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NEWS

Connecticut Water Service, Inc. Reports 2016 Earnings *Earnings total \$2.12 per share in 2016*

Clinton, Connecticut, March 13, 2017 – Connecticut Water Service, Inc. (NASDAQ GS: CTWS) announced Net Income of \$23.4 million, or earnings per basic average share (EPS) of \$2.12, on total revenues of \$105.3 million in 2016. Total revenues include revenues generated by the Company's three business segments: Water Operations, Service and Rentals, and Real Estate. In 2015, the Company had Net Income of \$22.8 million, or \$2.07 EPS, on total revenues of \$103.1 million.

Net Income in the Company's core business, the Water Operations segment, was \$22.2 million, on revenues of \$100.0 million. In 2015, Net Income from the segment totaled \$21.0 million, on revenues of \$97.5 million. The increase in revenues was related to recovery of costs for completed infrastructure replacement projects through the Water Infrastructure and Conservation Adjustment (WICA) in Connecticut and the Water Infrastructure Charge (WISC) in Maine, as well as a general rate increase in Maine Water's Biddeford Saco division.

A significant driver of the increased earnings was an 8% decrease in Operation and Maintenance expenses in 2016. The decrease was largely related to declines in pension and other compensation benefits, post-retirement medical expenses, use of outside services, and continued focus on cost savings measures and improved efficiency.

Acquisitions

On February 27, 2017, the Company completed the acquisition of the Heritage Village Water Company (HVWC) in a transaction with a total enterprise value of \$20.7 million. HVWC serves approximately 4,700 water and 3,000 wastewater customers in the communities of Middlebury, Oxford, and Southbury, Connecticut. The wastewater operation is the only wastewater utility in the state regulated by the Connecticut Public Utilities Regulatory Authority (PURA). With the addition of HVWC, CTWS, through its regulated water utility subsidiaries serves more than

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129,000 customers, or nearly 440,000 people in 79 communities across Connecticut and Maine, and more than 3,000 wastewater customers in Southbury, Connecticut.

On October 11, 2016, the Company entered into an agreement to acquire The Avon Water Company (AWC) in a transaction that reflects a total enterprise value of \$36.6 million. AWC serves approximately 4,800 water customers in the communities of Avon, Farmington and Simsbury. A decision by PURA on the proposed acquisition is expected in the second quarter with a closing to follow shortly thereafter.

Since January 2012, CTWS has grown its customer base by more than 44%, or nearly 40,000 customers, primarily through large acquisitions in both Maine and Connecticut.

Dividend Increase

On May 13, 2016, CTWS's Board of Directors approved an increase of 5.6% in its annualized cash dividend, raising the quarterly amount to \$0.2825 per share on the Company's common stock, for an annualized dividend of \$1.13. This increase also accelerated the timing of the annual increase which has historically occurred in the third quarter of the year. The acceleration, coupled with the dividend, resulted in a 6.2% increase in 2016 dividends versus 2015. A quarterly cash dividend payment of \$0.2825 per common share will be paid to shareholders on March 15, 2017, for shareholders of record as of March 1, 2017.

WICA & WISC

In January 2017, Connecticut Water filed for a 1.09% increase in WICA, which, if approved by PURA, would increase the cumulative WICA to 8.25% effective April 1, 2017. Connecticut Water files for WICA increases on a statewide basis. In Maine, Maine Water files for WISC increases with the Maine Public Utilities Commission (MPUC) on a system-by-system basis. The current overall approved cumulative WISC surcharge for all divisions is 6.5%.

WICA and WISC allow for recovery of eligible infrastructure replacements on a semi-annual basis. Since the adoption of WICA in 2007, Connecticut Water has replaced more than 100 miles of aging water main with an average age of 75 years. WISC became available in Maine in 2013 and has been used to replace aging water mains and pump stations, construct storage tanks and fund treatment improvements.

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Other Developments

The pipeline to serve the University of Connecticut's Storrs Campus (UConn) and the off-campus customers in the Town of Mansfield, Connecticut was placed into service in October 2016 and was activated as a supplemental water source to the University on December 2, 2016. As called for in the Water Supply Agreement with UConn, Connecticut Water acquired approximately 300 off-campus customers that had formerly been served by UConn on the activation date.

The Company's 2016 Customer Satisfaction Index as measured by an independent research firm was measured at 92.3%. Mr. Thornburg stated, "We are very pleased that our customers are overwhelmingly satisfied with the water and service provided by our companies. Our employees take great pride in serving customers and we appreciate their passion and commitment to customer satisfaction."

CTWS is the largest publicly traded water company based in New England. Through its wholly-owned public water utility subsidiaries, Connecticut Water and Maine Water, the Company currently provides drinking water to more than 129,000 customers in 79 communities.

