

**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 28, 2016**

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 28, 2016, 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 2016, ended March 31, 2016. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

As announced, the Company will host a conference call and webcast on Thursday, April 28, 2016 at 11:00 am EST to discuss financial results and management's business outlook. The financial results announcement contains information about how to access the conference call and webcast. A slide presentation, which includes supplemental information relating to the Company, will be used by management during the conference call and webcast. A copy of the slide presentation is attached hereto as Exhibit 99.2 and is incorporated by reference herein. The Exhibits will be posted on the Company's website at www.calwatergroup.com under the "Investor Relations" tab.

The information furnished pursuant to Item 2.02 of this Current Report shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

The information included in the Exhibits to this report is incorporated by reference in response to this Item 7.01.

The information furnished pursuant to Item 7.01 of this Current Report shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

We hereby furnish the following exhibits, which shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act, with this report:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued April 28, 2016
99.2	Slide presentation relating to conference call and webcast

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 28, 2016

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



NEWS RELEASE
CALIFORNIA WATER SERVICE GROUP



1720 North First Street
San Jose, CA 95112-4598

April 28, 2016
for immediate release

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

**CALIFORNIA WATER SERVICE GROUP ANNOUNCES REVENUES
AND OPERATING RESULTS FOR THE FIRST QUARTER 2016**

SAN JOSE, CA — California Water Service Group (NYSE: CWT) today announced a net loss of \$0.8 million, or \$0.02 net loss per diluted share, for the first quarter of 2016, compared to net income of \$1.6 million, or \$0.03 net income per diluted share, for the first quarter of 2015.

The decrease in net income was attributable to increases in incremental drought costs, maintenance expense, and interest expense. Total revenue decreased \$0.3 million, or 0.2%, to \$121.7 million for the first quarter of 2016 as compared to revenue of \$122.0 million for the first quarter of 2015. Rate increases added \$6.1 million, \$5.0 million of which was related to water production cost increases. Revenue decoupling mechanisms and other balancing accounts reduced revenue \$11.5 million due to a decrease in customer usage during the first quarter of 2016. All other changes added \$5.1 million.

According to President and Chief Executive Officer Martin A. Kropelnicki, the quarterly operating results were in line with the Company's expectations, excluding first quarter increases in drought and associated maintenance costs.

"California's historic drought and the associated \$2.0 million of incremental drought costs in the first quarter put pressure on our operating results. However, we expect to recover drought-related expenses at a future date," Kropelnicki said.

Drought costs are tracked in a memorandum account authorized by the California Public Utilities Commission (CPUC) and will be recoverable from customers after a reasonableness review.

Total operating expenses increased \$1.0 million, or 0.9%, to \$115.5 million for the first quarter of 2016 as compared to operating expenses of \$114.5 million for the first quarter of 2015.

Water production costs decreased \$4.1 million, or 9.1%, to \$41.1 million for the first quarter of 2016 as compared to prior year water production expenses of \$45.2 million, due primarily to the reduction in customer water usage associated with the California drought. As designed, the California revenue decoupling mechanisms record a reduction to revenue equal to the reduction in California water production costs.

Administrative and general and other operations expenses increased \$3.6 million, or 8.3%, to \$47.1 million for the first quarter of 2016, due primarily to increases in California drought program incremental costs of \$2.0 million, outside service fees of \$0.7 million, and on-going conservation program costs of \$0.6 million. These cost increases were partially offset by a decrease in employee pension benefits of \$0.9 million. Changes in employee pension benefits, employee and retiree health care, and on-going water conservation program costs for regulated California operations are tracked with authorized balancing accounts and generally do not affect earnings.

Maintenance expenses increased \$1.6 million, or 36.0%, to \$6.1 million for the first quarter of 2016 as compared to expenses of \$4.5 million for the first quarter of 2015, due to increased costs for repairs of transmission and distribution mains, services, wells, and water treatment equipment.

Income taxes decreased \$1.5 million in the first quarter of 2016 as compared to first quarter of 2015, due primarily to a \$3.6 million decrease to pre-tax income and a tax benefit of \$0.2 million. The Company's fiscal year 2016 effective tax rate is estimated at 37%.

Other income, net of income taxes, decreased \$0.3 million in 2016 due to an unrealized loss on our benefit plan insurance investments.

Company-funded and developer-funded capital expenditures for the first quarter of 2016 were \$56.5 million, an increase of \$21.5 million, or 61.1%, compared to \$35.0 million in the first quarter of 2015.

