



# Investor Presentation September 2022

# Leadership Team

Experienced, Record of Execution, Regional Focus and Dedication

Leveraged expertise across the multistate platform with a commitment to local communities

**Eric W. Thornburg**  
Chairman, President and  
Chief Executive Officer  
*40 years of water utility  
experience*



**Jim Lynch**  
Chief Accounting Officer  
*17 years of water utility  
experience*



**Andrew Walters**  
Chief Financial Officer and  
Treasurer  
*20 years of utility experience*



**Andy Gere**  
President and Chief Operating  
Officer of San Jose Water  
*26 years of water utility  
experience*



**Maureen Westbrook**  
President of  
New England Region  
*34 years of water utility  
experience*



**Kristen Johnson**  
Chief Administrative Officer  
*15 years of water utility  
experience*



**Willie Brown**  
Vice President, General Counsel  
and Corporate Secretary  
*14 years of water utility  
experience*



**Bruce Hauk**  
Chief Corporate Development  
and Strategy Officer  
*26 years of water utility  
experience*





# Board of Directors

**Eric Thornburg**  
Chairman

Director Since 2017



**Walter Bishop**  
Director Since 2012  
Committees:  
Finance  
Nominating and Governance  
Sustainability (Chair)



**Carl Guardino**  
Director Since 2020  
Committees:  
Sustainability  
Nominating and Governance



**Mary Ann Hanley**  
Director Since 2019  
Committees:  
Audit  
Nominating and Governance



**Heather Hunt**  
Director Since 2019  
Committees:  
Executive Compensation  
Nominating and Governance  
(Chair)



**Rebecca A. Klein**  
Director Since 2021  
Committees:  
Executive Compensation  
Sustainability



**Gregory P. Landis**  
Lead Independent Director  
Director Since 2016  
Committees:  
Audit  
Executive Compensation (Chair)  
Finance



**Daniel B. More**  
Director Since 2015  
Committees:  
Audit (Chair)  
Executive Compensation  
Finance (Chair)



**Carol P. Wallace**  
Director Since 2019  
Committees:  
Audit  
Finance  
Sustainability



# Our Building Blocks for Success...

## Shareholders

- Leverage regulatory compact
- Infrastructure investment and earning a return “of and on” investments
- Focus on core water and wastewater
- Maintain constructive regulatory relationships
- Deliver growth that adds shareholder value

## Environment

- Sustainability is at the core of our business
- Passionate about stewardship and the value of water
- Protect and manage water and watersheds for the future
- Use available rate-making tools to encourage conservation

## Customers/Communities

- Provide high-quality water while supporting conservation
- High level of community engagement
- Deliver world-class service
- Customer financial assistance programs
- Be a positive force in the community

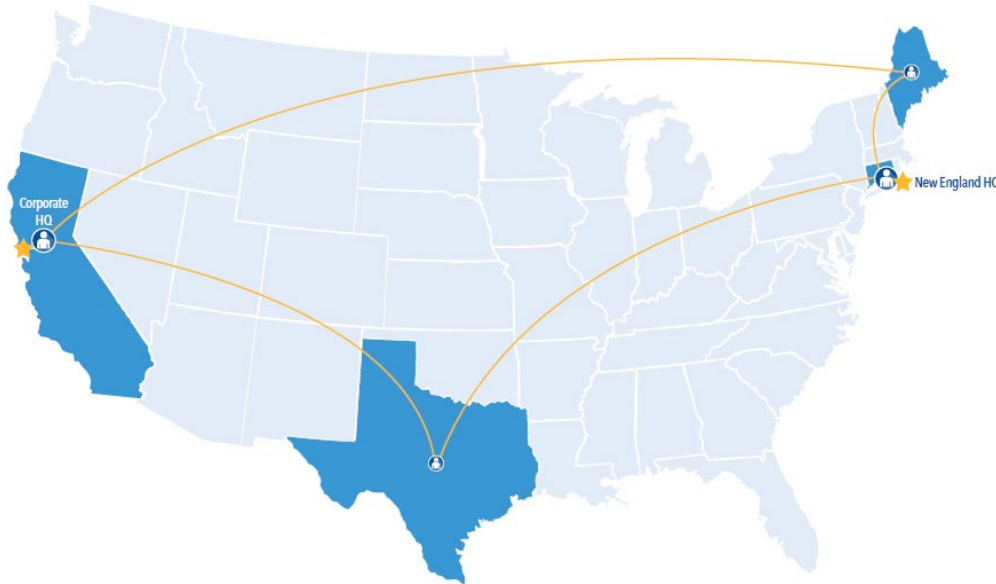
## Employees

- Passionate employees delivering a life-sustaining service
- Values-based, team-oriented approach
- Healthy, safe and secure workplace
- Invest in education and leadership development for our water professionals

# SJW Group Profile

## Large National Pure-Play Water/Wastewater With Local Expertise

### Economic, Weather and Regulatory Diversity



#### ASSETS

5,400+



Miles of pipe

39



Water treatment plants

400+



Wells

5



Wastewater facilities

300+



Water storage facilities

160+



Pumping stations

~1.5M



People served across CA, CT, ME and TX

### Market Data<sup>1</sup>

As of September 16, 2022, unless otherwise noted:

- \$3.5 Billion Total Enterprise Value
- \$1.9 Billion Market Capitalization
- 2.2% Dividend Yield
- 144% Five-Year Total Shareholder Return (12/31/2021)
- \$574 Million Operating Revenue in 2021

### Resources

As of December 31, 2021, unless otherwise noted:

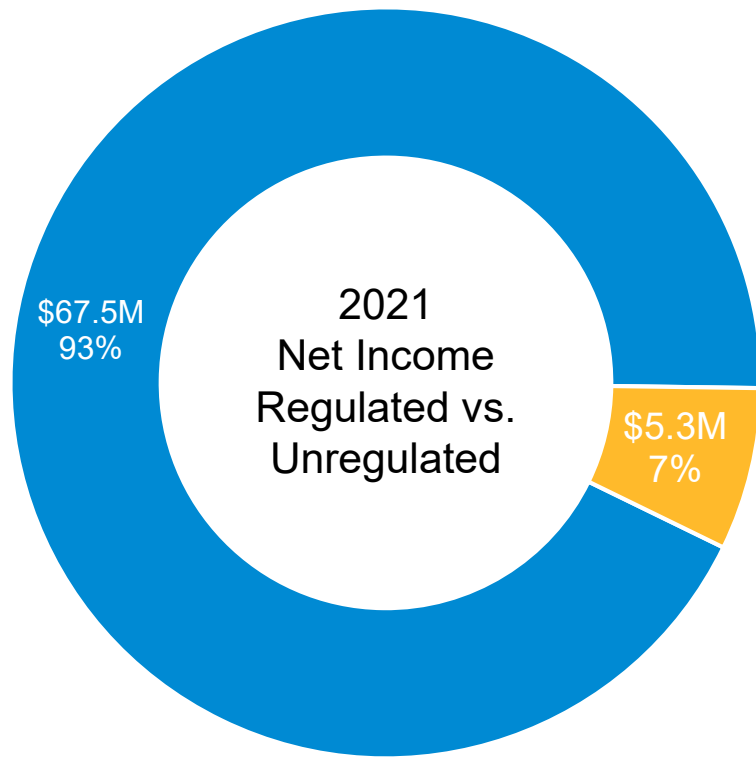
- 398,000 Service Connections
- \$1.8 Billion Rate Base<sup>2</sup>

