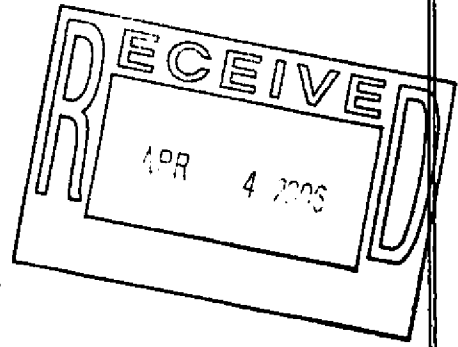


Received _____
Examined _____

**CLASS B and C
WATER UTILITIES**

U# _____



**2005
ANNUAL REPORT
OF**

ALCO WATER SERVICE

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

249 Williams Road, Salinas, CA 93905
 (OFFICIAL MAILING ADDRESS) ZIP

**TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2005**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2006
 (FILE TWO COPIES IF THREE RECEIVED)

INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed **NOT LATER THAN MARCH 31**, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
ATTN: KAYODE KAJOPAIYE
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. **LEAVE NO SCHEDULE BLANK.** Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

INSTRUCTIONS

FOR PREPARATION OF

SELECTED FINANCIAL DATA SHEET

FOR CLASS A, B, C AND D, WATER UTILITIES

To prepare the attached data sheets, refer to the Balance Sheet, Income Statement and supporting detail schedules in the annual report for the required data.

Please follow the instruction below:

1. Common plant allocated to water should be indicated with water plant figures in Net Plant Investment.
2. The capitalization section for those reporting on both California Only and Total System Forms should be identical and completed with Total Company Data. Be sure that Advances for Construction include California water data only.
3. Complete the operation section with California water revenues and expenses, but if necessary, remove interdepartmental revenues and expenses.
4. All other utility and nonutility revenues and expenses are netted on Line No. 38.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2005

NAME OF UTILITY Alco Water Service PHONE (831) 424-0441

PERSON RESPONSIBLE FOR THIS REPORT Marino A. Rodriguez
(Prepared from Information in the 2005 Annual Report)

	1/1/2005	12/31/2005	Average
BALANCE SHEET DATA			
1 Intangible Plant	20,325	20,325	20,325
2 Land and Land Rights	262,046	262,046	262,046
3 Depreciable Plant	22,251,654	24,617,168	23,434,411
4 Gross Plant in Service	22,534,025	24,899,539	23,716,782
5 Less: Accumulated Depreciation	(6,832,659)	(7,458,489)	(7,145,574)
6 Net Water Plant in Service	15,701,366	17,441,050	16,571,208
7 Water Plant Held for Future Use			-
8 Construction Work in Progress	650,061	774,137	712,099
9 Materials and Supplies		10,000	5,000
10 Less: Advances for Construction	(3,190,169)	(3,629,418)	(3,409,794)
11 Less: Contribution in Aid of Construction	(5,642,179)	(5,588,205)	(5,615,192)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(943,052)	(904,279)	(923,666)
13 Net Plant Investment	<u>6,576,027</u>	<u>8,103,285</u>	<u>7,339,656</u>
CAPITALIZATION			
14 Common Stock	89,063	89,063	89,063
15 Proprietary Capital (Individual or Partnership)	(55,761)	(55,761)	(55,761)
16 Paid-in Capital	101,740	101,740	101,740
17 Retained Earnings	1,113,331	861,730	987,531
18 Common Stock and Equity (Lines 14 through 17)	<u>1,248,373</u>	<u>996,772</u>	<u>1,122,573</u>
19 Preferred Stock			
20 Long-Term Debt	509,834	492,158	500,996
21 Notes Payable	3,453,601	5,173,936	4,313,769
22 Total Capitalization (Lines 18 through 21)	<u>5,211,808</u>	<u>6,662,866</u>	<u>5,937,337</u>

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2005

NAME OF UTILITY Alco Water Service PHONE (831) 424-0441

	Annual Amount
INCOME STATEMENT	
23 Unmetered Water Revenue	949
24 Fire Protection Revenue	11,385
25 Irrigation Revenue	173,098
26 Metered Water Revenue	3,983,515
Other Water Revenue	20,135
27 Total Operating Revenue	4,189,082
28 <u>Operating Expenses</u>	3,215,995
29 Depreciation Expense (Composite Rate 2.554%)	443,083
30 Amortization and Property Losses	-
31 Property Taxes	75,987
32 Taxes Other Than Income Taxes	245,714
33 Total Operating Revenue Deduction Before Taxes	3,980,779
34 California Corp. Franchise Tax	2,400
35 Federal Corporate Income Tax	-
36 Total Operating Revenue Deduction After Taxes	3,983,179
37 Net Operating Income (Loss) - California Water Operations	205,898
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(28,969)
39 Income Available for Fixed Charges	176,929
40 Interest Expense	428,531
41 Net Income (Loss) Before Dividends	(251,602)
42 Preferred Stock Dividends	-
43 Net Income (Loss) Available for Common Stock	(251,602)

OTHER DATA		
44 Refunds of Advances for Construction		
45 Total Payroll Charged to Operating Expenses		1,008,461
46 Purchased Water		-
47 Power		426,666

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		8,862	8,993	8,928
49 Flat Rate Service Connections		82	97	90
50 Total Active Service Connections		8,944	9,090	9,017