Additional information regarding results, performance or achievements noted in this news release is available in CTWS's Form 10-K filed with the SEC on March 13, 2017. A link to the Form 10-K filing can be found at <http://ir.ctwater.com/investors/sec-filings/default.aspx>.

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Connecticut Water Service, Inc. & Subsidiaries

Condensed Consolidated Selected Financial Data (unaudited)

(In thousands except per share amounts)	December 31, 2016	December 31, 2015
Operating Revenues	\$98,667	\$96,041
Other Water Activities Revenues	1,334	1,431
Real Estate Revenues	8	14
Service and Rentals Revenues	5,307	5,602
Total Revenues	<u>\$105,316</u>	<u>\$103,088</u>
Total Operating Expenses	\$70,462	\$69,399
Other Utility Income, Net of Taxes	\$744	\$797
Total Utility Operating Income	\$28,949	\$27,439
(Loss) Gain on Property Transactions, Net of Taxes	\$(54)	\$349
Non-Water Sales Earnings (Services and Rentals), Net of Taxes	\$1,219	\$1,394
Net Income	\$23,387	\$22,761
Net Income Applicable to Common Shareholders	\$23,349	\$22,723
Basic Earnings Per Average Common Share	\$2.12	\$2.07
Diluted Earnings Per Average Common Share	\$2.08	\$2.04
Basic Weighted Average Common Shares Outstanding	11,009	10,958
Diluted Weighted Average Common Shares Outstanding	11,228	11,164
Book Value Per Share	\$20.98	\$20.01

Condensed Consolidated Balance Sheets (unaudited)

(In thousands)	December 31, 2016	December 31, 2015
ASSETS		
Net Utility Plant	\$601,396	\$546,284
Current Assets	29,364	27,012
Other Assets	153,742	137,419
Total Assets	<u>\$784,502</u>	<u>\$710,715</u>
CAPITALIZATION AND LIABILITIES		
Shareholders' Equity	\$236,028	\$223,977
Preferred Stock	772	772
Long-Term Debt	197,047	171,868
Current Liabilities	55,125	36,939
Other Liabilities and Deferred Credits	200,573	186,111
Contributions in Aid of Construction	94,957	91,048
Total Capitalization and Liabilities	<u>\$784,502</u>	<u>\$710,715</u>

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Forward Looking Statements

This news release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Connecticut Water's proposed merger transaction with The Avon Water Company ("AWC") (the "Merger"). Examples include statements regarding the anticipated closing dates of the transactions and anticipated future results. Numerous factors could cause actual results to differ materially from expected results, such as delays in completing the mergers, difficulties in achieving anticipated benefits or cost savings from the mergers or in achieving such anticipated benefits or cost savings within the expected time frame, difficulties integrating these companies' operations, increased competitive pressures, changes in general economic conditions, legislative and regulatory changes that adversely affect the water utility business, changes in the securities markets, and other future risks and uncertainties disclosed from time to time in documents that CTWS files with the Securities and Exchange Commission. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

Additional Information About the Mergers and Where to Find It

In connection with the proposed Merger, CTWS will be filing a registration statement on Form S-4 with the SEC under the Securities Act of 1933 containing a proxy statement of AWC that also constitutes a prospectus of CTWS (a "Statement/Prospectus") and other documents regarding the proposed transaction.

Before making any voting or investment decisions, we urge investors and security holders to read the Statement/Prospectus (including all amendments and supplements thereto) and other documents filed with the SEC carefully and in their entirety when they become available, because they will contain important information about CTWS, AWC and the proposed Merger.

When available, a copy of the Statement/Prospectus will be mailed to the shareholders of the AWC. Copies of each Statement/Prospectus may be obtained free of charge at the SEC's web site at www.sec.gov, or by directing a request to CTWS's Corporate Secretary, Kristen A. Johnson, at Connecticut Water Service, Inc., 93 West Main Street, Clinton, Connecticut 06413, or by telephone at 1-800-428-3985, ext. 3056, or on our website at www.ctwater.com. Copies of other documents filed by CTWS with the SEC may also be obtained free of charge at the SEC's web site or by directing a request to CTWS at the address provided above.

CTWS, AWC and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed Merger. Information regarding CTWS's directors and executive officers and their respective interests in CTWS by security holdings or otherwise is available in its Annual Report on Form 10-K filed with the SEC on March 13, 2017 and its Proxy Statement on Schedule 14A filed with the SEC on March 31, 2016. Certain information regarding the directors and executive officers of AWC is available in its Annual Report for 2015 filed with the PURA and available at the PURA's website, www.ct.gov/pura. Additional information regarding the interests of such potential participants will be included in the Statement/Prospectus and registration statement, and other relevant materials to be filed with the SEC, when they become available, including in connection with the solicitation of proxies to approve the proposed Merger.

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This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. No offer or sale of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933.

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