

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-13883

CALIFORNIA WATER SERVICE GROUP
(Exact name of registrant as specified in its charter)

California 77-0448994
(State or other jurisdiction (I.R.S. Employer identification No.)
of incorporation or organization)

1720 North First Street, San Jose, CA. 95112
(Address of principal executive offices) (Zip Code)

1-408-367-8200
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last
report)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days. Yes X No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE
PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and
reports required to be filed by Sections 12, 13 or 15(d) of the Securities
Exchange Act of 1934 subsequent to the distribution of securities
under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date. Common shares outstanding
as of October 30, 1998 - 12,619,140.
This Form 10-Q contains a total of 21 pages.

CALIFORNIA WATER SERVICE GROUP
CONSOLIDATED BALANCE SHEET

SEPT 30, 1998 DEC 31, 1997
(In Thousands)

ASSETS	SEPT 30, 1998	DEC 31, 1997
Utility plant	\$670,021	\$647,648
Less depreciation and amortization	198,838	187,241
Net utility plant	471,183	460,407
Current assets:		
Cash and cash equivalents	1,616	1,742
Receivables	18,341	14,862
Unbilled revenue	8,286	5,136
Materials and supplies	2,193	2,105
Taxes and other prepaid expenses	5,986	4,423
Total current assets	36,422	28,268
Regulatory assets	38,748	38,345
Other deferred assets	4,136	4,277
	\$550,489	\$531,297

CAPITALIZATION AND LIABILITIES
Capitalization:

Common stock	\$44,941	\$44,941
Retained earnings	123,174	119,124
Total common shareholders' equity	168,115	164,065
Preferred stock	3,475	3,475
Long term debt	139,205	139,205
Total capitalization	310,795	306,745
Current liabilities:		
Short-term borrowings	13,000	14,500
Accounts payable	20,923	15,499
Accrued expenses and other liabilities	23,890	13,145
Total current liabilities	57,813	43,144
Unamortized investment tax credits	3,006	3,006
Deferred income taxes	26,694	25,761
Advances for construction	95,474	95,878
Contributions in aid of construction	44,215	44,270
Regulatory liabilities	12,492	12,493
	\$550,489	\$531,297

See accompanying notes on page 5
CALIFORNIA WATER SERVICE GROUP
CONSOLIDATED STATEMENT OF INCOME

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FOR THE THREE MONTHS ENDED:

	Sept 30	
	1998	1997
		In Thousands
Operating revenue	\$62,263	\$59,551
Operating expenses:		
Operation	36,610	35,971
Maintenance	2,253	2,560
Depreciation and amortization	3,641	3,435
Income taxes	5,662	5,025
Property and other taxes	2,094	2,020
Total operating expenses	50,260	49,011
Net operating income	12,003	10,540
Other income and expenses, net	279	257
	12,282	10,797
Interest on long term debt	2,836	2,889
Other interest	305	48
	3,141	2,937
Net income	9,141	7,860
Preferred dividends	38	38
Net income available for common stock	\$9,103	\$7,822
Weighted average common shares outstanding	12,619	12,619
Basic earnings per share of common stock	\$0.72	\$0.62
Dividends per share of common stock	\$0.2675	\$0.2638

FOR THE NINE MONTHS ENDED:

	In Thousands	
Operating revenue	\$141,943	\$152,192
Operating expenses:		
Operation	86,964	89,005
Maintenance	6,655	6,782
Depreciation and amortization	10,922	10,211
Income taxes	8,449	12,372
Property and other taxes	5,890	5,783
Total operating expenses	118,880	124,153
Net operating income	23,063	28,039
Other income and expenses, net	632	613
	23,695	28,652
Interest on long term debt	8,508	8,668
Other interest	896	324
	9,404	8,992
Net income	14,291	19,660
Preferred dividends	114	114
Net income available for common stock	\$14,177	\$19,546
Weighted average common shares outstanding	12,619	12,619
Basic earnings per share of common stock	\$1.12	\$1.55
Dividends per share of common stock	\$0.8025	\$0.7913

See accompanying notes on page 5

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CALIFORNIA WATER SERVICE GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED

	In Thousands	
	SEPTEMBER 30	
	1998	1997
Operating activities:		
Net Income	\$14,291	\$19,660

Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,922	10,211
Regulatory assets and liabilities, net	(404)	(153)
Deferred income taxes and investment tax credits, net	933	708
Change in operating assets and liabilities:		
Receivables	(3,478)	(3,471)
Unbilled revenue	(3,150)	(2,405)
Materials and supplies	(43)	233
Taxes and other prepaid expenses	(1,562)	(1,898)
Accounts payable	5,424	4,309
Accrued expenses and other liabilities	10,743	6,915
Other changes, net	473	714
Net adjustments	19,858	15,163
Net cash provided by operating activities	34,149	34,823
Investing activities:		
Utility plant expenditures	(23,210)	(21,795)
Financing activities:		
Net short-term borrowings	(1,500)	(5,500)
Advances for construction	2,628	3,562
Contributions in aid of construction	948	1,343
Refunds of advances for construction	(2,899)	(2,767)
Dividends paid	(10,242)	(10,100)
Net cash used in financing activities	(11,065)	(13,462)
Change in cash and cash equivalents	(126)	(434)
Cash and cash equivalents at beginning of period	1,742	1,368
Cash and cash equivalents at end of period	\$1,616	\$934

See accompanying notes on page 5

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Notes:

1. Due to the seasonal nature of the water business, the results for interim periods are not indicative of the results for a twelve month period.

2. The interim financial information is unaudited. In the opinion of management, the accompanying financial statements reflect all adjustments which are necessary to provide a fair statement of the results for the periods covered. The adjustments consist only of normal recurring adjustments.

3. Basic earnings per share are calculated on the weighted average number of common shares outstanding during the period and net income available for common stock as shown on the Consolidated Statement of Income. The Group has no dilutive securities, accordingly, dilutive earnings per share is not shown.

4. Refer to 1997 Annual Report on Form 10-K for a summary of significant accounting policies and detailed information regarding the financial statements.

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PART I FINANCIAL INFORMATION

Item 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

This 10-Q filing of California Water Service Group ("Group") contains forward looking statements. Readers are directed to review the comments regarding forward looking statements contained in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the 1997 Annual Report to shareholders. The 1997 Annual Report to shareholders was incorporated by reference in Group's 1997 Form 10-K filing.

RESULTS OF THIRD QUARTER OPERATIONS

Third quarter net income was \$9,141,000, equivalent to \$0.72 per common share. This represents a \$0.10 or 16% increase from the \$0.62 earned in last year's third quarter.

Operating revenue increased \$2,712,000 to \$62,263,000. The revenue increase was primarily due to the passage of "El Nino" which had negatively impacted revenue and constrained earnings during the first half of 1998. The return of normal weather resulted in an increase in customer water consumption by 2%, adding \$1,753,000 to revenue.

Usage by 3,100 new customers added in the last twelve months added \$494,000 and increased customer rates added \$465,000. Average revenue per customer increased \$6.60 or 4%. A breakdown of the net increase in operating revenue is accounted for in the following table:

General rate increases	\$51,000
Step rate increases	414,000
Total rate increases	465,000
Increased consumption	1,753,000
Usage by 3,100 new customers	494,000
Net revenue increase	\$2,712,000

Total operating expenses increased 2% this quarter:

Water production for the quarter was 1% more than last year's level. Well production provided 54% of the supply with 46% purchased from wholesale suppliers.

Water production costs, which include purchased water, purchased power and pump taxes, increased \$564,000. The purchased water increase was modest because wholesale supplier rate increases in eight districts ranged between 1% and 5%, while three districts experienced a 13% rate decrease. The components of water production expense and the changes from last year are shown in the table below:

	Third Quarter	
	1998 Cost	Change
Purchased water	\$17,764,000	\$573,000
Purchased power	4,794,000	(36,000)
Pump taxes	1,746,000	27,000
Total	\$24,304,000	\$564,000

Other operations expense categories increased \$75,000. The impact of the 3.0% general wage increase, which was effective at the start of the year, additional hours worked and increases in related employee benefits increased expenses. However, there were decreases in other expense categories including chemicals, telephone expense, general corporate and employee relocations, which offset the increased payroll.

Maintenance expense was lower this year due to reduced expenditures required for tank maintenance and pump equipment maintenance and repair.

Depreciation and amortization expense increased \$206,000 due to increased depreciation expense authorized by the Commission in the rate case decisions and a greater depreciable plant investment. The additional expense is reflected in customer rates.

Federal and state income taxes increased \$637,000 because of greater taxable income.

