

MAKING *Good Things* HAPPEN



CALIFORNIA WATER SERVICE GROUP 2016 SUMMARY ANNUAL REPORT



TABLE OF CONTENTS

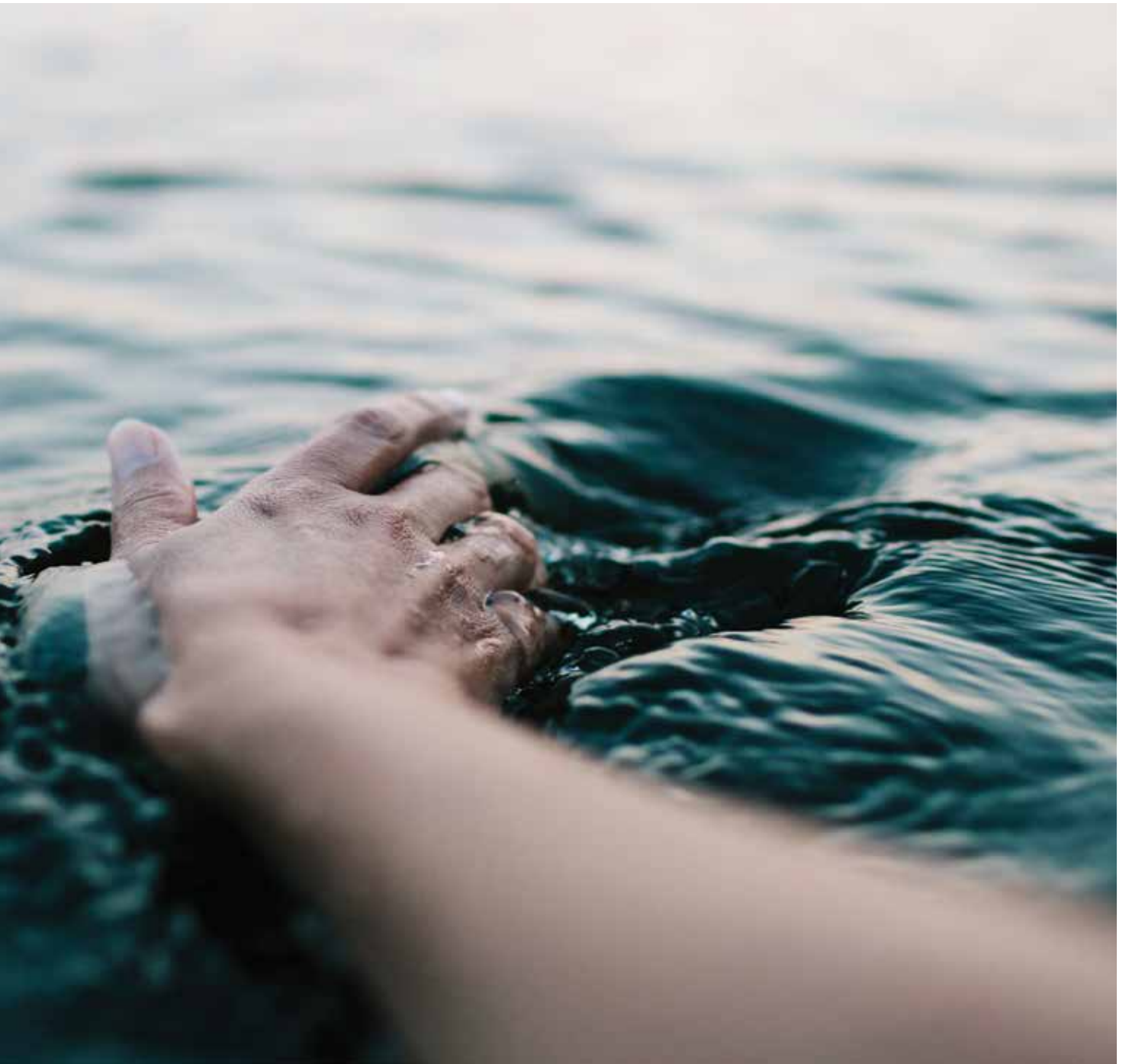
Go With the Flow	2
My Journey to the Tap	4
When I Finally Arrive, I Make Good Things Happen	6
And I Owe it All to California Water Service Group	8
They Make Good Things Happen Too	14
Awards	16
Financial Highlights	18
2016 Highlights	19
Twenty-Year Total Return on Investment	20
Letter to Our Stockholders	22
Service Area Maps	32
California Districts and Communities	34
Eight-Year Financial Review	36
Board of Directors	38
Corporate Officers	40
So Now You Know	42
Corporate Information	43

California Water Service Group (NYSE: CWT) is the third-largest publicly traded water utility in the United States, providing high-quality utility services to approximately two million people in more than 100 communities through six subsidiaries: California Water Service (Cal Water), Hawaii Water Service Company, Inc. (Hawaii Water), New Mexico Water Service Company (New Mexico Water), Washington Water Service Company, Inc. (Washington Water), CWS Utility Services (CWSUS), and HWS Utility Services (HWSUS). Cal Water, Hawaii Water, New Mexico Water, and Washington Water provide regulated water and wastewater utility services, while CWSUS and HWSUS conduct the Company's non-regulated business, which includes providing billing, water quality testing, and water and wastewater system operations and management services to cities and other companies.



GO WITH THE *Flow*

Hello! It's me, Water. I'm the one who's there for you whenever you need me, even though you tend to take me for granted. No hard feelings—I get it. After all, I'm just two parts hydrogen and one part oxygen. But humor me. Let me show you how I travel from the source to your tap. If you come along with me on this adventure, you'll be amazed at all the places I go, and all the good things that happen when I get there!

