federal legislation concerning vulnerability assessments and have made filings to the EPA as required. In addition, communication plans have been developed as a component of our procedures.

In accordance with the 2018 America’s Water Infrastructure Act (AWIA), we are required to conduct additional risk and resilience assessments (RRAs) and develop emergency response plans (ERPs) for each of our water systems. These RRAs and ERPs include natural hazards as well as malevolent acts. The first such assessments were completed in 2020. The RRAs are scheduled to be reviewed and resubmitted every five years.

While we do not make public comments on our security programs, we have been in contact with federal, state, and local law enforcement agencies to coordinate and improve our water delivery systems' security.

Competition and Condemnation

Our principal operations are regulated by the Commission of each state. Under state laws, no privately owned public utility may compete within any service territory that we already serve without first obtaining a certificate of public convenience and necessity from the applicable Commission. Issuance of such a certificate would only be made upon finding that our service is deficient. To management's knowledge, no application to provide service to an area served by us has been made.

State law in California provides that whenever a public agency constructs facilities to extend a utility system into the service area of a privately owned public utility, such an act constitutes the taking of property and requires reimbursement to the utility for its loss. State law in Washington and other states recognize chartered service areas but do not have specific statutes. State statutes allow municipalities, water districts and other public agencies to own and operate water systems. These agencies are empowered to condemn properties already operated by privately owned public utilities. The agencies are also authorized to issue bonds, including revenue bonds, for the purpose of acquiring or constructing water systems. However, if a public agency were to acquire utility property by eminent domain action, the utility would be entitled to just compensation for its loss. In Washington, annexation was approved in February 2008 for property served by us on Orcas Island; however, we continue to serve the customers in the annexed area and do not expect the annexation to affect our operations. To management's knowledge, other than the Orcas Island property, no municipality, water district, or other public agency is contemplating or has any action pending to acquire or condemn any of our systems.

Government Regulations

Our water and wastewater services are governed by various federal and state environmental protection, health and safety laws, and regulations. These provisions establish criteria for drinking water and for discharges of water, wastewater, and airborne substances. The EPA, state water quality regulators, and other state regulatory authorities promulgate numerous nationally and locally applicable standards, including MCLs for drinking water. We believe we are currently in compliance with all of the MCLs promulgated to date.

Environmental Matters

Our operations are subject to environmental regulation by various governmental authorities. Environmental health and safety programs have been designed to provide compliance with water discharge regulations, underground and above-ground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations, and employee safety issues related to hazardous materials. In addition, we actively investigate alternative technologies for meeting environmental regulations and continue the traditional practices of meeting environmental regulations.

For a description of the material effects that compliance with environmental regulations may have on us, see Item 1A. "Risk Factors—Risks Related to Our Regulatory Environment." We expect environmental regulation to increase, resulting in higher operating costs in the future, and there can be no assurance that the Commissions would approve rate increases to enable us to recover these additional compliance costs.

Quality of Water Supply

Our operating practices are designed to produce potable water in accordance with accepted water utility practices. Water entering the distribution systems from surface sources is treated in compliance with federal and state Safe Drinking Water Act (SDWA) standards. Most well supplies are chlorinated or chloraminated for disinfection. Water samples from each water system are analyzed on a regular, scheduled basis in compliance with regulatory requirements. We operate a state-certified water quality laboratory at the San Jose Customer Support Services Office that provides testing for most of our California operations. Certain tests in California are contracted with independent certified labs qualified under the Environmental Laboratory Accreditation Program. Local independent state certified labs provide water sample testing for the Washington, New Mexico, and Hawaii operations.

In recent years, federal and state water quality regulations have resulted in increased water sampling requirements. The SDWA continues to be used to monitor and regulate additional potential contaminants to address public health concerns. The State of California has continued to adopt new water quality regulations, which may be in addition to those adopted by the EPA. We monitor water quality standard changes and upgrade our treatment capabilities to maintain compliance with the various regulations.

Impact of Climate Change Legislation and Regulation

Our operations depend on power provided by other public utilities and, in emergencies, power generated by our portable and fixed generators. If future legislation limits emissions from the power generation process, our cost of power may increase. Any increase in the cost of power would be expected to be passed along to our California customers through the ICBA or included in our cost of service paid by our customers as requested in our GRC filings.

We maintain a fleet of vehicles to provide service to our customers, including a number of passenger vehicles, as well as heavy-duty diesel vehicles that were retrofitted to meet California emission standards. If future legislation affects the cost to operate the fleet or the fleet acquisition cost in order to meet certain emission standards and/or requirements to phase-in the use of zero-emission vehicles, it would increase our cost of service and our rate base. Any increase in fleet operating costs associated with meeting emission standards and/or requirements to phase-in the use of zero-emission vehicles would be expected to be included in our cost of service paid by our customers as requested in our GRC filings. While recovery of these costs is not guaranteed, we would expect recovery in the regulatory process.

Under the California Environmental Quality Act (CEQA), all capital projects of a certain type (primarily wells, tanks, major pipelines, and treatment facilities) require mitigation of greenhouse gas emissions. The cost to prepare the CEQA documentation and permit are expected to be included in our capital cost and added to our rate base, which is expected to be requested to be paid for by our customers. Any increase in the operating cost of the facilities would also be expected to be included in our cost of service paid by our customers as requested in our GRC filings. While recovery of these costs is not guaranteed, we would expect recovery in the regulatory process.

Cap and trade regulations were implemented in 2012 with the goal of reducing emissions to 1990 levels by the year 2020. These regulations have not affected water utilities at this time. In the future, if we are required to comply with these regulations, any increase in operating costs associated with meeting these standards would be included in our cost of service paid by our customers as requested in our GRC filings. While recovery of these costs is not guaranteed, we would expect recovery in the regulatory process.

We currently publicly disclose information about our climate change strategy, risks, metrics, and targets. If future legislation or regulation requires new or additional reporting on our climate change strategy, risks, metrics, and/or targets, our cost to gather and report that information in accordance with the legislation or regulation may increase, and we may be subject to litigation, enforcement proceedings, fines or other penalties if we are unable to comply in part or in whole, or if our efforts are deemed insufficient.

Human Capital Resources

We believe our employees are our most valuable asset and are critical to our continued success. We focus our attention on attracting and retaining talented and experienced individuals to manage and support our operations. We offer our employees a broad range of Company-paid benefits, and we believe our compensation package and benefits are competitive with others in our industry. Additional information about our employee benefit plans is included in Note 11 of the Notes to Consolidated Financial Statements.

We are committed to hiring, developing, and supporting a diverse and inclusive workplace. Our employees are expected to exhibit and promote honest, ethical, and respectful conduct. All of our employees must adhere to a business code of conduct that sets standards for appropriate behavior and ethics and includes required internal training on preventing, identifying, reporting, and stopping any type of discrimination.

Employee health and safety in the workplace is one of the Company's core values. Safety efforts are led by the Executive Safety Committee and supported by safety committees that operate at the local level. Hazards in the workplace are actively identified and management tracks incidents so remedial actions can be taken to improve workplace safety.

As evidenced by our internally created Future Leaders of Water Development Program, our management team supports a culture of developing future leaders from our existing workforce, enabling us to promote from within for many leadership positions. We believe this provides long-term focus and continuity to our operations while also providing opportunities for the growth and advancement of our employees. Our focus on retention is evident in the length of service of our management team. The average tenure of our management team is over 10 years.

Employee levels are managed to align with the pace of business and management believes it has sufficient human capital to operate its business successfully. Management believes that the Company's employee relations are favorable. At December 31, 2023, we had 1,266 employees, including 1,118 at Cal Water, 82 at Washington Water, 48 at Hawaii Water, 18 at New Mexico Water, and no employees at Texas Water. In California, the Utility Workers Union of America (UWUA), AFL-CIO represents our non-exempt field, customer service, and non-confidential clerical employees and the International Federation of Professional and Technical Engineers (IFPTE), AFL-CIO represents our professional and technical engineering and water quality laboratory employees.

As of December 31, 2023, we had 667 employees represented by the UWUA and 90 employees represented by the IFPTE. In 2021, we reached a six-year agreement with both unions on a new contract that runs from May 14, 2021 (UWUA) and October 4, 2021 (IFPTE) through February 28, 2027. We believe this agreement continues to provide our employees with a market competitive pay and benefits package.

Employees at Hawaii Water, Washington Water, and New Mexico Water are not represented by a labor union.

Information About Our Executive Officers

Name	Positions and Offices with California Water Service Group	Age
Martin A. Kropelnicki(1)	Chairman, President and Chief Executive Officer since June 1, 2023. Formerly, President and Chief Executive Officer (2013-2023), President and Chief Operating Officer (2012-2013), Chief Financial Officer and Treasurer (2006-2012), served as Chief Financial Officer of Power Light Corporation (2005-2006), Chief Financial Officer and Executive Vice President of Corporate Services of Hall Kinion and Associates (1997-2004), Deloitte & Touche Consulting (1996-1997), held various positions with Pacific Gas & Electric Company (1989-1996).	57
David B. Healey(2)	Principal Financial Officer since January 3, 2024. Formerly, Vice President, Chief Financial Officer and Treasurer (2023-2024), Vice President, Corporate Controller and Assistant Treasurer (2015-2023), Corporate Controller and Assistant Treasurer (2012-2014), Director of Financial Reporting (2009-2012), served as Subsidiary Controller for SunPower Corporation (2005-2009), Corporate Controller for Hall, Kinion & Associates, Inc. (1997-2005), held various positions with Pacific Gas & Electric Company (1985-1997).	67
James P. Lynch(2)	Senior Vice President, Chief Financial Officer and Treasurer since January 3, 2024. Formerly, Manager of Special Projects (2023), Chief Accounting Officer for SJW Group, a water utility company (2022-2023), Chief Financial Officer and Treasurer for SJW Group (2010-2022), Audit Partner with KPMG LLP (1997-2010), held various other positions with KPMG LLP (1984-1997). Certified public accountant.	64
Michael B. Luu(2)	Senior Vice President, Corporate Services & Chief Risk Officer since June 1, 2023. Formerly, Vice President, Information Technology and Chief Risk Officer (2021-2023), Vice President of Customer Service and Chief Information Officer (2017-2020), Vice President of Customer Service and Information Technology (2013-2016), Acting California Water Service Company District Manager, Los Altos (2012-2013), Director of Information Technology (2008-2012), CIS Development Manager (2005-2008), held various other positions with California Water Service Company since 1999.	44
Shawn C. Bunting(2).	Senior Vice President, General Counsel & Business Development since January 1, 2024. Formerly, Vice President, General Counsel and Corporate Secretary (2023), Senior Vice President & Deputy General Counsel for American Water Works Company, Inc., a water utility holding company (2021-2022), Vice President and Deputy General Counsel (2015-2021), Vice President & Division General Counsel—Eastern Division (2015-2016), Vice President & Division General Counsel—Mid-Atlantic Division (2014-2015), held other various positions with American Water Works Company, Inc. (2008-2014), Assistant General Counsel (Director) at Allegheny Energy, Inc. (2005-2008), and attorney at K&L Gates LLP (1998-2005).	51

Name	Positions and Offices with California Water Service Group	Age
Shannon C. Dean(2)	Senior Vice President, Customer Service & Chief Sustainability Officer since January 1, 2024. Formerly, Vice President, Customer Service and Chief Citizenship Officer (2021-2023), Vice President of Corporate Communications & Community Affairs (2015-2020), Director of Corporate Communications (2000-2014), held various corporate communications, government, and community relations positions for Dominguez Water Company (1991-1999).	56
Michael S. Mares, Jr(2)	Senior Vice President, Operations since January 1, 2024. Formerly, Vice President, Operations (2021-2023), Vice President, California Operations (2019-2020), California Water Service Company District Manager, Bakersfield (2017-2018), Hawaii Water Service Company General Manager (2014-2016), Hawaii Water Service Company Local Manager, Big Island (2012-2014), California Water Service Company, held various Superintendent positions in the Chico district (2002-2012), California Water Service Company, held various union positions in the Chico district (1992-2002).	57
Ronald D. Webb(2)	Vice President, Chief Human Resource Officer since January 1, 2022. Formerly, Vice President of Human Resources (2014-2021), Managing Director, Human Resources Partner for United Airlines (2006-2014), served as Vice President of Human Resources for Black & Decker Corporation (1995-2005), Human Resource Manager for General Electric Company (1990-1994), and held various labor relations positions for National Steel and Shipbuilding Company (1982-1989).	67
Michelle R. Mortensen(2)	Vice President, Corporate Secretary and Chief of Staff since January 1, 2022. Formerly, Vice President, Corporate Secretary (2021), Corporate Secretary (2015-2020), Assistant Corporate Secretary (2014), Treasury Manager (2012-2013), Assistant to the Chief Financial Officer (2011), Regulatory Accounting Manager (2008-2010), held various accounting positions at Piller Data Systems (2006-2007), Hitachi Global Storage (2005), Abbot Laboratories (2002-2004), and Symantec (1998-2001).	49
Elissa Y. Ouyang(2).	Vice President, Facilities, Fleet and Procurement since January 1, 2022. Formerly, Chief Procurement and Lead Continuous Improvement Officer (2016-2021), Interim Procurement Director (2013-2016), Acting District Manager—Los Altos (2013), Interim Vice President of Information Technology (2012-2013), Director of Information Technology—Architecture and Security (2008-2012), Business Application Manager (2003-2007), Project Lead/Senior Developer (2001-2003), held various business consulting positions at KPMG Consulting/BearingPoint (1998-2001), and RR Donnelley (1996-1998).	55
Greg A. Milleman(2).	Vice President, Rates & Regulatory Affairs since January 1, 2022. Formerly, Vice President, California Rates (2019-2021), Interim Director of Rates (2017-2018), Director of Field Administration & Finance (2014-2017), Manager of Special Projects (2013), and served as Senior Vice President of Administration and Corporate Secretary and various other management positions for Valencia Water Company (1992-2013).	61

Name	Positions and Offices with California Water Service Group	Age
Thomas A. Scanlon(2)	Corporate Controller and Principal Accounting Officer since January 1, 2023. Formerly, Director of Financial Reporting (2010-2022), Subsidiary Controller at Sun Power Systems Corporation (2007-2010), and Regional Controller at Swinerton Builders, Inc. (2000-2007).	61
Sophie M. James(2)	Vice President, Water Quality & Environmental Affairs since January 1, 2024. Formerly, Chief Water Quality Officer (2022-2023), Director of Water Quality (2014-2021), Manager of Laboratory Service (2006-2013), and Environmental Chemist, City of Sunnyvale (1992-2006).	55

(1) Holds the same position with California Water Service Company, CWS Utility Services, Hawaii Water Service Company, Inc., New Mexico Water Service Company, and TWSC, Inc.; Chief Executive Officer of Washington Water Service Company.

(2) Holds the same position with California Water Service Company, CWS Utility Services, Hawaii Water Service Company, Inc., New Mexico Water Service Company, Washington Water Service Company, and TWSC, Inc.

Item 1A. *Risk Factors.*

In evaluating our business, you should carefully consider the following discussion of material risks, events, and uncertainties that make an investment in us speculative or risky in addition to the other information in this Annual Report on Form 10-K. A manifestation of any of the following risks and uncertainties could, in circumstances we may or may not be able to accurately predict, materially and adversely affect our business, growth, reputation, prospects, operating and financial results, financial condition, cash flows, liquidity, and stock price. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. It is not possible to predict or identify all such factors; our operations could also be affected by factors, events or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. Therefore, you should not consider the following risks to be a complete statement of all the potential risks or uncertainties that we face.

Risks Related to Our Regulatory Environment

Our business is heavily regulated by state and federal regulatory agencies and our financial viability depends upon our ability to recover costs and investments from our customers through rates that must be approved by state public utility commissions.

Cal Water, New Mexico Water, Washington Water, and Hawaii Water are regulated public utilities, which provide water and water-related service to our customers. Additionally, Hawaii Water and Texas Water own in whole or in part other companies which are regulated public utilities. The rates that we charge our water customers are subject to the jurisdiction of the regulatory Commissions in the states in which we operate. These Commissions may set water and water-related rates for each operating district independently because the systems are not interconnected. The Commissions authorize us to charge rates that they consider sufficient to recover normal operating expenses, to provide funds for adding new or replacing water infrastructure, and to allow us the opportunity to earn what the Commissions consider to be a fair and reasonable return on invested capital.

Our revenues and consequently our ability to meet our financial objectives are dependent upon the rates we are authorized to charge our customers by the Commissions and our ability to recover our costs in these rates. Our management uses forecasts, models and estimates in order to set rates that we believe will provide a fair and reasonable return on our invested capital. While our rates must be approved by the Commissions, no assurance can be given that our forecasts, models and estimates will be correct or that the Commissions will agree with our forecasts, models, and estimates. If our rates are set too low, our revenues may be insufficient to cover our operating expenses, capital expenditure requirements and desired dividend levels.

We periodically file rate increase applications with the Commissions. The ensuing administrative and hearing process may be lengthy and costly. The decisions of the Commissions are beyond our control and we can provide no assurances that our rate increase requests will be granted by the Commissions. Even if approved, there is no guarantee that approval will be given in a timely manner or at a sufficient level to cover our expenses and provide a reasonable return on our investment. If the rate increase decisions are delayed or approved at a level that is lower than what we have requested, our earnings may be adversely affected. For example, the CPUC has not issued its final decision on our 2021 GRC, which has resulted in lower revenues in 2023 and is leading to financial and operating uncertainty for the Company. Our ability to execute on our business strategy is expected to be adversely impacted if the CPUC issues a final decision on our 2021 GRC that results in approving lower rate increases than what we have requested.

Our evaluation of the probability of recovery of regulatory assets is subject to adjustment by regulatory agencies and any such adjustment could adversely affect our results of operations and financial condition.

Regulatory decisions may affect prospective revenues and earnings and the timing of the recognition of revenues and expenses and may overturn past decisions used in determining our revenues and expenses. While our management evaluates the anticipated recovery of regulatory assets and revenues subject to refund and provides for allowances and/or reserves as deemed necessary, no assurance can be given that any such allowances and/or reserves will be adequate to cover any loss or adjustment due to the absence of our limited recovery of regulatory assets and revenues as a result of regulatory decisions. Current accounting procedures allow us to defer certain costs if we believe it is probable that we will be allowed to recover those costs through future rate increases. If the

Commissions determined that a portion of our assets were not recoverable in customer rates, we may suffer an asset impairment, which would require a write down in such asset's valuation that would be recorded through operations.

If our assessment as to the probability of recovery through the ratemaking process is later determined to be incorrect, the associated regulatory asset would be adjusted to reflect the change in our assessment of any regulatory disallowances. A change in our evaluation of the probability of recovery of regulatory assets or a regulatory disallowance of all or a portion of our cost could have a material adverse effect on our financial results.

Regulatory agencies may disagree with our valuation and characterization of certain of our assets.

If we determine that assets are no longer used or useful for utility operations, we may remove them from our rate base and subsequently sell those assets with any gain on sales accruing to the stockholders, subject to certain conditions. If the Commissions disagree with our characterization, there is a risk that the Commissions could determine that realized appreciation in property value should be awarded to customers rather than our stockholders.

Changes in laws, rules, and policies of our regulators or operating jurisdictions can significantly affect our business.

Regulatory agencies may change their rules and policies for various reasons, including changes in the local political environment. Regulators are elected by popular vote or are appointed by elected officials, and the election of a new administration or the appointment of new officials due to the results of elections may result in dramatic change to the long-established rules and policies of an agency. For example, in 2020 regulation regarding full decoupling WRAMs changed in California. Since 2008, the CPUC allowed full decoupling WRAMs. However, in 2020, the CPUC precluded companies from proposing full decoupling WRAMs in their next GRC filings. As a result, we have been precluded from recording WRAM revenue since the conclusion of the WRAM as of December 31, 2022.

We rely on policies and regulations promulgated by the various state commissions in order to recover capital expenditures, maintain favorable treatment on gains from the sale of real property, offset certain production and operating costs, recover the cost of debt, maintain an optimal equity structure without over-leveraging, and have financial and operational flexibility to engage in non-regulated operations. If any of the Commissions with jurisdiction over us implements policies and regulations that do not allow us to accomplish some or all of the items listed above, our future operating results may be adversely affected.

In addition, legislatures may repeal, relax or tighten existing laws, or enact new laws that affect the regulatory agencies with jurisdiction over our business or affect our business directly. If changes in existing laws or the implementation of new laws limit our ability to accomplish some of our business objectives, or make accomplishing such objectives more expensive, our future operating results may be adversely affected.

Finally, local jurisdictions may impose new ordinances, laws, fees, and regulations that could increase costs or limit our operations, which affect future operating results. Cities may impose or amend franchise requirements, impose conditions on underground construction or land use, impose various taxes and fees, or restrict our hours for construction, among other things. In the last decade, more cities have imposed excavation moratoria or paving rules, which has required more costly construction than anticipated.

We expect environmental health and safety regulation to increase, resulting in higher operating costs in the future and the potential that the company fails to meet these regulatory standards.

Our water and wastewater services are governed by various federal and state environmental protection, health and safety laws, and regulations. Although we have a water quality assurance program in place, we cannot guarantee that we will continue to comply with all standards. If we violate any federal or state regulations or laws governing health and safety, we could be subject to substantial fines or otherwise sanctioned, subject to potential civil liability for damages, and our customers' trust in our operations ability could be eroded.

Environmental health and safety laws are complex and change frequently. They have tended to become more stringent over time. As new or stricter standards are introduced, our operating costs could increase. Although we would likely seek permission to recover these costs through rate increases, we can give no assurance that the Commissions would approve rate increases to enable us to recover these additional compliance costs.

We are required to test our water quality for certain chemicals and potential contaminants on a regular basis. If the test results indicate that our water exceeds allowable limits, we may be required either to commence treatment to remove the contaminant or to develop an alternate water source. Either of these results may be costly. Although we would likely seek permission to recover these through rate increases, there can be no assurance that the Commissions would approve rate increases to enable us to recover these additional compliance costs.

Past events in the utility sector, including those in Flint, Michigan and related to Pacific Gas and Electric Company in California, show that failure to meet one or more water quality, environmental, or safety standards can have severe effects on customer trust, reputation, regulatory treatment, or civil and criminal liability.

New and/or more stringent water quality regulations could increase our operating costs.

We are subject to water quality standards set by federal, state, and local authorities that have the power to issue new regulations. Compliance with new regulations that are more stringent than current regulations could increase our operating costs and capital expenditures, including requirements for increased monitoring, additional treatment of underground water supplies, fluoridation of all supplies, more stringent performance standards for treatment plants, additional procedures to further reduce levels of disinfection by-products, and more comprehensive measures to monitor, reduce or eliminate known or newly identified contaminants. There are currently limited regulatory mechanisms and procedures available to us for the recovery of such costs and there can be no assurance that such costs will be fully recovered and failure to do so may adversely affect our operating results.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or have been recently created or discovered. We believe these contaminants may form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

For example, while there are currently no federal MCLs or state MCLs in states in which we operate for per- and polyfluoroalkyl substances (PFAS) compounds, we continue to closely monitor the regulatory process at state and federal levels, follow recommendations from our regulators, review existing and new treatment methods, and develop a response strategy to help prepare us to meet anticipated MCLs. Currently the federal government has proposed regulations for 6 PFAS compounds. Where detections of PFAS in our California systems have exceeded the state-established response levels, we have implemented procedures for removing the source from service or installing treatment for PFAS.

We also treat several affected water supplies for chromium-6, which experts suggest is harmful to human health and for which the California State Water Resources Control Board is developing a new MCL. To treat chromium-6, we use strong base anion exchange or reduction, coagulation, oxidation, and filtration treatment methods. We began treating water supplies in California for chromium-6 shortly after the state safe drinking water standard was set in 2014, which was subsequently remanded, and we have continued to meet the threshold for affected active water sources as regulations have evolved.

While there are no known lead service lines within Cal Water systems, the Revised Lead and Copper Rule from the EPA includes expanded requirements to complete service line inventories on both the water utility's and the customer's side of the water meter to identify lead in drinking water. As part of our compliance strategy for this updated rule, we are currently conducting an inventory to identify potential lead service lines on the customer side of the water meter.

Legislation and regulation designed to mitigate or adapt to climate change may affect our operations.

Future legislation or regulation regarding climate change may restrict our operations or impose new costs on our business. Our operations depend on power provided by other public utilities and, in emergencies, power generated by our portable and fixed generators. If future legislation or regulation limits emissions from the power generation process, our cost of power may increase. Although any increase in the cost of power would be expected to be passed along to our California customers through the ICBA or included in our cost of service paid by our customers as requested in our GRC filings in California, we can give no assurance that such costs would be passed along to our California customers or that the CPUC would approve rate increases to enable us to recover such expenditures or costs.

Legislation and regulation regarding greenhouse gas emissions may also impose new costs on our business. For example, in March 2022, the U.S. Securities and Exchange Commission proposed climate disclosure rules that would require public companies to significantly increase disclosure of greenhouse gas emissions and strategies, targets, costs and risks associated with climate change and the energy transition. Additionally, in October 2023, California enacted legislation addressing the disclosure of greenhouse gas emissions, climate-related risks, environmental claims, and the use or sale of voluntary carbon offsets. New and future laws and regulations could increase the complexity of and costs associated with compliance with such regulations, which could have a material adverse effect on our business, results of operations, and financial condition.

