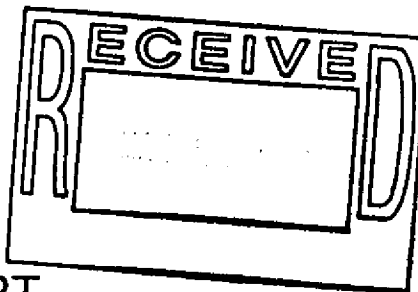


Received _____
Examined _____

CLASS D  
WATER UTILITIES

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



2005  
ANNUAL REPORT  
OF

Altos Sonoma Corporation

Renwood Village Water Company

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

4984 Sonoma Highway

Santa Rosa, Calif 95409

(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)

# KENWOOD VILLAGE WATER COMPANY 2005 ANNUAL REPORT

Account Number	Operating Revenue	
470	Metered	227098
460	Unmetered	358
465	Irrigation	
462-480	Private Fire Protection	561
	<b>Total Revenue</b>	<b>228017</b>
	<b>Operating Expenses</b>	
610	Purchased Water	4950
615	Purchased Power	9380
	Pump Taxes	
	Purchased Chemicals	638
618	Other Vol. Related exp.	
630	Employee Labor	14234
640	Materials	1988
650	Contract Work	9485
	Water Testing	2291
660	Transportation Expense	2148
664	Other Plant Maintenance	446
670	Office Salaries	11073
671	Management Salaries	37144
674	Employee Pensions and Benefits	21842
676	Uncollectables	215
678	Office Service and Rentals	2310
681	Office Supplies and Expense	3489
682	Professional Services	2987
684	Insurance	7614
688	Regulatory Expense	
689	General Expense	4050
	<b>Subtotal</b>	<b>136304</b>
403	Depreciation Expense	12949
	Ad Valorem Taxes	1529
	Payroll taxes	5338
408	Taxes other than income	
409	State Income Tax	7411
410	Federal Income Tax	23944
	<b>Total Deductions</b>	<b>187475</b>
	<b>Net Revenue</b>	<b>40542</b>
	<b>Rate Base</b>	

	Average Plant	695830
	Average Depreciation Reserve	155697
	Net Plant	540133
	Less: Advances	
	Less: Contributions <i>Net Acc.</i>	138145
	Plus: Construction Work in Progress	2842
	Plus: Working Cash	11130
	Plus: Material & Supplies	2102
	Rate Base	417962
	ROR=Net Rev/Rate Base	9.69%

**CLASS D WATER UTILITIES**  
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

Kerwood Village Water Company  
(Name under which corporation, partnership or individual is doing business)

4984 Sonoma Highway Santa Rosa, Ca. 95409  
(Official mailing address)

Kerwood and vicinity, Sonoma County  
(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:
  - (A) Date of organization 8/95 incorporated in the State of Calif.
  - (B) Names, titles and addresses of principal officers: James B. + Kathleen Downey  
26000 Newbridge Rd. Los Altos Hills, Ca. 94022; President + Secretary
- 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: Karen L. Ball, (707) 539-6397
  - (B) Person responsible for operations and services: Manager
- 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) JAB Environmental Services  
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? Field Service operations  
Acct # 650
- 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
	X	8/03
X		12/05
X		renewed 8/03
	N/A	
	N/A	

**SPECIAL INSTRUCTIONS (over)**

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

NAME OF UTILITY Kenwood Village Water Co. PHONE (707) 539-6347

PERSON RESPONSIBLE FOR THIS REPORT Karen L. Ball  
(Prepared from information in the 2005 Annual Report)

