



# 2023 Financial Results Presentation

*SJW Group*

# On Today's Call



Eric W.  
Thornburg  
Chair, President  
and CEO



Andrew Walters  
Chief Financial Officer  
and Treasurer

# 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,” “estimates,” “anticipates,” “intends,” “seeks,” “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.

# Delivered on Our Earnings Growth Strategy in 2023

- **Constructive Regulatory Outcomes**
  - California Cost of Capital and Water Conservation Memorandum Account
  - Connecticut Water Infrastructure and Conservation Adjustment (WICA) charges
  - Maine Water Biddeford-Saco Division general rate case
- **Customer Growth**
  - Delivered customer growth of 12% in Texas year-over-year, quadrupled connections since 2006
- **Surpassed Capital Expenditure (CapEx) Goals**
  - \$272 million invested year to date, or 107%, of \$255 million budgeted in 2023
- **Advanced Cost Reduction**
  - Targeted capital projects that reduce cost
  - Proactive asset management reduced maintenance expense
- **Created Shareholder Value**
  - \$0.59 per diluted share in 4Q and \$2.68 in 2023

# Driving Future Growth

- Substantially Invest in CapEx:
  - \$1.6 billion in next 5 years
  - Water and wastewater infrastructure
  - Optimizing OpEx through capital investment
    - Advanced leak detection
    - Advanced Metering Infrastructure in California
    - Solar generation
    - Battery energy storage systems
    - Electric vehicle purchases to replace internal combustion engines
  - Treatment of per-and polyfluoroalkyl substances (PFAS)
- Intense Focus on Achieving Constructive Regulatory Outcomes
  - General rate cases in California and Connecticut
  - System improvement charge in Texas



\$14 million groundwater treatment facility completed in East Windsor, Connecticut

# Financial Results: 4Q 2023

- Quarter-over-quarter results comparison was impacted by the delay in San Jose Water Company's 2022 to 2024 general rate case decision that came in October 2022
- Reimplementation of the Water Conservation Memorandum Account (WCMA) and the Water Conservation Expense Memorandum Account (WCEMA) retroactive to April 20, 2023 reflected entirely in 4Q results
- Customer usage decreased in Maine and Texas

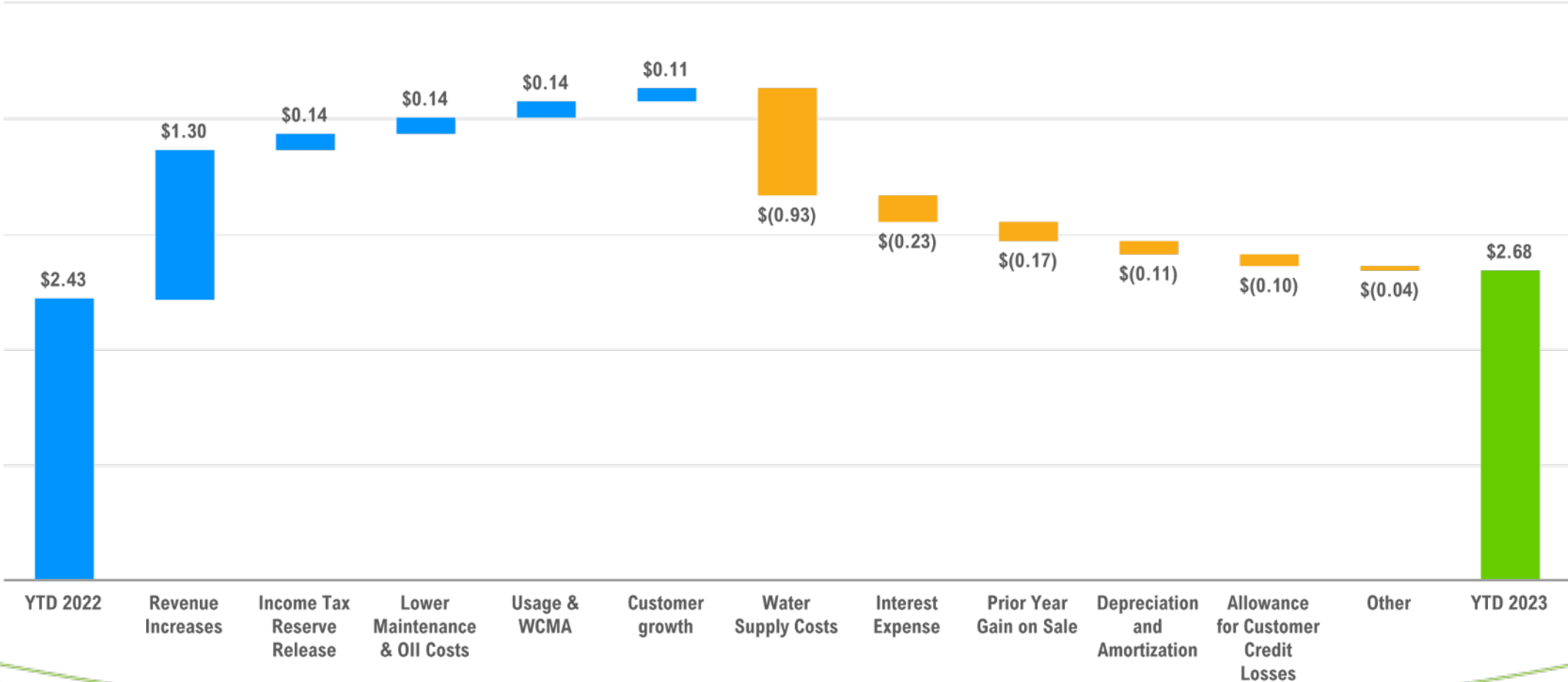
IN MILLIONS except for earnings per share (EPS)	4Q 2023		4Q 2022	CHANGE
Revenue	\$171.3	↓	\$171.4	—% increase
Net Income	\$18.9	↓	\$33.5	43% decrease
Diluted EPS	\$0.59	↓	\$1.09	46% decrease

