

CALIFORNIA WATER SERVICE GROUP

Form DEF 14A

April 06, 2009

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant ☐

Filed by a party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Under Rule 14a-12

California Water Service Group

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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Table of Contents

**California Water Service Group
California Water Service Company, Hawaii Water Service Company,
New Mexico Water Service Company, Washington Water Service
Company, CWS Utility Services, and HWS Utility Services**

**1720 North First Street
San Jose, CA 95112-4598
(408) 367-8200**

April 7, 2009

Dear Fellow Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders at 9:30 a.m. on May 27, 2009, at the executive offices of California Water Service Group, located at 1720 North First Street in San Jose, California.

Enclosed are a notice of matters to be voted on at the meeting, our Proxy Statement, a proxy card and our 2008 Annual Report.

Whether or not you plan to attend, your vote is important. Please vote your shares, as soon as possible, in one of three ways: via Internet, telephone or mail. Instructions regarding Internet and telephone voting are included on the proxy card. If you choose to vote by mail, please mark, sign and date the proxy card and return it in the enclosed postage-paid envelope.

In a continuing effort to reduce costs and conserve natural resources, we produced a summary annual report again this year, opting not to duplicate the financial information that continues to be provided in the SEC Form 10-K. We care about what you think of the report. Please send your feedback to annualreport@calwater.com.

Thank you for your investment in the California Water Service Group.

Sincerely,

/s/ Robert W. Foy
ROBERT W. FOY
CHAIRMAN OF THE BOARD

2009 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

TABLE OF CONTENTS

This Proxy Statement, dated April 7, 2009, relates to the solicitation of proxies by the Board of Directors of California Water Service Group for use at our 2009 Annual Meeting of Stockholders, which is scheduled to be held on May 27, 2009. We expect to begin mailing this Proxy Statement to stockholders on or about April 15, 2009.

<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING</u>	2
<u>BOARD STRUCTURE</u>	5
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	10
<u>STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS</u>	12
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	14
<u>REPORT OF THE ORGANIZATION AND COMPENSATION COMMITTEE OF THE BOARD OF</u>	
<u>DIRECTORS ON EXECUTIVE COMPENSATION</u>	26
<u>ORGANIZATION AND COMPENSATION COMMITTEE INTERLOCKS AND INSIDER</u>	
<u>PARTICIPATION</u>	27
<u>CERTAIN RELATED PERSONS TRANSACTIONS</u>	27
<u>REPORT OF THE AUDIT COMMITTEE</u>	27
<u>RELATIONSHIP WITH THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	28
<u>PROPOSAL NO. 2 RATIFICATION OF SELECTION OF DELOITTE & TOUCHE LLP AS</u>	
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009</u>	29
<u>OTHER MATTERS</u>	29

For directions to the Annual Meeting, please refer to the map included as the last page of the proxy.

Table of Contents

CALIFORNIA WATER SERVICE GROUP

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of California Water Service Group will be held on May 27, 2009, at 9:30 a.m., at the Executive Offices of California Water Service Group, 1720 North First Street, San Jose, California 95112-4598, for the following purposes:

1. Election of directors;
2. Ratify the selection of Deloitte & Touche LLP as the Group's independent registered public accounting firm; and
3. To consider such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 31, 2009, as the record date for the determination of holders of common stock entitled to notice of and to vote at the Annual Meeting.

Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy: (a) by Internet, (b) by telephone, or (c) via the mail. For specific instructions, please refer to Questions and Answers About the Proxy Materials and the Annual Meeting of this Proxy Statement and the instructions on the proxy card.

By Order of the Board of Directors

LYNNE P. MCGHEE, Esq.
Corporate Secretary

Table of Contents

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 27, 2009

Electronic copies of the Group's 10-K, including exhibits, and this Proxy Statement will be available on the Group's website at: <http://www.calwatergroup.com>.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

What am I voting on?

Election of nine directors to serve until the 2010 Annual Meeting.

Ratification of the Audit Committee's selection of Deloitte & Touche LLP as the Group's independent registered public accounting firm for 2009.