<sup>1</sup> Source: Bloomberg

<sup>2</sup> An approximation of rate base, which includes net utility plant not yet included in rate base pending rate case filings/outcomes

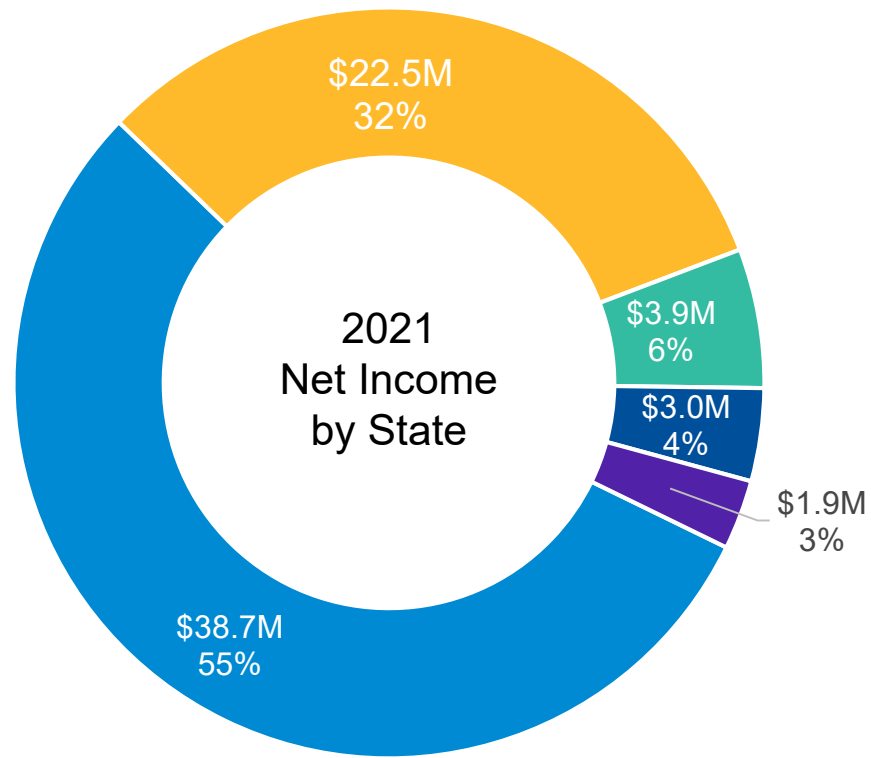
# Geographically Diverse Pure-Play Water/Wastewater

Pure-Play Regulated Water/Wastewater



■ Regulated ■ Unregulated

Geographic Diversity



■ CA ■ CT ■ ME ■ TX ■ TN

Data as of December 31, 2021



# Growth Strategy

## Capital Expenditures (CapEx)

- Investment in water utility infrastructure, and earning a return “of and on” that investment
- Five-year plan to invest \$1.3 billion in water/wastewater infrastructure; subject to regulatory approval

## Constructive Regulatory Environment

- Experienced and highly regarded regulatory teams working cooperatively with state commissions to align customer and shareholder interests
- Infrastructure surcharge mechanisms in Connecticut, Maine and Texas, forward-looking test year in California

## Acquisitions

- Opportunistic, with a focus on growth potential
- Water and wastewater systems
- National footprint for growth



# Acquisition Growth and Opportunities

## 2010 – 2020 Customer Growth

- 25+ acquisitions by SJW Group and subsidiaries
- 65% customer growth, ~154,000 new customers
- Transformational growth with CTWS acquisition in 2019

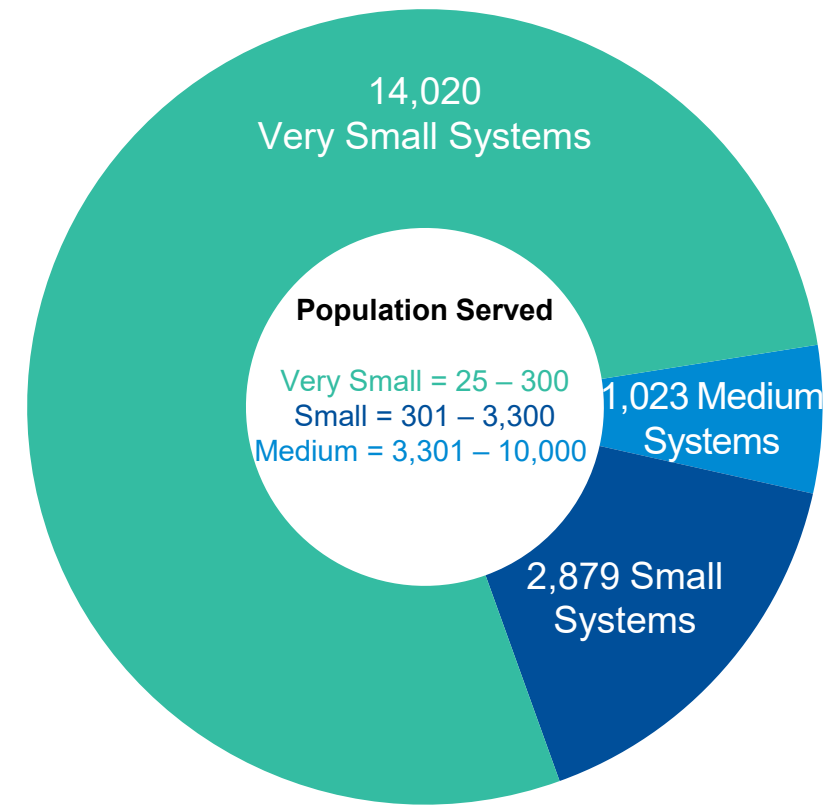
## 2021 Acquisitions

- SJWTX completed acquisitions of Kendall West, Bandera East and Clear Water Estates
  - Completed acquisitions represent over 1,800 service connections
  - Clear Water Estates first fair market value acquisition in Texas by any utility
- Connection growth in Texas nearly quadrupled between 2006 and 2021 to more than 25,000 water and wastewater connections

