

# EXHIBIT 10

CALIFORNIA WATER SERVICE CO.  
Statement of Income-Adjustments

|   | 12 MONTH<br>Actual | Non-<br>Regulated<br>and Adjustment | Total<br>Regulated |
|---|--------------------|-------------------------------------|--------------------|
| Operating revenue                                 | \$314,490,600      | (5,481,238)                         | 309,009,362        |
| Operating expenses:                               |                    |                                     |                    |
| Operations:                                       |                    |                                     |                    |
| Purchased water                                   | 89,481,188         | (2,555,178)                         | 86,926,010         |
| Purchased power                                   | 19,167,020         | (50,352)                            | 19,116,668         |
| Pump taxes  | 7,822,083          | (24,862)                            | 7,797,221          |
| Other operations                                  | 85,815,829         | (1,662,380)                         | 84,153,449         |
| Total operations                                  | 202,286,119        | (4,292,772)                         | 197,993,347        |
| Maintenance                                       | 14,996,730         | (305,857)                           | 14,690,874         |
| Depreciation and amortization                     | 28,831,460         | (781,764)                           | 28,049,696         |
| Taxes other than income taxes                     | 11,613,611         | (60,818)                            | 11,552,793         |
| Total operating expenses                          | 257,727,921        | (5,441,211)                         | 252,286,710        |
| Net operating income                              | 56,762,679         | (40,027)                            | 56,722,652         |
| Other income and Expenses:                        |                    |                                     |                    |
| Non-regulated income, net                         | 2,314,474          | (2,314,474)                         | 0                  |
| New Business                                      | (169,132)          | 169,132                             | 0                  |
| Gain on sale on non-utility property              | 2,540,297          | (2,540,297)                         | 0                  |
| Miscellaneous                                     | (286,078)          | 286,078                             | 0                  |
| Total   | 4,399,561          | (4,399,561)                         | 0                  |
| Interest:   |                    |                                     |                    |
| Interest on long-term debt                        | 17,344,748         | (408,160)                           | 16,936,588         |
| Other interest                                    | 748,281            | (2)                                 | 748,279            |
| Interest capitalized                              | (1,400,000)        | 0                                   | (1,400,000)        |
| Amortization of bond premium and expense, net     | 660,517            | 0                                   | 660,517            |
| Total   | 17,353,546         | (408,162)                           | 16,945,385         |
| Pre Tax Income                                    | 43,808,693         | (4,031,426)                         | 39,777,267         |
| Income Taxes                                      |                    |                                     |                    |
| Federal income taxes                              | 15,662,659         | (1,410,999)                         | 14,251,660         |
| State income taxes                                | 3,171,409          | (201,571)                           | 2,969,838          |
| Total   | 18,834,069         | (1,612,570)                         | 17,221,498         |
| NET INCOME  | 24,974,625         | (2,418,856)                         | 22,555,769         |
| Retained Earnings, end of period                  | 150,584,420        |                                     |                    |
| Common stock, end of period                       | 123,285,289        |                                     |                    |
| Accumulated other comprehensive loss              | (1,202,000)        |                                     |                    |
| Stockholders' Equity', end of period              | 272,667,709        |                                     | 272,667,709        |
| Rate Base adjustment for non-regulated operations |                    |                                     |                    |
| Utility Plant Adjustment                          |                    |                                     | 2,976,816          |
| Deminguez Rate Base Adjustment per CPUC           |                    |                                     | 31,686,682         |
| Amortization of Adjustment, beginning of year     |                    |                                     | (3,389,141)        |
| Amortization of Adjustment, during current year   |                    |                                     | (395,400)          |
| Adjusted Equity for ROE calculation               |                    |                                     | 303,546,666        |
| Return on Equity, period                          |                    |                                     | 7.43%              |