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

2. Former Fiscal Agent:

Name: _____ N/A
Address: _____
Phone Number: _____
Date Hired: _____

3. Total surcharge collected from customers during the 12 month reporting period:

\$ _____

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	_____

5. Account information:

Bank Name: _____
Account Number: _____
Date Opened: _____

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA (continued)**

6. Plant amounts included in Schedule A-1a, Account No. 101—Water Plant in Service which were funded using SDWBA funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures					
7	307	Wells		N/A			
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains					
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service					

GENERAL INFORMATION

- 1 Name under which utility is doing business:
 Alco Water Service
- 2 Official mailing address:
 249 Williams Road, Salinas, CA ZIP 93905
- 3 Name and title of person to whom correspondence should be addressed:
 249 Williams Road, Salinas, CA 93905 Telephone: (831) 424-0441
- 4 Address where accounting records are maintained:
 249 Williams Road, Salinas, CA 93905
- 5 Service Area: (Refer to district reports if applicable.)
 East Salinas vicinity, North Monterey County, and Moss Landing
- 6 Service Manager (if located in or near Service Area): (Refer to district reports if applicable.)
 Name:
 Address: Telephone:

- 7 OWNERSHIP. Check and fill in appropriate line:
- | | |
|----------|---|
| | Individual (name of owner) _____ |
| | Partnership (name of partner) _____ |
| | Partnership (name of partner) _____ |
| | Partnership (name of partner) _____ |
| X | Corporation (corporate name) <u>Alisal Water Corporation</u>
Organized under laws of (state) <u>California</u> |

Principal Officers:

(Name)	Robert T. Adcock	(Title)	President
(Name)	Thomas R. Adcock	(Title)	Vice President
(Name)	Patricia Adcock	(Title)	Secretary
(Name)		(Title)	

- 8 Names of associated companies:
 Toro Water Service, Inc.
 California Utilities Service, Inc.
- 9 Names of corporations, firms or individuals whose property or portion of property have been acquired during the year, together with date of each acquisition:
 _____ Date:
 _____ Date:
 _____ Date:
 _____ Date:

10 Use the space below for supplementary information or explanations concerning this report:
 This report includes consolidated financial information of the three districts of Alco Water Service: Alco - Salinas District, which includes the Buena Vista and San Jerardo water systems, Normco District, and Moss Landing District. The Normco and Moss Landing District's transactions are reported only for the period 1/1/05 to 2/4/05. See attached letter for further explanation.

- 11 List Name, Grade, and License Number of all Licensed Operators:
 See Attachment

GENERAL INFO

11. Name, Grade and License Number of All Licensed Operators

Treatment Operators

<u>Name</u>	<u>License #</u>	<u>Grade</u>
Thomas R. Adcock	17011	4
Octavio Castillo	16660	2
Adam Souza	20785	2
Andrea Schmitz	23026	2
Lynette Snow	23038	2
Matt Best	26798	1

Distribution Operators

<u>Name</u>	<u>License #</u>	<u>Grade</u>
Thomas R. Adcock	22462	3
Adam Souza	22458	2
Andrea Schmitz	19083	2
Lynette Snow	19084	2
Andrew Clarke	30053	2
Matt Best	29577	1

**SCHEDULE A
COMPARATIVE BALANCE SHEETS
Liabilities and Other Credits**

Line No.	Acct. No.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		CORPORATE CAPITAL AND SURPLUS			
2	201	Common stock	A-6	89,063	89,063
3	204	Preferred stock	A-6	(55,761)	(55,761)
4	211	Other paid-in capital	A-8	101,740	101,740
5	215	Retained earnings	A-9	861,730	1,232,434
6		Total corporate capital and retained earnings		996,772	1,367,476
7		PROPRIETARY CAPITAL			
8	218	Proprietary capital	A-10		
9	218.1	Proprietary drawings			
10		Total proprietary capital		-	-
11		LONG TERM DEBT			
12	224	Long term debt	A-11	492,158	501,795
13	225	Advances from associated companies	A-12	-	-
14		CURRENT AND ACCRUED LIABILITIES			
15	231	Accounts payable		2,480,599	3,386,055
16	232	Short term notes payable		5,173,936	940,939
17	233	Customer deposits		145,859	94,453
18	235	Payables to associated companies	A-13	-	-
19	236	Accrued taxes		481,059	109,252
20	237	Accrued interest			
21	241	Other current liabilities	A-14	757,119	340,973
22		Total current and accrued liabilities		9,038,572	4,871,672
23		DEFERRED CREDITS			
24	252	Advances for construction	A-15	3,629,418	2,789,581
25	253	Other credits		590,501	534,015
26	255	Accumulated deferred investment tax credits	A-16	71,815	80,039
27	282	Accumulated deferred income taxes - ACRS depreciation	A-16	832,464	629,918
28	283	Accumulated deferred income taxes - other	A-16		
29		Total deferred credits		5,124,198	4,033,553
30		CONTRIBUTIONS IN AID OF CONSTRUCTION			
31	271	Contributions in aid of construction	A-17	7,534,651	6,936,389
32	272	Accumulated amortization of contributions		(1,946,446)	(1,542,923)
33		Net contributions in aid of construction		5,588,205	5,393,466
34		Total liabilities and other credits		21,239,905	16,167,962