Those elected to serve as directors of California Water Service Group, which we refer to in this Proxy Statement as the Group, will also serve as the directors of California Water Service Company and CWS Utility Services, two of the Group's operating subsidiaries.

Who may attend the Annual Meeting?

All Group stockholders may attend.

Who is entitled to vote?

Stockholders of record at the close of business on March 31, 2009 (the Record Date), or those with a valid proxy from a brokerage firm or another similar organization that held shares on the Record Date.

How many votes do I get?

Each share of common stock is entitled to one vote. You may also use cumulative voting in the election of directors as described below.

What is cumulative voting and how does it work?

You may elect to cumulate your vote in the election of directors. Cumulative voting permits you to allocate among the director nominees the total number of votes you may cumulate.

If you hold common stock, the total number of votes you may cumulate is determined by multiplying the number of shares you hold by the number of director positions to be filled. For example, if you own 100 shares of common stock, you may distribute 900 FOR votes (100 shares x 9 director positions to be filled) among as few or as many of the nine director nominees as you choose.

If you wish to cumulate your vote for director nominees, you must follow the special instructions on the proxy card or voting instruction card and vote by mail. If you do not indicate otherwise, the proxies may use their discretion to cumulate votes.

How are the directors elected?

The nine nominees receiving the highest number of votes are elected to the Board.

Who are the Board's nominees?

The nominees are Douglas M. Brown, Robert W. Foy, Edwin A. Guiles, Edward D. Harris, Jr., M.D., Bonnie G. Hill, Richard P. Magnuson, Linda R. Meier, Peter C. Nelson, and George A. Vera. All the nominees are current Board members. See Proposal No. 1 Election of Directors for biographical information, including the nominees' current directorships in other publicly held companies.

Table of Contents

What is the required vote for the second proposal to pass?

In order for the Board's selection of Deloitte & Touche LLP as independent registered public accounting firm to be ratified, the proposal must receive the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the meeting.

How do I vote?

You may vote via the Internet.

You do this by following the "Vote via Internet" instructions on the proxy card. If you vote on the Internet, you do not have to mail in your proxy card.

You may vote by mail.

You do this by signing the proxy card and mailing it in the enclosed, prepaid and addressed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct.

You may vote by telephone.

You do this by following the "Vote by Telephone" instructions on the proxy card. If you vote by telephone, you do not have to mail in your proxy card. You must have a Touch-Tone phone to vote by telephone.

You may vote in person at the meeting.

We will hand out written ballots to anyone who wants to vote at the meeting. If you hold your shares in street name, you must request a legal proxy from your stockbroker in order to vote at the meeting.

If you return a signed card but do not provide voting instructions, your shares will be voted:

for the nine named director nominees, and

for the ratification of the selection of the independent registered public accounting firm.

We have been advised by legal counsel that these telephone and Internet voting procedures comply with Delaware law.

What if I change my mind after I return my proxy?

You may revoke your proxy any time before the polls close at the meeting. You may do this by:

signing another proxy with a later date,

voting on the Internet or by telephone (your latest Internet or telephone proxy is counted),

voting again at the meeting, or

notifying the Corporate Secretary, in writing, that you wish to revoke your previous proxy. We must receive your notice prior to the vote at the Annual Meeting.

Will my shares be voted if I do not return my proxy?

If you are a stockholder of record (that is, you hold your shares in your own name), and you do not return your proxy, your shares will not be voted unless you attend the meeting and vote in person. Different rules apply if your stockbroker holds your shares for you.

What happens if my shares are held by my stockbroker?

If you do not return your proxy, then your stockbroker, under certain circumstances, may vote your shares.

Stockbrokers must write to you asking how you want your shares voted. However, if you do not respond, stockbrokers have authority under exchange regulations to vote your unvoted shares on certain routine matters,

Table of Contents

including election of directors and ratification of the selection of the independent registered public accounting firm. If you wish to change voting instructions you give to your stockbroker, you must ask your stockbroker how to do so.

