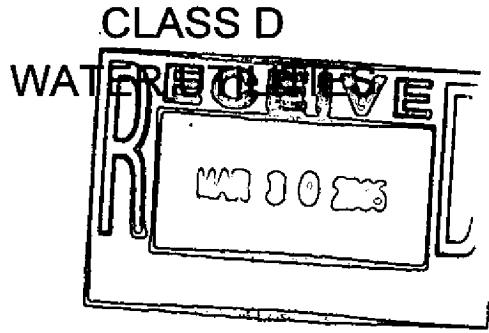


Received _____
Examined _____



U# _____

2004
ANNUAL REPORT
OF

POINT ARENA WATER WORKS, INC.

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

P. O. BOX 205, POINT ARENA, CA 95468
(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)

Account Number	Operating Revenue	
470	Metered	177,442
460	Unmetered	
465	Irrigation	
462-480	Private Fire Protection Other	13,260
	Total Revenue	190,702
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	16,421
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	494
630	Employee Labor	5,430
640	Materials	2,153
650	Contract Work	21,254
	Water Testing	
660	Transportation Expense	7,600
664	Other Plant Maintenance	5,238
670	Office Salaries	8,483
671	Management Salaries	19,750
674	Employee Pensions and Benefits	
676	Uncollectables	531
678	Office Service and Rentals	6,000
681	Office Supplies and Expense	3,980
682	Professional Services	73,415
684	Insurance	7,316
688	Regulatory Expense	2,520
689	General Expense	576
	Subtotal	181,161
403	Depreciation Expense	11,256
	Ad Valorem Taxes	3,254
	Payroll taxes	3,366
408	Taxes other than income	1,089
409	State Income Tax	800
410	Federal Income Tax	
	Total Deductions	200,926
	Net Revenue <Loss>	<10,224>
	Rate Base	

Rate base after PUC adjustment (9/2/04)

	Average Plant	380,329
	Average Depreciation Reserve	124,839
	Net Plant	255,490
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	<15,271>
	Plus: Material & Supplies	
	Rate Base	240,219
	ROR=Net Rev/Rate Base	

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

Point Arena Water Works, Inc.

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

P. O. Box 205, Point Arena, CA 95468

(Official mailing address)

City of Point Arena and vicinity, Mendocino County

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
(A) Date of organization 2/2/84 incorporated in the State of California
(B) Names, titles and addresses of principal officers:
William G. Hay, Jr., President, P.O. Box 205, Point Arena, CA 95468
- 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: William G. Hay, Jr., (707) 882-2323
- 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) 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: N/A

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	7/31/03
X		12/7/04
X		9/1955

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

<u>William G. Hay, Jr.</u>	<u>Grade D1</u>	<u>20524</u>	<u>T1</u>	<u>4175</u>
<u>Edward Christensen</u>	<u>Grade D1</u>	<u>20525</u>		

SPECIAL INSTRUCTIONS (over)

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

NAME OF UTILITY Point Arena Water Works, Inc. PHONE (707)882-1696

PERSON RESPONSIBLE FOR THIS REPORT William G. Hay, Jr.
(Prepared from Information in the 2004 Annual Report)

	<u>1/1/04</u>	<u>12/31/04</u>	<u>Average</u>
BALANCE SHEET DATA			
1 Intangible Plant	<u>13007</u>	<u>13007</u>	<u>13007</u>
2 Land and Land Rights			
3 Depreciable Plant	<u>1321117</u>	<u>1325017</u>	<u>1323067</u>
4 Gross Plant in Service	<u>1334124</u>	<u>1338024</u>	<u>1336074</u>
5 Less: Accumulated Depreciation	<u>410901</u>	<u>437662</u>	<u>424281</u>
6 Net Water Plant in Service	<u>923223</u>	<u>900362</u>	<u>911793</u>
7 Water Plant Held for Future Use	<u>3106</u>	<u>3106</u>	<u>3106</u>
8 Construction Work in Progress			
9 Materials and Supplies			
10 Less: Advances for Construction	<u>()</u>	<u>()</u>	<u>()</u>
11 Less: Contribution in Aid of Construction	<u>(764861)</u>	<u>(775266)</u>	<u>(770064)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>()</u>	<u>()</u>	<u>()</u>
13 Net Plant Investment	<u>161468</u>	<u>128202</u>	<u>144835</u>
CAPITALIZATION			
14 Common Stock	<u>120000</u>	<u>120000</u>	<u>120000</u>
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	<u>48865</u>	<u>48865</u>	<u>48865</u>
17 Retained Earnings	<u><156316></u>	<u><170098></u>	<u><163207></u>
18 Common Stock and Equity (Lines 14 through 17)	<u>12549</u>	<u><1233></u>	<u>5658</u>
19 Preferred Stock			
20 Long-Term Debt	<u>54428</u>	<u>51707</u>	<u>53068</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>66977</u>	<u>50474</u>	<u>58726</u>

