

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): **August 2, 2006**

CALIFORNIA WATER SERVICE GROUP

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation)

1-13883

(Commission file number)

77-0448994

(I.R.S. Employer Identification
Number)

1720 North First Street

San Jose, California

(Address of principal executive offices)

95112

(Zip Code)


(408) 367-8200

(Registrant's telephone number, including area code)

N/A

(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:

- 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))
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Item 2.02. Results of Operations and Financial Condition.

On August 2, 2006, California Water Service Group (the "Company") issued a press release announcing its quarterly dividend and earnings results for the three and six-month periods ended June 30, 2006, a copy of which is attached as Exhibit 99 to this Current Report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report, including Exhibit 99, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

The Company hereby furnishes the following exhibit with this report:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued August 2, 2006



SIGNATURES

Pursuant to the requirements of the Securities 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

Date: August 3, 2006

By: /s/ Martin Kropelnicki

Name: Martin Kropelnicki

Title: Vice President, Chief Financial Officer and Treasurer
(Duly Authorized Officer)



NEWS RELEASE
CALIFORNIA WATER SERVICE
GROUP



1720 North First Street
San Jose, CA 95112-4598

August 2, 2006

Contact: Martin A. Kropelnicki (408) 367-8215 (analysts)
Shannon Dean (310) 257-1435 (media)

For Immediate Release

**CAL WATER ANNOUNCES SECOND QUARTER 2006 RESULTS AND
COMPANY DECLARES 247th CONSECUTIVE QUARTERLY DIVIDEND**

SAN JOSE, Calif. – California Water Service Group (NYSE : CWT) today announced net income of \$5.7 million and earnings per share of \$0.31 for the second quarter of 2006, compared to net income of \$7.6 million and earnings per share of \$0.41 in the second quarter of 2005. On a twelve-month basis, earnings per share were \$1.38, increasing \$0.15 from last year's \$1.23.

Revenue for the second quarter decreased \$0.4 million, or 1%, to \$81.1 million from the same quarter last year. Rate increases added \$2.6 million to revenue and sales to new customers added \$0.8 million. These increases were offset by a \$3.8 million decrease in revenues from sales to existing customers.

Total operating expenses for the second quarter increased \$1.8 million, or 2%, to \$71.9 million from the same quarter last year. Water production costs increased \$0.8 million, or 3%, to \$30.2 million over the same period last year. Other operating expenses increased \$1.8 million, or 8%, due to costs associated with employee health and welfare plans as well as other insurance programs.

Offsetting these expense increases, maintenance expenses decreased \$0.3 million, or 9%, to \$3.4 million compared to the second quarter of 2005. Depreciation increased \$0.6 million, or 9%, to \$7.6 million because of higher capital expenditures in 2005. Property and other taxes were comparable to those paid in the same quarter of 2005, while income taxes decreased \$1.1 million, or 21% due to lower pre-tax income.



Other income increased to \$0.9 million, primarily due to an increase of \$0.3 million in property sales over the same quarter last year.

“Sales were slower than usual during the quarter, caused in part by the record precipitation we saw in the first quarter that continued through early May. While the weather generally improved during the second half of the quarter, the improvement was not enough to increase usage to what we would typically see for this time of year” said President and Chief Executive Officer Peter C. Nelson.

During the quarter, New Mexico Water Service Company, wholly-owned subsidiary of California Water Service Group, announced a first-of-a-kind wastewater treatment plant upgrade at the company’s Rio Del Oro Wastewater Treatment Facility, located between Belen and Los Lunas, New Mexico. “To our knowledge, nobody has ever retrofitted a wastewater plant with Membrane Bioreactor (MBR) micro filtration technology while keeping the plant fully operational, and we’re pleased to report that we did it while meeting all water quality standards for effluent,” said Paul Rizzo, General Manager of New Mexico Water Service Company.

At the board meeting on July 26, 2006, the Directors declared a dividend on common stock in the amount of \$0.2875, the Group’s 247th consecutive quarterly dividend declaration. It is payable on August 18, 2006, to stockholders of record on August 7, 2006. The regular dividend on Series C preferred stock was also declared.

Investors and interested parties are invited to listen to the Company’s analyst teleconference, which is scheduled for 4:00 p.m. EDT / 1:00 p.m. PDT on Thursday, August 3, 2006. The call-in number is 1-866-804-3550 and the ID No. is 932268. A replay is available through October 2, 2006 at telephone number 1-888-266-2081, pass code 932268.

