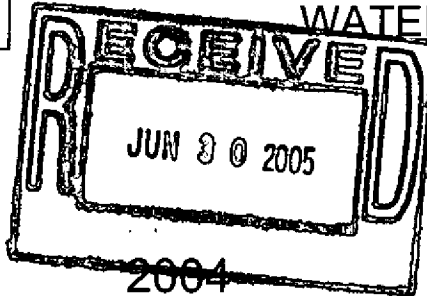


J V

Received _____
Examined _____

CLASS D
WATER UTILITIES



U# _____

2004
ANNUAL REPORT
OF

WALNUT RANCH WATER COMPANY, INC.
(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

707 N. GEORGE WASHINGTON BLVD.

YUBA CITY, CA 95993
(OFFICIAL MAILING ADDRESS) ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2004

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2005
(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
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.

Summary of Earnings		
Test Year 2004		
Account Number	Operating Revenue	
470	Metered	
460	Unmetered	34,370
465	Irrigation	
462-480	Private Fire Protection	439
	Total Revenue	34,809
	Operating Expenses	
610	Purchased Water	0
615	Purchased Power	5,590
	Pump Taxes	0
	Purchased Chemicals	0
618	Other Vol. Related Expense	302
630	Employee Labor	3,408
640	Materials	4,143
650	Contract Work	108
	Water Testing	147
660	Transportation Expense	0
664	Other Plant Maintenance	0
670	Office Salaries	0
671	Management Salaries	0
674	Employee Pensions and Benefits	0
676	Uncollectables	0
678	Office Service and Rentals	468
681	Office Supplies and Expense	2,069
682	Professional Services	8,394
684	Insurance	3,051
688	Regulatory Expense	0
689	General Expense	415
	Subtotal	28,095
403	Depreciation Expense	3,590
	Ad Valorem Taxes	
	Payroll Taxes	275
408	Taxes other than income	0
409	State Income Tax	549
410	Federal Income Tax	
	Total Deductions	32,509
	Net Revenue	2,300
	Rate Base	
	Average Plant	
	Average Depreciation Reserve	
	Net Plant	
	Less: Advances	
	Less: Contributions	
	Plus: Construction in Progress	
	Plus: Working Cash	
	Plus: Material & Supplies	
	Rate Base	
	ROR=Net Rev/Rate Base	

CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

WALNUT RANCH WATER COMPANY, INC.

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

707 N. GEORGE WASHINGTON BOVD., YUBA CITY, CA 95993

(Official mailing address)

COLUSA, COLUSA COUNTY

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 (A) Date of organization 03/15/68 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: DARYL E. MORRISON (530)-673-8053
 (B) Person responsible for operations and services: PAUL J. MATULICH (530)-894-1100

- 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) YES
 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?
DEL ORO WATER COMPANY, INC. 682000

- 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"/>	06/16/99
<input checked="" type="checkbox"/>	<input type="checkbox"/>	12/29/00
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8/22/94
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

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 - Water 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 A, B, C AND D WATER COMPANIES
2004

NAME OF UTILITY WALNUT RANCH WATER CO., INC

PHONE 530-894-1100

PERSON RESPONSIBLE FOR THIS REPORT JANICE HANNA

(Prepared from Information in the 2004 Annual Report)

		01/01/04	12/31/04	Average
BALANCE SHEET DATA				
1	Intangible Plant	889	889	889
2	Land and Land Rights	147	147	147
3	Depreciable Plant	140,944	140,944	140,944
4	Gross Plant in Service	141,980	141,980	141,980
5	Less: Accumulated Depreciation	(102,127)	(105,393)	(103,760)
6	Net Water Plant in Service	39,853	36,587	38,220
7	Water Plant Held for Future Use			
8	Construction Work in Progress			
9	Materials and Supplies			
10	Less: Advances for Construction	()	()	()
11	Less: Contribution in Aid of Construction			
12	Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13	Net Plant Investment	39,853	36,587	38,220
CAPITALIZATION				
14	Common Stock	28,000	28,000	28,000
15	Proprietary Capital (Individual or Partnership)			
16	Paid-in Capital			
17	Retained Earnings	(30,174)	(26,510)	(28,342)
18	Common Stock and Equity (Lines 14 through 17)	(2,174)	1,490	(342)
19	Preferred Stock			
20	Long-Term Debt			0
21	Notes Payable			
22	Total Capitalization (Lines 18 through 21)	(2,174)	1,490	(342)

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2004
(continued)

NAME OF UTILITY WALNUT RANCH WATER CO. PHONE 530-894-1100

INCOME STATEMENT		
23	Unmetered Water Revenue	Annual Amount <u>34,809</u>
24	Fire Protection Revenue	<u> </u>
25	Irrigation Revenue	<u> </u>
26	Metered Water Revenue	<u> </u>
27	Total Operating Revenue	<u>34,809</u>
28	<u>Operating Expenses</u>	<u>28,095</u>
29	Depreciation Expense (Composite Rate _____)	<u>3,590</u>
30	Amortization and Property Losses	<u> </u>
31	Property Taxes	<u>0</u>
32	Taxes Other Than Income Taxes	<u>275</u>
33	Total Operating Revenue Deduction Before Taxes	<u>2,849</u>
34	California Corp. Franchise Tax	<u>549</u>
35	Federal Corporate Income Tax	<u> </u>
36	Total Operating Revenue Deduction After Taxes	<u>2,300</u>
37	Net Operating Income (Loss) - California Water Operations	<u>2,300</u>
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	<u> </u>
39	Income Available for Fixed Charges	<u> </u>
40	Interest Expense	<u> </u>
41	Net Income (Loss) Before Dividends	<u>2,300</u>
42	Preferred Stock Dividends	<u> </u>
43	Net Income (Loss) Available for Common Stock	<u> </u>
 OTHER DATA		
44	Refunds of Advances for Construction	<u>0</u>
45	Total Payroll Charged to Operating Expenses	<u>3,408</u>
46	Purchased Water	<u>0</u>
47	Power	<u>5,590</u>

