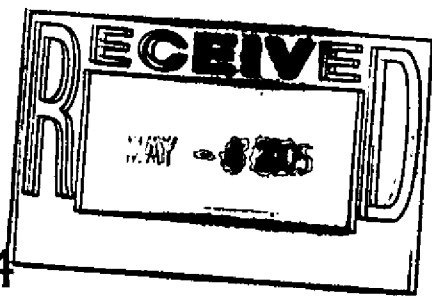


JAY

Received _____
Examined _____

# SEWER UTILITIES



U# \_\_\_\_\_

2004  
**ANNUAL REPORT  
 OF**

---

**INTERSTATE 5 UTILITY COMPANY, INC.**  
 (NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

---

**2000 - 18TH STREET, BAKERSFIELD, CA 93301**  
 (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)

# Sandra V. Steward

CERTIFIED PUBLIC ACCOUNTANT

79 E. Evangeline Oaks Cir.  
The Woodlands, TX 77384-5006

sandrastewardcpa@houston.rr.net

(985) 778-1451  
Fax (936) 271-4679

California Public Utilities Commission  
Water Division  
505 Van Ness Avenue, Room 3105  
San Francisco, CA 94102-3298

I have compiled the accompanying balance sheets of Interstate 5 Utility Company, Inc. as of January 1, 2004 and December 31, 2004, and the related statement of sewer income for the year ended December 31, 2004, and the related disclosures, in the accompanying prescribed forms in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

My compilation was limited to presenting in the form prescribed by the Public Utilities Commission – State of California, information that is the representation of the owner. I have not audited or reviewed the financial statements and related disclosures referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements, including related disclosures are presented in accordance with the requirements of the Public Utilities Commission – State of California, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

*Sandra V. Steward, CPA*

Sandra V. Steward, CPA  
April 14, 2005

# CLASS D SEWER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

INTERSTATE 5 UTILITY COMPANY, INC.

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

2000 - 18TH STREET, BAKERSFIELD, CA 93301

(Official mailing address)

INTERSTATE 5 AND HIGHWAY 58, NEAR BUTTONWILLOW, KERN COUNTY

(Service area-town and county)

## GENERAL INFORMATION

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

1 If a corporation show:

(A) Date of organization 10/25/1972 incorporated in the State of CALIFORNIA

(B) Names, titles and addresses of principal officers:

JAMES P. SEARS, PRESIDENT, 2000 - 18TH STREET, BAKERSFIELD, CA 93301

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

NOT APPLICABLE

3 Name and telephone number of:

(A) One person listed above to receive correspondence: JAMES P. SEARS (661) 325-5981

(B) Person responsible for operations and services: JAMES P. SEARS

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?

\$4,200 OF MANAGEMENT FEES PAID TO DARDANA, INC., CHARGED TO ACCOUNT 671

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:

JAMES P. SEARS, DARDANA, INC., HERBERT P. SEARS CO., INC., AND MCKITTRICK 5 PROPERTIES

### 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		
X		WEEKLY
X		May-98
		N/A
		N/A

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

LOU WOLFE, GRADE 2, 11-8337 (WASTEWATER)

LOU WOLFE, GRADE 2, 21261 (TREATMENT)

SPECIAL INSTRUCTIONS (over)

See accountant's compilation report.

## **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  
2004

NAME OF UTILITY INTERSTATE 5 UTILITY COMPANY, INC.

PHONE (985) 778-1451

PERSON RESPONSIBLE FOR THIS REPORT SANDRA V. STEWARD, CPA

(Prepared from Information in the 2004 Annual Report)

		1/1/2004	12/31/2004	Average
<b>BALANCE SHEET DATA</b>				
1	Intangible Plant	4,320	4,320	4,320
2	Land and Land Rights	-	-	-
3	Depreciable Plant	520,070	527,869	523,970
4	Gross Plant in Service	524,390	532,189	528,290
5	Less: Accumulated Depreciation	(454,569)	(465,251)	(459,910)
6	Net Water Plant in Service	69,821	66,938	68,380
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	<u>69,821</u>	<u>66,938</u>	<u>68,380</u>
<b>CAPITALIZATION</b>				
14	Common Stock	154,453	154,453	154,453
15	Proprietary Capital (Individual or Partnership)	-	-	-
16	Paid-in Capital	-	-	-
17	Retained Earnings	(65,690)	(74,762)	(70,226)
18	Common Stock and Equity (Lines 14 through 17)	88,763	79,691	84,227
19	Preferred Stock	-	-	-
20	Long-Term Debt	-	-	-
21	Notes Payable	46,897	37,161	42,029
22	Total Capitalization (Lines 18 through 21)	<u>135,660</u>	<u>116,852</u>	<u>126,256</u>

(Revised 10/97)

**INCOME STATEMENT**

	Annual Amount
23 Unmetered Revenue	96,808
24 Metered Revenue	2,102
25 Total Operating Revenue	98,910
26 <u>Operating Expenses</u>	
27 Depreciation Expense (Composite Rate _____)	5,145
28 Amortization and Property Losses	
29 Property Taxes	611
30 Taxes Other Than Income Taxes	5,428
31 Total Operating Revenue Deduction Before Taxes	11,184
32 California Corp. Franchise Tax	560
33 Federal Corporate Income Tax	-
34 Total Operating Revenue Deduction After Taxes	11,744
35 Net Operating Income (Loss) - California Water Operations	87,166
36 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(82,104)
37 Income Available for Fixed Charges	5,062
38 Interest Expense	-
39 Net Income (Loss) Before Dividends	5,062
40 Preferred Stock Dividends	-
41 Net Income (Loss) Available for Common Stock	5,062

