

**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): **April 30, 2014**

**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))

**Item 2.02. Results of Operations and Financial Condition**

On April 30, 2014, California Water Service Group (the "Company") issued a press release (a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference) announcing its financial results for the first quarter of 2014, ended March 31, 2014. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

**Item 9.01. Financial Statements and Exhibits.**

We hereby furnish the following exhibit with this report:

| <b>Exhibit No.</b> | <b>Description</b>                  |
|--------------------|-------------------------------------|
| 99.1               | Press Release issued April 30, 2014 |

2

**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: April 30, 2014

By: /s/Thomas F. Smegal  
Name: Thomas F. Smegal  
Title: Vice President, Chief Financial Officer & Treasurer

3



## CALIFORNIA WATER SERVICE GROUP

1720 North First Street  
San Jose, CA 95112-4598

April 30, 2014  
For Immediate Release

Contact: Tom Smegal (408) 367-8200 (analysts)  
Shannon Dean (310) 257-1435 (media)

## CALIFORNIA WATER SERVICE GROUP ANNOUNCES

## FIRST QUARTER 2014 RESULTS

SAN JOSE, CA — California Water Service Group (NYSE: CWT) today announced a net loss of \$5.5 million or a \$0.11 net loss per diluted common share for the first quarter of 2014, compared to a net loss of \$1.1 million or a \$0.03 net loss per diluted common share for the first quarter of 2013. Revenue for the first quarter decreased \$0.9 million, or 1%, to \$110.5 million. The Company did not benefit from General Rate Case (GRC) rate increases for its largest subsidiary in the first quarter due to a delay in approval of the GRC.

The \$4.4 million difference in the net loss between the first quarter of 2013 and the first quarter of 2014 is primarily attributable to operating expense increases and lower estimated unbilled revenue, which decreased pre-tax income by \$2.6 million. The unbilled revenue decrease resulted from lower consumption at the end of the quarter which is not included in the water revenue adjustment mechanism (WRAM). The operating expense increases were driven by wage increases that became effective on January 1, 2014, health care cost increases, higher infrastructure maintenance expenses, and increases in depreciation expenses for plant placed in service in 2013. Net other income net of income taxes decreased \$0.6 million as compared to the first quarter of 2013.

1

On December 19, 2013, the assigned Administrative Law Judge granted Cal Water's request to continue charging existing rates beginning January 1, 2014 as interim rates, and is allowing Cal Water to track the difference between interim rates and rates which would result from a final CPUC decision. After new rates resulting from a decision are implemented, the Company expects any authorized memorandum account balance would be collected through customer surcharges over 12 to 24 months. As of April 30, 2014, the Commission has yet to make a decision. The Commission has the authority to adopt the settlement or render a different decision. Had the Commission approved the settlement proposed by the parties by January 1, 2014, the interim rates memorandum account balance as of March 31, 2014 would have increased 2014 first quarter pre-tax income \$9.4 million, which would have resulted in a profit during the first quarter of 2014. For the first quarter of 2014, the Company's pre-tax loss was \$9.2 million, whereas the proposed new rates would have added the following to the Company's first quarter results: \$8.0 million of pre-tax income for service charges, flat rate, and fire protection rate increases, \$1.6 million of pre-tax income from the proposed new health care balancing account, and a \$0.2 million reduction to WRAM pre-tax income, all of which would have resulted in pre-tax income of \$0.2 million in the first quarter of 2014.

Total operating expenses for the first quarter of 2014 increased \$3.7 million, or 3.5%, to \$109.4 million. Water production costs increased \$3.7 million, due primarily to purchased water price increases from water wholesalers and a 6% increase in the amount of water produced in the first quarter of 2014 compared to the first quarter of 2013. Administrative and general expense and other operations expense increased 2% to \$41.5

2

million. This increase was mostly due to increases in employee health care and wages, and was partially offset by a \$0.8 million planned reduction in conservation program expense due to the success of prior years' conservation efforts.