**SCHEDULE A-1
UTILITY PLANT**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Plt Additions During year (c)	Plt Retirements During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1	101	Water plant in service	22,534,025	2,383,611	18,100	2	24,899,538
2	103	Water plant held for future use					-
3	104	Water plant purchased or sold	22,700				22,700
4	105	Construction work in progress - water plant	650,061	124,077	xxxxxxxxxxxxx		774,138
5	114	Water plant acquisition adjustments	(34,719)		xxxxxxxxxxxxx		(34,719)
6		Total utility plant	23,172,067	2,507,688	18,100	2	25,661,657

* Debit or credit entries should be explained by footnotes or supplementary schedules

**SCHEDULE A-1a
Account No. 101 - Water Plant in Service**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Plt Additions During year (c)	Plt Retirements During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant	20,325				20,325
3	303	Land	262,046				262,046
4		Total non-depreciable plant	282,371	-	-	-	282,371
5		DEPRECIABLE PLANT					
6	304	Structures	878,860	37,867			916,727
7	307	Wells	828,814	62,322			891,136
8	317	Other water source plant	11,880	96,704			108,584
9	311	Pumping equipment	1,932,813	11,678			1,944,491
10	320	Water treatment plant	385,309	87,979			473,288
11	330	Reservoirs, tanks and sandpipes	983,352				983,352
12	331	Water mains	11,367,400	905,180			12,272,580
13	333	Services and meter installations	3,157,022	208,526			3,365,548
14	334	Meters	1,009,354	699,248	18,100		1,690,502
15	335	Hydrants	189,495	3,250			192,745
16	339	Other equipment	1,080,347	66,931			1,147,278
17	340	Office furniture and equipment	348,160	64,978			413,138
18	341	Transportation equipment	78,848	138,948		2	217,798
19		Total depreciable plant	22,251,654	2,383,611	18,100	2	24,617,167
20		Total water plant in service	22,534,025	2,383,611	18,100	2	24,899,538

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE A-1b
Account No. 103 - Water Plant Held for Future Use

Line No.	Description and Location of Property (a)	Date of Acquisition (b)	Approximate Date When Property will be placed in Service (c)	Balance End of Year (d)
1				
2				
3	N/A			
4				
5				
6				
7				
8				
9				
10	Total			

SCHEDULE A-2
Account No. 121 - Non-utility Property and Other Assets

Line No.	Name and Description of Property (a)	Book Value End of Year (b)
1	Land	24,342
2		
3		
4		
5		
6		
7		
8		
9		
10	Total	24,342

SCHEDULE A-3

Account Nos. 108 and 122 - Depreciation and Amortization Reserves

Line No.	Item (a)	Account 106 Water Plant (b)	Account 106.1 SDWBA Loans (c)	Account 122 Non-utility Property (d)
1	Balance in reserves at beginning of year	6,832,659		
2	Add: Credits to reserves during year			
3	(a) Charged to Account No. 403 (Footnote 1)	443,083		
4	(b) Charged to Account No 272	203,886		
5	(c) Charged to clearing accounts			
6	(d) Salvage recovered			
7	(e) All other credits (Footnote 2)			
8	Total Credits	646,969		
9	Deduct: Debits to reserves during year			
10	(a) Book cost of property retired	18,100		
11	(b) Cost of removal	3,039		
12	(c) All other debits (Footnote 3)			
13	Total debits	21,139		
14	Balance in reserve at end of year	7,458,489		
15	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE 2.554%			
16				
17	(2) EXPLANATION OF ALL OTHER CREDITS:			
18				
19				
20				
21				
22				
23	(3) EXPLANATION OF ALL OTHER DEBITS:			
24				
25				
26				
27				
28				
29	(4) METHOD USED TO COMPUTE INCOME TAX DEPRECIATION			
30	(a) Straight line	<input type="checkbox"/>		
31	(b) Liberalized	<input type="checkbox"/>		
32	(1) Sum of the years digits	<input type="checkbox"/>		
33	(2) Double declining balance	<input type="checkbox"/>		
34	(3) Other	<input type="checkbox"/>		
35	(c) Both straight line and liberalized	<input checked="" type="checkbox"/>		

SCHEDULE A-3a
Account No. 108 - Analysis of Entries in Depreciation Reserve

Line No.	Acct No.	Depreciable Plant (a)	Balance Beginning of Year (b)	Credits to Reserve During Year Excl. Salvage (c)	Debits to Reserve During Year Excl. Cost of Removal (d)	Salvage and Cost of Removal Net (Dr.) or (Cr.) (e)	Balance End of Year (f)
1	304	Structures	277,538	29,627			307,165
2	307	Wells	316,493	28,379		(3,039)	341,833
3	317	Other water source plant	1,414	709			2,123
4	311	Pumping equipment	913,705	75,713			989,418
5	320	Water treatment plant	120,081	28,721			148,802
6	330	Reservoirs, tanks and sandpipes	228,320	23,422			251,742
7	331	Water mains	2,406,340	236,399			2,642,739
8	333	Services and meter installations	947,919	94,578			1,042,497
9	334	Meters	439,172	53,480	(18,100)		474,552
10	335	Hydrants	64,149	5,100			69,249
11	339	Other equipment	813,417	23,549			836,966
12	340	Office furniture and equipment	249,861	32,459			282,320
13	341	Transportation equipment	54,250	14,833			69,083
14		Total	6,832,659	646,969	(18,100)	(3,039)	7,458,489