# Financial Results: 2023

IN MILLIONS except for EPS	YTD 2023		YTD 2022	CHANGE
Revenue	\$670.4	↑	\$620.7	8% increase
Net Income	\$85.0	↑	\$73.8	15% increase
Diluted EPS	\$2.68	↑	\$2.43	10% increase

# 2023 Diluted EPS Bridge

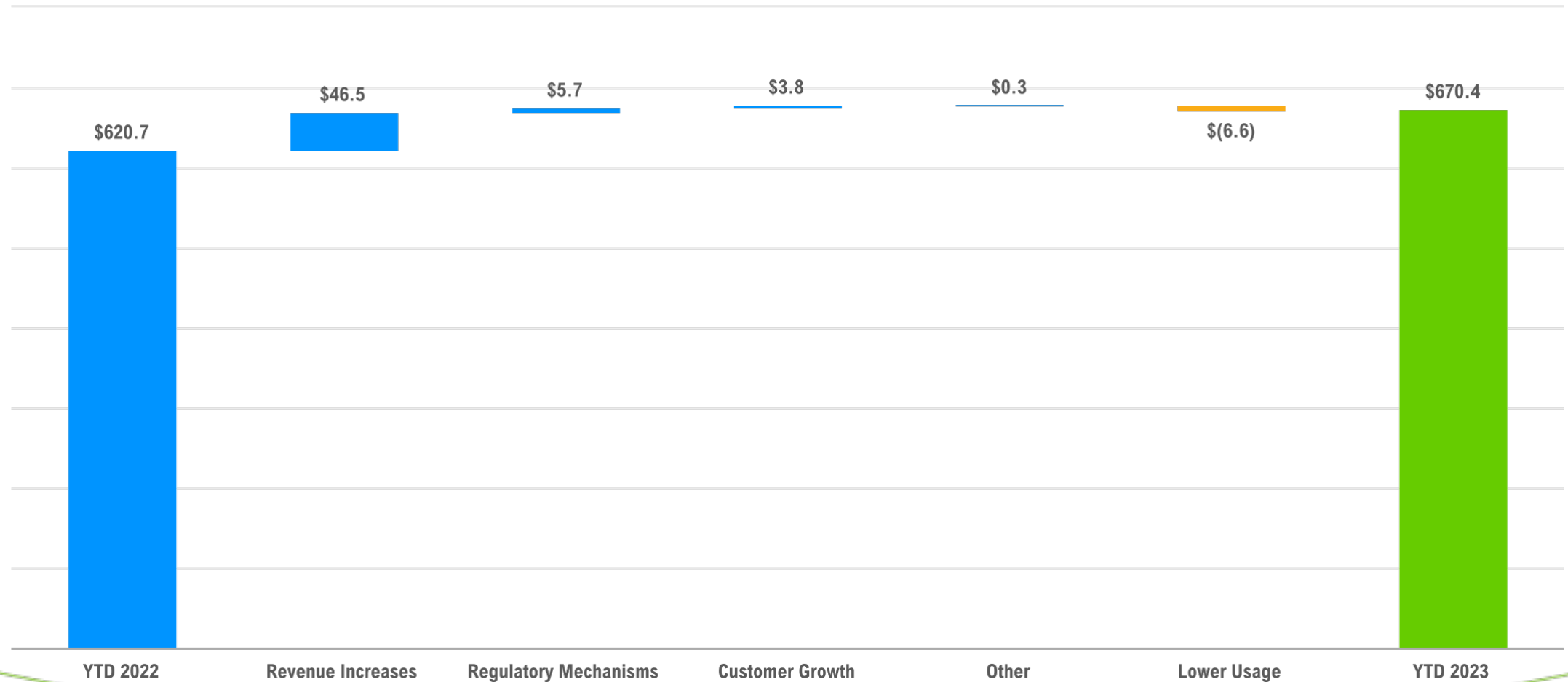
