

CALIFORNIA WATER SERVICE CO

Form 424B5

November 18, 2010

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-158484-01
Registration No. 333-158484

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
5.500% First Mortgage Bonds due 2040, Series PPP of California Water Service Company	\$100,000,000	100%	\$100,000,000	\$7,130
Guarantee of 5.500% First Mortgage Bonds due 2040, Series PPP by California Water Service Group	(1)	(1)	(1)	(1)

(1) Pursuant to Rule 457(n) under the Securities Act of 1933, no additional registration fee is due for the guarantee.

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 8, 2009)

California Water Service Company

\$100,000,000

5.500% First Mortgage Bonds due 2040, Series PPP
fully and unconditionally guaranteed by

California Water Service Group

The bonds will mature on December 1, 2040. We will pay interest on the bonds on June 1 and December 1 of each year, beginning June 1, 2011. The bonds will be issued only in denominations of \$1,000 and integral multiples of \$1,000 above that amount. We may redeem the bonds at our option in whole or in part at any time within six months of the maturity date at a redemption price equal to 100% of the principal amount of the bonds being redeemed, plus accrued but unpaid interest; provided that installments of interest on the bonds which are due and payable on an interest payment date falling on or prior to the relevant redemption date shall be payable to the holders of such of the bonds registered as such at the close of business on the relevant record date according to their terms and the provisions of the mortgage indenture. See Description of Bonds Optional Redemption. There is no sinking fund for the bonds. The bonds will be unconditionally guaranteed on a senior unsecured basis by California Water Service Group, our parent company. The guarantee will be effectively subordinated to mortgages and other secured indebtedness of California Water Service Group and to all of the indebtedness of its subsidiaries.

The bonds are secured by the lien of our mortgage and rank equally with all of our other first mortgage bonds from time to time outstanding. The lien of our mortgage is discussed under Description of First Mortgage Bonds and

Guarantees Security on page 8 of the accompanying prospectus.

We do not intend to list the bonds on any securities exchange or to include them in any automated quotation system.

Investing in our bonds involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Bond	Total
Price to public(1)	99.416%	\$ 99,416,000
Underwriting discount	0.875%	\$ 875,000
Proceeds, before expenses, to us	98.541%	\$ 98,541,000

(1) Plus accrued interest, if any, from November 22, 2010.

The bonds are expected to be delivered in global form through the book-entry delivery system of The Depository Trust Company, including for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking société anonyme, against payment in New York, New York on or about November 22, 2010.

Baird

Blaylock Robert Van, LLC

November 17, 2010

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Prospectus

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About This Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, provides more general information about the securities that we may offer from time to time, some of which may not apply to this offering. You should read this prospectus supplement along with the accompanying prospectus, as well as additional information described under "Where You Can Find More Information" in the accompanying prospectus before investing in the bonds. These documents contain information you should consider when making your investment decision. You should rely only on the information contained or incorporated by reference into this prospectus supplement or the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different, additional or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates, or in the case of the documents incorporated by reference, the date of such documents regardless of the time of delivery of this prospectus supplement and the accompanying

prospectus or any sales of the bonds. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context otherwise requires, references in this prospectus supplement to we, us and our refer to California Water Service Company and the term CWSG refers to California Water Service Group.

Information contained on our website and CWSG s website are not a part of this prospectus supplement.

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Forward-Looking Statements

This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference contain forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference are based on currently available information, expectations, estimates, assumptions and projections, and our management's beliefs, assumptions, judgments and expectations about us, the water utility industry and general economic conditions. These statements are not statements of historical fact. When used in our documents, statements that are not historical in nature, including words like expects, intends, plans, believes, may, estimates, assumes, anticipates, projects, predicts, forecasts, should, seeks, or variations of these words or expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are based on numerous assumptions that we believe are reasonable, but they are open to a wide range of uncertainties and business risks. Consequently, actual results may vary materially from what is contained in a forward-looking statement.

