

### **California Public Utilities Commission Approves Proposed Cost of Capital Decision**

- San Jose Water return on equity set at 8.80%.
- Water Cost of Capital Mechanism continued and increases return on equity to 9.31%.
- Customers will benefit from a modest rate reduction.

**SAN JOSE, Calif. – July 6, 2023** – The California Public Utilities Commission (CPUC) has adopted the proposed decision in the cost of capital proceeding for San Jose Water for the years 2022 through 2024.

The final decision established an 8.80% return on equity, a 5.46% cost of debt, and a capital structure of 54.55% equity and 45.45% debt resulting in an overall rate of return of 7.28%. San Jose Water was previously authorized for a return on equity of 8.90%, a 6.20% cost of debt, and a capital structure of 53.28% equity and 46.72% debt — resulting in an overall rate of return of 7.64%.

“We appreciate the commission’s thoroughness in the review of our application and its balanced outcome,” said San Jose Water Vice President of Regulatory Affairs and Customer Service John B. Tang. “We look forward to continuing to invest in our water system and delivering on our public health mission to customers and communities.”

#### **Water Cost of Capital Mechanism**

The CPUC also authorized continuation of the Water Cost of Capital Mechanism (WCCM). The WCCM provides for an adjustment in San Jose Water’s return on equity and cost of debt if the average Moody’s Aa utility bond index rate between Oct. 1, 2021, and Sept. 30, 2022, varies by more than 100 basis points when compared to the same period from the prior years. The index rate in that period increased 103 basis points, thereby reaching the WCCM threshold.

San Jose Water filed a Tier 2 Advice Letter to trigger the WCCM on June 30, 2023. On July 31, 2023, the company expects to file a Tier 1 Advice Letter to implement new rates. The new rates would be effective on the date of the filing and will reflect the WCCM-adjusted return on equity of 9.31%, a cost of debt of 5.26%, and an overall rate of return of 7.47%.

#### **Customer Rate Reduction**

Had the WCCM-adjusted rate of return of 7.47% been in effect on Jan. 1, 2023, it would have lowered the revenue requirement by \$400,000. Therefore, customer rates will be reduced to reflect the applicable portion of the \$400,000 prospectively as of July 31, 2023.

#### **About San Jose Water**

San Jose Water is the largest subsidiary of SJW Group (NYSE: SJW). Founded in 1866, San Jose Water is an investor-owned public utility and is one of the largest and most technically sophisticated urban water systems in the United States. Serving over 1 million people in the greater San Jose metropolitan area, San Jose Water also provides services to other utilities, including operations and maintenance, billing, and backflow testing. To learn more about San Jose Water, visit [www.sjwater.com](http://www.sjwater.com).

#### **About SJW Group**

SJW Group is among the largest investor-owned pure-play water and wastewater utilities in the United States, providing life-sustaining and high-quality water service to nearly 1.5 million people. SJW Group’s locally led and operated water utilities - San Jose Water Company in California, The Connecticut Water Company in Connecticut, The Maine Water Company in Maine, and SJWTX, Inc. (dba The Texas Water Company) in Texas - possess the financial strength, operational expertise, and technological innovation to safeguard the environment, deliver outstanding service to customers, and provide opportunities to employees. SJW Group remains focused on investing in its operations, remaining actively engaged in its

local communities, and delivering continued sustainable value to its stockholders. For more information about SJW Group, please visit [www.sjwgroup.com](http://www.sjwgroup.com).

### **Forward-Looking Statements**

This release 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,” “estimates,” “anticipates,” “intends,” “seeks,” “approximately,” “plans,” “projects,” “may,” “should,” “will,” 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.

These forward-looking statements involve 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 regulatory 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) unanticipated weather conditions and changes in seasonality including those affecting water supply and customer usage; (4) the effect of the impact of climate change; (5) unexpected costs, charges or expenses; (6) our ability to successfully evaluate investments in new business and growth initiatives; (7) contamination of our water supplies and damage or failure of our water equipment and infrastructure; (8) the risk of work stoppages, strikes and other labor-related actions; (9) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, epidemic, or similar occurrences; (10) changes in general economic, political, business and financial market conditions; (11) 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 (12) legislative, and general market and economic developments. The risks, uncertainties and other factors may cause the actual results, performance or achievements of SJW Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Results for a quarter are not indicative of results for a full year due to seasonality and other factors. Other factors that may cause actual results, performance or achievements to materially differ are described in SJW Group’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. Forward-looking statements are not guarantees of performance, and speak only as of the date made. SJW Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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