Change in EPS (\$): YTD 2023 - YTD 2022





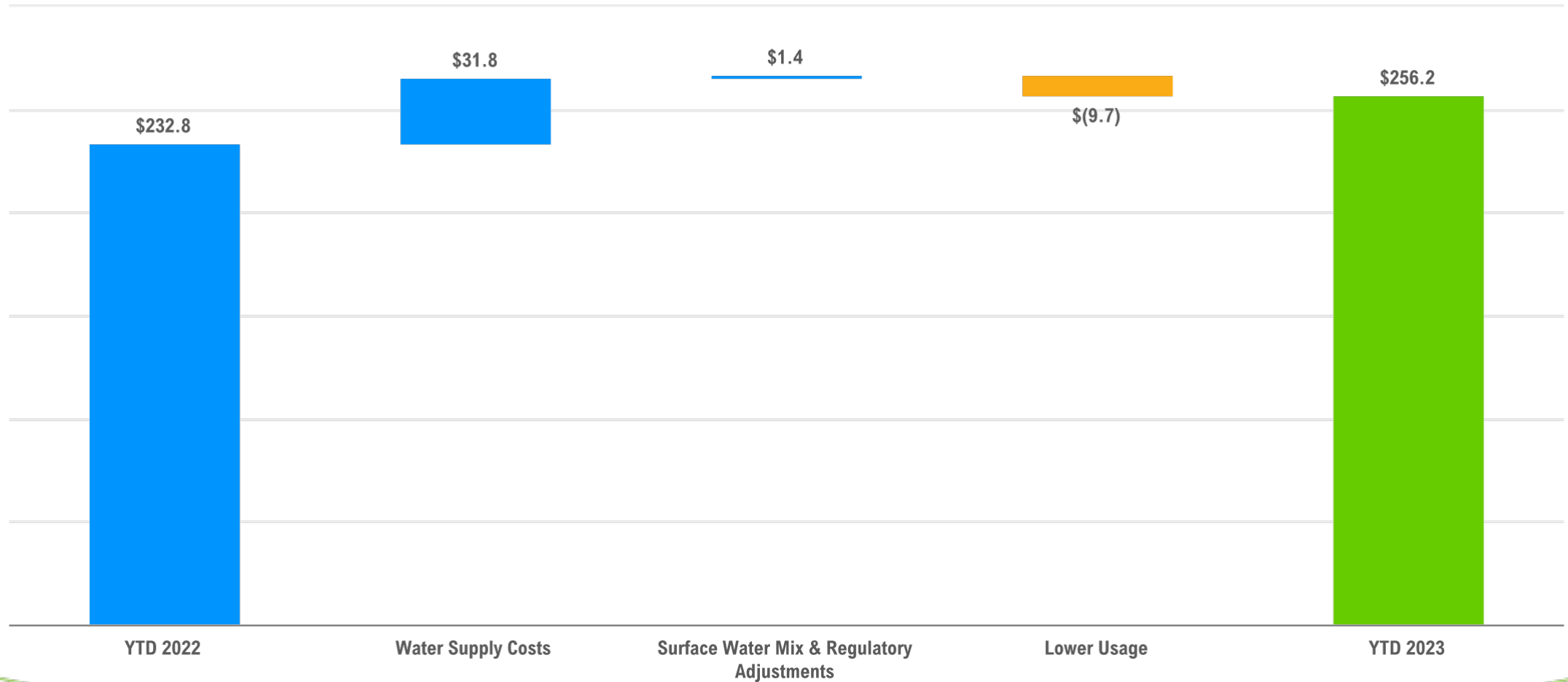
# 2023 Revenue Increased 8%

Change in Revenue (\$M): YTD 2023 - YTD 2022



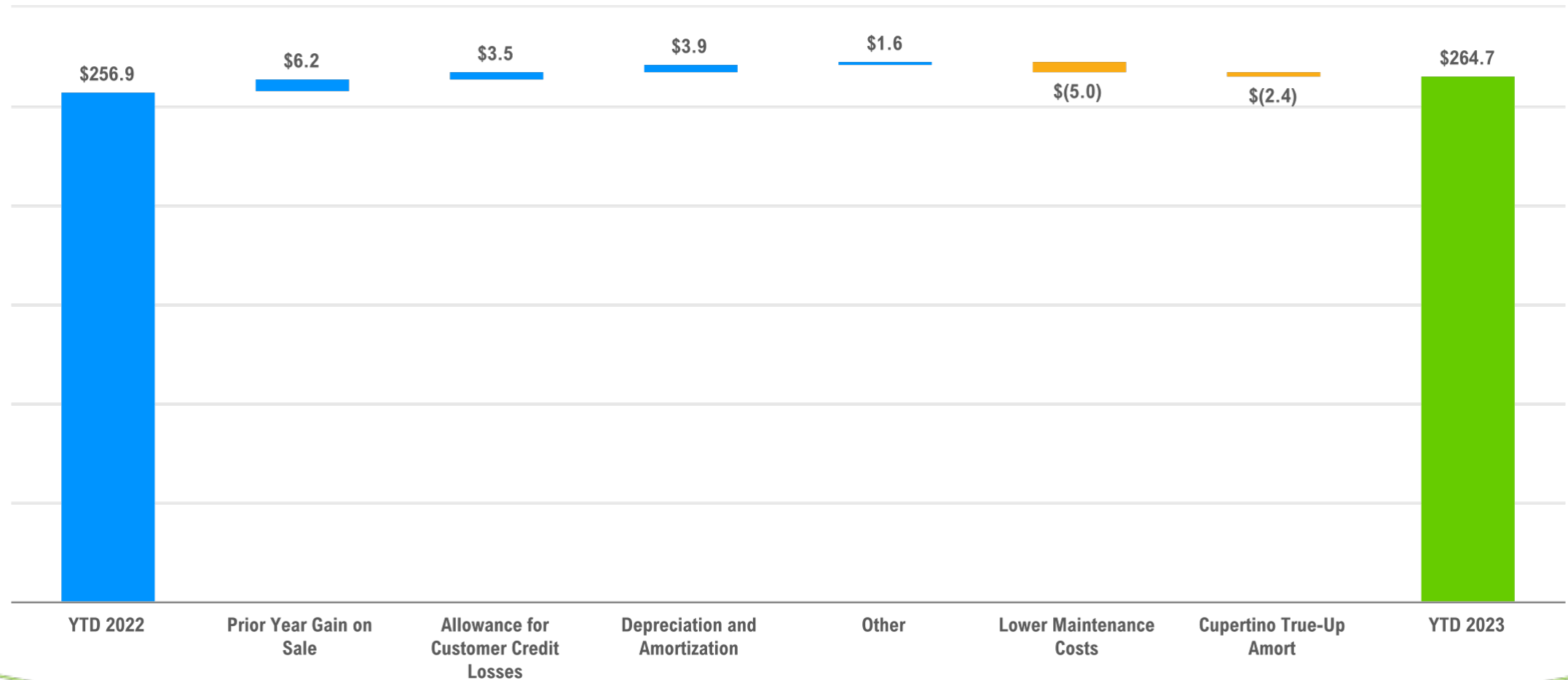
# 2023 Water Production Expenses Increased 10%