## Opportunities

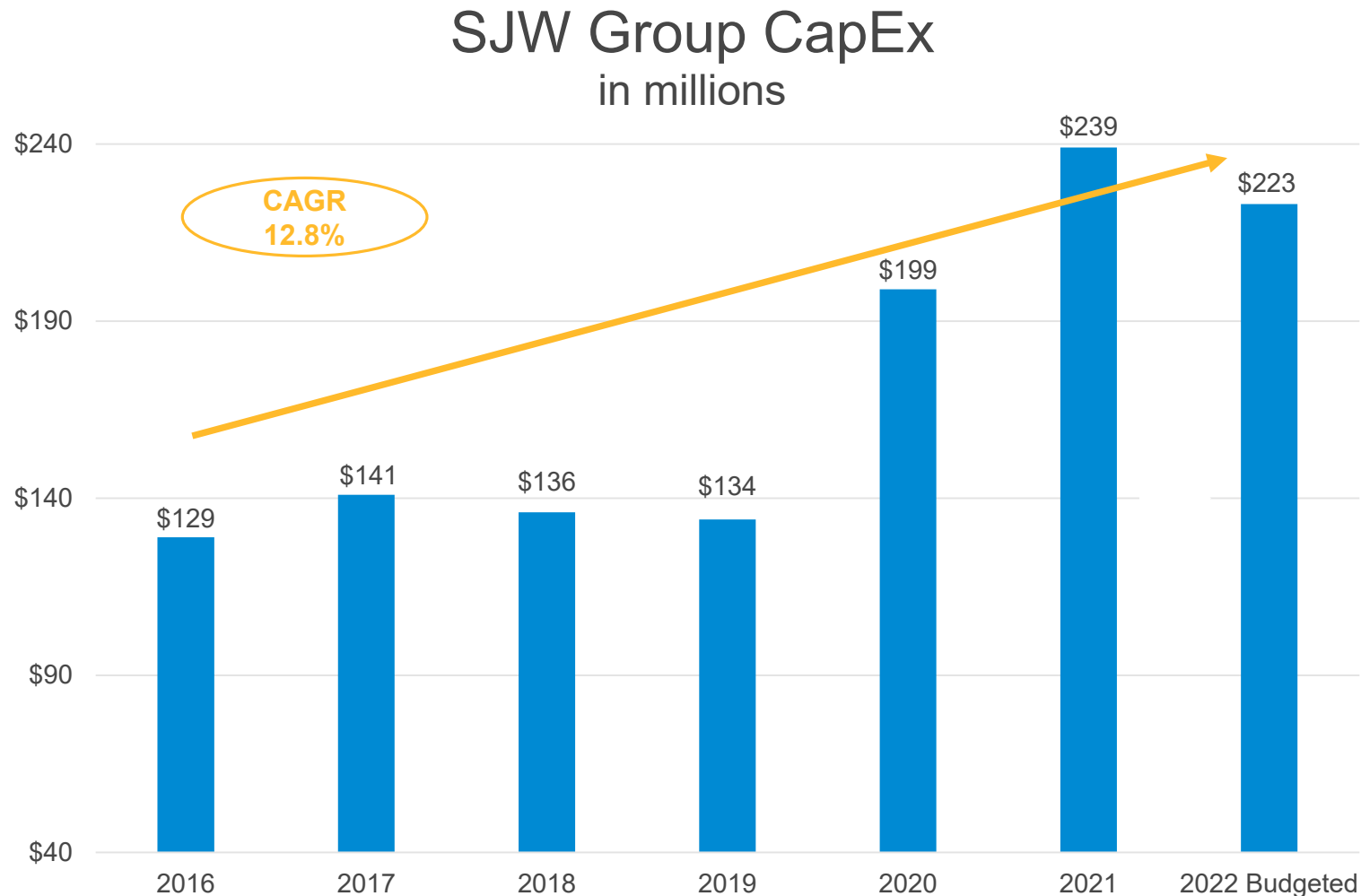
- More than 8,400 community water systems in CA, CT, ME and TX
- More than 16,000 publicly owned wastewater systems nationwide

## Very Small, Small and Medium-Sized Community Water Systems in CA, CT, ME and TX





# Infrastructure Investment Drives Rate Base Growth



Base year for CAGR calculation is 2015, which had \$96M

***SJW Group***

Targeting \$1.3 billion infrastructure investment over the next five years in water and wastewater systems

In 2022, approximately \$150 million allocated to projects that are in forward-looking jurisdictions or eligible for infrastructure recovery mechanisms

# 2022 CapEx

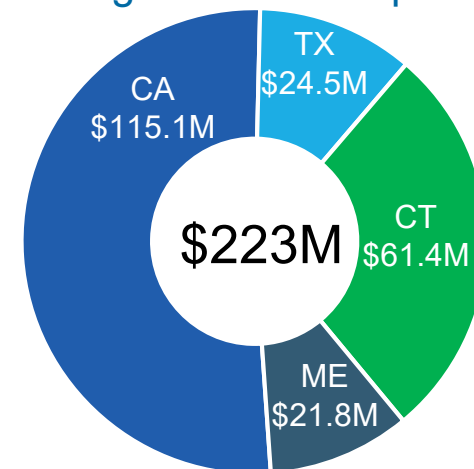
A water toast to commission the new Saco River Drinking Water Treatment Facility in July 2022, with Maine Governor Janet Mills (right)



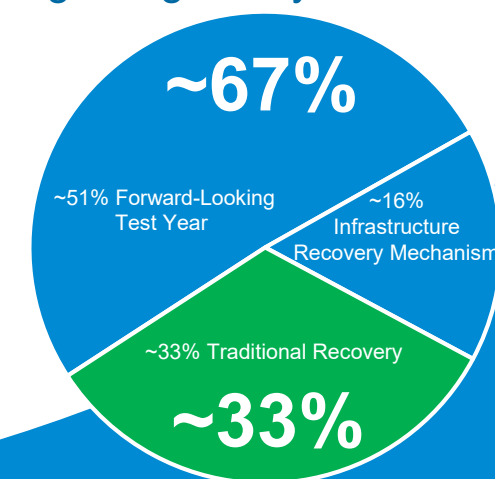
Annual replacement of approximately 1% of pipeline across all four states of operation, with approximately \$75 million invested annually

Significant “generational investment” with new facility in Biddeford, Maine, replacing 1884 plant; \$100 million in advanced metering infrastructure (AMI) implementation, with bulk of spend between 2024 and 2026

## Budgeted 2022 CapEx



## Timely Recovery Through Regulatory Mechanisms



# SJWC Rate Cases/Regulatory

- 2022 – 2024 rate case pending before the California Public Utilities Commission (CPUC)
  - CPUC's Proposed Decision (PD) on settlement agreement issued on August 24, 2022 (<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M496/K592/496592330.PDF>)
    - \$54 million revenue increase over three years
    - \$25 million in 2022
    - \$350 million three-year capital budget
  - If PD adopted as final, new rates retroactive to January 1, 2022
  - Final decision expected in Q4 2022
- 2022 third-party supply cost increase approved effective July 1, 2022
  - Increased revenue requirement by \$24.3 million, or 6%
- Drought response
  - Water Conservation Memorandum Account, Water Conservation Expense Memorandum Account and other mechanisms employed to encourage conservation while allowing the company the opportunity to earn its authorized return



Constructive rate case settlement agreement SJW and Public Advocates Office

Benefits customers and SJW

Decreased volatility through water supply mix balancing account

Further aligns authorized and actual consumption

Greater revenue recovery in the fixed charge

# SJWC Rate Cases/Regulatory

- Advanced Metering Infrastructure
  - Approved by CPUC in June
    - Approximately \$100 million for AMI deployment
    - Bulk of spend 2024 – 2026
  - Separate from general rate case (GRC) settlement
  - First approval for large-scale investor-owned water utility in CA
- Cost of Capital
  - Increase requested in revenue and return on equity (ROE) to 10.3%
  - Requested capital structure of 55% equity and 45% debt
  - Decrease proposed in average cost of debt to 5.48%
  - Decision expected in 3Q 2022



Supports water conservation

Provides near real-time access to water usage information

Helps customers manage usage and bills

Further drives reduction in water lost to undetected homeowner leaks



# Recent CWC Regulatory Activity

- Water Infrastructure and Conservation Adjustment (WICA)
  - 2022 WICA increases expected to generate \$3.4 million in annualized revenue
    - 3.26% covering approximately \$31 million in completed projects
- Acquisition approval
  - Miami Beach Water Company
- Target to file GRCs approximately every three years



