

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): January 28, 2004

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

Delaware  
(State of Incorporation)

77-0448994  
(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 January 28, 2004, the registrant issued the press release attached to this report as Exhibit 99, which announces the results of its operations for the fourth quarter and full year of 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: January 28, 2004

By: /s/ Richard D. Nye

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Richard D. Nye  
Vice President, Chief Financial  
Officer and Treasurer

NEWS RELEASE

[CALWATER LOGO] CALIFORNIA WATER SERVICE GROUP

1720 North First Street  
San Jose, CA 95112-4598

January 28, 2004  
For Immediate Release

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

CAL WATER ANNOUNCES INCREASED  
REVENUES AND EARNINGS FOR 4TH QTR 2003;  
BOARD INCREASES DIVIDEND TO \$.2825

SAN JOSE, CA - California Water Service Group (NYSE : CWT) today announced fourth quarter 2003 net income of \$7.0 million, up 146% over fourth quarter 2002, and diluted earnings per share of \$0.41, an increase of 116% over the same period last year.

Revenue for the quarter increased \$8.7 million or 14% to \$69.6 million. Adding to revenue were \$6.5 million in rate increases, \$1.8 million in sales to new customers, and \$0.4 million in increased sales to existing customers.

Operating expenses were \$62.1 million, an increase of \$6.6 million or 12% over the same period last year. The largest component of the increase was income and other taxes, which rose \$3.3 million. Expenses also increased in most other categories, including purchased water, payroll, benefits, water treatment, and depreciation.

Fourth quarter results were bolstered by surplus property sales, as the company had pretax gains of \$3.1 million compared to \$1.0 million in the fourth quarter of 2002.

Full Year 2003 Results

2003 net income was \$19.4 million, compared to \$19.1 million in 2002, and diluted earnings per share were \$1.21, compared to \$1.25 in 2002. Earnings per share decreased 3% because 1.750 million additional shares were issued in August 2003.

Revenue for 2003 was \$277.1 million, increasing \$14.0 million or 5%, due to rate increases of \$12.6 million and \$6.0 million in revenues from sales to new customers. Partially offsetting these increases were decreased revenues of \$4.6 million from sales to existing customers, primarily due to higher rainfall in the first half of 2003.

Total operating expenses increased by \$14.5 million, or 6%, for the year. The company incurred higher wholesaler rates and purchased more water; as a result, water costs increased by \$3.1 million. Other operating increases were primarily in payroll and benefit costs (\$5.5 million or 10%), water treatment (\$1.2 million or 24%), maintenance (\$1.1 million or 10%), and depreciation (\$2.0 million or 9%).

Interest expense increased due to additional long-term debt incurred during 2002 and in the first quarter of 2003. This was partially offset by reduced interest expense from refinancing a portion of our long-term debt and lower short-term debt levels due to pay downs made with funds obtained from the equity offering.

Pretax gains from surplus property sales were \$4.6 million, which was \$1.6 million higher than pretax gains in 2002.

The issuance of additional shares in August 2003 raised \$43.8 million of capital, which strengthened the balance sheet. The percentage of equity to total capitalization increased from 44% to 47% as of December 31, 2002 and 2003 respectively.

President and CEO Peter C. Nelson characterized 2003 as a year in which the company "turned a corner" and finally began to receive critical rate relief in late 2003 from the California Public Utilities Commission ("Commission").

"For some time now, our financial performance has been significantly impacted by a lack of timely decisions from the Commission, but we are now seeing the results of fairer regulatory treatment. In 2003, we received approval for rate increases that will add an annual \$26 million in revenues, as well as \$9 million in surcharges collected over a 24-month period," Nelson said.

According to Nelson, because rate increases are not collected retroactively, it takes time to see their full effect.

"Our fourth quarter results showed a big improvement, as most of the 2003 rate increases were in place for the entire quarter. With the rate increases and gains from sales of surplus properties, we had a very good quarter," he said.

In January 2004, the Commission approved an additional rate increase of \$4.2 million which became effective in January.

Pending applications to the Commission include general rate case filings and recovery of "balancing-type memorandum accounts," which primarily reflect electricity rate increases incurred in 2002. The company cannot predict the amount or the timing of Commission decisions on pending filings.

#### Dividend Information

At their meeting yesterday, Directors increased the quarterly dividend on common stock from \$.28125 to \$.2825, which marks the company's 37th consecutive year the dividend has been increased. It is payable on February 21, 2004, to stockholders of record on February 7, 2004. The regular dividend on Series C preferred stock was also declared.

