California Water Service

Quality. Service. Value.

# Response to the Request for Proposals for the Lease of the Commerce Municipal Water System

California Water Service Company
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Commerce, CA 90040

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# Proposal to City of Commerce

*Statement of Qualifications*

## 1. RESUME OF EXPERIENCE

California Water Service (Cal Water) began providing high-quality water utility services in 1926. Today we are the largest investor-owned water utility west of the Mississippi, serving almost 2 million people through 482,400 connections in 24 separate districts ranging from Chico in the north to the Palos Verdes Peninsula in the south.

Cal Water is the largest subsidiary of California Water Service Group (Group); Group's other five subsidiaries provide regulated and non-regulated water utility services in California, Washington, New Mexico, and Hawaii. Every Group subsidiary is committed to being ***the*** leader in providing our communities and customers with traditional and innovative utility services.

In 1977, Cal Water began providing a variety of water utility services to municipalities statewide. We have operated the City of Bakersfield's water system for more than three decades and enjoy an excellent relationship with Bakersfield customers, city staff, and elected officials. We operate the City of Bakersfield system for a monthly fee per connection and work cooperatively with the City of Bakersfield to plan capital projects and resolve water resource issues.

In addition, Cal Water currently has a long-term lease agreement with the City of Commerce that dates back to 1985, when the City engaged us to operate the system cost-effectively and make improvements to increase fire flow capacity in the primarily industrial area. The Commerce system now surpasses all fire flow requirements and its annual surplus to the City of Commerce has increased from $46,000 in 1984 to more than $1 million in 2010. Cal Water also provided operations and maintenance (O&M) services to the neighboring City of Montebello for many years. When Cal Water began operating the Montebello system in 1992, the system was losing money; today, it produces an annual surplus of about $400,000 for the City of Montebello.

We also operate water systems in the communities of the Castlewood Country Club in Livermore, Rural North Vacaville in Solano County, and Foothill Estates in Salinas. Additionally, we operate a recycled water system for the West Basin Municipal Water District.

The endorsements in Exhibit A from our partners in the Cities of Bakersfield, Commerce, Montebello, and Visalia, as well as the West Basin Municipal Water District are an indication of our proven success in public-private partnerships; another key indication is our success in repeatedly renewing contract operation agreements. For example, Cal Water entered into an agreement with West Basin Municipal Water District in 1995 to operate its recycled water distribution system for three years. This contract has been extended multiple times.

### *Accuracy in meter reading*

Cal Water's standard requires that 99.5% of all meters be read accurately the first time as scheduled. Our meters are read monthly by experienced, full-time, highly capable Cal Water employees. Internally, we refer to our meter readers as our "eyes and ears," because as they go to every customer's address

every month, they are in a position to identify problems in the system and interact with customers on a one-on-one basis. Our "Meter Reading Standards and Procedures" policy is provided in Exhibit D.

Several internal checks enable us to achieve a very high meter reading accuracy rate. First, in the field, if the meter reader inputs a read into the handheld computer that is outside of expected parameters, an alarm sounds to prompt the meter reader to confirm the accuracy of the read. In the Customer Center, the Customer Service Representatives run a daily report after the data from the handheld computers is uploaded into our data base. They review these reports to identify any questionable reads; if necessary, a service person is dispatched to verify the read.

### *Timely response to customer inquiries*

Cal Water's customer service is guided by the "Voice of the Customer," a list of customer priorities, in the customers' own words, as determined by an extensive survey and focus group research project commissioned by the Cal Water Customer Service Department (see Exhibit E). Two of those customer priorities relate to timely response: "quick and easy to take care of things over the phone," and "problems are solved in a timely manner."

Our standards are set forth clearly in our policy, "Response Standard for E-Mail, Letter, and Telephone Contact," which is attached in Exhibit F. Essentially, our policy requires that all telephone and e-mail inquiries be acknowledged within one business day, with a complete response provided within three business days. Letters and faxes are answered within three business days of receipt. We have telephone guidelines that establish expectations for Customer Service Representatives, including the following: phone calls should be answered within two rings; customers should not be put on hold unless absolutely necessary, and if necessary, for no more than 30 seconds; customers should not be transferred unless absolutely necessary, and if necessary, the original recipient of the call should stay on the line until the transfer is complete; and Customer Service Representatives should be professional and speak clearly at all times.

Timely response to customers is so important to Cal Water that we regularly measure our performance in this area. We conduct four "first-call satisfaction" studies per year; for a one-week period, Customer Service Representatives track their ability to satisfy customers on the first call. In the most recent study, our East Los Angeles District, which serves the City of Commerce, achieved a "first-call satisfaction" rate of over 95%. The Customer Service Representatives also record the reasons why customers could not be satisfied on the first call, which enables us to continuously improve our performance.

Additionally, one of our "Key Performance Measures" relates to how quickly we answer customer calls. Our standard is to answer within 20 seconds at least 80% of the time. Our state-of-the-art telephone system allows us to track our performance against the standard. In the first half of 2017, the East Los Angeles District answered the phone within 20 seconds 95% of the time.

We also measure our responsiveness to the needs of our customers in a bi-annual Customer Satisfaction Survey. Our most recent survey of East Los Angeles District customers showed that 97.06% of the respondents said that their call was "answered in a timely manner" and 100% of the respondents who had appointments with field personnel said that the service representative was on time.

As for the process and staffing levels for responding to customers, Cal Water receives and responds to customer inquiries via telephone, e-mail, regular mail, and our website, www.calwater.com. As

indicated in the section on emergency response capabilities, Cal Water personnel are available to customers 365 days per year, 24 hours per day.

During regular business hours (Monday through Friday, 8:30 a.m. to 5 p.m.), telephone and in-person inquiries are answered by one of 7 Customer Service Representatives at our Customer Center, located at 2000 S. Tubeway Avenue in Commerce. Our goal is to satisfy the customer on the first call; however, if Customer Service Representatives cannot do so, they receive assistance from our Customer Service Supervisor, Customer Service Manager, one of four Superintendents, our General Superintendent, or our District Manager, all of whom are housed in the East Los Angeles Customer Center. E-mails submitted through our website are routed to the Customer Service Manager in our East Los Angeles office and handled as outlined in the policy above.

To our knowledge, there have been no Commerce customers who have alleged, either in writing or verbally, an unreasonable delay in response from Cal Water.

### *Timely response to, and repair of, water main and service leaks*

Cal Water's response to leaks is driven by the severity of the leak; all leaks are ranked by a code system. Leaks are called out to a serviceperson or leak truck foreman located in the City of Commerce by phone or mobile radio during regular working hours. The codes are as follows:

Code 1: Leak is to be repaired today, but can be taken in its turn.

Code 2: Leak is to be put at the top of your list, but do not leave the job you are now on.

Code 3: Leak is to be repaired as soon as possible. Pull off of the job you are now on as soon as you conveniently can, even if the current job is not finished.

Code 4: Leak is an emergency. This takes priority over any other work you may be doing. Get there as quickly as possible.

Whenever the severity of the leak is unknown, it is assumed to be a "Code 4" emergency.

The crews serving the City of Commerce are based in Commerce at the East Los Angeles Operations Center. The regular working hours for these crews are 8:00 a.m. to 4:30 p.m. seven days per week.

The staffing level for personnel stationed in Commerce is as follows:

1 – District Manager

1 – Customer Service Manager

1 – Customer Service Supervisor

7 – Customer Service Representatives

1 – General Superintendent

4 – Superintendent

1 – Forman Operations and Construction

1 – Chief Pump Operator

1 – Cross Connection Control Specialist

1 – Flushing and Valve Foreman

1 – Electrical Maintenance Technician

1 – Technical Meter Mechanic

7 – Certified Pump Operator

2 – Leak Foreman

1 – Locator/Inspector

3 – Serviceperson/Inspectors

1 – Serviceperson

1 – Serviceperson/Inspector

3 – Meter Readers

1 – Storekeeper

5 – Utility Worker/Certified Pump Operator

3 - Utility Workers

2 – Operations Maintenance Worker

We typically respond to Code 3 and Code 4 leaks in Commerce within 30 minutes during normal working hours.

If the need arises to provide additional support to our staff based in Commerce, Cal Water can dispatch field personnel from our Rancho Dominguez District. These crews are stationed at the Customer Service & Field Operations Center located at 2632 W. 237th Street, near Crenshaw and Lomita Boulevard in Torrance. There are field crews working Monday through Friday, some starting at 6:30 a.m., and others working until 7:30 p.m. Other crews work Saturday and Sunday from 8:00 a.m. to 4:30 p.m.

Of course, leaks don't always occur during normal business hours. As previously mentioned, Cal Water maintains a local call center that is staffed 24 hours per day, 365 days per year. The primary call center is located at the Customer Service & Field Operations Center in Commerce. A back-up call center is located in our Torrance Operations Center. These call centers provide our customers easy access to Cal Water personnel who are familiar with the Commerce service area and the emergency crews that are available for dispatch.

When the Cal Water employee at the call center receives an after-hours leak report from a customer, he or she contacts the on-duty Supervisor. (A supervisor is on call 24-hours per day, 365 days per year.) The Supervisor then contacts up to five field service employees who are on voluntary stand-by for after-hours call-outs to investigate and repair leaks as necessary. Cal Water's on-call field service employees are prepared to make repairs, as they take home company trucks that are equipped with necessary tools and materials. If additional after-hours support is needed, there are eight foremen and three pump operators in the Rancho Dominguez District who take home trucks equipped with tools and materials.

In addition to our on-call employees, we can call upon any of the other 61 field service employees based in our Rancho Dominguez District as necessary. Beyond that, we can call upon field service employees from our other districts if the need arises.

Cal Water also has a master contract with W.A. Rasic Construction, which means we receive first priority over requests from other utilities in the area. W.A. Rasic Construction' main office is located at 4150 Long Beach Blvd., Long Beach, CA 90807. The phone number is (562) 928-6111.