Maintenance expense increased \$0.9 million, or 21%, to \$5.0 million, due primarily to increases in costs of maintaining groundwater treatment facilities, water lines, and pumping equipment. Depreciation expense increased \$1.4 million, or 10%, to \$16.0 million, due to 2013 capital additions.

The income tax benefit increased \$2.7 million due to a greater pre-tax operating loss in the first quarter of 2014 compared to the first quarter of 2013. Other taxes decreased \$0.2 million due to reductions property tax assessments.

Other income, net of income taxes, decreased \$0.6 million due primarily to increased costs associated with certain operations contracts and lower unrealized gains related to the Company's non-qualified retirement plans. Interest expense decreased \$0.8 million, or 11%, to \$6.7 million due to lower liability balances for both long-term and short-term borrowings.

According to President and Chief Executive Officer Martin A. Kropelnicki, results were in line with expectations, given the delay in a decision for the California Water Service Company's (Cal Water) 2012 General Rate Case.

"Our business is typically seasonal, and this year's first quarter results were further impacted by the delay in a decision on our largest subsidiary's rate case. We expect a decision during 2014, which would positively impact our results by the end of the year," he said.

All stockholders and interested investors are invited to listen to the first quarter 2014 conference call on May 1, 2014, at 11:00 a.m. (EDT), by dialing 1-888-539-3678 or

3

1-719-325-2244 and keying in ID# 8667775. A replay of the call will be available from 2:00 p.m. EDT on May 1, 2014, through June 30, 2014, at 1-888-203-1112 or 1-719-457-0820, ID# 8667775. The call, which will be hosted by President and Chief Executive Officer Martin A. Kropelnicki and Vice President and Chief Financial Officer Thomas F. Smegal, will also be webcast under the investor relations tab at [www.calwatergroup.com](http://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., CWS Utility Services, and HWS Utility Services. Together these companies provide regulated and non-regulated water

service to approximately 2 million people in more than 100 California, Washington, New Mexico, and Hawaii communities. Group's common stock trades on the New York Stock Exchange under the symbol "CWT." Additional information is available at our web site at [www.calwatergroup.com](http://www.calwatergroup.com).

*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 would, 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; 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*

4

*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, as well as the annual 10-K, Quarterly 10-Q, and other reports filed from time-to-time with the Securities and Exchange Commission (SEC). The Company assumes no obligation to provide public updates of forward-looking statements.*

Attachments (2).

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5

## CALIFORNIA WATER SERVICE GROUP CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited

(In thousands, except per share data)

|   | March 31,<br>2014   | December 31,<br>2013 |
|---|---------------------|----------------------|
| <b>ASSETS</b>                                   |                     |                      |
| <b>Utility plant:</b>                           |                     |                      |
| Utility plant                                   | \$ 2,236,187        | \$ 2,213,328         |
| Less accumulated depreciation and amortization  | (713,069)           | (697,497)            |
| Net utility plant                               | <u>1,523,118</u>    | <u>1,515,831</u>     |
| <b>Current assets:</b>                          |                     |                      |
| Cash and cash equivalents                       | 21,744              | 27,506               |
| <b>Receivables:</b>                             |                     |                      |
| Customers                                       | 26,799              | 31,468               |
| Regulatory balancing accounts                   | 28,547              | 30,887               |
| Other   | 19,878              | 18,700               |
| Unbilled revenue                                | 14,594              | 17,034               |
| Materials and supplies at weighted average cost | 5,966               | 5,571                |
| Taxes, prepaid expenses and other assets        | 12,578              | 8,324                |
| Total current assets                            | <u>130,106</u>      | <u>139,490</u>       |
| <b>Other assets:</b>                            |                     |                      |
| Regulatory assets                               | 254,345             | 251,681              |
| Goodwill  | 2,615               | 2,615                |
| Other assets                                    | 52,404              | 50,238               |
| Total other assets                              | <u>309,364</u>      | <u>304,534</u>       |
|   | <u>\$ 1,962,588</u> | <u>\$ 1,959,855</u>  |
| <b>CAPITALIZATION AND LIABILITIES</b>           |                     |                      |
| <b>Capitalization:</b>                          |                     |                      |
| Common stock, \$.01 par value                   | \$ 478              | \$ 477               |
| Additional paid-in capital                      | 328,826             | 328,364              |
| Retained earnings                               | 256,680             | 269,915              |
| Total common stockholders' equity               | 585,984             | 598,756              |
| Long-term debt, less current maturities         | 425,730             | 426,142              |
| Total capitalization                            | <u>1,011,714</u>    | <u>1,024,898</u>     |
| <b>Current liabilities:</b>                     |                     |                      |
| Current maturities of long-term debt            | 7,860               | 7,908                |
| Short-term borrowings                           | 64,015              | 46,815               |
| Accounts payable                                | 50,731              | 55,087               |
| Regulatory balancing accounts                   | 6,130               | 1,827                |
| Accrued interest                                | 9,828               | 4,245                |
| Accrued expenses and other liabilities          | 53,675              | 50,702               |
| Total current liabilities                       | <u>192,239</u>      | <u>166,584</u>       |