Factors which may cause actual results to be different than expected or anticipated include, but are not limited to:

- § 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;
- § changes in the capital markets and access to sufficient capital on satisfactory terms;
- § new legislation;
- § changes in accounting valuations and estimates;
- § changes in accounting treatment for regulated companies, including adoption of International Financial Reporting Standards, if required;
- § 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 the ability to successfully integrate acquired companies;
- § the ability to successfully implement business plans;
- § 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;
- § our ability to attract and retain qualified employees;
- § labor relations matters as we negotiate with the unions;
- § federal health care law changes could result in increases to our health care costs and additional income tax expenses in future years;
- § implementation of new information technology systems;
- § restrictive covenants in or changes to the credit ratings on current or future debt that could increase financing costs or affect the ability to borrow, make payments on debt, or pay dividends;
- § general economic conditions, including changes in customer growth patterns and our ability to collect billed revenue from customers;
- § changes in customer water use patterns and the effects of conservation;

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- § the impact of weather on water sales and operating results;
- § the ability to satisfy requirements related to the Sarbanes-Oxley Act and other regulations on internal controls; and
- § the risks set forth in Risk Factors included elsewhere in this prospectus supplement, accompanying prospectus and in the documents we incorporate by reference.

In light of these risks, uncertainties and assumptions, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus supplement or as of the date of any document incorporated by reference in this prospectus supplement, as applicable. When considering forward-looking statements, you should keep in mind the cautionary statements in this prospectus supplement, accompanying prospectus and the documents incorporated by reference. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

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Summary

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement. Because this is a summary, it is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us and this offering of bonds, we encourage you to read this prospectus supplement and the accompanying prospectus in their entirety, as well as additional information described under Where You Can Find More Information.

California Water Service Company and California Water Service Group

CWSG is a holding company primarily for regulated water utilities in California, Washington, New Mexico and Hawaii. CWSG's business is conducted through its operating subsidiaries, which include us, Washington Water Service Company, New Mexico Water Service Company, Hawaii Water Service Company, CWS Utility Services, and HWS Utility Services LLC. CWSG's principal business is the production, purchase, storage, purification, distribution and sale of water for domestic, industrial, public and irrigation uses, and for fire protection. CWSG also provides non-regulated water-related services under agreements with municipalities and other private companies. The non-regulated services include full water system operation, billing and meter reading services. Non-regulated operations also include the lease of communication antenna sites, lab services, and promotion of other non-regulated services.

We are a direct wholly-owned subsidiary of CWSG and are the largest of CWSG's operating companies, representing 94% of CWSG's regulated customers and 94% of CWSG's consolidated operating revenue for the year ended December 31, 2009. CWSG's California water operations are conducted by us and CWS Utility Services, which provide service to more than 467,100 customers in 83 California communities through 26 separate districts.

Our principal executive office is located at 1720 North First Street, San Jose, California 95112, and our telephone number is 408-367-8200.

The Offering

The following is a brief summary of the terms of this offering. For a more complete description of the terms of the bonds, see "Description of Bonds" beginning on page S-12 of this prospectus supplement and "Description of First Mortgage Bonds and Guarantees" beginning on page 6 of the accompanying prospectus.

Issuer	California Water Service Company, a California corporation
Guarantor	California Water Service Group, a Delaware corporation
Bonds Offered	\$100 million aggregate principal amount of bonds
Interest Payment Dates	Interest on the bonds will be payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2011.
Maturity Date	Unless earlier redeemed by us, the bonds will mature on December 1, 2040.
Optional Redemption	

We may redeem the bonds at our option in whole or in part at any time within six months of the maturity date at a redemption price equal to 100% of the principal amount of the bonds being redeemed, plus accrued but unpaid interest; provided that installments of interest on the bonds which are due and payable on an interest payment date falling on or prior to the relevant redemption date shall be payable to the holders of such of the bonds registered as such at the close of business on the relevant record date according to their terms and the provisions of the mortgage indenture. See Description of Bonds Optional Redemption in this prospectus supplement.

Ranking

The bonds will be secured by the lien of the mortgage indenture, as defined in the accompanying prospectus, and will rank equally with all

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other outstanding first mortgage bonds. See Description of First Mortgage Bonds and Guarantees Security. As of December 31, 2009, we had outstanding approximately \$377.2 million in aggregate principal amount of first mortgage bonds.

Guarantee The bonds are fully and unconditionally guaranteed as to the payment of principal, premium, if any, and interest by California Water Service Group.

Sinking Fund There is no sinking fund for the bonds.

Use of Proceeds We intend to use the net proceeds of the offering to repay the balance on our syndicated unsecured revolving line of credit. As of September 30, 2010, there was an outstanding balance of \$34.0 million on our syndicated line of credit and the interest rate on these borrowings was 2.26%. We used these borrowings for general corporate purposes. We also intend to use the net proceeds of the offering for general corporate purposes, such as increasing our working capital, making capital expenditures, acquiring assets and taking advantage of other business opportunities. Pending application of the net proceeds as described above, we may invest the proceeds in short-term securities.