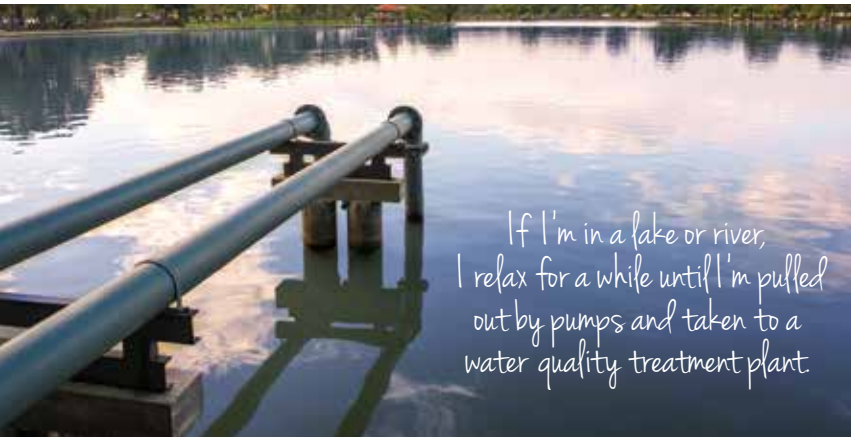


MY Journey TO THE TAP

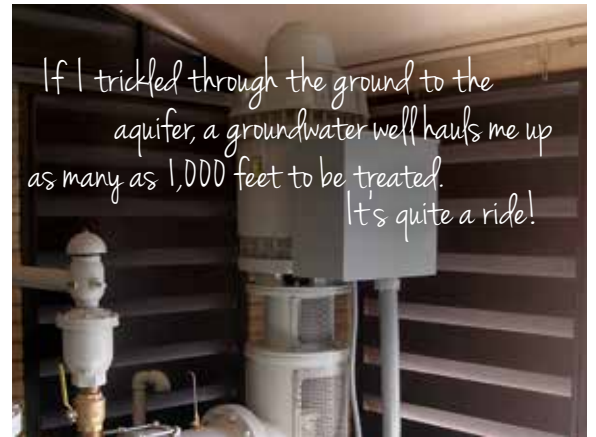
Admit it: you turn on your faucet without giving it a second thought. Do you think the tap water fairy waves a wand and I magically appear? Au contraire! Depending upon where you live, I might travel hundreds of miles to get to you. And that's only after jumping through all kinds of water quality hoops. It's quite a journey, let me tell you. It all starts with me sitting in a cloud, waiting for the adventure to begin...



When I land, I either make it to a lake or river, or I seep into the ground, where I end up in an aquifer deep under the Earth's surface.



If I'm in a lake or river, I relax for a while until I'm pulled out by pumps and taken to a water quality treatment plant.

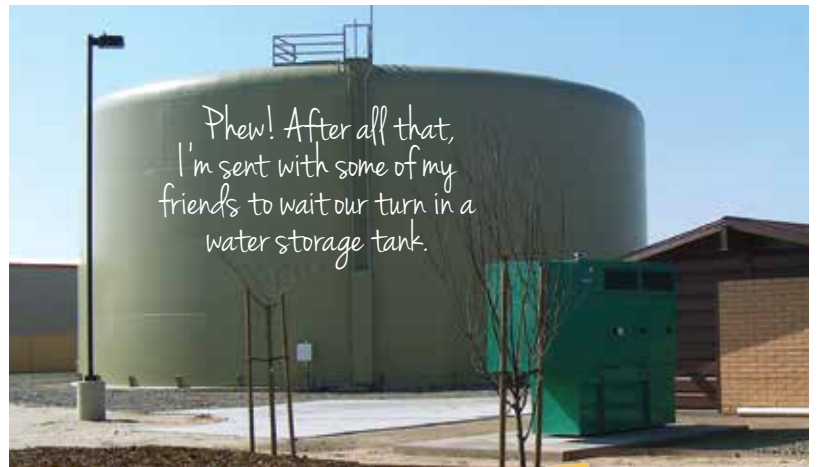


If I trickled through the ground to the aquifer, a groundwater well hauls me up as many as 1,000 feet to be treated. It's quite a ride!



After I get cleaned up I have to pass some really tough water quality tests.

Most people don't like taking tests, but I love it; it's how I know I'm safe to drink.



Phew! After all that, I'm sent with some of my friends to wait our turn in a water storage tank.



One last water quality check before I go to the customer.

Finally, I travel to my destination through below-ground pipes.





*In Chico, California,
I go to Sierra Nevada Brewery.
Cheers!*



In Gig Harbor, Washington, I clean up the family dog.

WHEN I FINALLY ARRIVE, **I MAKE** *Good Things Happen*

Not to brag or anything, but I'm kind of a big deal. Thanks to me, you can wake up to a nice hot shower and a delicious cup of coffee. And that's just the beginning; the list goes on and on. Your food? Yep, I grew that. Your blue jeans? Me again! The tires on your car and the fuel that makes it go? You got it—I helped make them. I make everything from computer chips to potato chips. And who wants to imagine a world without potato chips? The fact is, I make good things happen pretty much everywhere I go.

In Waikoloa, Hawaii, I'm recycled and used to make golf courses green.



In Belen, New Mexico, I hang out here just waiting to fight fires—let me at 'em!



↗
In South San Francisco, California, I'm part of the candy-making process at See's—yum!



In Visalia, California Dairies uses me to make milk. No cow tipping allowed!

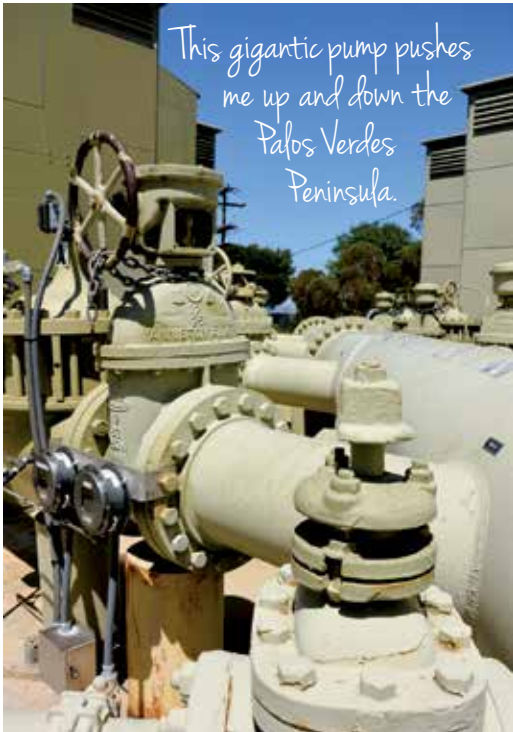
The background of the entire page is a close-up photograph of blue water with gentle ripples and reflections of light, creating a textured, shimmering effect.

