

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K

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

Date of report (Date of earliest event reported): July 23, 2003

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

Delaware 77-0448994
(State of Incorporation) (I.R.S. Employer Identification No.)

Commission file number 1-13883

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)

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

Item 12. Disclosure of Results of Operations and Financial Condition

On July 23, 2003, the registrant issued the press release attached to this report as Exhibit 99, which announces the results of its operations for the quarter ended June 30, 2003.

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 undersigned thereunto duly authorized.

CALIFORNIA WATER SERVICE GROUP
Registrant

Date: July 23, 2003 By: /s/ Richard D. Nye
Richard D. Nye
Vice President, Chief Financial Officer and Treasurer

[LOGO]
CALIFORNIA WATER
SERVICE GROUP

NEWS RELEASE
CALIFORNIA WATER SERVICE GROUP

1720 North First Street
San Jose, CA 95112-4598

July 23, 2003
For Immediate Release

Contact: Richard Nye (408) 367-8216 (analysts)
Shannon Dean (310) 257-1435 (media) 03G08

CAL WATER ANNOUNCES SECOND QUARTER 2003 RESULTS;
BOARD DECLARES 235H CONSECUTIVE QUARTERLY DIVIDEND

SAN JOSE, CA - California Water Service Group (NYSE : CWT) today announced second quarter net income of \$4.6 million and earnings of \$0.30 per share, compared to net income of \$6.6 million and earnings of \$0.43 per share in the second quarter of 2002.

According to President and Chief Executive Officer Peter C. Nelson, the company's financial performance continues to be hampered by lower water usage due to cool, wet weather and ongoing delays in receiving rate relief from the California Public Utilities Commission ("Commission").

"In the second quarter, we continued to experience cooler than normal temperatures and a good deal of unseasonable rain in our service areas. More significantly, we continue to await considerable rate relief from the Commission," he said.

Revenue for the quarter was \$68.0 million, down \$1.2 million or 1.7% from the second quarter of 2002. A \$4.5 million decrease in water sales to existing customers was partially offset by \$1.4 million in sales to new customers and \$1.9 million in rate increases.

Total operating expenses decreased 0.5%, or \$0.3 million. Water production costs decreased by \$1.0 million, primarily due to lower usage and partially offset by higher rates for water and power. Other operations expense increased \$1.4 million or 7%, due principally to increases in pension, health and other benefits. Depreciation expense was higher by \$0.4 million due to 2002 capital expenditures driven by more stringent water quality standards. Income taxes decreased \$1.3 million due to lower profits.

According to Nelson, regulatory delays had the greatest impact on the company's performance.

"We are still awaiting a decision on the 15 rate cases we submitted in July 2001. When the decision is finally issued, we anticipate that it will add at least \$12.8 million in annual revenues," he said.

In May, the company began collecting surcharges for some of its districts to recover higher electricity costs incurred prior to November 29, 2001 but not yet billed to customers. The surcharges approved thus far by the Commission will add net revenue of \$2.8 million, which will be collected from May 2003 through June 2004. The Commission has also approved an additional \$1.8 million in surcharges to be collected from May 2004 through June 2005.

Pending applications to the Commission include general rate case filings made in November 2002 and January 2003. The company cannot predict the amount or the timing of CPUC decisions on those applications.

In a June 2003 decision, the Commission authorized water utilities to request recovery of "balancing-type memorandum accounts," which are primarily comprised of higher electricity costs incurred between November 29, 2001 and December 31, 2002. Unlike the recovery of costs for the period prior to November 29, 2001, recovery for balances accrued during this period will be subject to certain limitations. Prior to the June 2003 decision, water utilities had not been allowed to request recovery of increased electricity costs for this period at all. The company intends to request approximately \$6

million in the third quarter, although it cannot predict the amount it will be authorized to recover. A decision is expected from the Commission by the end of 2003.

Also in the third quarter of 2003, the company expects to file the third of three filings to recover costs associated with the Bakersfield Treatment Plant, which began operating in June 2003 and will add 20 million gallons of high quality water per day to the Bakersfield supply. The third filing may or may not

impact 2003 revenues, depending upon the timing and amount authorized by the Commission.

"We continue to be proactive in requesting rate relief, requesting timely decisions on general rate case filings and requesting fair reimbursement for balancing accounts." Nelson said.

At their meeting today, Directors declared the 235th consecutive quarterly dividend on common stock in the amount of \$0.28125. It is payable on August 15, 2003, to stockholders of record on August, 1, 2003. The regular dividend on Series C preferred stock was also declared.

On Thursday, July 24, 2003, at 1 p.m. Pacific Standard Time (4 p.m. Eastern Standard Time), the Company will conduct a teleconference call, at which time management will provide comments about second quarter 2003 operating results and other pertinent matters. Any stockholder or interested investor can listen to the teleconference or a replay. The dial-in number to access the teleconference is 1-877-679-9045, call ID #98736. Additional information about the call, including replay information, is available at the Company's web site, at www.calwater.com.

California Water Service Group is the parent company of California Water Service Company, Washington Water Service Company, New Mexico Water Service Company, Hawaii Water Service Company, Inc. and CWS Utility Services. Together

these companies provide regulated and non-regulated water service to over 2 million people in 99 California, Washington, New Mexico and Hawaii communities. Group's common stock trades on the New York Stock Exchange under the symbol "CWT".