SCHEDULE A-4
Account No. 174 - Other Current Assets

Line No.	Item (a)	Amount (b)
1	Prepayments	565,871
2	Advances to Employees	3,900
3	Deposits	89,471
4	Other	83,161
5		
6	Total	742,403
7		
8		
9		
10		

SCHEDULE A-5
Accounts Nos. 180 and 253 - Unamortized debt discount and expense and unamortized premium on debt

- 1 Report under separate subheadings for Unamortized Debt Discount and Expense and Unamortized Premium on Debt, particulars of discount and expense or premium applicable to each class and series of long-term debt.
- 2 Show premium amounts in red or by enclosure in parentheses.
- 3 In column (b) show the principal amount of bonds or other long-term debt originally issued.
- 4 In column (c) show the discount and expense or premium with respect to the amount of bonds or other long-term debt originally issued.
- 5 Furnish particulars regarding the treatment of unamortized debt discount and expense or premium, redemption premiums, and redemption expenses associated with issues redeemed during the year.
- 6 Set out separately and identify undisposed amounts applicable to issues which were redeemed in prior years.
- also, date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Designation of long-term debt (a)	Principal amount of securities to which discount and expense, or premium minus expense, relates (b)	Total discount and expense or net premium (c)	AMORTIZATION PERIOD		Balance beginning of year (f)	Debits during year (g)	Credits during year (h)	Balance end of year (i)
				From - (d)	To - (e)				
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12				N/A					
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									

SCHEDULE A-6
Account Nos. 201 and 204 - Capital Stock

Line No.	Class of Stock (a)	Date of Issue (b)	Number of Shares Authorized by Articles of Incorporation (c)	Par or Stated Value (d)	Number of Shares Outstanding (e)	Amount Outstanding End of Year (f)	Dividends Declared During Year	
							Rate (g)	Amount (h)
1	Common		11,250	No Par	11,250	89,063		
2								
3								
4								
5								
6							Total	-

SCHEDULE A-7
Record of Stockholders at End of Year

Line No.	COMMON STOCK		PREFERRED STOCK	
	Name (a)	Number of Shares (b)	Name (c)	Number of Shares (d)
1	Robert T. Adcock	7,900		
2	ESOT	1,677		
3	Alco Water Service - Treasury Stock	1,673		
4				
5				
6				
7	Total number of shares	11,250	Total number of shares	

SCHEDULE A-8
Account No. 211 - Other Paid in Capital (Corporations only)

Line No.	Type of Paid in Capital (a)	Balance End of Year (b)
1	Normco Division	101,740
2		
3		
4	Total	101,740

SCHEDULE A-9
Account No. 215 - Retained Earnings
(Corporations Only)

Line No	Item (a)	Amount (b)
1	Balance beginning of year	1,113,331
2	CREDITS	
3	Net income	
4	Prior period adjustments	
5	Other credits (detail) (Rounding)	1
6	Total credits	1
7		
8	DEBITS	
9	Net losses	251,602
10	Prior period adjustments	
11	Dividend appropriations - preferred stock	
12	Dividend appropriations - common stock	
13	Other debits (detail)	
14	Total debits	251,602
15	Balance end of year	861,730

SCHEDULE A-10
Account No. 218 - Proprietary Capital
(Sole Proprietor or Partnership)

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	
2	CREDITS	
3	Net income	
4	Additional investments during year	N/A
5	Other credits (detail)	
6	Total credits	
7	DEBITS	
8	Net losses	
9	Withdrawals during year	
10	Other debits (detail)	
11	Total debits	
12	Balance end of year	

SCHEDULE A-11
Account No. 224 - Long Term Debt

Line No.	Class (a)	Name of Issue (b)	Date of Issue (c)	Date of Maturity (d)	Principal Amount Authorized (e)	Outstanding Per Balance Sheet (f)	Rate of Interest (g)	Interest Accrued During Year (h)	Sinking Fund (i)	Interest Paid During Year (j)
1										
2										
3										
4										
5										
6										

SCHEDULE A-12
Account No. 225 - Advances from Associated Companies

Line No.	Nature of Obligation (a)	Amount of Obligation (b)	Interest Rate (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
1					
2		N/A			
3					
4	Totals				

Schedule A-13
Account No. 235 - Payables to Associated Companies

Line No.	Nature of Obligation (a)	Balance End of Year (b)	Interest Rate (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
1					
2		N/A			
3					
4	Totals				

SCHEDULE A-14
Account No. 241 - Other Current Liabilities

Line No.	Description (a)	Balance End of Year (b)
1	Employee Pension Plan and 401(k)	323,058
2	Payroll Accrual	115,074
3	Other	318,987
4		
5	Totals	757,119