W.A. Rasic Construction has more than 40 years of experience in water line installation, repair, and construction with contractor's licenses in California including:

A - General Engineering

C -10 Electrical

C -12 Earthwork & Paving

C -16 Fire Protection

C - 42 Sanitation

W.A. Rasic crews and heavy equipment are available on a 24-hour basis, 365 days per year. These crews include carpenters, cement masons, laborers, pipefitters, operating engineers, and teamsters.

***Timely response and resolution of water quality inquiries or complaints***

Cal Water's policy for responding to water quality issues is attached in Exhibit H. Our standard is to investigate water quality issues within one hour, whether they arise during or after regular business hours.

Most often, water quality inquiries are received via telephone to the East Los Angeles Customer Center in Commerce. If they come in during regular business hours and the Customer Service Representative cannot resolve the issue using a Reference Index, he or she dispatches a Cal Water professional to the customer's address within one hour. Following an on-site investigation, the Operator may take action to resolve the issue operationally, help the customer diagnose the problem (if the problem is on the customer's side of the meter), or even collect samples of the water for testing. If needed, a Commerce-based Water Quality Project Manager is available to assist.

According to our records, Cal Water received only two water quality inquiries from Commerce customers in 2016. One call was regarding "taste and/or odor," but the service person determined that this was likely due to the customer's old plumbing. The customer's line was flushed and the customer was satisfied. The second was a report of "color" in the water, which was also determined to be due to old plumbing lines in the customer's home. The customer's line was flushed and the customer was satisfied.

Because customer health and safety is our highest priority, timely response to water quality issues is one of six key performance measures we track on a quarterly basis for Commerce system. In 2016, we investigated two water quality incidents within one hour 100% of the time and arrived for after-hours emergency call-outs 100% of the time.

### *Additional local personnel and equipment in the event of an emergency or disaster*

As indicated on the roster in Exhibit I, Cal Water has a large number of water professionals to call upon in emergency situations. In our Southern California Districts, we have over 196 field service employees, 59 customer service employees, 28 supervisors, and six district and assistant district managers. Because of our high-caliber, large workforce, we have been able to assist our own nearby communities as well as other cities and utilities in past emergencies, including during the recent Erskine fire near Lake Isabella, CA.

As indicated above, we also have a master contract with W. A. Rasic Construction & Equipment Company. This master contract gives Cal Water priority over all other utilities in the event of an emergency.

Cal Water has proven to have the resources necessary to respond effectively to emergencies. Not only do we have access to the people and equipment, we also have a comprehensive Emergency Response Plan (ERP) that covers the East Los Angeles District (including Commerce). It contains the following:

1. Emergency Procedures Organization Chart

2. Emergency Response Plan Duties for personnel, command center, emergency coordinator, security manager, public relations coordinator and evacuation monitors.

3. Specific Emergency Procedure Guidelines for all types of emergency situations

4. Water Quality Emergency Procedures including chlorination plans, emergency notification plan, boil water order procedures, unsafe water alert procedures, sample boil water orders and sample boil water order cancellation.

The ERP includes listings of all Cal Water statewide warehouses and outside vendors for materials and supplies.

In addition, Cal Water's Emergency Preparedness Supervisor interacts with the following organizations in Southern California for emergency preparedness:

**Los Angeles County Disaster Management Area Coordinators (DMAC)** - LA County is divided into 8 areas (Area A thru H) with a Coordinator assigned to each. The City of Commerce is in Area G. We work with Mike Martinet, the assigned coordinator, whose phone number is (310) 372-3800. The DMAC's mission is to coordinate planning efforts regarding preparedness, mitigation, and recovery from emergencies and disasters with all cities within their respective areas.

We were also invited to join the **Los Angeles Operational Area Advisory Board (LAOAAB).** The OA Advisory Board provides a forum for the county, cities, and other key agencies and organizations to work together cooperatively to help ensure the successful functioning of emergency response and recovery within Los Angeles County.

The State of California is divided into 6 administrative emergency management regions, and Los Angeles County is in the Southern Region (Region I). Each region has a group called the **Mutual Aid Regional Advisory Committee (MARAC)** which meets regularly to facilitate a two-way flow of information between the county and the state.

### *Certified water distribution operators and levels of certification*

Most importantly, we have a dedicated group of 31 certified water system operators, 5 superintendents, and management staff in our East Los Angeles District who will be responsible for on-going operations in Commerce. One of Cal Water's six corporate strategic objectives is to attract, hire, and retain the best employees. To that end, we encourage our employees to continue to develop throughout their entire careers. We offer tuition reimbursement and on-site Water Treatment and Distribution courses to all Cal Water employees.

The Commerce water system is classified as a D2-T2 system, which means that the Chief Operator (our Director of Operations) must have a Distribution Certification Level 2 (D2) and a Treatment Certification Level 2 (T2). Presently, our Chief Operator has D5 and T2 certifications, and his alternate has D5 and T2 certification. The Shift Operators (our on-call supervisory team) must have D2 and T1 certification; all of them have at least D3 and T2 certification, which means that 100% of them surpass the Department of Public Health minimum requirement. The hands-on operators must have D1 and T1 certifications. Cal Water requires every field employee to have D2 certification or higher, which means that 100% of the distribution system operators in Commerce surpass the Department of Public Health minimum distribution certification requirement. Finally, all of our Pump Operators have Treatment Certification levels of T2 and above, which means 100% of them meet or exceed the Department of Public Health minimum treatment certification requirement for Commerce.

### *Awards & Recognition*

Cal Water strives to operate its water utility systems in a cost effective and safe manner within a supportive and diverse workplace. While we do not have an active program for competing in awards programs, our efforts have been recognized through the following recent awards.

| Received By | Awarding Organization | Award |
|---|---|---|
| 2017<br>Company-wide | American Water Works Assn. Cal/Nevada Section | Larry C. Larson Safety Award for Class IV Utilities for 2016-17 |
| 2016 & 2017<br>California Water Service Group | Great Place to Work Institute | Great Place to Work, based on Culture Audit and Trust Index |
| 2017<br>California Water Service Group | Bay Area News Group | Top Workplace in the Bay Area for 2017 |
| 2016 (2017 Dedication)<br>**CWSG** President & CEO Martin Kropelnicki | US Navy Memorial Foundation | Naval Heritage Award - Lone Sailor Award - recognizes men and women who have served in the sea services and gone on to make significant contributions to their country. Celebrated at 10/2017 dedication of the Lone Sailor Memorial in Pearl Harbor |
| 2017<br>**CWSG** Supplier Diversity Program Mgr. Jose Espinoza | ASIAN, Inc. - Northern California nonprofit supporting socioeconomic minorities | Supplier Diversity Champion of the Year - for efforts advocating for the diverse business community |

*In-house engineering and water quality staff*

## Engineering

Cal Water employs an engineering staff comprised of electrical, civil, maintenance and control system engineers, working in all aspects of water-utility engineering. Engineering assists the various districts in the planning, operation, maintenance and implementation of the annual capital budgets for each of its systems. Cal Water's annual capital budget is in excess of $100 million. The budget includes mains, laterals, pumps, wells, storage tanks, telemetry controls and treatment facilities.

Areas of expertise include:

- Water distribution system design including hydraulic modeling
- Design of special facilities such as wells, pumps and reservoirs
- Distribution operations engineering to determine the most cost-efficient and cost- effective means of system operation
- Electrical engineering including electric panel board design for wells, pump stations and treatment plants
- Design and operation of the Supervisory Control and Data Acquisition Systems (SCADA); in fact, Cal Water received the 2009 Water and Wastewater Innovators Award from Control Microsystems, Inc. for its state-wide SCADA system
- Computerized mapping utilizing the latest version of AutoCAD with attributed information enabling integration to GIS
- Maintenance programs including inspection, testing and review of plant operation, leak detection and scheduled equipment servicing
- Preparation of Water Supply and Facilities Master Plans for each system to determine the short- and long-term capital requirements
- Preparation of Urban Water Management Plans

Cal Water brings a significant advantage in the areas of project design and administration. Because Cal Water designs, manages the construction/installation, and operates its facilities, there is a seamless link among these phases. Outside engineering is used only for highly specialized services, which results in lower design and overhead costs. We also employ experienced construction managers and inspectors who specialize in water system installations. Also, because we operate the facilities we install, we know what facilities are necessary for efficient and reliable water supply and distribution systems.

In addition to planned facilities upgrades, Cal Water designs and oversees the installation of the infrastructure for over 100 new subdivisions each year. Our extensive specifications for material, installation, and disinfection have been developed over Cal Water's 91 years of experience. We provide these same services to all of our O&M contract partners as well. In the case of Rural North Vacaville

Water District in Solano County, we provided design-build services for a complete potable public water system to replace hundreds of individual wells.

The engineering team in Torrance provides most of the engineering services for Cal Water Districts in the southern half of the state, with additional support as needed from the engineering personnel located in the corporate office in San Jose. The Torrance office is staffed with an Engineering Manager who has over thirty years of experience in the water utility industry, six civil engineers, three engineering technicians, two maintenance engineers, and an electrical engineer. The Torrance team also includes three Electrical Mechanical Technicians that troubleshoot and repair various electrical and mechanical facilities.

**Water Quality**

Cal Water's water quality laboratory conducts water quality testing for the systems it owns and operates, as well as for the Great Oaks Water Company and the City of Burlingame. Located in San Jose, the Cal Water laboratory is certified by the State of California Environmental Laboratory Accreditation Program (ELAP), which is difficult certification to attain. The lab is divided into 3 major sections—microbiology, inorganic chemistry, and organic chemistry—and houses state-of-the art equipment, including several gas chromatograph mass spectrometer systems (GC/MS), a gas chromatograph mass spectrometer/mass spectrometer system (GG/MS/MS), ion chromatograph system (IC), ion coupled plasma optical emission system (ICP/OES) and an inductively coupled plasma mass spectrometer system (ICP/MS).

