



EVERYDAY HEROES

California Water Service Group 2015 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 Company (Cal Water), Hawaii Water Service Company, Inc. (Hawaii Water), New Mexico Water Service Company (New Mexico Water), Washington Water Service Company (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.





Not all heroes fly.



They don't all leap
tall buildings in a single bound, carry
lassos of truth, or shoot webs
from their wrists.

Some of them make the world a better place without the benefit of superpowers. It's these everyday heroes who are helping us through one of the worst droughts in California history.



And they've joined forces
with our customers
to deliver
spectacular results.



Extraordinary Acts of Customer Service!

Due to historic drought conditions, the Governor of California issued an emergency proclamation in April 2015 that gave us little more than a month to begin meeting ambitious water-use reduction targets. We already had an industry-leading conservation program in place, but new state mandates required us to step up our efforts even further. Taking a customer-first approach, we established an individualized water budget for each customer, set up a centralized drought call center to answer questions and process water-budget appeals, and trained a small army of Conservation Coordinators to provide personal, individual assistance to all who needed it. And before we launched, we hosted 25 public meetings throughout the state to discuss the plan personally with thousands of customers.

During the first few months, call volumes in our drought call center and our districts skyrocketed, but our team did a heroic job of explaining the state requirements, walking customers through their water budgets, and offering a range of conservation programs. The upshot: Despite very challenging circumstances, customer satisfaction levels remained high. We conducted a poll in October, and on a scale of 1 to 5 with 5 being best, we scored 4 for overall satisfaction, 4.4 for service, and 4 for communications. These results wouldn't have been possible without the extraordinary efforts of Sandra Millan, Camisha Townsend, and our other 153 customer service professionals.



Sandra Millan & Camisha Townsend

Stupendous Exploits in Community Outreach!

There's only one way to be "customer first," and that is to *be* with the customer. That's why we spent a lot of time in our communities in 2015. Whether we were sitting cross-legged on the floor talking to schoolkids, knocking on individual customers' doors, engaging with fans on our Facebook page, mingling with neighbors during National Safety Night Out, or providing drought-tolerant landscaping advice to avid gardeners, we were impacting our communities.

President and Chief Executive Officer Martin A. Kropelnicki personally visited Shasta Elementary School in Chico to congratulate the fifth graders in Room 17, who won the Company's inaugural H2O Challenge for their rain harvesting and drought-tolerant garden project. District Managers Lee Seidel, Dan Trejo, and Dan Armendariz joined community leaders and elected officials at ribbon-cutting ceremonies for three new conservation demonstration gardens. District Manager Pete Bonacich made an inspiring presentation at Chico State Water Week 2015. And Susan Cordone and our team of Conservation Coordinators made it their mission to personally interact with as many of our neighbors as (super) humanly possible.



Susan Cordone

Spectacular Efforts in Water Supply!

It took serious heroism to provide a reliable water supply in the midst of one of the most serious droughts in California history. In Bakersfield, water supplies were extremely constrained, and we needed to secure more water to keep two critical treatment plants in operation. That's where District Manager Rudy Valles stepped in and saved the day, leading the effort to partner with the City of Bakersfield on a critical water exchange agreement with the Kern Delta Water District and the Kern County Water Agency. All four entities expeditiously collaborated and executed a new agreement to supply the two treatment plants in less than 90 days.

Despite significant challenges in many of our communities, none of our customers went without water, thanks to the phenomenal efforts of our engineering and operations professionals. In fact, in July, we installed 3,000 feet of water main to supply water to 26 Visalia families who weren't our customers, but whose private wells had gone dry. This wasn't our only act of "supply heroism"; we also supplied emergency water to drought-stricken neighbors outside of our service areas in Tulare, Kern, and San Mateo counties.



Rudy Valles

Incredible Deeds in Technology!