The under-collected water revenue adjustment mechanism (WRAM) and modified cost balancing account (MCBA) net receivable balance was down 17%, or \$6.9 million, to \$33.6 million as of March 31, 2016 compared to \$40.5 million as of December 31, 2015, primarily due to drought surcharges. California drought surcharges were \$11.4 million during the first quarter of 2016 and \$48.4 million for the period from July 1, 2015 to March 31, 2016.

In March 2016, California Water Service Company (Cal Water) closed \$50.0 million of first mortgage bonds in a previously announced private placement to support infrastructure investments needed to provide a safe and reliable water supply to our customers.

Regulatory Update

In July 2015, Cal Water filed a General Rate Case (GRC) application seeking rate increases in all regulated operating districts in California effective January 1, 2017. The 2015 GRC application requested increased revenues of \$94.8 million for 2017, \$23.0 million for 2018, and \$22.6 million for 2019. The primary reason for the requested revenue increase was a proposed capital program of \$693.0 million in districts throughout California over the three-year period from January 1, 2016 through December 31, 2018. The GRC process considers the views of several interveners, including the Office of Ratepayer Advocates (ORA). Many of these parties have submitted testimony and the company is in the process of filing responsive rebuttal testimony before moving to settlement discussions and hearings later in the year.

"We've achieved notable progress on the 2015 General Rate Case in California and continue our work with interveners. Our goal is to finalize the rate case before the

end of this year,” Kropelnicki said.

Other Information

All stockholders and interested investors are invited to listen to the first quarter of 2016 conference call on April 28, 2016 at 8:00 a.m. PST (11:00 a.m. EST) by dialing 1-888-427-9411 or 1-719-325-2144 and keying in ID #9747630. A replay of the call will be available from 11:00 a.m. PST (2:00 p.m. EST) on April 28, 2016 through June 28, 2016, at 1-888-203-1112 or 1-719-457-0820, ID #9747630. The replay will also be available under the investor relations tab at www.calwatergroup.com. Prior to the call, Cal Water will furnish a slide presentation on its website. The presentation can be found at www.calwatergroup.com/docs/earningslidesmarch2016.pdf after 6:00 a.m. PDT. The call will be hosted by President and Chief Executive Officer Martin A. Kropelnicki and Vice President and Chief Financial Officer Thomas F. Smegal III.

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, LLC. 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 online at 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; consequences of eminent domain actions relating to our water systems; changes in regulatory commissions’ policies and procedures; the timeliness of regulatory commissions’ actions concerning rate relief; inability to renew leases to operate city water systems on beneficial terms; changes in California State Water Resources Control Board water quality standards; changes in environmental compliance and water quality requirements; electric power interruptions; changes in customer water use patterns and the effects of conservation; the impact of weather and climate on water availability, water sales and operating results; the unknown impact of contagious diseases, such as Zika, avian flu, H1N1 flu and severe acute respiratory syndrome, on the Company’s operations; civil disturbances or terrorist threats or acts, or apprehension about the possible future occurrences of acts of this type; labor relations matters as we negotiate with the unions; 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.

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CALIFORNIA WATER SERVICE GROUP CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited

(In thousands, except per share data)	March 31, 2016	December 31 2015
ASSETS		
Utility plant:		
Utility plant	\$ 2,560,787	\$ 2,506,946
Less accumulated depreciation and amortization	(821,108)	(805,178)
Net utility plant	<u>1,739,679</u>	<u>1,701,768</u>
Current assets:		
Cash and cash equivalents	30,878	8,837
Receivables:		
Customers	31,397	31,512
Regulatory balancing accounts	31,554	35,052
Other	12,741	14,760
Unbilled revenue	25,522	23,181
Materials and supplies at weighted average cost	6,321	6,339
Taxes, prepaid expense, and other assets	10,108	7,897
Total current assets	<u>148,521</u>	<u>127,578</u>
Other assets:		
Regulatory assets	361,249	361,893
Goodwill	2,615	2,615
Other assets	47,741	47,399
Total other assets	<u>411,605</u>	<u>411,907</u>
	<u>\$ 2,299,805</u>	<u>\$ 2,241,253</u>

CAPITALIZATION AND LIABILITIES

Capitalization:

Common stock, \$.01 par value	\$ 480	\$ 479
Additional paid-in capital	333,002	333,135
Retained earnings	299,485	308,541
Total common stockholders’ equity	<u>632,967</u>	<u>642,155</u>
Long-term debt, less current maturities	557,849	508,002
Total capitalization	<u>1,190,816</u>	<u>1,150,157</u>