AND I OWE IT ALL TO
California
WATER SERVICE GROUP

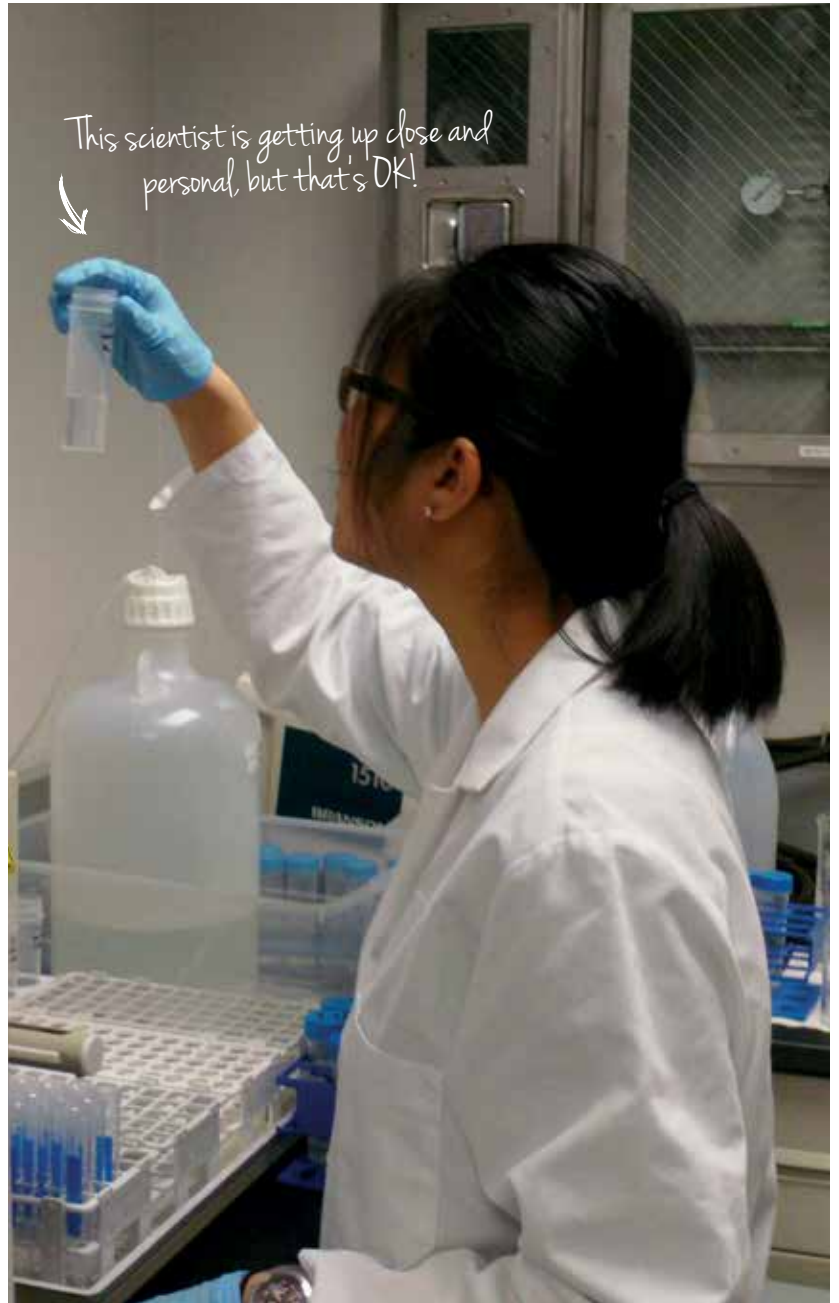




Here I am being cleaned.



This gigantic pump pushes me up and down the Palos Verdes Peninsula.



This scientist is getting up close and personal, but that's OK!



Here are some storage tanks
being constructed—
how awesome is that?



Check out this storage tank—
I'll be spending time here, for sure.



*Once my job is done, I'm taken away to
be cleaned so I can start the process
all over again.*

THEY MAKE *Good Things* HAPPEN TOO

It turns out, I'm not the only one who's a big deal around here. In 2016, the people at California Water Service Group made good things happen in so many ways: they helped customers save 28 billion gallons of water. They invested \$228.9 million to build and upgrade pipes, pumps, and water quality treatment plants. They analyzed nearly 58,000 water samples and conducted nearly 385,000 water quality tests. They answered 600,000 customer service calls. They taught elementary-school kids all about me, and even helped some high schoolers pay for college. And if all that wasn't enough, their stockholders contributed \$665,000 to charitable organizations in California, Washington, Hawaii, and New Mexico. Nice!



**I MAY NOT GET AS
MUCH ATTENTION
AS I'D LIKE, BUT
CALIFORNIA
WATER SERVICE
GROUP GOT A LOT
OF RECOGNITION
IN 2016.**

*Maybe next year, I'll get some
cool awards, too →
(hint, hint).*



For the first time ever, California Water Service Group was certified as a Great Place to Work® by the Great Place to Work® Institute.



The Company received its first-ever patent for a device invented by our team to protect the environment in the event of a drinking water storage tank overflow.



In J.D. Power's inaugural Water Utility Residential Customer Satisfaction StudySM, Cal Water ranked "Highest in Customer Satisfaction among Water Utilities in the West."^{*}



For the fifth year in a row, Cal Water was named a Top Workplace in the Bay Area by the Bay Area News Group.



Cal Water was named Business of the Year by the City of Salinas for its dedication and involvement in the local community.

^{*}Cal Water received the highest numerical score among 24 water utilities in the West region in the J.D. Power 2016 Water Utility Residential Customer Satisfaction Study, based on 20,951 total responses, measuring experiences and perceptions of customers with their primary water provider surveyed March 2016. Your experiences may vary. Visit jdpower.com for more information.

FINANCIAL HIGHLIGHTS

<i>Year ended December 31</i>	<u>2016</u>	2015	2014	2013	2012
Market price at year-end	\$33.90	\$23.27	\$24.61	\$23.07	\$18.35
Book value per share	13.75	13.41	13.11	12.54	11.30
Earnings per share (diluted)	1.01	0.94	1.19	1.02	1.17
Dividend per share	0.690	0.670	0.650	0.640	0.630
Revenue*	609,370	588,368	597,499	584,103	559,966
Net Income*	48,675	45,017	56,738	47,254	48,828

**Dollars in thousands*

2016 HIGHLIGHTS

(Although there are too many to name!)

Q1

Directors declare the 284th consecutive quarterly dividend and the 49th consecutive annual dividend increase.

Customers tour the Bakersfield and Visalia Districts to meet employees and get a firsthand look at water system upgrades.

Company wins its first ever U.S. Patent for a device developed by employees to dechlorinate drinking water in the event of a storage tank overflow.

Q2

Sixth-grade students in Ms. Lenix's class at Downtown Elementary School in Bakersfield learn they are the grand-prize winners of the Company's H2O Challenge.

Cal Water hosts appreciation events in Stockton and Willows to recognize customers' excellent conservation performance.

Cal Water is ranked highest in the west in J.D. Powers' first-ever Residential Water Customer Satisfaction StudySM.

Company is named a top workplace in the Bay Area for the fifth consecutive year.

Q3

West Basin Municipal Water District extends Cal Water's contract to maintain and operate recycled water system through 2021.

Smokey Bear looks on as Cal Water presents a check for \$42,000 from employees and stockholders to help victims of the Erskine Fire.

Hawaii Water Service Company (Hawaii Water) receives approval on its 2015 Rate Case for Ka'anapali.

Q4

Company awards \$60,000 in college scholarships to students in California, Hawaii, and Washington.

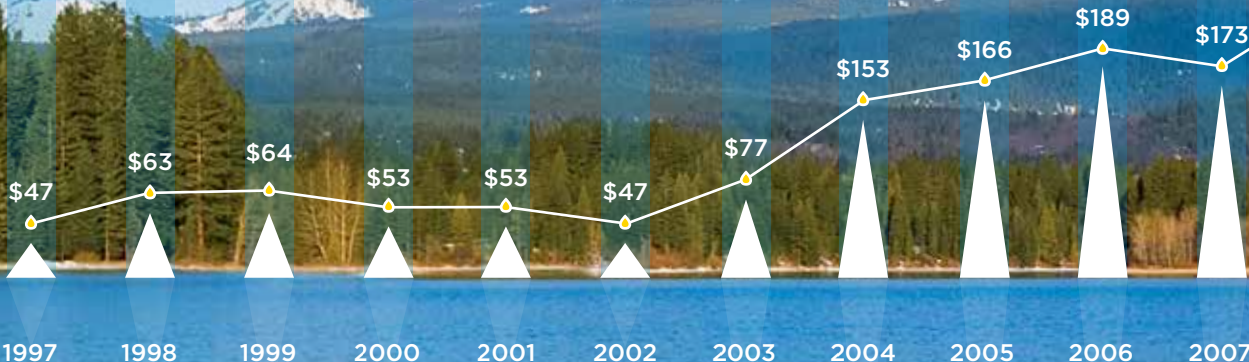
Hawaii Water launches a new website to provide convenient, user-friendly customer service.