The old saying “knowledge is power” certainly makes sense in the middle of a drought. That’s where technology comes in. Landscape Program Specialist Ari Wilfley has been utilizing aerial imagery to gather information about individual customers’ landscape types and sizes in order to develop water budgets. She is also using our Geospatial Information System (GIS) and a “hot spot algorithm” to map neighborhoods with higher-than-average water usage to help the drought response team conduct more focused, informed outreach. And for her latest project, golfers carry Global Positioning Systems (GPS) and data loggers to collect data to help golf courses identify landscaping that can be removed. This may sound like fun and games, but it’s actually serious business, considering the water savings that can be achieved by helping golf courses reduce non-essential water use.

Technology is also helping customers manage their own use. We are piloting water meter “endpoints” that provide customers with real-time water use information, which enables them to identify and repair leaks quickly. Because of the resources these endpoints require, we will conduct careful cost-benefit analyses before expanding their use, reflecting our commitment to providing the highest levels of service while maintaining affordability for customers.



Ari Wilfley



Amazing Feats in Water Conservation!

We went into the drought with a robust portfolio of water conservation programs. In 2015, we added even more, including a bathroom retrofits, high-efficiency toilet deliveries, turf replacement programs, and commercial customer water-use efficiency evaluations, to help our customers meet ambitious water-use reduction targets.

Customer Jason Nunez came through like a champion. It helps that his mom Maggie is a longtime Cal Water employee, so he grew up recognizing the importance of treating water like the precious resource that it is. But even Mom doesn't submit to the Navy showers that Jason requires of his wife and two little ones. We bet the next generation will be even more water-wise.

The Nunez family wasn't alone. Overall, our customers achieved a cumulative 28.6% reduction in water use between June and December 2015 compared to 2013. That's pretty darn heroic, don't you think?



Jason Nunez

In 2015,
it took everyday heroes
to fulfill our purpose
of improving the quality of life

for those we serve
and deliver on our promise...

Quality. Service. Value.

Financial Highlights

<i>Year ended December 31</i>	<u>2015</u>	2014	2013	2012	2011
Market price at year-end	\$ 23.27	\$ 24.61	\$ 23.07	\$ 18.35	\$ 18.26
Book value per share	13.41	13.11	12.54	11.30	10.76
Earnings per share (diluted)	0.94	1.19	1.02	1.17	0.90
Dividend per share	0.670	0.650	0.640	0.630	0.615
Revenue*	588,368	597,499	584,103	559,966	501,814
Net income*	45,017	56,738	47,254	48,828	37,712

**Dollars in thousands*

2015 Review

Q1

Cal Water reaches agreement to invest \$1.5 million in the recycled water system it will use to serve the new Apple 2 Campus in Cupertino, in partnership with the City of Sunnyvale and the Santa Clara Valley Water District.

Company renews its lines of credit, increasing capacity to \$450 million.

Company donates \$10,000 to the Food Bank in Monterey County following an arson fire, and challenges others in the community to match the contribution.

Q2

President & CEO announces to school assembly at Shasta Elementary in Chico that the fifth graders in Room 17 have won the Cal Water's first H₂O Challenge, the prize for which is an educational field trip to the Channel Islands.

Cal Water enacts its Drought Response Plan, dedicating a team of more than 30 professionals to help customers meet ambitious water-use reduction targets.

Cal Water named a "Top 100 Workplace" in the San Francisco Bay Area by Bay Area News Group for the fourth consecutive year.

2015 Review

Q3

Cal Water files its triennial General Rate Case, requesting additional revenues of \$94.8 million in 2017, \$23 million in 2018, and \$22.6 million in 2019, 80% of which is proposed for water system improvements.

Cal Water receives \$1.3 million in grants for water- and energy-saving projects from California Department of Water Resources, to be used to augment bathroom fixture replacement programs in East Los Angeles, Dominguez, and Bakersfield systems.

The State Legislature recognizes students from Chico and Westlake for winning \$10,000 college scholarships from Cal Water as part of the Company's annual \$60,000 scholarship program.

Q4

Company contributes \$198,000 to charities providing holiday meals to the needy, marking the 27th consecutive year of Operation Gobble.