Our water quality team has a combined 200 years of experience in water quality and includes personnel with advanced degrees in biology, cell and molecular biology, microbiology, geo-microbiology, geology, geophysics, chemistry, analytical chemistry, biochemistry, forensic chemistry, soil chemistry, chemical engineering, environmental engineering, environmental soil and water science, and environmental science.

At the local level, certified, highly trained water system operators collect samples from throughout the distribution system to be tested for more than 140 regulated contaminants and dozens of unregulated contaminants. The local team is supported by a Torrance-based Water Quality Project Manager and the entire San Jose team, which is headed by a recognized leader in the industry (recipient of George Warren Fuller Memorial and George A. Elliott Excellence Awards), former Chair of the California-Nevada section of the American Water Works Association, Registered Environmental Health Specialist, and Grade 5 Water Treatment Operator (T5).

***Demonstrated ability to maintain a high level of customer satisfaction***

At California Water Service, we are proud to say that there is a reason we have "Service" in our name. One of our six corporate strategic objectives is to provide excellent customer service, and every employee in the company participates on Continuous Improvement teams that work on projects that improve the way we serve our customers.

As mentioned previously, we are guided by our Voice of the Customer research, and we recently completed a new study to "hear" the Voice of the Business Customer. We seek feedback from customers on a regular basis to see how we're doing and identify opportunities for improvement.

First, we measure our own ability to satisfy customers on the first call using an internal tracking program completed by every Customer Service Representative for one week in each quarter of the year. In the most recent quarter, we satisfied 98% percent of our East Los Angeles District customers the first time they called. Second, we conduct a bi-annual customer satisfaction survey. The survey goes to a randomly selected sample of customers who have contacted us for service in the previous two years. In the most recent survey, over 80% of the respondents ranked our overall service either a 4 or a 5 on a scale of 1 to 5 (with 5 being excellent and 1 being poor). Third, we track, discuss, and seek to meet high standards in six customer service-related key performance areas: first-call satisfaction, on-time arrival in two-hour appointment windows, one-hour response to water quality inquiries, one-hour arrival for after-hours emergencies, telephone calls answered within 20 seconds, and overall customer satisfaction levels. Some of these are measured in our surveys, some are measured using our customer service computer software, one is measured using data from our telephone system, and one is tracked via work orders.

The bottom line is, we are never complacent about service. One reflection of our ability to provide excellent service is the fact that we have the fewest complaints of any large water system before the California Public Utilities Commission. Another, more meaningful sign that we provide excellent service is the feedback we get from individual customers. The survey data paints the big picture, but equally important to us are the individual letters we get from happy customers (a few of which are included in Exhibit P).

### *24-hour emergency response capability and phone service*

Cal Water offers 24-hour emergency response and phone service provided by Cal Water employees.

The primary call center is located at the Customer Service & Field Operations Center in Commerce. The secondary, back-up call center is located in our Torrance operations center. These call centers provide 7-day, 24-hour coverage by company personnel familiar with the Commerce service area.

In the event of an after-hours emergency, the local, Cal Water-staffed call center contacts the Cal Water on-call Supervisor for the Commerce area. The Supervisor on call dispatches up to three on-call personnel, who have company trucks fully equipped with necessary tools and materials. In addition to the on-call personnel, there is one Electrical Maintenance Technician, one Foremen of Flushing and Valve Maintenance, and a Chief Pump Operator available to respond to emergencies; they also have company trucks equipped with tools and material. Beyond these crews, the East Los Angeles District has 34 local field employees available for call-out as necessary.

As indicated above, in addition to the Commerce and Rancho Dominguez local crews, Cal Water can provide a large number of employees from neighboring districts to respond if needed. In the event of a major disaster, phones automatically transfer to Cal Water call centers unaffected by the emergency.

For routine customer service, Cal Water offers customers a robust customer-oriented web site, where they can check account balances, pay bills, or request service. After-hours drop boxes are also available for making payments.

## 2. HISTORY OF PROVIDING SERVICE IN THE CITY OF COMMERCE

As indicated in section one, in 1985, Cal Water was awarded a contract to operate the City of Commerce water system, and that contract was continually renewed and then converted to a long-term lease in 2002. Because Commerce is a part of our East Los Angeles District, in cases where separate data is unavailable, we reference the East Los Angeles District as a whole. The East Los Angeles District also serves customers in portions of Montebello, Monterey Park, Vernon, and Los Angeles County.

Since we were founded 91 years ago, we have built a reputation on our excellent customer service, and we've provided that same excellent service to our customers in Commerce. Beyond the customer survey results provided in the previous section, we have made operational improvements that benefit Commerce customers, including the following:

- We have achieved a substantial reduction in water service interruptions and main leaks.
- We have instituted a meter replacement program, including replacement of large meters, to ensure meter accuracy.
- We have implemented a fire hydrant maintenance program.
- We have established a valve maintenance and replacement program; well-maintained valves enable us to isolate areas for repair and reduce the number of customers affected by water system issues.
- We have achieved all of this while keeping water rates below average for the area.

We have a proven track record of being responsive to the City of Commerce, and we believe that we have a cooperative, mutually respectful relationship with the City, in large part because we work so diligently to serve the residents of Commerce.

### City of Commerce O&M experience and CIP development

**1)** **Scope of work**: Install 1100' of 8" main, 28-1" services and 3 fire hydrants on Pacific Drive in the City of Commerce Water System

**Budget**: $350,000 Date of completion: 5-19-17

Principals involved: Cal Water District Manager, Superintendent, Engineering Dept., Water Quality Dept., Master Contractor, Foreman Operations and Construction, Locator-Inspector and various Utility Workers.

**2)** **Scope of work**: Remove existing shelter, motor, discharge head, pump, concrete pad, above ground piping and abandon well 3-E in the City of Commerce Water System

**Budget:** $100,000 Date of completion: 7-14-17

Principals involved: Cal Water District Manager, Superintendent, Engineering Dept., Water Quality Dept., Chief Pump Operator, Electrical Mechanic Technician and Well Destruction contractor.

**3)** **Scope of work**: Install 3 new vertical pumps and 3 new inverter duty motors at Station 3E. In addition complete piping modifications and abandon existing pump vault in the City of Commerce Water System

**Budget**: $180,000 Date of completion: 12-10-14

Principals involved: Cal Water District Manager, Superintendent, Engineering Dept., Water Quality Dept., Chief Pump Operator, Electrical Mechanic Technician and Master Contractor.

**4)** **Scope of work**: Install EBBA flex connectors on the existing 2MG reservoir located at Station 7 Tank #1 to protect existing water storage tanks during seismic events in the City of Commerce Water System

**Budget**: $100,000 Date of completion: 3-30-15

Principals involved: Cal Water District Manager, Superintendent, Engineering Dept., Water Quality Dept., Chief Pump Operator, Electrical Mechanic Technician and Master Contractor.

**5)** **Scope of work**: Install a server and software package with a new SCADA server and software package in order to continue to support all system operations in the City of Commerce Water System

**Budget**: $50,000 Date of completion: 11-13-14

Principals involved: Cal Water District Manager, Superintendent, Engineering Dept., Water Quality Dept., Chief Pump Operator, Electrical Mechanic Technician and SCADA Technician.

## 3. DETAILED FINANCIAL STATEMENT FOR THE LAST FIVE YEARS

Financial data for the past five years is found in the 2016 California Water Service Group Annual Report, which is identified as Exhibit H.

## 4. CORPORATE STRUCTURE/ORGANIZATIONAL DIAGRAM OF OPERATIONS

## 5. RESOLUTION AUTHORIZING THE SUBMITTAL OF QUALIFICATIONS AND PROPOSAL

CALIFORNIA WATER SERVICE COMPANY

RESOLVED, that the President, or any Vice President, and the Secretary, or any Assistant Secretary, of this corporation be and they are hereby authorized and empowered, for and in the name of this corporation, and as its corporate act or acts, and either under its corporate seal or not, as they shall in their discretion determine, to make and enter into any or all of the following types of contracts pertaining to the ordinary course of business of this corporation as a public utility water company;

1. Leases of real or personal property, or both, in which the company is either Lessor or Lessee.

2. Contracts for the purchase of real properties for the addition, extensions and improvements of and to existing water supply systems of this corporation.

3. Contracts for the purchase of materials, supplies, machinery and/or equipment and/or other personal property for use or consumption in the business of the corporation; and contracts for the disposal of any of such items not so used or consumed in such business.

4. Contracts for the purchase of electric energy and for the purchase or sale of water whether in retail or wholesale quantities.

5. Contracts for the acquisition or construction, or both, of additions, extensions and improvements of and to existing water supply systems of this corporation.

6. Contracts with employees' collective bargaining groups.

7. Contracts for the performance of sundry services required by the Company in the ordinary course of business.

--oOo--

I, Lynne P. McGhee, Secretary of California Water Service Company, a California corporation, do hereby certify that the foregoing is a full, true and correct copy of certain resolutions adopted by the Board of Directors of said corporation at a regular meeting of said Board duly called and held September 26, 2001, at which a quorum was present, that all Directors present voted in favor of said resolutions, and that said resolutions have never been annulled or revoked but are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name this 7th day of January, 2011.

Lynne P. McGhee
Corporate Secretary
CALIFORNIA WATER SERVICE COMPANY

## 6. OTHER INFORMATION REGARDING QUALIFICATIONS

Being a leading corporate citizen is one of Cal Water's six strategic corporate goals. To this end, Cal Water is active in each of the communities we serve. We contribute both time and resources to numerous local service organizations.

In 2016, California Water Service Group (NYSE: CWT) donated more than $665,000 to charitable organizations in its California, Washington, Hawaii, and New Mexico service areas. The 2016 donations exceeded the prior year's corporate giving by more than $60,000, making the year one of the most charitable in company history.

As a regulated utility, the company makes these contributions from stockholder funds and is part of the Group's corporate philanthropic program. The financial gifts do not come from customer rates.

