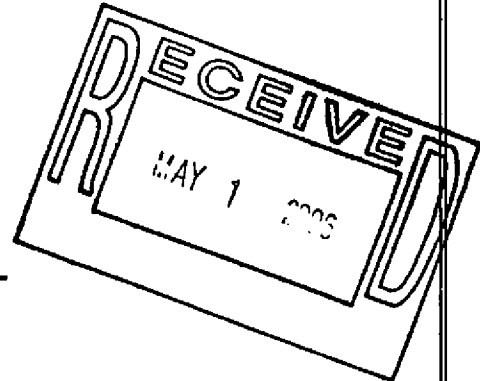


Received _____

Examined _____

CLASS D
WATER UTILITIES

U# _____



2005
ANNUAL REPORT
OF

HAVASU WATER COMPANY, INC.

HAVASU WATER COMPANY, INC.

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

P. O. BOX 73785

SAN CLEMENTE, CA 92673

(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
ATTENTION: 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.

Account Number	Operating Revenue	
470	Metered	12,000
460	Unmetered	124,198
465	Irrigation	
462-480	Private Fire Protection	
	Total Revenue	136,198
	Operating Expenses	
610	Purchased Water	7,606
615	Purchased Power	15,101
	Pump Taxes	
	Purchased Chemicals	1,234
618	Other Vol. Related exp.	
630	Employee Labor	25,426
640	Materials	8,426
650	Contract Work	
	Water Testing	2,455
660	Transportation Expense	4,485
664	Other Plant Maintenance	0
670	Office Salaries	10,493
671	Management Salaries	12,000
674	Employee Pensions and Benefits	0
676	Uncollectables	0
678	Office Service and Rentals	6,000
681	Office Supplies and Expense	5,564
682	Professional Services	16,897
684	Insurance	3,821
688	Regulatory Expense	2,647
689	General Expense	9,907
	Subtotal	132,062
403	Depreciation Expense	8,179
	Ad Valorem Taxes	3,012
	Payroll taxes	2,219
408	Taxes other than income	1,937
409	State Income Tax	800
410	Federal Income Tax	0
	Reimbursed Expenses	(5,000)
	Total Deductions	143,209
	Net Income (Loss)	(7,011)

	Rate Base	
	Average Plant	466,382
	Average Depreciation Reserve	(163,437)
	Net Plant	302,945
	Less: Advances	
	Less: Contributions	(51,501)
	Plus: Construction Work in Progress	42,500
	Plus: Working Cash	11,005
	Plus: Material & Supplies	750
	Rate Base	305,699
	ROR=Net Rev/Rate Base	-2.29%

CLASS D WATER UTILITIES

(HAVASU LESS THAN 500 SERVICE CONNECTIONS)

HAVASU WATER COMPANY, INC.

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

P.O. BOX 73785, SAN CLEMENTE, CA 92673

(Official mailing address)

HAVASU LAKE, SAN BERNARDINO COUNTY

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 - (A) Date of organization 10/28/60 incorporated in the State of CALIFORNIA
 - (B) Names, titles and addresses of principal officers: W.R. HOLCOMB, PRESIDENT
E.L. HODGES, SECRETARY, P.O BOX 73785, SAN CLEMENTE, CA 92673
- 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: E.L. HODGES (949) 366-3801
 - (B) Person responsible for operations and services: E.L. HODGES (949) 366-3801
- 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? NO
- 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: NONE

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
X		Nov-01
X		Dec-05
X		1998

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
2005

NAME OF UTILITY HAVASU WATER COMPANY, INC.

PHONE (949) 366-3801

PERSON RESPONSIBLE FOR THIS REPORT E.L. HODGES

(Prepared from Information in the 2005 Annual Report)

	01/01/05	12/31/05	Average
BALANCE SHEET DATA			
1 Intangible Plant			
2 Land and Land Rights	4,533	4,533	4,533
3 Depreciable Plant	458,562	465,136	461,849
4 Gross Plant in Service	463,095	469,669	466,382
5 Less: Accumulated Depreciation	(162,276)	(164,597)	(163,437)
6 Net Water Plant in Service	300,819	305,072	302,945
7 Water Plant Held for Future Use			
8 Construction Work in Progress	75,000	10,000	42,500
9 Materials and Supplies	500	1,000	750
10 Less: Advances for Construction	()	()	()
11 Less: Contribution in Aid of Construction	(7,224)	(95,778)	(51,501)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	369,095	220,294	294,694
CAPITALIZATION			
14 Common Stock	218,491	218,491	218,491
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	422,577	422,577	422,577
17 Retained Earnings	(304,243)	(392,432)	(348,337)
18 Common Stock and Equity (Lines 14 through 17)	336,825	248,636	292,731
19 Preferred Stock			
20 Long-Term Debt	89,500	17,500	53,500
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	426,325	266,136	346,231

(Revised 2/01)

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

NAME OF UTILITY HAVASU WATER COMPANY PHONE (949) 366-3801

		Annual Amount
INCOME STATEMENT		
23	Unmetered Water Revenue	12,000
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	124,198
27	Total Operating Revenue	136,198
28	<u>Operating Expenses</u>	132,062
29	Depreciation Expense (Composite Rate 2.1%)	8,179
30	Amortization and Property Losses	_____
31	Property Taxes	3,012
32	Taxes Other Than Income Taxes	4,156
33	Total Operating Revenue Deduction Before Taxes	147,409
34	California Corp. Franchise Tax	800
35	Federal Corporate Income Tax	0
36	Total Operating Revenue Deduction After Taxes	148,209
37	Net Operating Income (Loss) - California Water Operations	(12,011)
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	4,926
39	Income Available for Fixed Charges	(7,085)
40	Interest Expense	5
41	Net Income (Loss) Before Dividends	(7,090)
42	Preferred Stock Dividends	0
43	Net Income (Loss) Available for Common Stock	(7,090)
OTHER DATA		
44	Refunds of Advances for Construction	N/A
45	Total Payroll Charged to Operating Expenses	47,919
46	Purchased Water	7,606
47	Power	15,101