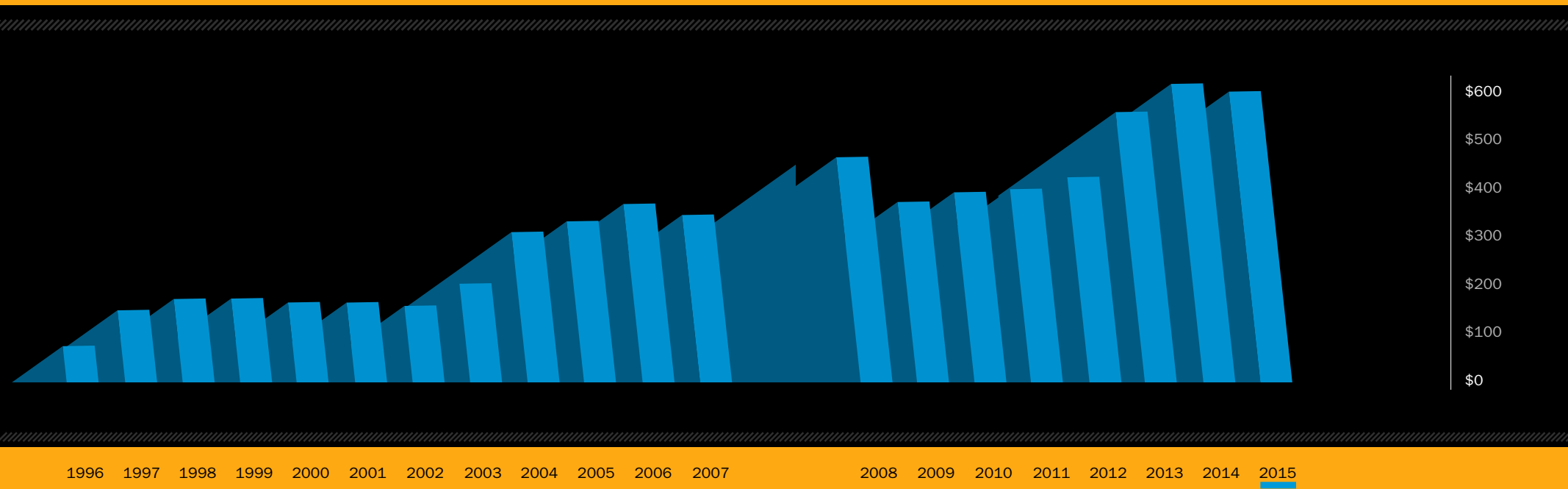
Company agrees to sell \$150 million in first mortgage bonds.

Company cuts ribbon at a chromium-6 treatment plant in Dixon, commemorating the completion of the ninth plant constructed to comply with the new standard.

Company hosts a celebration for 800 East Los Angeles customers to recognize their conservation achievements.

CWT 20-Year Total Return on Investment

(On \$100 stock purchase on December 31, 1995, with dividends reinvested)





Peter C. Nelson Chairman of the Board Martin A. Kropelnicki President and Chief Executive Officer

Letter to Stockholders

Dear Stockholder:

What a year. Mother Nature continued to test us with one of the worst droughts in California history, but we provided an uninterrupted supply of clean water and continued to deliver on our promise to provide quality, service, and value.

As expected, the drought put pressure on our financial results by reducing revenue and increasing costs. Net income for the year was \$45.0 million, a decrease of \$11.7 million compared to 2014, and diluted earnings per share was \$0.94, down from \$1.19 in 2014. Total revenues were also down slightly to \$588.4 million, compared to \$597.5 million in 2014.