Change in Water Production Expenses (\$M): YTD 2023 - YTD 2022



# 2023 Other Operating Expenses Increased 3%

Change in Other Operating Expenses (\$M): YTD 2023 - YTD 2022



# 2023 Financing Activity and Income Tax Rate

- \$83 million in equity issued at the market
  - \$5.7 million in 4Q
  - Raised \$50 million target for general corporate purposes
  - Additional amount raised for acquisitions that closed 3Q
- \$350 million bank lines of credit, \$171.5 million drawn leaving \$178.5 million available
- 6.29% average borrowing rate on credit advances in 2023, 3.41% in 2022
- Effective income tax rate 7% in 2023, 10% in 2022



# California Updates

- 2025 – 2027 GRC application filed with the California Public Utilities Commission (CPUC) on January 2, 2024
  - Proposes 3-year \$540 million CapEx program
    - Addresses PFAS
    - Reduces operating expense and greenhouse gas emissions through solar generation, energy storage systems to replace diesel generators, fleet electrification, and advanced acoustic leak detection
    - Advances CPUC’s Environmental and Social Justice Action Plan to Improve access to high-quality water service, climate resiliency, and economic and workforce development
- **Group Insurance Balancing Account**
  - Captures difference between authorized and actual medical, dental, and opt-out insurance costs
  - Effective January 1, 2024



## GRC Schedule

Application filed with CPUC on January 2, 2024

Sets rates for 2025, 2026, and 2027

Anticipated 12 month review

CPUC will determine final rates after comprehensive review process

# California Updates

- Water Cost of Capital Mechanism (WCCM) adjustment effective January 1, 2024
  - Return on Equity (ROE) increase of 70 basis points (bps) to 10.01%, less 20 bps for reimplementing of the WCMA, for a new ROE of 9.81%
  - Cost of Debt of 5.28%
  - Authorized Rate of Return (ROR) of 7.75% reflects 9.81% ROE
- Cost of Capital filing deferment authorized by the CPUC
  - Filing deferred to May 1, 2025
  - Maintains WCCM for 2025
- Advanced Metering Infrastructure installation 2024 - 2026
  - \$29.0 million investment projected in 2024
  - \$100 million project outside of the general rate case (GRC) CapEx



## WCCM Adjustment

Change in Moody's Aa bond index of plus or minus 100 bps between October 1 and September 30 triggers WCCM Adjustment

ROE is adjusted by 50% of the change when the trigger is reached

Cost of debt and ROR also adjusted

# Connecticut Updates

- Filed GRC with Public Utilities Regulatory Authority (PURA) on October 3, 2023
  - Requesting \$21.4 million, or 18.1%, annualized revenue increase
  - Proposing expansion of customer assistance programs
  - Decision expected in 2Q24
- Water Infrastructure and Conservation Adjustment (WICA)
  - Increase of 1.19% approved by PURA on September 25, 2023
    - Effective October 1, 2023
    - \$1.3 million increase in annualized revenue



## Connecticut Water WICA

7.38% cumulative WICA as of October 1, 2023

Annual cap on WICA: 5%  
Cap between GRCs: 10%

WICA rolled into base rates during GRCs, and surcharge reset to zero

# Maine Updates

- In March 2023, Maine Water Company requested a \$2.9 million revenue increase in the Biddeford-Saco Division (BSD) to reflect actual operating expenses of new \$60 million treatment facility and increased financing costs
  - On January 5, 2024, the Maine Public Utilities Commission approved a stipulation agreement between Maine Water and the Office of the Public Advocate on the BSD general rate case
  - Provisions of the approved stipulation agreement:
    - Maine Water revenues increase \$2.6 million effective January 1, 2024
    - ROE for future Water Infrastructure Charges (WISC) at 9.5% with an assumed 51% equity/49% debt capital structure
    - GRC rate stay out provision in the BSD through January 1, 2027
- Decision on WISC filing requesting \$158,000 in the Camden-Rockland Division expected in 1Q24



## Biddeford-Saco Division GRC

Application filed requesting  
\$2.9 million revenue increase  
in March 2023

\$1.5 million in temporary  
rates authorized in August  
2023

On January 3 2024 the  
MPUC approved the  
stipulation agreement  
reached with OPA

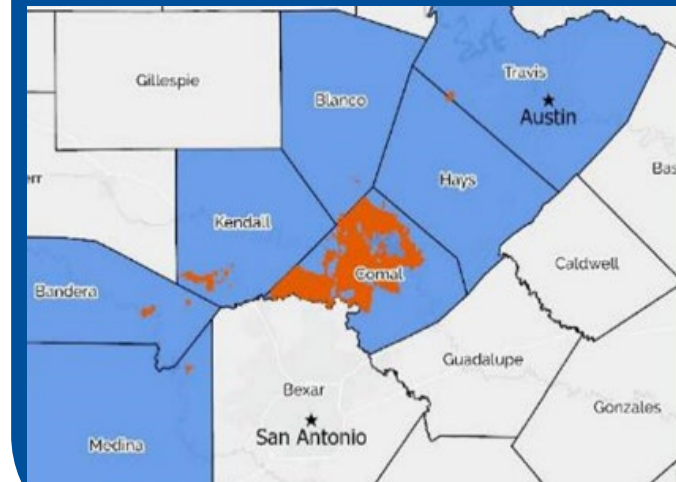


# Texas Updates

- Strong developer interest in our service area
  - Outstanding development units (potential connections) increased 47% in 2023 to 22,000 units<sup>1</sup>
- Serves three of the five fastest-growing counties in the United States<sup>2</sup>
  - >28,000 water connections and 950 wastewater connections
  - Connections quadrupled since 2006
- System improvement charge
  - Proposed Order issued February 13 authorizes \$1.6 million in annualized revenue, final order expected as early as March 7
- Drought conditions improving in portions of service area
  - Management Plan in effect due to drought
  - Service area in state 2, 3 and 4 drought conditions