#### Other Information

On Thursday, January 29, 2004, 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 fourth quarter and year-end 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 1-800-982-3654, call ID #359329. Additional information about the call, including replay information, is available at the Company's web site, at [www.calwater.com](http://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 communities in California, Washington, New Mexico and Hawaii. 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](http://www.calwater.com).

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CALIFORNIA WATER SERVICE GROUP  
CONDENSED CONSOLIDATED BALANCE SHEET

Unaudited

<TABLE>

<CAPTION>

(In thousands, except per share data)  
December 31,

December 31,

2002		2003
		-----
<S>		<C>
<C>		
ASSETS		
Utility plant:		
Utility plant		\$ 1,078,975
\$ 1,001,310		
Less accumulated depreciation and amortization		319,477
304,322		-----
	Net utility plant	759,498
696,988		-----
Current assets:		
Cash and cash equivalents		2,856
1,063		
Receivables		23,559
23,961		
Unbilled revenue		8,522
7,969		
Materials and supplies		2,957
2,760		
Taxes and other prepaid expenses		5,609
5,130		-----
	Total current assets	43,503
40,883		-----
Other assets:		
Regulatory assets		53,326
46,089		
Other assets		16,708
14,518		-----
	Total other assets	70,034
60,607		-----
\$ 798,478		\$ 873,035
		=====

CAPITALIZATION AND LIABILITIES

Capitalization:

Common stock, \$.01 par value		\$ 169
\$ 152		
Additional paid-in capital		93,748
49,984		
Retained earnings		150,908
149,215		
Accumulated other comprehensive loss		(301)
(134)		-----
	Total common stockholders' equity	244,524
199,217		
Preferred stock		3,475
3,475		
Long-term debt, less current maturities		272,226
250,365		-----

-----		
453,057	Total capitalization	520,225
-----		-----
	Current liabilities:	
1,000	Current maturities of long-term debt	904
36,379	Short-term borrowings	6,454
23,706	Accounts payable	23,776
28,352	Accrued expenses and other liabilities	32,430
-----		-----
89,437	Total current liabilities	63,564
	Unamortized investment tax credits	2,925
	Deferred income taxes	38,005
	Regulatory and other liabilities	35,835
	Advances for construction	121,952
	Contributions in aid of construction	90,529
-----		-----
\$ 798,478		\$ 873,035
=====		=====

</TABLE>

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

<TABLE>			
<CAPTION>			
Months Ended	Three Months Ended		Twelve
December 31,	December 31,		
2002	2003	2002	2003
-	-----	-----	-----
<S>	<C>	<C>	<C>
<C>			
Operating revenue	\$ 69,626	\$ 60,917	\$277,128
\$263,151	-----	-----	-----
-			
Operating expenses:			
Operations	45,618	42,960	187,469
177,182			
Maintenance	3,229	3,222	12,717
11,587			
Depreciation and amortization	5,828	5,193	23,256
21,238			
Income taxes	4,550	1,670	12,898
12,568			
Property and other taxes	2,860	2,480	10,554
9,829	-----	-----	-----
-			
Total operating expenses	62,085	55,525	246,894
232,404	-----	-----	-----
-			
Net operating income	7,541	5,392	30,234
30,747	-----	-----	-----
-			

Other income and expenses:			
Non-regulated income, net	305	770	2,097
2,187			
Gain on sale of non-utility property	3,068	1,019	4,603
2,980			
-	-----	-----	-----
	3,373	1,789	6,700
5,167	-----	-----	-----
-			
Interest expense, net	3,901	4,329	17,517
16,841	-----	-----	-----
-			
Net income	\$ 7,013	\$ 2,852	\$ 19,417
\$ 19,073	=====	=====	=====
=====			
Earnings per share			
Basic	\$ 0.41	\$ 0.19	\$ 1.21
\$ 1.25	=====	=====	=====
=====			
Diluted	\$ 0.41	\$ 0.19	\$ 1.21
\$ 1.25	=====	=====	=====
=====			
Weighted average shares outstanding			
Basic	16,932	15,182	15,882
15,182	-----	-----	-----
=====			
Diluted	16,944	15,185	15,892
15,185	-----	-----	-----
=====			
Dividends per share of common stock	\$0.28125	\$0.28000	\$1.12500
\$1.12000			
</TABLE>			