We have been and may in the future be party to environmental and product-related lawsuits, which could result in us paying damages not covered by insurance.

We have been and may be in the future, party to water contamination lawsuits, which may not be fully covered by insurance.

The number of environmental and product-related lawsuits against other water utilities has increased in frequency in recent years. If we are subject to additional environmental or product-related lawsuits, 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. In addition, if current California law regarding CPUC's preemptive jurisdiction over regulated public utilities for claims about compliance with California Department of Health Services and United States EPA water quality standards changes, our legal exposure may be significantly increased.

Risks Related to Our Business Operations

We are at risk for litigation under the principle of inverse condemnation for activities in the normal course of business that are deemed to have a damaging effect on private property.

The California constitution may allow compensation to property owners for a public utility taking or damaging private property, even when damage occurs through no fault of the utility and regardless of whether the damage could be foreseen by the utility. As a result, this doctrine, which is known as inverse condemnation and is routinely invoked in California, imposes strict liability for damages, including legal fees, because of the design, construction, maintenance and operation of utility facilities. In addition to claims that our water or wastewater systems damaged property, Cal Water could be sued under inverse condemnation if its facilities or operations damage private property, or if it is unable to timely deliver sufficient quantities of water for firefighting because of system capacity limitations or water supply disruptions, including as a result of action taken by an electric utility pursuant to a PSPS program or other loss of power. Although the imposition of liability is premised on the assumption that utilities have the ability to recover these costs from their customers, there is no assurance that the CPUC would allow Cal Water to recover any such damage awards from customers. For example, in December 2017, the CPUC denied recovery of costs that San Diego Gas & Electric Company incurred because of inverse condemnation, holding that the inverse condemnation principles of strict liability are not relevant to the CPUC's prudent manager standard.

The effects of natural disasters, attacks by third parties, or poor water quality or contamination to our water supply may result in disruption in our services and litigation, which could adversely affect our business, operating results and financial condition.

We operate in areas that are prone to earthquakes, fires, mudslides, and other natural disasters. A significant seismic event or other natural disaster in California where our operations are concentrated could adversely affect our ability to deliver water and adversely affect our costs of operations. A major disaster could damage or destroy substantial capital assets. The CPUC has historically allowed utilities to establish a catastrophic event memorandum account as another possible mechanism to recover costs. However, we can give no assurance that the CPUC or any other commission would allow any such cost recovery mechanism in the future.

Our water supplies are subject to contamination, including contamination from the development of naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from fabricated sources, such as 1,2,3-Trichloropropane (TCP) and PFAS, seawater incursion, and possible third-party attacks, including physical attacks, terrorist attacks, and cyber-attacks. If our water supply is contaminated, we may have to interrupt the use of that water supply until we are able to substitute the flow of water from an uncontaminated water source. In addition, we may incur significant costs in order to treat the contaminated source through expansion of our current treatment facilities, or development of new treatment methods. If we are unable to substitute water supply from an uncontaminated water source, or if we are unable to adequately treat the contaminated water source in a cost-effective manner, there may be an adverse effect on our revenues, operating results, and financial condition. The costs we incur to decontaminate a water source or an underground water system could be significant and may not be recoverable in rates. We could also be held liable for consequences arising out of human exposure to hazardous substances in our water supplies or other environmental damage. For example, private plaintiffs have the right to bring personal injury or other toxic tort claims arising from the presence of hazardous substances in our drinking water supplies. Our insurance policies may not be sufficient to cover the costs of these claims.

We have taken steps to increase security measures at our facilities and heighten employee awareness of threats to our water supply, to protect against third-party attacks, including physical attacks, terrorist attacks, and cyber-attacks. We have also improved our security measures regarding the delivery and handling of certain chemicals used in our business. We have and will continue to bear increased costs for security precautions to protect our facilities, operations, and supplies. These costs may be significant. Despite these improved security measures, we may not be able to prevent or deter any third-party attacks or be in a position to control the outcome of third-party attacks should they occur.

We depend upon our skilled and trained workforce for water delivery. Actual or threatened public health emergencies, including disease outbreaks, may also lead to the closure of our facilities or to the illness of our employees. We can give no assurance that we will be able to maintain sufficient human resources to provide service in all of the districts that we serve.

If any of these catastrophic events were to occur, we can give no assurance that our emergency preparedness plans would be adequate and that we would respond effectively, which could result in public or employee harm or adversely affect our revenues, operating results, and financial condition.

Failure of critical elements of our infrastructure could result in interruption of service, damage to others, or injuries, and could adversely affect our business, operating results, and financial condition.

We own physical infrastructure, which was installed over a long period of time, both underground and above-ground. This infrastructure is subject to potential failure due to age, operating conditions, or other unknown factors. Failure of any of our facilities or infrastructure could cause flooding, loss of service to our customers, contamination from chemicals we use in operations, or other damages.

We operate a dam. If the dam were to fail for any reason, we would lose a water supply and flooding likely would occur. Whether or not we were responsible for the dam’s failure, we could be sued. We can give no assurance that we would be able to defend such a suit successfully.

We operate several water and wastewater treatment plants. If a major failure of these facilities were to occur, we would have an interruption in service, potential flooding, and could release potentially harmful material into the environment.

We operate over 7,000 miles of underground pipeline. Some failures of underground pipelines could release disinfection chemicals into the environment, which have a negative impact on sensitive habitats.

We rely on our information technology (IT), operational technology (OT), and a number of complex business systems to assist with the management of our business and customer and supplier relationships, and a disruption of these systems, including from cyber-attacks, could adversely affect our business.

Our IT and OT systems are an integral part of our business, and a serious disruption of these systems could significantly limit our ability to manage and operate our business efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We rely on our IT and OT networks and applications to bill customers, process orders, provide customer service, manage construction projects, manage our financial records, track assets, remotely monitor certain of our plants and facilities and manage human resources, inventory and accounts receivable collections. Our systems also enable us to purchase products from our suppliers and bill customers on a timely basis, maintain cost-effective operations, and provide service to our customers. Some of our mission and business critical systems are older and the steps we have taken to protect our systems may be insufficient to protect them from damage or interruption from:

- power loss, computer systems failures, including hardware equipment and software applications, and internet, telecommunications or data network failures;
- operator negligence or improper operation by, or supervision of, employees;
- physical and electronic loss of customer data due to security breaches, cyber-attacks, misappropriation, acts of violence, war or terrorism, and similar events;
- computer viruses;
- intentional security breaches, hacking, denial of services actions, misappropriation of data, and similar events, including intentional cybersecurity breaches aimed at disrupting and interfering with water treatment processes; and
- earthquakes, floods, fires, mudslides, and other natural disasters or physical attacks.

These events may result in physical and/or electronic loss of customer or financial data; security breaches; misappropriation; disruption of service to our customers; loss of revenues, response costs, and other financial loss; loss of management time, attention, and resources from our regular business operations; damage to our reputation; and other adverse consequences, including liability or regulatory penalties under data privacy laws and regulations. In addition, the lack of redundancy for certain of our IT systems, including billing systems, could exacerbate the impact of any of these events on us, all of which could have a negative impact on our business, results of operations, and cash flows. These types of events, either impacting our facilities or the industry in general, could also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers, employees, and vendors. In many cases, we outsource the administration of certain functions to vendors that have been and will continue to be targets of cyber-attacks. Any theft, loss or fraudulent use of customer, employee, vendor, or proprietary data as a result of a cyber-attack on us or a vendor could also subject us to significant litigation, liability, and costs, as well as adversely impact our reputation with customers and regulators, among others.

In addition, we may not be successful in developing or acquiring technology that is competitive and responsive to the needs of our business, and we might lack sufficient resources to make the necessary upgrades or replacements of our outdated existing technology to allow us to continue to operate at our current level of efficiency, all of which could adversely impact our business and competitive position. We maintain cybersecurity insurance to provide coverage for a portion of the losses and damages that may result from a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss caused by a breach. Other costs associated with cyber events may not be covered by insurance or recoverable in rates. The market for cybersecurity insurance continues to evolve and may affect the future availability of cyber insurance at reasonable rates.

The adequacy of our water supplies depends upon a variety of factors beyond our control. Interruption in the water supply may adversely affect our reputation and earnings.

We depend on an adequate water supply to meet the present and future needs of our customers. Whether we have an adequate supply varies depending upon a variety of factors, many of which are partially or completely beyond our control, including:

- the amount of rainfall;
- the amount of water stored in reservoirs;
- underground water supply from which well water is pumped;
- availability from water wholesalers;
- changes in the amount of water used by our customers;
- water quality and availability of appropriate treatment technology;
- legal limitations on water use such as rationing restrictions during a drought;
- changes in prevailing weather patterns and climate; and
- population growth.

We purchase our water supply from various governmental agencies and others, and, in many areas, purchased water is the only available source of water. Water supply availability may be affected by weather conditions, funding and other political and environmental considerations. In addition, our ability to use surface water is subject to regulations regarding water quality and volume limitations. If new regulations are imposed or existing regulations are changed or given new interpretations, the availability of surface water may be materially reduced. A reduction in surface water could result in the need to procure more costly water from other sources, thereby increasing our water production costs and adversely affecting our operating results if not recovered in rates on a timely basis.

We have entered into long-term water supply agreements, which commit us to making certain minimum payments whether or not we purchase any water. Therefore, if demand were insufficient to use our required purchases we would have to pay for water we did not receive.

From time to time, we enter into water supply agreements with third parties and our business is dependent upon such agreements in order to meet regional demand. For example, we have entered into a water supply contract with the SFPUC that expires on June 30, 2034. We can give no assurance that the SFPUC, or any of the other parties from whom we purchase water, will renew our contracts upon expiration, or that we will not be subject to significant price increases under any such renewed contracts.

The parties from whom we purchase water maintain significant infrastructure and systems to deliver water to us. Maintenance of these facilities is beyond our control. If these facilities are not adequately maintained or if these parties otherwise default on their obligations to supply water to us, we may not have adequate water supplies to meet our customers' needs.

If we are unable to access adequate water supplies, we may be unable to satisfy all customer demand, which could result in rationing. Rationing may have an adverse effect on cash flow from operations. We can make no guarantee that we will always have access to an adequate supply of water that will meet all required quality standards. Water shortages may affect us in a variety of ways. For example, shortages could:

- adversely affect our supply mix by causing us to rely on more expensive purchased water;
- adversely affect operating costs;
- increase the risk of contamination to our systems due to our inability to maintain sufficient pressure; and
- increase capital expenditures for building pipelines to connect to alternative sources of supply, new wells to replace those that are no longer in service or are otherwise inadequate to meet the needs of our customers and reservoirs and other facilities to conserve or reclaim water.

We may or may not be able to recover increased operating and construction costs on a timely basis, or at all, for our regulated systems through the ratemaking process. We can give no assurance, as to whether we may be able to recover certain of these costs from third parties that may be responsible, or potentially responsible, for any groundwater contamination.

Our water supplies and other aspects of our operations may be affected by climate change.

There is strong scientific consensus that human activity including carbon and methane emissions is impacting many planetary systems such as the heat-trapping capacity of the atmosphere; ocean temperature, circulation, acidity, and volume; weather patterns including the severity and frequency of severe weather events; ambient temperatures; and planetary ice cover. Because scientific investigations have been focused globally, there is tremendous uncertainty over the timing, extent, and types of impacts global climate change may have on our service areas and in our water supplies. Moreover, studies of tree ring data show long periods of drought conditions have occurred prior to significant human impacts in California and prior to our operation. Finally, in the last fifty years, California has experienced at least three severe multi-year droughts. We can give no assurance that any of our plans for water reliability and water shortages, including incorporating projected and potential climate change risks into our water supply planning activities, will be adequate or capable of effectively addressing any droughts or longer periods of drought conditions or other conditions affecting water quality and availability. Immediate physical risks could affect our operations and intensify over time as climate change worsens. More frequent flooding, wildfires, sea level rise, rising or falling groundwater levels, and uneven ground level sinking could damage our assets, including pressurized mains and other pipelines, wells, treatment facilities, and other infrastructure. Wildfires and changes in rainfall may also affect water quality, and both higher temperatures and wildfires can pose risks to employee safety. Farther into the mid-century and late-century horizon, temperature increases may cause declines in snowpack storage, and droughts could decrease surface water supply availability and groundwater recharge while causing increased outdoor demands, which, in each case, could adversely impact our ability to source adequate water supply to meet the needs of our customers.

Additional climate-related risks may influence our approach as we support the transition to a low-carbon economy. Transition risks include changes in the market and consumer demands, such as differences in generational behaviors, shifts in population locations due to different weather patterns, and variations in water needs and customer groups. Regulatory risks, such as emission trading systems and carbon taxes, may also financially affect our business. Additionally, federal and state regulations present requirements for managing water supplies and limiting impacts on local wildlife, while regional plans and legislation may directly affect how we address water issues.

We also periodically review the climate change plans of our wholesalers to determine whether alternative supplies may be necessary in the future. However, we can give no assurance that replacement water supplies will be available at a reasonable cost or a cost acceptable to our customers and Commissions.

Natural disasters, climate change, economic conditions, and other factors may change the population in our service areas.

In the event that some outside factor such as a wildfire, flood, changed climate pattern, actual or threatened public health emergency, or change in the local economy reduces or eliminates our customer base in a service area, or negatively affects the ability of a customer to pay, we could face unrecoverable costs. In those circumstances, the remaining customers might not be able to pay for the operating costs or capital costs of the water system. We may not be able to recover capital costs of property that is no longer used or useful in utility service. We may also encounter an increase in bad debt expense in times of economic difficulty. For example, we experienced an increase in bad debt expense in 2022, which we believe was due to economic impact of the COVID-19 pandemic. Although we would likely seek permission to recover any such future costs through rate increases on remaining customers or in statewide rates, we can give no assurance that the Commissions would approve rate increases to enable us to recover these costs.

Wastewater operations entail significant risks.

Wastewater collection and treatment involve many risks associated with damage to the environment, and we anticipate that wastewater collection and treatment will become an increasing significant part of our business. If collection or treatment systems fail or do not operate properly, untreated or partially treated wastewater could discharge onto property or into nearby streams and rivers, causing damage or injury to property, aquatic life, or human life. Our results of operations and financial condition could be materially and adversely affected by liabilities resulting from such damage.

Demand for our water is subject to various factors and is affected by seasonal fluctuations.

Demand for our water during the warmer, dry months is generally greater than during cooler or rainy months due primarily to additional requirements for water in connection with irrigation systems, swimming pools, cooling systems, and other outside water use. Throughout the year, and particularly during typically warmer months, demand will vary with temperature and rainfall levels. If temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the demand for our water may decrease. Under the MWRAM mechanism, lower water usage in our California operations affects our cash flows in the year of usage, but results in higher cash flows in the following years.

In addition, governmental restrictions on water usage during drought conditions may result in a decreased demand for our water, even if our water reserves are sufficient to serve our customers during these drought conditions. The Commissions may not allow surcharges to collect lost revenues caused by customers' conservation during a drought. Regardless of whether we may surcharge our customers during a conservation period, they may use less water even after a drought has passed because of conservation patterns developed during the drought. Furthermore, our customers may wish to use recycled water as a substitute for potable water. If rights are granted to others to serve our customers recycled water, there will likely be a decrease in demand for our water.

Finally, changes in prevailing weather patterns due to climate change may affect customer demand. If increased ambient temperatures affect our service areas, water used for irrigation and cooling may increase. If rainfall patterns change, our customers may change their patterns of water use including the amount of outdoor irrigation and the type of landscape they install. Government agencies may also mandate changes to customer irrigation or landscape patterns in response to changes in weather and climate.

Changes in water supply costs affect our operations.

The cost to obtain water for delivery to our customers varies depending on the sources of supply, wholesale suppliers' prices, the quality of water required to be treated and the quantity of water produced to fulfill customer water demand. Our source of supply varies among our operating districts. Certain districts obtain all of their supply from wells; some districts purchase all of the supply from wholesale suppliers; and other districts obtain the 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. On average, slightly more than half of the water we deliver to our customers is pumped from wells or received from a surface supply with the remainder purchased from wholesale suppliers. Water purchased from suppliers usually costs us more than surface supplied or well pumped water. The cost of purchased water for delivery to customers represented 31.2% of our total operating costs in 2023 and in 2022. Water purchased from suppliers will require renewal of our contracts upon expiration and may result in significant price increases under any such renewed contracts.

Wholesale water suppliers may increase their prices for water delivered to us based on factors that affect their operating costs. Purchased water rate increases are beyond our control. In California, our ability to recover increases in the cost of purchased water is expected to change with the adoption of the ICBA, which is pending approval of the 2021 GRC. With this change, actual per-unit purchased water costs are expected to be compared to authorized per-unit purchased water costs, with variances added to or netted against the variances in purchased power and pump taxes being recorded as a cost recovery. The balance in the ICBA is expected to be collected in the future by billing the ICBA accounts receivable balances over future periods, which may have a short-term negative impact on cash flow.

Dependency upon adequate supply of electricity, certain chemicals, and third-party suppliers of parts and skilled labor could adversely affect our results of operations.

Purchased electrical power is required to operate the wells and pumps needed to supply water to our customers. Although there are back-up power generators to operate a number of wells and pumps in emergencies, an extended interruption in power could affect the ability to supply water. In the past, California has been subject to rolling power blackouts due to insufficient power supplies. There is no assurance we will not be subject to power blackouts in the future. Additionally, we require sufficient amounts of certain chemicals in order to treat the water we supply. There are multiple sources for these chemicals but an extended interruption of supply could adversely affect our ability to adequately treat our water.

Purchased power is a significant operating expense. During 2023 and 2022, purchased power expense represented 6.4% and 6.2%, respectively, of our total operating costs. These costs are beyond our control and can change unpredictably and substantially. As with purchased water, purchased power costs are expected to be included in the ICBA. Cash flows between rate filings may be adversely affected until the Commission authorizes a rate change, but earnings will be minimally impacted. Cost of chemicals used in the delivery of water is not an element of the ICBA, and therefore, variances in quantity or cost could affect the results of operations.

We rely on outside contractors to supply us with materials and parts critical to the operation of our systems. Should parts and material become unavailable, or should the cost of necessary supplies rise substantially, it could adversely affect our ability to operate or have financial effects that are not recoverable through a regulatory process.

We also rely on outside contractors to complete large construction projects and provide emergency maintenance services. In the event these contractors are unavailable or cannot meet the demands imposed on them, we may face significantly lengthy interruptions of service or delays in constructing capital projects. We may face additional costs to acquire more resources to complete these activities.

Our business requires significant capital expenditures to replace or improve aging infrastructure that are dependent on our ability to secure appropriate funding. If we are unable to obtain sufficient capital or if the rates at which we borrow increase, there would be a negative impact on our results of operations.

The water utility business is capital-intensive. We invest significant funds to replace or improve aging infrastructure such as property, plant, and equipment. In addition, water shortages may adversely affect us by causing us to rely on more purchased water. This could cause increases in capital expenditures needed to build pipelines to secure alternative water sources. In addition, we require capital to grow our business through acquisitions. We fund our capital requirements from cash received from operations, from funds received from developers, by raising equity through common stock issuances or by issuing debt obligations. We cannot give any assurance that these sources will continue to be adequate or that the cost of funds will remain at levels permitting us to earn a reasonable rate of return. In the event we are unable to obtain sufficient capital, our expansion efforts could be curtailed, which may affect our growth and may affect our future results of operations.

Our ability to access the capital markets is affected by the ratings of certain of our debt securities. Standard & Poor's Rating Agency issues a rating on California Water Service Company's ability to repay certain debt obligations. The credit rating agency could downgrade our credit rating based on reviews of our financial performance and projections or upon the occurrence of other events that could affect our business outlook. Lower ratings by the agency could restrict our ability to access equity and debt capital. We can give no assurance that the rating agency will maintain ratings that allow us to borrow under advantageous conditions and at reasonable interest rates. A future downgrade by the agency could also increase our cost of capital by causing potential investors to require a higher interest rate due to a perceived risk related to our ability to repay outstanding debt obligations.

While the majority of our debt is long term at fixed rates, we do have interest rate exposure in our short-term borrowings, which have variable interest rates. We are also subject to interest rate risks on new financings. However, if interest rates were to increase on a long-term basis, our management believes that customer rates would increase accordingly, subject to approval by the appropriate commission. We can give no assurance that the Commission would approve such an increase in customer rates.

We are obligated to comply with specified debt covenants under certain of our loan and debt agreements. Failure to maintain compliance with these covenants could limit future borrowing, and we could face increased borrowing costs, litigation, acceleration of maturity schedules, and cross default issues. Such actions by our creditors could have a material adverse effect on our financial condition and results of operations.

Our inability to access the capital or financial markets could affect our ability to meet our liquidity needs at reasonable cost and our ability to meet long-term commitments. Changes in economic conditions in our markets could affect our customers' ability to pay for water services. Any of these could adversely affect our results of operations, cash flows, and financial condition.

We rely on our current credit facilities to fund short-term liquidity needs if internal funds are not available from operations. Specifically, given the seasonal fluctuations in demand for our water we commonly draw on our credit facilities to meet our cash requirements at times in the year when demand is relatively low. We also may occasionally use letters of credit issued under our revolving credit facilities. Disruptions in the capital and credit markets could adversely affect our ability to draw on our credit facilities. Our access to funds under our credit facilities is dependent on the ability of our banks to meet their funding commitments.

Many of our customers and suppliers also have exposure to risks that could affect their ability to meet payment and supply commitments. We operate in geographic areas that may be particularly susceptible to declines in the price of real property, which could result in significant declines in demand for our products and services. In the event that any of our significant customers or suppliers, or a significant number of smaller customers and suppliers, are adversely affected by these risks, we may face disruptions in supply, significant reductions in demand for our products and services, inability of customers to pay invoices when due, and other adverse effects that could negatively affect our financial condition, results of operations and/or cash flows.

Our operations and certain contracts for water distribution and treatment depend on the financial capability of state and local governments, and other municipal entities such as water districts. Major disruptions in the financial strength or operations of such entities, such as liquidity limitations, bankruptcy or insolvency, could have an adverse effect on our ability to conduct our business and/or enforce our rights under contracts to which such entities are a party.

We are a holding company that depends on cash flow from our subsidiaries to meet our obligations and to pay dividends on our common stock.

As a holding company, we conduct substantially all of our operations through our subsidiaries and our only significant assets are investments in those subsidiaries. In 2023, 90.6% of our total consolidated operating revenue was derived from the operations of California Water Service Company. As a result, we are dependent on cash flow from our subsidiaries, and California Water Service Company in particular, to meet our obligations and to pay dividends on our common stock.

Our subsidiaries are separate and distinct legal entities and generally have no obligation to pay any amounts due on California Water Service Group's debt or to provide California Water Service Group with funds for dividends. Although there are no contractual or regulatory restrictions on the ability of our subsidiaries to transfer funds to us, the reasonableness of our capital structure is one of the factors considered by state and local regulatory agencies in their ratemaking determinations. Therefore, transfer of funds from our subsidiaries to us for the payment of our obligations or dividends may have an adverse effect on ratemaking determinations. Furthermore, our right to receive cash or other assets upon the liquidation or reorganization of a subsidiary is generally subject to the prior claims of creditors of that subsidiary. If we are unable to obtain funds from our subsidiaries in a timely manner, we may be unable to meet our obligations or pay dividends.

We can make dividend payments only from our surplus (the excess, if any, of our net assets over total paid-in capital) or if there is no surplus, the net profits for the current fiscal year or the fiscal year before which the dividend is declared. In addition, we can pay cash dividends only if after paying those dividends we would be able to pay our liabilities as they become due. Owners of our capital stock cannot force us to pay dividends and dividends will only be paid if and when declared by our board of directors (Board). Our Board can elect at any time, and for an indefinite duration, not to declare dividends on our capital stock.

An important element of our growth strategy is the acquisition of water and wastewater systems. Risks associated with potential acquisitions, divestitures or restructurings may adversely affect us.

We seek to acquire or invest in other companies, technologies, services, or products that complement our business from time to time. The execution of our growth strategy exposes us to different risks than those associated with our utility operations. We can give no assurance that we will succeed in finding attractive acquisition candidates or investments, or that we would be able to reach mutually agreeable terms with such parties. In addition, as consolidation becomes more prevalent in the water and wastewater industries, the prices for suitable acquisition candidates may increase to unacceptable levels and limit our ability to grow through acquisitions. If we are unable to find acquisition candidates or investments, our ability to grow may be limited.

Acquisition and investment transactions may result in the issuance of our equity securities that could be dilutive if the acquisition or business opportunity does not develop in accordance with our business plan. They may also result in significant write-offs and an increase in our debt. The occurrence of any of these events could have a material adverse effect on our business, financial condition, and results of operations.

Any of these transactions could involve numerous additional risks, including one or more of the following:

- problems integrating the acquired operations, personnel, technologies, physical and cybersecurity processes, or products with our existing businesses and products;
- liabilities inherited from the acquired companies' prior business operations;
- diversion of management time and attention from our core business to the acquired business;
- failure to retain key technical, management, and other personnel of the acquired business;
- difficulty in retaining relationships with suppliers and customers of the acquired business; and
- difficulty in obtaining required regulatory approvals.

In addition, the businesses and other assets we acquire may not achieve the sales and profitability expected. The occurrence of one or more of these events may have a material adverse effect on our business. There can be no assurance that we will be successful in overcoming these or any other significant risks encountered.

