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## **Opening Statement Connecticut Public Utility Regulatory Authority – August 15, 2018**

We are both excited and proud to come before the Authority, Consumer Counsel and Attorney General and Customers to gain approval to merge with SJW Group and become an even stronger water utility serving our customers in Connecticut. Connecticut Water has a long and proud tradition of executing on a culture that values servant leadership.

In my 22 years in the organization and 33 years in the utility industry, I have come to understand what makes the water sector unique. It is both a public health mission that requires trust as well as a financially disciplined entity that is mindful of the customer's rates in the communities it serves. The 300-plus team members that I lead in Connecticut and Maine understand that mission and pride themselves on delivering for their customers.

I also know the culture that has been instilled at SJW Group and know that the team in California and Texas bring that same passion and understanding. Our cultures are closely aligned and we will together bring the unique critical public health focus that our customers trust us to deliver.

We have provided details in our application and testimony that we believe tells the story of how the application satisfies the statutory criteria regarding:

- (1) the financial, technological and managerial suitability and responsibility of SJW;
- (2) the ability of SJW, CTWS and the Connecticut water companies to provide safe, adequate and reliable service to the public through the companies' plant, equipment and operations following approval and consummation of the change of control; and
- (3) ensuring that the change of control is in the public interest.

We would note, despite the recently announced change in the financial structure of the transaction, the fundamental components remain. The combination provides a number of unique benefits and honors the commitments to customers, communities, employees and investments in our systems that were originally made, including that we will continue to:

- maintain a New England Regional Headquarters with the CTWS president, leadership team; that structure is no different than other large utilities with their corporate headquarters elsewhere in New England with an office in Connecticut;
- have key decision makers at the Connecticut headquarters available to respond to state and local officials and state regulatory staff and to ensure we maintain our commitments to customers and communities here in Connecticut; and
- support the company's operating utilities and customers with the existing local teams of passionate, dedicated employees and leaders in the communities we serve.

I want to emphasize that this transaction, even with the cash consideration from SJW, does not depend on significant cost savings or synergies to drive success. The anticipated savings in areas such as public company costs of two separate boards and the potential for economies of scale in procurement are reflected in the financial plan – there are no major cost reductions that could impact service or no concern that this will materially change our financial rating. That allows us to still make assurances that there will be:

- **no** job losses as a result of the merger
- **no** change in customers' rates as a result of the merger

All that, while we will continue to invest in our people and our water systems to ensure the quality and reliability that our customers expect and deserve.

We have identified in our filing a number of key programs that we plan to continue under the merger and would fully expect PURA would include as conditions in any approval. We believe that those programs:

- speak to our understanding of the water business, our customers and the needs of our service communities and
- reflect the priorities that were considered as we sought an appropriate water utility partner with which to build our future.

We believe we have clearly demonstrated in our application that we have satisfied the Connecticut statutory test for approval of the merger.

Moreso, we believe we have shown the many unique opportunities and benefits this combination will mean for our customers, employees and communities and truly serve the public interest.

We were pleased to note that the Authority's recent ruling on a request for party status made it clear that this proceeding will focus solely on the SJW-CTWS transaction and not on alternative proposals.

I look forward to discussing how we will bring benefits to our customers as a solely focused world class water utility.

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### **Cautionary Statement Regarding Forward-Looking Statements**

This document 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 risk that the conditions to the closing of the transaction

are not satisfied, including the risk that required approval from CTWS's shareholders for the transaction is not obtained; (2) the risk that the regulatory approvals required for the transaction are not obtained, on the terms expected or on the anticipated schedule; (3) the effect of water, utility, environmental and other governmental policies and regulations; (4) litigation relating to the transaction; (5) the ability of the parties to the transaction to meet expectations regarding the timing, completion and accounting and tax treatments of the proposed transaction; (6) the occurrence of any event, change or other circumstance that could give rise to the termination of the transaction agreement between the parties to the proposed transaction; (7) changes in demand for water and other products and services of CTWS; (8) unanticipated weather conditions; (9) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, terrorist acts, physical attacks, cyber attacks, or other similar occurrences that could adversely affect CTWS's facilities, operations, financial condition, results of operations, and reputation; (10) risks that the proposed transaction disrupts the current plans and operations of CTWS; (11) potential difficulties in employee retention as a result of the proposed transaction; (12) unexpected costs, charges or expenses resulting from the transaction; (13) the effect of the announcement or pendency of the proposed transaction on CTWS's business relationships, operating results, and business generally, including, without limitation, competitive responses to the proposed transaction; (14) risks related to diverting management's attention from ongoing business operations of CTWS; (15) the trading price of CTWS's common stock; and (16) legislative and economic developments.

In addition, actual results are subject to other risks and uncertainties that relate more broadly to CTWS's overall business and financial condition, including those more fully described in CTWS's filings with the U.S. Securities and Exchange Commission (the "SEC"), including, without limitation, its annual report on Form 10-K for the fiscal year ended December 31, 2017 and its quarterly report on Form 10-Q for the period ended June 30, 2018. Forward-looking statements are not guarantees of performance, and speak only as of the date made, and none of SJW Group, its management, CTWS or its management undertakes any obligation to update or revise any forward-looking statements except as required by law.

### **Additional Information and Where to Find It**

This communication may be deemed to be solicitation material in respect of the proposed acquisition of CTWS by SJW Group. In connection with the proposed transaction, SJW Group and CTWS intend to file relevant materials with the SEC, including CTWS's proxy statement on Schedule 14A. CTWS'S SHAREHOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING CTWS'S PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain the documents free of charge at the SEC's web site, <http://www.sec.gov>, and CTWS's shareholders will receive information at an appropriate time on how to obtain transaction-related documents free of charge from CTWS. Such documents are not currently available.

### **Participants in Solicitation**

SJW Group and its directors and executive officers, and CTWS and its directors and executive officers, may be deemed to be participants in the solicitation of proxies from the holders of CTWS's common stock in respect of the proposed transaction. Information about the directors and executive officers of SJW Group is set forth in the proxy statement for SJW Group's 2018 Annual Meeting of Stockholders, which was filed with the SEC on March 6, 2018. Information about the directors and executive officers of CTWS is set forth in the proxy statement for CTWS's 2018 Annual Meeting of Shareholders, which was filed with the SEC on April 6, 2018. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the acquisition when it becomes available.