If you do not give your stockbroker voting instructions, the stockbroker may either:

proceed to vote your shares on routine matters and refrain from voting on nonroutine matters, or

leave your shares entirely unvoted.

Shares that your stockbroker does not vote (stockbroker non-votes) will count towards the quorum only. We encourage you to provide your voting instructions to your stockbroker. This ensures that your shares will be voted at the meeting.

You may have granted to your stockbroker discretionary voting authority over your account. If so, your stockbroker may be able to vote your shares even on nonroutine matters, depending on the terms of the agreement you have with your stockbroker.

What happens if I abstain from voting on a proposal?

If you abstain from voting on a proposal (other than the election of directors), either by proxy or in person at the Annual Meeting, your shares will be counted in determining whether we have a quorum, but the abstention will have the same effect as a vote against the proposal. Abstentions have no effect on the election of directors.

Who will count the vote?

Representatives of Broadridge Financial Services, Proxy Services, will serve as the inspector of elections and count the votes.

What does it mean if I get more than one proxy card?

It means that you have multiple accounts at the transfer agent and/or with stockbrokers. Please sign and return all proxy cards to ensure that all your shares are voted.

What constitutes a quorum?

A majority of the outstanding shares present at the Annual Meeting or represented by persons holding valid proxies constitutes a quorum. If you submit a valid proxy card, your shares will be part of the quorum.

Without a quorum, no business may be transacted at the Annual Meeting. However, whether or not a quorum exists, a majority of the voting power of those present at the Annual Meeting may adjourn the Annual Meeting to another date, time and place.

At the Record Date, there were 2,693 stockholders of record. There were 20,744,952 shares of our common stock outstanding and entitled to vote at the Annual Meeting.

What percentage of stock do the directors and executive officers own?

Together, they own one percent of our common stock. See Stock Ownership of Management and Certain Beneficial Owners for more details.

Who are the largest common stockholders?

As of April 7, 2009, the largest principal stockholder was SJW Corp., which held 1,099,952 shares of common stock, representing 5.3% of our aggregate outstanding common stock and Pictet Asset Management SA, which held 1,040,972 shares of common stock, representing 5.0% of our aggregate outstanding common stock. To the best of our knowledge, no other stockholders held over 5% of our common shares.

Table of Contents

What is the deadline for submitting stockholder proposals for the Group's proxy materials for next year's Annual Meeting?

Any proposals that stockholders intend to submit for inclusion in the Group's 2010 proxy materials must be received by the Corporate Secretary of the Group by December 28, 2009. A proposal and any supporting statement together may not exceed 500 words. Please submit the proposal to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4598.

How can a stockholder propose a nominee for the Board or other business for consideration at a stockholder's meeting?

Any stockholder of record who is entitled to vote at a stockholders' meeting may propose a nominee for the Board or propose other business for consideration at the meeting. The bylaws contain the requirements for doing so. Contact the Corporate Secretary to request a copy of the full bylaw requirements. Briefly, a stockholder must give timely prior notice of the matter to the Group. The notice must be received by the Corporate Secretary at the Group's principal place of business by the 150th day before the first anniversary of the prior year's Annual Meeting. For the 2010 Annual Meeting, to be timely, notice must be received by the Corporate Secretary by October 29, 2009. If we move the date of the meeting by more than thirty days before or more than sixty days after the date of the previous meeting, notice is due by the 150th day before the Annual Meeting or the 10th day after we publicly announce the holding of the meeting. If the Group's Corporate Secretary receives notice of a matter after the applicable deadline, the notice will be considered untimely, and the persons named as proxies may exercise their discretion in voting with respect to the matter when and if it is raised at the meeting.

The bylaws specify what the notice must contain. Stockholders must comply with all requirements of the securities laws with respect to matters submitted in accordance with the bylaws. The bylaws do not affect any stockholder's right to request inclusion of proposals in the Group's Proxy Statement under the rules of the Securities and Exchange Commission.

How can a stockholder or other interested party contact the independent directors, the director who chairs the Board's executive sessions or the full Board?