|   |                     |                     |
|---|---------------------|---------------------|
| Unamortized investment tax credits                      | 2,106               | 2,106               |
| Deferred income taxes, net                              | 179,369             | 183,245             |
| Pension and postretirement benefits other than pensions | 145,836             | 145,451             |
| Regulatory and other liabilities                        | 81,699              | 86,455              |
| Advances for construction                               | 182,042             | 183,393             |
| Contributions in aid of construction                    | 167,583             | 167,723             |
|   | <u>\$ 1,962,588</u> | <u>\$ 1,959,855</u> |

**CALIFORNIA WATER SERVICE GROUP**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

Unaudited  
(In thousands, except per share data)

For the Three-Months ended:

|   | <u>March 31</u><br><u>2014</u> | <u>March 31</u><br><u>2013</u> |
|---|--------------------------------|--------------------------------|
| <b>Operating revenue</b>                            | <u>\$ 110,515</u>              | <u>\$ 111,444</u>              |
| <b>Operating expenses:</b>                          |                                |                                |
| Operations:   |                                |                                |
| Water production costs                              | 45,402                         | 41,697                         |
| Administrative and general                          | 25,141                         | 25,281                         |
| Other operations                                    | 16,376                         | 15,645                         |
| Maintenance   | 5,005                          | 4,133                          |
| Depreciation and amortization                       | 16,053                         | 14,629                         |
| Income tax (benefit)                                | (3,839)                        | (1,146)                        |
| Property and other taxes                            | 5,225                          | 5,435                          |
| Total operating expenses                            | <u>109,363</u>                 | <u>105,674</u>                 |
| Net operating income                                | <u>1,152</u>                   | <u>5,770</u>                   |
| <b>Other income and expenses:</b>                   |                                |                                |
| Non-regulated revenue                               | 4,280                          | 3,522                          |
| Non-regulated expenses, net                         | (4,119)                        | (2,417)                        |
| Income tax (expense) on other income and expenses   | (79)                           | (451)                          |
| Net other income                                    | <u>82</u>                      | <u>654</u>                     |
| <b>Interest expense:</b>                            |                                |                                |
| Interest expense                                    | 7,075                          | 8,037                          |
| Less: capitalized interest                          | (365)                          | (540)                          |
| Net interest expense                                | <u>6,710</u>                   | <u>7,497</u>                   |
| <b>Net loss</b>                                     | <u>\$ (5,476)</u>              | <u>\$ (1,073)</u>              |
| <b>Loss per share</b>                               |                                |                                |
| Basic   | <u>\$ (0.11)</u>               | <u>\$ (0.03)</u>               |
| Diluted   | <u>\$ (0.11)</u>               | <u>\$ (0.03)</u>               |
| <b>Weighted average shares outstanding</b>          |                                |                                |
| Basic   | <u>47,756</u>                  | <u>42,248</u>                  |
| Diluted   | <u>47,756</u>                  | <u>42,248</u>                  |
| <b>Dividends declared per share of common stock</b> | <u>\$ 0.1625</u>               | <u>\$ 0.1600</u>               |