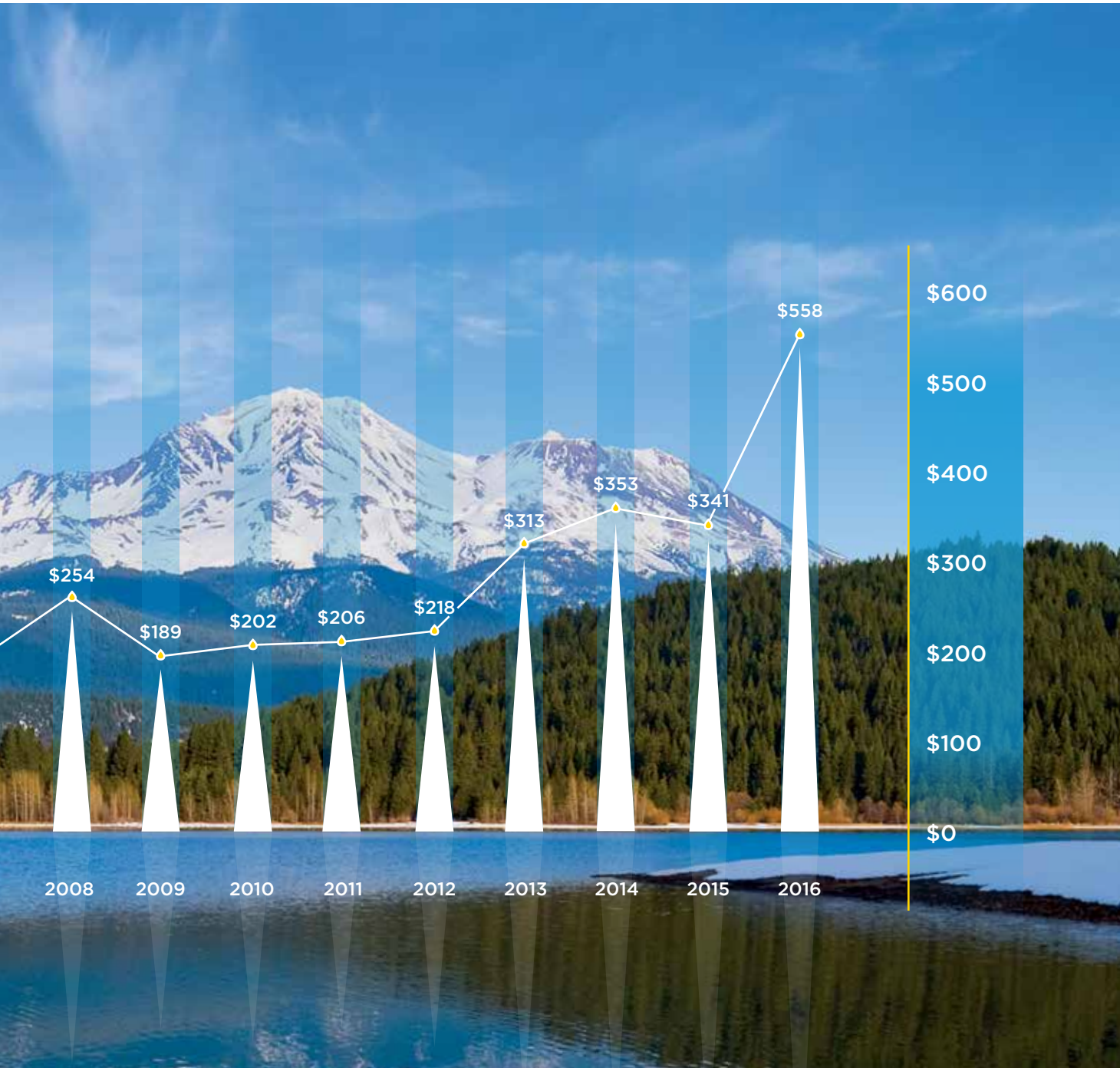
Company contributes \$174,000 to local charities to help those in need during the holidays.

Cal Water receives final decision on its 2015 General Rate Case.

CWT 20-YEAR TOTAL RETURN ON INVESTMENT

(On \$100 stock purchase on December 31, 1996, with dividends reinvested)







2016—
What a
great year!
Thank you!

Martin A. Kropelnicki

MARTIN A. KROPELNICKI
President and Chief Executive Officer

Peter C. Nelson

PETER C. NELSON
Chairman of the Board

LETTER TO OUR STOCKHOLDERS

DEAR FELLOW STOCKHOLDER:

If you thought Water's adventure from the source to the tap was exciting, wait until you hear about our journey through 2016. It was definitely a year for making good things happen—for our customers, stockholders, communities, and employees.

We anticipated it would be a tough year financially, given the continuing drought in California and the fact that 2016 was the third year of a three-year rate case cycle for California Water Service (Cal Water), our largest subsidiary. Despite these circumstances, we delivered strong results. Net income for the year was \$48.7 million, compared to \$45.0 million in 2015, and earnings per common share were \$1.02, up from \$0.94 in 2015. Total revenues were \$609.4 million, an increase of 3.6% compared to the prior year. And, in January 2017, our Board declared our 289th consecutive quarterly dividend and increased the annual dividend for the 50th consecutive year.

Even better, we reached two significant milestones that support our goal of building long-term stockholder value while providing high-quality water to customers at affordable rates. First, we invested a

We invested a record \$228.9 million in water system infrastructure improvements!

record \$228.9 million in expanding and upgrading our water infrastructure. Second, we concluded our 2015 General Rate Case in California.

ENHANCING STOCKHOLDER VALUE

Let's begin with our capital investment program. By investing in infrastructure projects that provide critical customer benefits, such as quality and reliability, we also provide value to stockholders, who earn a return on this investment.