Connecticut Water WICA

3.26% cumulative WICA  
as of July 1, 2022

Annualized revenue of  
\$3.4 million

5% annual cap on WICA  
increase and  
10% cap between GRCs

# Recent MWC Regulatory Activity

- Step 2 of multiyear GRC in Biddeford-Saco Division effective July 1, 2022
  - Authorized \$6.3 million increase in annual revenue
  - Step 1 was innovative rate-smoothing mechanism approved in July 2021 and benefiting customers as of July 1, 2022
  - Step 3 filing is expected in the second half of 2022
- Water Infrastructure Charge (WISC)
  - 3% WISC increase for Skowhegan Division approved
  - The first part authorized a \$50,000 increase in revenue effective January 1, 2022
  - The second part authorized an additional \$50,000 in revenue effective August 1, 2022
- GRCs pending in four divisions
  - Would generate >\$500,000, as filed
  - Decisions expected in the second half of 2022



MPUC approval for  
Biddeford-Saco  
Division

9.7% negotiated ROE

6.287% weighted  
average cost of  
capital

\$6.3 million increase  
in annual revenue

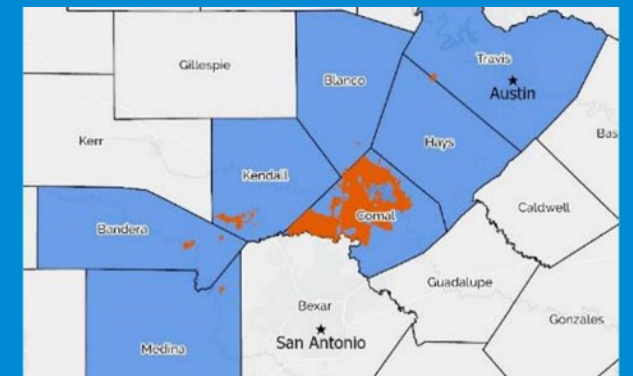
# Recent SJWTX Regulatory Activity and Growth

- Increase in Canyon Lake Service Area water pass-through charge (WPC) effective March 1, 2022
  - \$413,000 annualized revenue increase
- SJWTX now serves 25,000 water and wastewater connections between Austin and San Antonio
  - Customer base has more than tripled over 15 years
  - Serves about 72,000 people
  - Diverse portfolio of water supplies
  - Growing wastewater business
  - Organic growth and acquisitions



Texas had the highest population growth of any state in the U.S. 2020 Census

SJWTX serves three of the five fastest-growing counties in the nation<sup>1</sup> in the San Antonio – Austin corridor



<sup>1</sup> Source: U.S. Census Bureau population growth in counties with a population of at least 10,000, 2010-2019



# ESG — Governance and Oversight

## Board of Directors

The full board of directors receives briefings from the Board's Sustainability Committee at regular board meetings

## Sustainability Committee of the Board

Receives written reports and updates from management – progress on metrics and updates from ESG Council

## ESG Council

Comprised of state presidents, members of the SJW Group executive leadership team and individuals representing ESG initiatives within the organization – collaborate and report on ESG initiatives and targets

## CLC Sustainability Team

Comprised of senior leaders from a cross-section of functional areas who meet regularly to discuss strategy and planning necessary to identify and achieve ESG goals

## Corporate Governance Policies

- Code of Ethics for Financial Executives
- Code of Conduct
- Corporate Governance Policies
- Environmental Policy
- Health and Safety Policy
- Human Right to Water Policy
- Human Rights Policy
- Nomination of Directors Policy
- Vendor Code of Conduct Policy
- Whistleblower Policy

Available at [www.sjwgroup.com/investor-relations/corporate-charters-policies](http://www.sjwgroup.com/investor-relations/corporate-charters-policies)



# Environmental, Social and Governance

## ENVIRONMENTAL



- Dedicated board Sustainability Committee
- Continued focus on use and protection of over 10,000 acres of watershed land
- Greenhouse gas (GHG) inventory completed and set new goal of 50% reduction in Scope 1 and Scope 2 emissions by 2030

## SOCIAL



- Assistance programs for customers
- Supplier diversity program
- Adopted vendor code of conduct in 2021
- Active Environmental Health and Safety Committee
- Diversity, Equity and Inclusion Council
- CEO Pledge - CEO Action for Diversity and Inclusion
- Community outreach and support

## GOVERNANCE



- Human rights policy
- Employees participate in ethics, conduct and cybersecurity training

### GHG Reduction Goal

Cut Scope 1 and 2 emissions  
50% by 2030

[sjwgroup.com/investor-relations/esg](https://sjwgroup.com/investor-relations/esg)

# ESG Rankings and Awards

- ESG scores from Institutional Shareholder Services (ISS)
  - Governance – 1; best possible rating
  - Social – 3; tied for first among water utility peers
  - Environment – 5; tied for second among water utility peers
- Gender-balanced board recognized by 50/50 Women on Boards
- Supplier diversity program recognized by:
  - CPUC
  - U.S. Veterans Magazine
  - Institute for Supply Management's Supply Chain Trailblazer Award
- USA Top Workplace in 2022 – CT Water

Only 9% of Russell 3000 companies have gender-balanced boards<sup>1</sup>



SJW Group board gender balanced



<sup>1</sup> Source 5050wob.com

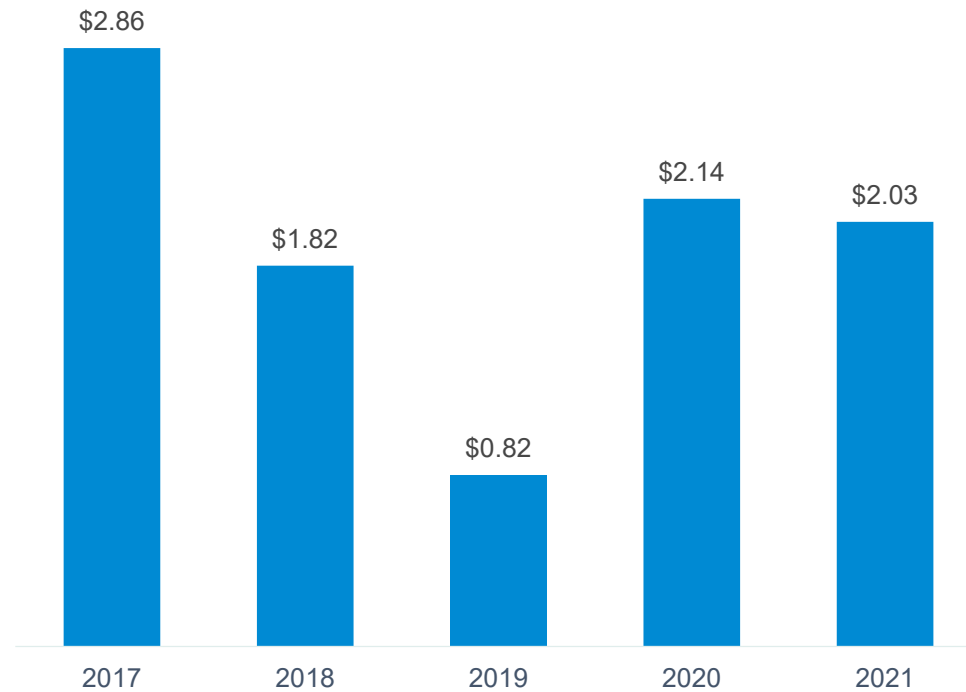
# Stable and Consistent Dividend Growth

- 5.9% increase in annual dividend over 2021
- \$1.44 per share (annual)
- Dividends paid continuously for more than 78 years
- Annual dividend increase for 54 consecutive years