Among its donations, the Group provided $60,000 in college scholarships to students in the areas it serves. The two grand prize winners of $10,000 scholarships went to students in Salinas and Rancho Palo Verdes. It also supported a variety of local non-profits that enhance quality of life in its communities, such as food banks, homeless shelters, and agencies that assist youth, seniors, and veterans in need.

Cal Water also donated over $200,000 to local charitable organizations over Thanksgiving as part of the company's annual Operation Gobble program to help provide holiday meals and assistance to residents in need.

Hawaii Water Service Company continued its commitment to the Maui Food Bank and the Food Basket, while New Mexico Water Service Company donated to the Adelante Development Center and Washington Water Service Company supported the Peninsula Community Foundation.

"Doing the right thing and giving back to the areas we serve is a cornerstone of California Water Service Group's values," Kropelnicki said. "We are committed to investing in our communities by assisting young people finance an education and obtain their dreams for the future; helping families and charities rebuild after a disaster; and alleviating some of the financial burden so non-profits can continue to provide life-changing services for those in need, year after year.

As California Water Service Group enters 2018, the company plans to continue its outreach efforts and develop additional programs to benefit customers in the areas it serves.

## EXHIBIT A: ENDORSEMENTS FROM PARTNERS

BAKERSFIELD

**WATER RESOURCES DEPARTMENT**
Art R. Chianello, P.E. • Water Resources Manager

May 10, 2011

City Council
City of Hawthorne
Department of Public Works
4455 West 126th Street
Hawthorne, CA 90250

TO WHOM IT MAY CONCERN:

We have been asked to provide you with a letter of recommendation for the water utility services provided by California Water Service to the City of Bakersfield.

California Water Service Company has operated and maintained the municipal-owned domestic water system (formerly Ashe Water Co.), under contract, since 1977. The City system has grown during this time period from 3,300 service connections to the current figure of over 40,000 services. California Water Service has provided full service day-to-day operations including operation and maintenance of pumping facilities and the distribution system, meter reading, billing and collections, water quality monitoring and reporting, as well as some design and engineering of major capital water distribution facilities.

The staff and management of California Water Service have demonstrated the ability to efficiently and effectively operate the City of Bakersfield water system. They are professional and have provided the City with a quality of service we would require of our own personnel.

Sincerely,

Art Chianello

Art Chianello, P. E.
Water Resources Manager

Water Resources Department • 1000 Buena Vista Road • Bakersfield • California 93311
(661) 326-3715 • Fax (661) 852-2127 • E-Mail: water@bakersfieldcity.us

(Continued on next page)

# City of Commerce

**Department of Community Development**

Bob Zarrilli
**Director**

May 10, 2011

City Council
The City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250

Dear Hawthorne City Council Members:

I understand that the California Water Service Company will present the City of Hawthorne a proposal for the long-term lease and operation of your City's Water System and I am please to provide the following information:

- California Water Service Company has operated our water system since 1985. During this time, the company has never failed to provide service of the highest standard in a timely and cost-effective manner. The company operates and maintains our water system at the same level it provides to its own system in neighboring East Los Angeles area.

For a combination of value and service in providing drinking water, California Water Service Company would be hard to beat or match. Therefore, I am confident in their ability to operate any water system and would recommend them with hesitation.

Sincerely,

Robert Zarrilli
Director of Community Development

2535 Commerce Way
Commerce, CA 90040
Phone:323•722•4805
Fax:323•888•6537

*"Where Quality Service Is Our Tradition"*

(Continued on next page)

May 10, 2011

Mr. Pete Nelson
Vice President – Chief Information Officer
California Water Service Company
1720 North First
San Jose, CA 95112

Subject: California Water Services' Billing for City of Visalia Utilities

For almost two decades, California Water Service has provided utility billing services for the City of Visalia. This cooperative effort benefits the City and reduces the number of bills that Visalians receive. I can without qualification recommend Cal Water's services to any interested party.

This relationship has grown over time. At times, the City needed to change its billing practices to bill residents for different fees and services. Cal Water listened to our needs and has helped us accomplish our goals. Your staff listens and delivers. Today, we find the service as prompt, precise and cooperative as ever.

Our hope is that this relationship continues into the future. Our current agreement runs until the end of 2013. After that, I hope we can continue in our mutually beneficial arrangement.

Sincerely,

Eric Frost
Administrative Services Director
559.802.6297
efrost@ci.visalia.ca.us

(Continued on next page)

November 7, 2017

Mr. Daniel Armendariz, District Manager
California Water Service
2632 West 237th Street
Torrance, CA 90505

Dear Mr. Armendariz:

On behalf of West Basin Municipal Water District (West Basin), we want to thank California Water Service for a long and collaborative relationship between our organizations and for the many years of excellent service you have provided to customers within West Basin's service area.

Cal Water has played an important role in supporting West Basin's mission of water reliability. Since the early 1990s, your company has been very cooperative in helping West Basin expand its recycled water distribution system and connect new customers in our mutual effort to offset the use of potable drinking water. Your progressive conservation programs and water rate structures have helped reinforce a strong water use efficiency ethic with residents and businesses.

Cal Water has also been very responsive to West Basin in performance of the operations and maintenance contract for both the recycled water distribution system and our brackish groundwater desalter.

We can wholeheartedly recommend Cal Water's capabilities and services to any party considering contracting for your services.

Sincerely,

Shivaji Deshmukh

Shivaji Deshmukh, P.E.
Co-General Manager

Fernando Paludi, P.E.
Co-General Manager

17140 S. Avalon Blvd.
Suite 210
Carson, CA 90746
310.217.2411
www.westbasin.org

BOARD OF DIRECTORS

Harold C. Williams
*President*

Scott Houston
*Vice President*

Donald L. Dear
*Treasurer*

Gloria D. Gray
*Secretary*

Carol W. Kwan
*Member*

COMMITTED TO

*Water Reliability*

*Water Quality*

*Sound Financial and Resource Management*

*Customer Service*

*Environmental Stewardship*

(Continued on next page)

## EXHIBIT B: METER READING STANDARDS AND PROCEDURES

**CALIFORNIA WATER SERVICE COMPANY**
**POLICY AND PROCEDURE MANUAL**

| Subject: | Department: | | Number: |
|---|---|---|---|
| **Meter Reading Standards, Procedures, and Measurements** | **Customer Service**<br>( ) Complete Revision<br>(X ) Partial Revision<br>( ) New | Supersedes:<br>**N/A** | V. J<br>Page:<br>1 |

**Purpose:** Ensure that 99.5% of all meters are read accurately the first time as scheduled. An accurate meter read is the first step in the billing process. It leads to satisfied customers who know that their bill is right, accurate revenue reporting and efficiency.

**Scope:** This policy applies to all Cal Water employees.

---

**Procedure:**

1. Schedule

A meter reading schedule will be provided to the districts annually by the Commercial Manager, showing the billing cycle number and the reading date. This schedule is to be followed without exception. If an emergency situation should arise that would cause a change or interruption in reading the meters based on the schedule provided, the Commercial Manager is to be advised.

The standard schedule for providing the Itron/RMS meter reading file to the district will be 2 days prior to the scheduled meter reading date for each billing cycle.

2. Meters to Read

Each meter dial is to be read accurately. Only the **actual** reading is to be entered into the Itron handheld computer.

3. Digits to Read

All meter readings are to represent consumption in hundreds of cubic feet. Readings of the hands or digits on the dials that are for less than one hundred cubic foot registration are not to be entered into the Itron handheld; they are to be observed in order to verify the reading of the hundred cubic foot hand or digit.

4. Meter Box Inspection

| Issue Date: | Effective Date: | Approved by: |
|---|---|---|
| | | Paul Ekstrom |

(Continued on next page)

Each meter box is to be opened for which a service point file on the Itron/RMS System is created regardless whether the file shows the meter to be active, inactive or removed. Notations are to be made in the file of any differences found to the meter or account. These notations will be reported in the Itron daily trouble code work list and verified by a Customer Service Representative appointed by the Customer Service Manager.

5. Meter Read Audit

The meter reader is to be instructed to:

a. Read the meter
b. Verify that meters with zero or low consumption are not stuck
c. Verify that all water usage for every service point is authorized
d. Verify (rereads) all low/high consumption
e. Report promptly all unsafe box/cover problems to their supervisor; these issues will also be reported as a trouble code
f. Report all trouble codes
g. Secure all lids and covers
h. Replace all broken lids and covers that are unsafe
i. Provide accurate meter locations/measurements for all hard to find meters
j. Efficiently route all meters
k. Perform minor meter maintenance
l. Provide customers with information about the Company

6. Rerouting Procedure

The District Manager, Local Manager or Customer Service Manager must approve all meter reading rerouting. Rerouting that will result in substantial changes to the revenue billing cycle must also be approved by the Commercial Manager and the Manager of Operations of Information Systems.

After approvals are received, the following shall be followed to reroute meters:

a. A bill message must be created for every rerouting project. Customers must be noticed prior to the change and again once the change has been made. A request for Bill Text/Insert must be completed and sent to the Commercial Manager a minimum of 2 weeks prior to the mailing date.

b. Caution must be exercised when moving accounts from cycle to cycle. Depending on where the target account(s) are located, moving the accounts will need to be timed



(Continued on next page)

so that the customer does not receive two bills in a short time frame. Example: To move an account from cycle M01 to M05, wait until M05 has billed.

c. If an account has been rerouted and is billed for less than 27 days and more than 33 days, the account must have a prorated service charge.

Each year by October 1, the District Manager, Local Manager or Customer Service Manager for each district will have audited each meter reading route to determine that meters are routed efficiently. The results of this finding will be reported to the Commercial Manager. All meters to be rerouted are to be done so as soon as practical and meet the above requirements.

7. Downloading and uploading procedure

The Customer Service Manager is responsible for the uploading and downloading all meter reading files to the Itron handheld system and RMS as scheduled by the Commercial Manager. A Customer Service Representative or Meter Reader appointed by the Customer Service Manager may perform this activity.

a. The schedule to download the meter files to the Itron is attached.