SCHEDULE A-15
Account No. 252 - Advances for Construction

Line No.	(a)	(b)	Amount (c)
1	Balance beginning of year	XXXXXXXXXXXXXXXXXX	3,190,169
2	Additions during year	XXXXXXXXXXXXXXXXXX	476,712
3	Subtotal - Beginning balance plus additions during year	XXXXXXXXXXXXXXXXXX	3,666,881
4	Charges during year:	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
5	Refunds	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
6	Percentage of revenue basis	1,013	XXXXXXXXXXXXXXXXXX
7	Proportionate cost basis	36,450	XXXXXXXXXXXXXXXXXX
8	Present worth basis		XXXXXXXXXXXXXXXXXX
9	Total refunds	37,463	XXXXXXXXXXXXXXXXXX
10	Transfers to Acct. 271, Contributions in aid of Construction	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
11	Due to expiration of contracts		XXXXXXXXXXXXXXXXXX
12	Due to present worth discount		XXXXXXXXXXXXXXXXXX
13	Total transfers to Acct. 271		XXXXXXXXXXXXXXXXXX
14	Securities Exchanged for Contracts (Enter detail below)		XXXXXXXXXXXXXXXXXX
15	Subtotal - charges during year		
16	Balance end of year	XXXXXXXXXXXXXXXXXX	3,629,418

SCHEDULE A-16
Account Nos. 255, 282, and 283 - Deferred Taxes

Line No.	Item (a)	Account 255 Investment Tax Credit (b)	Account 282 Income Tax - ACRS Depreciation (c)	Account 283 - Other (d)
1	Accumulated Deferred Investment Tax Credit	71,815		
2	Accumulated Deferred Income Taxes		832,464	
3				
4				
5	Totals	71,815	832,464	

SCHEDULE A-17

Account No. 271 - Contributions in Aid of Construction

Instructions for Preparation of Schedule of Contributions in Aid of Construction

- 1 The credit balance in the account other than that portion of the balance relating to nondepreciable property (column d), to property retired prior to January 1, 1955 (column e), shall be written off through charges to this account and credits to Account No. 106, Accumulated depreciation of water plant, over a period equal to the estimated service life of the property involved. Upon retirement of depreciable property for which a depreciation reserve has been created through charges to this account, the cost thereof shall be credited to the appropriate plant account and concurrently charged to Account No. 106. If the property is retired prior to the service life originally estimated, the balance in this account with respect to the retired property shall be transferred to the depreciation reserve account.

- 2 That portion of the balance applicable to nondepreciable property shall remain unchanged until the property is sold or otherwise retired. Upon retirement, the cost of such nondepreciable property acquired by donation or through use of donated funds shall be credited to the appropriate plant account and charged to this account to clear the credit balance carried herein.

- 3 That portion of the balance representing donations on property retired prior to January 1, 1955 (column e), and the amount of depreciation accrued to January 1, 1955, on property in service (column f), shall not be transferred from this account or otherwise disposed of without first receiving written authorization from the Commission.

Line No.	Item (a)	Total All Columns (b)	Subject to Amortization		Not Subject to Amortization	
			Property in Service After Dec. 31, 1954		Property Retired Before Jan. 1, 1955 (e)	Depreciation Accrued Through Dec. 31, 1954 on Property in Services at Dec. 31, 1954 (f)
			Depreciable (c)	Non-Depreciable (d)		
1	Balance beginning of year	5,642,179	5,642,179			
2	Add: Credits to account during year					
3	Contributions received during year	149,912	149,912			
4	Other credits*					
5	Total credits	149,912	149,912			
6	Deduct: Debits to Account during year					
7	Depreciation charges for year					
8	Nondepreciable donated property retired	203,886	203,886			
9	Other debits*					
10	Total debits	203,886	203,886			
11	Balance end of year	5,588,205	5,588,205			

* Indicate nature of these items and show the accounts affected by the contra entries

SCHEDULE B-1
Account No. 400 - Operating Revenues

Line No.	Acct. No.	Account (a)	Amount Current Year (b)	Amount Preceeding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
1		WATER SERVICE REVENUES			
2	460	Unmetered water revenue			-
3	460.1	Single - family residential	1,929	1,678	251
4	460.2	Commercial and multi-residential			-
5	460.3	Large water users			-
6	460.5	Safe Drinking Water Bond Surcharge			-
7	460.9	Other unmetered revenue			-
8		Sub-total	1,929	1,678	251
9	462	Fire protection revenue			-
10	462.1	Public fire protection			-
11	462.2	Private fire protection	10,405	14,468	(4,063)
12		Sub-total	10,405	14,468	(4,063)
13	465	Irrigation revenue	173,098	180,722	(7,624)
14	470	Metered water revenue			-
15	470.1	Single-family residential	3,104,237	3,345,358	(241,121)
16	470.2	Commercial and multi-residential	711,304	814,398	(103,094)
17	470.3	Large water users			-
18	470.5	Safe Drinking Water Bond Surcharge			-
19	470.9	Other metered revenue (Ind/School)	167,974	152,629	15,345
20		Sub-total	3,983,515	4,312,385	(328,870)
21		Total water service revenues	4,168,947	4,509,253	(340,306)
22	480	Other water revenue	20,130	15,085	5,045
23		Total operating revenues	4,189,077	4,524,338	(335,261)