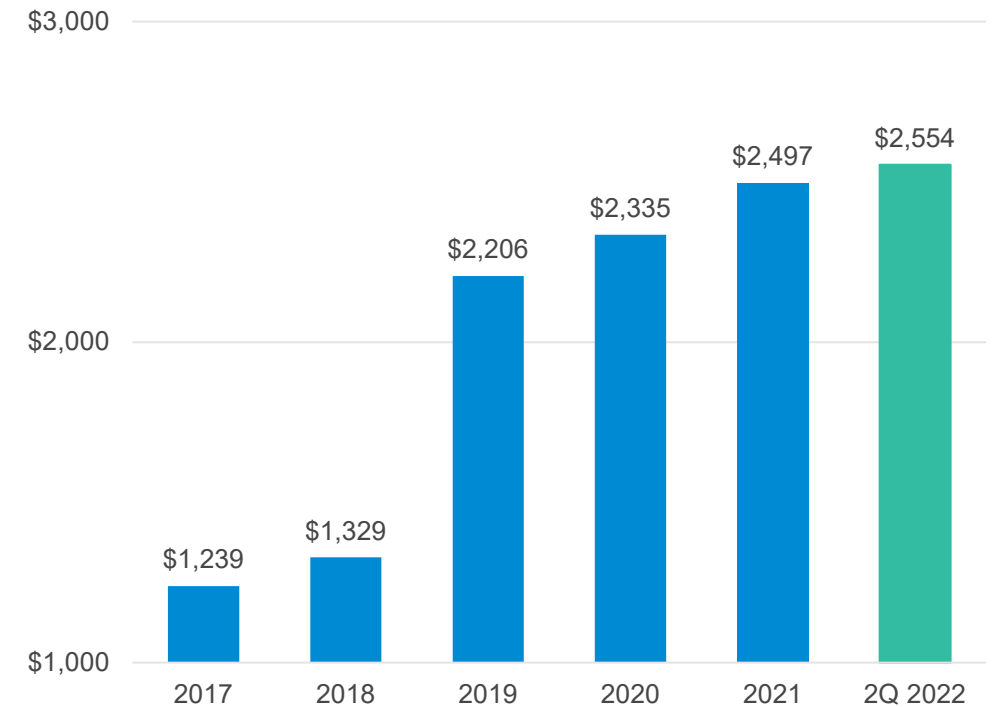


# Earnings per Share and Net Utility Plant

## 2017 – 2021 Diluted EPS<sup>1</sup>



## Net Utility Plant in millions





# 2022 Guidance, Sensitivities, Key Assumptions

	Full-Year Impact	
	Sensitivity	Adjusted EPS
Return on Equity	+/- 10 bps <sup>2</sup>	\$0.02

**2022  
EPS Forecast  
\$2.30 – \$2.40<sup>1</sup>**

- Regulatory outcomes
  - CA GRC per settlement
  - CA cost of capital decision
  - ME GRCs in four divisions
- Equity issuance of \$30 million – \$40 million in 2022, excluding acquisition growth

<sup>1</sup> SJW Group's earnings guidance is subject to numerous risks and uncertainties, including, without limitation, those factors described in the "Forward Looking Statements" on slide 23 and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission.

<sup>2</sup> bps = basis points

# Key Investment Highlights

## Growth – Capital and Customers

- Robust five-year capital investment plan of \$1.3 billion in water/wastewater infrastructure, subject to regulatory approval
- Texas operation more than tripled in size between 2006 and 2021
- Recent acquisitions include Kendall West and Bandera East utilities in 4Q 2021 and Texas Country Water in 1Q 2022

## Geographic and Regulatory Diversity

- Diversity of operations in four-state regulatory and weather environments that help balance risk
- Regulatory lag is minimized by forward test year in CA and infrastructure replacement surcharge mechanisms in CT, ME and TX
- Going forward, intend to stagger rate filings for SJW's large utilities and target filings every 3 to 4 years

## Commitment to ESG

- Reducing carbon emissions – Science-based target to reduce Scope 1 and 2 carbon emissions 50% by 2030
- Fostering environmental stewardship – 100% environmental compliance and 15% non-revenue water target
- Leading ISS ESG ratings – environmental (5), social (3) and governance (1)
- Supporting supplier responsibility – adopted vendor code of conduct, recognized excellence in supplier diversity, and committed to diversity, equity and inclusion

## Strong Dividend Track Record

- Industry-leading dividend growth, exceeding 10% over the past five years
- Paid a dividend for 78 consecutive years
- Increased the dividend 54 consecutive years

# Forward-Looking Statements

## Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology. These forward looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict.

The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but not limited to, the following factors: (1) the effect of water, utility, environmental and other governmental policies and regulations, including actions concerning rates, authorized return on equity, authorized capital structures, capital expenditures and other decisions; (2) changes in demand for water and other services; (3) the impact of the Coronavirus ("COVID-19") pandemic on our business operations and financial results; (4) unanticipated weather conditions and changes in seasonality, including those affecting water supply and customer usage; (5) climate change and the effects thereof, including but not limited to, droughts, and wildfires; (6) unexpected costs, charges or expenses; (7) our ability to successfully evaluate investments in new business and growth initiatives; (8) contamination of our water supplies and damage or failure of our water equipment and infrastructure, (9) the risk of work stoppages, strikes and other labor-related actions; (10) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, epidemic or similar occurrences; (11) changes in general economic, political, business and financial market conditions; (12) the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, changes in interest rates, compliance with regulatory requirements, compliance with the terms and conditions of our outstanding indebtedness, and general market and economic conditions; and (13) legislative and general market and economic developments.

Results for a quarter are not indicative of results for a full year due to seasonality and other factors. In addition, actual results are subject to other risks and uncertainties that relate more broadly to our overall business, including those more fully described in our filings with the SEC, including our most recent reports on Form 10-K, Form 10-Q and Form 8-K. Forward-looking statements are not guarantees of performance. All information included in this presentation is as of June 30, 2022, unless stated otherwise, and we undertake no obligation to update or revise any forward-looking statements except as required by law.