Stockholders or other interested parties may address inquiries to any of the Group's directors, to the director who chairs the Board's executive sessions, or to the full Board, by writing to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4598. All such communications are sent directly to the intended recipient.

Can I make comments and/or ask questions during the Annual Meeting?

Yes, most certainly. Stockholders wishing to address the meeting are welcome to do so by adhering to the following guidelines:

1. Stockholders may address the meeting when recognized by the Chairman or President and Chief Executive Officer.
2. Each stockholder, when recognized, should stand and identify himself or herself.
3. Stockholder remarks must be limited to matters before the meeting and may not exceed two minutes in duration per speaker. No cameras, video or recording equipment will be permitted at the meeting.

BOARD STRUCTURE

This section briefly describes the structure of the Board and the functions of the principal committees of the Board. The Board has adopted Corporate Governance Guidelines that, along with the charters of the Board committees, provide a framework for the governance of the Group. The Corporate Governance Guidelines and the charters for the Audit, Organization and Compensation, Finance and Risk Management, Nominating/Corporate Governance and Executive committees are posted on the Group's website at <http://www.calwatergroup.com>. These

Table of Contents

documents are also available in written form upon request to the Corporate Secretary, California Water Service Group, 1720 North First Street, San Jose, California 95112-4598.

The Group's policy is that all directors must be able to devote the required time to carry out director responsibilities and should attend all meetings of the Board and of committees on which they sit.

Committees:

AUDIT: Reviews the Group's auditing, accounting, financial reporting and internal audit functions. Also, the Committee is directly responsible for the appointment, compensation and oversight of the independent registered public accounting firm, although stockholders are asked to ratify the Committee's selection that was adopted by the Board. All members are independent as defined in the listing standards of the New York Stock Exchange and meet the additional independence requirements for audit committee members imposed by the Sarbanes-Oxley Act and the rules of the SEC thereunder.

The Board has determined that George A. Vera, chair of the Audit Committee, is an audit committee financial expert and is independent as defined in the rules of the SEC and in the listing standards of the New York Stock Exchange. This means that the Board believes Mr. Vera has:

- (i) an understanding of generally accepted accounting principles and financial statements;
- (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Group's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (iv) an understanding of internal control over financial reporting; and
- (v) an understanding of Audit Committee functions.

Designation of a person as an audit committee financial expert does not result in the person being deemed an expert for any purpose, including under Section 11 of the Securities Act of 1933. The designation does not impose on the person any duties, obligations or liability greater than those imposed on any other audit committee member or any other Director and does not affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

ORGANIZATION AND COMPENSATION: Reviews the Group's executive and director compensation, employee benefit plans and programs, including their establishment, modification and administration. All members are independent as defined in the listing standards of the New York Stock Exchange.

For a description of the processes and procedures used by the Organization and Compensation Committee for the consideration and determination of executive and director compensation, see Compensation Discussion & Analysis elsewhere in this Proxy Statement.

FINANCE AND RISK MANAGEMENT: Assists the Board in reviewing the Group's financial policies, risk management strategies and capital structure. All members are independent as defined in the listing standards of the

New York Stock Exchange.

NOMINATING/CORPORATE GOVERNANCE: Assists the Board by (i) identifying candidates and nominating individuals qualified to become Board members and (ii) developing and recommending a set of corporate governance principles applicable to the Group. All members are independent as defined in the listing standards of the New York Stock Exchange.

EXECUTIVE: Has limited powers to act on behalf of the Board whenever it is not in session. This committee meets only as needed. The committee consists of a majority of independent directors.

Table of Contents

During 2008, there were eleven regular meetings of the Board, five meetings of the Audit Committee, two meetings of the Organization and Compensation Committee, two meetings of the Finance and Risk Management Committee, and two meetings of the Nominating/Corporate Governance Committee. Each of the director-nominees who served on the Board of California Water Service Group in 2008 attended at least 90% of all Board and applicable committee meetings. Collectively, they attended an average of 97% of all of the Board and applicable committee meetings.