We may not be able to increase or sustain our recent growth rate, and we may not be able to manage our future growth effectively.

We may be unable to continue to expand our business or manage future growth. To successfully manage our growth and handle the responsibilities of being a public company, we must effectively:

- hire, train, integrate, and manage additional qualified engineers for engineering design and construction activities, new business personnel, and financial and information technology personnel;
- retain key management, augment our management team, and retain qualified and certified water and wastewater system operators;
- implement and improve additional and existing administrative, financial and operations systems, procedures and controls;
- expand our technological capabilities; and
- manage multiple relationships with our customers, regulators, suppliers, and other third parties.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, satisfy customer requirements, execute our business plan, or respond to competitive pressures.

We have a number of large-volume commercial and industrial customers and a significant decrease in consumption by one or more of these customers could have an adverse effect on our operating results and cash flows.

Our billed revenues and cash flows from operations will decrease if a significant business or industrial customer terminates or materially reduces its use of our water. Approximately $187.1 million, or 23.7%, of our 2023 water utility revenues was derived from business and industrial customers. In Hawaii, we serve a number of large resorts, which if their water usage was reduced or ceased could have a material impact to our Hawaii operation. The delay between such date and the effective date of the rate relief may be significant and could adversely affect our operating results and cash flows.

Our operating cost and costs of providing services may rise faster than our revenues.

Our ability to increase rates over time is dependent upon approval of such rate increases by the Commissions, or in the case of the City of Hawthorne and the City of Commerce, the City Council, which may be inclined, for political or other reasons, to limit rate increases. However, our costs, which are subject to market conditions and other factors, may increase significantly. The second largest component of our operating costs after water production is made up of salaries and wages. These costs are affected by the local supply and demand for qualified labor. Other large components of our costs are general insurance, workers compensation insurance, employee benefits, and health insurance costs. These costs may increase disproportionately to rate increases authorized by the Commissions and may have a material adverse effect on our future results of operations.

Demand for our stock may fluctuate due to circumstances beyond our control.

We believe that stockholders invest in public utility stocks, in part, because they seek reliable dividend payments. If there is an over-supply of stock of public utilities in the market relative to demand by such investors, the trading price of our securities could decrease. Additionally, if interest rates rise above the dividend yield offered by our equity securities, demand for our stock, and consequently its market price, may decrease. Additional factors that could cause fluctuations in the trading price of our stock include regulatory developments, such as the CPUC’s ultimate decision regarding the 2021 GRC; general economic conditions and trends, including inflationary pressures, general economic slowdown or a recession, changes in monetary policy, adverse capital markets activity or macroeconomic conditions as a result of geopolitical conflicts, and the prospect of a shutdown of the U.S. federal government; price and volume fluctuations in the overall stock market; actual or anticipated changes or fluctuations in our results of operations; actual or anticipated changes in the expectations of investors or securities analysts; actual or anticipated developments in other utilities’ businesses or the competitive landscape generally; litigation involving us or our industry; major catastrophic events, or sales of large blocks of our stock. A decline in demand for our stock may have a negative impact on our ability to finance capital projects.

Adverse investment returns and other factors may increase our pension liability and pension funding requirements.

A substantial number of our employees are covered by a defined benefit pension plan. At present, the pension plan is underfunded because our projected pension benefit obligation exceeds the aggregate fair value of plan assets. Under applicable law, we are required to make cash contributions to the extent necessary to comply with minimum funding levels imposed by regulatory requirements. The amount of such required cash contribution is based on an actuarial valuation of the plan. The funded status of the plan can be affected by investment returns on plan assets, discount rates, mortality rates of plan participants, pension reform legislation, and a number of other factors. There can be no assurance that the value of our pension plan assets will be sufficient to cover future liabilities. Although we contributed to our pension plan in recent years, it is possible that we could incur a pension liability adjustment, or could be required to make additional cash contributions to our pension plan, which would reduce the cash available for business and other needs.

Labor relations matters could adversely affect our operating results.

At December 31, 2023, 757 of our 1,266 total employees were union employees. Most of our unionized employees are represented by the UWUA, AFL-CIO, except certain engineering and laboratory employees who are represented by the IFPTE, AFL-CIO.

We believe our labor relations are good, but in light of rising costs for health care, pensions, and general inflation, our future contract negotiations may be difficult. Furthermore, changes in applicable law or regulations could have an adverse effect on management's negotiating position with respect to our currently unionized employees and/or employees that decide to unionize in the future. We are subject to a risk of work stoppages and other labor relations matters as we negotiate with the unions to address these issues, which could affect our results of operations and financial condition. We can give no assurance that issues with our labor forces will be resolved favorably to us in the future or that we will not experience work stoppages.

Our operations are geographically concentrated in California and this lack of diversification may negatively affect our operating results.

Although we own facilities in a number of states, 90.6% of our total consolidated operating revenue was generated by our operations located in California in 2023. As a result, we are largely subject to political, regulatory, economic, water supply, weather, labor, and energy cost risks affecting California.

We are also affected by the real property market in California. In order to grow our business, we may need to acquire additional real estate or rights to use real property owned by third parties, the cost of which tends to be higher and more volatile in California than in other states. The value of our assets in California may decline if there is a decline in the California real estate market that results in a significant decrease in real property values.

Our business and financial performance may be adversely affected by high inflation and other macroeconomic conditions.

Inflation has the potential to adversely affect our liquidity, business, financial condition, and results of operations by increasing our overall cost structure, particularly if we are unable to achieve increases in the rates we charge our customers. There is no guarantee that any future rate increase requests will be approved and granted in a timely manner and/or will be sufficient to cover costs for the impact of high inflation. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, shipping costs, supply shortages, increased costs of labor, and other similar effects. As a result of inflation, we have experienced, and may continue to experience, cost increases. Although we may take measures to mitigate the impact of this inflation, if these measures are not effective, our business, financial condition, results of operations, and liquidity could be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost of inflation is incurred.

We may also be similarly impacted by stagnating or worsening business and economic conditions, including general economic slowdown or a recession, higher interest rates for a prolonged period of time, instability of certain financial institutions, changes in monetary policy, adverse capital markets activity or macroeconomic conditions as a result of geopolitical conflicts, and the prospect of a shutdown of the U.S. federal government.

Municipalities, water districts, and other public agencies may condemn our property by eminent domain action.

State statutes allow municipalities, water districts and other public agencies to own and operate water systems. These agencies are empowered to condemn water systems or real property owned by privately owned public utilities in certain circumstances and in compliance with California and federal law. Additionally, whenever a public agency constructs facilities to extend its utility system into the service area of a privately owned public utility, such an act may constitute the taking of property and require reimbursement to the public utility for its loss. If a public agency were to file an eminent domain lawsuit against us, we would incur substantial attorney's fees, consultant and expert fees, and other costs in considering a challenge to the right to take our utility property and/or its valuation for just compensation, as well as such fees and costs in any subsequent litigation if necessary. If the public agency prevailed and acquired our utility property, we would be entitled to just compensation for our loss, but we would no longer have access to the condemned property or water system. Neither would we be entitled to any portion of revenue generated from the use of such asset going forward.

General Risk Factors

We depend significantly on the services of the members of our management team, and the departure of any of those persons could cause our operating results to suffer.

Our success depends significantly on the continued individual and collective contributions of our management team. The loss of the services of any member of our management team could have an adverse effect on our business as our management team has knowledge of our industry and customers and would be difficult to replace.

We retain certain risks not covered by our insurance policies.

We evaluate our risks and insurance coverage annually or more frequently if circumstances dictate. Our evaluation considers the costs, risks, and benefits of retaining versus insuring various risks as well as the availability of certain types of insurance coverage. Accordingly, we have determined or may determine to self-insure or to not obtain insurance in certain cases, or insurance may not be available at commercially acceptable terms or at all. Furthermore, we are also affected by increases in prices for insurance coverage; in particular, we have been, and will continue to be, affected by rising health insurance costs. Retained risks are associated with deductible limits, partial self-insurance programs, and insurance policy coverage ceilings. If we suffer an uninsured loss, we may be unable to pass all or any portion of the loss on to customers, because our rates are regulated by regulatory commissions. Consequently, uninsured losses may negatively affect our financial condition, liquidity, and results of operations. There can be no assurance that we will not face uninsured losses pertaining to the risks we have retained.

Our enterprise risk management processes may not be effective in identifying and mitigating the risks to which we are subject, or in reducing the potential for losses in connection with such risks.

Our enterprise risk management processes are designed to minimize or mitigate the risks to which we are subject, as well as any losses stemming from such risks. Although we seek to identify, measure, monitor, report, and control our exposure to such risks, and employ a broad and diversified set of risk monitoring and mitigation techniques in the process, those techniques are inherently limited in their ability to anticipate the existence or development of risks that are currently unknown and unanticipated. The ineffectiveness of our enterprise risk management processes in mitigating the impact of known risks or the emergence of previously unknown or unanticipated risks may result in our incurring losses in the future that could adversely affect our financial condition and results of operations.

The accuracy of our judgments and estimates about financial and accounting matters will affect our operating results and financial condition.

We make certain estimates and judgments in preparing our financial statements regarding, among others:

- the useful life of intangible rights;
- the number of years to depreciate certain assets;
- amounts to set aside for uncollectible accounts receivable, inventory obsolescence, and uninsured losses;
- our legal exposure and the appropriate accrual for claims, including medical claims and workers' compensation claims;
- future costs and assumptions for pensions and other postretirement benefits;

- regulatory recovery of regulatory assets;
- possible tax uncertainties; and
- projected collections of WRAM and MCBA receivables or receivables under subsequent recovery mechanisms, such as MWRAM and ICBA.

The quality and accuracy of those estimates and judgments may have an impact on our operating results and financial condition.

In addition, we must estimate unbilled revenues and costs as of the end of each accounting period. If our estimates are not accurate, we would be required to make an adjustment in a future period. Accounting rules permit us to use expense balancing accounts and memorandum accounts that include cost changes to us that are different from amounts incorporated into the rates approved by the Commissions. These accounts result in expenses and revenues being recognized in periods other than in which they occurred.

Our commitments and stakeholder expectations relating to environmental, social, and governance (ESG) considerations may expose us to liabilities, increased costs, reputational harm, and other adverse effects on our business.

We have announced, and may from time to time announce, certain initiatives, including goals, targets, and other objectives, related to ESG matters. These statements reflect our current plans and do not constitute a guarantee that they will be achieved. Our failure to accomplish or accurately track and report on these goals on a timely basis, or at all, could adversely affect our reputation, financial performance, and growth, and expose us to increased scrutiny from the investment community as well as enforcement authorities. In addition, statements about our sustainability goals, targets, and other objectives, and progress against those goals, targets, and other objectives, are or may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, have changed and may change from time to time, or differ from those of others. Methodologies for reporting this data have been and may from time to time be updated and previously reported data has been or may be adjusted, as applicable, to reflect improvement in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations, and other changes in circumstances, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future.

Investor and political advocacy groups, certain institutional investors, investment funds, other market participants, stockholders, and customers have focused increasingly on ESG initiatives, including the goals, targets, and objectives that we announce, and our methodologies and timelines for pursuing them. At the same time, stakeholders and regulators have increasingly expressed or pursued opposing views, legislation, and investment expectations with respect to sustainability initiatives, including the enactment or proposal of “anti-ESG” legislation or policies. Implementing our ESG programs involves risks and uncertainties, including increased costs, requires investments and often depends on third-party performance or data that is outside our control. For example, as a regulated utility, we must obtain approval from our state utilities commissions for our cost structure and capital investments, including capital expenditures for implementing ESG programs, and any changes that may affect customer rates need to be approved within the rate case process with the state public utilities commissions. In our experience, U.S. state utilities commissions have prioritized water affordability and physical climate change risk adaptation over emissions reductions. Additionally, in many areas, purchased water, which is a contributor to our emissions inventory, is the only available water source, and a large majority of these single-source suppliers have not published emission reduction targets. We cannot guarantee that we will achieve our announced ESG targets and commitments, satisfy all stakeholder expectations, or that the benefits of implementing or achieving these goals and initiatives will not surpass their projected costs. Any failure, or perceived failure, to achieve ESG goals and initiatives, as well as to manage ESG risks, adhere to public statements, comply with federal or state ESG laws and regulations or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition, and stock price. Even if we achieve our goals, targets, and objectives, we may not realize all of the benefits that we expected at the time they were established.

Our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired by a material weakness in our internal control over financial reporting, which could result in loss of investor confidence in the accuracy and completeness of our financial reports and materially adversely affect our results of operations and stock price.

The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a report from management to our stockholders on our internal control over financial reporting that includes an assessment of the effectiveness of these controls. As disclosed in our 2022 Annual Report on Form 10-K, management concluded that our internal control over financial reporting was not effective as of December 31, 2022 due to a material weakness in our internal control over the completeness of our accounting for regulatory assets and liabilities, specifically controls over the identification of regulatory filings by the Company during the period that are then reviewed to determine their potential accounting impact. This material weakness has since been remediated.

Internal control over financial reporting has inherent limitations, including human error, the possibility that controls could be circumvented or become inadequate because of changed conditions, and fraud. Because of these inherent limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, we could suffer harm to our reputation, incur incremental compliance costs, fail to meet our public reporting requirements on a timely basis, be unable to properly report on our business and our results of operations, or be required to restate our financial statements, which could result in loss of investor confidence in the accuracy and completeness of our financial reports, subject us to litigation or investigations requiring management resources and payment of legal and other expenses, and our results of operations and our stock price could be materially adversely affected.

Item 1B. *Unresolved Staff Comments.*

None.

Item 1C. *Cybersecurity.*

Governance

The Board and Audit Committee are responsible for overseeing IT and OT risks from cybersecurity threats. The Board recognizes the importance of maintaining the trust and confidence of our customers, employees, and stockholders and the need to protect information stored on our and our vendors' systems, including personal and proprietary data.

Our Senior Vice President of Corporate Services & Chief Risk Officer (SVP & CRO), who reports directly to our Chairman, President & CEO leads a team that is responsible for managing our enterprise-wide information security strategy, policy, standards, architecture, and processes, including the prevention, detection, mitigation, and remediation of cybersecurity incidents. Our SVP & CRO holds a Master's Degree in Business Administration and a Bachelor's Degree in Management Information Systems, has over 25 years of information and operational technology experience, is a certified Project Management Professional, and is a Certified Information Security Manager from the Information Systems Audit and Control Association. He served for one year as the President of the Bay Area InfraGard chapter and four years on its Board. InfraGard is a collaboration between the Federal Bureau of Investigation (FBI) and members of the private sector that promotes the protection of U.S. critical infrastructure and enables the exchange of important information. Our Director of IT Security and Chief Information Security Officer (CISO), who reports to the SVP & CRO, has over 25 years of information technology and 15 years of cybersecurity experience and holds a Certified Information Systems Security Professional certification from the International Information System Security Certification Consortium.

The Board and Audit Committee receive regular reports from management no less than quarterly, and on an ad hoc basis, on information and operational technology risks, including cybersecurity and data security risks, as well as on the status of projects to strengthen our information security systems, assessments of our security program, and the emerging threat landscape.

The SVP & CRO receives reports on cybersecurity threats from the CISO who regularly reviews threat intelligence from various sources including the FBI and Department of Homeland Security (DHS). The SVP & CRO, in conjunction with management, also regularly reviews risk management measures implemented by us to identify and mitigate data security and cybersecurity risks. The significance of these threats is assessed by the SVP & CRO and his team and reported, as appropriate depending on the significance, to the Audit Committee.

Risk Management and Strategy

Our cybersecurity risk management approach is informed in part by multiple standards and regulations for cybersecurity and data privacy, including the following:

- National Institute of Standards and Technology (NIST) Cybersecurity Framework
- NIST 800-171 and Cybersecurity Maturity Model Certification (NIST 800-171 CMMC)
- Payment Card Industry Data Security Standard
- California Privacy Rights Act
- Health Insurance Portability and Accountability Act
- Defense Federal Acquisition Regulations Supplement (DFARS)

We regularly assess our adherence to these standards and maintain programs designed to support our compliance with these requirements. External firms audit our compliance with NIST 800-171 CMMC and DFARS every three years. In addition, our cybersecurity processes have been integrated into our overall enterprise risk management system and specific cybersecurity-focused disclosure controls and procedures have been developed. Management continues to support a variety of practices that are intended to align with recognized frameworks and reflect our approach to assess, identify, and manage material risks from cybersecurity threats:

- Incident response: We have adopted a Cybersecurity Incident Response Plan (IRP) that applies in the event of a cybersecurity threat or incident to provide a standardized framework for investigating, containing, documenting, and mitigating incidents, including reporting findings and keeping senior management and other key stakeholders informed and involved as appropriate. The IRP applies to all Company personnel and third-party contractors, vendors, and partners that perform functions or services that require access to secure our information, and to all devices and network services that are owned or managed by the Company.
- Regular testing: We engage a third-party cybersecurity firm to conduct an annual network penetration test on our corporate and supervisory control and data acquisition networks. The annual penetration test enables us to assess our existing security controls to identify weaknesses and eliminate vulnerabilities to defend against cybersecurity threats proactively. Our Information Technology team also conducts rehearsals of our IRP to test and enhance our ability to respond to cybersecurity incidents.
- Monitoring for risks: We engage a third party cybersecurity firm to manage our Security Operations Center (SOC) who is responsible for monitoring our network traffic 24/7. Our SOC helps to identify and respond to cybersecurity issues in real time by assessing the level of threats and making recommendations on appropriate actions.
- Security controls: We incorporate physical- and software-based preventive, detective, and corrective security controls to prevent or detect unauthorized activities and proactively alert us should an unauthorized activity occur within the organization. Early detection can enable the security team to quickly contain and eradicate the unauthorized activity to reduce the time exposure window and the impact of the incident. Our Security Incident Event Management tool monitors security logs, includes detective controls, and helps to identify irregular activities.
- Detection and preventative technology: We have implemented multiple technologies designed to help protect our systems from cybersecurity threats, including an intrusion prevention system, next-generation antivirus program, end point protection system, and a data loss prevention security tool.
- Regular improvements: We regularly work to enhance our systems and integrate new information and technology to upgrade our systems. We review and approve software and hardware acquisitions to enhance our ability to detect and manage cybersecurity threats. We also engage the FBI, DHS, and Fusion Center for incident response support and collaborate to share critical information.

Management also shares knowledge to protect our infrastructure and learn from recent developments. In addition to InfraGard, our SVP & CRO is a member of The Northern California Regional Intelligence Center, which is part of the California State Threat Assessment System supporting public safety as an intelligence and information sharing nexus in Northern California. Our CISO also actively participates on the Safety and Security Committee of the National Association of Water Companies to collaborate with members of our industry and learn best practices.

Our employees represent the foundation of cybersecurity protection and are a key line of defense, and we seek to strengthen their ability to target risks by proactively training active employees and contractors each year. We update our online security awareness training annually to review key policies and practices for security. To engage our workforce and inform employees of applicable security topics, we provide a monthly internal cybersecurity newsletter. Our monthly campaign on mock phishing emails is designed to serve as a reminder to employees to refrain from clicking on fraudulent emails disguised as safe content. We also assign enhanced cybersecurity training to employees who have access to potentially sensitive governmental information.

In the last fiscal year, we have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, but we face certain ongoing cybersecurity risks threats that, if realized, are reasonably likely to materially affect us. Additional information on cybersecurity risks we face is discussed in Part I, Item 1A, “Risk Factors,” under the heading “We rely on our information technology (IT) and a number of complex business systems to assist with the management of our business and customer and supplier relationships, and a disruption of these systems, including from cyber-attacks, could adversely affect our business.”

Item 2. *Properties.*

Our physical properties consist of offices and water and wastewater facilities to accomplish the production, storage, treatment, and distribution of water and the collection, treatment, and discharge of wastewater. These properties are located in or near the geographic service areas listed above in Item 1, “Business—Geographical Service Areas and Number of Customer Connections at Year-end.” Our headquarters, which houses accounting, engineering, information systems, human resources, legal, purchasing, regulatory, water quality, and executive staff, is located in San Jose, California.

The real properties owned are held in fee simple title. Properties owned by Cal Water are subject to the lien of an Indenture of Mortgage and Deed of Trust dated May 11, 2021, June 11, 2019, November 22, 2010, and April 17, 2009 (the California Indenture), securing Cal Water’s First Mortgage Bonds, of which $1,050.0 million was outstanding at December 31, 2023. The California Indenture contains certain restrictions common to such types of instruments regarding the disposition of property and includes various covenants and restrictions. At December 31, 2023, our California utility was in compliance with the covenants of the California Indenture.

Cal Water owns 600 wells and operates ten leased wells. There are 408 owned storage tanks with a capacity of 290 million gallons, one leased storage tanks with a capacity of 0.25 million gallons, 28 managed storage tanks with a capacity of 32 million gallons, and three surface water reservoirs with a capacity of 241 million gallons. Cal Water owns and operates six surface water treatment plants with a combined capacity of 46 million gallons per day. There are 6,743 miles of supply and distribution mains in the various owned and managed systems.

In the leased City of Hawthorne and City of Commerce systems or in systems that are operated under contract for municipalities or private companies, title to the various properties is held exclusively by the municipality or private company.

Hawaii Water owns 29 wells, manages two potable wells, and manages five irrigation wells. There are 38 storage tanks with a storage capacity of 35.8 million gallons. There are 246 miles of supply and distribution lines. Hawaii Water operates seven wastewater treatment facilities with a combined capacity to process approximately 4.8 million gallons per day. There are 77.1 miles of sewer collection mains including force mains.

Washington Water owns 469 wells and manages 5 wells. There are 194 owned storage tanks with a storage capacity of 23.8 million gallons. There are 734 miles of supply and distribution lines. Washington Water operates one wastewater treatment plant with 1.3 miles of sewer collection mains.

New Mexico Water owns 29 wells. There are 29 storage tanks with a storage capacity of 11.0 million gallons. There are 210 miles of supply and distribution lines. New Mexico operates two wastewater treatment facilities with a combined capacity to process 0.62 million gallons per day. There are eight lift stations and 35 miles of sewer collection mains.

Washington Water has long-term bank loans that are secured primarily by utility plant owned by Washington Water.

Texas Water, through its majority ownership of BVRT, owns and operates four wastewater treatment plants. The plants have a treatment capacity of 795,000 gallons per day.

Item 3. *Legal Proceedings.*

Information with respect to this item may be found under the subheading “Commitments and Contingencies” in Note 14 of the Notes to Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Item 4. *Mine Safety Disclosures.*

Not applicable.

PART II

Item 5. ***Market for Registrant's Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Our common stock is traded on the New York Stock Exchange under the symbol "CWT." At December 31, 2023, there were 57,723,738 common shares outstanding. There were 1,767 common stockholders of record as of February 12, 2024.

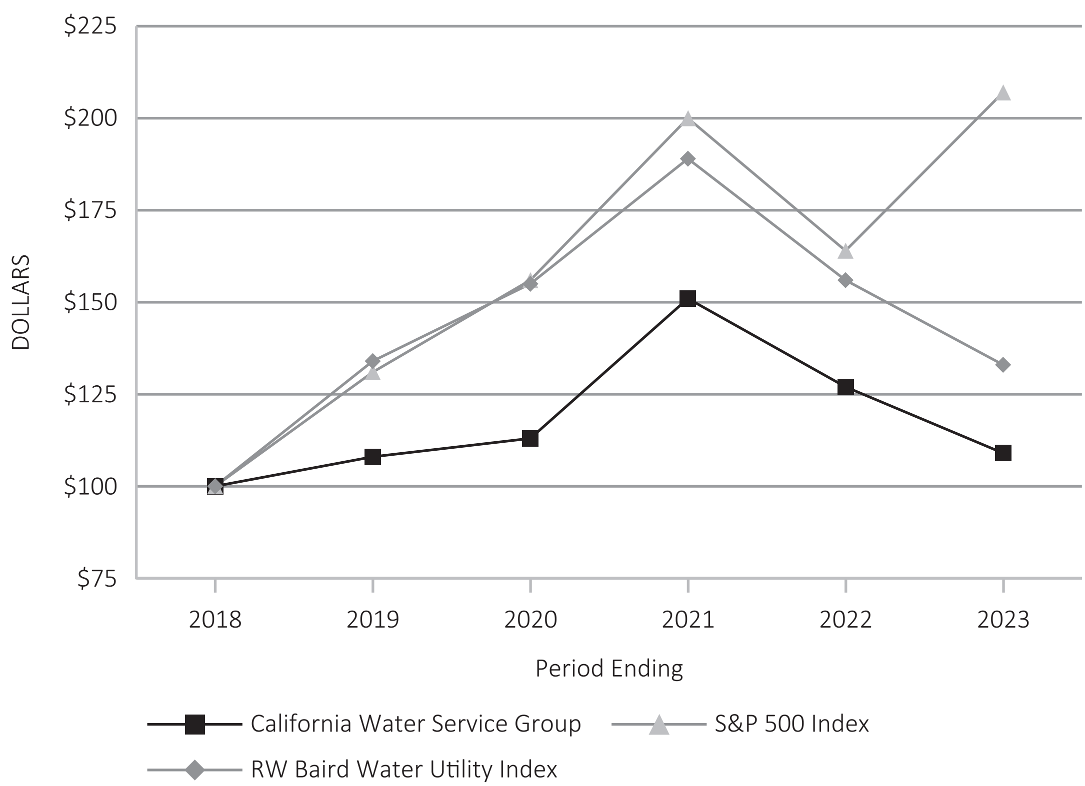
During 2023, we paid a cash dividend of $1.04 per common share, or $0.26 per quarter. During 2022, we paid a cash dividend of $1.00 per common share, or $0.25 per quarter. On January 25, 2024, our Board declared a quarterly cash dividend of $0.28 per common share payable on February 23, 2024, to stockholders of record on February 12, 2024. This represents an indicated annual cash dividend of $1.12, and would be our 57th consecutive year of increasing the annual dividend and marks the 316th consecutive quarterly dividend.