	1/1/ <u>05</u>	12/31/ <u>05</u>	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant			
2 Land and Land Rights	<u>225</u>	<u>225</u>	<u>225</u>
3 Depreciable Plant	<u>647702</u>	<u>743507</u>	<u>695605</u>
4 Gross Plant in Service	<u>647927</u>	<u>743722</u>	<u>695820</u>
5 Less: Accumulated Depreciation	<u>(147649)</u>	<u>(163844)</u>	<u>(155697)</u>
6 Net Water Plant in Service	<u>500278</u>	<u>579878</u>	<u>540123</u>
7 Water Plant Held for Future Use			
8 Construction Work in Progress	<u>5383</u>	<u>300</u>	<u>2847</u>
9 Materials and Supplies	<u>3101</u>	<u>1103</u>	<u>2102</u>
10 Less: Advances for Construction	<u>( )</u>	<u>( )</u>	<u>( )</u>
11 Less: Contribution in Aid of Construction <u>net</u>	<u>(131686)</u>	<u>(144803)</u>	<u>(138245)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>( )</u>	<u>( )</u>	<u>( )</u>
13 Net Plant Investment	<u>377176</u>	<u>436488</u>	<u>406832</u>
<b>CAPITALIZATION</b>			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital			
17 Retained Earnings	<u>366428</u>	<u>402156</u>	<u>384292</u>
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>366428</u>	<u>402156</u>	<u>384292</u>

(Revised 2/01)

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

2005  
(continued)

NAME OF UTILITY Kenwood Village Water Co. PHONE (767) 539-6397

**INCOME STATEMENT**

	Annual Amount
23 Unmetered Water Revenue <b>+DWR surcharge</b>	<u>37340</u>
24 Fire Protection Revenue	<u>561</u>
25 Irrigation Revenue	
26 Metered Water Revenue	<u>227098</u>
27 Total Operating Revenue	<u>264999</u>
28 <u>Operating Expenses</u>	<u>136304</u>
29 Depreciation Expense (Composite Rate <b>2.31%</b> )	<u>12949</u>
30 Amortization and Property Losses	<u>30462</u>
31 Property Taxes	<u>1529</u>
32 Taxes Other Than Income Taxes	<u>2338</u>
33 Total Operating Revenue Deduction Before Taxes	<u>186582</u>
34 California Corp. Franchise Tax	<u>7411</u>
35 Federal Corporate Income Tax	<u>23944</u>
36 Total Operating Revenue Deduction After Taxes	<u>217937</u>
37 Net Operating Income (Loss) - California Water Operations	<u>47062</u>
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	
39 Income Available for Fixed Charges	
40 Interest Expense <b>DWR</b>	<u>6520</u>
41 Net Income (Loss) Before Dividends	
42 Preferred Stock Dividends	
43 Net Income (Loss) Available for Common Stock	<u>40542</u>

**OTHER DATA**

44 Refunds of Advances for Construction	
45 Total Payroll Charged to Operating Expenses	<u>62451</u>
46 Purchased Water	<u>4950</u>
47 Power	<u>9380</u>

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		<u>296</u>	<u>298</u>	<u>297</u>
49 Flat Rate Service Connections				
50 Total Active Service Connections				

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: Westamerica Bank  
Address: PO Box 137, Guerneville, Ca. 95446  
Phone Number: (707) 869-0665  
Date Hired: 9/95

2. Former Fiscal Agent:

Name: N/A  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

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

\$36,982.04 billing

4. Summary of the trust bank account activities showing:

Balance at beginning of year	<u>\$36913.72</u>
Deposits during the year	<u>44798.46</u>
Withdrawals made for loan payments	<u>36349.12</u>
Other <del>withdrawals</del> from this account <u>interest earned</u>	<u>165.39</u>
Balance at end of year	<u>45528.45</u>

5. Account information:

Bank Name: Westamerica Bank  
Account Number: 403-13346-5  
Date Opened: 1/98 transferred from acct #403-11761-1 to reflect  
changed company ownership in 1996

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					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes	213397				213397
12	331	Water mains	153234				153234
13	333	Services and meter installations	34901				34901
14	334	Meters	1908				1908
15	335	Hydrants	23651				23651
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service	426091				426091



**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2005)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	11699823	201	Common Stock (Corporations only)	
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	402,156
4	105	Water plant construction work in progress	① 300	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	<447311>	224	Long term debt	② 216380
6	114	Water plant acquisition adjustments			Current Liabilities	16253
7	124	Other investments		252	Advances for construction	
8	131	Cash	② 23105	253	Other deferred credits	
9	141	Accounts receivable - customers	22739	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	1103		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges	9833	271	Contributions in aid of construction	182950
14				272	Accumulated amortization of contributions	<38147>
15		Total Assets	779592		Total Equity and Liabilities	779592