## Use of Non-GAAP Financial Information

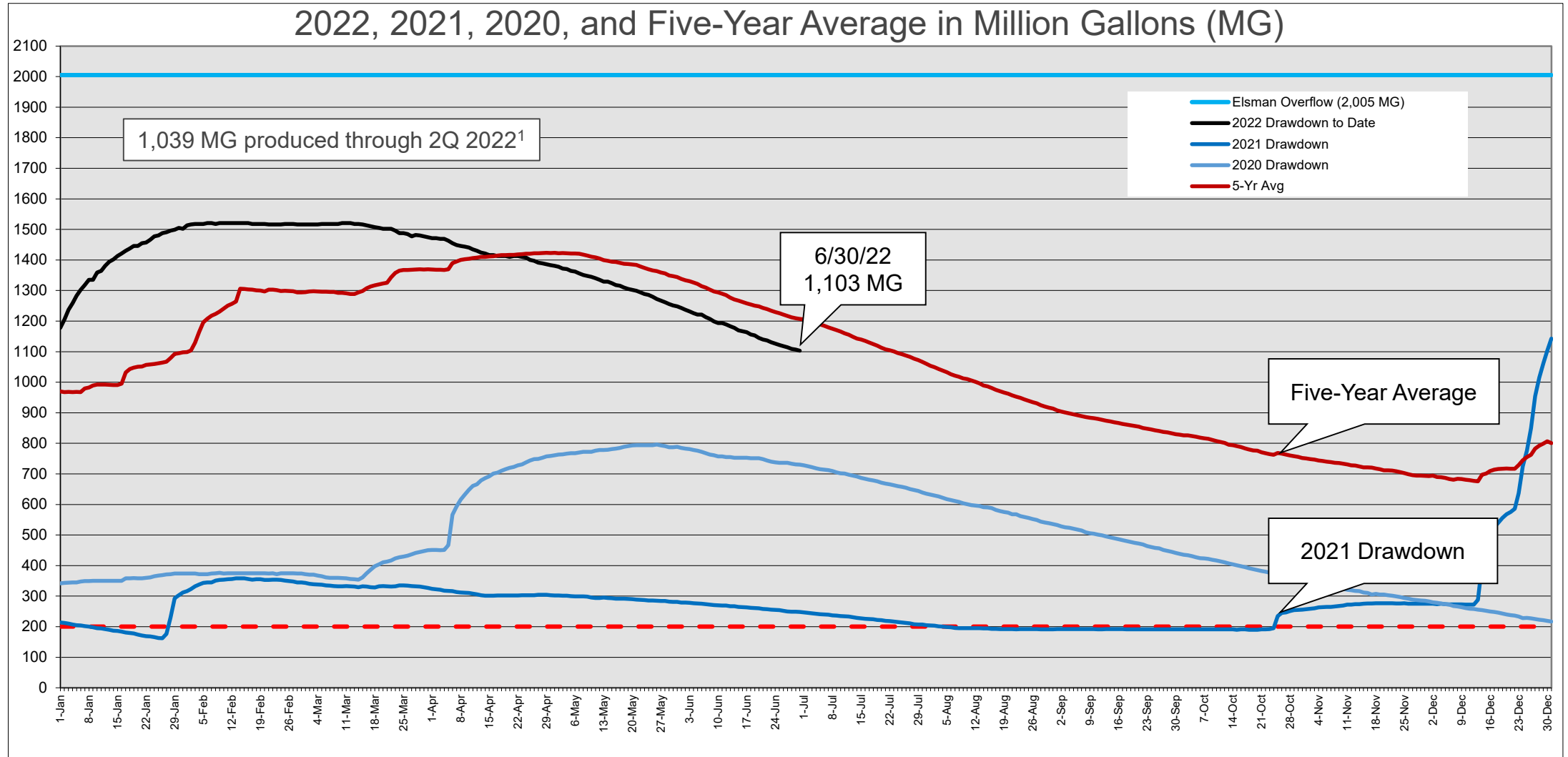
In this presentation, the Company will be discussing the non-GAAP financial measure of Adjusted EBITDA, which is adjusted from results based on GAAP. This non-GAAP financial measure is provided to enhance the investors' overall understanding of the Company's current financial performance and the Company's prospects for the future. We have presented Adjusted EBITDA because we believe it serves as an appropriate measure to be used in evaluating the performance of our business and help our investors better compare our operating performance over multiple periods and that the exclusion of the amounts eliminated in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business performance.

Non-GAAP measures should not be viewed as a substitute for the Company's financial statements prepared in accordance with GAAP. The Company's use of non-GAAP financial measures has certain limitations in that such non-GAAP financial measures may not be directly comparable to those reported by other companies. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for the limitation of the non-GAAP presentation by providing a detailed reconciliation of Adjusted EBITDA to net income in Appendix 1.

# Appendix



# Lake Elsman Storage



<sup>1</sup> There are three other surface water locations in addition to Lake Elsman; however, they are not material to the overall supply.

# Adjusted EBITDA

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

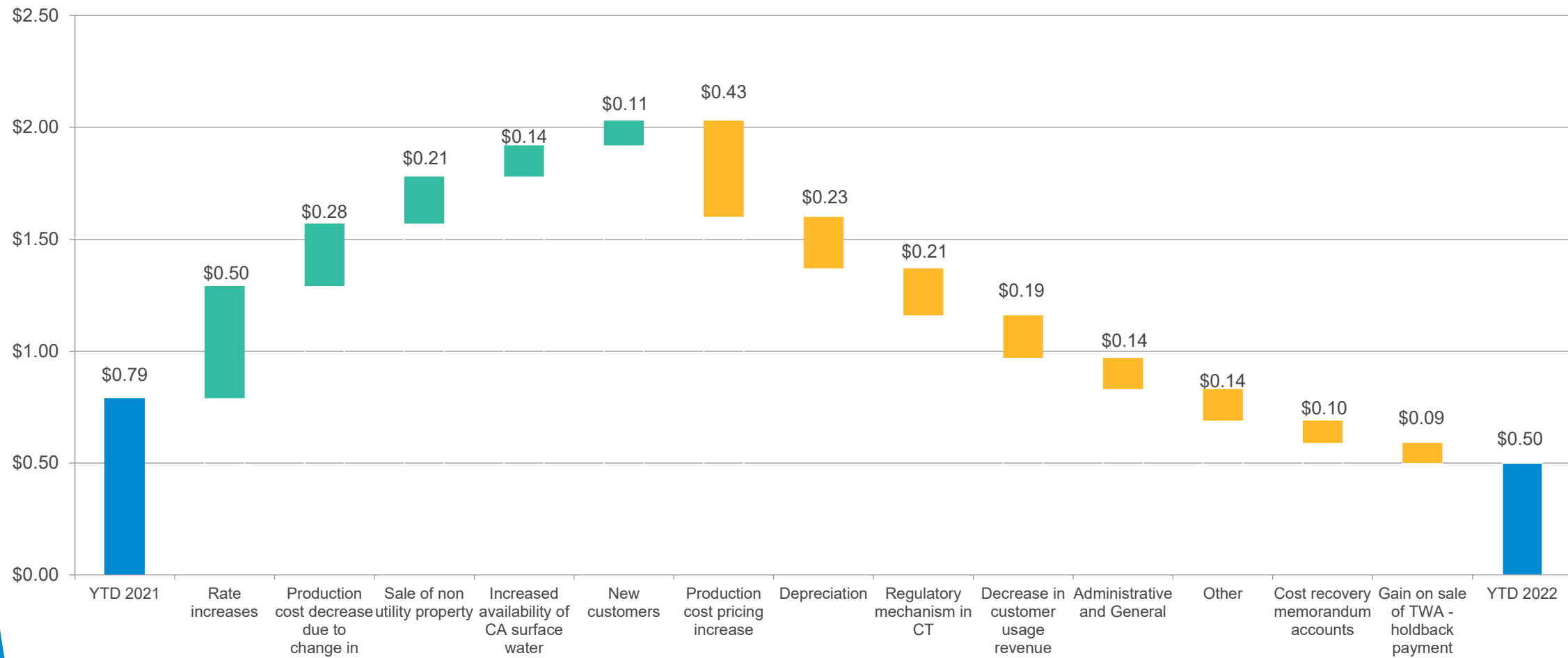
For the Year Ended December 31 (in thousands)								
	2021	2020	2019	2018	2017	2016	2015	
<b>Net Income</b>	\$ 60,478	\$ 61,515	\$ 23,403	\$ 38,767	\$ 59,204	\$ 52,839	\$ 37,882	
<b>Add (Subtract):</b>								
Income attributable to the noncontrolling interest	\$ -	\$ -	\$ 224	\$ -	\$ 1,896	\$ -	\$ -	
Income Tax Expense	\$ 8,369	\$ 8,380	\$ 8,454	\$ 10,065	\$ 35,393	\$ 33,542	\$ 23,272	
Interest Expense	\$ 54,339	\$ 54,255	\$ 31,796	\$ 24,332	\$ 22,929	\$ 21,838	\$ 22,186	
Interest Income	\$ -	\$ -	\$ (6,536)	\$ (155)	\$ -	\$ -	\$ -	
Depreciation and Amortization	\$ 94,400	\$ 89,279	\$ 65,592	\$ 54,601	\$ 48,292	\$ 44,625	\$ 40,740	
<b>EBITDA</b>	\$ 217,586	\$ 213,429	\$ 122,933	\$ 127,610	\$ 167,714	\$ 152,844	\$ 124,080	
Write-off of Regulatory Asset Account	\$ -	\$ -	\$ 9,386	\$ -	\$ -	\$ -	\$ -	
CTWS Merger Related Expenses	\$ -	\$ -	\$ 15,768	\$ 18,610	\$ -	\$ -	\$ -	
Post CTWS Merger Integration Costs	\$ -	\$ -	\$ 4,860	\$ -	\$ -	\$ -	\$ -	
Merger Related Customer Credits	\$ -	\$ -	\$ 2,767	\$ -	\$ -	\$ -	\$ -	
Loss (Gain) on Sale of Equity Investment	\$ -	\$ -	\$ -	\$ 423	\$ -	\$ (3,197)	\$ -	
Loss (Gain) on Sale of Utility property	\$ -	\$ -	\$ 20	\$ (9)	\$ (12,499)	\$ -	\$ -	
Gain on Sale of Real Estate Investments	\$ (927)	\$ (948)	\$ (929)	\$ -	\$ (6,903)	\$ (10,419)	\$ (1,886)	
Gain on Sale of Nonutility Properties	\$ (7,494)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Impairment of Long-Lived Asset	\$ 2,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Adjusted EBITDA</b>	\$ 211,376	\$ 212,481	\$ 154,805	\$ 146,634	\$ 148,312	\$ 139,228	\$ 122,194	