In 2016, our investment in infrastructure included:

- \$83.8 million in new water lines, which increases reliability for customers
- \$4.9 million in water treatment plants and treatment plant upgrades, which enables us to provide high-quality water
- \$34.3 million in wells, tanks, and pumps, which ensures that we can deliver water supplies where customers need them
- \$13.2 million in information technology projects, which is key to providing excellent customer service

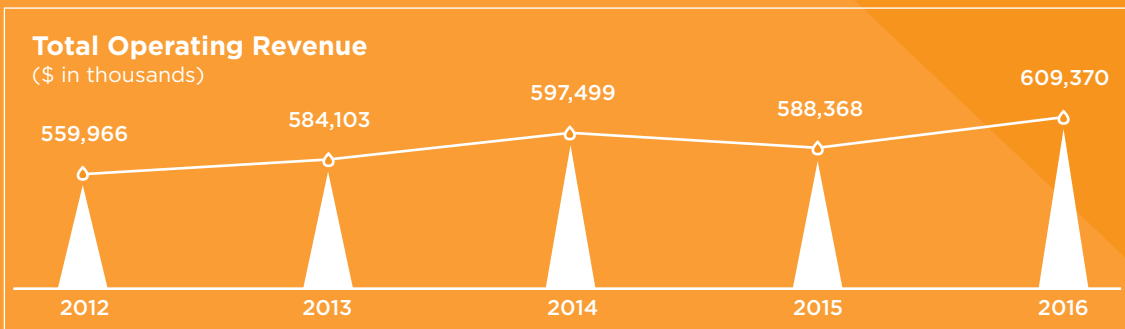
Commission authorized
\$658.8 million
for infrastructure
projects!

One of the many advantages of being served by a regulated utility is that all capital investments are reviewed and approved by state utility commissions as part of the rate-setting process.

It was through this process that Cal Water received authorization in 2016 to begin two of its largest capital projects ever: a \$60 million, seven-mile, large-diameter pipeline project in Southern California, and a \$70 million project for water quality treatment at 38 wells to meet an imminent new water quality standard for 1,2,3-trichloropropane (TCP). When the projects are completed, Cal Water will be able to request expedited administrative approval to add them to rate base and begin earning a return on them.

That brings us to the second important stockholder value story of 2016: after an extensive, 18-month review of rates, water system improvement plans, and costs, the California Public Utilities Commission (Commission) issued a favorable, on-time decision on Cal Water's General Rate Case. This case was the largest in the company's 90-year history, and the Commission's approval of rate increases means that we can continue to make water system improvements that enable us to deliver a safe, reliable water supply.

The decision authorizes Cal Water to invest a total of \$658.8 million in infrastructure projects throughout California in 2016, 2017, and 2018. Included in the \$658.8 million is \$197.3 million for "advice letter" projects, which are projects that we will complete before we ask to include them in rates. It also increases revenue by an estimated \$45.0 million in 2017, up to \$17.2 million in 2018, up to \$16.3 million in 2019, and up to \$30.0 million upon completion and approval of the advice letter projects.



In a separate approval, the Commission authorized us to begin collecting \$2.9 million in drought expenses incurred in 2014 and 2015. We continue to track drought expenses in 2016 and 2017 for future recovery.

Finally, the Hawaii Public Utilities Commission approved a \$1.1 million increase in revenues to recover the costs of several infrastructure improvements in Ka'anapali, including replacement of meters and service lines, recoating and reinforcement of a 1.5 million-gallon storage tank, two additional new storage tanks, and upgrades to the computer system used to monitor and control the water system.

Here's the bottom line: maintaining, expanding, and updating water infrastructure requires regular investment. While the nation's overall water infrastructure gets a dismal D grade from the American Society of Civil Engineers, our systems continue to be in far superior condition. And that's good news for our customers.

DELIVERING HIGH-QUALITY DRINKING WATER AND WATER FOR REUSE

As new water quality standards are set and existing standards become increasingly stringent, water treatment will continue to make up a large part of our capital investment program. In 2015, we installed treatment units at nine well sites to meet a new state standard for chromium-6; in 2016, we turned our attention to new challenges.

As previously mentioned, we began work on water quality treatment that will be required to meet a new state standard for TCP, which is expected to become effective in 2017. Although the California Public Utilities Commission has approved the TCP treatment for future rate recovery, we are hoping to mitigate the impact on customer rates by pursuing a lawsuit to recover these expenses and other damages from the companies responsible for TCP contamination.

Lead was also a constituent of concern in 2016, due to the ongoing lead contamination crisis in Flint, Michigan. We are compliant with health and safety codes mandating the use of lead-free materials in water systems, and we test our water sources regularly to ensure that the water is not corrosive. (Corrosive water can cause lead from home plumbing to leach into the water.)

So much more to share! 

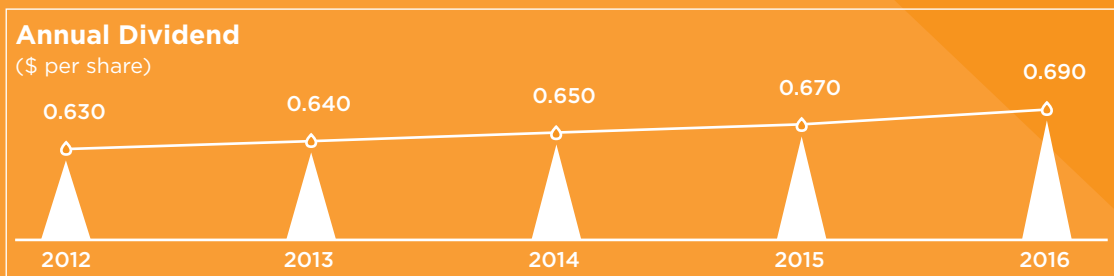

Even so, we went a step further in 2016, engaging an expert third party to ensure that our lead and copper compliance program was second to none. We also completed lead and copper monitoring as required by the United States Environmental Protection Agency (EPA) and collaborated with public health agencies on a plan to conduct additional testing in schools in 2017.



We did all this while continuing our rigorous water quality testing and treatment program, analyzing nearly 58,000 samples and conducting almost 385,000 tests for 275 constituents.

On the water reuse side of the business, our contract with the West Basin Municipal Water District (West Basin) was extended to 2021 by a unanimous vote of its Board of Directors. Pursuant to the contract, we will continue to maintain and operate the distribution system for the Edward C. Little Water Recycling Facility, the largest water recycling facility of its kind in the United States.

We also continued to make significant upgrades to our wastewater treatment plants. In Hawaii, we replaced controls at sewer pump stations to improve wastewater spill prevention. In New Mexico, we replaced 3,600 feet of recycled water pipeline and upgraded the Rio Communities biological treatment aeration system. We also purchased 116 acres of land near the Rio Del Oro Wastewater Treatment Facility and installed irrigation systems to allow for the environmentally friendly spreading of high-quality, treated effluent.



PROVIDING AFFORDABLE, EXCELLENT SERVICE

As important as water system improvements and water quality testing are, they tend to go unseen by the customer. What **is** seen by the customer is our service, and when it comes to service, we strive to deliver both affordability and excellence.

Keeping rates affordable is a challenge for all water providers, because the costs of providing water service are rising nationwide. As we've said, water systems need to be maintained and updated, and new water quality standards need to be met. That's why efficient operations and innovative rate-making are key to keeping rates affordable.