**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	225				225
18	304	Structures	3003	④ 2667			10670
19	307	Wells	10722				10722
20	317	Other water source plant	20374	⑤ 1971			22345
21	311	Pumping equipment	98547	⑥ 5715			104262
22	320	Water treatment plant	13432				13432
23	330	Reservoirs tanks and sandpipes	212469				212469
24	331	Water mains	451114	⑦ 66263			517377
25	333	Services and meter installations	152286	⑧ 6559			158845
26	334	Meters	42423	⑨ 7021	880		48624
27	335	Hydrants	42431	⑩ 4220			46751
28	339	Other equipment	4318	⑪ 120			4538
29	340	Office furniture and equipment	9010	⑫ 949			9959
30	341	Transportation equipment	8104	⑬ 460			8564
31		Total water plant in service	1074018	96145	880		1169823

\* 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	147549	253005	A. Method used to compute depreciation expense (Acct. 403) and rate.
33	Add: Credits to reserves during year			
34	(a) Charged to Account No. 403	12949		2.31% S.L.
35	(b) Charged to Account No. 272	4226		
36	(c) Charged to clearing accounts			
37	(d) Salvage recovered			B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
38	(e) All other credits			
39	Total credits	17175	30462	
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	880		
42	(b) Cost of removal			C. State method used to compute tax depreciation.
43	(c) All other debits			
44	Total debits	880		
45	Balance in reserve at end of year	163844	283467	
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

447311

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2002)**

Line

1	Common - (Shares, \$ par)		List persons owning more than 5% of outstanding stock
2	Preferred - (Shares, \$ par)		and number of shares owned by each:
3	Dividends - Common Rate - \$		
4	- Preferred Rate - \$		

**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	Vehicle	10/13	10/18	12744	2720	6.99		216
6	3590 applies to							
7	KVWC (7770)	1/96	1/12	426091	213660			6520
8	DWR (500A) Totals				216380			6746

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	358
11	462 Fire protection revenue	561
12	465 Irrigation revenue	
13	470 Metered water revenue	227098
14	480 Other water revenue (14)	36982
15	Total Operating Revenue	264999
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	4950
19	615 Power	9380
20	618 Other volume related expenses	638
21	630 Employee labor	14284
22	640 Materials	1989
23	650 Contract work	11776
24	660 Transportation expenses	2168
25	664 Other plant maintenance expense	446
26	670 Office salaries	11073
27	671 Management salaries (15)	37144
28	674 Employee pensions and benefits	21944
29	676 Uncollectible accounts expense	215
30	678 Office services and rentals	2310
31	681 Office supplies and expense	3489
32	682 Professional services (16)	2987
33	684 Insurance	7614
34	688 Regulatory commission expense	
35	689 General expenses (17)	4050
36	Total Operating Expenses	136304
37	403 Depreciation expense	15949
38	407 SDWBA loan amortization expense	30462
39	408 Taxes other than income taxes (18)	6867
40	409 State corporate income tax expense	7411
41	410 Federal corporate income tax expense	239544
42	Total Operating Revenue Deductions	217987
43	Utility Operating Income	47062
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	6520
47	Net Income	40562

**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
K <sub>1</sub>	1	12	47	450	56661 CCF
K <sub>2</sub>	2	12	30	300	3091 CCF
					59742 CCF

**OTHER**

Streams or springs location of diversion point	Flow in (Unit)		Divisions		Annual quantities diverted (Unit)
	Priority right	Claim	Capacity	Max	
Purchased water (unit):	CCF				Annual quantity
Supplier:	Sonoma County Water Agency				3300 CCF

**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	Feb	61304 CCF
Industrial			
Public authorities			
Irrigation Parks	Aug	Feb	251 CCF
Other (specify)			
Total			61555 CCF

**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	14284	2398	16682
49	670	Office salaries	1	11073		11073
50	671	Management salaries	2	37144		37144
51		Total	4	62451	2398	64849