We presently intend to pay quarterly cash dividends in the future consistent with past practices, subject to our earnings and financial condition, restrictions set forth in our debt instruments, regulatory requirements and such other factors as our Board may deem relevant.

Five-Year Performance Graph

The following performance graph compares the changes in the cumulative shareholder return on California Water Service Group's common stock with the cumulative total return on the Robert W. Baird Water Utility Index (which is comprised of Artisan Resources Corporation, American Water Works Company, Inc, American States Water Company, Essential Utilities, SJW Group, and York Water) and the Standard & Poor's 500 Index during the last five years ended December 31, 2023. The comparison assumes $100 was invested on December 31, 2018, in California Water Service Group's common stock and in each of the forgoing indices and assumes reinvestment of dividends.

Performance Graph Data



The following descriptive data is supplied in accordance with Rule 304(d) of Regulations S-T:

	2018	2019	2020	2021	2022	2023
California Water Service Group	100	108	113	151	127	109
S&P 500	100	131	156	200	164	207
RW Baird Water Utility Index	100	134	155	189	156	133

An initial $100 investment in the common stock of California Water Service Group on December 31, 2018 including reinvestment of dividends would be worth $109 at the end of the 5-year period ending December 31, 2023.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

Not applicable.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The following sections include a discussion of results for fiscal 2023 compared to fiscal 2022 as well as certain 2021 results. The comparative results for fiscal 2022 with fiscal 2021 generally have not been included in this Form 10-K, but may be found in "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Overview

Net Income Attributable to California Water Service Group

In 2023 and 2022, net income attributable to California Water Service Group was $51.9 million and $96.0 million, respectively. Earnings per diluted common share decreased $0.86 from $1.77 to $0.91 or 48.6% in 2023.

The $44.1 million decrease in net income was primarily due to the delayed final decision from the CPUC on Cal Water's pending 2021 GRC to set new revenue, rates, and regulatory mechanisms. The 2021 GRC was originally scheduled to be completed on December 31, 2022 with new revenue, rates, and regulatory mechanisms effective on January 1, 2023. On January 24, 2024, the assigned CPUC ALJs issued a PD on the litigated 2021 GRC, and concurrently, the assigned CPUC Commissioner issued an APD opposing and modifying certain decisions made by the ALJs. The PD issued by the ALJs was closer aligned to Cal Water's requested revenue requirement whereas the APD issued by the assigned Commissioner was closer aligned to the Public Advocates' requested revenue requirement. On February 13, 2024, Cal Water filed a request to change several elements in the PD and APD, including correction of possible 2021 GRC technical issues. We are unable to determine which of the two proposed decisions will be adopted by the CPUC, or if a second alternate proposed decision will be issued by the CPUC. As a result of the uncertainty of the decision that will ultimately be made by the CPUC, we are unable to reasonably estimate the impact on 2023 operating revenue and expenses. The 2021 GRC cumulative adjustment plus interest which is retroactive to January 1, 2023, will be recorded when the final decision is issued by the CPUC.

IRMA, MWRAM, AND DREMA

The IRMA tracks the difference between the current rates that continue to be billed starting January 1, 2023 (considered to be interim rates), and the rates that will eventually be approved pursuant to the CPUC's decision concerning Cal Water's 2021 GRC, plus any additional revenue changes approved since July 1, 2021 (final rates). We expect to recognize the regulatory asset and corresponding operating revenue once the 2021 GRC is approved by the CPUC.

The MWRAM tracks the difference between the revenue received for actual metered sales through tiered volumetric rates and the revenue that would have been received with the same actual metered sales if a uniform rate had been in effect. The MWRAM will be effective retroactive to January 1, 2023. We expect to recognize the regulatory asset and corresponding operating revenue once the 2021 GRC is approved by the CPUC.

The DREMA tracks lost revenues associated with reduced sales revenue when customer demand is affected by requests for voluntary and mandatory usage reductions in California and is in effect for us in 2023 when our regulated service territories in California are under voluntary and mandatory usage reductions. The final value of the DREMA will depend on the resolution of the 2021 GRC. We expect to recognize the regulatory asset and corresponding operating revenue once the 2021 GRC is approved by the CPUC and an advice letter for recovery is approved by the CPUC.

Operating revenue for 2023 does not include any benefit of proposed revenue rate relief that will be tracked in the IRMA or regulatory mechanisms (MWRAM and DREMA) due to the delay in approval of our 2021 GRC.

California Extended Water and Wastewater Arrearages Payment Program

The California Water and Wastewater Arrearages Payment Program was created by the California Legislature to be administered by the State Water Resources Control Board (Water Board) in order to provide relief to community water and wastewater systems for unpaid bills (arrearages) related to the COVID-19 pandemic. The Legislature allocated $985 million in American Rescue Plan Act of 2021 funds to pay down residential and commercial arrearages accrued between March 4, 2020 and June 15, 2021. In response to the Water Board's survey, Cal Water reported $20.8 million in eligible customer arrearages and program administrative costs. Cal Water received 100% of the requested amount from the program in January 2022. Cal Water applied $17.2 million of these funds to identified past due customer balances during the first quarter of 2022 and returned the remaining balance.

In 2023, the California Extended Water and Wastewater Arrearages Payment Program was established and extended the relief period to include arrearages accrued from June 16, 2021 to December 31, 2022. In response to the extended program, Cal Water submitted an application for $83.0 million in eligible customer arrearages and program administrative costs that was subsequently accepted by the Water Board. Cal Water expects approval of the request in the first quarter of 2024.

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. A summary of our significant accounting policies is listed in Note 2 of the Notes to Consolidated Financial Statements. The following sections describe those policies where the level of subjectivity, judgment, and variability of estimates could have a material impact on the financial condition, operating performance, and cash flows of the business.

Revenue Recognition

Revenue from contracts with customers

The Company principally generates operating revenue from contracts with customers by providing regulated water and wastewater services at tariff-rates authorized by the Commissions in the states in which they operate and non-regulated water and wastewater services at rates authorized by contracts with government agencies. Revenue from contracts with customers reflects amounts billed for the volume of consumption at authorized per unit rates, for a service charge, 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.

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.

Certain customers are not billed for volumetric consumption, but are instead billed a flat rate at the beginning of each monthly service period. The amount billed is initially deferred and subsequently recognized over the monthly service period, as the performance obligation is satisfied. The deferred revenue balance or contract liability, which is included in "other accrued liabilities" on the consolidated balance sheets, is inconsequential.

Regulatory balancing account revenue

Regulatory balancing account revenue is revenue related to revenue mechanisms authorized in California by the CPUC, which the Company recognizes as revenue when it is objectively determinable, probable of recovery and expected to be collected within 24 months following the end of the accounting period. Regulatory balancing account revenues are not considered contracts with customers. To the extent that revenue is estimated to be collectible beyond 24 months, recognition is deferred. Due to a delay in resolution of the 2021 GRC, the Company did not recognize a benefit from regulatory revenue mechanisms in 2023. For 2022, the Company's authorized regulatory revenue mechanisms included the WRAM.

The WRAM decoupled revenue from the volume of the 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.

Regulatory balancing accounts also include revenue that is recognized for balancing accounts 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. These mechanisms, such as the Modified Cost Balancing Account (MCBA), Conservation Expense Balancing Account (CEBA), Pension Cost Balancing Account (PCBA), and Health Cost Balancing Account (HCBA), generally provide for recovery of the adopted levels of expenses for purchased water, purchased power, pump taxes, water conservation program costs, pension, and health care. Variances between adopted and actual costs were recorded as regulatory balancing account revenue in 2022. In 2023, in connection with the CPUC's decision to discontinue the use of the WRAM, the variances for CEBA, HCBA, and PCBA are recorded against the originating expense. The MCBA concluded on December 31, 2022.

The CPUC issued a decision effective August 27, 2020 requiring that Class A companies submitting GRC filings after the effective date be (i) precluded from proposing the use of a full decoupling WRAM in their next GRCs and (ii) allowed the use of MWRAM. In addition, the CPUC's decision allowed for ICBAs to replace the MCBA. The MWRAM 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 ICBA tracks differences between the authorized per-unit prices of water production costs and actual per-unit prices of water production costs. Cal Water complied with this decision in its 2021 GRC and the MWRAM and ICBAs are expected to be effective retroactive to January 1, 2023 once approved. The Company did not record a regulatory asset or regulatory liability for the MWRAM or ICBAs for 2023.

In September 2020, Cal Water filed an Application for Rehearing at the CPUC seeking to reverse the August 27, 2020 CPUC decision. In September 2021, the CPUC denied the Application for Rehearing. On or about October 27, 2021, Cal Water along with four other Class A California water utilities filed Petitions for a Writ of Review with the California Supreme Court (Court). On May 18, 2022, the Court issued writs granting review and ordered the CPUC and other filing parties to submit additional pleadings to the Court. The final pleadings were submitted on January 13, 2023. Cal Water anticipates that the Court will schedule an oral argument before it begins deliberations and issues its decision.

Regulated Utility Accounting

Because we operate almost exclusively in a regulated business, we are subject to the accounting standards for regulated utilities. The Commissions in the states in which we operate establish rates that are designed to permit the recovery of the cost of service and a return on investment. We capitalize and record regulatory assets for costs that would otherwise be charged to expense if it is probable that the incurred costs will be recovered in future rates. Regulatory assets are amortized over the future periods that the costs are expected to be recovered. If costs expected to be incurred in the future are currently being recovered through rates, we record those expected future costs as regulatory liabilities. In addition, we record regulatory liabilities when it is probable the Commissions will require a refund to be made to our customers over future periods.

Determining probability requires significant judgment by management and includes, but is not limited to, consideration of testimony presented in regulatory hearings, proposed regulatory decisions, final regulatory orders, and the strength or status of applications for rehearing or state court appeals.

If we determine that a portion of our assets used in utility operations is not recoverable in customer rates, we would be required to recognize the loss of the disallowed assets.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities at enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize the effect on the deferred tax assets and liabilities of a change in tax rate in the period that includes the enactment date. We also assess the likelihood that deferred tax assets will be recovered in future taxable income and, to the extent recovery is not probable, a valuation allowance would be recorded.

We anticipate that future rate actions by the regulatory commissions will reflect revenue requirements for the tax effects of temporary differences recognized, which have previously been passed through to customers. The regulatory commissions have granted the Company permission to reflect the normalization of the tax benefits of the federal accelerated methods and available Investment Tax Credits (ITCs) for all assets placed in service after 1980. ITCs are deferred and amortized over the lives of the related properties for book purposes. The CPUC requires flow through accounting for state deferred taxes.

On December 22, 2017, the U.S. government enacted expansive tax legislation commonly referred to as the TCJA. Among other provisions, the TCJA reduced the federal income tax rate from 35 percent to 21 percent beginning on January 1, 2018 and eliminated bonus depreciation for utilities. The TCJA required the Company to re-measure all existing deferred income tax assets and liabilities to reflect the federal tax rate reduction.

As of December 31, 2023, the TCJA refund liability was $92.5 million. We continue working with other state regulators to finalize the refund to confirm compliance with federal normalization rules.

Pension and Postretirement Benefits Other Than Pensions (PBOP)

We incur costs associated with our pension and PBOP plans. To measure the expense of these benefits, our management must estimate compensation increases, mortality rates, future health cost increases and discount rates used to value related liabilities and to determine appropriate funding. Different estimates used by our management could result in significant variances in the cost recognized for pension and PBOP plans. The estimates used are based on historical experience, current facts, future expectations, and recommendations from independent advisors and actuaries. We use an investment advisor to provide advice in managing the plan's investments. We anticipate any increases in funding for the pension benefits plans will be recovered in future rate filings, thereby mitigating the financial impact. We believe it is probable that future costs will be recovered in future rates and therefore have recorded a regulatory asset in accordance with generally accepted accounting principles. Changes to the pension benefits actuarial assumptions can significantly affect pension costs, regulatory assets, and liabilities.

The following table reflects the sensitivity of pension amounts reported for the year ended December 31, 2023, to changes in actuarial assumptions:

	Increase/(Decrease) in Pension Benefits Actuarial Assumption	Increase/(Decrease) in 2023 Net Periodic Benefit Cost	Increase/(Decrease) in Projected Benefit Obligation as of December 31, 2023
		Dollars in thousands	
Discount rate	(0.5)%	$ 3,494	$ 59,334
Long-term rate of return on plan assets	(0.5)%	3,502	—
Rate of compensation increases	(0.5)%	(3,218)	(15,000)
Cost of living adjustment(1)	(0.23)%	(2,561)	(15,387)
Discount rate	0.5%	(6,084)	(52,558)
Long-term rate of return on plan assets	0.5%	(3,502)	—
Rate of compensation increases	0.5%	3,017	15,884
Cost of living adjustment	0.5%	4,658	40,412

(1) The cost of living adjustment was assumed at 2.23% and has a floor of 2.0%.

Results of Operations

Operating Revenue

Operating revenue in 2023 was $794.6 million, a decrease of $51.8 million, or 6.1%, over 2022. Operating revenue in 2022 was $846.4 million, an increase of $55.5 million, or 7.0%, over 2021. The sources of change in operating revenue were:

	2023	2022
	Dollars in millions	
Net change due to rate changes, usage, and other(1)	$ 17.9	$ 6.2
WRAM revenue(2)	(74.3)	42.7
MCBA revenue(3)	7.4	(11.2)
Other balancing account revenue(4)	4.9	1.3
Deferral of revenue(5)	(7.7)	16.5
Net change	$(51.8)	$ 55.5

(1) In 2023, the net change due to rate changes, usage, and other in the above table was primarily driven by rate increases in California of $30.7 million, which was partially offset by a 3.4% decrease in customer usage, which we believe is primarily due to higher winter precipitation in our California service territories and water conservation compared to 2022.

(2) WRAM revenue is the variance between adopted volumetric revenues and actual billed volumetric revenues for metered accounts. In 2023, the WRAM revenue decrease is due to the mechanism concluding as of December 31, 2022; as a result, no WRAM revenue was recorded for 2023. For 2022, we recognized $74.3 million of WRAM revenue as actual billed volumetric revenue was lower than adopted volumetric revenue.

(3) MCBA revenue is the variance between adopted water production costs and actual water production costs. In 2023, the MCBA revenue increase is due to the mechanism concluding as of December 31, 2022; as a result, no MCBA revenue was recorded for 2023. For 2022, we recorded a decrease to MCBA revenue of $7.4 million as actual water production costs were lower than adopted water production costs. As required by the MCBA mechanism, the difference in actual water production costs and adopted water production costs in California was recorded to operating revenue for 2022.

(4) The other balancing account revenue consists of the pension, conservation and health care balancing account revenues. Pension and conservation balancing account revenues are the differences between actual expenses and adopted rate recovery. Health care balancing account revenue is 85% of the difference between actual health care expenses and adopted rate recovery. In 2023, the adjustments for these balancing accounts were recorded as an increase to the originating expense accounts of $12.4 million rather than as an operating revenue decrease. In 2022, actual pension and health care costs were below the adopted costs and a decrease to revenue of $5.9 million was recognized for the difference. This was partially offset by an increase to revenue of $1.2 million recorded for the conservation balancing account as actual expenses were above adopted.

(5) The deferral of revenue consists of amounts that are expected to be collected from customers beyond 24 months following the end of the accounting period in which these revenues were recorded. Deferred revenue in 2023 remained flat, while the deferred revenue in 2022 decreased $7.7 million primarily due to the recognition of deferred balancing account revenue in 2022.

Water Production Expenses

Water production expenses, which consist of purchased water, purchased power, and pump taxes, comprise the largest segment of total operating expenses. Water production costs accounted for 40.2% and 39.7%, of total operating costs in 2023 and 2022, respectively. The rates charged for wholesale water supplies, electricity, and pump taxes are established by various public agencies. As such, these rates are beyond our control.

The table below provides the change in water production expenses during the past 2 years:

	2023			2022		
	Amount	**Change**	**% Change**	**Amount**	**Change**	**% Change**
			Dollars in millions			
Purchased water	$223.8	$(0.7)	(0.3)%	$224.5	$(0.5)	(0.2)%
Purchased power	45.7	1.1	2.5%	44.6	7.5	20.2%
Pump taxes	19.0	2.8	17.3%	16.2	0.9	5.9%
Total water production expenses	$288.5	$ 3.2	1.1%	$285.3	$ 7.9	2.8%

The principal factors affecting water production expenses are the quantity, price, and source of the water. Generally, water pumped from wells costs less than water purchased from wholesale suppliers.

The table below provides the amounts, percentage change, and source mix for the respective years:

	2023			2022		
	MG	**% of Total**	**% change from prior year**	**MG**	**% of Total**	**% change from prior year**
			Millions of gallons (MG)			
Source:						
Wells	50,363	48.6%	(4.1)%	52,534	49.1%	—
Purchased	47,865	46.3%	(5.2)%	50,473	47.2%	(5.9)%
Surface	5,256	5.1%	33.5%	3,938	3.7%	(10.1)%
Total	103,484	100.0%	(3.2)%	106,945	100.0%	(3.2)%

Purchased water expenses are affected by changes in quantities purchased, supplier prices, and cost differences between wholesale suppliers. The ICBA mechanism is designed to recover all changes in supplier prices for purchased water expenses and will be in effect for Cal Water once the 2021 GRC is resolved.

For 2023, the $0.7 million decrease in purchased water expenses is mostly due to a 5.2% decrease in purchased quantities offset by a blended purchased water wholesaler rate increase of 5.1%.

For 2023, the $2.8 million increase in pump taxes is primarily due to increases in pump tax rates.

Purchased power expenses are affected by the quantity of water pumped from wells and moved through the distribution system, rates charged by electric utility companies, and rate structures applied to usage during peak and non-peak times of the day or season. In 2023, purchased power expenses increased $1.1 million mainly due to an increase in rates from our power providers.

Changes in climate change regulations could increase the cost of power that in turn would result in an increase in the rates our power suppliers charge us. Any change in pricing of our purchased power expenses in California would be recovered from our customers through the ICBA mechanism once the 2021 GRC is resolved. Any change in power costs in other states would be requested to be recovered by the customers in those states. The impact of such regulations is dependent upon the enacted date, the factors that affect our suppliers' cost structure, and their ability to pass the costs to us in their approved tariffs. These items are not known at this time.

Administrative and General Expenses

Administrative and general expenses include payroll related to administrative and general functions, all employee benefits charged to expense accounts, insurance expenses, legal fees, expenses associated with being a public company, and general corporate expenses.

For 2023, administrative and general expenses increased $9.5 million, or 7.2%, compared to 2022. The increase was mainly due to an increase of $9.0 million in employee wages primarily driven by annual increases in employee wage rates and an increase in the number of employees.

Other Operations Expenses

The components of other operations expenses include payroll, material and supplies, and contract service costs of operating the regulated water systems, including the costs associated with water transmission and distribution, pumping, water quality, meter reading, billing, operations of district offices, and water conservation programs.

For 2023, other operations expense decreased $3.7 million, or 3.2%, compared to 2022. The decrease was primarily due to an increase in deferred costs associated with deferred revenue of $6.3 million (see deferral of revenue above), a decrease in conservation expenses of $2.2 million, and a decrease in bad debt costs of $1.7 million, which was partially offset by an increase in employee labor costs of $3.6 million and an increase in water quality testing costs of $1.4 million.

Maintenance

For 2023, maintenance expenses increased $0.3 million, or 0.8%, compared to 2022 due to increases in reservoir, tank, well, and pumping equipment repairs.

Depreciation and Amortization

For 2023, depreciation and amortization increased $6.6 million, or 5.8%, compared to 2022 primarily due to utility plant placed in service in 2022.

Income Taxes

For 2023, income tax benefit increased $18.5 million, or 565.6%, to $15.2 million compared to 2022. The increase in 2023 was primarily due to a decrease in pre-tax operating income from the impact of the delayed final decision by the CPUC on Cal Water's pending 2021 GRC. The Company's effective combined income tax rate for 2023 was (15.2%) as compared to 6.2% for 2022.

Property and Other Taxes

For 2023, property and other taxes increased $1.2 million, or 3.4%, compared to 2022. The increase was mostly due to an increase in our assessed property values for utility plant placed in service during the year.

Other Income and Expenses

For 2023, net other income and expenses increased $12.1 million, or 101.4% compared to 2022. The increase was due primarily to a $12.1 million increase in the unrealized gains from certain non-qualified benefit plan investments due to market conditions, $5.7 million increase in other components of net periodic benefit credit, and a $1.4 million increase in allowance for equity funds used during construction, which was partially offset by a $2.8 million decrease in non-regulated revenue and a $5.3 million increase in income tax expense.

Net Interest Expense

For 2023, net interest expense increased $5.5 million, or 12.4%, compared to 2022. The increase was primarily due to higher short-term borrowing rates and higher outstanding borrowings on our short-term credit facilities.

Rates and Regulation

The following is a summary of 2023 rate filings. A description of the "Type of Filing" can be found in the "Item 1—Rates and Regulation" section above. California decisions and resolutions may be found on the CPUC website at www.cpuc.ca.gov.

Type of Filing	Decision/Resolution	Effective Date	Increase (Decrease) Annual Revenue	CA District/ Subsidiary
GRC and Offset Filings				
2023 Expense Offset	AL 2465-A	Jan 2023	$5.1 million	5 Districts
2021 GRC Interim Rates	AL 2475	May 2023	4% or 1.5%	18 Districts
2023 Expense Offset	AL 2488	July 2023	$24.6 million	11 Districts
Cost of Capital	AL 2491	July 2023	($7 million)	21 Districts

Water Supply

Our source of supply varies among our operating districts. Certain districts obtain all of their supply from wells; some districts purchase all of their supply from wholesale suppliers; and other districts 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.

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. 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 replenish underground water aquifers and fill reservoirs, providing the water supply for subsequent delivery to customers. Management believes that supply pumped from underground aquifers and purchased from wholesale suppliers will be adequate to meet customer demand during 2024 and thereafter. However, water rationing may be required in future periods, if declared by the state or local jurisdictions. Long-term water supply plans are developed for each of our districts to help assure an adequate water supply under various operating and supply conditions. Some districts have unique challenges in meeting water quality standards, but management believes that supplies will meet current standards using current treatment processes.

Liquidity and Capital Resources

Cash flow from Operations

During 2023, we generated cash flow from operations of $217.8 million, compared to $243.8 million during 2022. The decrease in 2023 was primarily due to a decrease in net income that was primarily due to the delayed final decision from the CPUC on Cal Water's pending 2021 GRC and the net receipt of $17.2 million from the Water Arrearages Payment Program in 2022.

The water business is seasonal. Billed revenue is lower in the cool, wet winter months when less water is used compared to the warm, dry summer months when water use is the highest. This seasonality results in the possible need for short-term borrowings under the 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. Aged accounts receivable past due more than 60 days decreased from $17.6 million as of December 31, 2022 to $15.5 million as of December 31, 2023 mostly due to the resumption of the customer account write off process and offering of a payment plan option for residential customers in California who have past-due balances larger than $50 dollars.

Investing Activities

During 2023 and 2022, we used $383.7 million and $327.8 million, respectively, of cash for capital expenditures, both Company-funded and developer-funded. 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.

Financing Activities

During 2023, we borrowed $227.8 million, and paid down $120.0 million on our unsecured revolving credit facilities for general corporate purposes. We also received $21.2 million of advances and contributions in aid of construction, which was reduced by refunds to developers of $9.4 million. We paid $1.8 million for matured First Mortgage Bonds and other long-term debt obligations. In addition, we issued $115.1 million of Company common stock through our at-the-market equity plan and our employee stock purchase plan.

On March 31, 2023, the Company and Cal Water entered into the Company and Cal Water credit facilities, 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 the Cal Water revolving credit facility (the Cal Water facility). Additionally, the credit facilities may be increased by up to an incremental $150.0 million under the Cal Water facility and $50.0 million under the Company facility, subject in each case to certain conditions.

The under-collected net WRAM and MCBA receivable balances were $64.2 million and $104.7 million as of December 31, 2023 and 2022, respectively. The decrease of $40.5 million from December 31, 2022 to December 31, 2023 was primarily due to customer billings during 2023. The under-collected net WRAM and MCBA receivable balances were primarily financed by Cal Water with short-term and long-term financing arrangements to meet operational cash requirements. Interest on the under-collected net WRAM and MCBA receivable balances, the interest recoverable from customers, is limited to the current 90-day commercial paper rate, which is significantly lower than Cal Water's short and long-term financing rates.

