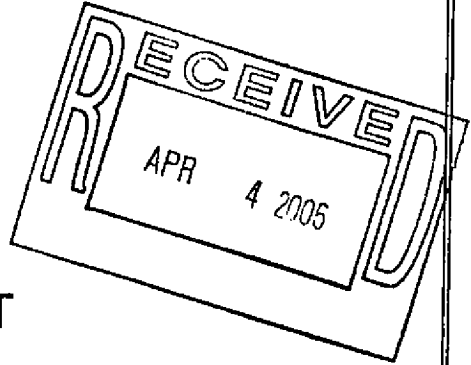


J 04

Received _____
Examined _____

SEWER UTILITIES

U# _____



2005 ANNUAL REPORT OF

CALIFORNIA UTILITIES SERVICE

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

P.O. BOX 5100, SALINAS, CA 93916
(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 calander year, from Janauary 1 through December 31. Fiscal year reports will not be accepted.

CLASS D SEWER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

California Utilities Service, Inc

(Name under which corporation, partnership or individual is doing business)

P.O. Box 5100, Salinas, CA 93915

(Official mailing address)

Salinas, CA in Monterey County

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 (A) Date of organization 2/13/1985 incorporated in the State of California
 (B) Names, titles and addresses of principal officers:

- 2 If unincorporated give the name and address of owner or of each partner:

- 3 Name and telephone number of:
 (A) One person listed above to receive correspondence:
 (B) Person responsible for operations and services:

- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No)
 If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?

- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Oct-04
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dec-05
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1991
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

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

Ed Alexandre, Grade IV, License Number IV-1103

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year. Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Sewer Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

SELECTED FINANCIAL DATA - CLASS D SEWER COMPANIES
2005

NAME OF UTILITY California Utilities Service, Inc. PHONE (831) 424-0442

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

BALANCE SHEET DATA		1/1/2005	12/31/2005	Average
1	Intangible Plant	53,810	53,810	53,810
2	Land and Land Rights	99,565	99,565	99,565
3	Depreciable Plant	3,533,496	3,589,667	3,561,582
4	Gross Plant in Service	3,686,871	3,743,042	3,714,957
5	Less: Accumulated Depreciation	(1,716,500)	(1,856,360)	(1,786,430)
6	Net Water Plant in Service	1,970,371	1,886,682	1,928,527
7	Water Plant Held for Future Use			-
8	Construction Work in Progress	4,221	4,221	4,221
9	Materials and Supplies	981	1,200	1,091
10	Less: Advances for Construction			-
11	Less: Contribution in Aid of Construction	(1,037,126)	(968,168)	(1,002,647)
12	Less: Accumulated Deferred Income and Investment Tax Credits	(52,929)	(52,929)	(52,929)
13	Net Plant Investment	885,518	871,006	878,262
CAPITALIZATION				
14	Common Stock	10,000	10,000	10,000
15	Advances from Shareholders	111,663	111,663	111,663
16	Payable to Associated Companies	608,533	681,383	644,958
17	Retained Earnings	(300,580)	(325,155)	(312,868)
18	Common Stock and Equity (Lines 14 through 17)	429,616	477,891	453,754
19	Preferred Stock			-
20	Long-Term Debt			-
21	Notes Payable	413,340	413,340	413,340
22	Total Capitalization (Lines 18 through 21)	842,956	891,231	867,094

(Revised 10/97)

NAME OF UTILITY California Utilities Service, Inc

PHONE (831) 424-0442

INCOME STATEMENT

	Annual Amount
23 Unmetered Revenue	771,563
24 Metered Revenue	-
25 Total Operating Revenue	771,563
26 <u>Operating Expenses</u>	682,178
27 Depreciation Expense (Composite Rate 3.927%)	39,612
28 Amortization and Property Losses	-
29 Property Taxes	19,965
30 Taxes Other Than Income Taxes	35,054
31 Total Operating Revenue Deduction Before Taxes	776,809
32 California Corp. Franchise Tax	800
33 Federal Corporate Income Tax	-
34 Total Operating Revenue Deduction After Taxes	777,609
35 Net Operating Income (Loss) - California Water Operations	(6,046)
36 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	50
37 Income Available for Fixed Charges	(5,996)
38 Interest Expense	18,581
39 Net Income (Loss) Before Dividends	(24,577)
40 Preferred Stock Dividends	-
41 Net Income (Loss) Available for Common Stock	(24,577)