				Annual Average
	<u>Active Service Connections</u> (Exc. Fire Protect.) _____	Jan. 1	Dec. 31	
48	Metered Service Connections	214	214	214
49	Flat Rate Service Connections	_____	_____	_____
50	Total Active Service Connections	214	214	214

**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: _____

6. Plant amounts included in Schedule A, 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					
8	317	Other water source plant					
9	311	Pumping equipment			N/A		
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, 2005)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	469,669	201	Common Stock (Corporations only)	218,491
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	422,577
3	104	Water plant purchased or sold		215	Retained earnings	(392,432)
4	105	Water plant construction work in progress	10,000	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(164,597)	224	Long term debt	17,500
6	114	Water plant acquisition adjustments			Current Liabilities	31,523
7	124	Other investments		252	Advances for construction	
8	131	Cash	26,259	253	Other deferred credits	
9	141	Accounts receivable - customers	10,091	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	1,000		depreciation	
12	174	Other current assets	24,475	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	16,540	271	Contributions in aid of construction	103,000
14				272	Accumulated amortization of contributions	(7,222)
15		Total Assets	393,437		Total Equity and Liabilities	393,437

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					
17	303	Land	4,533				4,533
18	304	Structures	14,701				14,701
19	307	Wells	13,021				13,021
20	317	Other water source plant					
21	311	Pumping equipment	49,136				49,136
22	320	Water treatment plant	102,867			(6,266)	96,601
23	330	Reservoirs tanks and sandpipes	118,029			(6,267)	111,762
24	331	Water mains	91,648	12,107			103,755
25	333	Services and meter installations	33,090	3,000			36,090
26	334	Meters	6,000				6,000
27	335	Hydrants	1,802	4,000			5,802
28	339	Other equipment	25,615				25,615
29	340	Office furniture and equipment	2,653				2,653
30	341	Transportation equipment					
31		Total water plant in service	463,095	19,107		(12,533)	469,669

Note: Credit of \$12,533 to conform to R. W-4395

* 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	162,276		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	8,179		SL, 2.1%
35	(b) Charged to Account No. 272	1,520		
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	20,028		your federal income tax return for the year
39	Total credits	29,727		covered by this report \$ 13,792
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	27,406		depreciation.
44	Total debits	27,406		
45	Balance in reserve at end of year	164,597		
46	(1) Explanation of all other credits: Adjustment as of 12/31/04			
47	(2) Explanation of all other debits: Adjustment to conform to R. W-4395			

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

Line

1	Common - (Shares 30,990 , \$ par)		List persons owning more than 5% of outstanding stock
2	Preferred - (Shares , \$ par)		and number of shares owned by each: E.L. HODGES: 15,266
3	Dividends - Common Rate - \$		W.R HOLCOMB: 12,396
4	- Preferred Rate - \$		ENERGY PRODUCTION & SALES CO: 3328

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	ENERGY PRODUCTION & SALES CO.				17,500			
6								
7								
8	Totals				17,500			

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx
10	460 Unmetered water revenue	12,000
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	124,198
14	480 Other water revenue	
15	Total Operating Revenue	136,198
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	7,607
19	615 Power	15,101
20	618 Other volume related expenses	1,234
21	630 Employee labor	25,426
22	640 Materials	8,426
23	650 Contract work	2,455
24	660 Transportation expenses	4,485
25	664 Other plant maintenance expense	0
26	670 Office salaries	10,493
27	671 Management salaries	12,000
28	674 Employee pensions and benefits	0
29	676 Uncollectible accounts expense	0
30	678 Office services and rentals	6,000
31	681 Office supplies and expense	5,564
32	682 Professional services	16,897
33	684 Insurance	3,821
34	688 Regulatory commission expense	2,647
35	689 General expenses	9,906
36	Total Operating Expenses	132,062
37	403 Depreciation expense	8,179
38	407 SDWBA loan amortization expense	0
39	408 Taxes other than income taxes	7,168
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	0
42	Total Operating Revenue Deductions	148,209
43	Utility Operating Income (Loss)	(12,011)
44	421 Non-utility income	5,167
45	426 Miscellaneous non-utility expense	241
46	427 Interest expense	5
47	Net Income (Loss)	(7,090)

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

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right		Diversions		
	Claim	Capacity	Max	Min	
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			
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			

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	4	25,426		25,426
49	670	Office salaries	1	10,493		10,493
50	671	Management salaries	2	12,000		12,000
51		Total		47,919		47,919

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	200	200
3/4-in		
1-in	20	20
1-1/2 in	1	1
-in		
Total	221	221

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	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	207		207	6		6	213	
Industrial								
Other (specify) COMMERCIAL	7		7	1		1	8	
Subtotal	214		214	7		7	221	
Fire protection (Hydrants)								
Total	214		214	7		7	221	

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	2 1/4 to 3 1/4	4"	6" 8"		Totals
							Other sizes (specify)		
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel	2	150,000	Cement-asbestos			2630	13150	2630	18410
Other			Plastic	2630					2630
			Other (specify)						
Total	2	150,000	Total	2630		2630	13150	2630	21040

DECLARATION

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

I, the undersigned (officer, partner or owner) of HAVASU WATER COMPANY, 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 *Scott T. Hodger*
 Title *pres.*
 Date *4-28-06*