Despite the less-than-superhuman financial results, there were many bright spots in 2015, including:

- *The capital improvements. In 2015, the Company completed \$177.3 million in important capital improvements, a 34% increase over 2014. This is significant, because our stockholders earn a return on capital investment, and our capital program lays the foundation for future earnings growth.*
- *The dividend. On January 27, 2016, our Board declared our 284th consecutive quarterly dividend and increased the annual dividend for the 49th consecutive year.*

- *The rate cases. We filed a General Rate Case for California requesting additional revenues of \$94.8 million in 2017, \$23.0 million in 2018, and \$22.6 million in 2019. Although we cannot predict what the California Public Utilities Commission will ultimately approve, a decision is expected by the end of 2016. And, in Hawaii, we received two approvals that together will add \$2.8 million to annual revenues.*
- *The recycled water partnership with Apple. As announced in February 2015, we partnered with Apple, Inc., the City of Sunnyvale, and the Santa Clara Valley Water District on a recycled water project that will produce 157,000 gallons of water per day. Cal Water will invest \$1.5 million in the project and provide water utility services to the new Apple 2 campus in Cupertino.*

Although we expect to eventually recover drought-related expenses, 2016 promises to be a lean year as it is the third year of a three-year rate case cycle for Cal Water, our largest subsidiary. We will work diligently to manage controllable expenses while focusing on achieving a favorable outcome in ongoing rate case proceedings. We will also maintain our focus on providing affordable, excellent service to our customers, something we succeeded at again in 2015.

Magnificent Achievements in Providing Reliable, Affordable, Excellent Service to Customers!

In order to tell our 2015 customer service story in a way that reads more like a comic book than a 400-page novel, we will organize our efforts into three categories: reliability, affordability, and service. First, let's take a break from the California drought and begin in New Mexico with an achievement in all three. In April, we acquired the assets of the Indian Hills Water Company, whose 235 customers routinely experienced interruptions in water service that lasted several days at a time – often in the hot summer months. In a very short period of time, we identified problems with the system's water storage and well productivity and made relatively low-cost repairs. Now, customers get uninterrupted, high-quality water service, and they couldn't be happier.



**Our new customers
now get uninterrupted,
high-quality water service**

In California...

Drought conditions required heroic effort from our engineering and operations professionals. Throughout 2015, we monitored water supplies closely and modified our operations when necessitated by changing conditions. One challenge we didn't anticipate was the damage done to the California Aqueduct, a key part of the state's infrastructure, by mid-October storms. When we learned that water deliveries for customers in our Leona Valley water system would be interrupted during lengthy repairs, BAM! we flew into action. We asked our customers to curtail non-essential water use; calculated how much water we could pump from local groundwater wells; secured water trucks to supplement local water production; and monitored water levels in our storage tanks round-the-clock to prevent any interruptions in service during the weeks the aqueduct repairs were underway.

In other supply news, we reached an agreement with the City of San Bruno, Daly City, and the San Francisco Public Utilities Commission on a groundwater storage and recovery project that will enhance supplies in our South San Francisco service area by coordinating water delivery operations in a way that allows the groundwater basin to recover in wet years and surface water supplies to recover in dry years. Another partnership on the horizon is a study with the Bay Area Water Supply and Conservation Agency to determine whether it is possible to augment existing water supplies by pumping and treating brackish water from beneath the San Francisco Bay.

On the demand management side, our efforts were nothing short of amazing. We added several conservation programs to an already impressive portfolio, including turf replacement, commercial water-use evaluations, and toilet delivery and bathroom retrofit programs. And POW! These new programs are expected to save 99 million gallons of water per year, and more than 1.7 billion gallons over their lifetime. Even better, our customers achieved an overall reduction in water use of 28.6% from June through December 2015 compared to 2013, surpassing the State-mandated reduction of 25%.

There is no question that declining water use is requiring water providers throughout the state of California to increase rates in order to cover fixed costs. That's because most of the costs of providing clean, reliable water supplies don't decrease when customers use less water. Although we can't change that, we can continue to focus on increasing our efficiency and offering programs to help those who need it.



In addition to our Continuous Improvement program, through which every employee works to improve our service and efficiency, we began work on several projects with our partners, Professor Juneseok Lee and the San Jose State University School of Engineering. Over a five-year period, we will pursue seven projects to address knowledge gaps in the drinking water industry. One of these projects will enable us to better prioritize our water main replacement projects; another will develop key performance indicators for our water distribution systems; and yet another will identify optimal strategies for water well rehabilitation. We expect this collaboration between our team and the university to yield improvements in our efficiency that will enhance affordability.