Other income and expense, reported on a pretax basis, was \$279,000. Other income included \$318,000 from nonregulated operations. Netted against other income was \$39,000 of other expenses, which included contributions and costs of maintaining nonregulated properties.

RESULTS FOR THE NINE MONTHS

Net income for the nine months ending September 30, 1998 was \$14,291,000, equivalent to \$1.12 per common share. This represents a \$0.43 or 28% decrease from the \$1.55 earned for the same period last year. Part of the decline in earnings was attributable to one-time purchased water refunds received in May 1997 from wholesale water suppliers totaling \$2,512,000 or \$0.12 per share. Operating revenue declined \$10,249,000 to \$141,943,000. The revenue decrease was primarily due to the impact of "El Nino" which negatively impacted revenue and constrained earnings during the first two 1998 quarters. As reported above, the return of normal weather resulted in an increase in customer water consumption during the third quarter. Since January 1, 1998, 2,800 new customers have been added. Average consumption per metered customer declined 12% from last year and average revenue per customer decreased \$30.08 or 7%, both indications of the negative impact of "El Nino" weather during the first half of the year. A breakdown of the net decrease in operating revenue is accounted for in the following table:

General rate increases	\$502,000
Step rate increases	1,028,000
Offset rate increases	217,000
Total rate increases	1,747,000
Decreased consumption	(13,075,000)
Usage by 2,800 new customers	1,079,000
Net revenue decrease	\$(10,249,000)

Total operating expenses decreased 4%.

Water production was 13% less than last year. Well production provided 51% of the supply with 48% purchased from wholesale suppliers and 1% produced through a local watershed. Because of the decline in water production, purchased water, purchased power and pump taxes each declined. Water production costs, which include purchased water, purchased power and pump taxes, decreased \$3,231,000. The decline in purchased water cost would have been greater except that in May 1997 one-time refunds were received from wholesale water suppliers totaling \$2,512,000.

The components of water production expense and the changes from last year are shown in the table below:

	Year to Date	
	1998 Cost	Change
Purchased water	\$39,004,000	\$(1,294,000)

Purchased power	8,759,000	(1,410,000)
Pump taxes	3,118,000	(527,000)
Total	\$50,881,000	\$ (3,231,000)

Besides water production costs, other operation expense categories decreased \$2,042,000. The impact of the 3.0% general wage increase, which was effective at the start of the year, additional hours worked and increases in related employee benefits increased operating expenses. However, there were decreases in other expense categories including chemicals, CPUC reimbursement fee, telephone expense, general corporate and employee relocations which offset the increased payroll.

Maintenance expense was lower this year due to reduced expenditures required for tank maintenance, water treatment equipment maintenance and pump equipment maintenance and repair.

Depreciation and amortization expense increased \$711,000 due to increased depreciation expense authorized by the Commission in the rate case decisions and a greater depreciable plant investment. The additional expense is reflected in customer rates.

The largest decrease in operating expense was Federal and state income taxes which declined due to lower taxable income.

Other income and expense, reported on a pretax basis, was \$632,000. Other income included \$856,000 from nonregulated operations. Netted against other income was \$224,000 of other expenses, which included contributions and costs of operating and maintaining nonregulated properties.

REGULATORY MATTERS

1998 rate case applications were filed with the California Public Utilities Commission ("Commission") on July 31 for rate increases in four districts (Bear Gulch, East Los Angeles, Hermosa Redondo and Visalia) representing 25% of total regulated customers. The applications request additional annual revenue of about \$7,000,000 with a return on equity of 11.85%. Based on the Commission's processing schedule, a decision regarding the applications is expected from the full Commission in the second quarter of 1999.

An application to increase rates in the Hawthorne district which is operated under a long-term lease was also filed. In accordance with the lease agreement, this application will be processed by the Hawthorne city council. Decisions were received in July 1998 from the Commission on the applications filed in July 1997. These decisions affect four districts (Marysville, Oroville, Selma and South San Francisco) representing 7% of the regulated customers. The decisions are expected to provide \$299,000 during 1998, \$267,000 in 1999 and \$121,000 in the years 2000 and 2001. Rate increases in the Selma and Oroville districts will be tied to future changes in a price index.