Trustee U.S. Bank National Association

Governing Law The mortgage indenture is, and the bonds will be, governed by and construed in accordance with the laws of the State of California.

Purchase Limitation In order to comply with a California Public Utilities Commission order applicable to us, the underwriters have agreed to allocate sales of the bonds such that no person will be the beneficial owner, as that term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), of more than \$20,000,000 aggregate principal amount of bonds at the completion of this offering.

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The following tables set forth summary consolidated financial data of CWSG. The summary consolidated financial data for each of the years in the three-year period ended December 31, 2009 were derived from CWSG's audited consolidated financial statements. The summary consolidated data for the nine months ended September 30, 2010 were derived from CWSG's unaudited consolidated financial statements. You should read the following data in connection with CWSG's consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in CWSG's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, each of which is incorporated herein by reference.

<i>(Dollars in thousands)</i>	Nine Months Ended September 30, 2010	2009	Year Ended December 31,	
			2008	2007
Summary of Operations				
Operating revenue				
Residential	\$ 251,146	\$ 315,617	\$ 284,913	\$ 253,745
Business	68,255	86,766	75,620	65,457
Industrial	15,147	18,963	18,932	17,403
Public authorities	18,203	22,408	21,042	17,952
Other	2,191	5,618	9,805	12,525
Total operating revenue	354,942	449,372	410,312	367,082
Operating expenses	305,040	391,253	352,843	322,912
Interest expense, other income and expenses, net	17,117	17,565	17,664	13,011
Net income	\$ 32,785	\$ 40,554	\$ 39,805	\$ 31,159
Long-term debt interest coverage	4.08	4.04	4.72	3.70
Balance Sheet Data				
Net utility plant	\$ 1,280,411	\$ 1,198,077	\$ 1,112,367	\$ 1,010,196
Total assets	1,631,940	1,525,581	1,418,107	1,184,499
Long-term debt including current portion	382,659	387,222	290,316	291,921
Capitalization ratios:				
Common stockholders' equity	53.3%	52.1%	58.1%	56.9%
Preferred stock				0.5%
Long-term debt	46.7%	47.9%	41.9%	42.6%
	Nine Months Ended			

	September 30, 2010	2009	Year Ended December 31,			2005
			2008	2007	2006	
Ratio of Earnings to Fixed Charges*	3.52	3.61	3.89	3.46	2.99	3.46

* Earnings consist of income from continuing operations before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, and the interest component of rentals.

California Water Service Company

The following tables set forth our summary financial and other data. The summary financial and other data for each of the years in the three-year period ended December 31, 2009 (excluding the data under the heading "Other Data") were derived from CWSG's audited consolidated financial statements. The summary financial and other data for the nine months ended September 30, 2010 were derived from CWSG's unaudited consolidated financial statements. You should read the

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following data in connection with CWSG's consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in CWSG's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, each of which is incorporated herein by reference.

<i>(Dollars in thousands)</i>	Nine Months Ended September 30, 2010	Year Ended December 31,		
		2009	2008	2007
Summary of Operations				
Operating revenue				
Residential	\$ 237,167	\$ 299,310	\$ 271,895	\$ 243,009
Business	62,363	77,707	71,560	62,757
Industrial	14,522	18,153	18,022	16,568
Public authorities	17,954	22,115	20,779	17,737
Other	393	3,127	7,403	11,027
Total operating revenue	332,399	420,412	389,659	351,098
Operating expenses	283,842	363,563	333,205	308,877
Interest expense, other income and expenses, net	17,033	18,400	18,075	13,512
Net income	\$ 31,524	\$ 38,449	\$ 38,379	\$ 28,709
Long-term debt interest coverage	4.05	3.90	4.17	3.43
Balance Sheet Data				
Net utility plant	\$ 1,175,365	\$ 1,116,103	\$ 1,036,877	\$ 963,012
Total assets	1,519,465	1,438,366	1,331,036	1,128,695
Long-term debt including current portion	377,737	383,146	285,941	286,958
Capitalization ratios:				
Common stockholders' equity	51.7%	50.4%	56.6%	55.4%
Preferred stock				0.5%
Long-term debt	48.3%	49.6%	43.4%	44.1%
		Year Ended December 31,		
		2009	2008	2007
<i>(Dollars in thousands, except customer data)</i>				
Other Data				
Estimated water production (million gallons)				
Wells and surface supply		64,815	67,433	66,781
Purchased		59,837	64,595	70,269
Total estimated water production		124,652	132,028	137,050
Metered customers		397,900	389,068	387,524
Flat-rate customers		67,892		