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 more than two million people in 100 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 but are not limited to: governmental and regulatory commissions' decisions, including decisions relating to ratemaking and also relating to proper disposition of property; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; changes in the political landscape; changes in existing law and introduction of new legislation; changes in, and the accuracy of, accounting valuations and estimates; the ability to satisfy requirements related to the Sarbanes-Oxley Act and other regulations on internal controls; increases in suppliers' prices and the availability of uninterrupted supplies including water and electric power; fluctuations in interest rates; changes in environmental compliance and water quality requirements; acquisitions and our ability to successfully integrate acquired companies; our success entering into new, and renewing existing, service contracts with cities, agencies and municipal utility districts; our ability to manage growth; the ability to successfully implement business plans; work stoppages and union issues; loss of key personnel; changes in customer water use patterns; the impact of weather on water sales and operating results; access to sufficient capital on satisfactory terms; natural disasters, civil disturbances or terrorist threats or acts; 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; the reliability of our information technology; litigation with third parties,; and, other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph as well as other risk factors disclosed in the Company's 10K's, 10Q's, 8-K's and others filings made by the Company and on file with the SEC. The Company assumes no obligation to provide public updates of forward-looking statements.

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Source: California Water Service Group

**CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEETS**

Unaudited

(In thousands, except per share data)

	June 30, 2006	December 31, 2005
ASSETS		
Utility plant:		
Utility plant	\$ 1,288,664	\$ 1,235,090
Less accumulated depreciation and amortization	387,503	372,359
Net utility plant	<u>901,161</u>	<u>862,731</u>
Current assets:		
Cash and cash equivalents	2,202	9,533
Receivables:		
Customers	19,580	16,061
Other	5,250	4,700
Unbilled revenue	14,020	11,445
Materials and supplies at average cost	4,582	4,182
Taxes and other prepaid expenses	5,093	6,303
Total current assets	<u>50,727</u>	<u>52,224</u>
Regulatory assets	58,312	58,213
Other assets	24,780	23,777
	<u>\$ 1,034,980</u>	<u>\$ 996,945</u>
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$.01 par value	\$ 184	\$ 184
Additional paid-in capital	132,383	131,991
Retained earnings	158,851	162,968
Accumulated other comprehensive loss	(1,202)	(1,202)
Total common stockholders' equity	<u>290,216</u>	<u>293,941</u>
Preferred stock	3,475	3,475
Long-term debt, less current maturities	273,698	274,142
Total capitalization	<u>567,389</u>	<u>571,558</u>
Current liabilities:		
Current maturities of long-term debt	1,133	1,133
Short-term borrowings	26,000	-
Accounts payable	34,177	36,120
Accrued expenses and other liabilities	43,478	39,563
Total current liabilities	<u>104,788</u>	<u>76,816</u>
Unamortized investment tax credits	2,615	2,615
Deferred income taxes, net	65,182	63,920
Regulatory and other liabilities	40,416	40,236
Advances for construction	150,802	141,842
Contributions in aid of construction	103,788	99,958
Commitments and contingencies	-	-
	<u>\$ 1,034,980</u>	<u>\$ 996,945</u>

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

Unaudited

	For the three months ended:		For the six months ended:	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Operating revenue	\$ 81,102	\$ 81,457	\$ 146,318	\$ 141,760
Operating expenses:				
Water production costs	30,210	29,395	51,639	49,215
Other operations	23,577	21,804	47,258	43,747
Maintenance	3,432	3,759	7,330	7,418
Depreciation and amortization	7,640	7,006	15,349	14,002
Income taxes	4,050	5,148	4,597	5,603
Property and other taxes	3,045	3,092	6,221	6,057
Total operating expenses	71,954	70,204	132,394	126,042
Net operating income	9,148	11,253	13,924	15,718
Other income and expenses:				
Non-regulated income, net	584	705	1,087	1,343
Gain on sale of non-utility property	323	61	348	59
Total other income and expenses	907	766	1,435	1,402
Interest expense:				
Interest expense	4,970	4,653	9,667	9,299
Less capitalized interest	625	225	850	450
Total interest expense	4,345	4,428	8,817	8,849
Net income	\$ 5,710	\$ 7,591	\$ 6,542	\$ 8,271
Earnings per share				
Basic	\$ 0.31	\$ 0.41	\$ 0.35	\$ 0.45
Diluted	\$ 0.31	\$ 0.41	\$ 0.35	\$ 0.45
Weighted average shares outstanding				
Basic	18,407	18,373	18,404	18,372
Diluted	18,427	18,407	18,427	18,404
Dividends per share of common stock	\$ 0.2875	\$ 0.2850	\$ 0.5750	\$ 0.5700