TEXAS WATER  
COMPANY

Texas had the highest population growth of any U.S. state in the 2020 Census. Texas Water serves the rapidly growing area in the Austin-San Antonio corridor



<sup>1</sup> Assumes a build-out of 10 years or longer

<sup>2</sup> Source: U.S. Census Bureau population growth in counties with a population of at least 10,000, 2010 - 2019

# 2024 Guidance

Guidance	2024
Diluted EPS	\$2.68 - \$2.78
Equity issuance, excluding acquisition growth	\$55M to \$65M
5-Year CapEx	\$1.6B <sup>2</sup>

**2024  
EPS Forecast  
\$2.68 to  
\$2.78<sup>1</sup>**

- **Factors underlying 2024 guidance:**
  - A Return on Equity (ROE) increase in California from 9.31% to 9.81% (net of a 20 bps reduction for reimplementation of the WCMA) effective January 1, 2024
  - The impact of the completed Biddeford-Saco rate case with a 9.5% ROE and 51% equity / 49% debt capital structure effective January 1, 2024
  - Constructive regulatory decisions on current and prospective regulatory filings
  - Strategic reinvestments in the business in 2024
  - Guidance range consistent with our long-term growth rate
- **Long-term growth rate: 5% - 7%**
  - Nonlinear and anchored off of 2022 diluted EPS of \$2.43

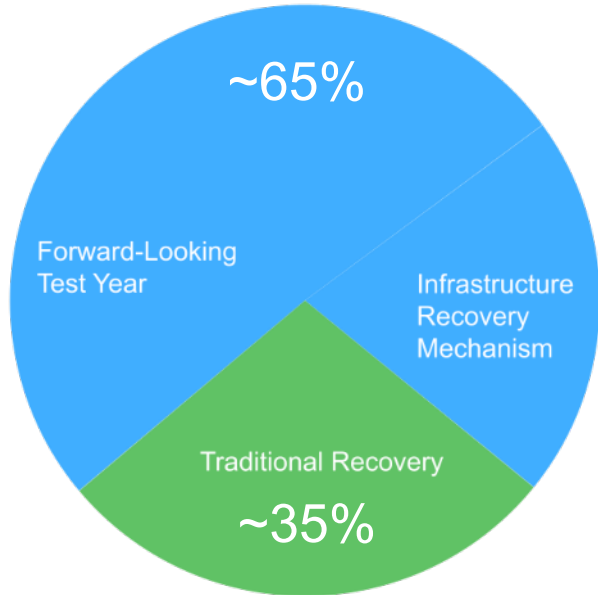
<sup>1</sup> SJW Group's earnings guidance is subject to numerous risks and uncertainties, including, without limitation, those factors described in the "Forward-Looking Statements" on slide 3 and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission

<sup>2</sup> Five-year CapEx includes approximately \$230 million for PFAS treatment

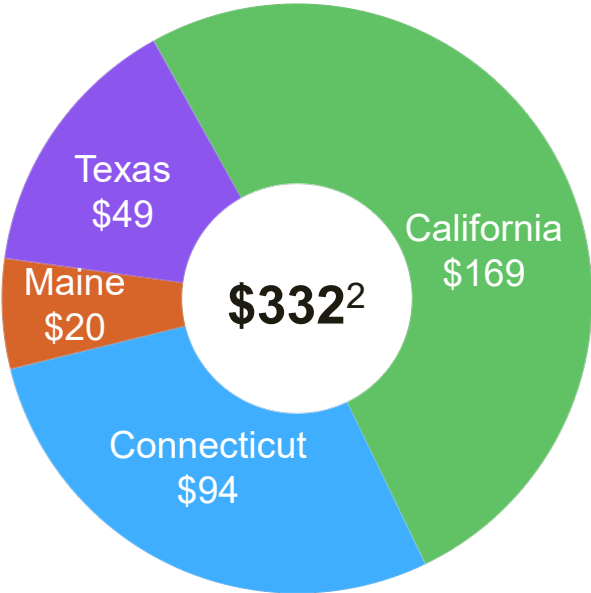
# Meeting Long-Term Investment Needs

\$1.6 billion in infrastructure investment planned for 2024 - 2028

Timely Recovery Through Regulatory Mechanisms in 2024<sup>1</sup>



2024 Budgeted CapEx in millions



<sup>1</sup> Based on budgeted investments or filings that qualify for infrastructure recovery mechanisms  
<sup>2</sup> Include approximately \$29 million for AMI in California

# 2024 Infrastructure Projects

- Pipeline to bring new water supply from the recently acquired KT Water to our customers in Texas
- Cambrian Station Tanks in California
- Heritage Village water treatment facility in Southbury, Connecticut
- Construction of solar arrays at the Saco River Drinking Water Resource Center in Maine
- Recycled water expansion in California
  - Capacity to deliver 440 acre feet of recycled water for irrigation per year, or 390,000 gallons per day

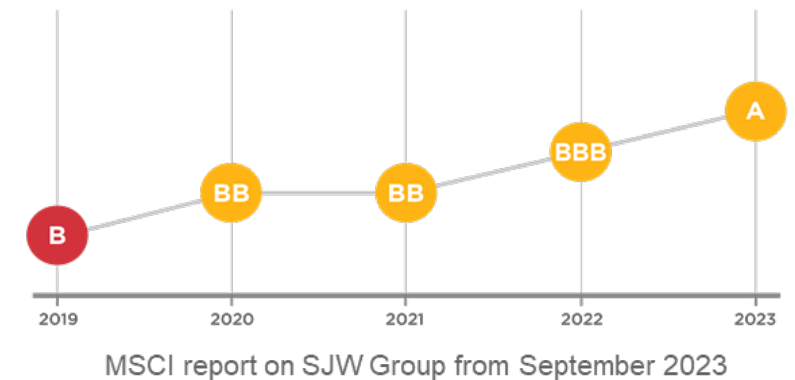


Purple recycled water pipe installation

# Force for Good

- Employee Safety
- Good Place to Work Index - world class
- Gender Balanced Board<sup>1</sup>
  - 12% of the Russell 3000 have gender balanced boards
- Diverse Supplier Spend
- National Association of Clean Water Agencies' recognition for watershed stewardship in California
- MSCI Rating: 'A'
- Named to the 2024 Newsweek Excellence Index
  - Highest-ranked water utility