LIQUIDITY

Interest expense on long-term debt decreased by \$53,000 as a result of the retirement of Series L first mortgage bonds and annual first mortgage bond sinking fund payments made in the fourth quarter of 1997. Short-term interest expense increased \$257,000 due to additional borrowings under the bank line of credit. At September 30, 1998, \$13 million was borrowed under the credit line at an effective interest rate of 7.05%. At September 30, 1997, \$2 million was outstanding under the credit line.

The Group plans to issue long-term debt during the fourth quarter of 1998 or early in 1999 to replace outstanding short-term bank borrowings.

The third quarter common dividend was paid on August 15, 1998, at \$0.2675 per share. The \$0.2675 represents a \$0.00375 or 1.4% increase in the quarterly dividend rate from last year as approved by the Board of Directors at their January meeting. Annualized, the dividend rate is \$1.07 per common share compared to \$1.055 in 1997. Based on the 12-month earnings per share at September 30, 1998, the dividend payout ratio is 76%.

About 11% of the outstanding shares participate in the reinvestment program under Group's Dividend Reinvestment and Stock Purchase Plan ("Plan"). No new common shares were issued under the Plan during the quarter. Shares required for the dividend reinvestment and stock purchase options were purchased on the open market and distributed to Plan participants.

Shares are also purchased on the open market to fulfill the requirements of the Company sponsored Employee Savings Plan (401(k)). Purchases are made on a biweekly basis.

Book value per common share was \$13.32 at September 30, 1998, compared to \$12.98 a year earlier.

During the quarter, utility plant expenditures totaled \$6,959,000 for additions to and replacements of utility plant. Of that amount, \$6,696,000 was funded through Group's construction budget with the balance consisting of funds received from developers as contributions in aid of construction and refundable advances for construction. The 1998 Group construction budget is \$31,000,000.

WATER SUPPLY

The Group believes that its various sources of water supply are sufficient to meet customer demand for the remainder of the year. Historically, approximately half of the water source is purchased from wholesale suppliers with the other half pumped from wells.

Storage in state reservoirs was 136% of historic average as of September 30, 1998, and groundwater levels remain adequate. Because the first part of the summer was relatively cool with no sustained hot weather until mid-July, melting of the very large mountain snowpack was slow. The abundant snowpack

provides runoff to streams and reservoirs as it melts during the remaining summer months.

YEAR 2000 UPDATE

Group continues to modify and implement its Year 2000 readiness program as described in the 10Q filed for the quarter ended June 30, 1998. In the second quarter 10Q filing, Group indicated that it was considering using an outside consultant to review and assess the Year 2000 readiness plan. An independent consultant was retained and a risk assessment completed on October 23, 1998. While the consultants report was positive, it did identify several areas which require additional attention. Attention is being given to implement the consultant's recommendations. Installation of the PeopleSoft accounting and human resources software packages continues on schedule. Both systems are scheduled to be in place before mid year 1999. The \$300,000 estimated remediation cost for Year 2000 readiness has not changed. Operating units continue to work with suppliers to assure availability of necessary products or services. This work will continually be updated through the remainder of 1998 and throughout 1999. One objective of continued updating is to learn of any changes in a supplier's ability to provide necessary products and services. It is also designed to allow time for alternative plans should circumstances warrant.

ACCOUNTING PRONOUNCEMENTS

There were no accounting pronouncements issued during the period that would have a significant impact on Group.

BUSINESS OPPORTUNITIES

In the 1997 Annual Report to shareholders, Group indicated that it would be carefully evaluating the potential risk and return of business opportunities in Central and South America. That assessment has been completed. Group concluded that the risks and potential returns do not warrant pursuing business opportunities in Central or South America. In accordance with its growth strategy, Group will continue to investigate opportunities in the western United States.

REAL ESTATE PROGRAM

Group's subsidiary, California Water Service Company ("Company") owns more than 850 real estate parcels. Certain parcels are not necessary for or used in water utility operations. A program has been developed to realize the value of the surplus properties. The program will be ongoing over a period of several years. Over the next four years, Group estimates that gross property transactions totaling several million could be completed.