The procedure to follow is outlined in the Itron training manual.

b. The schedule to upload the meter files to the RMS is attached

The procedure to follow is outlined in the Itron training manual.

8. Cycle Balancing and reports

For each meter reading cycle, a Customer Service Representative appointed by the Customer Service Manager will balance the quantity of accounts originally downloaded from RMS to accounts that were read and uploaded back to RMS. Documentation shall provide the following:

a. The quantity of accounts to balance shall equal the net total of accounts read during the previous month's cycle plus any new customer accounts or abandoned/stopped accounts.



(Continued on next page)

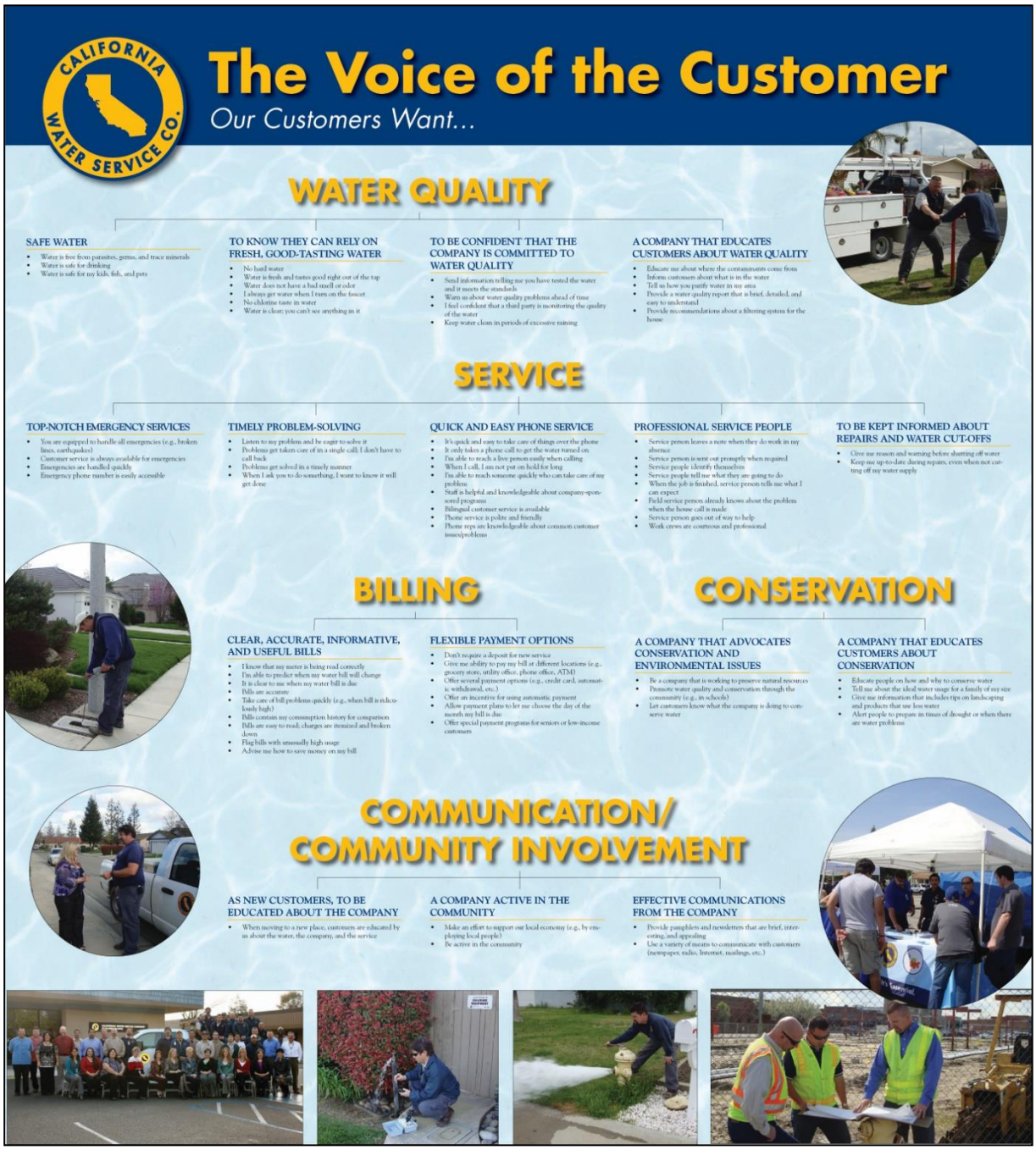
b. Discrepancies are to be documented in the report. The report is to be signed, dated and mailed to the RMS operators in the IS department. A copy of the report is to be retained at the district for future reference.

**9.** Measurements:

**Standard:**

- 99.5% of all meters are read accurately the first time as scheduled

## EXHIBIT C: VOICE OF THE CUSTOMER



## EXHIBIT D: RESPONSE STANDARD FOR E-MAIL, LETTER, AND TELEPHONE CONTACT

**CALIFORNIA WATER SERVICE COMPANY**
**POLICY AND PROCEDURE MANUAL**

| Subject: | Department: | | Number: |
|---|---|---|---|
| Response Standards to E-Mail, Letter and Telephone Contact | **Customer Service** | | V. TT |
| | () Complete Revision<br>( ) Partial Revision<br>(X) New | Supersedes:<br>**N/A** | Page:<br>1 |

**Purpose:** Ensure that response times to customer and general public inquiries are made in a timely manner so that they experience excellent service. Customers and the general public expect a "quick response" to their inquiries. The more timely the response, the better chance of the customer and the public experiencing excellent service.

**Scope:** This policy applies to all Cal Water operations and employees.

**Procedure:**

**1.0 Response to Customer Correspondence**

- E-mail:
  District management will ensure that all customer e-mails are acknowledged by the next business day, with a complete response within three business days. Response may be made by e-mail, telephone or in person, as appropriate.

- Letters or faxes received by the district:
  District management will ensure that all customer letters and faxes are answered within three business days of receipt. Response may be by mail, e-mail, telephone or in person, as appropriate.

- Letters, notes and comments received by General Office:
  Correspondence received in General Office will either be acknowledged and answered by the recipient or forwarded to the appropriate district for a response within three business days of receipt at General Office. Response may be by mail, e-mail, telephone or in person, as appropriate.

- Telephone inquiries:
  Telephone inquires received in General Office or in the districts will be acknowledged by the next business day, with a complete response within three business days, in accordance with the Company Telephone Guidelines.

| Issue Date: | Effective Date: | Approved by: |
|---|---|---|
| 11/24/04 | 11/24/04 | Paul Ekstrom |

(Continued on next page)

### 2.0 Standard Response

Company-approved form letters are available on the Cal Water intranet under the Form Letter link and should be used for responding to:

High bill inquiries
Rate increase inquiries
Requests for a credit reference
Requests for consumption history/usage
Requests for billing/payment history
Requests for current rates
Requests for information regarding future rate or step increases
Responding to a complaint about service
Notifying customers that there is a probable leak on their property

### 3.0 Response to Water Quality Inquiries

Water quality concerns, questions and complaints received over the telephone will be investigated within one hour of receipt. These issues will be resolved the same day. The results of the Company's findings will be communicated either by e-mail, telephone or in person, as appropriate. Water quality inquires that are received by e- mail will be promptly investigated and answered.

## EXHIBIT E: WATER QUALITY ISSUE RESPONSE TIME STANDARD

**CALIFORNIA WATER SERVICE COMPANY**
**POLICY AND PROCEDURE MANUAL**

| Subject: | Department: | | Number: |
|---|---|---|---|
| **Response Time** | **Customer Service** | | **V. DD** |
| | ( ) Complete Revision<br>( X ) Partial Revision<br>( ) New | Supersedes:<br>**11/03/05** | Page:<br>1 |

**Purpose:** Establish a company-wide standard for customer service response times for water quality complaints and provide a statistical tool to assist districts to meet the standard.

**Expectations:** Respond to water quality complaints within 1 hour of initial customer contact. Offer customers a 2-hour appointment window for scheduled appointments.

**Goal:** To be on time 100% of the time

**Scope:** This policy applies to all Cal Water operations and employees using RMS.

**Procedure:**

**1.0 Process**

- Print the Water Quality Response Time Report (Report ID:Cw_rpt15.rpt) and the Schedule Appointment Report (Report ID:Cw_maint.rpt) monthly.
- Review and document the findings for all response times that exceed the standard. District management team will discuss the results on a monthly basis and look for ways to meet the standard, thereby improving customer service.
- Copy of the prior month's reports with pertinent comments to be forwarded to the Director of Customer Service before the 10th of every month.

**2.0 Water Quality Complaint Criteria**

Taste and Odor
Color
Turbidity
Visible Organisms
Pressure high or low
Illnesses
Air
Sand

***All*** **customer complaints that are handled over the phone must be logged into the system. (Complaints will be defined as "Yes" complaints or "No" complaints – *every* complaint must be logged).**

| Issue Date: | Effective Date: | Approved by: |
|---|---|---|
| 10/24/05 | 10/24/05 | Paul Ekstrom |

(Continued on next page)

**2.1 Definition of a "Yes" Complaint**

- A "Yes" complaint is defined as any customer inquiry or complaint in which the customer's service or quality of water is directly affected based upon the Company's action or inaction. All water quality and hazardous conditions that are reported by the customer and are determined to have been caused, (or delivered) by Cal Water, are considered "Yes" complaints.

**3.0 Measurements**

- The Scheduled Appointment Report measures the difference between the beginning of the appointment block and the arrival time.
- The Water Quality Response Time Report measures the difference between the creation of the field order and the time of arrival.
- Time created, time of appointment and time of arrival must be reported and entered accurately free of reporting errors.