At the January 2024 meeting, the Board declared the quarterly dividend, increasing it for the 57th consecutive year. The quarterly dividend was raised from $0.26 to $0.28 per common share. This represents an indicated annual rate of $1.12 per common share. Dividends have been paid for 78 consecutive years. The annual dividends paid per common share in 2023, 2022, and 2021 were $1.04, $1.00 and $0.92, respectively. Earnings not paid as dividends are reinvested in the business for the benefit of stockholders. The dividend payout ratio was 113.8% in 2023, 56.5% in 2022, and 46.9% in 2021 for an average of 72.4% over the 3-year period. Our long-term targeted dividend payout ratio is 60%.

Short-Term Financing

Short-term liquidity is provided by the bank lines of credit described above and by internally generated funds. As of December 31, 2023, there were borrowings of $180.0 million outstanding on our unsecured revolving lines of credit, compared to $70.0 million outstanding on our unsecured revolving lines of credit as of December 31, 2022.

Given our ability to access our lines of credit 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. Minimal operating levels of cash are maintained for Washington Water, New Mexico Water, Hawaii Water, and Texas Water.

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 borrowings must be repaid within 12 months unless a different period is required or authorized by the CPUC. The proceeds from the Company and Cal Water facilities may be used for working capital purposes.

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' consolidated total capitalization ratio not to exceed 66.7% and an interest coverage ratio of three or more (each as defined in the respective credit agreements). As of December 31, 2023, our consolidated total capitalization ratio was 46.4% and the interest coverage ratio was greater than four. In summary, as of such date, 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

Long-term financing is accomplished using both debt and equity. Cal Water was authorized to issue $700.0 million of debt and common stock to finance capital projects and operations by a CPUC decision dated November 5, 2020. In addition, the decision retained approximately $94.0 million of prior financing authority and determined that refinancing long-term debt did not count against the authorization. The CPUC requires that any loans from Cal Water to the Company be at arm's length. This restriction did not materially affect the Company's ability to meet its cash obligations in 2023. Management does not expect this restriction to have a material impact on the Company's ability to meet its cash obligations in 2024 and beyond.

Long-term financing, which includes First Mortgage Bonds, senior notes, 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 expenditures plan 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 in both debt and equity instruments.

Additional information regarding the bank borrowings and long-term debt is presented in Notes 7 and 8 in the Notes to Consolidated Financial Statements.

Equity Issuance

On April 29, 2022, we entered into an equity distribution agreement to sell shares of our common stock having an aggregate gross sales price of up to $350.0 million from time to time depending on market conditions through an at-the-market equity program over the next three years. We intend to use the net proceeds from these sales, after deducting commissions on such sales and offering expenses, for general corporate purposes, which may include working capital, construction and acquisition expenditures, investments and repurchases, and redemptions of securities. Additional information regarding this program is presented in Note 6 of the Notes to Consolidated Financial Statements.

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 5.500% First Mortgage Bonds due 2040, 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 subsidiary 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)	2023		2022	
	Issuer	Guarantor	Issuer	Guarantor
Net sales	$720,577	$ —	$775,382	$ —
Gross profit	$449,221	$ —	$506,890	$ —
Income from operations	$ 82,157	$ 590	$124,464	$ 363
Equity in earnings of guarantor		$49,998	$ —	$94,339
Net income	$ 57,168	$51,376	$ 92,769	$95,263

Summarized Balance Sheet Information

(in thousands)	As of December 31, 2023		As of December 31, 2022	
	Issuer	Guarantor	Issuer	Guarantor
Current assets	$ 213,469	$ 10,126	$ 208,962	$ 31,913
Intercompany receivable from guarantor & non-issuer subsidiaries	3,664	44,882	3,339	34,100
Other assets	479,642	1,190,076	450,668	1,080,720
Long-term intercompany receivable from non-issuer subsidiaries	—	82,610	—	37,869
Net utility plant	3,487,788	—	2,805,242	—
Total assets	$4,184,563	$1,327,694	$3,468,211	$1,184,602
Current liabilities	$ 351,964	$ 53,069	$ 242,538	$ 35,260
Intercompany payable to non-issuer subsidiaries	—	—	562	—
Long-term debt	1,052,350	—	1,051,994	—
Other liabilities	1,595,852	3,068	1,098,378	2,485
Total Liabilities	$3,000,166	$ 56,137	$2,393,472	$ 37,745

Off-Balance Sheet Arrangements

We do not have commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements, or capital resources even when the arrangement results in no obligation being reported in our consolidated balance sheets.

Contractual Obligations

The contractual obligations presented in the table below represent our estimates of future payments under fixed contractual obligations and commitments. Changes in our business needs, cancellation provisions and changes in interest rates, as well as action by third parties and other factors, may cause these estimates to change. Therefore, our actual payments in future periods may vary from those presented in the table below.

The following table summarizes our contractual obligations as of December 31, 2023. We generally expect to satisfy these commitments with cash on hand and cash provided by operating activities.

	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
Long-term debt(a)	$1,054,396	$ 377	$ 70,711	$ 20,652	$ 962,656
Interest payments	942,402	44,124	85,116	81,983	731,179
Advances for construction	199,448	10,800	19,662	18,382	150,604
Pension and postretirement benefits(b)	387,158	27,599	61,926	71,892	225,741
Finance lease obligations(c)	4,244	1,034	3,210	—	—
Operating lease obligations	15,691	2,244	3,696	3,007	6,744
Water supply contracts(d)	599,722	33,362	65,420	65,422	435,518
Total contractual obligations	$3,203,061	$119,540	$309,741	$261,338	$2,512,442

(a) Long-term debt payments include annual sinking fund payments on First Mortgage Bonds, maturities of long-term debt, and annual payments on other long-term obligations, exclusive of unamortized debt issuance costs of $4.9 million.

(b) Pension and postretirement benefits include $2.8 million of short-term pension obligations.

(c) Finance lease obligations represent total cash payments to be made in the future and includes interest expense of $0.3 million.

(d) Estimated annual contractual obligations are based on the same payment levels as 2023.

For pension and postretirement benefits other than pensions obligations, see Note 11 of the Notes to the Consolidated Financial Statements.

Advances for construction represent annual contract refunds to developers for the cost of water systems paid for by the developers. The contracts are non-interest bearing, and refunds are generally on a straight-line basis over a 40-year period. System and facility leases include obligations associated with leasing water systems and rents for office space.

For finance and operating lease obligations, see Note 14 of the Notes to the Consolidated Financial Statements.

Cal Water has water supply contracts with wholesale suppliers in 13 of its operating districts and for the two leased systems in Hawthorne and Commerce. For each contract, the cost of water is established by the wholesale supplier and is generally beyond our control. The amount paid annually to the wholesale suppliers is charged to purchased water expense on our statements of operations. Most contracts do not require minimum annual payments and vary with the volume of water purchased. For more details related to water supply contracts, see Note 14 of the Notes to the Consolidated Financial Statements.

Capital Requirements

Capital requirements consist primarily of new construction expenditures for expanding and replacing utility plant facilities and the acquisition of water systems. They also include refunds of advances for construction.

Company-funded and developer-funded utility plant expenditures were $383.7 million and $327.8 million in 2023 and 2022, respectively. A majority of capital expenditures was associated with mains and water treatment equipment.

For 2024, our capital program is dependent in part on the timing and nature of regulatory approvals in connection with Cal Water's 2021 GRC. Capital expenditures in California for 2023, excluding developer-funded expenditures, were $326.5 million. Cal Water proposed to the CPUC spending $1.0 billion on water infrastructure investments in 2022-2024. Capital expenditures in California are evaluated in the context of the pending GRC and may change as the case moves forward. We expect our annual capital expenditure to continue to increase during the next five years due to increasing needs to replace and maintain infrastructure.

Management expects there will be developer-funded expenditures in 2024 and expects that these expenditures will be financed by developers through refundable advances for construction and non-refundable contributions in aid of construction. Developers are required to deposit the cost of a water construction project with us prior to our commencing construction work, or the developers may construct the facilities themselves and deed the completed facilities to us. Funds are generally received in advance of incurring costs for these projects. Advances are normally refunded over a 40-year period without interest. Future payments for advances received are listed under contractual obligations above. Because non-Company-funded construction activity is solely at the discretion of developers, we cannot predict the level of future activity. The cash flow impact is expected to be minor due to the structure of the arrangements.

Capital Structure

Total equity was $1,430.3 million at December 31, 2023, compared to $1,322.4 million at December 31, 2022. The Company sold 2,025,891 and 1,802,063 shares of its common stock in 2023 and 2022, respectively through its at-the-market equity program.

Total capitalization, including the current portion of long-term debt, was $2,483.8 million at December 31, 2023 and $2,378.2 million at December 31, 2022. Cal Water repaid $1.8 million of other long-term debt obligations in 2023 and $5.4 million 2022 for matured First Mortgage Bonds and other long-term debt obligations. In future periods, the Company intends to issue common stock and long-term debt to finance our operations. The capitalization ratios will vary depending upon the method we choose to finance our operations.

At December 31, capitalization ratios were:

	2023	2022
Equity	57.6%	55.6%
Long-term debt	42.4%	44.4%

The return (from both regulated and non-regulated operations) on average equity was 3.8% in 2023 compared to 7.7% in 2022. Cal Water does not include construction work in progress in its regulated rate base; instead, Cal Water was authorized to record allowance for funds used during construction (or AFUDC) on construction work in progress, effective January 1, 2017. Construction work in progress for Cal Water was $253.9 million at December 31, 2023 and $219.2 million at December 31, 2022.

Acquisitions

There were no significant acquisitions in 2023 or 2022.

Real Estate Program

We own real estate. From time to time, certain parcels are deemed no longer used or useful for water utility operations. Most surplus properties have a low-cost basis. We developed a program to realize the value of certain surplus properties through sale or lease of those properties. The program will be ongoing for a period of several years. There were no significant sales in 2023 and 2022. As sales are dependent on real estate market conditions, future sales, if any, may or may not be at prior year levels.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk.*

We do not participate in hedge arrangements, such as forward contracts, swap agreements, options, or other contractual agreements to mitigate the impact of market fluctuations on our assets, liabilities, production, or contractual commitments. We operate only in the United States and, therefore, are not subject to foreign currency exchange rate risks.

Interest Rate Risk

We are subject to interest rate risk, although this risk is lessened because we operate in a regulated industry. If interest rates were to increase, management believes customer rates would increase accordingly, subject to Commission approval in future GRC filings. The majority of our debt is long-term at a fixed rate. Interest rate risk does exist on short-term borrowings within our credit facilities, as these interest rates are variable. We also have interest rate risk on new financing, as higher interest cost may occur on new debt if interest rates increase.

Over the next 12 months, none of the $1,052.8 million of existing long-term debt instruments are expected to mature. Applying a hypothetical 10 percent increase in the rate of interest charged on those borrowings would not have a material effect on our earnings.

Item 8. ***Financial Statements and Supplementary Data.***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of California Water Service Group

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of California Water Service Group and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company has maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Assets and Liabilities—Regulated Utility Accounting—Refer to Notes 2 and 4 to the financial statements

Critical Audit Matter Description

The Company provides regulated utility services under the rules and regulations of the California Public Utilities Commission (the "Commission") in California. The Commission establishes rates that are designed to permit the recovery of the cost of service and a return on investment. The Company's rates are subject to regulatory rate-setting processes including a General Rate Case proceeding. Because the Company operates almost exclusively in a regulated business, the Company is subject to the accounting standards for regulated entities.

The Company capitalizes and records regulatory assets for costs that would otherwise be charged to expense if it is probable that the incurred costs will be recovered in future rates. If costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. In addition, the Company records regulatory liabilities when it is probable the Commission will require a refund to be made to the Company's customers over future periods. Determining probability requires significant judgment by management and includes, but is not limited to, consideration of testimony presented in regulatory hearings, proposed regulatory decisions, final regulatory orders, and the strength or status of applications for rehearing or state court appeals. If the Company determines that a portion of the Company's assets used in utility operations is not recoverable in customer rates, the Company would be required to recognize the loss of the disallowed assets.

We identified regulated utility accounting as a critical audit matter due to the significant judgments made by management in (1) determining the probability that incurred costs will be recovered in future rates and (2) determining the probability the Commission will require a refund to be made to the Company's customers over future periods. Given that management considers regulatory hearings, proposed decisions, and final orders in making significant regulatory utility accounting judgments, auditing these judgments required specialized knowledge of regulatory utility accounting.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the significant regulatory utility accounting judgments in determining the probability that incurred cost will be recovered in future rates and in determining the probability the Commission will require a refund to be made to the Company's customers over future periods included the following, among others:

- We tested the effectiveness of management's controls over the determination of regulatory assets or liabilities and the evaluation of (1) the probability determination of recovery in future rates of costs incurred as regulatory assets, and (2) the probability of a refund over future periods that should be reported as regulatory liabilities.

- We read relevant regulatory orders issued by the Commission for the Company, procedural filings, and other publicly available information, if applicable, to evaluate management's judgments in determining the probability that incurred cost will be recovered in future rates and in determining the probability the Commission will require a refund to be made to the Company's customers over future periods in accounting for regulatory assets and liabilities.
- For regulatory matters in process, we inspected the Company's filings with the Commission, if applicable, that may impact the Company's future rates, to evaluate whether information in such filings was consistent with the significant judgments made by management.
- We evaluated the Company's disclosures related to regulated utility accounting, including the balances recorded and regulatory developments.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
February 29, 2024

We have served as the Company's auditor since 2008.

CALIFORNIA WATER SERVICE GROUP

Consolidated Balance Sheets

	December 31, 2023	December 31, 2022
	(In thousands, except per share data)	
ASSETS		
Utility plant:		
Land	$ 47,002	$ 45,861
Depreciable plant and equipment	4,557,964	4,215,619
Construction work in progress	287,596	247,013
Intangible assets	32,921	27,779
Total utility plant	4,925,483	4,536,272
Less accumulated depreciation and amortization	(1,152,228)	(1,063,341)
Net utility plant	3,773,255	3,472,931
Current assets:		
Cash and cash equivalents	39,591	62,100
Restricted cash	45,375	22,925
Receivables:		
Customers, net	59,349	55,079
Regulatory balancing accounts	64,240	66,826
Other, net	16,431	20,932
Unbilled revenue, net	36,999	33,140
Materials and supplies at weighted average cost	16,170	12,564
Taxes, prepaid expenses, and other assets	18,130	21,969
Total current assets	296,285	295,535
Other assets:		
Regulatory assets	257,621	283,620
Goodwill	37,039	36,814
Other	231,333	175,913
Total other assets	525,993	496,347
TOTAL ASSETS	$ 4,595,533	$ 4,264,813
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $0.01 par value; 136,000 shares authorized, 57,724 and 55,598 outstanding in 2023 and 2022, respectively	$ 577	$ 556
Additional paid-in capital	876,583	760,336
Retained earnings	549,573	556,698
Noncontrolling interests	3,579	4,804
Total equity	1,430,312	1,322,394
Long-term debt, net	1,052,768	1,052,487
Total capitalization	2,483,080	2,374,881
Current liabilities:		
Current maturities of long-term debt, net	672	3,310
Short-term borrowings	180,000	70,000
Accounts payable	157,305	140,986
Regulatory balancing accounts	21,540	12,240
Accrued other taxes	4,591	8,607
Accrued interest	6,625	6,490
Other accrued liabilities	59,606	53,017
Total current liabilities	430,339	294,650
Deferred income taxes	352,762	330,251
Regulatory liabilities	683,717	627,740
Pension	82,920	78,443
Advances for construction	199,448	199,832
Contributions in aid of construction	286,491	285,401
Other long-term liabilities	76,776	73,615
Commitments and contingencies (Note 14)		
TOTAL CAPITALIZATION AND LIABILITIES	$ 4,595,533	$ 4,264,813

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA WATER SERVICE GROUP

Consolidated Statements of Operations

	For the Years Ended December 31,		
	2023	2022	2021
	(In thousands, except per share data)		
Operating revenue	$794,632	$846,431	$790,909
Operating expenses:			
Operations:			
Purchased water	223,833	224,529	225,020
Purchased power	45,656	44,566	37,112
Pump taxes	19,023	16,169	15,342
Administrative and general	142,235	132,718	126,686
Other operations	112,481	116,172	86,392
Maintenance	31,975	31,715	29,592
Depreciation and amortization	121,212	114,575	108,715
Income tax (benefit) expense	(15,189)	3,262	2,805
Property and other taxes	36,271	35,065	32,475
Total operating expenses	717,497	718,771	664,139
Net operating income	77,135	127,660	126,770
Other income and expenses:			
Non-regulated revenue	18,509	21,276	22,761
Non-regulated expenses	(11,807)	(24,821)	(17,234)
Other components of net periodic benefit credit	20,215	14,476	9,903
Allowance for equity funds used during construction	5,551	4,127	3,186
Gain on sale of non-utility property	—	—	94
Income tax expense on other income and expenses	(8,408)	(3,113)	(1,287)
Net other income	24,060	11,945	17,423
Interest expense:			
Interest expense	52,809	46,686	44,980
Allowance for borrowed funds used during construction	(2,990)	(2,344)	(1,766)
Net interest expense	49,819	44,342	43,214
Net income	51,376	95,263	100,979
Net loss attributable to noncontrolling interests	(535)	(748)	(146)
Net income attributable to California Water Service Group	$ 51,911	$ 96,011	$101,125
Earnings per share:			
Basic	$ 0.91	$ 1.77	$ 1.96
Diluted	$ 0.91	$ 1.77	$ 1.96
Weighted average number of common shares outstanding:			
Basic	56,952	54,320	51,633
Diluted	56,983	54,363	51,633

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA WATER SERVICE GROUP

Consolidated Statements of Equity

For the Years Ended December 31, 2023, 2022 and 2021

	Common Stock		Additional Paid-in Capital	Retained Earnings	Noncontrolling Interests	Total Equity
	Shares	Amount				
			(In thousands)			
Balance at December 31, 2020	50,334	$503	$448,632	$461,146	$ —	$ 910,281
Net income (loss)	—	—	—	101,125	(146)	100,979
Issuance of common stock	3,415	34	204,494	—	—	204,528
Repurchase of common stock	(33)	—	(1,767)	—	—	(1,767)
Dividends paid on common stock ($0.9200 per share)	—	—	—	(47,398)	—	(47,398)
Acquisition of business with noncontrolling interest	—	—	—	—	5,294	5,294
Investment in business with noncontrolling interest	—	—	(238)	—	238	—
Balance at December 31, 2021	53,716	537	651,121	514,873	5,386	1,171,917
Net income (loss)	—	—	—	96,011	(748)	95,263
Issuance of common stock	1,916	19	111,742	—	—	111,761
Repurchase of common stock	(34)	—	(2,013)	—	—	(2,013)
Dividends paid on common stock ($1.0000 per share)	—	—	—	(54,186)	—	(54,186)
Investment in business with noncontrolling interest	—	—	(514)	—	514	—
Distribution to noncontrolling interest	—	—	—	—	(348)	(348)
Balance at December 31, 2022	55,598	556	760,336	556,698	4,804	1,322,394
Net income (loss)	—	—	—	51,911	(535)	51,376
Issuance of common stock	2,159	21	117,866	—	—	117,887
Repurchase of common stock	(33)	—	(1,844)	—	—	(1,844)
Dividends paid on common stock ($1.0400 per share)	—	—	—	(59,036)	—	(59,036)
Investment in business with noncontrolling interest	—	—	225	—	(225)	—
Distribution to noncontrolling interest	—	—	—	—	(465)	(465)
Balance at December 31, 2023	57,724	$577	$876,583	$549,573	$3,579	$1,430,312

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA WATER SERVICE GROUP

Consolidated Statements of Cash Flows

	For the Years Ended December 31,		
	2023	2022	2021
		(In thousands)	
Operating activities:			
Net income	$ 51,376	$ 95,263	$ 100,979
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	123,124	117,364	111,581
Amortization of debt premium and expenses	262	369	366
Changes in normalized deferred income taxes	35,627	26,880	25,200
Change in value of life insurance contracts	(4,919)	7,161	(3,800)
Allowance for equity funds used during construction	(5,551)	(4,127)	(3,186)
Stock-based compensation	2,993	5,161	6,805
Gain on sale of non-utility properties	—	—	(94)
(Recovery) write-off of capital costs	(536)	702	524
Changes in operating assets and liabilities:			
Receivables	42,711	(40,687)	(12,833)
Water Arrearages Payment Program cash received	—	20,836	—
Water Arrearages Payment Program cash returned	—	(3,609)	—
Unbilled revenue	(3,859)	(381)	1,309
Taxes, prepaid expenses, and other assets	654	(5,104)	(2,745)
Accounts payable	9,896	(7,626)	(2,938)
Other current liabilities	(346)	7,941	1,141
Other changes in noncurrent assets and liabilities	(33,615)	23,629	9,409
Net cash provided by operating activities	217,817	243,772	231,718
Investing activities:			
Utility plant expenditures	(383,747)	(327,757)	(293,194)
Proceeds from sale of non-utility properties	—	—	108
Business acquisitions, net of cash acquired	(175)	—	(6,451)
Asset acquisitions	(2,816)	(7,766)	—
Return of investment	—	—	1,000
Purchase of life insurance	(2,681)	(6,688)	(2,335)
Life insurance proceeds	—	6,688	—
Net cash used in investing activities	(389,419)	(335,523)	(300,872)
Financing activities:			
Short-term borrowings	227,792	150,000	200,000
Repayment of short-term borrowings	(120,000)	(115,000)	(535,000)
Issuance of long-term debt, net of debt issuance costs of $0 for 2023, $0 for 2022, and $1,064 for 2021	—	—	278,936
Advances and contributions in aid of construction	21,156	25,822	28,171
Refunds of advances for construction	(9,355)	(9,468)	(10,634)
Retirement of long-term debt	(1,811)	(5,423)	(5,353)
Repurchase of common stock	(1,844)	(2,013)	(1,767)
Issuance of common stock	115,106	106,739	197,723
Dividends paid	(59,036)	(54,186)	(47,398)
Distribution to noncontrolling interest	(465)	(348)	—
Net cash provided by financing activities	171,543	96,123	104,678
Change in cash, cash equivalents, and restricted cash	(59)	4,372	35,524
Cash, cash equivalents, and restricted cash at beginning of year	85,025	80,653	45,129
Cash, cash equivalents, and restricted cash at end of year	$ 84,966	$ 85,025	$ 80,653
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest (net of amounts capitalized)	$ 49,145	$ 43,768	$ 41,621
Income taxes (net of refunds)	(3,532)	—	3,661
Supplemental disclosure of investing and financing non-cash activities:			
Accrued payables for investments in utility plant	54,382	51,511	57,768
Utility plant contributed by developers	24,203	20,379	19,531
Litigation proceeds for TCP contamination reclassified from liability to depreciable plant and equipment	—	—	9,302

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA WATER SERVICE GROUP

Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

Dollar amounts in thousands unless otherwise stated

NOTE 1. ORGANIZATION AND OPERATIONS

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 and non-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 (jointly referred to as the Commissions). CWS Utility Services and HWS Utility Services LLC provide non-regulated water utility and utility-related services. TWSC, Inc. (Texas Water) holds regulated and contracted wastewater utilities.

The Company operates in one reportable segment, providing water and water-related utility services.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the Company's accounts and those of its wholly and non-wholly owned subsidiaries. The non-wholly owned subsidiary refers to a 92.0% owned subsidiary of Texas Water and is consolidated using the voting interest model as the Company owns a majority of the voting interests in the non-wholly owned subsidiary. All intercompany transactions and balances have been eliminated from the consolidated financial statements. In the opinion of management, the consolidated financial statements reflect all adjustments that are necessary to provide a fair presentation of the results for the periods covered.

The preparation of the Company's consolidated 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 liabilities, and income tax-related assets and liabilities. Actual results could differ from these estimates.

Noncontrolling Interests

Noncontrolling interests in the Company's consolidated financial statements represents the 8.0% interest not owned by Texas Water in a consolidated subsidiary. Texas Water obtained control over the subsidiary on May 1, 2021. Since the Company controls this subsidiary, its financial statements are consolidated with those of the Company, and the noncontrolling owner's 8.0% share of the subsidiary's net assets and results of operations is deducted and reported as noncontrolling interests on the consolidated balance sheets and as net loss attributable to noncontrolling interests in the consolidated statements of operations. The Company reports noncontrolling interests in consolidated entities as a component of equity separate from the Company's equity. The Company's net income attributable to California Water Service Group excludes the net loss attributable to the noncontrolling interests.

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operating Revenue

The following table disaggregates the Company's operating revenue by source for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
Revenue from contracts with customers	$790,334	$772,616	$765,704
Regulatory balancing account revenue	4,298	73,815	25,205
Total operating revenue	$794,632	$846,431	$790,909

Revenue from contracts with customers

The Company principally generates operating revenue from contracts with customers by providing regulated water and wastewater services at tariff-rates authorized by the Commissions in the states in which they operate and non-regulated water and wastewater services at rates authorized by contracts with government agencies. Revenue from contracts with customers reflects amounts billed for the volume of consumption at authorized per unit rates, for a service charge, 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 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.

Certain customers are not billed for volumetric consumption, but are instead billed a flat rate at the beginning of each monthly service period. The amount billed is initially deferred and subsequently recognized over the monthly service period, as the performance obligation is satisfied. The deferred revenue balance or contract liability, which is included in "other accrued liabilities" on the consolidated balance sheets, is inconsequential.