This news release contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("Act"). The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the Act. Forward-looking statements are based on currently available information, expectations, estimates, assumptions and projections, and management's judgment about the Company, the water utility industry and general economic conditions. Such words as expects, intends, plans, believes, estimates, assumes, anticipates, projects, predicts, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different than expected or anticipated include: governmental and regulatory commissions' decisions; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; new legislation; electric power interruptions; increases in suppliers' prices and the availability of supplies including water and power; fluctuations in interest rates; changes in environmental compliance and water quality requirements; acquisitions and our ability to successfully integrate acquired companies; the ability to successfully implement business plans; changes in customer water use patterns; the impact of weather on water sales and operating results; access to sufficient capital on satisfactory terms; civil disturbances or terrorist threats or acts, or apprehension about the possible future occurrences of acts of this type; the involvement of the United States in war or other hostilities; restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; and, other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph. The Company assumes no obligation to provide public updates of forward-looking statements.

Additional information is available at our Web site at www.calwater.com.

Attachments (3).

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CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEET
Unaudited

(In thousands, except per share data)	June 30, 2003	December 31, 2002
	-----	-----
ASSETS		
Utility plant:		
Utility plant	\$ 1,054,394	\$ 1,001,310
Less accumulated depreciation and amortization	316,121	304,322
	-----	-----
Net utility plant	738,273	696,988
	-----	-----

Current assets:		
Cash and cash equivalents	992	1,063
Receivables	28,061	23,961
Unbilled revenue	10,039	7,969
Materials and supplies at average cost	2,800	2,760
Taxes and other prepaid expenses	5,571	7,234
	-----	-----
Total current assets	47,463	42,987
	-----	-----
Other assets:		
Regulatory assets	52,703	46,089
Other assets	16,825	14,518
	-----	-----
Total other assets	69,528	60,607
	-----	-----
	-----	-----
	\$ 855,264	\$ 800,582
	=====	=====

CAPITALIZATION AND LIABILITIES

Capitalization:

Common stock, \$.01 par value	\$ 152	\$ 152
Additional paid-in capital	49,984	49,984
Retained earnings	144,416	149,215
Accumulated other comprehensive loss	(134)	(134)
	-----	-----
Total common stockholders' equity	194,418	199,217
Preferred stock	3,475	3,475
Long-term debt, less current maturities	270,918	250,365
	-----	-----
Total capitalization	468,811	453,057
	-----	-----

Current liabilities:

Current maturities of long-term debt	1,000	1,000
Short-term borrowings	50,058	36,379
Accounts payable	28,550	23,706
Accrued expenses and other liabilities	31,690	30,456
	-----	-----
Total current liabilities	111,298	91,541

Unamortized investment tax credits	2,819	2,774
Deferred income taxes	33,855	31,371
Regulatory and other liabilities	34,015	28,804
Advances for construction	119,549	115,459
Contributions in aid of construction	84,917	77,576
Commitments and contingencies		
	-----	-----
	\$ 855,264	\$ 800,582
	=====	=====

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)

Unaudited

For the three months ended:	June 30,	June 30,
	2003	2002
	-----	-----
Operating revenue	\$67,994	\$69,183
	-----	-----
Operating expenses:		
Operations	45,693	45,330
Maintenance	3,063	2,935
Depreciation and amortization	5,838	5,389
Income taxes	3,314	4,573
Property and other taxes	2,538	2,551
	-----	-----
Total operating expenses	60,446	60,778
	-----	-----
Net operating income	7,548	8,405
	-----	-----
Other income and expenses:		
Non-regulated income, net	559	508
Gain on sale of non-utility property	958	1,922
	-----	-----
	1,517	2,430
	-----	-----
Interest expense:		
Long-term debt interest	4,039	3,837
Other interest	441	380
	-----	-----

Total interest expense	4,480	4,217
Net income	\$ 4,585	\$ 6,618
	=====	=====
Earnings per share		
Basic	\$ 0.30	\$ 0.43
	=====	=====
Diluted	\$ 0.30	\$ 0.43
	=====	=====
Weighted average shares outstanding		
Basic	15,182	15,182
	=====	=====
Diluted	15,198	15,185
	=====	=====
Dividends per share of common stock	\$0.28125	\$0.28000
	=====	=====

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)

Unaudited

For the six months ended:

	June 30, 2003	June 30, 2002
	-----	-----
Operating revenue	\$119,305	\$120,794
	-----	-----
Operating expenses:		
Operations	83,453	80,032
Maintenance	6,316	5,355
Depreciation and amortization	11,598	10,783
Income taxes	2,761	5,852
Property and other taxes	5,003	5,014
	-----	-----
Total operating expenses	109,131	107,036
	-----	-----
Net operating income	10,174	13,758
	-----	-----
Other income and expenses:		
Non-regulated income, net	1,169	891
Gain on sale of non-utility property	1,511	1,973
	-----	-----
	2,680	2,864
Interest expense:		
Long-term debt interest	8,217	7,369
Other interest	820	706
	-----	-----
Total interest expense	9,037	8,075
Net income	\$ 3,817	\$ 8,547
	=====	=====
Earnings per share		
Basic	\$ 0.25	\$ 0.56
	=====	=====
Diluted	\$ 0.25	\$ 0.56
	=====	=====
Weighted average shares outstanding		
Basic	15,182	15,182
	=====	=====
Diluted	15,191	15,185
	=====	=====
Dividends per share of common stock	\$ 0.5625	\$ 0.5600
	=====	=====