SCHEDULE B-2
Account No. 401 - Operating Expenses

Line No.	Acct. No.	Account (a)	Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
1		PLANT OPERATION AND MAINTENANCE EXPENSES			
2		VOLUME RELATED EXPENSES			
3	610	Purchased water			-
4	615	Power	426,666	532,337	(105,671)
5	616	Other volume related expenses	4,791	8,245	(3,454)
6		Total volume related expenses	431,457	540,582	(109,125)
7		NON-VOLUME RELATED EXPENSES			
8	630	Employee labor	493,821	506,186	(12,365)
9	640	Materials	41,286	53,488	(12,202)
10	650	Contract work	72,228	91,131	(18,903)
11	660	Transportation expenses	331,337	275,487	55,850
12	664	Other plant maintenance expenses	49,471	75,210	(25,739)
13		Total non-volume related expenses	988,143	1,001,502	(13,359)
14		Total plant operation and maintenance exp.	1,419,600	1,542,084	(122,484)
15		ADMINISTRATIVE AND GENERAL EXPENSES			
16	670	Office salaries	375,895	320,372	55,523
17	671	Management salaries	138,745	72,362	66,383
18	674	Employee pensions and benefits	393,233	341,394	51,839
19	676	Uncollectible accounts expense			-
20	678	Office services and rentals	72,990	85,753	(12,763)
21	681	Office supplies and expenses	104,150	99,497	4,653
22	682	Professional services	457,459	579,949	(122,490)
23	684	Insurance	194,342	222,815	(28,473)
24	688	Regulatory commission expense	1,654	643	1,011
25	689	General expenses	57,927	120,098	(62,171)
26		Total administrative and general expenses	1,796,395	1,842,883	(46,488)
27	800	Expenses capitalized			-
28		Net administrative and general expense	1,796,395	1,842,883	(46,488)
29		Total operating expenses	3,215,995	3,384,967	(168,972)

SCHEDULE B-3

Account No. 408, 409, 410 - Taxes Charged During the Year

Line No.	Type of Tax (a)	Total Taxes Charged During Year (b)	Distribution of Taxes Charged	
			Water (c)	Nonutility (d)
1	Taxes on real and personal property	75,987	75,987	
2	State corporate franchise tax	2,400	2,400	
3	State unemployment insurance tax	10,770	10,770	
4	Other state and local taxes	155,202	155,202	
5	Federal unemployment insurance tax	1,265	1,265	
6	Federal insurance contributions act	78,477	78,477	
7	Other federal taxes	-	-	
8	Federal income taxes	-	-	
9		-	-	
10		-	-	
11	Totals	324,101	324,101	-

SCHEDULE B-4

Reconciliation of Reported Net Income for Federal Income Taxes

- 1 Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.
- 2 If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, inter-company amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
- 3 Show taxable year if other than calendar year from _____ to _____.

Line No.	Particulars (a)	Amount (b)
1	Net income for the year per Schedule B, page 4	
2	Reconciling amounts (list first additional income and unallowable deductions,	
3	followed by additional deductions and non-taxable income):	
4		
5		
6		
7		
8	See attachment 2	
9		
10	Federal tax net income	
11	Computation of tax:	
12		
13		
14		
15		
16		
17		

SCHEDULE B-5
Account No. 421 and 426 - Income from Nonutility Operations

Line No.	Description (a)	Revenues Acct. 421 (b)	Expenses Acct. 426 (c)
1	Dividend Income	170	
2	Reimbursed Expense	27,475	
3	Miscellaneous Revenue - CIAC	14,075	
4	Miscellaneous non-Utility Expense		70,689
5	Total	41,720	70,689

SCHEDULE B-6
Account No. 427 - Interest Expense

Line No.	Description (a)	Amount (b)
1	Short-term Debt Interest	401,194
2	Long-term Debt Interest	27,337
3		
4		
5		
6		
7		
8		
9		
10	Total	428,531

SCHEDULE C-1
Compensation of Individual Proprietor, Partners and Employees Included In Expenses

Line No.	Acct. No.	Account (a)	Number at End of Year (b)	Salaries Charged to Expense (c)	Salaries Charged to Plant Accounts (d)	Total Salaries and Wages Paid (e)
1	630	Employee Labor	18	493,821	241,459	735,280
2	670	Office salaries	9	375,895	-	375,895
3	671	Management salaries	1	138,745	10,441	149,186
4						
5						
6		Total	28	1,008,461	251,900	1,260,361

SCHEDULE C-2
Loans to Directors, Officers, or Shareholders

Line No.	Name (a)	Title (b)	Amount (c)	Interest Rate (d)	Maturity Date (e)	Security Given (f)	Date of Shareholder Authorization (g)	Other Information (h)
1								
2								
3				N/A				
4								
5								
6								
7	Total							

SCHEDULE C-3
Engineering and Management Fees and Expenses, Etc., During Year

Line No.	Give the required particulars of all contracts or other agreements in effect in the course of the year between the respondent and any corporation, association, partnership, or person covering supervision and/or management of any department of the respondent's affairs, such as accounting, engineering, financing, construction or operation, and show the payments under such agreements and also the payments for advice and services to a corporation or corporations which directly or indirectly control respondent through stock ownership.	
1	1. Did the respondent have a contract or other agreement with any organization or person covering supervision	
2	and/or management of its own affairs during the year? Answer: (Yes or No) Yes, by Court Order dated 4/9/2002	
3	(If the answer is in the affirmative, make appropriate replies to the following questions)*	
4	2. Name of each organization or person that was a party to such a contract or agreement.	
5	John W. Richardson & Associates	
6	3. Date of original contract or agreement. 4/9/02	
7	4. Date of each supplement or agreement.	
8	5. Amount of compensation paid during the year for supervision or management . . . \$ 109,462	
9	6. To whom paid	
10	7. Nature of payment (salary, traveling expenses, etc.).	
11	8. Amounts paid for each class of service.	
12		
13	9. Basis for determination of such amounts	
14		
15	10. Distribution of payments: Amount	
16	(a) Charged to operating expenses	\$
17	(b) Charged to capital amounts	\$
18	(c) Charged to other account	\$
19	Total	\$
20	11. Distribution of charges to operating expenses by primary accounts	
21	Number and Title of Account	Amount
22		\$
23		\$
24		\$
25	Total	\$
26	12. What relationship, if any, exists between respondent and supervisory and/or managing concerns?	
27		
* File with this report a copy of every contract, agreement, supplement or amendment mentioned above unless a copy of the instrument in due form has been furnished, in which case a definite reference to the report of the respondent relative to which it was furnished will suffice.		