## MSCI ESG Rating History



<sup>1</sup>Source: 50/50 Women on Board, [www.5050wob.com](http://www.5050wob.com)



# Questions

An aerial photograph of a river flowing through a lush green forested valley. The river is the central focus, with a dam visible in the distance. The surrounding hills are covered in dense green trees. The sky is clear and blue. The image is framed by a dark blue curved border at the top and bottom.

# Appendix

# PFAS Update

- Supporting U.S. EPA's proposed standard for per- and polyfluoroalkyl substances (PFAS) in drinking water
- Part of class action settlements against PFAS manufacturers for approximately \$11.5 billion
- Advocating that all affected water and wastewater utilities have access to available federal and state funding for treatment
- Current CapEx estimate for treatment at EPA's proposed maximum contaminant levels:
  - Approximately \$110 million in California
  - Approximately \$120 million in Connecticut





# 2023/24 Regulatory Filings Pending and Approved

State	Docket #	Type*	Filing Date	Order Date	Status	Revenue Requested (annualized)	Revenue Approved (annualized)	Comments
CA	AL 586	GRC	11/18/22		Effective 01/01/23	\$18.4M	\$18.4M	
CA	A2105004	Cost of Capital	05/03/21	6/29/23	Effective 07/31/23	(\$0.4M)	(\$0.4M)	Sets ROE, debt cost and capital structure
CA	AL 596	Wholesale Water Offset	05/31/23		Effective 07/1/23	\$27.6M	\$27.6M	
CA	AL 592	WCMA/WCEMA	4/20/23	10/02/23	Effective 4/20/23			Reimplements memo accounts to true-up usage
CA	AL 599	COC Revenue Adjustment	7/31/23	6/29/23	Effective 7/31/23			Revenue adjustment reflecting new ROE, cost of debt and capital structure
CA	Advice Letter 601	WCCM	1/1/24	11/14/23	Effective 01/01/24			WCCM trigger adjusting ROR for 2024
CA	Advice Letter 603	Group Insurance Balancing Account	11/14/23	12/28/23	Effective 01/01/24			
CA	Advice Letter 605	Step Rate Increase	11/21/23	12/28/23	Effective 01/01/24	\$21.3M		2024 step rate increase for 2022 to 2024 GRC
CA		Request for one-year deferment of COC filing	12/15/23	02/02/24	Approved			Next COC filing due 5/1/24 Maintains WCCM for 2025
CA	24-01-001	GRC	01/02/24					GRC for 2025, 2026, and 2027 rates
CT	20-12-30WI04	2022 WICA Rec.	01/25/23	03/29/23	Effective 04/01/23	\$(173K)	\$(173K)	Reconciles 2022 over 12 mos
CT	20-12-30WI05	WICA	01/26/23	03/22/23	Effective 04/01/23	\$3.3M	\$3.3M	\$27.8M of investment
CT	20-12-30WI06	WICA	07/27/23	09/25/23	Effective 11/01/23	\$1.3M	\$1.3M	\$11.5M of investment
CT	23-08-32	GRC	10/03/23	--	To be effective 7/01/24	\$21.4M	--	18.1% increase; 10.5% ROE

\* GRC = General Rate Case; WISC = Water Infrastructure Surcharge; WICA = Water Infrastructure and Conservation Adjustment; SIC = System Improvement Charge

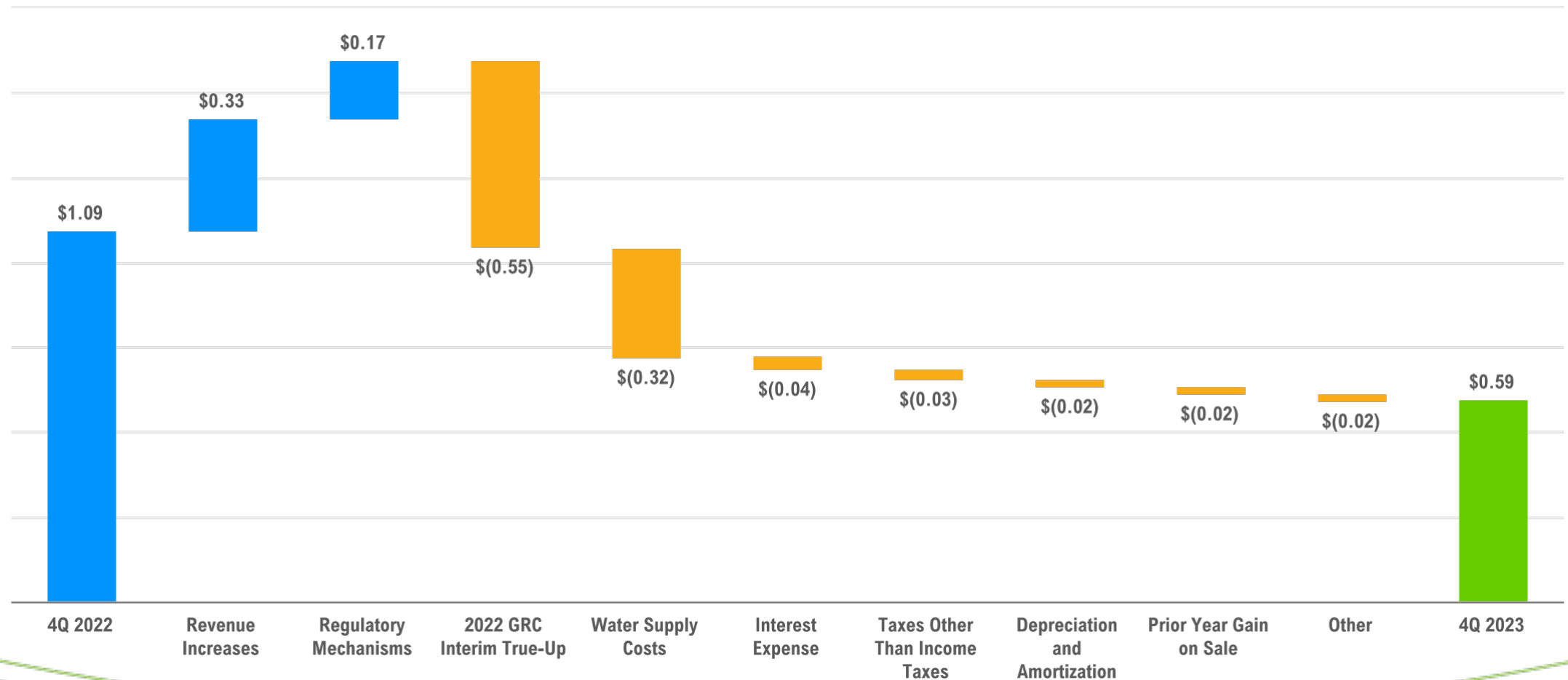
# 2023/24 Regulatory Filings Pending and Approved cont'd