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the following table, revenue from contracts with customers is disaggregated by class of customers for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
Residential	$463,417	$458,448	$467,365
Business	159,050	153,570	144,565
Multiple residential	67,703	64,481	61,478
Industrial	28,055	26,622	26,569
Public authorities	40,811	41,150	40,501
Other*	31,298	28,345	25,226
Total revenue from contracts with customers	$790,334	$772,616	$765,704

* Other includes accrued 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), which the Company recognizes as revenue when it is objectively determinable, probable of recovery and expected to be collected within 24 months following the end of the accounting period. Regulatory balancing account revenues are not considered contracts with customers. To the extent that revenue is estimated to be collectible beyond 24 months, recognition is deferred. Due to a delay in resolution of Cal Water's most recent general rate case filing in July of 2021 (2021 GRC), the Company did not recognize a benefit from regulatory revenue mechanisms in 2023. For 2022, the Company's authorized regulatory revenue mechanisms included the Water Revenue Adjustment Mechanism (WRAM).

The WRAM decoupled revenue from the volume of the 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.

Regulatory balancing accounts also includes revenue that is recognized for balancing accounts 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. These mechanisms, such as the Modified Cost Balancing Account (MCBA), Conservation Expense Balancing Account (CEBA), Pension Cost Balancing Account (PCBA), and Health Cost Balancing Account (HCBA), generally provide for recovery of the adopted levels of expenses for purchased water, purchased power, pump taxes, water conservation program costs, pensions, and health care. Variances between adopted and actual costs were recorded as regulatory balancing account revenue in 2022. In 2023, in connection with the CPUC's decision to discontinue the use of the WRAM, the variances for CEBA, HCBA, and PCBA are recorded against the originating expense. The MCBA concluded on December 31, 2022.

The CPUC issued a decision effective August 27, 2020 requiring that Class A companies submitting GRC filings after the effective date be (i) precluded from proposing the use of a full decoupling WRAM in their next GRCs and (ii) allowed the use of a Monterey-Style Water Revenue Adjustment Mechanism (MWRAM). In addition, the CPUC's decision allowed for Incremental Cost Balancing Accounts (ICBAs) to replace the MCBA. The MWRAM 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 ICBA tracks differences between the authorized per-unit prices of water production costs and actual per-unit prices

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of water production costs. Cal Water complied with this decision in its 2021 GRC and the MWRAM and ICBAs will be effective retroactive to January 1, 2023 once approved. The Company did not record a regulatory asset or regulatory liability for the MWRAM or ICBAs for 2023.

In September 2020, Cal Water filed an Application for Rehearing at the CPUC seeking to reverse the August 27, 2020 CPUC decision. In September 2021, the CPUC denied the Application for Rehearing. On or about October 27, 2021, Cal Water along with four other Class A California water utilities filed Petitions for a Writ of Review with the California Supreme Court (Court). On May 18, 2022, the Court issued writs granting review and ordered the CPUC and other filing parties to submit additional pleadings to the Court. The final pleadings were submitted on January 13, 2023. Cal Water anticipates that the Court will schedule an oral argument before it begins deliberations and issues its decision.

Non-Regulated Revenue

The following tables disaggregate the Company's non-regulated revenue by source for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
Operating and maintenance revenue	$12,499	$12,860	$16,276
Other non-regulated revenue	3,506	5,774	3,741
Non-regulated revenue from contracts with customers	16,005	18,634	20,017
Lease revenue	2,504	2,642	2,744
Total non-regulated revenue	$18,509	$21,276	$22,761

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 they provide operating, maintenance and customer billing services related to the customers' water system. The formal agreements outline the 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 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. In 2022, the Company recorded a gain of $2.7 million related to Company-owned life insurance as part of "other non-regulated revenue" in the table above.

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. The Company provides the lessee the right to ingress and egress across lessor property to access the antennas. The minimum rents are recognized on a straight-line basis over the terms of the leases, which may span multiple years. The excess rents are recognized over amounts contractually due pursuant to the underlying leases and is included in a deferred receivable account in the accompanying balance sheet. The leases generally have terms of 5 to 10 years, with lessee options to extend the lease for up to 15 years. The exercise of lease renewal options is at the lessee's sole discretion. Most of the

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Company's lease agreements contain mutual termination options that require prior written notice by either lessee or lessor. A subset of the Company's leases contains variable lease payments that depend on changes in the consumer price index (CPI).

The Company determines if an arrangement is a lease at inception. Generally, a lease agreement exists if the Company determines that the arrangement gives the lessee control over the use of an identified asset and obtains substantially all of the benefits from the identified asset.

Maturities of lease payments to be received are as follows:

Year Ending December 31,	Operating Leases
2024	$3,120
2025	2,210
2026	1,485
2027	575
2028	179

Allowance for Credit Losses

The Company measures expected credit losses for Customer Receivables, Other Receivables, 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 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 accounting guidance for credit losses. Management contemplates available current information such as changes in economic factors, regulatory matters, industry trends, payment options and programs available to customers, and methods that the Company is able to use to ensure payment.

The Company reviews its allowance for credit losses using a quantitative assessment, which includes a trend analysis of customer billings and collections, agings by customer class, and unemployment rates. The Company also uses a qualitative assessment, which considers the future collectability on 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. The Company has also contemplated funds that the Company expects to receive from the California Extended Water and Wastewater Arrearages Payment Program (Program). The Program was created by the California Legislature, is administered by the State Water Resources Control Board and will provide relief to community water and wastewater systems for unpaid bills—arrearages—related to the COVID-19 pandemic. Based on the above assessments, the Company adjusted its allowance for credit losses accordingly.

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table presents the activity in the allowance for credit losses for the periods ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
Beginning Balance	$ 5,629	$ 3,743	5,246
Provision for credit loss expense	2,480	5,887	$ 1,088
Write-offs	(5,795)	(4,380)	$(3,113)
Recoveries	540	379	$ 522
Total ending allowance balance	$ 2,854	$ 5,629	$ 3,743

Other Receivables

As of December 31, 2023 and 2022, other receivables were:

	2023	2022
Accounts receivables from developers	$ 6,391	$ 7,419
Income tax receivables	1,378	5,496
Other	8,662	8,017
Total other receivables	$16,431	$20,932

Utility Plant

Utility plant is carried at original cost when first constructed or purchased, or at fair value when acquired through acquisition. When depreciable plant is retired, the cost is eliminated from utility plant accounts and such costs are charged against accumulated depreciation. Maintenance of utility plant is charged to operating expenses as incurred. Maintenance projects are not accrued for in advance.

Intangible assets acquired as part of water systems purchased are recorded at fair value. All other intangibles have been recorded at cost and are amortized over their useful life.

The following table represents depreciable plant and equipment as of December 31:

	2023	2022
Equipment	$ 976,704	$ 915,322
Office buildings and other structures	354,628	339,682
Transmission and distribution plant	3,226,632	2,960,615
Total	$4,557,964	$4,215,619

Depreciation of utility plant is computed on a straight-line basis over the assets' estimated useful lives including cost of removal of certain assets as follows:

	Useful Lives
Equipment	5 to 50 years
Transmission and distribution plant	40 to 65 years
Office Buildings and other structures	50 years

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The provision for depreciation expressed as a percentage of the aggregate depreciable asset balances was 2.81% in 2023, 2.90% in 2022, and 2.96% in 2021.

Allowance for funds used during construction (AFUDC)

The AFUDC represents the capitalized cost of funds used to finance the construction of the utility plant. In general, AFUDC is applied to Cal Water construction projects requiring more than one month to complete. No AFUDC is applied to projects funded by customer advances for construction, contributions in aid of construction, or state-revolving fund loans. AFUDC includes the net cost of borrowed funds and a rate of return on other funds when used, and is recovered through water rates as the utility plant is depreciated.

The amount of AFUDC related to equity funds and to borrowed funds for 2023, 2022, and 2021 are shown in the table below:

	2023	2022	2021
Allowance for equity funds used during construction	$5,551	$4,127	$3,186
Allowance for borrowed funds used during construction	2,990	2,344	1,766
Total	$8,541	$6,471	$4,952

Asset Retirement Obligation

The Company has a legal obligation to retire wells in accordance with State Water Resources Control Board regulations. In addition, upon decommission of a wastewater plant or lift station, certain wastewater infrastructure would need to be retired in accordance with State Water Resources Control Board regulations. An asset retirement cost and corresponding retirement obligation is recorded when a well or waste water infrastructure is placed into service. As of December 31, 2023 and 2022, the retirement obligation is estimated to be $39.0 million and $36.7 million, respectively. The retirement obligation is recorded as part of "Other long-term liabilities" within the Consolidated Balance Sheet. Changes in the retirement obligation only impact the consolidated balance sheets as the Company recognizes a regulatory asset or liability for the timing differences between the recognition of expenses and costs recovered through the ratemaking process.

The following is a reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations, which are included in "Other long-term liabilities" on the consolidated balance sheets as of December 31, 2023 and 2022:

	2023	2022
Obligation at beginning of the year	$36,692	$29,459
Additional liabilities incurred	262	5,444
Liabilities settled	(128)	—
Accretion	2,209	1,789
Obligation at the end of the year	$39,035	$36,692

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include highly liquid investments with remaining maturities of three months or less at the time of acquisition. In 2023 and 2022, restricted cash included $0.4 million of proceeds collected through a surcharge on certain customers' bills plus interest earned on the proceeds and is used to service California Safe

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Drinking Water Bond obligations. In 2023, restricted cash also included $43.8 million of committed cash in Texas Water for a pipeline project (see Note 14).

The following table provides a reconciliation of cash, cash equivalents, and restricted cash within the Consolidated Balance Sheets that total to the amounts shown on the Consolidated Statements of Cash Flows as of December 31:

	2023	2022
Cash and cash equivalents	$39,591	$62,100
Restricted cash	45,375	22,925
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$84,966	$85,025

Regulatory Assets and Liabilities

Because the Company operates almost exclusively in a regulated business, the Company is subject to the accounting standards for regulated utilities. The Commissions in the states in which the Company operates establish rates that are designed to permit the recovery of the cost of service and a return on investment. The Company capitalizes and records regulatory assets for costs that would otherwise be charged to expense if it is probable that the incurred costs will be recovered in future rates. Regulatory assets are amortized over the future periods that the costs are expected to be recovered. If costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. In general, the Company does not earn a return on regulatory assets if the related costs do not accrue interest. Accordingly, the Company earns a return only on its regulatory assets for net WRAM and MCBA, PCBA, HCBA, and IRMA receivables. In addition, the Company records regulatory liabilities when it is probable the Commissions will require a refund to be made to the Company's customers over future periods. As of the December, 31, 2022, the WRAM and MCBA mechanisms concluded.

Determining probability requires significant judgment by management and includes, but is not limited to, consideration of testimony presented in regulatory hearings, proposed regulatory decisions, final regulatory orders, and the strength or status of applications for rehearing or state court appeals.

If the Company determines that a portion of the Company's assets used in utility operations is not recoverable in customer rates, the Company would be required to recognize the loss of the assets disallowed.

See Note 4—Regulatory Assets and Liabilities for details of the Company's regulatory assets and liabilities.

Impairment of Long-Lived Assets, Intangibles and Goodwill

The Company's long-lived assets include transmission and distribution plant, equipment, land, buildings, and intangible assets. Long-lived assets, other than land, are depreciated or amortized over their estimated useful lives, and are reviewed for impairment whenever changes in circumstances indicate the carrying value of the assets may not be recoverable. Such circumstances would include items such as a significant decrease in the market value of a long-lived asset, a significant adverse change in the manner in which the asset is being used or planned to be used or in its physical condition, or a history of operating or cash flow losses associated with the uses of the asset. In addition, changes in the expected useful life of these long-lived assets may also be an impairment indicator. When such events or changes occur, the Company estimates the fair value of the asset from future cash flows expected to result from the use and, if applicable, the eventual disposition of the assets, and compare that to the carrying value of the asset. If the carrying value is greater than the fair value, then an impairment loss is recognized equal to the

Dollar amounts in thousands unless otherwise stated

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amount by which the asset's carrying value exceeds its fair value. The key variables that must be estimated include assumptions regarding sales volume, rates, operating costs, labor and other benefit costs, capital additions, assumed discount rates and other economic factors. These variables require significant management judgment and include inherent uncertainties since they are forecasting future events. A variation in the assumptions used could lead to a different conclusion regarding the realizability of an asset and, thus could have a significant effect on the consolidated financial statements.

Goodwill is measured as the excess of the cost of an acquisition over the sum of the amounts assigned to identifiable assets acquired less liabilities assumed. Goodwill is not amortized but instead is reviewed annually in the fourth quarter for impairment or more frequently if impairment indicators arise. The impairment test is performed at the reporting unit level using fair-value based approach in which the fair value of the reporting unit is compared to the reporting unit's carrying value. If the fair value of the reporting unit is less than its carrying amount, then an impairment loss is recognized equal to the difference. The Company recorded no goodwill impairments in 2023, 2022, and 2021.

Long-Term Debt Premium, Discount and Expense

The premiums, discounts, and issuance expenses on long-term debt are amortized over the original lives of the related debt on a straight-line basis which approximates the effective interest method. Premiums paid on the early redemption of certain debt and the unamortized original issuance discount and expense are amortized over the life of new debt issued in conjunction with the early redemption. Amortization expense included in interest expense for 2023 was $0.3 million and for each of 2022 and 2021 was $0.4 million.

Advances for Construction

Advances for construction consist of payments received from developers for installation of water production and distribution facilities to serve new developments. Advances are excluded from rate base for rate setting purposes. Annual refunds are made to developers without interest. Advances of $199.4 million and $199.8 million, at December 31, 2023 and 2022, respectively, will be refunded primarily over a 40-year period from the date the advance was received in equal annual amounts.

Estimated refunds of advances are shown in the table below.

Year Ending December 31,	Refunds of Advances
2024	$ 10,800
2025	10,011
2026	9,651
2027	9,381
2028	9,001
Thereafter	150,604
Total refunds	$199,448

Contributions in Aid of Construction

Contributions in aid of construction represent payments received from developers, primarily for fire protection purposes, which are not subject to refunds. Facilities funded by contributions are included in utility plant, but excluded from rate base. Depreciation related to assets acquired from contributions is charged to the Contributions in Aid of Construction liability account.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Measurement of the deferred tax assets and liabilities is at enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. The Company evaluates the need for a valuation allowance on deferred tax assets based on historical taxable income and projected taxable income for future tax years.

Historically the Commissions have reduced revenue requirements for the tax effects of certain originating temporary differences and have allowed recovery of these tax costs as the related temporary differences reverse. The Commissions have granted the Company rate increases to reflect the normalization of the tax benefits of the federal accelerated methods and available Investment Tax Credits (ITC) for all assets placed in service after 1980. ITCs are deferred and amortized over the lives of the related properties for book purposes. The CPUC sets rates utilizing the flow through method of accounting for state income taxes.

With the enactment of the Tax Cuts Jobs Act (TCJA), Contributions in Aid of Construction (CIAC) received from developers after December 22, 2017 became fully taxable for federal income tax purposes. On November 15, 2021, the Infrastructure Investment and Jobs Act was signed into law, which reverses the TCJA treatment of CIAC. Effective January 1, 2021, only the service portion of CIAC is taxable for federal income tax purpose.

The accounting standards for accounting for uncertainty in income taxes allows the inclusion of interest and penalties related to uncertain tax positions as a component of income taxes (see Note 10—Income Taxes).

Workers' Compensation

For workers' compensation, the Company estimates the liability associated with claims submitted and claims not yet submitted based on historical data. Expenses for workers compensation insurance are included in rates on a pay-as-you-go basis. Therefore, a corresponding regulatory asset has been recorded.

Earnings per Share

The computations of basic and diluted earnings per share are noted below. Basic earnings per share are computed by dividing net income attributable to California Water Service Group by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts were exercised or converted into common stock. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	2023	2022	2021
	(In thousands, except per share data)		
Net income	$51,376	$95,263	$100,979
Net loss attributable to noncontrolling interests	(535)	(748)	(146)
Net income attributable to California Water Service Group	$51,911	$96,011	$101,125
Weighted average common shares, basic	56,952	54,320	51,633
Weighted average common shares, dilutive	56,983	54,363	51,633
Earnings per share—basic	$ 0.91	$ 1.77	$ 1.96
Earnings per share—diluted	$ 0.91	$ 1.77	$ 1.96

Stock-based Compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award. The Company recognizes compensation expense on a straight-line basis over the requisite service period, which is the vesting period.

Comprehensive Income or Loss

Comprehensive income for all periods presented was the same as net income attributable to California Water Service Group.

Accumulated Other Comprehensive Income

The Company did not have any accumulated other comprehensive income or loss transactions as of December 31, 2023 and 2022.

New Accounting Standards

In November 2023, the Financial Standards Accounting Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for the Company's annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. The guidance requires retrospective presentation of all prior periods presented in the financial statements. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual periods beginning January 1, 2025, with early adoption permitted. The guidance is applied prospectively with the option of retrospective application for each period presented. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

Dollar amounts in thousands unless otherwise stated

NOTE 3. OTHER INCOME AND EXPENSES

The Company conducts various non-regulated activities as reflected in the table below:

	2023		2022		2021	
	Revenue	Expense	Revenue	Expense	Revenue	Expense
Operating and maintenance	$12,499	$10,786	$12,860	$11,959	$16,276	$16,344
Leases	2,504	26	2,642	46	2,744	230
Design and construction	652	536	416	328	619	611
Meter reading and billing	198	2	534	123	495	79
Interest income	303	—	177	—	171	—
Loss (gain) from non-qualified benefit plan investments	—	(4,919)	—	7,161	—	(3,800)
Other non-regulated income and expenses	2,353	5,376	4,647	5,204	2,456	3,770
Total	$18,509	$11,807	$21,276	$24,821	$22,761	$17,234

Operating and maintenance services and meter reading and billing services are provided for water and wastewater systems owned by private companies and municipalities. The agreements typically call for a fee-per-service or a flat-rate amount per month. Leases have been entered into with telecommunications companies for cellular phone antennas placed on the Company's property. Design and construction services are for the design and installation of water mains and other water infrastructure for others outside the Company's regulated service areas. Third-party insurance program gains and losses are included in other non-regulated income and expenses. In 2022, the Company recorded a gain of $2.7 million related to Company-owned life insurance as part of "revenue" in "other non-regulated income and expenses" in the table above.

Dollar amounts in thousands unless otherwise stated

NOTE 4. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities were comprised of the following as of December 31:

	Recovery Period	2023	2022
Regulatory Assets			
Property-related temporary differences (tax benefits flowed through to customers)	Indefinite	158,486	143,546
Other accrued benefits	Indefinite	25,363	24,946
Net WRAM and MCBA long-term accounts receivable	Various	10,738	41,558
Asset retirement obligations, net	Indefinite	26,686	24,548
Tank coating	Various	19,602	16,395
IRMA long-term accounts receivable	1–2 years	3,430	3,682
Recoverable property losses	Various	3,121	3,144
PCBA	Various	4,182	19,091
General district balancing account receivable	Various	390	377
Customer assistance program (CAP) and Rate support fund (RSF) accounts receivable	1 year	2,459	2,965
Other regulatory assets	Various	3,164	3,368
Total Regulatory Assets		$257,621	$283,620
Regulatory Liabilities			
Cost of removal		$447,356	$414,061
Future tax benefits due to customers		118,051	131,155
Pension and retiree group health		88,728	58,678
HCBA		3,242	14,318
PCBA		8,972	—
CEBA		1,200	6,036
Net WRAM and MCBA long-term payable		2,071	172
Other components of net periodic benefit cost		10,348	2,475
RSF regulatory liability		2,116	—
Other regulatory liabilities		1,633	845
Total Regulatory Liabilities		$683,717	$627,740

The property-related temporary differences are primarily due to: (i) the difference between book and federal income tax depreciation on utility plant that was placed in service before the regulatory Commissions adopted normalization for rate making purposes; and (ii) certain (state) deferred taxes for which flow through accounting continues to be applied to originating deferred taxes. The regulatory asset will be recovered in rates in future periods as the tax effects of the temporary differences previously flowed-through to customers reverse.

Other accrued benefits are accrued benefits for vacation, self-insured workers' compensation, and directors' retirement benefits.

The net WRAM and MCBA long-term accounts receivable is the under-collected portion of recorded revenues that are not expected to be collected from customers within 12 months.

NOTE 4. REGULATORY ASSETS AND LIABILITIES (Continued)

The asset retirement obligation regulatory asset represents the difference between costs associated with asset retirement obligations and amounts collected in rates. Tank coating represents the maintenance costs for tank coating projects that are recoverable from customers.

The IRMA long-term accounts receivables is the additional amount the Company would have billed customers in 2020 and 2021 had the 2018 GRC been approved on time.

The CAP and RSF are two programs offered by Cal Water that assist qualifying customers with their monthly water bill. The programs are funded by the customers who do not qualify for the assistance. The CAP and RSF regulatory assets represent the amounts due from customers to fund the CAP and RSF credits that were provided to assist qualifying customers. The RSF regulatory liability represents RSF credits that will be provided to assist qualifying customers. The liability was funded by customers.

Cost of removal represents the cumulative differences between the recorded costs to remove assets and amounts collected in rates for expected costs to remove assets at the end of their estimated useful life. Subsequent to the issuance of the 2022 financial statements, the Company determined the cost of removal obligations previously presented in accumulated depreciation and amortization should have been presented as a regulatory liability. As a result, the consolidated balance sheet as of December 31, 2022, has been adjusted to increase regulatory liabilities and decrease accumulated depreciation and amortization by $414.1 million. The adjustment does not affect consolidated net income, earnings per share, total equity or cash flows. Management has concluded that the adjustment is immaterial to the previously issued consolidated financial statements.

The future tax benefits due to customers primarily resulted from federal tax law changes enacted by the TCJA on December 22, 2017. The TCJA reduced the federal corporate income tax rate from 35 percent to 21 percent beginning on January 1, 2018, and GAAP requires the Company to re-measure all existing deferred income tax assets and liabilities to reflect the reduction in the federal tax rate on the enactment date.

The pension and retiree group health regulatory liability represents the over funded obligation of the Company's postretirement benefit plans which the Company expects to refund to customers in the future. These plans are discussed in further detail in Note 11.

The PCBA regulatory asset/liability and the HCBA regulatory liability represent incurred pension and healthcare costs that exceeded/were below the cost recovery in rates and is recoverable/refundable from/to customers. The other components of net periodic benefit cost regulatory liabilities are authorized by the Commissions and are probable for customer refund through the capital program.

The conservation program regulatory liability is for incurred conservation costs that were below the cost recovery in rates and is refundable to customers.

Short-term regulatory assets and liabilities are excluded from the above table. The short-term regulatory assets as of December 31, 2023 and 2022 were $64.2 million and $66.8 million, respectively. The short-term regulatory assets, as of December 31, 2023 primarily consisted of net WRAM and MCBA, and PCBA receivables. As of December 31, 2022, the short-term regulatory assets primarily consisted of net WRAM and MCBA, IRMA, and PCBA receivables.

The short-term portion of regulatory liabilities as of December 31, 2023 and 2022 were $21.5 million and $12.2 million, respectively. The short-term regulatory liabilities as of December 31, 2023 primarily consisted of TCJA liabilities and HCBA liabilities. As of December 31, 2022, the short-term regulatory liabilities primarily consisted of TCJA liabilities.

Dollar amounts in thousands unless otherwise stated

NOTE 5. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

As of December 31, 2023 and 2022, intangible assets that will continue to be amortized and those not amortized were:

	Weighted Average Amortization Period (years)	2023			2022		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortized intangible assets:							
Water pumping rights	usage	$ 1,084	$ 137	$ 947	$ 1,084	$ 132	$ 952
Water planning studies	13	19,470	10,214	9,256	16,354	9,222	7,132
Leasehold improvements and other	18	5,128	1,837	3,291	3,192	1,614	1,578
Total		$25,682	$12,188	$13,494	$20,630	$10,968	$9,662
Unamortized intangible assets:							
Perpetual water rights and other		$ 7,239	$ —	$ 7,239	$ 7,149	$ —	$7,149

Water pumping rights usage is the amount of water pumped from aquifers to be treated and distributed to customers.

For the year ended December 31, 2023, 2022, and 2021 amortization of intangible assets was $1.5 million, $1.5 million, and $1.4 million, respectively.

Estimated future amortization expense related to intangible assets are shown in the table below:

Year Ending December 31,	Estimated Future Amortization Expense Related to Intangible Assets
2024	$ 1,839
2025	1,720
2026	1,392
2027	1,144
2028	1,038
Thereafter	6,361
Total	$13,494

Goodwill

Changes in the carrying amount of goodwill for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Beginning balance	$36,814	$36,814
Acquisitions	225	—
Total ending goodwill balance	$37,039	$36,814

NOTE 6. EQUITY

As of December 31, 2023 and 2022, 57,723,738, and 55,597,855 shares, respectively, of common stock were issued and outstanding.