**SCHEDULE D-1
Sources of Supply and Water Developed**

STREAMS				FLOW IN (Unit) 2				Annual Quantities Diverted (Unit) 2	Remarks
Line No.	Diverted into *	From Stream or Creek (Name)	Location of Diversion Point	Priority Right		Diversion			
				Claim	Capacity	Max.	Min.		
1									
2									
3									
4									
5									

WELLS						Pumping Capacity (Unit) 2	Annual Quantities Pumped (Unit) 2	Remarks
Line No.	At Plant (Name or Number)	Location	Number	Dimensions	1 Depth to Water			
6								
7								
8			See Attachment 3					
9								
10								

TUNNELS AND SPRINGS				FLOW IN (Unit) 2		Annual Quantities Pumped (Unit) 2	Remarks
Line No.	Designation	Location	Number	Maximum	Minimum		
11							
12							
13							
14							
15							

Purchased Water for Resale	
16	Purchased from
17	Annual Quantities purchased (Unit chosen) 1
18	
19	

* State ditch pipeline reservoir, etc., with name, if any.
1 Average depth to water surface below ground surface
2 The quantity unit in established use for experiencing water stored and used in large amounts is the acre foot, which equals 43,560 cubic feet; in domestic use the thousand gallon or the hundred cubic feet. The rate of flow or discharge in larger amounts is expressed in cubic feet per second. In gallons per minute, in gallons per day, or in the miner's inch. Please be careful to state the unit used.

**SCHEDULE D-2
Description of Storage Facilities**

Line No	Type	Number	Combined Capacity (Gallons or Acre Feet)	Remarks
1	A. Collecting reservoirs			
2	Concrete			
3	Earth			
4	Wood			
5	B. Distribution reservoirs			
6	Concrete			
7	Earth			
8	Wood			
9	C. Tanks			
10	Wood			
11	Metal	22	549000	
12	Concrete	8	430000	
13	Totals	30	979000	

SCHEDULE D-3
Description of Transmission and Distribution Facilities

A. LENGTH OF DITCHES, FLUMES AND LINKED CONDUITS IN MILES FOR VARIOUS CAPACITIES

Capacities in Cubic Feet Per Second or Miner's Inches (state which) _____

Line No.		0 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 75	76 to 100
1	Ditch								
2	Flume								
3	Lined conduit								
4									
5	Totals								

A. LENGTH OF DITCHES, FLUMES AND LINKED CONDUITS IN MILES FOR VARIOUS CAPACITIES - Concluded

Capacities in Cubic Feet Per Second or Miner's Inches (state which) _____

Line No.		101 to 200	201 to 300	301 to 400	401 to 500	501 to 750	751 to 1000	Over 1000	Total All Lengths
6	Ditch								
7	Flume								
8	Lines conduit								
9									
10	Totals								

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING

Line No.		1	1 1/2	2	2 1/2	3	4	5	6	8
11	Cast iron									
12	Cast iron (cement lined)									
13	Concrete									
14	Copper									
15	Riveted steel									
16	Standard screw									
17	Screw or welded casing									
18	Cement - asbestos			1,075		35,782	75,994	450	55,074	29,605
19	Welded steel								30	290
20	Wood									
21	Other (specify) Plastic	6,288		322		2,220	20,917		98,033	55,972
22	Totals	6,288	-	1,397	-	38,002	96,911	450	153,137	85,867

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING - Concluded

Line No.		10	12	14	16	18	20	Other Sizes (Specify Sizes)		Total All Sizes
								15	24	
23	Cast Iron									-
24	Cast iron (cement lined)									-
25	Concrete									-
26	Copper									-
27	Riveted steel									-
28	Standard screw									-
29	Screw or welded casing									-
30	Cement - asbestos	2,540	16,003							216,523
31	Welded steel	30	90							440
32	Wood									-
33	Other (specify)	2,124	88,731		12,236	80	20	40	2,182	289,165
34	Totals	4,694	104,824	-	12,236	80	20	40	2,182	506,128

SCHEDULE D-4
Number of Active Service Connections

Classification	Metered - Dec 31		Flat Rate - Dec 31	
	Prior	Current	Prior	Current
	Year	Year	Year	Year
Single family residential	8227	8188		
Commercial and Multi-residential	488	651		
Large water users				
Public authorities				
Irrigation	94	101		
Other (specify) - Fire Protection			53	57
Industrial/ School	53	55		
Subtotal	8862	8993	53	57
Private fire connections			29	40
Public fire hydrants				
Total	8862	8993	82	97

SCHEDULE D-5
Number of Meters and Services on
Pipe Systems at End of Year

Size	Meters	Services
5/8 x 3/4 - in	1083	xxxxxxxxxxxx
3/4 - in	3104	
1 - in	3191	
1 1/2 - in	1364	
2 - in	192	
3 - in	38	
4 - in	13	
6 - in	3	
Other	5	
Total	8,993	