Another avenue for improving affordability is securing government grants to offset costs. In January, we announced that we had received a \$136,000 grant to make improvements to pumping facilities in our Lucerne, California system. One month later, we received grants for more than \$5 million to offset costs of meeting the new state standard for chromium-6 in our Willows District. And in July, we received \$1.3 million in grants from the Department of Water Resources Water-Energy Grant Program to enhance our Bathroom Fixture Replacement Program in our Bakersfield, East Los Angeles, and Dominguez systems. It takes effort to apply for government grants, but it is well worth it when we can secure funds that will minimize rate impacts of necessary projects.

Consolidation is another approach to affordability that the California Public Utilities Commission is currently considering as part of our 2015 General Rate Case. In the case, we proposed consolidating rate-making for some of our small districts with larger districts to take advantage of economies of scale and minimize rate increases. We also proposed enhancements to our Rate Support Fund, which provides discounts to customers in lower-income communities where the costs of providing clean, reliable water supplies are relatively high, and our Low-Income Rate Assistance Program.

As important as it is for us to provide a reliable and affordable water supply, the reality is that customers expect us to do just that. You don't build loyalty by providing what's expected; you build loyalty by going beyond what's expected. And that's where excellent service comes in.

In 2015, we tasked a team with streamlining our top 10 customer center business processes to improve customer satisfaction as well as operational efficiency and employee safety. And, as we have reported in years past, we continued to track various customer satisfaction indicators to ensure that we are providing excellent service, with the goal always being to surpass industry standards. We are very happy with our team's performance in 2015, when, despite a significant increase in drought-related call volume, we answered 87% of customer calls within 30 seconds.

We also implemented a new automated program that sends surveys to customers after they receive service from us. The surveys enable us to get real-time feedback, identify trends, and resolve issues. The results for 2015 were good, with 78% of the respondents rating our service a 4 or 5 on a scale of 5 (with 5 being best); 84.4% rating our employees a 4 or 5; and 67% indicating that their issue was resolved on the first call.

These results mirror the results of a poll we conducted in the fall of 2015 to determine whether our drought response, and in particular, our system of water budgets and surcharges, was impacting customer satisfaction levels. In that poll of randomly selected customers from throughout our California service areas, we got a score of 4 for overall satisfaction (with 5 being best) and 4.4 for service.

We firmly believe that our track record of providing quality, service, and value came into play at the end of 2015 when the City of Visalia notified us of its intention to conduct an appraisal of our assets, the first step in an eminent domain action to acquire our water system. We responded swiftly and decisively with an aggressive public education campaign. Within weeks, more than 1,000 customers were offering to support us, and another 3,000 were following our issue-specific Facebook page. We are pleased to report that two months later, the City announced its decision not to move forward. This outcome was particularly important because it demonstrated our unwavering commitment to protecting our business to all of the communities we serve.

Astounding Performance in Providing High-Quality Water and Water Reuse Services!

As this report goes to press, the people of Flint, Michigan are experiencing very serious water quality issues that appear from our vantage point to be a culmination of poor water system maintenance, a lack of adequate testing and preparation for use of a new water source, and an absence of critical regulatory oversight. Our hearts go out to them. Their very sad situation highlights the seriousness of the responsibility we have to protect our customers' health and safety and underscores the importance of our water quality assurance program.

Protecting customer health and safety has always been our top priority. In fact, the superheroes on our water quality team worked diligently to conduct more than 400,000 water quality tests in 2015 to check for the presence of 269 constituents. Their efforts, as well as our proactive approach to water system maintenance and infrastructure investment, are critical to ensuring that we don't experience a water quality crisis like the one unfolding in Flint.

