



## San Jose Water Announces CPUC Decision on WCMA Recovery

December 19, 2019

San Jose – December 19, 2019 — San Jose Water, a wholly owned subsidiary of SJW Group (NYSE: SJW), today was denied recovery of its 2018 Water Conservation Memorandum Account (WCMA) balance by the California Public Utilities Commission (CPUC). In making its filing, the company believed the recovery was supported by CPUC and State policies, along with past CPUC decisions approving recoveries for San Jose Water for the years 2014-2017.

The filing relates to an under-collection of revenue as a result of water conservation measures established by the State of California and Valley Water (water resources management agency for Silicon Valley) that were implemented by San Jose Water during the period of January 1, 2018 through December 31, 2018. The conservation efforts resulted in actual sales that were lower than authorized sales. The CPUC decision has determined this revenue is unrecoverable from San Jose Water customers.

“Although we are disappointed with the CPUC’s ruling, we remain committed to conservation programs and our role in protecting the environment. This remains a priority as we continue to invest in infrastructure — which is critical to ensuring reliable water service. Our goal, as always, is to deliver safe, life-sustaining water that protects public health, supports economic development, and provides a high quality of life for our customers.” said Eric W. Thornburg, CEO of San Jose Water.

As previously reported, SJW Group had fully reserved the \$9.2 million recorded balance in the 2018 WCMA as of September 30, 2019, and established a \$1.5 million reserve against the amounts recorded in the 2019 WCMA account. SJW Group anticipates that future financial results are less likely to be impacted by the situation that necessitated the WCMA filing. San Jose Water’s final decision on its 2018 General Rate Case covering the years 2019 thru 2021 lowered authorized sales to a level that aligns more closely with current actual consumption. In addition, a shift in cost recovery allowing 40% of total revenue to be collected through the fixed charge, provides a realistic opportunity for the company to earn its authorized rate of return.

### About SJW Group

SJW Group is the third largest investor-owned pure play water and wastewater utility based on rate base in the United States, providing life-saving 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; Connecticut Water Company, Avon Water Company and Heritage Village Water Company in Connecticut; Maine Water Company in Maine; and SJWTX, Inc. (dba Canyon Lake Water Service 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 shareholders. 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," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology. 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 debt-to-equity ratios, capital expenditures and other decisions; (2) changes in demand for water and other products and services; (3) unanticipated weather conditions and changes in seasonality; (4) climate change and the effects thereof; (5) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, or other similar occurrences that could adversely affect our facilities, operations, financial condition, results of operations and reputation; (6) unexpected costs, charges or expenses; (7) our ability to successfully evaluate investments in new business and growth initiatives; (8) the risk of work stoppages, strikes and other labor-related actions; (9) changes in general economic, political, business and financial market conditions; (10) 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 (11) legislative 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, and speak only as of the date made, and we undertake no obligation to update or revise any forward-looking statements except as required by law.

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