Effective January 1, 2019, the Company implemented an Employee Stock Purchase Plan (ESPP). Under the ESPP, qualified employees are permitted to purchase the Company's common stock at 90% of the market value of the common stock on the specified stock purchase date. The ESPP is deemed compensatory and compensation costs will be accounted for under ASC 718, Stock Compensation. Employees' payroll deductions for common stock purchases may not exceed 10% of their salaries. Employees may purchase up to 2,000 shares per period provided that the value of the shares purchased in any calendar year may not exceed $25,000, as calculated pursuant to the ESPP. The Company recorded expense of $0.3 million for 2023, and $0.2 million for 2022, and 2021. The Company issued 50,319, 40,095 and 37,460 shares of common stock related to the ESPP in 2023, 2022, and 2021, respectively.

On April 29, 2022, 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 from time to time depending on market conditions through an at-the-market equity program over the next three years. The Company intends to use the net proceeds from these sales, after deducting commissions on such sales and offering expenses, for general corporate purposes, which may include working capital, construction and acquisition expenditures, investments and repurchases, and redemptions of securities. The Company sold 2,025,891 shares of common stock through its at-the-market equity program and raised proceeds of $112.7 million, net of $1.1 million in sales commissions paid in 2023. The Company sold 1,802,063 shares of common stock through its at-the-market equity program and raised proceeds of $104.6 million net of $1.1 million in commissions paid under the equity distribution agreement in 2022. The Company also incurred $0.2 million and $0.1 million of equity issuance costs in 2023 and 2022, respectively.

As approved by the Company's stockholders at the 2022 Annual Meeting, effective July 26, 2022, the aggregate number of shares of common stock which the Company shall have authority to issue was increased from 68.0 million shares to 136.0 million shares. All of these shares are of one and the same series, namely shares of common stock with par value of $0.01 per share.

Dividend Reinvestment and Stock Repurchase Plan

The Company has a Dividend Reinvestment and Stock Purchase Plan (DRIP Plan). Under the DRIP Plan, stockholders may reinvest dividends to purchase additional Company common stock without commission fees. The DRIP Plan also allows existing stockholders and other interested investors to purchase Company common stock through the transfer agent up to certain limits. The Company's transfer agent operates the DRIP Plan and purchases shares on the open market to provide shares for the DRIP Plan.

NOTE 7. SHORT-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 $150.0 million under the Cal Water facility and $50.0 million under the Company 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 0.250%, depending on the Company and its subsidiaries' consolidated total capitalization ratio, or (ii) Term SOFR, plus an applicable margin of 0.800% to 1.250%, 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 December 31, 2023, 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.

As of December 31, 2023 and 2022, the outstanding borrowings on the Company lines of credit were $50.0 million and $35.0 million, respectively. Outstanding borrowings on the Cal Water lines of credit as of December 31, 2023 were $130.0 million and $35.0 million as of December 31, 2022. The average borrowing rate for borrowings on the Company and Cal Water lines of credit during 2023 was 6.09% compared to 2.74% for the same period during the prior year.

CALIFORNIA WATER SERVICE GROUP

Notes to Consolidated Financial Statements (Continued)

December 31, 2023, 2022, and 2021

Dollar amounts in thousands unless otherwise stated

NOTE 8. LONG-TERM DEBT

As of December 31, 2023 and 2022, long-term debt outstanding was:

	Series	Interest Rate	Maturity Date	2023	2022
First Mortgage Bonds	ZZZ	2.870%	2051	$ 130,000	$ 130,000
	1	3.020%	2061	150,000	150,000
	YYY	4.170%	2059	200,000	200,000
	WWW	4.070%	2049	100,000	100,000
	VVV	3.400%	2029	100,000	100,000
	TTT	4.610%	2056	10,000	10,000
	SSS	4.410%	2046	40,000	40,000
	QQQ	3.330%	2025	50,000	50,000
	RRR	4.310%	2045	50,000	50,000
	PPP	5.500%	2040	100,000	100,000
	AAA	7.280%	2025	20,000	20,000
	BBB	6.770%	2028	20,000	20,000
	CCC	8.150%	2030	20,000	20,000
	DDD	7.130%	2031	20,000	20,000
	EEE	7.110%	2032	20,000	20,000
	III	5.540%	2023	—	909
	OOO	6.020%	2031	20,000	20,000
Total First Mortgage Bonds				1,050,000	1,050,909
California Department of Water Resources Loans		1.30%-1.69%	2027-2039	4,195	4,515
Other long-term debt				4,102	5,485
Unamortized debt issuance costs				(4,857)	(5,112)
Total long-term debt, net of unamortized debt issuance costs				1,053,440	1,055,797
Less current maturities of long-term debt, net				672	3,310
Long-term debt, net				$1,052,768	$1,052,487

Maturities of long-term debt as of December 31, 2023 are as follows:

Year Ending December 31,	Long-term debt*
2024	$ 377
2025	70,354
2026	357
2027	334
2028	20,318
Thereafter	962,656

* Excludes maturities for finance lease obligations. See note 14 for maturities for finance lease obligations.

On October 4, 2011, Cal Water entered into a finance lease arrangement with the City of Hawthorne to operate the City's water system for a 15-year period. The $2.4 million and $3.2 million finance lease liability as of December 31, 2023 and 2022, respectively, is included in other long-term debt and current maturities set forth above.

Dollar amounts in thousands unless otherwise stated

NOTE 9. OTHER ACCRUED LIABILITIES

As of December 31, 2023 and 2022, other accrued liabilities were:

	2023	2022
Accrued and deferred compensation	$22,512	$23,188
Accrued benefits and workers' compensation claims	8,276	6,953
Unearned revenue and customer deposits	13,488	8,138
Uninsured loss reserve	5,954	5,320
Due to contracts and agencies	2,992	3,101
Current portion of operating lease	962	1,065
Other	5,422	5,252
Total other accrued liabilities	$59,606	$53,017

NOTE 10. INCOME TAXES

Income tax expense (benefit) consisted of the following:

	Federal	State	Total
2023			
Current	$ —	$ 3	$ 3
Deferred	508	(7,292)	(6,784)
Total income tax	$ 508	$(7,289)	$(6,781)
2022			
Current	$1,857	$ 3	$ 1,860
Deferred	4,726	(211)	4,515
Total income tax	$6,583	$ (208)	$ 6,375
2021			
Current	$ —	$ 3,446	$ 3,446
Deferred	3,322	(2,676)	646
Total income tax	$3,322	$ 770	$ 4,092

The Company's December 31, 2023, 2022, and 2021 qualified tax repairs and maintenance deductions totaled $169.7 million, $128.0 million, and $125.5 million, respectively.

At December 31, 2023, the Company had U.S. federal and U.S. state tax net operating loss carry-forwards of approximately $93.3 million and $184.0 million respectively. The U.S. federal and U.S. state net operating loss carry-forwards will both expire at various dates beginning in tax year 2028.

Dollar amounts in thousands unless otherwise stated

NOTE 10. INCOME TAXES (Continued)

The difference between the recorded and the statutory income tax expense is reconciled in the table below:

	2023	2022	2021
Statutory income tax	$ 9,365	$ 21,344	$ 22,065
Increase (reduction) in taxes due to:			
State income taxes net of federal tax benefit	3,718	7,383	7,334
Effect of regulatory treatment of fixed asset differences	(9,478)	(6,274)	(6,327)
Investment tax credits	(74)	(74)	(74)
AFUDC equity	(1,553)	(1,155)	(891)
Stock based stock compensation	677	455	791
TCJA refund	(11,618)	(13,919)	(19,417)
Other	2,182	(1,385)	611
Total income tax	$ (6,781)	$ 6,375	$ 4,092

The effect of regulatory treatment of fixed asset differences includes estimated repair and maintenance deductions and asset related flow through items.

On December 22, 2017, the U.S. government enacted expansive tax legislation commonly referred to as the TCJA. Among other provisions, the TCJA reduces the federal income tax rate from 35 percent to 21 percent beginning on January 1, 2018 and eliminated bonus depreciation for utilities. The TCJA required the Company to re-measure all existing deferred income tax assets and liabilities to reflect the reduction in the federal tax rate.

As of December 31, 2023, the TCJA refund liability was $92.5 million. The Company continues working with other state regulators to finalize the refund to confirm compliance with federal normalization rules.

Dollar amounts in thousands unless otherwise stated

NOTE 10. INCOME TAXES (Continued)

The deferred tax assets and deferred tax liabilities as of December 31, 2023 and 2022, are presented in the following table:

	2023	2022
Deferred tax assets:		
Developer deposits for contributions in aid of construction	$ 33,244	$ 31,589
Net operating loss carry-forward and tax credits	29,406	18,329
Pension liability	16,896	13,860
Income tax regulatory liability	18,364	22,838
Operating leases liabilities	3,796	4,170
Other	3,614	4,264
Total deferred tax assets	105,320	95,050
Deferred tax liabilities:		
Property related basis and depreciation differences	437,224	393,007
WRAM/MCBA and interim rates balancing accounts	4,875	14,192
Operating lease-right to use asset	3,746	4,130
Other	12,237	13,972
Total deferred tax liabilities	458,082	425,301
Net deferred tax liabilities	$352,762	$330,251

Based on historical taxable income and future taxable income projections over the period in which the deferred assets are deductible, management believes it is more likely than not that the Company will realize the benefits of the deductible differences.

The following table reconciles the changes in unrecognized tax benefits for the periods ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
Balance at beginning of year	$13,606	$15,850	$13,960
Additions for tax positions taken during current year	2,685	1,955	1,890
Lapse of statute of limitations	—	(4,199)	—
Balance at end of year	$16,291	$13,606	$15,850

The Company does not expect a material change in its unrecognized tax benefits within the next 12 months. The component of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of December 31, 2023, was $5.0 million, with the remaining balance representing the potential deferral of taxes to later years.

The Company's federal income tax years subject to an examination are from 2017 to 2023 and the state income tax years subject to an examination are from 2013 to 2023.

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS

Savings Plan

The Company sponsors a 401(k) qualified defined contribution savings plan that allows participants to contribute up to 50% of pre-tax compensation. Effective January 1, 2010, the Company matches 75 cents for each dollar contributed by the employee up to a maximum Company match of 6.0% of eligible earnings. Company contributions were $8.2 million, $7.1 million, and $7.4 million for the years 2023, 2022, and 2021, respectively.

Pension Plans

The Company provides a qualified, defined-benefit, non-contributory pension plan for substantially all employees. The accumulated benefit obligations of the pension plan are $534.7 million and $505.9 million as of December 31, 2023 and 2022, respectively. The fair value of pension plan assets was $716.3 million and $637.3 million as of December 31, 2023 and 2022, respectively.

Prior to 2010, pension payment obligations were generally funded by the purchase of an annuity from a life insurance company. Beginning in 2010, the pension plan trust pays monthly benefits to retirees, rather than the purchase of an annuity.

The Company also maintains an unfunded, non-qualified, supplemental executive retirement plan (SERP). The unfunded SERP accumulated benefit obligations were $74.1 million and $69.3 million as of December 31, 2023 and 2022, respectively. Benefit payments under the SERP are paid currently. As a non-qualified plan, the SERP has no plan assets, however, the Company has a Rabbi trust designated to provide funding for SERP obligations. The Rabbi trust holds investments in marketable securities and corporate-owned life insurance. The recorded value of these investments was approximately $66.7 million and $59.0 million at December 31, 2023 and 2022, respectively, and is part of "Other" noncurrent assets on the Consolidated Balance Sheets.

Expected payments to be made for the pension and SERP plans are shown in the table below:

Year Ending December 31,	Pension	SERP	Total
2024	$ 20,301	$ 2,834	$ 23,135
2025	21,959	3,104	25,063
2026	23,695	3,381	27,076
2027	25,487	3,712	29,199
2028	27,340	4,024	31,364
2029-2033	165,184	24,590	189,774
Total payments	$283,966	$41,645	$325,611

The expected benefit payments are based upon the same assumptions used to measure the Company's benefit obligation at December 31, 2023, and include estimated future employee service.

The costs of the pension and retirement plans are charged to expense and utility plant. The Company makes annual contributions to fund the amounts accrued for pension cost.

Other Postretirement Plan

The Company provides substantially all active, permanent employees with medical, dental, and vision benefits through a self-insured plan. Employees retiring at or after age 58, along with their spouses and dependents, continue participation in the plan by payment of a premium. Plan assets are invested in mutual funds, short-term money

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS (Continued)

market instruments and commercial paper based upon a similar asset mix to the pension plan. Retired employees are also provided with a $10,000 dollar life insurance benefit.

The Company records the costs of postretirement benefits other than pensions (PBOP) during the employees' years of active service. In 2023, the Company recorded postretirement benefit income of $2.9 million. In 2022 and 2021, postretirement benefit expense was recorded for $0.1 million and $0.2 million, respectively.

The expected benefit payments, net of retiree premiums and Medicare Part D subsidies, are shown in the table below.

Year Ending December 31,	Expected Benefit Payments Before Medicare Part D Subsidy	Effect of Medicare Part D Subsidy on Expected Benefit Payments	Expected Benefit Payments Net of Medicare Part D Subsidy
2024	$ 4,712	$ (248)	$ 4,464
2025	5,011	(275)	4,736
2026	5,353	(302)	5,051
2027	5,782	(329)	5,453
2028	6,234	(358)	5,876
2029-2033	38,176	(2,209)	35,967
Total payments	$65,268	$(3,721)	$61,547

Benefit Plan Assets

The Company actively manages pension and PBOP trust (Plan) assets. The Company's investment objectives are:

- Maximize the return on the assets, commensurate with the risk that the Company deems appropriate to meet the obligations of the Plans, minimize the volatility of the pension expense, and account for contingencies;
- Generate a rate of return for the total portfolio that equals or exceeds the actuarial investment rate assumption;

Additionally, the rate of return of the total fund is measured periodically against an index comprised of 35% of the Standard & Poor's Index, 15% of the Russell 2000 Index, 10% of the MSCI EAFE Index, and 40% of the Bloomberg Barclays U.S. Aggregate Bond Index. The index is consistent with the Company's rate of return objective and indicates the Company's long-term asset allocation objective.

The Company applies a risk management framework for managing the risks associated with employee benefit plan trust assets. The guiding principles of this risk management framework are the clear articulation of roles and responsibilities, appropriate delegation of authority, and proper accountability and documentation. Trust investment policies and investment manager guidelines include provisions to ensure prudent diversification, manage risk through appropriate use of physical direct asset holdings and derivative securities, and identify permitted and prohibited investments. The Company retains an investment manager to be the Company's Outsourced Chief Investment Officer (OCIO) and the OCIO was required to make investment decisions for Plan assets within the parameters of the Company's investment policies and guidelines.

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS (Continued)

The Company's target asset allocation percentages for major categories of the plan assets are reflected in the table below:

	Minimum Exposure	Target	Maximum Exposure
Fixed Income	35%	40%	45%
Total Domestic Equity:	35%	40%	45%
Small/Mid Cap Stocks	5%	12%	25%
Large Cap Stocks	25%	28%	45%
Emerging markets	3%	6%	9%
Non-U.S. Equities	11%	14%	17%

The fixed income category includes money market funds, short-term bond funds, and cash. The majority of fixed income investments range in maturities from less than 1 to 5 years.

The Company's target allocation percentages for the PBOP trust is similar to the pension plan.

The Company uses the following criteria to select investment funds:

- Fund past performance;
- Fund meets criteria of Employee Retirements Income Security Act (ERISA);
- Timeliness and completeness of fund communications and reporting to investors;
- Stability of fund management company;
- Fund management fees; and
- Administrative costs incurred by the Plan.

Plan Fair Value Measurements

The fair value measurements standard establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

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

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS (Continued)

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.

The following tables present the fair value of plan assets by major asset category at December 31, 2023 and 2022:

	December 31, 2023							
	Pension Benefits				Other Benefits			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fixed Income	$407	$—	$—	$ 407	$21,891	$—	$—	$ 21,891
Domestic Equity: Small/Mid Cap Stocks	—	—	—	—	6,437	—	—	6,437
Domestic Equity: Large Cap Stocks	—	—	—	—	—	—	—	—
Non U.S. Equities	—	—	—	—	7,268	—	—	7,268
Emerging markets	—	—	—	—	3,090	—	—	3,090
Assets measured at net asset value (NAV)	—	—	—	715,866	—	—	—	124,681
Total Plan Assets	$407	$—	$—	$716,273	$38,686	$—	$—	$163,367

	December 31, 2022							
	Pension Benefits				Other Benefits			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fixed Income	$588	$—	$—	$ 588	$18,060	$—	$—	$ 18,060
Domestic Equity: Small/Mid Cap Stocks	—	—	—	—	5,654	—	—	5,654
Domestic Equity: Large Cap Stocks	—	—	—	—	—	—	—	—
Non U.S. Equities	—	—	—	—	6,928	—	—	6,928
Emerging markets	—	—	—	—	3,027	—	—	3,027
Assets measured at NAV	—	—	—	636,742	—	—	—	111,017
Total Plan Assets	$588	$—	$—	$637,330	$33,669	$—	$—	$144,686

The pension benefits fixed income category includes $0.4 million and $0.6 million of money market fund investments as of December 31, 2023 and 2022, respectively. The other benefits fixed income category includes $0.3 million of money market fund investments as of December 31, 2023 and no money market fund investments as of December 31, 2022.

Assets measured at NAV include investments in commingled funds that are comprised of fixed income and equity securities. These commingled funds are not publicly traded, and therefore no publicly quoted market price is readily available. The values of the commingled funds are measured at estimated fair value, which is determined based on the unit value of the funds and have not been classified in the fair value hierarchy tables above. There are no restrictions on the terms and conditions upon which the investments may be redeemed.

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS (Continued)

Changes in Plan Assets, Benefits Obligations, and Funded Status

The following table reconciles the funded status of the plans with the accrued pension liability and the net postretirement benefit liability as of December 31, 2023 and 2022:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Change in projected benefit obligation:				
Beginning of year	$685,254	$ 887,477	$101,752	$142,470
Service cost	22,159	34,847	4,489	6,830
Interest cost	34,190	25,596	5,219	4,009
Actuarial (gain) loss(1)	(8,532)	(243,769)	27,208	(49,462)
Benefits paid, net of retiree premiums	(22,302)	(18,897)	(3,935)	(2,095)
End of year	$710,769	$ 685,254	$134,733	$101,752
Change in plan assets:				
Fair value of plan assets at beginning of year	$637,330	$ 810,469	$144,686	$169,436
Actual return on plan assets	95,280	(171,517)	22,133	(23,326)
Employer contributions	5,965	17,275	189	671
Retiree contributions and Medicare part D subsidies	—	—	2,449	2,176
Benefits paid	(22,302)	(18,897)	(6,557)	(4,421)
Other adjustments	—	—	467	150
Fair value of plan assets at end of year	$716,273	$ 637,330	$163,367	$144,686
Funded status(2)	$ 5,504	$ (47,924)	$ 28,634	$ 42,934
Unrecognized actuarial gain	(66,073)	(19,512)	(26,764)	(44,555)
Unrecognized prior service cost	2,680	3,205	1,428	1,583
Net amount recognized	$ (57,889)	$ (64,231)	$ 3,298	$ (38)

(1) The actuarial gain for pension and other benefits in 2022 was mainly due to a higher discount rate used in the calculation.

(2) The short-term portion of the pension benefits was $2.8 million as of December 31, 2023 and $2.6 million as of December 31, 2022 and was recorded as part of other accrued liabilities on the Company's Consolidated Balance Sheets.

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS (Continued)

Amounts recognized on the balance sheet consist of:

	Pension Benefits		Other Benefits	
	2023	**2022**	**2023**	**2022**
Noncurrent assets(1)	$ 91,051	$ 32,848	$ 28,634	$ 42,934
Accrued benefit costs	—	(307)	(1)	(465)
Accrued benefit liability(2)	(85,547)	(80,772)	—	—
Regulatory assets(3)	—	—	—	171
Regulatory liabilities(3)	(63,393)	(16,000)	(25,335)	(42,678)
Net amount recognized	$(57,889)	$(64,231)	$ 3,298	$ (38)

(1) Noncurrent assets represent the overfunded status of the employee pension plan and PBOP plan in 2023 and 2022. The amounts are recorded as part of “Other” noncurrent assets on the Consolidated Balance Sheets.

(2) Accrued benefit liability represents the underfunded status of the SERP plan in 2023 and 2022. The amounts are recorded as part of “Pension” in the Consolidated Balance Sheets.

(3) Changes in the funded status of the plans that would be recorded in accumulated other comprehensive income for an unregulated entity are recorded as a regulatory assets and liabilities as the Company believes it is probable that an amount equal to the regulatory asset or liability will be collected or refunded through the setting of future rates.

Valuation Assumptions

Below are the actuarial assumptions used in determining the benefit obligation for the benefit plans:

	Pension Benefits		Other Benefits	
	2023	**2022**	**2023**	**2022**
Weighted average assumptions as of December 31:				
Discount rate—employee pension plan	5.25%	5.27%	—	—
Discount rate—SERP	5.19%	5.24%	—	—
Discount rate—other benefits	—	—	5.25%	5.27%
Long-term rate of return on plan assets	7.56%	7.50%	7.41%	7.36%
Rate of compensation increases—employee pension plan	4.25%	4.28%	—	—
Rate of compensation increases—SERP	5.00%	5.00%	—	—
Cost of living adjustment	2.23%	2.25%	—	—

The long-term rate of return assumption is the expected rate of return on a balanced portfolio invested roughly 60% in equities and 40% in fixed income securities. Returns on equity investments were estimated based on estimates of dividend yield and real earnings added to a 2.23% long-term inflation rate. For the pension plans and other benefits, the assumed returns were 8.41% for domestic equities and 9.00% for foreign equities. Returns on fixed-income investments were projected based on investment maturities and credit spreads added to a 2.23% long-term inflation rate. For the pension and other benefit plans, the assumed returns were 5.43% and 5.15%, respectively, for fixed income investments. The Company is using a long-term rate of return of 7.56% for the pension plan and 7.41% for the other benefit plan.

Dollar amounts in thousands unless otherwise stated

NOTE 11. EMPLOYEE BENEFIT PLANS (Continued)

Components of Net Periodic Benefit Cost

Net periodic benefit costs for the pension and other postretirement plans for the years ended December 31, 2023 and 2022, included the following components:

	Pension Plan			Other Benefits		
	2023	2022	2021	2023	2022	2021
Service cost	$ 22,159	$ 34,847	$ 35,055	$ 4,489	$ 6,830	$ 6,072
Interest cost	34,190	25,596	21,667	5,219	4,009	3,217
Expected return on plan assets	(53,684)	(45,228)	(39,472)	(10,543)	(9,927)	(8,769)
Net amortization and deferral	(3,043)	5,781	10,003	(2,019)	(824)	(293)
Net periodic (income) cost	$ (378)	$ 20,996	$ 27,253	$ (2,854)	$ 88	$ 227

Service cost portion of the pension plan and other postretirement benefits is recognized in administrative and general within the 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 loss and are reported together as other components of net periodic benefit cost within the Consolidated Statements of Operations.

Below are the actuarial assumptions used in determining the net periodic benefit costs for the benefit plans, which uses the end of the prior year as the measurement date:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Weighted average assumptions as of December 31:				
Discount rate—employee pension plan	5.27%	3.28%	—	—
Discount rate—SERP	5.24%	3.18%	—	—
Discount rate—other benefits	—	—	5.27%	3.27%
Long-term rate of return on plan assets	7.50%	6.34%	7.36%	5.88%
Rate of compensation increases—employee pension plan	4.28%	4.25%	—	—
Rate of compensation increases—SERP	5.00%	5.00%	—	—
Cost of living adjustment	2.25%	2.20%	—	—

The health care cost trend rate assumption has a significant effect on the amounts reported. For 2023 measurement purposes, the Company assumed a 6.2% annual rate of increase in the per capita cost of covered benefits with the rate decreasing to 6.0% by 2024, then gradually grading down to 4.0% by 2060.

The Company intends to make annual contributions that meet the funding requirements of ERISA. The Company estimates in 2024 that the annual contribution to the pension plans will be $0.7 million and the annual contribution to the other postretirement plan will be $0.2 million.

Dollar amounts in thousands unless otherwise stated

NOTE 12. STOCK-BASED COMPENSATION PLANS

The Company's equity incentive plan was approved and amended by stockholders on April 27, 2005 and May 20, 2014. The Company is authorized to issue awards up to 2,000,000 shares of common stock.

During 2023, the Company granted RSAs of common stock to Officers and to the Board of Directors (Board). An RSA share represents the right to receive a share of the Company's common stock and is valued based on the fair market value of the Company's common stock at the date of grant. RSAs granted to Officers vest over 36 months with the first year cliff vesting. In general, RSAs granted to Board vest at the end of 12 months. The RSAs are recognized as expense evenly over 36 months for the shares granted to Officers and 12 months for the shares granted to Board. As of December 31, 2023, there was approximately $1.8 million of total unrecognized compensation cost related to RSAs. The cost is expected to be recognized over a weighted average period of 1.6 years.

A summary of the status of the outstanding RSAs as of December 31, 2023 is presented below:

	Number of RSA Shares	Weighted-Average Grant-Date Fair Value
RSAs at January 1, 2023	52,066	$55.77
Granted	44,215	$55.33
Vested	(40,953)	$55.71
Forfeited	(2,025)	55.59
RSAs at December 31, 2023	53,303	$55.48

During 2023, the Company granted performance-based RSUs of common stock to Officers. Each award reflects a target number shares of common stock that may be issued to the award recipient. The Company may settle RSUs in shares of the Company's common stock, cash or a combination of both. The 2023 awards may be earned upon the completion of a 3-year 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 in connection with the issuance of the RSUs. The performance objectives are based on the Company's business plan covering the performance period. The performance objectives include achieving the budgeted return on equity, growth in stockholders' equity, and environmental, social, and governance targets. Depending on the results achieved during the 3-year 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 shares 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, which has typically been settled in cash. The RSUs are recognized as expense ratably over the 3-year performance period using a fair market value of the Company's common share at the date of grant and an estimated number of RSUs earned during the performance period. As of December 31, 2023, there was approximately $2.4 million of total unrecognized compensation cost related to RSUs. The cost is expected to be recognized over a weighted average period of 1.4 years.