**OTHER DATA**

42 Refunds of Advances for Construction	-
43 Total Payroll Charged to Operating Expenses	4,200
44 Purchased Water	-
45 Power	21,884

<u>Active Service Connections</u>	(Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
46 Metered Service Connections		18	0	9
47 Flat Rate Service Connections		0	19	10
48 Total Active Service Connections		18	19	19



**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2004)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	532,189	201	Common Stock (Corporations only)	154,453
2	103	Plant held for future use	-	211	Other paid-in capital (Corporations only)	
3	104	Plant purchased or sold	-	215	Retained earnings	31,228
4	105	Plant construction work in progress	-	218	Proprietary capital	
5	108	Accumulated depreciation of plant	(314,600)	224	Long term debt	
6	114	Plant acquisition adjustments	-		Current Liabilities	37,162
7	124	Other investments	-	252	Advances for construction	
8	131	Cash	29,396	253	Other deferred credits	
9	141	Accounts receivable - customers	16,450	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	10,545	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	-	271	Contributions in aid of construction	239,430
14				272	Accumulated amortization of contributions	(188,293)
15		Total Assets	273,980		Total Equity and Liabilities	273,980

**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
16	301	Intangible plant	4,320				4,320
17	303	Land	-				-
18	304	Structures	86,925				86,925
19	307	Wells	20,641				20,641
20	317	Other source plant	-				-
21	311	Pumping equipment	57,538				57,538
22	320	Treatment plant	178,411				178,411
23	330	Reservoirs	13,075				13,075
24	331	Mains	3,145				3,145
25	333	Services and meter installations	-				-
26	334	Meters	-				-
27	339	Other equipment	-				-
28	340	Office furniture and equipment	-				-
29	341	Transportation equipment	575				575
30		Total Plant in service	364,630				364,630

\* 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	179,611	A. Method used to compute depreciation
33	Add: Credits to reserves during year	2,148	expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	5,145	SL; 50 YEARS
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	7,293	covered by this report \$ 9,640
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; 15-25 YEARS
45	Balance in reserve at end of year	186,904	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		



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

Line	Description	Amount	Notes
1	Common - (Shares 153,453 @ \$ 1.00 par)	\$153,453	List persons owning more than 5% of outstanding stock and number of shares owned by each:
2	Preferred - (Shares 0 , \$ par)		
3	Dividends - Common Rate - \$		
4	- Preferred Rate - \$		JAMES P. SEARS - 100%

**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	NOT APPLICABLE							
6								
7								
8	Totals							

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered revenue	96,808
11	470 Metered revenue	2,102
12	480 Other revenue	
13	Total Operating Revenue	98,910
14	Operating revenue deductions	xxxxxxxxxx
15	Operating expenses	xxxxxxxxxx
16	610 Purchased water	
17	615 Power	21,884
18	618 Other volume related expenses	
19	630 Employee labor	
20	640 Materials	
21	650 Contract work	21,773
22	660 Transportation expenses	
23	664 Other plant maintenance expense	922
24	670 Office salaries	
25	671 Management salaries	4,200
26	674 Employee pensions and benefits	
27	676 Uncollectible accounts expense	
28	678 Office services and rentals	17,640
29	681 Office supplies and expense	64
30	682 Professional services	4,251
31	684 Insurance	10,882
32	688 Regulatory commission expense	
33	689 General expenses	507
34	Total Operating Expenses	82,123
35	403 Depreciation expense	5,145
36	408 Taxes other than income taxes	6,039
37	409 State corporate income tax expense	560
38	410 Federal corporate income tax expense	
39	Total Operating Revenue Deductions	93,867
40	Utility Operating Income	5,043
41	421 Non-utility income	19
42	426 Miscellaneous non-utility expense	
43	427 Interest expense	
44	Net Income	5,062

**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				
46	670	Office salaries				
47	671	Management salaries	1	4,200		4,200
48		Total	1	4,200		4,200

**SCHEDULE H - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	NOT APPLICABLE
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
1-in	8	
2-in	6	
3-in	5	
-in		
-in		
Total	19	

**SCHEDULE J - METER-TESTING DATA**

Number of meters tested during year		
1	Used, before repair...	2
2	Used, after repair .....	2
3	Fast, requiring refund ..	0

**SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR**

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences								
Industrial								
Other (specify)								
RETAIL/COMMERCIAL		19	19					19
Total		19	19					19

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	2 1/4 to	4"	6"	8"	Totals
				under	3 1/4				
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel-CONCRETE	1	60,000	Cement-asbestos			700	700	4,720	6,120
Other			Plastic						
METAL/WATER	2	80,000	Other (specify)						
COLL/REV	1	50,000	CLAY SEWER					7,000	7,000
			PVC WATER					1,880	1,880
Total	4	190,000	Total			700	700	13,600	15,000

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of INTERSTATE 5 UTILITY CO, 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.

*[Handwritten Signature]*

Signed  
PRESIDENT.

Title

Date

4-29-05