

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 26, 2005

CALIFORNIA WATER SERVICE GROUP

(Exact name of registrant as specified in its charter)

Delaware	1-13883	77-0448994
-----	-----	-----
(State or other jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On January 26, 2005, the registrant issued the press release attached to this report as Exhibit 99, which announces the results of operations for the fourth quarter and year of 2004.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The list of exhibits called for by this Item is incorporated by reference to the exhibit index to this report.

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 hereunto duly authorized.

CALIFORNIA WATER SERVICE GROUP

(Registrant)

Date: January 27, 2005

By: /s/ Richard D. Nye

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

Exhibit Index

Exhibit No.

Description

99

Press release of the registrant dated January 26, 2005,
which announces the results of operations for the fourth
quarter and year of 2004.

1720 North First Street
San Jose, CA 95112-4598

January 26, 2005
For Immediate Release

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

COMPANY ANNOUNCES 4TH QUARTER 2004 RESULTS
AND TOTAL YEAR 2004 RESULTS

BOARD DECLARES 60TH CONSECUTIVE ANNUAL DIVIDEND

SAN JOSE, CA - California Water Service Group (NYSE : CWT) today announced diluted earnings per share of \$0.20 for the 4th quarter of 2004 compared to \$0.41 for the same period last year. Fourth quarter 2004 net income was \$3.7 million, compared to \$7.0 million in the fourth quarter of 2003. Primary factors contributing to the decrease were lower gains from property sales, weather and additional shares outstanding.

Revenue for the quarter decreased slightly to \$69.4 million, a decrease of \$0.2 million or less than 1%. Usage by existing customers dropped significantly due to weather, decreasing revenue by \$4.3 million. Partially offsetting the decrease in sales was \$0.8 million in revenues from sales to new customers and \$3.3 million in revenues from authorized rate increases.

Operating expenses for the quarter were \$61.9 million, a decrease of \$0.2 million or less than 1% over the same period last year. Lower water production costs and lower income taxes were offset by increased expenses in several other categories, including payroll, benefits, legal, Sarbanes-Oxley Act compliance, and depreciation.

Other income was lower, as the Company had no gains from surplus property sales in the fourth quarter, compared to pretax gains of \$3.1 million in the fourth quarter of 2003.

"Company-wide, we understand the importance of operating efficiently. However, certain costs were incurred to ensure that we fulfill our obligations to our employees, comply with all laws and regulations, and provide customers with the quality and service they expect. That said, we will continue to pursue rate relief that reflects the higher costs of providing high quality water utility services to ensure that our stockholders earn a fair return on their investment," said President and Chief Executive Officer Peter C. Nelson.

The Company received approval to increase rates on an annual basis by \$4.1 million for step rate increases effective in January 2005. Also, in the past three months, the Company received approval to collect \$9.2 million related to balancing accounts. The collection periods vary by district and range from one to three years. Pending applications to the California Public Utilities Commission (CPUC) include 2004 general rate case filings totaling over \$26 million for eight districts and corporate headquarters. The Company cannot predict the final amount or the timing of the CPUC's decisions on pending filings.

Another regulatory matter of note is the treatment of gains from sales of surplus properties. In 1995, the California Legislature enacted the Water Utility Infrastructure Improvement Act of 1995 (the Act) to encourage water utilities to sell surplus properties no longer useful in providing water service and to reinvest the proceeds of the sales in needed water utility facilities.

The Office of Ratepayer Advocates (ORA), a division of the CPUC responsible for representing the interests of ratepayers, issued a report on January 11, 2005, expressing its opinion that the Company had not proven that surplus properties sold since 1996 were no longer used and useful, and challenging the Company's treatment of the gains from those sales. ORA recommended that the Company be fined \$160,000 and that an unspecified portion of the \$19.2 million in gains from sales be allocated for the benefit of ratepayers. The Company believes it has fully complied with the Act and that ORA's conclusions and recommendations are without merit. Accordingly, the Company intends to vigorously oppose ORA's report and no liability has been accrued in the financial statements for ORA's recommendations. Because ORA's recommendations are not binding, the Company cannot predict how the CPUC will rule on this matter.

For the year, net income increased \$6.6 million to \$26.0 million and diluted earnings per share increased \$0.25 to \$1.46. Annual revenues, which increased 14% to \$315.6 million, were boosted by \$29.8 million from rate relief granted by the CPUC, \$5.4 million from sales to new customers, and \$3.2 million from increased sales to existing customers.

Total operating expenses increased to \$274.1 million, or 11%, for the year. The Company incurred higher wholesale water rates and purchased more water in 2004; as a result, water costs increased by \$9 million. Other operating increases were primarily in income taxes, payroll and benefit costs, legal, Sarbanes-Oxley Act compliance and depreciation expense.

In 2004, there were minimal gains from surplus property sales, compared to \$4.6 million in pretax gains from surplus property sales in 2003.

According to Nelson, the Company continued to see the positive effects of rate relief as the CPUC issued several decisions on the Company's applications during the year.

"Last year was a mixed bag as far as weather is concerned; dry, warm weather increased sales in the second quarter, while record-breaking storms reduced sales in the fourth quarter. What has remained constant is our pursuit of fair and timely rate relief in all of our operating districts," Nelson said.