SCHEDULE D-6
Meter Testing Data

A. Number of Meters Tested During Year as Prescribed in Section VI of General Order No. 103:	
1. New, after being received	_____
2. Used, before repair	_____
3. Used, after repair	_____
4. Found fast, requiring billing adjustment	_____
B. Number of Meters In Service Since Last Test	
1. Ten years or less	8255
2. More than 10, but less than 15 years	117
3. More than 15 years	621

SCHEDULE D-7
Water delivered to Metered Customers by Months and Years in 100 cubic feet (Unit Chosen)

Classification of Service	During Current Year							Subtotal
	January	February	March	April	May	June	July	
Single-family residential	92,191	83,434	79,846	96,570	112,884	141,652	155,389	761,966
Commercial and Multi-residential	46,129	29,617	35,337	41,538	41,337	50,144	57,803	301,905
Large water users								
Public authorities								
Irrigation	3,195	2,196	3,242	8,894	5,603	10,374	13,044	48,548
Other (specify) - Industrial	640	541	295	665	1,038	3,375	2,243	8,797
Total	142,155	115,788	118,720	147,667	160,862	205,545	228,479	1,119,216
Classification of Service	During Current Year						Subtotal	Total Prior Year
	August	September	October	November	December	Subtotal		
Single-family residential	159,269	145,697	136,273	111,373	88,839	641,451	1,403,417	1,530,789
Commercial and Multi-residential	57,957	53,728	56,441	51,729	41,135	260,990	562,895	546,692
Large water users								
Public authorities								
Irrigation	15,928	12,686	11,836	6,883	3,583	50,918	97,464	103,691
Other (specify) - Industrial	7,548	5,588	4,700	2,658	2,257	22,751	31,548	58,754
Total	240,702	217,699	209,250	172,643	135,814	976,108	2,095,324	2,239,926

Quantity units to be in hundreds of cubic feet, thousands of gallons, acre-feet, or mm³/m²-day.

Total acres Irrigated _____

Total population served 29,245 (approximately)

ALISAL WATER CORPORATION
 2005 Annual Report-Long Term Debt Schedule
 Page 11, Schedule A-11, Account #224

(A) Description	(B) Date Of Issue	(C) Date Of Maturity	(D) Principal Amount	(E) Outstanding Balance	(F) Rate Of Interest	(G) Interest Accrued One Year	(H) Interest Paid One Year
Money Store Corp. (Wachovia SBC)	04-94	04-2009	415,000	147,102	(var)		14,908
R. T. Adcock (Advances)	(var)	demand	210,000	101,425	12.0		0
Caterpillar Financial (Capital Lease)	10-04	09-2008	238,573	168,413	4.8		9,505
Caterpillar Financial (Capital Lease)	2005	12-2008	29,716	23,597	6		1,663
Enterprise (Capital Lease)	09-05	08-2010	53,783	51,622	8.9		1,181
Total				<u>492,158</u>			<u>27,337</u>

ALCO WATER SERVICE2005 ANNUAL REPORTSCHEDULE B-4ATTACHMENT 2

Reconciliation of reported net income with estimated taxable net income as if a separate return were to be filed.

Net Book Income for the Year Per Schedule B Page 15, (\$ 251,602)

PLUS:

Book Depreciation	443,083
Taxable CIAC	71,789
Other	<u>23,858</u>

Subtotal \$ 287,128

Minus:

Tax Depreciation (Approx.)	\$ 667,395
Other Deductions	<u>5,491</u>
Estimated Taxable Income (Loss)	(\$ 385,758)

MEMBERS OF CONSOLIDATED TAX GROUP:

ALCO WATER SERVICE
TORO WATER SERVICE
CALIFORNIA UTILITIES SERVICE

NOTE: The 2005 corporate tax returns for Alco Water Service have not been filed at the time this annual report was completed. Therefore, some of the amounts reported in this schedule are estimated.

**ANNUAL REPORT
ALCO WATER SERVICE
WELLS SCHEDULE D-1**

NUMBER	WELL	DIAMETER	DEPTH TO WATER	GPM
1	Alma Street	16"	118'	800
3	Bardin	14"	112'	NA
8	Laurel Heights	NA	NA	NA
9	E. Laurel (County)	14"	110'	2377
11	San Jerardo 2	12"	209'	100
12	San Jerardo 3	10"	209'	172
13	Wildwood 1	8"	410'	70
14	Wildwood 2	10"	410'	70
15	Pine Canyon	16"/12"	136'	153
16	Blackie Road	10"	216'	53
17	Valle Pacifico 1	6"	310'	1
18	Valle Pacifico 2	8"	310'	30
19	Alisal High	16"	177'	2106
20	Berta Canyon	12"	211'	300
21	Holly Hills (Coker Road)	8"	219'	35
22	Manzanita	12"	205'	500
23	Moss Landing	12"	122'	579
24	Las Casitas	16"	113'	2371
25	Santana	16"	148'	1333
26	Boronda	16"	142'	1997
27	Vierra Canyon	8"	266'	83
28	Matterhorn Place	6"	266'	35
29	Kilbreth	16"	182'	2876
30	Nogal Drive	16"	145'	2031

NA indicates "not operating"