

Dear Shareholders:

This past May, the **Connecticut Water Service, Inc. (CTWS) Board of Directors increased the annual dividend rate on our common shares by 6 cents, to \$1.19 per share, which was an increase of 5.3% above the previous annualized cash dividend.** The dividend increase on common shares became effective with the quarterly cash dividend payment of \$0.2975 per common share that was paid on June 15, 2017.

The cash dividend increase equals the largest since the company was founded 61 years ago and affirms the board of directors' confidence that our long-term strategy will continue to deliver solid financial performance. Our growth strategy is based on prudent acquisitions, infrastructure investment, and providing world-class service to our customers. CTWS has a proud track record of increasing its cash dividend payment in each of the past 48 years and has paid a dividend without interruption or reduction in every quarter since its founding in 1956.

**On July 1, CTWS completed the acquisition of the Avon Water Company (AWC).** AWC serves 4,800 water customers in the Connecticut towns of Avon, Farmington, and Simsbury. Earlier this year, CTWS completed the acquisition of the Heritage Village Water Company (HVWC), which serves 4,700 water and 3,000 wastewater customers in the Connecticut towns of Middlebury, Oxford, and Southbury. HVWC owns and operates the only investor-owned wastewater utility regulated by the Connecticut Public Utilities Regulatory Authority. Combined, these acquisitions grew our customer base 7.6% in 2017. Since 2012, **CTWS has had an industry-pacing customer growth rate of more than 45%,** primarily through our Maine acquisitions.

**For the six-month period ending June 30, 2017, we reported earnings of \$1.11 per share** on net income of \$12.5 million, compared with \$1.19 per share on net income of \$13.1 million reported for the comparable period in 2016. Financial results and year-over-year comparisons were affected in 2017 by the partial release of a tax reserve, costs associated with acquisition and development activities, and a nonrecurring expense reduction in 2016. CTWS expects net income in its primary business, the Water Operations segment, to increase over last year's amount, primarily through the accretive effect of 2017 acquisitions, revenue increases through the Water Infrastructure and Conservation Adjustment, the Water Infrastructure Charge, and a planned real estate transaction in Maine. Additional information regarding financial results is available in CTWS's [Form 10-Q](#) filed with the SEC on August 8, 2017.

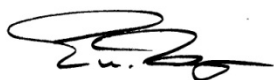
CTWS issued its 2016 **Corporate Sustainability Report** on August 4, 2017. The report highlights the achievements of our subsidiaries over the past several years in conducting business in a manner that respects the natural environment and values service to customers, communities, employees, and shareholders. The report is available at <http://ir.ctwater.com>.

It is in the spirit of sustainability that future midyear shareholder letters will be available only online. This will reduce printing, postage, and distribution costs, and will conserve natural resources. We encourage you to sign up for shareholder letter e-mail alerts as outlined below.

E-mail alerts are available to notify you when any of the following items are posted to our website: new investor relations materials, shareholder letters, financial news releases, end-of-day stock quotes, SEC filings, and information about events and presentations. **You may sign up for e-mail alerts at <http://ir.ctwater.com> > [Investor Resources](#).**

On behalf of the passionate and dedicated professionals who make your company successful, I thank you for your continued support.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eric W. Thornburg".

Eric W. Thornburg  
Chairman, President, and CEO

## Connecticut Water Service, Inc. & Subsidiaries

### Selected Income Statement Information (unaudited)

(In thousands except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating Revenues	\$27,902	\$26,055	\$50,365	\$47,607
Other Water Activities Revenues	318	321	641	624
Real Estate Revenues	--	--	212	--
Service and Rentals Revenues	1,279	1,212	2,489	2,443
Total Revenues	<u>\$29,499</u>	<u>\$27,588</u>	<u>\$53,707</u>	<u>\$50,674</u>
Operating Expenses	\$17,463	\$15,026	\$34,806	\$32,555
Other Utility Income, Net of Taxes	\$190	\$188	\$355	\$343
Total Utility Operating Income	\$10,629	\$11,217	\$15,914	\$15,395
Gain on Property Transactions, Net of Taxes	\$--	\$--	\$33	\$--
Non-Water Sales Earnings (Services and Rentals), Net of Taxes	\$332	\$406	\$590	\$801
Net Income	\$8,418	\$9,943	\$12,486	\$13,091
Net Income Applicable to Common Shareholders	\$8,408	\$9,933	\$12,467	\$13,072
Basic Earnings Per Average Common Share	\$0.75	\$0.90	\$1.11	\$1.19
Diluted Earnings Per Average Common Share	\$0.73	\$0.89	\$1.09	\$1.17
Basic Weighted Average Common Shares Outstanding	11,344	11,004	11,242	10,998
Diluted Weighted Average Common Shares Outstanding	11,568	11,223	11,467	11,217
Book Value Per Share	\$22.45	\$20.52	\$22.45	\$20.52

### Condensed Consolidated Balance Sheets (unaudited)

(In thousands)	June 30, 2017	June 30, 2016
<b>ASSETS</b>		
Net Utility Plant	\$647,688	\$568,406
Current Assets	33,233	30,941
Other Assets	174,095	145,894
<b>Total Assets</b>	<b>\$855,016</b>	<b>\$745,241</b>
<b>CAPITALIZATION AND LIABILITIES</b>		
Shareholders' Equity	\$260,048	\$230,439
Preferred Stock	772	772
Long-Term Debt	205,351	200,861
Current Liabilities	62,608	30,273
Other Liabilities and Deferred Credits	326,237	282,896
<b>Total Capitalization and Liabilities</b>	<b>\$855,016</b>	<b>\$745,241</b>

	Equity Type	Record Date	Payable Date	Rate
<b>Dividends Declared</b>	Common (NASDAQ GS:CTWS)	September 1, 2017	September 15, 2017	\$0.2975
	Preferred A (OTC:CTWSO)	October 2, 2017	October 16, 2017	\$0.20
	Preferred 90 (OTC:CTWSP)	October 20, 2017	November 3, 2017	\$0.225

	Declaration Date	Record Date	Payable Date
<b>Proposed Next Common Stock Dividend Date</b>	November 9, 2017	December 1, 2017	December 15, 2017

Connecticut Water Service, Inc.  
93 West Main Street  
Clinton, Connecticut 06413-1600  
Fax: 860-669-5579  
Shareholder Info: 860-664-6015  
Website: [www.ctwater.com](http://www.ctwater.com)

Stock Transfer Agent, Dividend Disbursing Agent and  
Agent to Administer Dividend Reinvestment Plan  
Broadridge Corporate Solutions, Inc.  
1155 Long Island Avenue, Edgewood, NY 11717  
888-205-0681  
Online information: <http://shareholder.broadridge.com/ctwater>