Current liabilities:

Current maturities of long-term debt	6,113	6,043
Short-term borrowings	34,500	33,615

Accounts payable	65,354	66,380
Regulatory balancing accounts	1,075	2,227
Accrued interest	11,611	5,088
Accrued expenses and other liabilities	39,490	34,545
Total current liabilities	158,143	147,898
Unamortized investment tax credits	1,872	1,872
Deferred income taxes, net	264,153	264,897
Pension and postretirement benefits other than pensions	239,164	236,266
Regulatory liabilities and other	88,018	82,414
Advances for construction	180,210	180,172
Contributions in aid of construction	177,429	177,577
Commitments and contingencies	—	—
	<u>\$ 2,299,805</u>	<u>\$ 2,241,253</u>

CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited
(In thousands, except per share data)

For the Three-Months ended:

	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
Operating revenue	<u>\$ 121,727</u>	<u>\$ 121,985</u>
Operating expenses:		
Operations:		
Water production costs	41,069	45,202
Administrative and General	27,827	27,695
Other operations	19,302	15,843
Maintenance	6,063	4,457
Depreciation and amortization	16,046	15,319
Income tax (benefit) expense	(925)	613
Property and other taxes	6,075	5,359
Total operating expenses	<u>115,457</u>	<u>114,488</u>
Net operating income	<u>6,270</u>	<u>7,497</u>
Other income and expenses:		
Non-regulated revenue	3,428	3,247
Non-regulated expenses, net	(2,980)	(2,243)
Income tax (expense) on other income and expenses	(181)	(403)
Net other income	<u>267</u>	<u>601</u>
Interest expense:		
Interest Expense	8,065	7,069
Less: capitalized interest	(730)	(546)
Net interest expense	<u>7,335</u>	<u>6,523</u>
Net (loss) income	<u>\$ (798)</u>	<u>\$ 1,575</u>
Net (loss) income per share		
Basic	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Diluted	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Weighted average shares outstanding		
Basic	<u>47,905</u>	<u>47,825</u>
Diluted	<u>47,905</u>	<u>47,854</u>
Dividends per share of common stock	<u>\$ 0.1725</u>	<u>\$ 0.1675</u>

CALIFORNIA WATER SERVICE GROUP

First Quarter 2016 Earnings Call Presentation

April 28, 2016





Forward-Looking Statements

This presentation 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 California drought and its effect on the Company.

Words such 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; eminent domain actions affecting our water systems; electric power interruptions; the ability to successfully implement conservation measures; changes in customer water use patterns; the impact of weather and climate on water sales and operating results; 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.

Today's Participants



Marty Kropelnicki
President & CEO



Tom Smegal
Vice President, CFO & Treasurer

Presentation Overview



- Financial Results
- Financial Highlights
- Drought Update
- Regulatory Update
- Cap Ex 2007 Recorded to 2018 Projected
- Net WRAM Balances 2010-2016
- Q1 2016-2015 EPS Bridge

Financial Results



(amounts are in millions, except for EPS)

	Q1 2015		Q1 2016	Variance
Operating Revenue	\$122.0	▼	\$121.7	-0.2%
Operations Expense	114.5	▲	115.5	0.8%
Income from Operations	7.5	▼	6.3	-16.4%
Other Income	0.6	▼	0.3	-55.5%
Net Interest	6.5	▲	7.3	12.5%
Net Income	\$1.6	▼	-\$0.8	-150.6%
EPS	\$0.03	▼	-\$0.02	-150.6%

Financial Highlights



- 2016 is the third year of the California GRC cycle
- Year-over-year earnings reduced by:
 - Incremental drought expenses of \$2.0 million. Cal Water has been granted a memorandum account to track drought costs, which are expected to be recovered through the California Public Utilities Commission's (CPUC's) advice letter process.
 - Maintenance expenses of \$1.6 million. Maintenance expenses are in line with those experienced in the last six months of 2015 and result in part from changes to operations and operating conditions related to drought.
 - Interest expense due to long-term debt issued in October 2015 and March 2016 of \$0.8 million.
- Company- and developer-funded capital investments were \$55.6 million in the quarter, on track to meet the annual target of \$180-210 million. This is an increase of \$21.5 million or 61.1% compared to the first quarter of 2015.
- The customer receivable for the WRAM decoupling mechanism declined to \$33.6 million due to drought surcharges and the effect of new rates put in place in 2016 to capture lower expected sales volumes. This is the lowest receivable balance since 2011.
- The Company received financing of \$50 million within Q1 on a delayed draw from the fourth quarter debt offering.