Independence of Directors

As discussed in the Group's Corporate Governance Guidelines, a substantial majority of the Board is made up of independent directors. Under the listing standards of the New York Stock Exchange, a director is independent if he or she has no material relationship, whether commercial, industrial, banking, consulting, accounting, legal, charitable or familial, with the Group, either directly or indirectly as a partner, stockholder or officer of an entity that has a material relationship with the Group. The Board makes an affirmative determination regarding the independence of each director annually, based on the recommendation of the Nominating/Corporate Governance Committee. The Board has adopted standards to assist it in assessing the independence of directors, which are set forth in the Corporate Governance Guidelines. Under these standards, the Board has determined that a director is not independent if:

the director has a material relationship (including, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships) with companies that comprise the Group;

the director is, or has been within the last three years, an employee of any company that comprises the Group or an immediate family member is, or has been within the last three years, an executive officer of any company that comprises the Group;

receipt during any twelve-month period within the past three years by the person, or by an immediate family member of the person, of more than \$120,000 in direct compensation from companies that comprise the Group, other than director or committee fees and pension or other forms of deferred compensation for prior service (compensation received by an immediate family member for service as an employee, other than an executive officer, of the Group is not considered for purposes of this standard);

the director or an immediate family member is a current partner of the Group's internal or external auditor; the director is a current employee of such a firm; the director's immediate family member is a current employee of such a firm who works personally on the Group's audit or the director or an immediate family member was in the last three years a partner or employee of such a firm and personally worked on the Group's audit within that time;

employment of the director or of an immediate family member within the last three years as an executive officer of a company whose Organization and Compensation Committee includes or included at the same time an executive officer of the Group;

being an employee or having an immediate family member who is an executive officer of a customer or vendor or other party that has made payments to or received payments from companies that comprise the Group for property or services in an amount that exceeded the greater of 2% or \$1 million of the party's consolidated gross revenues, in any of the past three years; and

the director, or the director's spouse, is an executive officer of a non-profit organization to which the Group makes, or in the past three years has made, payments that, in any single fiscal year, exceeded the greater of 2% or \$1 million of the non-profit organization's consolidated gross revenues.

Table of Contents

The Board has determined that none of the following relationships, in itself, is a material relationship that would impair a director's independence:

being a residential customer of the Group;

being an executive officer or employee, or being otherwise affiliated with, a commercial customer from which the Group's consolidated gross revenues in any of the last three years are or were not more than the greater of (i) 1% of the Group's consolidated gross revenues for the year or (ii) \$500,000;

being an executive officer or employee of a supplier or vendor that has or had consolidated gross revenues from the Group in any of the last three years of not more than the lesser of (i) 1% of the Group's consolidated gross revenues for the year or (ii) \$500,000;

having a 5% or greater ownership interest or similar financial interest in a supplier or vendor that has or had consolidated gross revenues from the Group in any of the last three years of not more than the lesser of (i) 1% of the Group's consolidated gross revenues for such year or (ii) \$500,000; and

being a director of any of the Group's subsidiaries.

Director Qualifications

The Group seeks directors with the following specific qualifications:

shows evidence of leadership in his or her particular field;

has broad experience and exercises sound business judgment;

has expertise in an area of importance to the Group and its subsidiaries;

is able to work in a collegial Board environment;

has high personal and professional ethics and integrity;

is able to devote the required time to carry out director responsibilities;

has the ability and willingness to contribute special competencies to Board activities, to include appointment to Board committees;

is free from conflicts of interest which would interfere with serving and acting in the best interests of the Group and its stockholders;

has proven to be a high caliber individual who has achieved a level of prominence in his or her career; for example, a CEO or highest level financial officer of a sizeable organization, a director of a major corporation, a prominent civic or academic leader, etc.

In addition, Section 2.8 of the Group's bylaws contains requirements that a person must meet to avoid conflicts of interest that would disqualify that person from serving as a director.

Identification of Director Nominees

The Group identifies new director candidates by director recommendations and by the use of search firms selected by the Nominating/Corporate Governance Committee.