OTHER DATA

42 Refunds of Advances for Construction	-
43 Total Payroll Charged to Operating Expenses	145,816
44 Purchased Water	-
45 Power	45,987

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
46 Metered Service Connections		-	-	-
47 Flat Rate Service Connections		1,102	1,099	1,101
48 Total Active Service Connections		1,102	1,099	1,101

Excess Capacity and Non-Tariffed Services

NOTE: In D.00-07-018, D.03-04-028, and D. 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to: 1) file an advice letter requesting Commission approval of that service. 2) provide information regarding non-tariffed goods/services in each company's Annual Report to the Commission.

Based on the information and filings required in D.00-07-018, D.03-04-028, and D.04-12-023, provide the following information by each individual non-tariffed good and service provided in 200:

Row Number	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue derived from Non-Tariffed Good/Service (by account)	Revenue Account Number	Total Expenses incurred to provide Non-Tariffed Good/Service (by Account)	Expense Account Number	Advice Letter and/or Resolution Number approving Non-Tariffed Good/Service	Total Income Tax Liability because of non-tariffed Good/Service (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets used in the provision of a Non-Tariffed Good/Service (by account).	Regulated Asset Account Number
			N/A								

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2005)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	3,743,042	201	Common Stock (Corporations only)	10,000
2	103	Plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Plant purchased or sold		215	Retained earnings	(325,155)
4	105	Plant construction work in progress	4,221	218	Advances from Shareholders	111,663
5	108	Accumulated depreciation of plant	(1,856,360)	224	Long term debt	
6	114	Plant acquisition adjustments			Current Liabilities	1,261,240
7	124	Other investments		252	Advances for construction	
8	131	Cash	13,402	253	Other deferred credits	
9	141	Accounts receivable - customers	6,527	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	1,200		depreciation	52,929
12	174	Other current assets	166,813	283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	2,568,438
14				272	Accumulated amortization of contributions	(1,600,270)
15		Total Assets	2,078,845		Total Equity and Liabilities	2,078,845

SCHEDULE B - SEWER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant					
17	303	Land					
18	304	Structures					
19	307	Wells					
20	317	Other source plant					
21	311	Pumping equipment					
22	320	Treatment plant	See Schedule 1				
23	330	Reservoirs					
24	331	Mains					
25	333	Services and meter installations					
26	334	Meters					
27	339	Other equipment					
28	340	Office furniture and equipment					
29	341	Transportation equipment					
30		Total Plant in service					

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

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Plant	
32	Balance in reserves at beginning of year	1,716,500	A. Method used to compute depreciation
33	Add: Credits to reserves during year		expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	39,612	S/L Remaining Life: 3.927%
35	(b) Charged to Account No. 272	100,248	
36	(c) Charged to clearing accounts		B. Amount of depreciation expense claimed
37	(d) Salvage recovered		or to be claimed on utility property in
38	(e) All other credits		your federal income tax return for the year
39	Total credits		covered by this report \$
40	Deduct: Debits to reserves during year		
41	(a) Book cost of property retired		
42	(b) Cost of removal		C. State method used to compute tax
43	(c) All other debits		depreciation.
44	Total debits		SL, 150DB
45	Balance in reserve at end of year	1,856,360	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2005)

Line			
1	Common - (Shares	, \$	par)
2	Preferred - (Shares	, \$	par)
3	Dividends - Common	Rate - \$	
4	- Preferred	Rate - \$	

List persons owning more than 5% of outstanding stock and number of shares owned by each:

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5								
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9		Operating revenues	xxxxxxxxxx
10	460	Unmetered revenue	771,563
11	470	Metered revenue	
12	480	Other revenue	
13		Total Operating Revenue	771,563
14		Operating revenue deductions	xxxxxxxxxx
15		Operating expenses	xxxxxxxxxx
16	610	Purchased water	
17	615	Power	45,987
18	618	Other volume related expenses	39,283
19	630	Employee labor	145,816
20	640	Materials	5,815
21	650	Contract work	16,986
22	660	Transportation expenses	106,739
23	664	Other plant maintenance expense	28,789
24	670	Office salaries	74,316
25	671	Management salaries	49,297
26	674	Employee pensions and benefits	95,009
27	676	Uncollectible accounts expense	
28	678	Office services and rentals	1,717
29	681	Office supplies and expense	18,349
30	682	Professional services	22,148
31	684	Insurance	28,474
32	688	Regulatory commission expense	213
33	689	General expenses	3,239
34		Total Operating Expenses	682,177
35	403	Depreciation expense	39,612
36	408	Taxes other than income taxes	55,018
37	409	State corporate income tax expense	800
38	410	Federal corporate income tax expense	-
39		Total Operating Revenue Deductions	777,607
40		Utility Operating Income	(6,044)
41	421	Non-utility income	200
42	426	Miscellaneous non-utility expense	(150)
43	427	Interest expense	(18,581)
44		Net Income	(24,575)

SCHEDULE G - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
45	630	Employee Labor	4	145,816	14,024	159,840
46	670	Office salaries	1	74,316		74,316
47	671	Management salaries	1	49,297		49,297
48		Total	6	269,429	14,024	283,453

SCHEDULE H - ADVANCES FOR CONSTRUCTION

Balance beginning of year	
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	

SCHEDULE I - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
-in		
-in		
-in		
-in		
-in		
Total		

SCHEDULE J - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair...
2	Used, after repair
3	Fast, requiring refund ..

SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		1099	1099		6	6		1105
Industrial								
Other (specify)								
Total		1099	1099		6	6		1105

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE L - STORAGE FACILITIES

SCHEDULE M - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)


Description	No.	Combined capacity in gallons	Description	2" and under			2 1/4 to 3 1/4		4"	Other sizes (specify)	Totals
Concrete			Cast Iron								
Earth	1	14,000,000	Welded steel								
Wood			Standard screw								
Steel			Cement-asbestos								
Other			Plastic								
			Other (specify)								
Total	1	14,000,000	Total								

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of California Utilities Service, Inc. (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including January 1, 2005, to and including December 31, 2005


 Signed _____
 Vice President
 Title
 March 30, 2006
 Date

**California Utilities Service, Inc.
2005 Annual Report**

SCHEDULE B - SEWER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Pit Additions During year	Pit Retirements During year	Other Debits or (Credits)	Balance End of year
	301 000	Intangible plant	53,810				53,810
	303 000	Land	99,565				99,565
	304 000	Structures	77,193				77,193
	305 100	Mains - Collection systems	653,301				653,301
	305 200	Manholes	93,227				93,227
	305 300	Cleanouts	4,536				4,536
	305 400	Laterals	254,299	14,827			269,126
	307 100	Transmission	257,382				257,382
	307 200	Manholes	47,450				47,450
	307 300	Laterals	1,000				1,000
	307 400	Structures	15,911				15,911
	307 500	Force mains, transmission	38,621				38,621
	307 600	Pump equipment	53,921				53,921
	311 100	Ponds - water storage	201,648				201,648
	311 200	Sumps - treatment plant	4,608				4,608
	311 300	Treatment Plant	6,368	744			7,112
	311 400	Mains - Treatment plant	20,287				20,287
	311 500	Structures	26,557				26,557
	311 600	Storage	147				147
	311 900	Other Assets	7,811				7,811
	312 100	Concrete - sumps and tanks	331,964				331,964
	312 200	Piping	260,086				260,086
	312 310	Treatment Plant	0	23,980			23,980
	312 320	Pumping and Electrical	532,652	5,141			537,793
	312 330	Standby generator	5,659				5,659
	312 340	Chlorine & Chem. Treat. Equipment	7,365	6,106			13,471
	312 350	Sludge System	146,683				146,683
	312 400	Treatment Building	123,115				123,115
	312 410	Freshwater supply	0				0
	312 420	Fire Protection system	6,000				6,000
	312 430	Roads and fencing	20,267				20,267
	312 500	Laboratory equipment	282				282
	320 100	Mains - Force mains	25,056				25,056
	320 200	Sumps - Force mains	0				0
	320 300	Pumps - Force mains	0				0
	320 400	Sprayfield improvements	173,993	5,372			179,365
	339 000	Other equipment	53,503				53,503
	000	Office	27,610				27,610
	341 000	Transportation Equipment	54,995				54,995
			3,686,872	56,170	0	0	3,743,042