For example, Cal Water proposed in its 2015 General Rate Case to consolidate rates for some districts, spreading these costs over greater numbers of customers. The Commission ultimately approved consolidation of rates in seven service areas. Cal Water also sought approval to enhance its Low-Income Ratepayer Assistance program, which discounts bills for qualified low-income customers, and its Rate Support Fund, which discounts bills in districts where the costs of providing water service are highest.

Despite rising costs, we continue to deliver a clean, reliable water supply right to the customer's tap for less than a penny per gallon in nearly every community we serve.

In addition to affordable rates, customers expect excellent service. To make sure that's what they're getting, we track key performance metrics. In 2016, we:

- > Received nearly 50,000 calls per month, and answered 84% of them within 20 seconds
- > Made an average of 2,100 two-hour appointment windows with customers each month, and arrived on time 97.8% of the time
- > Produced and sent 5.5 million bills, achieving an accuracy rate of 99.2%

We also introduced new, simplified bills and partnered with FranklinCovey® to develop a certification program for our customer service supervisors and managers.



In May, we celebrated our customers' tremendous conservation efforts!

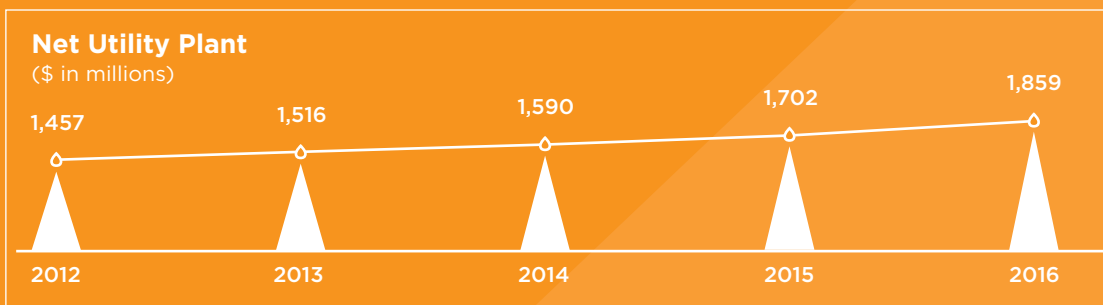
We're committed to fulfilling our promise to provide customers with quality, service, and value, and we were thrilled to be ranked highest in overall customer satisfaction among the 24 largest water utilities in the western United States in J.D. Power's inaugural Water Utility Residential Customer Satisfaction Study (SM). The 2016 study measured performance in six areas: delivery (including reliability and quality), price, billing and payment, conservation, communications, and customer service.

Even more extraordinary is the fact that we received this honor in the midst of a historic drought in California. We believe it validated our customer-first approach to drought response and our efforts to meet ambitious water-use reduction targets set by the State of California while maintaining excellent relationships with our customers and communities.

It started back in April 2015, when the Governor declared a drought emergency and issued an Executive Order mandating a 25% reduction in urban water use. To achieve this target, the State Water Resources Control Board (the State Board) established water-use reduction requirements based upon communities' respective residential per-capita water use. We responded by establishing an individual water budget for each customer and setting up a system for surcharges, appeals, and water banking. Then we pulled out all the stops to help our customers achieve their targets.

In May 2016, the State Board did the unexpected: in response to improving drought conditions in parts of California, it allowed water providers to eliminate water-use reduction requirements if they could prove that they could meet their customers' water demands for three years, assuming the continuation of severe drought conditions. After assessing our water supplies, we eliminated surcharges in all of our California service areas, but continued to ask customers to achieve modest water-use reduction targets. At year-end, our customers had achieved total water savings of 23.5% compared to 2013.

That's where we stood when 2016 came to a close, but the story doesn't end there. At the same time it changed course on emergency conservation actions, the State Board began collaborating with several state agencies on a plan to make conservation a way of life in California. The plan, released in early 2017, includes regulations intended to promote efficient water use, eliminate water waste, strengthen local drought resilience, and improve agricultural water-use efficiency and drought planning. We will partner with the State Board to implement these regulations between 2017 and 2020.



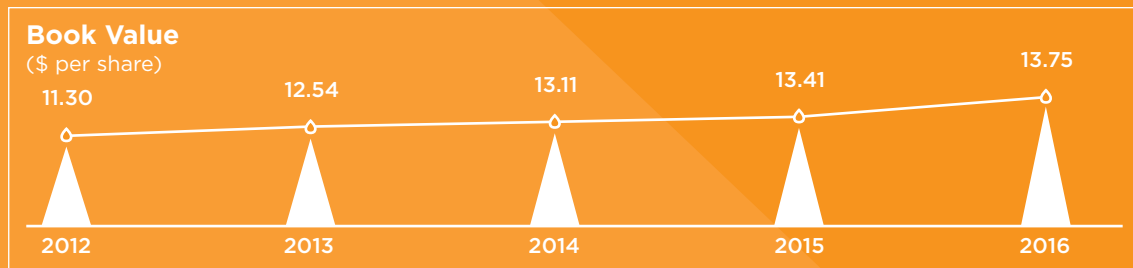
BUILDING A STRONG REPUTATION

Our leadership during the drought emergency strengthened our brand with customers and regulators alike. After all, crisis response can make or break an organization's reputation.

Unfortunately, another opportunity to prove ourselves arose in June, when the catastrophic Erskine Fire destroyed 285 homes and charred 48,000 acres in our Kern River Valley service area. Power was knocked out immediately, so we brought people, supplies, and emergency generators from other parts of the Company to assist the community and help the local team keep water flowing. In the heartbreaking aftermath, employees distributed stockholder-funded gift cards so that customers who had lost everything could at least buy essentials. In addition to the gift cards, the Company matched employee donations to the local Salvation Army for relief efforts. Local Manager Chris Whitley received the prestigious Living Water Award from the National Association of Water Companies for his role in leading the Company's emergency response efforts.

Our charitable giving reflects our purpose: to improve the quality of life for our customers, employees, communities, and stockholders. Some of our corporate contributions are made in response to tragedies like the Erskine Fire; others are made to support the day-to-day efforts of organizations that share our commitment to improving the quality of life in the communities we serve, such as food banks, homeless shelters, and agencies that assist youth, seniors, and veterans in need. We also fund a Company scholarship program that distributes \$60,000 to students each year; this year's two grand prizes of \$10,000 scholarships went to students in Salinas and Rancho Palos Verdes. Altogether, we made \$665,000 in charitable contributions in 2016.

We are proud that our employees share our commitment to giving back. Throughout the Company, our people take the initiative to organize toy drives, clothing drives, and blood drives to help those in need. One Stockton employee even took it upon herself to spearhead an effort to raise \$10,000 for a local family that lost its father in a tragic home accident in 2016.



EMPLOYEES AS BEST ADVOCATES

Obviously, our employees care about our customers and communities. And we care about them. So in addition to professional development opportunities, including customer service and leadership training, we doubled down on safety training in 2016. It's pretty simple; we want our employees to be safe and healthy. We want them to be engaged. And we want them to have the tools they need to serve customers. Our focus on being an employer of choice seems to have paid off; in 2016, we were named a Great Place to Work[®] by the



Great Place to Work Institute® for the first time ever. We were also named one of the top 100 places to work in the greater San Francisco Bay Area by the Bay Area News Group for the fifth year in a row.