State	Docket #	Type*	Filing Date	Order Date	Status	Revenue Requested (annualized)	Revenue Approved (annualized)	Comments
ME	2023-00065	GRC Biddeford-Saco 3	03/31/23	01/05/24	Effective 01/01/24	\$2.9M	\$2.6M	Retroactive to 01/01/24
ME	2022-00056	GRC Camden-Rockland	02/28/22	02/02/23	Effective 01/01/23	\$233K	\$233K	
ME	2022-00057	GRC Freeport	02/28/22	02/02/23	Effective 01/01/23	\$82K	\$82K	
ME	2022-00058	GRC Millinocket	02/28/22	02/02/23	Effective 01/01/23	\$267K	\$267K	
ME	2022-00059	GRC Oakland	02/28/22	02/02/23	Effective 01/01/23	\$110K	\$110K	
ME	2022-00321	WISC Greenville	10/26/22	11/29/22	Effective 02/01/23	\$16K	\$16K	
ME	2023-00163	WISC Camden-Rockland	06/23/23			\$158K		
TX	54530	Acquisition – KT Water	01/03/23	07/24/23	Closed: 08/16/23 Final Order: 1Q24	--	--	575 connections; FMV and filed rate doctrine
TX	54840	Acquisition – Elm Ridge	04/10/23	12/12/23	Closing: 01/26/24 Final Order: 2Q24	--	--	21 connections; filed rate doctrine
TX	55197	Kendall West Water Pass-Through Charge	06/30/23	01/26/24	Effective 08/01/23	\$315K	--	Pass-through charge increasing from \$2.56 to \$5.30 per kgal
TX	54612	Canyon Lake Water Pass-Through Charge	01/31/23	07/12/23	Effective 03/01/23	\$130K	\$130K	Pass-through charge increasing from \$0.90 to \$1.03 per kgal
TX	54430	System Improvement Charge	12/30/22	--	Proposed Order on 02/13/24	\$1.6M	--	Rate base of \$14.8M
TX	56106	Acquisition - 3009	01/05/24		Application filed 01/05/24			~270 connections; filed rate doctrine and FMV

\* GRC = General Rate Case; WISC = Water Infrastructure Surcharge; WICA = Water Infrastructure and Conservation Adjustment; SIC = System Improvement Charge