The Group considers nominees of stockholders in the same manner as all other nominees. The Group will consider director nominees recommended by stockholders who adhere to the procedure described under Questions and Answers About the Proxy Materials and the Annual Meeting How can a stockholder propose a nominee for the Board or other business for consideration at a stockholders meeting? elsewhere in this Proxy Statement.

Executive Sessions of the Board

Under the Group's Corporate Governance Guidelines, the nonmanagement directors meet at least four times each year in executive session without management present, and the independent directors meet in executive

Table of Contents

session at least once a year. The lead director, Mr. Douglas M. Brown, chairs these sessions. The lead director performs other responsibilities, which are described in the Group's Corporate Governance Guidelines.

Retirement Age of Directors

The Group has established a mandatory retirement age for directors. A director must retire no later than the Annual Meeting that follows the date of the director's 75th birthday. An employee director must retire as an employee no later than the Annual Meeting that follows the date of his or her 70th birthday, but may remain on the Board at the discretion of the Board.

Annual Meeting Attendance

All directors are expected to attend each Annual Meeting of the Group's stockholders, unless attendance is prevented by an emergency. All of the Group's directors who were in office at that time attended the Group's 2008 Annual Meeting of Stockholders, except for Director Edward D. Harris, Jr., M.D.

Our directors as of April 7, 2009, are as follows:

Name	Age	Position	Current Term Expires	Director Since
Douglas M. Brown(1)(2)(5)(8)(11)(12)	71	Lead Director	2009	2001
Robert W. Foy(10)	72	Chairman of the Board and Director	2009	1977
Edwin A. Guiles(2)(3)(4)(12)	59	Director	2009	2008
Edward D. Harris, Jr., M.D.(1)(5)(7)(12)	71	Director	2009	1993
Bonnie G. Hill(3)(5)(12)	67	Director	2009	2003
Richard P. Magnuson(1)(2)(3)(4)(9)(12)	53	Director	2009	1996
Linda R. Meier(1)(2)(3)(5)(12)	68	Director	2009	1994
Peter C. Nelson(1)	61	President, Chief Executive Officer and Director	2009	1996
George A. Vera(4)(5)(6)(12)	65	Director	2009	1998

- (1) Member of the Executive Committee
- (2) Member of the Audit Committee
- (3) Member of the Organization and Compensation Committee
- (4) Member of the Finance Committee
- (5) Member of the Nominating/Corporate Governance Committee
- (6) Chair of the Audit Committee
- (7) Chair of the Organization and Compensation Committee

- (8) Chair of the Finance Committee
- (9) Chair of the Nominating/Corporate Governance Committee
- (10) Chair of the Executive Committee
- (11) Chair of the Board's Executive Sessions
- (12) Independent director

Table of Contents

PROPOSAL NO. 1 ELECTION OF DIRECTORS

There are nine nominees for election to our Board this year. All of the nominees have served as directors since the last Annual Meeting. All directors are elected annually to serve until the next Annual Meeting and until their respective successors are elected.

Vote Required

The nine persons receiving the highest number of votes represented by outstanding shares present or represented by proxy and entitled to vote will be elected. Except as otherwise indicated, each director has served for at least five years in the positions stated below.

The Board of Directors recommends a vote FOR the election of each of the following nominees:

Douglas M. Brown

Director since 2001

Age 71

Mr. Brown is lead director and a resident of the State of New Mexico. He is the former Treasurer for the State of New Mexico. From 1999 to 2005, he was president and chief executive officer of Tuition Plan Consortium and from 1990 to 1999, he was president and chief executive officer of Talbot Financial Services. He is also a former trustee of Stanford University and former regent of the University of New Mexico.

Robert W. Foy

Director since 1977

Age 72

Mr. Foy is Chairman of the Board of California Water Service Group and its subsidiaries. Mr. Foy retired as an executive officer and employee director at the 2007 Annual Meeting in accordance with California Water Service Group's retirement policy. See Board Structure Retirement Age of Directors. He was formerly president and chief executive officer of Pacific Storage Company, a diversified transportation, warehousing and business and record management company with offices throughout Northern California; he remains an owner and director of that company. He has served as Chairman of California Water Service Group since January 1, 1996. He serves as a member of the San Jose State University College of Business Advisory Board.