# Financial Results

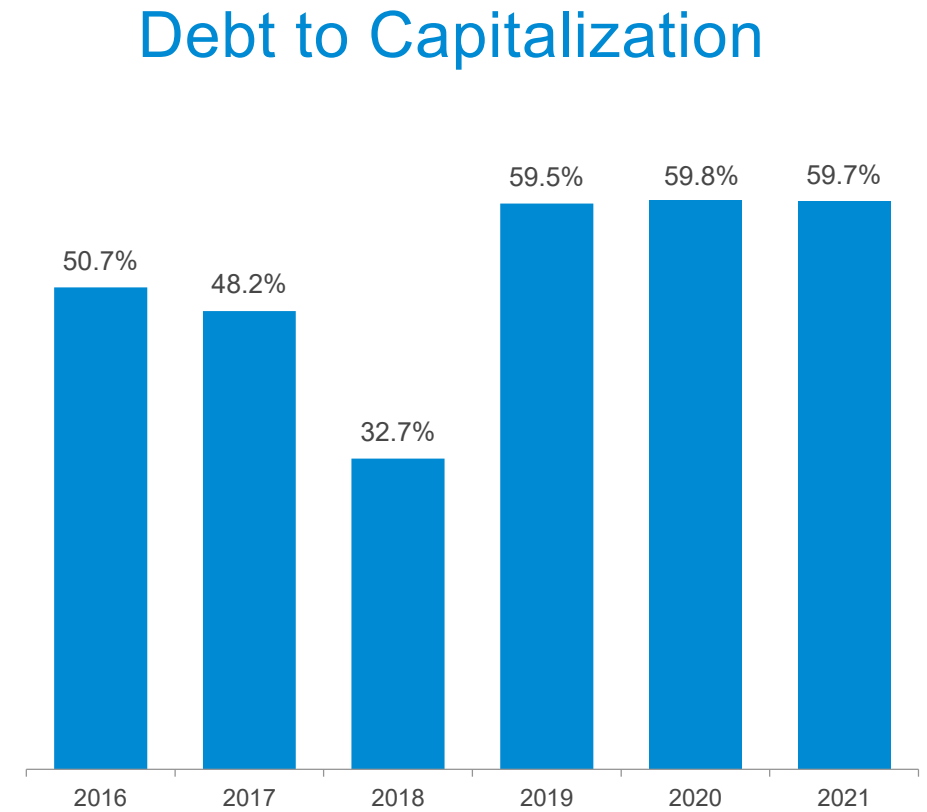
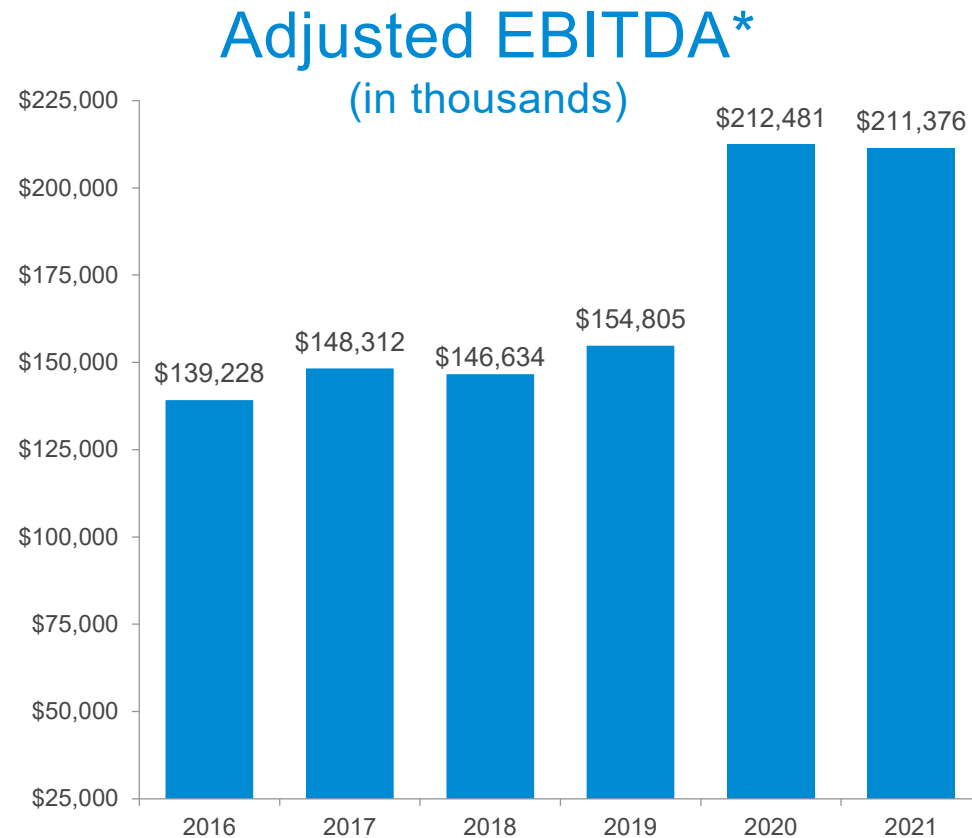
IN MILLIONS (except for EPS)	First Six Months 2021	First Six Months 2022
Revenue	\$267.0	\$273.3
Net Income	\$23.4	\$15.3
Diluted EPS	\$0.79	\$0.50

- Connecticut WRA timing updated to match consumption
  - \$4.6 million reduction in year-to-date (YTD) revenue
  - Total authorized WRA revenue will be recovered in fiscal year 2022
- San Jose Water Company YTD revenues would have increased between \$12.0 million and \$13.0 million had settlement agreement in GRC been approved
- \$3.0 million YTD 2021 on release of holdback from 2017 sale of TWA
  - No similar gain was recorded in 2022

# EPS Bridge First Six Month of 2022



# Financial Highlights: SJW Group



**\*Non-GAAP Financial Information**

This presentation includes the non-GAAP financial measure of adjusted EBITDA. A reconciliation of this measure to the most directly comparable GAAP measure is included in Appendix I to this presentation.