Our water quality and engineering teams also reached a significant milestone in 2015 by achieving full compliance with the new California regulation for chromium-6. After conducting groundbreaking research to identify the most cost-effective treatment methodology, we became one of the first water providers in the United States to use full-scale strong base anion-exchange technology to meet the chromium-6 standard. In 2015, we constructed nine treatment plants that will operate at a cost that is considerably less expensive than other treatment methodologies, which is critical to maintaining affordability for our customers. At a December ribbon-cutting ceremony, Dixon Mayor Jack Batchelor, Jr. recognized Cal Water for being a great partner and commended us for being proactive and "laying the groundwork" for other water providers. We thank the Mayor for his kind comments, and commend our water quality and engineering teams for their work, which has once again earned us recognition as leaders in the industry.



Marvelous Adventures in Building a Strong Brand and Reputation!

We had a lot of fun in 2015 spending time with students from our service areas. At Shasta Elementary School in Chico, California, we took part in an all-school assembly outside on the soccer field, where, SHAZAM! – we surprised the fifth graders from Room 17 with the announcement that they had won our H2O Challenge. Seeing the excitement on their faces then, and the pride later as they toured us through their rain harvesting and drought garden project, was truly a pleasure. Then, it was our turn to be proud as we watched two accomplished young customers, one from Chico and one from Westlake, be recognized by state legislators for winning our grand-prize scholarships of \$10,000 each. Spending the day with them at the Capitol and learning about their interests and aspirations was inspiring, and made us proud to be part of a company that really does improve the quality of life for those it serves.

Throughout the year, we contributed \$600,000 to organizations in California, Washington, Hawaii, and New Mexico, including the Lucerne Alpine Senior Center in California, the Maui Food Bank in Hawaii, the Adelante Development Center in New Mexico, and the Peninsula Community Foundation in Washington. In March, when an arsonist set fire to the Monterey County Food Bank, we contributed \$10,000, and in October, when wildfires ravaged northern California, we joined our employees in making a donation of \$11,000.

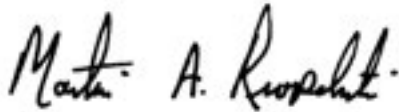
So much goes into building our brand and our reputation. It's the service we provide to customers. It's the support we provide to our communities. And, as much as anything, it's our people. Or, as we like to think of them, our everyday heroes. We think the world of our employees, and we think they think the world of us. After all, thanks to their survey responses, we were ranked as a Top Work-place in the San Francisco Bay Area for the fourth year in a row by the Bay Area News Group.



**We contributed
\$600,000 to
charitable
organizations**

In 2015, two of our officers announced their plans to retire: Francis S. (Stan) Ferraro, Vice President of Corporate Development, effective January 31, 2016, and Michael J. Rossi, Vice President of Continuous Improvement, effective March 31, 2016. We will miss them both and wish them a very healthy, happy retirement. We also welcomed a new officer, Robert J. Kuta, who joined our team in April 2015 as Vice President of Engineering, and a new member of our Board of Directors, Gregory E. Aliff, who joined us in September 2015. Both of them bring impressive credentials and expertise to their roles at the Company.

In the coming year, we will proudly work alongside our everyday heroes to continue delivering results and fulfilling our purpose of enhancing the quality of life for our customers, communities, employees, and stockholders. As always, we wish you the best in 2016 and thank you for your continued investment in California Water Service Group.