**4.0 Accessing the Response Time Reports**

RMS
Control Central
Reports
Select Report Scheduled Appointments or Water Quality Response Time
Update/Display
Ok
Select "District" @ drop down
Select Freeze Date From @ drop down
Select Freeze Date To @ drop down
Run
Ok
Print

**5.0 Response Time Exceptions**

- Response time exceptions will be noted in the reports
- Exceptions can be identified in the report as negative time or times
- Review of the field order should aide in explaining the cause of the exception

## EXHIBIT F: KEY PERSONNEL

**East Los Angeles Management Personnel Summary**
**(323) 722-8601**

| Number of Employees | Job Title |
|---|---|
| 1 | Interim District Manager |
| 1 | Customer Service Manager |
| 1 | Customer Service Supervisor |
| 4 | Superintendents |

**East Los Angeles District Management**
**(323) 722-8601**

| District | Employee ID | Job Title |
|---|---|---|
| East Los Angeles | 000604 | Interim District Manager |
| East Los Angeles | 000562 | Customer Service Manager |
| | **Total** | **2** |

**East Los Angeles Supervisors**
**(323) 722-8601**

| District | Employee ID | Job Title |
|---|---|---|
| East Los Angeles | 001839 | Customer Service Supervisor |
| East Los Angeles | 000207 | Superintendent |
| East Los Angeles | 000491 | Superintendent |
| East Los Angeles | 000597 | Superintendent |
| East Los Angeles | 001711 | Superintendent |
| | **Total** | **5** |

(Continued on next page)

**East Los Angeles Field Personnel Summary**
**(323) 722-8601**

| Number of Employees | Job Title |
|---|---|
| 1 | Cert Pump Operator-Operations Clerk |
| 1 | Cert Pump Operator-Act |
| 7 | Certified Pump Operator |
| 3 | Foreman |
| 1 | Foreman – Flushing & Valve Maintenance |
| 1 | Cross Connection Control Spec |
| 2 | Operation Maintenance Worker |
| 1 | Locator - Inspector |
| 3 | Meter Reader |
| 6 | Serviceperson |
| 1 | Storekeeper |
| 3 | Utility Worker |
| 4 | UW/Relief Certified Pump Operator |
| 1 | Chief Certified Pump Operator |

**East Los Angeles Customer Service Personnel Summary**
**(310) 257-1400**

| Number of Employees | Job Title |
|---|---|
| 7 | Customer Service Representatives |

**External Cal Water District Management**
**Available in Case of Emergencies**

| District | Employee ID | Job Title |
|---|---|---|
| Bakersfield | 000342 | Assistant District Manager |
| Bakersfield | 000540 | District Manager |
| Rancho Dominguez | 000422 | District Manager |
| Rancho Dominguez | 000136 | Assistant District Manager |
| Visalia | 000224 | District Manager |
| Westlake | 001077 | District Manager |
| | **Total** | **6** |

(Continued on next page)

**External Cal Water Supervisors**
**Available in Case of Emergencies**

| District | Employee ID | Job Title |
|---|---|---|
| Bakersfield | 000128 | Customer Service Manager |
| Bakersfield | 000364 | Customer Service Supervisor |
| Bakersfield | 000417 | Customer Service Supv |
| Bakersfield | 000322 | General Foreman |
| Bakersfield | 000642 | General Foreman |
| Bakersfield | 000159 | Supt-Construction |
| Bakersfield | 000091 | Supt-Construction, Prod Sys |
| Bakersfield | 000115 | Supt-Construction, Prod Sys |
| Bakersfield | 000301 | Supt-Operations |
| Bakersfield | 000551 | Supt-Production |
| Bakersfield | 000309 | Supt-Production |
| Rancho Dominguez | 000097 | Project Manager |
| Rancho Dominguez | 000257 | Superintendent |
| Rancho Dominguez | 001356 | Superintendent |
| Rancho Dominguez | 000923 | Superintendent |
| Rancho Dominguez | 000382 | Superintendent |
| Rancho Dominguez | 000930 | Superintendent |
| Rancho Dominguez | 000629 | Superintendent |
| Rancho Dominguez | 000064 | Supt – Production |
| Rancho Dominguez | 000261 | Supt - Production |
| Rancho Dominguez | 000366 | West Basin Supt |
| Visalia | 000485 | Customer Service Manager |
| Visalia | 000132 | General Superintendent |
| Visalia | 000570 | Supt - Flat to Meter |
| Visalia | 000529 | Supt-Construction |
| Visalia | 000337 | Supt-Distribution |
| Visalia | 000567 | Supt-Production |
| Westlake | 000362 | Superintendent |
| | **Total** | **28** |

**External Cal Water Field Service Employees**
**Available in Case of Emergencies**

| | |
|---|---|
| **Total** | **196** |

**External Cal Water Customer Service Employees**
**Available in Case of Emergencies**

| | |
|---|---|
| **Total** | **59** |

(Continued on next page)

## EXHIBIT G: EMPLOYEE CERTIFICATIONS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **East Los Angeles** | | | | | | | |
| **Treatment Classification:** | | | **T-2** | **Meets Requiremen** | **Yes** | | |
| **Distribution Classification:** | | | **D-5** | **Designated Chief:** | **DM** | | |
| | | | | **Designated Shift:** | **Superintendents** | | |
| | | | | | | | |
| **System Name** | **System Number** | **System Classification** | **District** | **Title** | **Operator Certification** | **Designated Chief Operators** | **Designated Shift Operators** |
| East Los Angeles, City of Commerce | 1910036, 1910050 | D-5, T-2, T-2, D-2 | East Los Angeles | Superintendent I | Water Distribution Gr. 3<br>Water Treatment Gr. 2 | X(treatment) | X(distribution) |
| | | | East Los Angeles | Superintendent II | Water Distribution Gr. 3<br>Water Treatment Gr. 2 | X(treatment) | X(distribution) |
| | | | East Los Angeles | Customer Service Manager | Water Distribution Gr. 3<br>Water Treatment Gr. 2 | X(treatment) | X(distribution) |
| | | | East Los Angeles | General Superintendent | Water Distribution Gr. 3<br>Water Treatment Gr. 2 | X(treatment) | X(distribution) |
| | | | East Los Angeles | District Manager | Water Distribution Grade 5<br>Water Treatment Gr. 2 | X | |
| | | | East Los Angeles | Superintendent II | Water Distribution Gr. 3<br>Water Treatment Gr. 2 | X(treatment) | X(distribution) |
| | | | East Los Angeles | Superintendent II | Water Distribution Gr. 3<br>Water Treatment Gr. 3 | X(treatment) | X(distribution) |

(Continued on next page)

## EXHIBIT H: ANNUAL REPORT

# MAKING *Good Things* HAPPEN

CALIFORNIA WATER SERVICE GROUP 2016 SUMMARY ANNUAL REPORT

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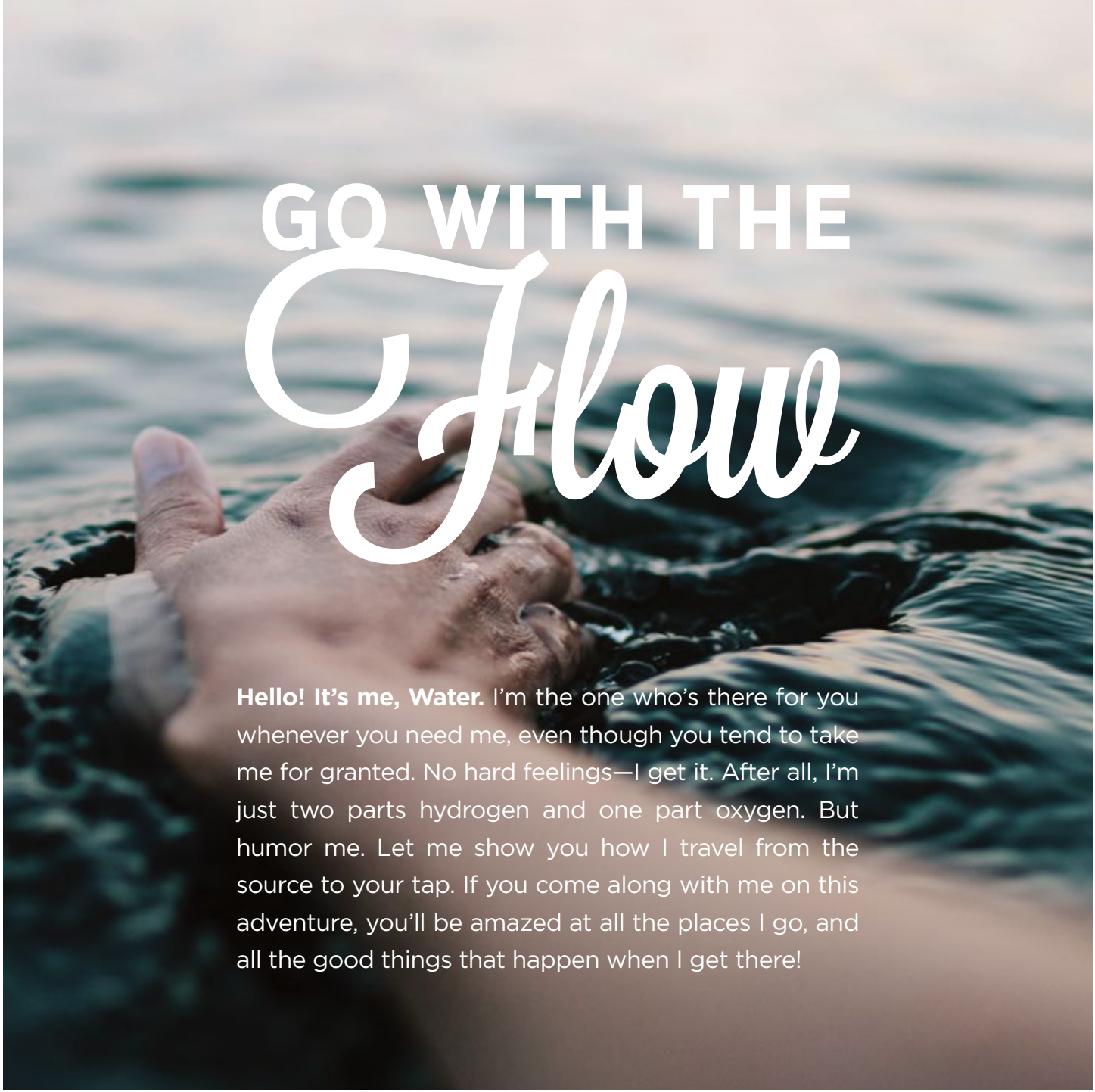
California Water Service Group (NYSE: CWT) is the third-largest publicly traded water utility in the United States, providing high-quality utility services to approximately two million people in more than 100 communities through six subsidiaries: California Water Service (Cal Water), Hawaii Water Service 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.