Dollar amounts in thousands unless otherwise stated

NOTE 12. STOCK-BASED COMPENSATION PLANS (Continued)

A summary of the status of the outstanding RSUs as of December 31, 2023 is presented below:

	Number of RSU Shares	Weighted-Average Grant-Date Fair Value
RSUs at January 1, 2023	92,625	$54.06
Granted	43,633	$55.48
Performance share award adjustment	14,822	$56.84
Vested	(40,589)	$56.84
Forfeited	(17,413)	$54.43
RSUs at December 31, 2023	93,078	$55.41

The Company has recorded compensation costs for the RSAs and RSUs which are included in administrative and general operating expenses in the amount of $2.7 million for 2023 and $4.9 million for 2022.

NOTE 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 described in Note 11—Employee Benefit Plans.

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.

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 0.6%.

	December 31, 2023				
		Fair Value			
	Cost	Level 1	Level 2	Level 3	Total
Long-term debt, including current maturities, net	$1,053,440	$—	$965,444	$—	$965,444

	December 31, 2022				
		Fair Value			
	Cost	Level 1	Level 2	Level 3	Total
Long-term debt, including current maturities, net	$1,055,797	$—	$977,227	$—	$977,227

Dollar amounts in thousands unless otherwise stated

NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

<u>*Water Supply Contracts*</u>

The Company has long-term commitments to purchase water from water wholesalers. The commitments are noted in the table below.

	Water Supply Contracts*
2024	$ 33,362
2025	32,708
2026	32,712
2027	32,713
2028	32,709
Thereafter	435,518

* Estimated annual contractual obligations are based on the same payment levels as 2023.

The Company has a long-term contract with Valley Water that requires the Company to purchase minimum annual water quantities. Purchases are priced at the districts then-current wholesale water rate. The Company operates to purchase sufficient water to equal or exceed the minimum quantities under the contract. The total paid to Valley Water was $12.6 million in 2023, $11.3 million in 2022, and $11.9 million in 2021.

The Company also has a water supply contract with Stockton East Water District (SEWD) that requires a fixed monthly payment. Each year, the fixed monthly payment is adjusted for changes to SEWD's costs. The total paid under the contract was $11.5 million in 2023, $15.3 million in 2022, and $12.9 million in 2021.

On September 21, 2005, the Company entered into an agreement with Kern County Water Agency (Agency) to obtain treated water for the Company's operations. The term of the agreement is to January 1, 2035, or until the repayment of the Agency's bonds (described hereafter) occurs. Under the terms of the agreement, the Company is obligated to purchase approximately 20,500 acre feet of treated water per year. The Company is obligated to pay the Capital Facilities Charge and the Treated Water Charge regardless of whether it can use the water in its operation, and is obligated for these charges even if the Agency cannot produce an adequate amount to supply the 20,500 acre feet in the year. This agreement supersedes a prior agreement with Kern County Water Agency for the supply of 11,500 acre feet of water per year.

Three other parties, including the City of Bakersfield, are also obligated to purchase a total of 32,500 acre feet per year under separate agreements with the Agency. Further, the Agency has the right to proportionally reduce the water supply provided to all of the participants if it cannot produce adequate supplies. If any of the other parties does not use its allocation, that party is obligated to pay its contracted amount.

If any of the parties were to default on making payments of the Capital Facilities Charge, then the other parties are obligated to pay for the defaulting party's share on a pro-rata basis. If there is a payment default by a party and the remaining parties have to make payments, they are also entitled to a pro-rata share of the defaulting party's water allocation.

The Company expects to use all its entitled water in its operations every year. In addition, if the Company were to pay for and receive additional amounts of water due to a default of another participating party; the Company believes it could use this additional water in its operations without incurring substantial incremental cost increases.

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

If additional treated water is available, all parties have an option to purchase this additional treated water, subject to the Agency's right to allocate the water among the parties.

The total obligation of all parties, excluding the Company, is approximately $82.4 million to the Agency. Based on the credit worthiness of the other participants, which are government entities, it is believed to be highly unlikely that the Company would be required to assume any other parties' obligations under the contract due to their default.

The Company pays a capital facilities charge and charges related to treated water that together total $11.5 million annually, which equates to $560.22 dollars per acre foot. Total treated water charge for 2023 was $4.7 million. As treated water is being delivered, the Company will also be obligated for the Company's portion of the operating costs; that portion is currently estimated to be $51.69 dollars per acre foot. The actual amount will vary due to variations from estimates, inflation, and other changes in the cost structure. Our overall estimated cost of $560.22 dollars per acre foot is less than the estimated cost of procuring untreated water (assuming water rights could be obtained) and then providing treatment.

On August 16, 2022, BVRT Utility Holding Company (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 December 31, 2023, this committed cash has not been transferred to GBRA and is classified as part of restricted cash on the Consolidated Balance Sheets. The Company currently expects this committed cash to be transferred to GBRA in the first half of 2024.

Leases

The Company has operating and finance leases for water systems, offices, land easements, licenses, equipment, and other facilities. The leases generally have remaining lease terms of 1 year to 50 years, some of which include options to extend the lease for up to 25 years. The exercise of lease renewal options is at the Company's sole discretion. Most of the Company's lease agreements contain mutual termination options that require prior written notice by either lessee or lessor. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Certain leases include options to purchase the leased property. The depreciable life of the assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option that is reasonably certain of exercise. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet as the Company applied the short-term lease exception allowed by the Financial Accounting Standards Board guidance. Lease expense for these leases is recognized on a straight-line basis over the lease term. A subset of the Company's leases contains variable lease payments that depend on changes in the CPI.

The Company determines if an arrangement is a lease at contract inception. Generally, a lease agreement exists if the Company determines that the arrangement gives the Company control over the use of an identified asset and obtains substantially all of the benefits from the identified asset.

Dollar amounts in thousands unless otherwise stated

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

The right-of-use (ROU) assets that are recorded represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's operating leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset and lease liability may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Variable lease payments that are based on changes in CPI are included in the measurement of ROU asset and lease liability on the basis of the rate at lease commencement. Subsequent changes to the payments as a result of changes to the CPI rate are recognized in the period in which the obligation of these payments is incurred.

Supplemental balance sheet information related to leases was as follows:

	As of December 31, 2023	As of December 31, 2022
Operating leases		
Other assets: Other	$13,387	$14,762
Other accrued liabilities	$962	$1,065
Other long-term liabilities	12,605	13,838
Total operating lease liabilities	$13,567	$14,903
Finance leases		
Depreciable plant and equipment	$19,087	$19,820
Accumulated depreciation and amortization	(14,339)	(14,017)
Net utility plant	$4,748	$5,803
Current maturities of long-term debt, net	$844	$2,555
Long-term debt, net	3,057	2,675
Total finance lease liabilities	$3,901	$5,230
Weighted average remaining lease term		
Operating leases	112 months	119 months
Finance leases	29 months	32 months
Weighted average discount rate		
Operating leases	3.6%	3.5%
Finance leases	5.5%	4.4%

Dollar amounts in thousands unless otherwise stated

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

The components of lease expense were as follows:

	2023	2022
Operating lease cost	$2,520	$2,514
Finance lease cost:		
Amortization of right-of-use assets	$1,609	$1,606
Interest on lease liabilities	190	246
Total finance lease cost	$1,799	$1,852
Short-term lease cost	$1,442	$2,101
Variable lease cost	549	519
Total lease cost	$6,310	$6,986

Supplemental cash flow information related to leases was as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$2,534	$2,498
Operating cash flows from finance leases	$ 190	$ 246
Financing cash flows from finance leases	$1,400	$ 824
Non-cash activities: right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 558	$1,634
Finance leases	$ (61)	$ 326

Maturities of lease liabilities as of December 31, 2023 are as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2024	$ 2,244	$1,034
2025	1,956	2,505
2026	1,740	705
2027	1,547	—
2028	1,460	—
Thereafter	6,744	—
Total lease payments	15,691	4,244
Less imputed interest	(2,124)	(343)
Total	$13,567	$3,901

Contingencies

Groundwater Contamination

The Company has undertaken litigation against third parties to recover past and future costs related to groundwater contamination in our 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

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

shareholder, determined on a case-by-case basis. The CPUC has authorized various memorandum accounts that allow the Company to track significant litigation costs to request recovery of these costs in future filings and uses of proceeds to comply with CPUC's general policy.

Other Legal Matters

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. 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. The Company has recognized a liability of $6.0 million for all known legal matters as of December 31, 2023 primarily due to potable water main leaks and other work related legal matters. 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 15. SUBSEQUENT EVENT

2021 GRC

On January 24, 2024, the assigned CPUC Administrative Law Judges (ALJs) issued a proposed decision (PD) on the litigated 2021 GRC, and concurrently, the assigned CPUC Commissioner issued an alternate proposed decision (APD) opposing and modifying certain decisions made by the ALJs. The PD issued by the ALJs was closer aligned to Cal Water's requested revenue requirement whereas the APD issued by the assigned Commissioner was closer aligned to the Public Advocates' requested revenue requirement. On February 13, 2024, Cal Water filed a request to change several elements in the PD and APD, including correction of possible 2021 GRC technical issues. The Company is unable to determine which of the two proposed decisions will be adopted by the CPUC, or if a second alternate proposed decision will be issued by the CPUC. As a result of the uncertainty of the decision that will ultimately be made by the CPUC, the Company is unable to reasonably estimate the impact on 2023 operating revenue and expenses. The 2021 GRC cumulative adjustment plus interest which is retroactive to January 1, 2023, will be recorded when the final decision is issued by the CPUC.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

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 December 31, 2023. 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 a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control—Integrated Framework (2013)". Management has concluded that, as of December 31, 2023 our internal control over financial reporting is effective based on these criteria. Our independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2023, as stated in their report, which is included in Item 8 and incorporated herein.

Changes to Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information*.**

(a)

On February 28, 2024, the Board adopted an amendment and restatement of the Company's Amended and Restated Bylaws as previously adopted by the Board (as amended and restated, the "Amended and Restated Bylaws"), effective as of such date, in order to clarify the scope of certain information to be provided in connection with a notice of stockholder business and nominations.

(b) 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 SEC rules).

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*.

Not applicable.

PART III

Item 10. *Directors and Executive Officers and Corporate Governance.*

The information required by this Item as to directors of the Company and the Company's Audit Committee is contained in the sections captioned "Board Structure," "Proposal No. 1—Election of Directors" and, as applicable, "Delinquent Section 16(a) Reports" of the definitive Proxy Statement for our Annual Meeting of Stockholders to be held on or about May 29, 2024 (the "2024 Proxy Statement"), and is incorporated herein by reference.

Information required by this Item regarding executive officers is included in a separate section captioned "Information About Our Executive Officers" contained in Part I of this annual report.

We have adopted codes of ethics that apply to all of our directors, officers, and employees, including our principal executive, financial and accounting officers, or persons performing similar functions. Our codes of ethics are posted on our corporate governance website located at http://www.calwatergroup.com. In addition, amendments to the codes of ethics and any grant of a waiver from a provision of the codes of ethics requiring disclosure under applicable SEC and NYSE rules will be disclosed at the same location as the codes of ethics on our corporate governance website located at http://www.calwatergroup.com within four business days of such amendment or waiver.

Item 11. *Executive Compensation.*

The information required by this Item is contained under the captions "Compensation Discussion and Analysis," "Report of the Organization and Compensation Committee of the Board on Executive Compensation," and "Organization and Compensation Committee Interlocks and Insider Participation" of the 2024 Proxy Statement and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

The information required by this Item regarding security ownership of certain beneficial owners and management is contained in the section captioned "Stock Ownership of Management and Certain Beneficial Owners" of the 2024 Proxy Statement and is incorporated herein by reference.

The following table represents securities authorized to be issued under our equity compensation plan:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Rights (a)(1)	Weighted-Average Exercise Price of Outstanding Rights(1)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan (Excluding Securities Reflected in Column) (a)
Equity compensation plans approved by security holders	93,078	$55.41	1,679,724
Equity compensation plans not approved by security holders	—	—	—
Total	93,078	$55.41	1,679,724

(1) Represents restricted stock units, which have no exercise price and are not included in the weighted-average exercise price of outstanding rights.

Item 13. *Certain Relationships and Related Transactions and Director Independence.*

The information required by this Item is contained in the sections captioned "Certain Related Persons Transactions" and "Board Structure" of the 2024 Proxy Statement and is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services.***

Information about aggregate fees billed to us by our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34) will be presented in the sections captioned “Report of the Audit Committee” and “Relationship with the Independent Registered Public Accounting Firm” of the 2024 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. *Exhibits, Financial Statement Schedules.*

(a) As part of this Form 10-K, the following documents are being filed:

1. *Financial Statement:* See "Index to Consolidated Financial Statements" in Part II, Item 8 of this Form 10-K.

2. *Financial Statement Schedules:* No financial statement schedules are being included since the information otherwise required is included in the financial statements and the notes thereto.

3. *Exhibits:* The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference.

EXHIBIT INDEX

Unless filed with this Form 10-K, the documents listed are incorporated by reference to the filings referred to:

Exhibit Number	
1.1	Equity Distribution Agreement, dated as of April 29, 2022, between California Water Service Group and Morgan Stanley & Co. LLC, Robert W. Baird & Co. Incorporated, Blaylock Van, LLC, Wells Fargo Securities, LLC, Janney Montgomery Scott LLC and Samuel A. Ramirez & Company, Inc. (incorporated by reference to the Company's Form 8-K filed April 29, 2022)
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
4.1	Certificate of Designations regarding Series D Participating Preferred Stock, as filed with Delaware Secretary of State on September 16, 1999 (Exhibit 4.2 to Annual Report on Form 10-K for the year ended December 31, 2003)
4.2	Certificate of Elimination of the Series D Participating Preferred Stock, as filed with Delaware Secretary of State on February 27, 2019 (Exhibit 4.2 to Annual Report on Form 10-K for the year ended December 31, 2018)
4.3	Thirty-Ninth Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee (Exhibit 4.1 to Current Report on Form 8-K filed April 21, 2009)
4.4	Forty-Third Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 7.28% First Mortgage Bonds due 2025, Series AAA. (Exhibit 4.5 to Current Report on Form 8-K filed April 21, 2009)
4.5	Forty-Fourth Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 6.77% First Mortgage Bonds due 2028, Series BBB. (Exhibit 4.6 to Current Report on Form 8-K filed April 21, 2009)
4.6	Forty-Fifth Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 8.15% First Mortgage Bonds due 2030, Series CCC. (Exhibit 4.7 to Current Report on Form 8-K filed April 21, 2009)
4.7	Forty-Sixth Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 7.13% First Mortgage Bonds due 2031, Series DDD. (Exhibit 4.8 to Current Report on Form 8-K filed April 21, 2009)
4.8	Forty-Seventh Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 7.11% First Mortgage Bonds due 2032, Series EEE. (Exhibit 4.9 to Current Report on Form 8-K filed April 21, 2009)
4.9	Fifty-First Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 5.54% First Mortgage Bonds due 2023, Series III. (Exhibit 4.13 to Current Report on Form 8-K filed April 21, 2009)

Exhibit Number	
4.10	Fifty-Seventh Supplemental Indenture dated as of April 17, 2009, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 6.02% First Mortgage Bonds due 2031, Series OOO. (Exhibit 4.19 to Current Report on Form 8-K filed April 21, 2009)
4.11	Fifty-Eighth Supplemental Indenture dated as of November 22, 2010, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 5.50% First Mortgage Bonds due 2040, Series PPP. (Exhibit 4.1 to Current Report on form 8-K filed November 22, 2010).
4.12	Sixty-Second Supplemental Indenture dated as of June 11, 2019, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 3.40% First Mortgage Bonds due 2029, Series VVV, 4.07% First Mortgage Bonds due 2049, Series WWW, and 4.17% First Mortgage Bonds due 2059, Series YYY (Exhibit 10.1 to the Current Report on Form 8-K filed June 18, 2019)
4.13	Sixty-Third Supplemental Indenture dated as of May 11, 2021, between California Water Service Company and U.S. Bank National Association, as Trustee, covering 2.87% First Mortgage Bonds due 2051, Series ZZZ and 3.02% First Mortgage Bonds due 2061, Series 1 (Exhibit 10.1 to the Current Report on Form 8-K filed May 11, 2021)
4.14	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.
4.15	Description of securities
10.1	Water Supply Contract between Cal Water and County of Butte relating to Cal Water's Oroville District; Water Supply Contract between Cal Water and the Kern County Water Agency relating to Cal Water's Bakersfield District; Water Supply Contract between Cal Water and Stockton East Water District relating to Cal Water's Stockton District. (Exhibits 5(g), 5(h), 5(i), 5(j), Registration Statement No. 2-53678, which exhibits are incorporated by reference to Annual Report on Form 10-K for the year ended December 31, 1974)
10.2	Water Supply Contract between the City and County of San Francisco and wholesale customers in Alameda County, San Mateo County and Santa Clara County for a term of twenty-five years beginning on July 1, 2009 and ending on June 30, 2034. The agreement was dated June 24, 2009. (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ending September 30, 2009).
10.3	Water Supply Contract dated July 1, 2009 between the City and County of San Francisco and California Water Service Company to provide water to Bear Gulch and Bayshore service areas for a term of twenty-five years beginning July 1, 2009 and ending June 30, 2034. (Exhibit 10.4 to Quarterly Report on Form 10-Q for the quarter ending September 30, 2009).
10.4	Water Supply Contract dated January 27, 1981, between Cal Water and the Santa Clara Valley Water District relating to Cal Water's Los Altos District (Exhibit 10.3 to Annual Report on Form 10-K for the year ended December 31, 1992)
10.5	Amendments No. 3, 6 and 7 and Amendment dated June 17, 1980, to Water Supply Contract between Cal Water and the County of Butte relating to Cal Water's Oroville District. (Exhibit 10.5 to Annual Report on Form 10-K for the year ended December 31, 1992)
10.6	Amendment dated May 31, 1977, to Water Supply Contract between Cal Water and Stockton East Water District relating to Cal Water's Stockton District. (Exhibit 10.6 to Annual Report on Form 10-K for the year ended December 31, 1992)
10.7	Second Amended Contract dated September 25, 1987, among Stockton East Water District, California Water Service Company, the City of Stockton, the Lincoln Village Maintenance District, and the Colonial Heights Maintenance District Providing for the Sale of Treated Water. (Exhibit 10.7 to Annual Report on Form 10-K for the year ended December 31, 1987)

Exhibit Number	
10.8	Water Supply Contract dated April 19, 1927, and Supplemental Agreement dated June 5, 1953, between Cal Water and Pacific Gas and Electric Company relating to Cal Water's Oroville District. (Exhibit 10.9 to Annual Report on Form 10-K for the year ended December 31, 1992)
10.9	Water Supply Agreement dated September 25, 1996, between the City of Bakersfield and California Water Service Company. (Exhibit 10.18 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1996)
10.10	Water Supply Contract dated November 16, 1994, between California Water Service Company and Alameda County Flood Control and Water Conservation District relating to Cal Water's Livermore District (Exhibit 10.15 to Annual Report on Form 10-K for the year ended December 31, 1994)
10.11	California Water Service Group Directors' Retirement Plan (As amended and restated on February 22, 2006) (Exhibit 10.14 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.12	Credit Agreement dated as of March 31, 2023 among California Water Service Group and certain of its subsidiaries from time to time party thereto, as borrowers, Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, BofA Securities, Inc., as sole lead arranger and sole bookrunner, CoBank, ACB, and U.S. Bank National Association as co-syndication agents, Bank of China, Los Angeles Branch as documentation agent, and the other lender parties thereto (Exhibit 10.2 to the Current Report on Form 8-K filed April 5, 2023)
10.13	Credit Agreement dated as of March 31, 2023 among California Water Service Company as borrower, Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, BofA Securities, Inc., as sole lead arranger and sole bookrunner, CoBank, ACB, and U.S. Bank National Association as co-syndication agents, Bank of China, Los Angeles Branch as documentation agent, and the other lender parties thereto (Exhibit 10.1 to the Current Report on Form 8-K filed April 5, 2023)
10.14	Executive Severance Plan (Exhibit 10.24 to Annual Report on Form 10-K for the year ended December 31, 1998)*
10.15	California Water Service Group Deferred Compensation Plan effective January 1, 2001 (Exhibit 10.22 to Annual Report on Form 10-K for the year ended December 31, 2000)*
10.16	California Water Service Company Supplemental Executive Retirement Plan effective January 1, 2001 (Exhibit 10.23 to Annual Report on Form 10-K for the year ended December 31, 2000)*
10.17	Amendment No. 1 to California Water Service Company Supplemental Executive Retirement Plan effective January 1, 2001 (Exhibit 10.22 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)*
10.18	Water Supply Contract 99-73 between the City of Bakersfield and California Water Service Company, dated March 31, 1999 (Exhibit 10.25 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)
10.19	Amendment No. 1 to Water Supply Contract between the City of Bakersfield and California Water Service Company, dated October 3, 2001 (Exhibit 10.26 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)
10.20	Amendment No. 2 to California Water Service Company Supplemental Executive Retirement Plan effective January 1, 2001 (Exhibit 10.27 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)*
10.21	California Water Service Group Amended and Restated Equity Incentive Plan (filed as Appendix A of the California Water Service Group proxy statement dated April 8, 2014, for its Annual Meeting of Stockholders to be held on May 20, 2014, as filed with the SEC on April 8, 2014)*

Exhibit Number	
10.22	The registrant's policy on option repricing under its Equity Incentive Plan (incorporated by reference to Item 8.01 Other Events in the registrant's Current Report on Form 8-K dated April 7, 2005)*
10.23	Water Supply Contract dated September 21, 2005, between Cal Water and the Kern County Water Agency. (Exhibit 10.1 to Current Report on Form 8-K filed on September 21, 2005)
10.24	Form of Restricted Stock Award Grant Notice under the California Water Service Group Equity Incentive Plan. (Exhibit 10.36 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.25	Form of Restricted Stock Award Agreement under the California Water Service Group Equity Incentive Plan with Assignment Separate From Certificate and Joint Escrow Instructions. (Exhibit 10.38 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.26	Form of Indemnification Agreement to be entered between California Water Service Group and its directors and officers. (Exhibit 10.44 to the Annual Report on Form 10-K for the year ended December 31, 2006)
10.27	Offer letter between James P. Lynch and California Water Service Group dated January 2, 2024
21.0	Subsidiaries of the Registrant
22.1	List of Subsidiary Issuers and Guarantors
23.1	Consent of Independent Registered Public Accounting Firm
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
32.0	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
97	Incentive Compensation Clawback Policy
101	The following materials from this Annual Report on Form 10-K formatted in iXBRL (Inline extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Common Stockholders' Equity and (v) the Notes to the Consolidated Financial Statements.
104	The cover page from this Annual Report on Form 10-K, formatted in iXBRL (included as exhibit 101).

* Management contract or compensatory plan or arrangement.

Item 16. *Form 10-K Summary.*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By /s/ MARTIN A. KROPELNICKI

MARTIN A. KROPELNICKI,
Chairman, President and Chief Executive Officer

Date: February 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The members of the Board of Directors who have signed below constitute a majority of the Board of the Directors.

/s/ Martin A. Kropelnick MARTIN A. KROPELNICKI	President and Chief Executive Officer; Principal Executive Officer; Chairman, Board of Directors	Date: February 29, 2024
/s/ Gregory E. Aliff GREGORY E. ALIFF	Member, Board of Directors	Date: February 29, 2024
/s/ Shelly M. Esque SHELLY M. ESQUE	Member, Board of Directors	Date: February 29, 2024
/s/ Jeffrey Kightlinger JEFFREY KIGHTLINGER	Member, Board of Directors	Date: February 29, 2024
/s/ Thomas M. Krummel THOMAS M. KRUMMEL, M.D.	Member, Board of Directors	Date: February 29, 2024
/s/ Yvonne A. Maldonado YVONNE A. MALDONADO	Member, Board of Directors	Date: February 29, 2024
/s/ Scott L. Morris SCOTT L. MORRIS	Member, Board of Directors	Date: February 29, 2024
/s/ Charles R. Patton CHARLES R. PATTON	Member, Board of Directors	Date: February 29, 2024

/s/ Carol M. Pottenger CAROL M. POTTENGER	Member, Board of Directors	Date: February 29, 2024
/s/ Lester A. Snow LESTER A. SNOW	Member, Board of Directors	Date: February 29, 2024
/s/ Patricia K. Wagner PATRICIA K. WAGNER	Member, Board of Directors	Date: February 29, 2024
/s/ David B. Healey DAVID B. HEALEY	Principal Financial Officer	Date: February 29, 2024
/s/ Thomas A. Scanlon THOMAS A. SCANLON	Corporate Controller, Principal Accounting Officer	Date: February 29, 2024