Martin A. Kropelnicki
President and Chief Executive Officer



Peter C. Nelson
Chairman of the Board

Washington Operations/ Customer Centers

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

Hawaii Operations/ Customer Centers

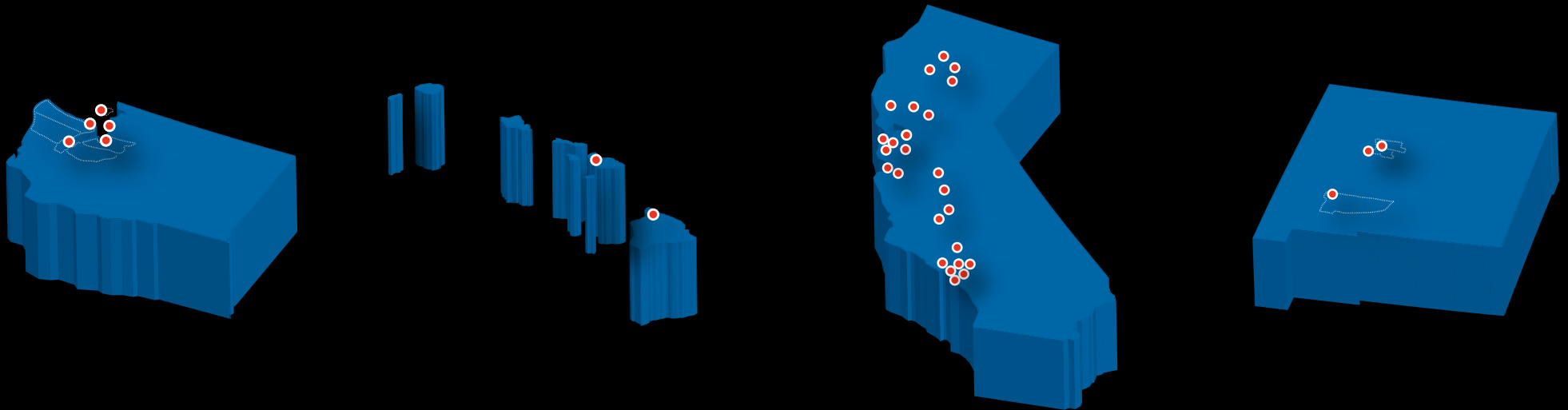
Ka'anapali (Maui) • Waikoloa (Hawaii)

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

New Mexico Operations / Customer Centers

Elephant Butte • Rio Communities • Cedar Crest



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

Regulated Customer Connections

2015	16,500
2014	16,300

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

Regulated Customer Connections

2015	4,300
2014	4,300

Including Hawthorne and Commerce operation and maintenance agreements

Customer Connections

2015	480,300
2014	477,900

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

2015	7,900
2014	7,600

California Districts & Communities

	2015	2014
Antelope Valley • Fremont Valley, Lake Hughes, Lancaster & Leona Valley	1,400	1,400
Bakersfield	70,800	70,100
Bayshore • South San Francisco, Colma, Broadmoor, San Mateo & San Carlos	53,600	53,500
Bear Gulch • Atherton, Woodside, Portola Valley & a portion of Menlo Park	18,900	18,900
Chico • Hamilton City	29,000	28,700
Dixon	2,900	2,900
Dominguez • Carson & portions of Compton, Harbor City, Long Beach, Los Angeles County & Torrance	34,000	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	26,800	26,700
Kern River Valley • Bodfish, Kernville, Lakeland, Mountain Shadows, Onyx, Squirrel Valley, South Lake & Wofford Heights	4,000	4,100
King City	2,600	2,600
Livermore	18,600	18,500
Los Altos • Portions of Cupertino, Los Altos Hills, Mountain View & Sunnyvale	18,900	18,900
Marysville	3,800	3,700
Oroville	3,600	3,600
Palos Verdes • Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills & Rolling Hills Estates	24,100	24,100
Redwood Valley • Lucerne & portions of Duncans Mills, Guerneville, Dillon Beach, Noel Heights & Santa Rosa	1,900	1,900
Salinas	28,500	28,400
Selma	6,300	6,300
Stockton	43,600	43,300
Visalia	43,100	42,400
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)