SHAREHOLDER PROPOSALS

The Board of Directors amended Group's bylaws to require that shareholder proposals for consideration at an annual shareholders' meeting or nomination of a candidate for director (other than a nomination by the Board's nominating committee) must be submitted to Group at least 150 days before the anniversary date of the previous year's annual meeting. The advance notice requirement is intended to allow management sufficient time to review and consider any shareholder proposal or nomination. Proposals and nominations will no longer be accepted from the floor at the annual shareholders' meeting. Because of the timing of this action, the deadline for the shareholders' meeting scheduled for April 21, 1999 will be approximately 30 days later or December 14. The December 14 date will be about 120 days before the anniversary date of the 1998 annual meeting. The 150 day requirement will be effective for the year 2000 annual meeting. Consistent with Securities and Exchange Commission rules, the deadline for any proposal to be eligible for inclusion in Group's 1999 proxy statement was November 11, 1998, as announced in the 1998 proxy statement. The full text of the bylaw amendment is included as an exhibit with this filing.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required to be filed by Item 601 of Regulation S-K.

Exhibit Number	Description	Sequential Page Numbers in this Report
10.18	Amendment to bylaws regarding timing for submission of shareholder proposals for consideration at annual shareholder meetings and shareholder nominations of directors	11
10.19	Certificate of Determination filed with state of California regarding Series D Participating Preferred Shares. These shares are relative to Shareholder Rights Plan and would be issued if the rights plan were triggered. The certificate was adopted earlier this year as part of the rights plan and was refiled in a revised form at the Secretary of State's request.	14

(b) No reports on Form 8-K have been filed during the quarter ended September 30, 1998.

SIGNATURES

Pursuant to the requirement of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the authorized undersigned.

CALIFORNIA WATER SERVICE GROUP
Registrant

October 27, 1998

/s/ Gerald F. Feeney
GERALD F. FEENEY
Vice President, Chief Financial Officer and Treasurer

Exhibit 10.18 Amendment to Bylaws regarding Shareholder Proposals and Nominations

RESOLVED, that the Bylaws of California Water Service Group are amended by adding a new section 11.17 to read as follows:

Section 11.17 Notice of Shareholder Business and Nominations.

(a) Annual Meetings of Shareholders.

(1) Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (A) pursuant to the corporation's notice of meeting, (B) by or at the direction of the Board of Directors or (C) by any shareholder of the corporation who was a shareholder of record at the time of giving of notice provided for in this Bylaw, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Bylaw.

(2) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (C) of paragraph (a) (1) of this Bylaw, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 150th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not later than the close of business on the later of the 150th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth:

(A) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(B) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(C) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made;

(i) the name and address of such shareholder, as they appear on the corporation's books, and of such beneficial owner; and

(ii) the class and number of shares of the corporation which are owned beneficially and of record by such shareholder and such beneficial owner.

(b) Special Meetings of Shareholders.

Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) by any shareholder of the corporation who is a shareholder of record at the time of giving of notice provided for in this Bylaw, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Bylaw. In the event the corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if the shareholder's notice required by paragraph (a) (2) of this Bylaw shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the 150th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a shareholder's notice as described above.

(c) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Bylaw shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been

brought before the meeting in accordance with the procedures set forth in this Bylaw. Except as otherwise provided by law, the Articles of Incorporation or the Bylaws of the corporation, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in this Bylaw and, if any proposed nomination or business is not in compliance with this Bylaw, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Bylaw, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Bylaw, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights of (A) shareholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) holders of any series of Preferred Stock to elect directors under specified circumstances.

(4) If the adoption of this Section 11.17 is first included in a public announcement made less than 180 days before the next annual meeting of shareholders but more than 150 days before such meeting, the deadline for submission of proposals and nominations to be considered meeting shall be 120 days rather than 150 days.

Exhibit 10.19 Certificate of Determination filed with state of California regarding Series D Participating Preferred Shares. These shares are relative to Shareholder Rights Plan and would be issued if the rights plan were triggered. The certificate was adopted earlier this year as part of the rights plan and was refiled in a revised form at the Secretary of State's request.

CERTIFICATE OF DETERMINATION
SERIES D PARTICIPATING PREFERRED SHARES
OF
CALIFORNIA WATER SERVICE GROUP

Pursuant to Section 401 of the California Corporations Code of the State of California:

We, Peter C. Nelson, President and Chief Executive Officer, and Paul Ekstrom, Secretary, of California Water Service Group, a corporation organized and existing under the laws of California (hereinafter called the "Corporation"), do hereby certify as follows:

1. On January 28, 1998, the Board of Directors of the Corporation adopted a resolution designating 221,000 shares of Preferred Stock as Series D Participating Preferred Stock.