In 2016, we welcomed two people to the officer team. Elissa Y. Ouyang was promoted to Chief Procurement Officer, and Gerald A. Simon was promoted to Chief Safety and Emergency Preparedness Officer. In addition, as a reflection of their expanded responsibilities and increasingly complex roles, we announced the promotion of Timothy B. Treloar to Vice President of Water Quality and Chief Utility Operations Officer and Michael B. Luu to Vice President of Customer Service and Chief Information Officer.

On a bittersweet note, we said goodbye to the extraordinary Linda R. Meier, who retired from our Board of Directors after 22 years of service. Linda brought uncommon insight, intellect, and professionalism to her role, and we will miss her dearly. We wish her the very best in her retirement.

While we're at it, we'd like to wish **you** the best in the coming year. We thank you for your continued support and investment in California Water Service Group.

MARTIN A. KROPELNICKI

President and Chief Executive Officer

PETER C. NELSON

Chairman of the Board

Washington

Operations/Customer Centers

Olympia (S.W. Regional Office) •
Gig Harbor (N.W. Regional Office and
Customer Center) • Sequim •
Issaquah • Orcas Island (Field Offices)



Serving more than 425 neighborhoods
and small communities in the counties
of Clallam, Jefferson, Kitsap, Mason,
Pierce, King, San Juan, and Thurston.

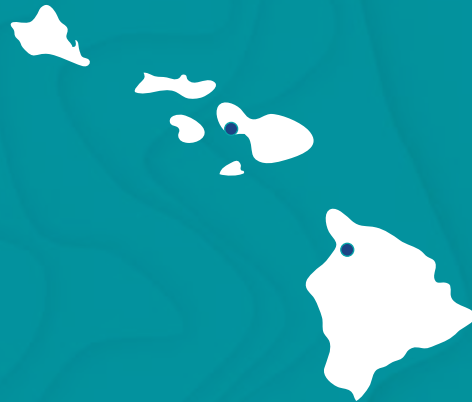
Regulated Customer Connections

2016	16,700
2015	16,500

Hawaii

Operations/Customer Centers

Ka'anapali (Maui) • Waikoloa (Hawaii)



Serving the communities of Ka'anapali,
Pukalani, Waikoloa, North Kona Coast,
and Kohala Coast on the islands of
Maui and Hawaii.

Regulated Customer Connections

2016	4,400
2015	4,300

California

Districts

Antelope Valley • Bakersfield • Bayshore • Bear Gulch • Chico • Commerce • Dixon • Dominguez • East Los Angeles • Hawthorne • Hermosa-Redondo • Kern River Valley • King City • Livermore • Los Altos • Marysville • Oroville • Palos Verdes • Redwood Valley • Salinas • Selma • Stockton • Visalia • Westlake • Willows



Including Hawthorne and Commerce operation and maintenance agreements.

Customer Connections

2016	482,400
2015	480,300

New Mexico

Operations/Customer Centers

Elephant Butte • Rio Communities • Cedar Crest



Serving the communities of Meadow Lake, Cypress Gardens, Rio Communities, Rio Del Oro, Elephant Butte, Sandia Knolls, and Cedar Crest in the counties of Sierra, Valencia, and Bernalillo.

Regulated Customer Connections

2016	8,000
2015	7,900

CALIFORNIA DISTRICTS & COMMUNITIES

NUMBER OF CUSTOMER ACCOUNTS

	<u>2016</u>	2015
Antelope Valley Fremont Valley, Lake Hughes, Lancaster & Leona Valley	1,400	1,400
Bakersfield	71,100	70,800
Bayshore South San Francisco, Colma, Broadmoor, San Mateo & San Carlos	53,600	53,600
Bear Gulch Atherton, Woodside, Portola Valley & a portion of Menlo Park	18,900	18,900
Chico Hamilton City	29,400	29,000
Dixon	2,900	2,900
Dominguez Carson & portions of Compton, Harbor City, Long Beach, Los Angeles County & Torrance	34,100	34,000
East Los Angeles Portions of Montebello, Commerce, Monterey Park & Vernon	26,800	26,800
Hawthorne & Commerce (lease agreements)	7,600	7,600
Hermosa-Redondo Hermosa Beach, Redondo Beach & a portion of Torrance	26,900	26,800
Kern River Valley Bodfish, Kernville, Lakeland, Mountain Shadows, Onyx, Squirrel Valley, South Lake & Wofford Heights	3,900	4,000
King City	2,600	2,600

	<u>2016</u>	2015
Livermore	18,600	18,600
Los Altos Portions of Cupertino, Los Altos Hills, Mountain View & Sunnyvale	18,900	18,900
Marysville	3,800	3,800
Oroville	3,600	3,600
Palos Verdes Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills & Rolling Hills Estates	24,200	24,100
Redwood Valley Lucerne & portions of Duncans Mills, Guerneville, Dillon Beach, Noel Heights & Santa Rosa	1,900	1,900
Salinas	28,500	28,500
Selma	6,400	6,300
Stockton	43,800	43,600
Visalia	44,000	43,100
Westlake Westlake Village & a portion of Thousand Oaks	7,100	7,100
Willows	2,400	2,400

EIGHT-YEAR FINANCIAL REVIEW

(Dollars in thousands, except common share and other data)

	<u>2016</u>	2015
Summary of Operations		
Operating revenue	\$609,370	\$588,368
Operating expenses	\$533,176	\$517,215
Interest expense, other income and expenses, net	\$27,519	\$26,136
Net income	\$48,675	\$45,017
Common Share Data		
Earnings per share (diluted)	\$1.01	\$0.94
Dividend declared	\$0.690	\$0.670
Dividend payout ratio	68%	71%
Book value	\$13.75	\$13.41
Market price at year-end	\$33.90	\$23.27
Common shares outstanding at year-end (in thousands)	47,965	47,875
Return on average common stockholders' equity	7.5%	7.1%
Long-term debt interest coverage	3.45	3.67
Balance Sheet Data		
Net utility plant	\$1,859,277	\$1,701,768
Total assets*	\$2,411,745	\$2,241,253
Long-term debt, including current portion*	\$557,953	\$514,045
Capitalization ratios:		
Common stockholders' equity*	54.2%	55.5%
Preferred stock	0.0%	0.0%
Long-term debt*	45.8%	44.5%
Other Data		
Water production (million gallons)	99,096	98,899
Customers at year-end, including Hawthorne and Commerce	511,500	509,000
New customers added	2,500	2,900
Revenue per customer	\$1,191	\$1,156
Utility plant per customer	5,312	4,925
Employees at year-end	1,163	1,155