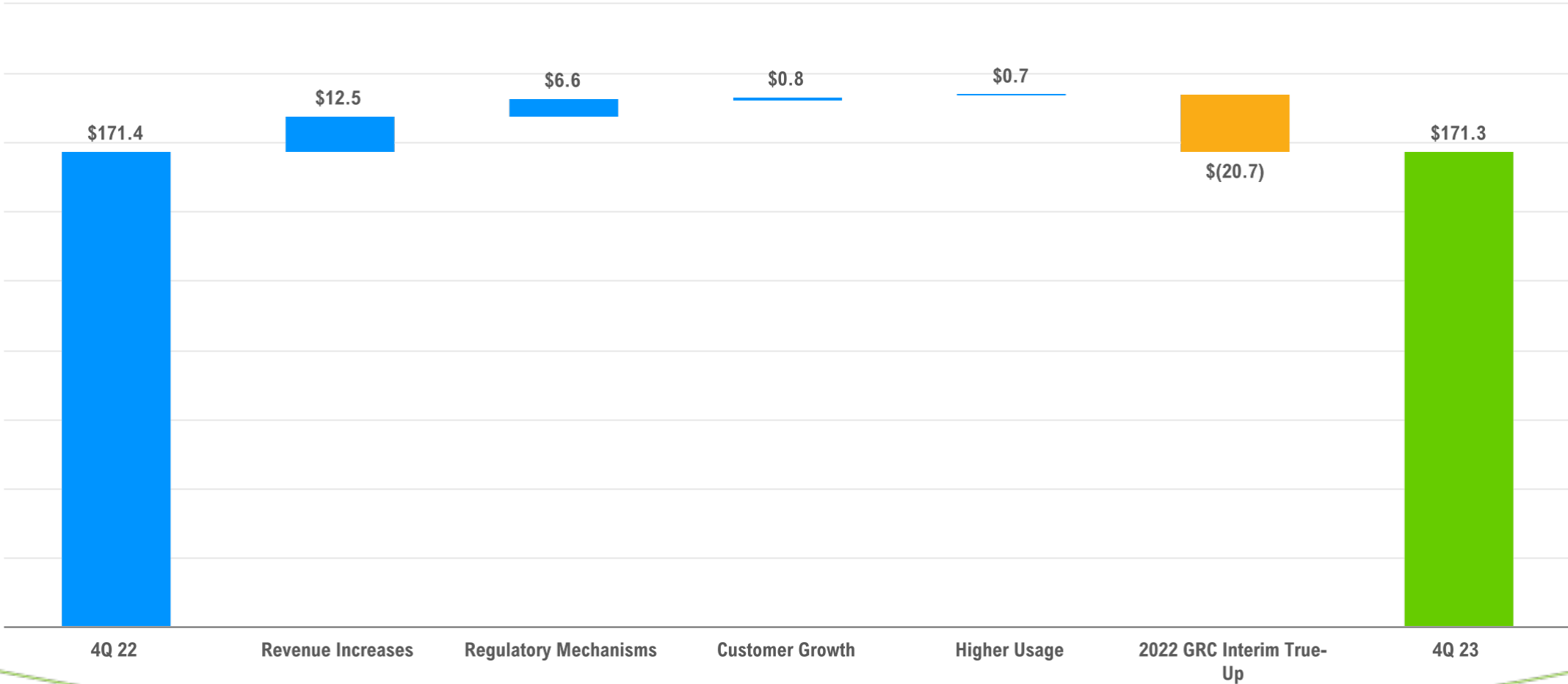
# 4Q 2023 Diluted EPS Bridge

Change in EPS (\$): Q4 2023 - Q4 2022



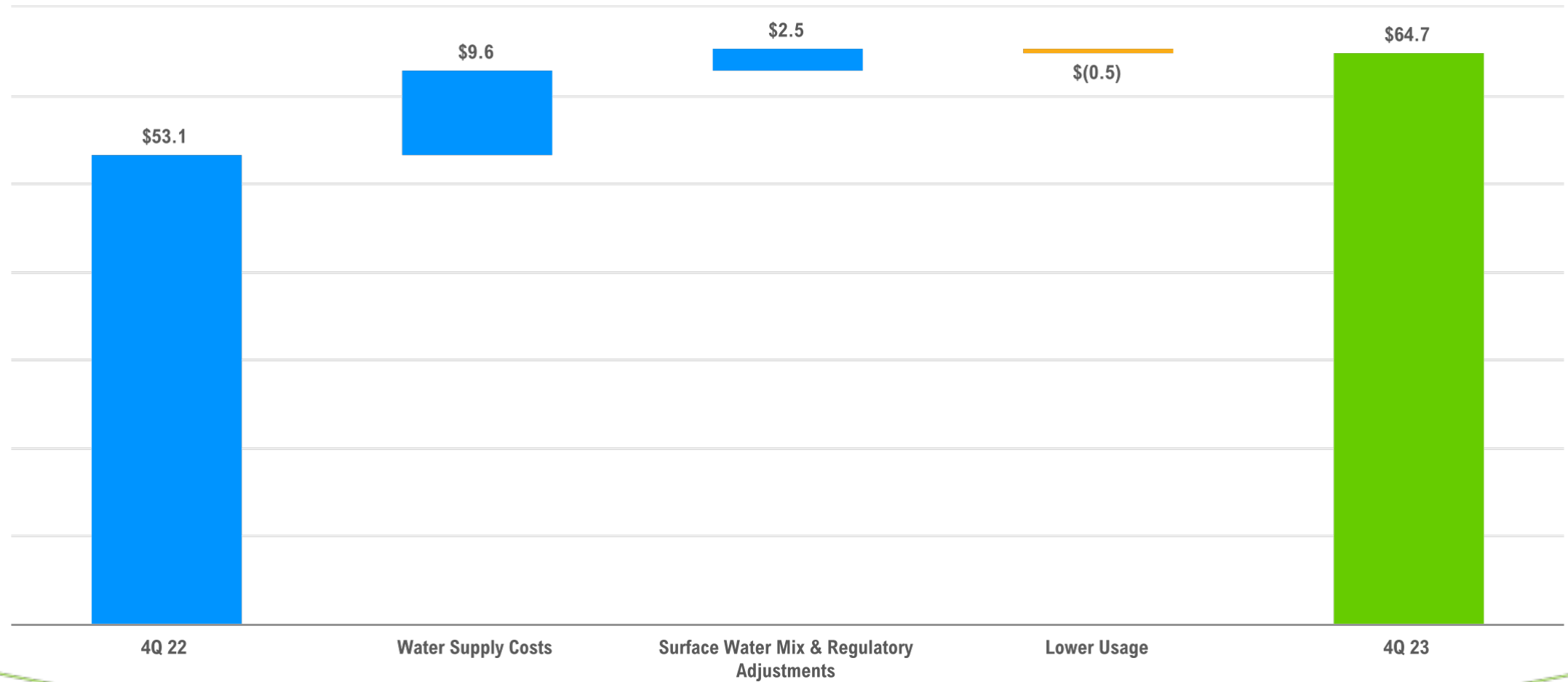
# Revenue Compared to 4Q 2022

Change in Revenue (\$M): Q4 2023 - Q4 2022



# Water Production Expenses Increased 22% From 4Q 2022

Change in Water Production Expenses (\$M): Q4 2023 - Q4 2022



# Other Operating Expenses Increased 3% From 4Q 2022

Change in Other Operating Expenses (\$M): Q4 2023 - Q4 2022