**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	289	289
3/4-in		
1-in	6	6
2-in	7	7
3-in		
Total	302	302

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	
1 Used, before repair...	42 replaced
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	282		282	4		4	286	
Industrial <i>Business</i>	13							
Other (specify) <i>Rocks</i>	3							
Subtotal	298			4		4	302	
Fire protection (Hydrants)	21						21	
Total	319			4		4	323	

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	2 1/4 to	4"	6"	8"	14"	Totals
				under	3 1/4		Other sizes (specify)			
Concrete			Cast Iron							
Earth			Welded steel			3000				3000
Wood			Standard screw				40			40
Steel	2	220,000gal.	Cement-asbestos			2074	11130			12384
Other			Plastic			710	2976	4746	635	9617
			Other (specify)							
			<i>Ductile Iron</i>						135	135
Total			Total			5784	14326	4746	830	25176

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Kenwood Village Water Co. (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 1st, 2005, to and including December 31st, 2005

Signed Karen L. Ball

Title Manager

Date March 23, 2006

**NOTES FOR 2005 KENWOOD VILLAGE ANNUAL REPORT**

**1. Booster Pump**

**2. Checking Account**      **15,040**  
**Money Market**            **8,065**  
 **23,105**

**3. SDWBA Loan**            **213,660**  
**Chevy S-10**                **2,720**  
 **216,380**

	<u>Company</u>	<u>FF</u>	<u>CIAC</u>	<u>Customers</u>
<b>4. K1 Shelving</b>	<b>138</b>	<b>1629</b>	<b>Roof</b>	
<b>5. K2 Time of Use Meter 670</b> <b>K2 Street Side</b> <b>Pressure Recorder</b>	<b>1,301</b> <span style="border-top: 1px solid black; display: inline-block; width: 80px;"></span> <b>1,971</b>			
<b>6. K2 Bladder Tanks</b> <b>K1 Bubbler</b>	<b>1,377</b> <span style="border-top: 1px solid black; display: inline-block; width: 80px;"></span> <b>608</b> <b>1,985</b>	<b>3730</b>	<b>K1 VFD</b>	
<b>7. Randolph Tie-in</b>	<b>61,421</b>	<b>5,742</b>		
<b>8. New service</b>	<b>317</b>			<b>2,442 Mcleod</b> <b>3,800 Holden</b>
<b>9. Metering</b>	<b>7,021</b>			
<b>10. Hydrants</b>	<b>4,320</b>			
<b>11. Tools</b>	<b>220</b>			
<b>12. MAC (JBD)</b>	<b>949</b>			
<b>13. Trailer wheels</b> <b>And tires</b>	<b>460</b> <span style="border-top: 1px solid black; display: inline-block; width: 80px;"></span> <b>78,802</b>			

<b>11,101</b>	<b>6,642</b>
\	/
<b>17,343 Total CIAC</b>	
<span style="border-top: 1px solid black; display: inline-block; width: 100px;"></span> <b>96,145 Total Plant additions</b>	
<span style="border-top: 3px double black; display: inline-block; width: 100px;"></span>	

14. DWR (SDWBA)

15. 26,644 KLB

10,500 JBD

37,144

16. 2,940 Accounting

47 Computer Serv.

2,987

17. 813 Gen'l

3,237 User Use

4,050

18. 1,529 Property

5,338 Payroll

6,867

**INCOME TAXES**

**Penngrove and Kenwood Village Water Companies are combined for the purposes of ratemaking and taxation.**

**Kenwood**

**Penngrove**

**\$78,417**

**\$161,118**

**Combined Taxable  
Income**

**\$239,535**

**x 8.84%**

**\$21,175 Total State Tax**

**Split 35/65**

**\$7411**

**State Taxes**

**\$13,764**

**Total Federal Taxable  
Income**

**\$218,360**

**1<sup>st</sup> \$100,000 =**

**\$22,250**

**Split 35/65**

**\$7788**

**\$14,462**

**Remaining \$118,360 @ 39% =**

**\$46,160**

**Split 35/65**

**\$16456**

**\$ 30,004**

**\$23,944**

**Total Federal Taxes**

**\$44,466**