	2015	2014	2013	2012	2011	2010	2009	2008
Summary of Operations								
Operating revenue	\$588,368	\$597,499	\$584,103	\$559,966	\$501,814	\$460,399	\$449,372	\$410,312
Operating expenses	\$517,215	\$515,652	\$510,098	\$486,123	\$434,647	\$398,586	\$391,253	\$352,843
Interest expense, other income and expenses, net	\$26,136	\$25,109	\$26,751	\$25,015	\$29,455	\$24,157	\$17,565	\$17,664
Net income	\$45,017	\$56,738	\$47,254	\$48,828	\$37,712	\$37,656	\$40,554	\$39,805
Common Share Data								
Earnings per share (diluted)	\$0.94	\$1.19	\$1.02	\$1.17	\$0.90	\$0.90	\$0.98	\$0.95
Dividend declared	\$0.670	\$0.650	\$0.640	\$0.630	\$0.615	\$0.595	\$0.590	\$0.585
Dividend payout ratio	71%	53%	63%	54%	68%	66%	61%	62%
Book value	\$13.41	\$13.11	\$12.54	\$11.30	\$10.76	\$10.45	\$10.13	\$9.72
Market price at year-end	\$23.27	\$24.61	\$23.07	\$18.35	\$18.26	\$18.64	\$18.41	\$23.22
Common shares outstanding at year-end (in thousands)	47,875	47,806	47,741	41,908	41,817	41,667	41,531	41,446
Return on average common stockholders' equity	7.1%	9.3%	8.8%	10.6%	8.5%	9.0%	9.8%	10.2%
Long-term debt interest coverage	3.67	4.29	3.42	3.45	3.11	3.59	4.04	4.72

Eight-Year Financial Review

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

	2015	2014	2013	2012	2011	2010	2009	2008
Balance Sheet Data								
Net utility plant	\$1,701,768	\$1,590,431	\$1,515,831	\$1,381,119	\$1,457,056	\$1,294,297	\$1,198,077	\$1,112,367
Total assets	\$2,246,095	\$2,187,351	\$1,959,855	\$1,995,924	\$1,854,587	\$1,692,066	\$1,525,581	\$1,418,107
Long-term debt, including current portion	\$518,887	\$425,840	\$434,050	\$481,250	\$488,165	\$481,561	\$387,222	\$290,316
Capitalization ratios:								
Common stockholders' equity	55.3%	59.5%	58.0%	49.6%	48.0%	47.5%	52.1%	58.1%
Preferred stock	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term debt	44.7%	40.5%	42.0%	50.4%	52.0%	52.5%	47.9%	41.9%
Other Data								
Water production (million gallons)	98,899	118,282	126,363	125,892	120,353	121,942	131,558	137,757
Customers at year-end, including Hawthorne and Commerce	509,000	506,100	502,900	500,700	499,500	497,900	494,700	490,493
New customers added	2,900	3,200	2,200	1,200	1,600	3,200	4,207	2,938
Revenue per customer	\$1,156	\$1,181	\$1,161	\$1,118	\$1,105	\$925	\$908	\$837
Utility plant per customer	4,925	4,628	4,401	4,087	3,925	3,706	3,455	3,228
Employees at year-end	1,155	1,105	1,125	1,132	1,132	1,127	1,013	929

Board of Directors

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.*

Edwin A. Guiles

Former Executive Vice President of Corporate Development, Sempra Energy. *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.*

Gregory E. Aliff

Former Vice Chairman and Senior Partner of U.S. Energy & Resources, Deloitte LLP. *Director since 2015. Member of the Audit Committee.*



Martin A. Kropelnicki

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

Terry P. Bayer

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

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.*

Thomas M. Krummel, M.D.

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

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.*

Corporate Officers



Paul G. Townsley Vice President, Rates and Regulatory Matters

Lynne P. McGhee Vice President, General Counsel

Ronald D. Webb Vice President, Human Resources

Martin A. Kropelnicki President and Chief Executive Officer

Timothy D. Treloar Vice President, Operations and Water Quality

Michelle R. Mortensen Corporate Secretary

David B. Healey Vice President, Controller

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

Francis (Stan) Ferraro Vice President, Corporate Development

Robert J. Kuta Vice President, Engineering

Shannon C. Dean Vice President, Corporate Communications and Community Affairs

Michael B. Luu Vice President, Customer Service and Information Technology

Michael J. Rossi Vice President, Continuous Improvement

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 25, 2016, 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 13, 2016.

Anticipated Dividend Dates For 2016

Quarter	Declaration	Record Date	Payment Date
First	January 27	February 8	February 19
Second	April 27	May 9	May 20
Third	July 27	August 8	August 19
Fourth	October 26	November 7	November 18

Annual Report For 2015 On Form 10-K

A copy of the Company's report for 2015 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 web site.

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>



California Water Service Group



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NYSE: **CWT**