2. No shares of Series D Participating Preferred Stock have been issued.

3. Pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, the following resolution was duly adopted by the Board of Directors on January 28, 1998 creating the series of Preferred Stock designated as Series D Participating Preferred Stock:

RESOLVED FURTHER, That the Board of Directors, pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Articles of Incorporation, a series of Preferred Stock of the Corporation be and hereby is created, and that the determination and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

"Series D Participating Preferred Stock:

Paragraph 1. Designation and Amount. The shares of such series shall be designated as "Series D Participating Preferred Stock" (the "Series D Preferred Stock") and the number of shares constituting the Series D Preferred Stock shall be 221,000. Such number of shares may be increased or decreased by resolution of the Board of Directors prior to the issuance of any Series D Preferred Stock.

Paragraph 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series D Preferred Stock with respect to dividends, the holders of shares of Series D Preferred Stock, in preference to the holders of Common Stock, no par value (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, as and when declared by the Board of Directors out of the surplus or net profits, dividends payable in cash on the same date as dividends upon the Corporation's Series C (each such payment date referred to herein as a "Dividend Payment Date") and in the same manner as dividends upon the Corporation's Series C, commencing on the first Dividend Payment Date after the first issuance of a share or fraction of a share of Series D Preferred Stock, in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions,

other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of the Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Dividend Payment Date or, with respect to the first Dividend Payment Date, since the first issuance of any share or fraction of a share of Series D Preferred Stock. If the Corporation shall fail to pay any such dividends upon all the issued and outstanding Series D Preferred Stock, the deficiency in dividends shall be fully paid but without interest before any dividends shall be set apart or paid on the Common Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series D Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series D Preferred Stock as provided in paragraph (A) of this Paragraph 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(C) The Board of Directors may fix a record date for the determination of holders of shares of Series D Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not less than 10 nor more than 60 days prior to the date fixed for the payment thereof.

Paragraph 3. Voting Rights. The holders of shares of Series D Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series D Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series D Preferred Stock were entitled immediately prior to such an event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Amendment to the Articles of Incorporation or Certificate of Determination creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series D Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series D Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Paragraph 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series D Preferred Stock as provided in Paragraph 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series D Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series D Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series D Preferred Stock, except dividends paid ratably on the Series D Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series D Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series D Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series D Preferred Stock, or any shares of stock ranking on a parity with the Series D Preferred Stock, except in accordance with a purchase offer

made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Paragraph 4, purchase or otherwise acquire such shares at such time and in such manner.

Paragraph 5. **Reacquired Shares.** Any shares of Series D Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles of Incorporation, or in any other Certificate of Amendment to the Articles of Incorporation or Certificate of Determination creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Paragraph 6. **Liquidation, Dissolution or Winding Up.** Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series D Preferred Stock unless, prior thereto, the holders of shares of Series D Preferred Stock shall have received a minimum of \$100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series D Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series D Preferred Stock, except distributions made ratably on the Series D Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series D Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Paragraph 7. **Consolidation, Merger, etc.** In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series D Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock into a greater or lesser number of shares of Common Stock), then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series D Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Paragraph 8. **Redemption.** The shares of Series D Preferred Stock may be redeemed at the option of the Corporation in whole or in part upon any Dividend Payment

Date and in the manner prescribed in the Corporation's Articles of Incorporation, upon at least 30 days notice to the holder of record thereof at a redemption price per share equal to 100 times the fair market value of a share of Common Stock on such date, together with all accrued dividends on the Series D Preferred Stock.

Paragraph 9.Rank.The Series D Preferred Stock shall rank, (i) with respect to the payment of dividends in parity with the Series C Preferred Stock and (ii) with respect to the distribution of assets, junior to all other series of the Corporation's Preferred Stock.

Paragraph 10.Amendment.The Articles of Incorporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series D Preferred Stock so as to affect them adversely without, in addition to any other vote of shareholders required by law, the affirmative vote of the holders of at least a majority of the outstanding shares of Series D Preferred Stock, voting together as a single class.

Paragraph 11.Fractional Shares.The Series D Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of the Series D Preferred Stock."

4.We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed on February 13, 1998, at San Jose, California.

Signed

/s/ Peter C. Nelson
PETER C. NELSON
President and Chief Executive Officer

/s/ Paul G. Ekstrom
PAUL G. EKSTROM
Corporate Secretary

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