*Years 2009-2015 reflect the retrospective adoption of ASU 2015-03

	2014	2013	2012	2011	2010	2009
	\$597,499	\$584,103	\$559,966	\$501,814	\$460,399	\$449,372
	\$515,652	\$510,098	\$486,123	\$434,647	\$398,586	\$391,253
	\$25,109	\$26,751	\$25,015	\$29,455	\$24,157	\$17,565
	\$56,738	\$47,254	\$48,828	\$37,712	\$37,656	\$40,554
	\$1.19	\$1.02	\$1.17	\$0.90	\$0.90	\$0.98
	\$0.650	\$0.640	\$0.630	\$0.615	\$0.595	\$0.590
	55%	63%	54%	68%	66%	61%
	\$13.11	\$12.54	\$11.30	\$10.76	\$10.45	\$10.13
	\$24.61	\$23.07	\$18.35	\$18.26	\$18.64	\$18.41
	47,806	47,741	41,908	41,817	41,667	41,531
	9.3%	8.8%	10.6%	8.5%	9.0%	9.8%
	4.29	3.42	3.45	3.11	3.59	4.04
	\$1,590,431	\$1,515,831	\$1,457,056	\$1,381,119	\$1,294,297	\$1,198,077
	\$2,182,711	\$1,954,741	\$1,990,333	\$1,848,517	\$1,685,577	\$1,520,826
	\$421,200	\$428,936	\$475,659	\$482,094	\$475,072	\$382,467
	59.80%	58.30%	49.90%	48.30%	47.80%	52.40%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	40.20%	41.70%	50.10%	51.70%	52.20%	47.60%
	118,282	126,363	125,892	120,353	121,942	131,558
	506,100	502,900	500,700	499,500	497,900	494,700
	3,200	2,200	1,200	1,600	3,200	4,207
	\$1,181	\$1,161	\$1,118	\$1,105	\$925	\$908
	4,628	4,401	4,187	3,925	3,706	3,455
	1,105	1,125	1,132	1,132	1,127	1,013



BOARD OF
Directors
2016



Gregory E. Aliff

Former Vice Chairman and Senior Partner of U.S. Energy & Resources, Deloitte LLP. Director since 2015. Member of the following committees: Finance/Risk Management and Audit.



Terry P. Bayer

Chief Operating Officer, Molina Healthcare, Inc. Director since 2014. Member of the following committees: Organization/Compensation and Nominating/Corporate Governance.



Thomas M. Krummel M.D.

Professor and Chair Emeritus, Surgery Department, Stanford University School of Medicine. Director since 2010. Member of the following committees: Nominating/Corporate Governance and Organization/Compensation.



Richard P. Magnuson

Lead Director and Private Venture Capital Investor. Director since 1996. Member of the following committees: Audit, Finance/Risk Management, and Nominating/Corporate Governance.



Peter C. Nelson

Chairman of the Board. Director since 1996.



Edwin A. Guiles

Former Chairman/CEO of San Diego Gas & Electric Company and Southern California Gas Company, Sempra Energy Utilities. *Director since 2008. Member of the following committees: Organization/Compensation, Finance/Risk Management, and Audit.*



Bonnie G. Hill

President, B.Hill Enterprises, L.L.C. *Director since 2003. Member of the following committees: Organization/Compensation and Nominating/Corporate Governance.*



Martin A. Kropelnicki

President and Chief Executive Officer. *Director since 2013.*



Lester A. Snow

Former Director of the California Department of Water Resources. *Director since 2011. Member of the following committees: Organization/Compensation and Finance/Risk Management.*



George A. Vera

Former Vice President and Chief Financial Officer, the David and Lucile Packard Foundation. *Director since 1998. Member of the following committees: Audit, Finance/Risk Management, and Nominating/Corporate Governance.*



CORPORATE
Officers
2016



Shannon C. Dean

Vice President, Corporate
Communications and
Community Affairs



David B. Healey

Vice President, Controller



Michelle R. Mortensen

Corporate Secretary



Elissa Y. Duyang

Chief Procurement Officer



Gerald A. Simon

Chief Safety and Emergency
Preparedness Officer



Thomas F. Smegal, III

Vice President and
Chief Financial Officer



Martin A. Kropelnicki

President and
Chief Executive Officer



Robert J. Kuta

Vice President, Engineering



Michael B. Luu

Vice President, Customer Service
and Chief Information Officer



Lynne P. McGhee

Vice President, General Counsel



Paul G. Townsley

Vice President, Rates and
Regulatory Matters



Timothy D. Trefbar

Vice President, Water Quality and
Chief Utility Operations Officer



Ronald D. Webb

Vice President, Human Resources



SO NOW YOU
Know

Next time you turn on your faucet, think about me. Think about all it took for me to get to you. And think about my friends at California Water Service Group, because, doggone it, we're all making good things happen!

CORPORATE INFORMATION

AMERICAN STOCK TRANSFER & TRUST COMPANY

6201 15th Avenue
Brooklyn, NY 11219
(800) 937-5449

TO TRANSFER STOCK

A change of ownership of shares (such as when stock is sold or gifted or when owners are deleted from or added to stock certificates) requires a transfer of stock. To transfer stock, the owner must complete the assignment on the back of the certificate and sign it exactly as his or her name appears on the front. This signature must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations, and credit unions with membership in approved signature medallion programs) pursuant to SEC Rule 17Ad-15. A notary's acknowledgement is not acceptable. This certificate should then be sent to American Stock Transfer & Trust Company, by registered or certified mail with complete transfer instructions. Alternatively, the Direct Registration System can be utilized, which allows electronic share transactions between your broker or dealer and American Stock Transfer & Trust Company.

BOND REGISTRAR

US Bank Trust, N.A.
One California Street
San Francisco, CA 94111-5402
(415) 273-4580

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Wednesday, May 24, 2017, at 9:30 a.m. at the Company's Executive Office, located at 1720 North First Street in San Jose, California. Details of the business to be transacted during the meeting will be contained in the proxy material, which will be mailed to stockholders on or about April 12, 2017.

ANTICIPATED DIVIDEND DATES FOR 2017

Quarter	Declaration	Record Date	Payment Date
First	January 25	February 6	February 17
Second	April 26	May 8	May 19
Third	July 26	August 7	August 18
Fourth	October 25	November 6	November 17

ANNUAL REPORT FOR 2016 ON FORM 10-K

A copy of the Company's report for 2016 filed with the Securities and Exchange Commission (SEC) on Form 10-K is available and can be obtained by any stockholder at no charge upon written request to the address below. The Company's filings with the SEC can be viewed via the link to the SEC's EDGAR system on the Company's website.

EXECUTIVE OFFICE AND STOCKHOLDER INFORMATION

California Water Service Group
Attn: Stockholder Relations
1720 North First Street
San Jose, CA 95112-4598
(408) 367-8200 or (800) 750-8200
<http://www.calwatergroup.com>



1720 North First Street
San Jose, California 95112-4598
(408) 367-8200

www.calwatergroup.com
NYSE: CWT

The central image is a blue square containing the California Water Service Group logo, which is a yellow sunburst over a blue wave, surrounded by the text "CALIFORNIA WATER SERVICE GROUP". Below the logo is the company's address, phone number, website, and stock ticker.