- California is entering 5th year since drought was declared
 - Northern California received above-normal rainfall and recorded normal snowfall this winter. Southern California had lower-than-normal precipitation
 - The State Water Project, one of the major backbone surface water systems in the state, has issued a 60% allocation, highest since 2011
 - The State previously extended mandatory conservation to October but is expected to update its regulations in May, effective June 1
- Overall supply situation for Cal Water systems has improved; however conditions differ regionally
 - Cal Water continues to monitor conditions in each system
- Company revised its drought surcharge program to implement a “courtesy tier” for customers who are nearly meeting targets. Cal Water expects the change to reduce the number of concerned customers contacting the drought call center, potentially lowering drought costs in 2016.



- Cal Water has been “decoupled” (minimizes effect of sales and production costs on earnings) since 2008 with WRAM
 - Sales decline will not reduce profits
 - Revenue accrual, is not included in WRAM, a temporary impact
- Drought costs recorded for future recovery – \$0.02 EPS impact in Q1 2016
 - Cal Water expects to request approval to recover 2015 drought costs in Q2
- Customer surcharges flow to reduce WRAM balances
 - With \$11.4 million of drought surcharges recorded in the first quarter, WRAM balance declined \$6.9 million YTD
- Lower sales estimates embedded in 2016 rates for most service areas is expected to improve cash collection.

General Rate Case 2015 Update



- Requested Increases
 - \$94.8M in 2017
 - \$23M in 2018
 - \$22.6M in 2019
- 80% of rate increase is due to capital investments
- Proposed CapEx of \$693M over three years
- 18 month process – ORA reported findings in February