Dividend Information

At their meeting yesterday, Directors increased the quarterly dividend on common stock from \$0.2825 to \$0.2850, which marks the 38th consecutive year the Company's dividend has been increased. It is payable on February 18, 2005, to stockholders of record on February 7, 2005. The regular dividend on Series C preferred stock was also declared.

Other Information

On Thursday, January 27, 2005, 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 2004 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 1-866-814-1917, call ID #620290. Additional information about the call, including replay information, is available at the Company's web site, at www.calwatergroup.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 100 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, including decisions on proper disposition of property; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; new legislation; the ability to satisfy requirements relating to the Sarbanes-Oxley Act on and other regulation on internal control; 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.calwatergroup.com.

Attachments (3).

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CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEET
Unaudited
(In thousands, except per share data)

	December 31, 2004 ----	December 31, 2003 ----
ASSETS		
Utility plant:		
Utility plant	\$ 1,144,074	\$ 1,078,975
Less accumulated depreciation and amortization	343,769	319,477
	-----	-----
Net utility plant	800,305	759,498
	-----	-----
Current assets:		
Cash and cash equivalents	18,820	2,856
Customer receivables	15,867	18,434
Other receivables	10,445	5,125
Unbilled revenue	9,307	8,522
Materials and supplies	3,161	2,957
Taxes and other prepaid expenses	12,793	5,609
	-----	-----
Total current assets	70,393	43,503
	-----	-----
Regulatory assets	53,477	53,326
Other assets	18,678	16,708
	-----	-----
	\$ 942,853	\$ 873,035
	=====	=====
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$.01 par value	\$ 184	\$ 169
Additional paid-in capital	131,271	93,748
Retained earnings	156,851	150,908
Accumulated other comprehensive loss	(701)	(301)
	-----	-----
Total common stockholders' equity	287,605	244,524
Preferred stock	3,475	3,475
Long-term debt, less current maturities	274,821	272,226
	-----	-----
Total capitalization	565,901	520,225
	-----	-----
Current liabilities:		
Current maturities of long-term debt	1,100	904
Short-term borrowings	--	6,454
Accounts payable	19,745	23,776
Accrued expenses and other liabilities	36,367	32,430
	-----	-----
Total current liabilities	57,212	63,564
	-----	-----
Unamortized investment tax credits	2,721	2,925
Deferred income taxes	54,826	38,005
Regulatory liabilities	18,811	16,676
Advances for construction	131,292	121,952
Contributions in aid of construction	94,915	90,529
Other long-term liabilities	17,175	19,159
	-----	-----
	\$ 942,853	\$ 873,035
	=====	=====

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

For the three months ended:	December 31, 2004 ----	December 31, 2003 ----
Operating revenue	\$ 69,378 -----	\$ 69,626 -----
Operating expenses:		
Operations	46,746	45,618
Maintenance	3,375	3,229
Depreciation and amortization	6,557	5,828
Income taxes	2,232	4,550
Property and other taxes	2,957	2,860
	-----	-----
Total operating expenses	61,867	62,085
	-----	-----
Net operating income	7,511	7,541
	-----	-----
Other income and expenses:		
Non-regulated income, net	602	305
Gain on sale of non-utility property	1	3,068
	-----	-----
Total other income and expenses	603	3,373
	-----	-----
Interest expense:		
Interest expense	4,651	4,686
Less capitalized interest	274	785
	-----	-----
Total interest expense	4,377	3,901
	-----	-----
Net income	\$ 3,737 =====	\$ 7,013 =====
Earnings per share		
Basic	\$ 0.20 =====	\$ 0.41 =====
Diluted	\$ 0.20 =====	\$ 0.41 =====
Weighted average shares outstanding		
Basic	18,350 =====	16,932 =====
Diluted	18,380 =====	16,944 =====
Dividends per share of common stock	\$0.28250 =====	\$0.28125 =====

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

For the twelve months ended:	December 31, 2004 ----	December 31, 2003 ----
Operating revenue	\$315,567 -----	\$277,128 -----
Operating expenses:		
Operations	206,150	187,469
Maintenance	13,228	12,717
Depreciation and amortization	26,114	23,256
Income taxes	17,084	12,898
Property and other taxes	11,508	10,554
	-----	-----
Total operating expenses	274,084	246,894
	-----	-----
Net operating income	41,483	30,234
	-----	-----
Other income and expenses:		
Non-regulated income, net	2,375	2,097
Gain on sale of non-utility property	8	4,603
	-----	-----
Total other income and expenses	2,383	6,700
	-----	-----
Interest expense:		
Interest expense	18,664	19,512

Less capitalized interest	824	1,995
	-----	-----
Total interest expense	17,840	17,517
	-----	-----
Net income	\$ 26,026	\$ 19,417
	=====	=====
Earnings per share		
Basic	\$ 1.46	\$ 1.21
	=====	=====
Diluted	\$ 1.46	\$ 1.21
	=====	=====
Weighted average shares outstanding		
Basic	17,652	15,882
	=====	=====
Diluted	17,674	15,893
	=====	=====
Dividends per share of common stock	\$1.13000	\$1.12500
	=====	=====