# Key Statistics by State

As of December 31, 2021

	California	Connecticut	Texas	Maine
<b>Capital Structure and Authorized ROE</b>				
Authorized capital structure (debt/equity)	47% / 53%	47% / 53%	37% / 63%	50% / 50%
2021 capital structure (debt/equity)	49.3% / 50.7%	45.6% / 54.4%	40.3% / 59.7%	42.2% / 57.8%
Authorized ROE	8.90%	9.00%	10.88%	9.81% <sup>1</sup>
<b>Rate Base</b>				
Authorized rate base (in millions)	\$958.9	\$549.4	\$43.3	\$63.3
Estimated rate base at year-end (in millions)	\$1,023.1	\$613.6	\$95.1	\$87.6
<b>Connections</b>				
Water connections	232,000	107,000	24,000	32,500
Wastewater connections	0	3,000	800	0
<b>Total Connections</b>	<b>232,000</b>	<b>110,000</b>	<b>24,800</b>	<b>32,500</b>

<sup>1</sup> Maine Water's ROE set at 9.7% in all divisions effective July 1, 2022, as part of the approved settlement agreement in the Biddeford-Saco Division GRC.

# Debt Financing

The debt financing for SJW Group and its subsidiaries was largely completed for 2022

- MWC entered into a credit agreement for \$15 million, due May 31, 2042
- CWC issued \$25 million of 4.71% senior notes, due December 15, 2052
  - Delayed draw structure, with closing to occur December 2022
- SJWC issued \$70 million of 4.84% senior notes, due February 1, 2053
  - Delayed draw structure, with closing to occur January 2023

# The Infrastructure Replacement Era

## Opportunity for Well-Managed, Customer-Centric, Investor-Owned Water and Wastewater

### Water

- 50,000 water systems
- 2.2 million miles of underground pipe
- 27% increase in water main breaks between 2012 and 2018 (250,000 to 300,000 estimated breaks per year, or a break every two minutes)
- 85% of population served by municipalities
- EPA Drinking Water State Revolving Fund appropriations level declined in 2020

### Wastewater

- 16,000 publicly owned sewer systems
- EPA Clean Water State Revolving Fund appropriations were level in 2019 and declined in 2020 and 2021
- EPA estimates 850 billion gallons of treated sewage discharged into waterways annually

American Society of Civil Engineers  
2021 Report Card  
for America's Infrastructure



Source: American Society of Civil Engineers, 2021 Infrastructure Report Card

# Long-Term Strategy

- Deliver Exceptional Service to Families and Communities
- Protect Employee and Public Health
- Grow Regulated Water and Wastewater Utility Business
- Invest Capital (CapEx) to Serve Customers and Conserve Natural Resources
- File Timely Infrastructure Surcharges and General Rate Cases
- Steward Constructive Regulatory Relationships
- Increase Shareholder Value Through Prudent Acquisitions
- Support and Expand Supplier Diversity Program
- Conduct Our Business While Honoring the Highest Ethical Standards
- Focus on Water and Wastewater Service, Not Sales
- Be a Positive Force in the Communities Where We Live, Work and Serve



## OUR MISSION

Trusted, passionate, and socially responsible professionals delivering life-sustaining, high-quality water and exceptional service while protecting the environment, enhancing our communities, and providing a fair return to shareholders.

# SJW Group at a Glance: Pure-Play Water

## Regulated Water/Wastewater

### San Jose Water

- 231,000 service connections
- Growth-supported infrastructure replacement
- Forward test year

### Connecticut Water

- 105,000 water and 3,000 wastewater service connections
- Timely recovery of pipeline replacement through WICA, WRAM\*
- Historic test year

### Maine Water

- 35,000 service connections
- “Best in class” infrastructure replacement mechanism through WISC
- Historic test year

### SJWTX

- 25,000 service connections in Texas
- Infrastructure replacement mechanism, fair market value and filed rate doctrine for acquisitions
- Historic test year

## Nonregulated

SJW Land: Tax-advantaged, income-producing properties for future disposition as capital needs warrant; currently unlevered

\*WRAM is the water revenue adjustment mechanism



# 2022 Rates and Surcharges

State	Docket#	Type	Status	Revenue Requested/Approved (annualized)
Connecticut	20-12-30WI01 <sup>1</sup>	WICA	Effective 1/1/2022	\$2.6M
Maine	2021-00352	WISC	Effective 1/1/2022	\$50K
Texas	52904	Deer Creek WPC (Water Pass through Charge)	Effective 1/1/2022	\$13K
Texas	53173	Canyon Lake WPC	Effective 3/1/2022	\$365K
Connecticut	20-12-30WI02 <sup>1,2</sup>	WICA reconciliation	Effective 4/1/2022	(\$16K)
Connecticut	20-12-30	WRA	Effective 4/1/2022	\$3.1M <sup>3</sup>
Texas	53751	Kendall West WPC	Decision expected Q3	\$24K
California	AL575	Advice Letter (plant addition)	Effective 7/1/22	\$232K
California	AL577	Advice Letter (Wholesale Water Supply Cost)	Effective 7/1/2022	\$24.3M <sup>4</sup>
Connecticut	20-12-30WI03 <sup>1</sup>	WICA	Effective 7/1/22	\$868K
Maine	2021-00289	GRC (Biddeford-Saco Division)	Effective 7/1/22	\$6.3M

<sup>1</sup> As of July 1, 2022, the current approved WICA surcharge is 3.26% and is expected to generate \$3.4 million in annualized revenues.

<sup>2</sup> PURA annual reconciliation adjustment reconciled 2021 WICA actual revenues collected with authorized

<sup>3</sup> WRA was set to recover revenue of \$3.1 million that was authorized by PURA for 2021, but not realized through customer usage

<sup>4</sup> CPUC authorized recovery of increase in third-party water supply cost

<sup>5</sup> Pending settlement agreement before CPUC provides for \$54.1 million over three years (2022 – 2024)

# 2022 Rates and Surcharges (Continued)

State	Docket#	Type	Status	Revenue Requested/Approved (annualized)
Maine	2022-00181	WISC	Effective 8/1/2022	\$50K
California	A2105004	Cost of Capital	Decision expected Q3/Q4 2022	--
California	A2101003	GRC (2022 – 2024)	Proposed Decision issued Final Decision expected Q4 2022	\$87.7M <sup>5</sup> (requested over three years)
Maine	2022-00056	GRC Camden-Rockland Division	Decision expected Q4 2022	\$224K (requested)
Maine	2022-00057	GRC Freeport Division	Decision expected Q4 2022	\$51K (requested)
Maine	2022-00058	GRC Millinocket Division	Decision Expected Q4 2022	\$184K (requested)
Maine	2022-00059	GRC Oakland Division	Decision expected Q4 2022	\$72K (requested)

<sup>1</sup> As of July 1, 2022, the current approved WICA surcharge is 3.26% and is expected to generate \$3.4 million in annualized revenues.

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<sup>3</sup> WRA was set to recover revenue of \$3.1 million that was authorized by PURA for 2021, but not realized through customer usage

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