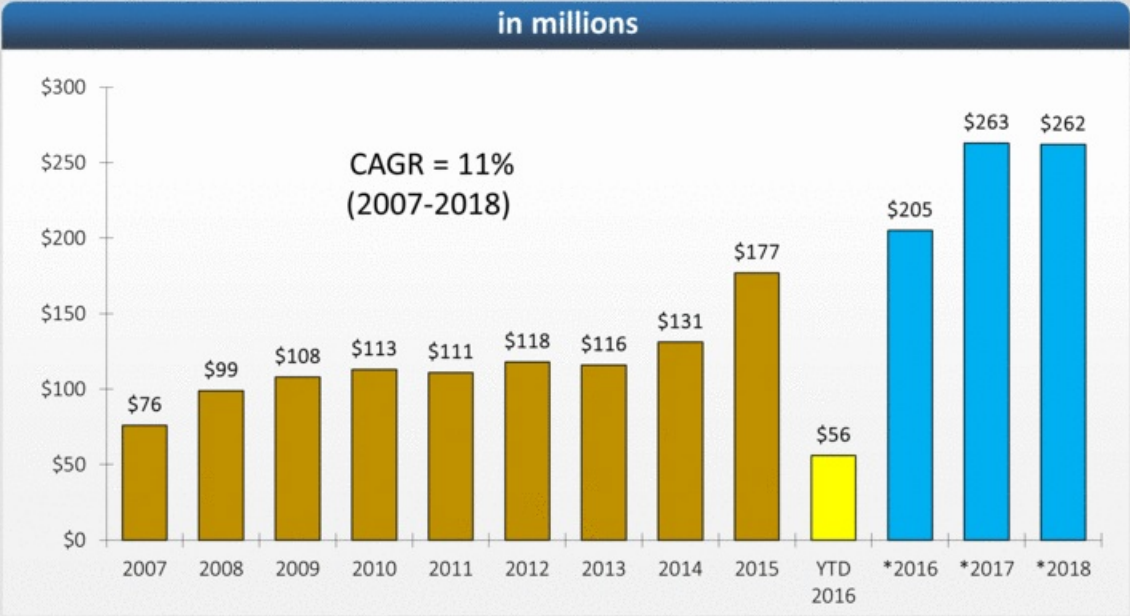
General Rate Case 2015 Update



Schedule Update

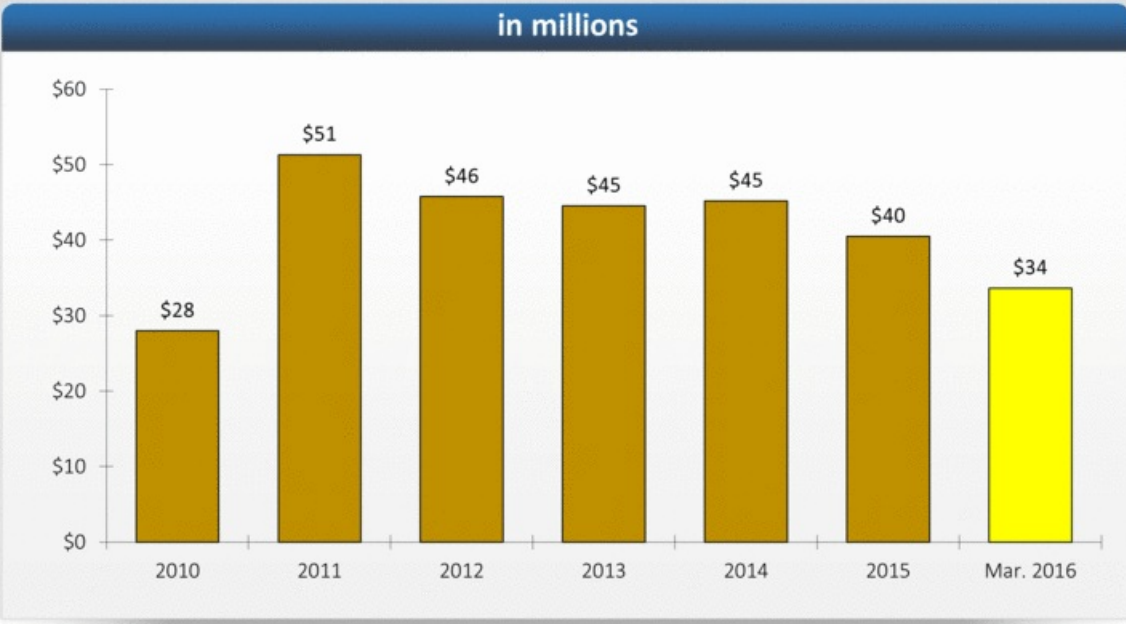
- Cal Water files rebuttal testimony at end of April
- Settlement discussions anticipated in May
- Length and productiveness of settlement discussions will dictate need for hearing and timing for remainder of the case

Capital Investment History and Projection

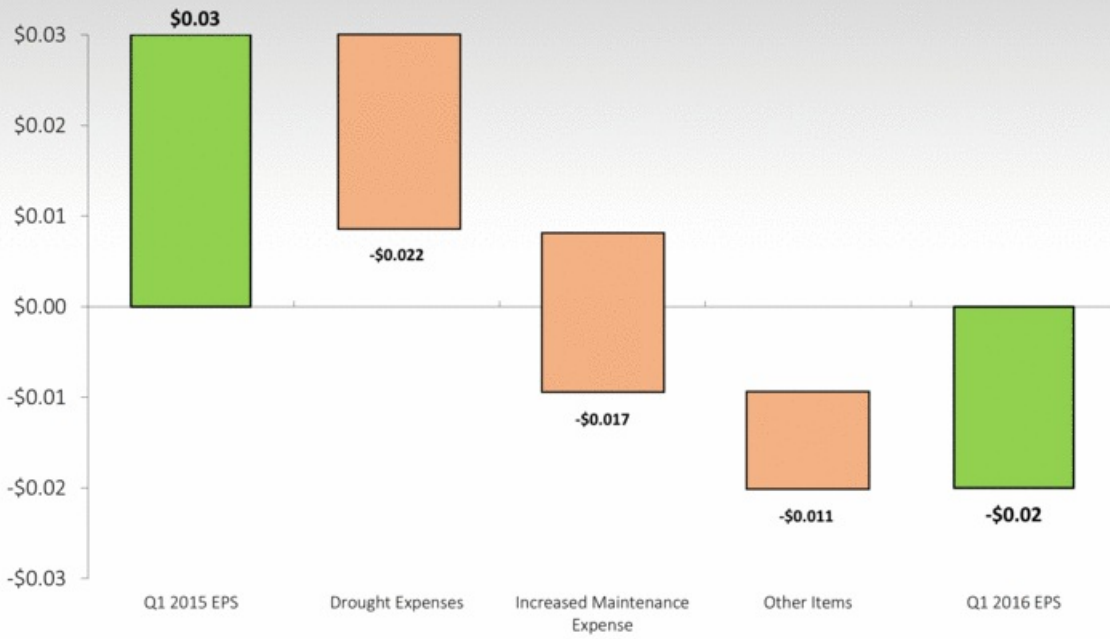


*2016-2018 amounts are based upon Company projections including 2015 California Rate Case filing

Net WRAM Balance



EPS Bridge Q1 2015 to Q1 2016



DISCUSSION