Edwin A. Guiles

Director since March, 2008

Age 59

Mr. Guiles is a director of Cubic Corporation. He was formerly executive vice president of corporate development at Sempra Energy. He was previously chairman and chief executive officer of San Diego Gas & Electric and Southern California Gas Company, Sempra Energy's California regulated utilities. Mr. Guiles is also a director and chairman of the California Chamber of Commerce.

Edward D. Harris, Jr., M.D.

Director since 1993

Age 71

Dr. Harris is the George DeForest Barnett professor of medicine, emeritus, at Stanford University Medical Center. He is the Academic Secretary emeritus to Stanford University. He is also the executive secretary of Alpha Omega Alpha, the National Medical Honor Society, and editor of *The Pharos*. He is a Master of the American College of Rheumatology, a Master of the American College of Physicians and a Fellow of the Royal College of Physicians (London).

Table of Contents

Bonnie G. Hill

Director since 2003

Age 67

Ms. Hill is the president of B. Hill Enterprises, LLC, a consulting firm specializing in corporate governance and board organization. She is also co-founder of Icon Blue, a brand marketing company. From 1997 to 2001, she was president and chief executive officer of Times Mirror Foundation and senior vice president, communications and public affairs, of The Los Angeles Times. She is a director of AK Steel Holdings Corp., Home Depot, Inc. and Yum Brands, Inc. She is also a director of the Financial Industry Regulatory Authority Investor Education Foundation and the Center for International Private Enterprise (CIPE).

Richard P. Magnuson

Director since 1996

Age 53

Mr. Magnuson is a private venture capitalist. From 1984 to 1996, he was a general partner of Menlo Ventures, a venture capital firm. He also is a director of two privately held companies.

Linda R. Meier

Director since 1994

Age 68

Ms. Meier is a member of the National Board of the Institute of International Education and the Board of Trustees of the World Affairs Council of Northern California. She is co-chair of the The Stanford Challenge and chair of outreach activities. She is a former director of Greater Bay Bancorp. From 1992-1997, Ms. Meier was chair of the Stanford University Hospital Board of Directors. From 1984-1994, she was a trustee of Stanford University.

Peter C. Nelson

Director since 1996

Age 61

Mr. Nelson is president and chief executive officer of California Water Service Group and its subsidiaries. Before joining California Water Service Group in 1996, he was vice president, division operations (1994-1995) and region vice president (1989-1994) of Pacific Gas & Electric Company. He is a director of the California Chamber of Commerce and chair of the Chamber Water Resources Committee.

George A. Vera

Director since 1998

Age 65

Mr. Vera is vice president and chief financial officer of the David and Lucile Packard Foundation. Until 1997, he was an audit partner at Arthur Andersen, LLP.

Table of Contents**STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS****Ownership of Directors and Executive Officers**

Our Board of Directors strongly encourages stock ownership by directors and believes it is desirable for all directors to own an amount of shares having a value of four times the amount of such director's annual director retainer.

Pursuant to the Group's Corporate Governance Guidelines, available on the Group's website at <http://www.calwatergroup.com>, directors elected before April 27, 2005, who own less than the desirable amounts are strongly encouraged to increase their holdings to that amount by April 26, 2009. Directors elected on or after April 27, 2005, who own less than the desired amount are strongly encouraged to increase their holdings to four times the annual director retainer level before the end of four years from the date of their election to the Board of Directors.

The following table shows the common stock ownership of our directors and officers as of April 7, 2009. All directors and executive officers have sole voting and investment power over their shares (or share such powers with their spouses).

Name	Common Stock Beneficially Owned (*)
Douglas M. Brown Director	5,643(1)
Paul G. Ekstrom Executive Officer	9,400(2)
Francis S. Ferraro Executive Officer	6,748(3)
Robert W. Foy Director	57,177(4)
Edwin A. Guiles Director	2,270(5)
Robert R. Guzzetta Executive Officer	8,296(6)
Edward D. Harris, Jr., M.D. Director	4,214(7)