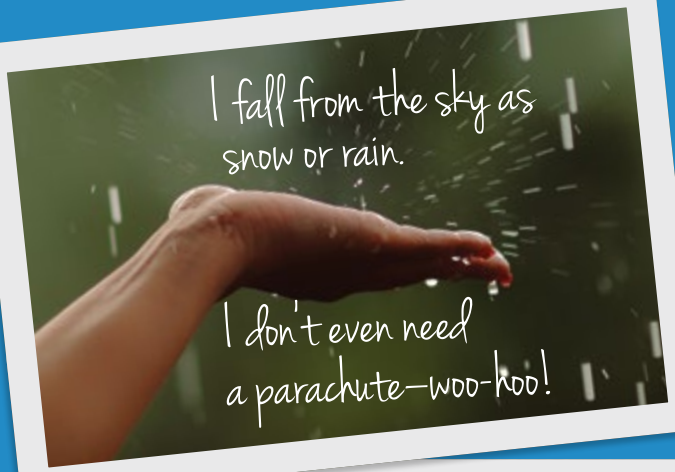


# GO WITH THE *Flow*

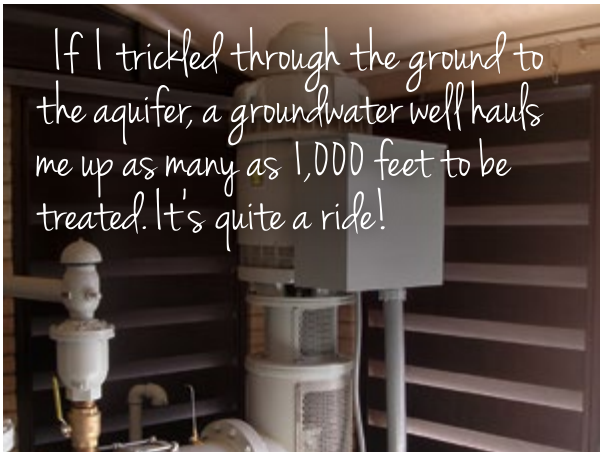
**Hello! It's me, Water.** I'm the one who's there for you whenever you need me, even though you tend to take me for granted. No hard feelings—I get it. After all, I'm just two parts hydrogen and one part oxygen. But humor me. Let me show you how I travel from the source to your tap. If you come along 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!

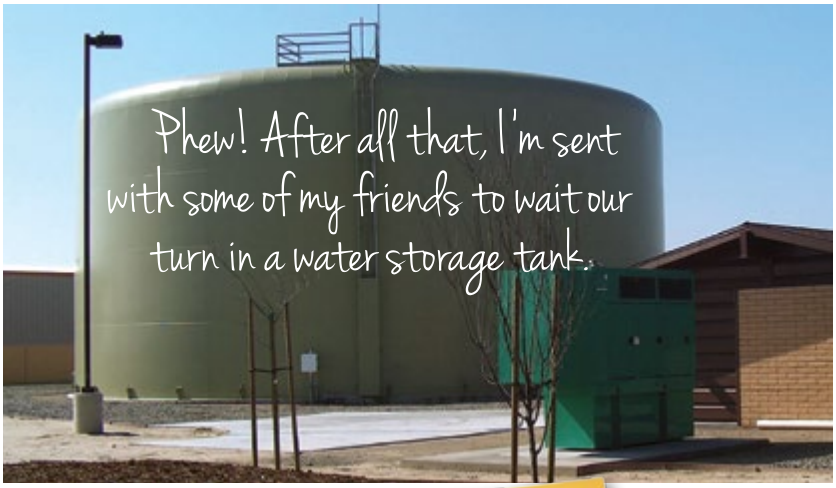
# MY Journey TO THE TAP

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.





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

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

## WHEN I FINALLY ARRIVE,

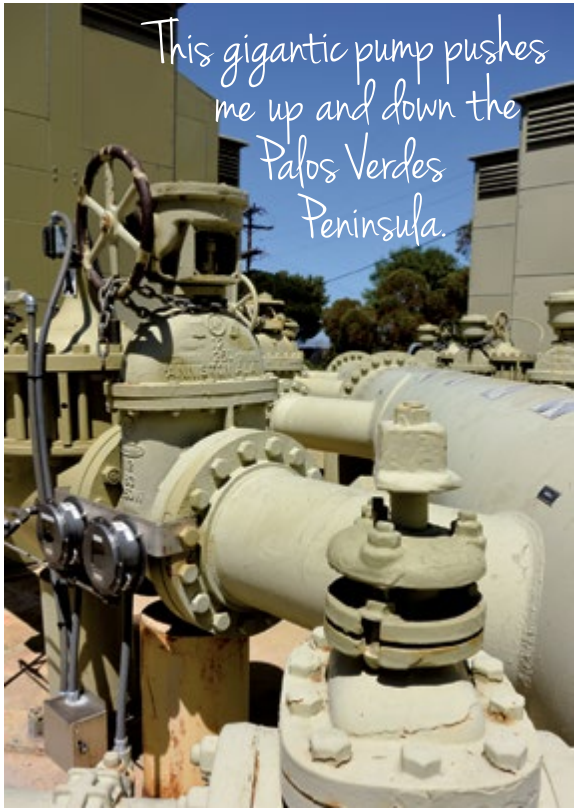
# I MAKE

## 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.

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!

Uh-oh: a leak in the water main!
Thanks for the quick repair.

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!

CALIFORNIA WATER SERVICE GROUP

# ¶ 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).

GREAT PLACE TO WORK®

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

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

TOP WORK PLACES 2016

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

UNITED STATES PATENT AND TRADEMARK OFFICE
DEPARTMENT OF COMMERCE

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.

SALINAS
RICH IN LAND | RICH IN VALUES

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

| *Year ended December 31* | 2016 | 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 Study℠.

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.

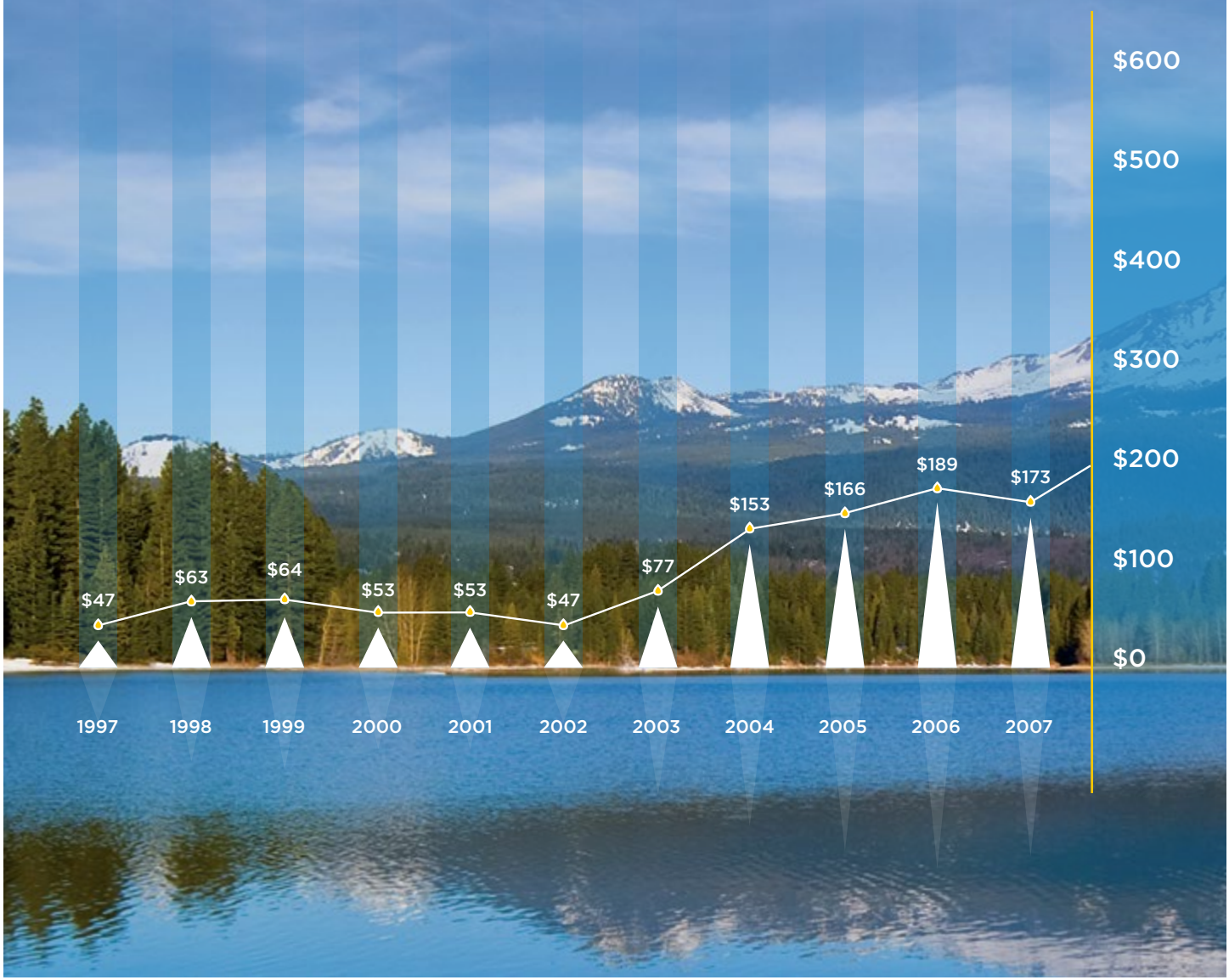
Hawaii Water launches a new website to provide convenient, user-friendly customer service.