	<u>Active Service Connections</u> (Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections	<u>79</u>	<u>79</u>	<u>79</u>
49	Flat Rate Service Connections	<u> </u>	<u> </u>	<u> </u>
50	Total Active Service Connections	<u>79</u>	<u>79</u>	<u>79</u>

**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: **N/A**

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

2. Former Fiscal Agent:

Name: _____
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: _____

6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds: **N/A**

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					
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					

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2004)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	141,980	201	Common Stock (Corporations only)	28,000
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	(26,510)
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(105,393)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	22,288
7	124	Other investments		252	Advances for construction	
8	131	Cash	6,083	253	Other deferred credits	67,692
9	141	Accounts receivable - customers	2,206	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies			depreciation	
12	174	Other current assets	499	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	46,094	271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	91,469		Total Equity and Liabilities	91,469

SCHEDULE B - WATER 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	889				889
17	303	Land	147				147
18	304	Structures	1,787				1,787
19	307	Wells	71,877				71,877
20	317	Other water source plant					0
21	311	Pumping equipment	43,028				43,028
22	320	Water treatment plant					0
23	330	Reservoirs tanks and sandpipes	5,898				5,898
24	331	Water mains	14,329				14,329
25	333	Services and meter installations	1,800				1,800
26	334	Meters					0
27	335	Hydrants	1,695				1,695
28	339	Other equipment	530				530
29	340	Office furniture and equipment					0
30	341	Transportation equipment					0
31		Total water plant in service	141,980	0			141,980

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

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	101,803		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	3,590		
35	(b) Charged to Account No. 272			
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	3,590		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			
45	Balance in reserve at end of year	105,393		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2004)

Line	1	Common - (Shares	,	\$	par)	28000		List persons owning more than 5% of outstanding stock
	2	Preferred - (Shares	,	\$	par)			and number of shares owned by each:
	3	Dividends - Common	Rate - \$					DARYL E. MORRISON 50%
	4	- Preferred	Rate - \$					ART COUPE 50%

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	xxxxxxxxxxx
10	460	Unmetered water revenue	34,370
11	462	Fire protection revenue	
12	465	Irrigation revenue	
13	470	Metered water revenue	
14	480	Other water revenue	439
15		Total Operating Revenue	34,809
16		Operating revenue deductions	xxxxxxxxxxx
17		Operating expenses	xxxxxxxxxxx
18	610	Purchased water	0
19	615	Power	5,590
20	618	Other volume related expenses	302
21	630	Employee labor	3,408
22	640	Materials	4,143
23	650	Contract work	255
24	660	Transportation expenses	0
25	664	Other plant maintenance expense	0
26	670	Office salaries	0
27	671	Management salaries	0
28	674	Employee pensions and benefits	0
29	676	Uncollectible accounts expense	0
30	678	Office services and rentals	468
31	681	Office supplies and expense	2,069
32	682	Professional services	8,394
33	684	Insurance	3,051
34	688	Regulatory commission expense	0
35	689	General expenses	415
36		Total Operating Expenses	28,095
37	403	Depreciation expense	3,590
38	407	SDWBA loan amortization expense	
39	408	Taxes other than income taxes	275
40	409	State corporate income tax expense	549
41	410	Federal corporate income tax expense	
42		Total Operating Revenue Deductions	32,509
43		Utility Operating Income	2,300
44	421	Non-utility income	
45	426	Miscellaneous non-utility expense	
46	427	Interest expense	
47		Net Income	2,300

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
LOT A WALNUT RANCH SUBDIVISION	1	16	20	875	
A & SUBDIVISION BOUNDARY AUX. STANDBY PUMP	1	12	20	650	

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right		Max	Min	
NONE	Claim	Capacity			
Purchased water (unit)					Annual quantity
Supplier:					

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS
(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business	Aug	Dec	45,630,161
Industrial	Aug	January	1,278,960
Public authorities	July	Dec	973,813
Irrigation			
Other (specify)			
Total			47,882,934

SCHEDULE I - 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
48	630	Employee Labor	1	3,408		3,408
49	670	Office salaries		0		0
50	671	Management salaries		0		0
51		Total		3,408		3,408

SCHEDULE J - 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 K - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
5/8 x 3/4-in		
3/4-in		
1-in		
1.5'-in		
Total		

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair... _____
2	Used, after repair _____
3	Fast, requiring refund .. _____
Numbers of meters in service requiring test per General Order No. 103 NONE	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		77	77		2	2		79
Industrial								
Other (specify) Fire Dept.								
School								
Subtotal					2	2		2
Fire protection (Hydrants)		8	8					8
Total		85	85		2	2		87

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

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

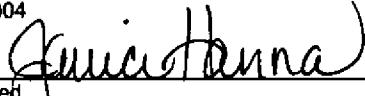
Description	No.	Combined capacity in gallons	Description	2" and under				8" Other sizes (specify)	Totals
				2"	2 1/4"	3 1/4"	4"		
Concrete			Cast Iron						
Earth			Welded steel					0	
Wood			Standard screw					0	
Steel	1	5,000	Cement-asbestos			180	3900	5,570	
Other			Plastic					0	
			Other (specify)					0	
Total	1	5,000	Total	0	0	180	3900	5,570	

DECLARATION

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

I, the undersigned (Director Corporate Accting) of **WALNUT RANCH WATER COMPANY INC.** 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, 2004, to and including December 31, 2004


 Signed
 Janice Hanna
 Title
 Director of Corporate Accounting
 Date: March 31, 2005