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)



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

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

# LETTER TO OUR STOCKHOLDERS (CONT'D)

## 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

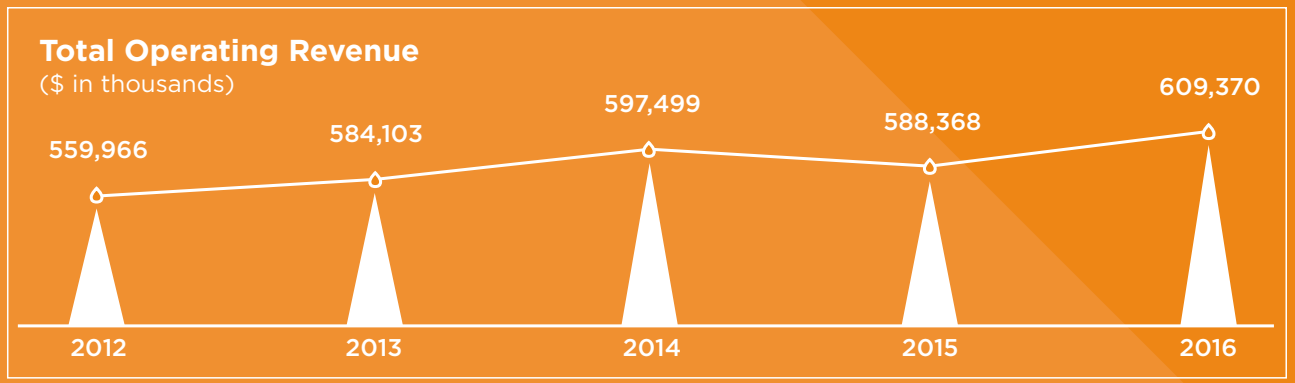
One of the many advantages of being served by a regulated utility is that all capital investments are reviewed and approved by state utility commissions as part of the rate-setting process.

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.

Commission authorized $658.8 million for infrastructure projects!

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!

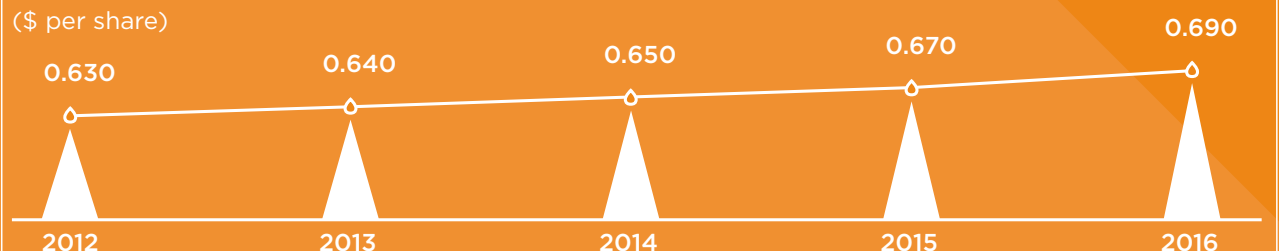
Even so, we went a step further in 2016, engaging an expert third party to ensure that our lead and copper compliance program was second to none. We also completed lead and copper monitoring as required by the United States Environmental Protection Agency (EPA) and collaborated with public health agencies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

**Annual Dividend**
($ per share)



## 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!

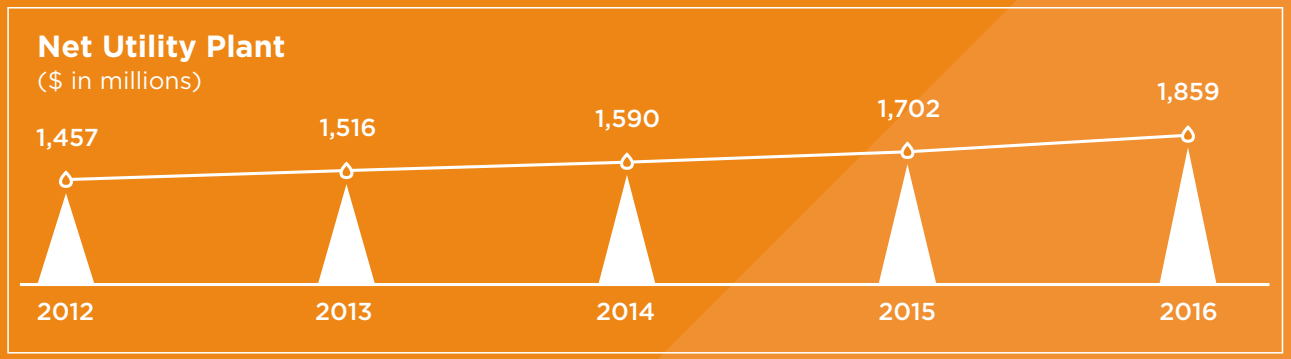
We're committed to fulfilling our promise to provide customers with quality, service, and value, and we were thrilled to be ranked highest in overall customer satisfaction among the 24 largest water utilities in the western United States in J.D. Power's inaugural Water Utility Residential Customer Satisfaction 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.



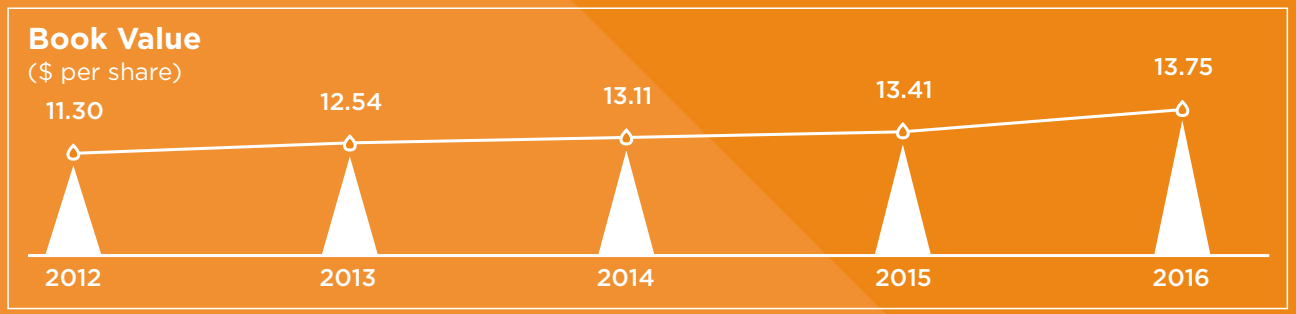

## BUILDING A STRONG REPUTATION

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

**MARTIN A. KROPELNICKI**
President and Chief Executive Officer

Peter C. Nelson

**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 countries of Clallam, Jefferson, Kitsap, Mason, Pierce, King, San Juan, and Thurston.

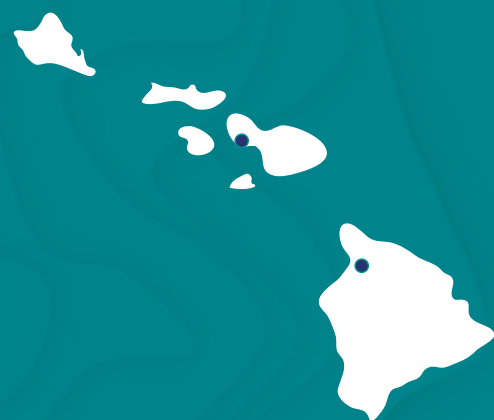
**Regulated Customer Connections**

| | |
|---|---|
| 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.

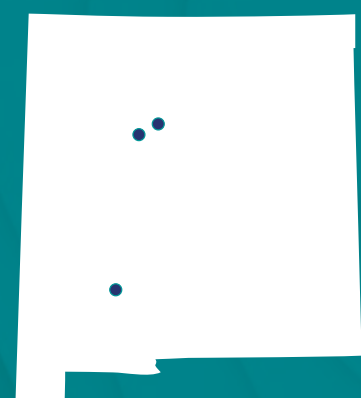
**Customer Connections**

| | |
|---|---|
| 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

| | 2016 | 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 |

# CALIFORNIA DISTRICTS & COMMUNITIES NUMBER OF CUSTOMER ACCOUNTS

| | 2016 | 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) | 2016 | 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

# EIGHT-YEAR FINANCIAL REVIEW (CONT'D)

| 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.*

CALIFORNIA WATER SERVICE GROUP

# BOARD OF Directors 2016

## 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

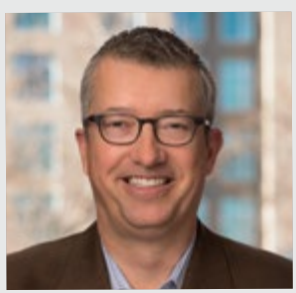
**Thomas F. Smegal, III**
Vice President and
Chief Financial Officer

# CORPORATE Officers 2016

Martin A. Kropelnicki
President and
Chief Executive Officer

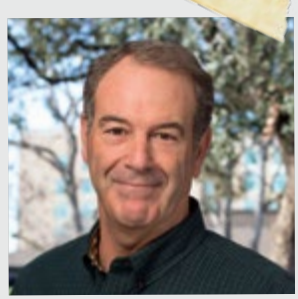
Michael B. Luu
Vice President, Customer Service
and Chief Information Officer

Lynne P. McGhee
Vice President, General Counsel



Robert J. Kuta
Vice President, Engineering

Paul G. Townsley
Vice President,
Rates and Regulatory Matters



Timothy D. Treloar
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

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