(Revised 2/01)

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

20 04
(continued)

NAME OF UTILITY Point Arena Water Works Inc. PHONE (707)882-1696

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue Facilities Fees	13,260
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	177,442
27	Total Operating Revenue	190,702
28	<u>Operating Expenses</u>	_____
29	Depreciation Expense (Composite Rate _____)	11,256
30	Amortization and Property Losses	_____
31	Property Taxes	3,254
32	Taxes Other Than Income Taxes	4,455
33	Total Operating Revenue Deduction Before Taxes	200,126
34	California Corp. Franchise Tax	800
35	Federal Corporate Income Tax	_____
36	Total Operating Revenue Deduction After Taxes	200,926
37	Net Operating Income (Loss) - California Water Operations	<10,224>
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	57
39	Income Available for Fixed Charges	_____
40	Interest Expense	3,615
41	Net Income (Loss) Before Dividends	<13,782>
42	Preferred Stock Dividends	_____
43	Net Income (Loss) Available for Common Stock	<13,782>
 OTHER DATA		
44	Refunds of Advances for Construction	_____
45	Total Payroll Charged to Operating Expenses	33,663
46	Purchased Water	_____
47	Power	16,421

	<u>Active Service Connections</u>	(Exc. Fire Protect.) _____	Annual		
			Jan. 1	Dec. 31	Average
48	Metered Service Connections		181	185	183
49	Flat Rate Service Connections		_____	_____	_____
50	Total Active Service Connections		181	185	183

**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: Not Applicable
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: Not Applicable

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	1338024	201	Common Stock (Corporations only)	120000
2	103	Water plant held for future use	3106	211	Other paid-in capital (Corporations only)	48865
3	104	Water plant purchased or sold		215	Retained earnings	<170098>
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	<437662>	224	Long term debt	51707
6	114	Water plant acquisition adjustments			Current Liabilities	307679
7	124	Other investments		252	Advances for construction	31187
8	131	Cash	<15271>	253	Other deferred credits	10844
9	141	Accounts receivable - customers	20085	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	1056	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	37181	271	Contributions in aid of construction	775266
14		Special Use Accounts	11373	272	Accumulated amortization of contributions	<217558>
15		Total Assets	957892		Total Equity and Liabilities	957892

SCHEDULE B - WATER 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	13007				13007
17	303	Land					
18	304	Structures	98962				98962
19	307	Wells	45543				45543
20	317	Other water source plant	22580				22580
21	311	Pumping equipment	203162				203162
22	320	Water treatment plant	18367				18367
23	330	Reservoirs tanks and sandpipes	70768				70768
24	331	Water mains	741254				741254
25	333	Services and meter installations	18063	3900			21963
26	334	Meters	18406				18406
27	335	Hydrants	52376				52376
28	339	Other equipment	17711				17711
29	340	Office furniture and equipment	6328				6328
30	341	Transportation equipment	7597				7597
31		Total water plant in service	1334124	3900			1338024

* 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	410901		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2% S/L
34	(a) Charged to Account No. 403	11256		
35	(b) Charged to Account No. 272	15505		
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	437662		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. S/L & DDB
44	Total debits			
45	Balance in reserve at end of year	437662		
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 12000 , \$ 10 par)	120000	List persons owning more than 5% of outstanding stock and number of shares owned by each: William G. Hay, Jr & Karen J Hay 12,000
	2	Preferred - (Shares , \$ par)		
	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	SBA loan	1978	2008	171000	29103	2.75%		1021
6	Bed Rock, Inc.	11/21/00	2/9	37458	22604	9.5%		2380
7	CIT	2/20/99	12/04	16700	-0-	9.5%		214
8	Totals			225158	51707			3615

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	13260
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	177442
14	480 Other water revenue	
15	Total Operating Revenue	190702
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	
19	615 Power	16421
20	618 Other volume related expenses	494
21	630 Employee labor	5430
22	640 Materials	2153
23	650 Contract work	21254
24	660 Transportation expenses	7600
25	664 Other plant maintenance expense	5238
26	670 Office salaries	8483
27	671 Management salaries	19750
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	531
30	678 Office services and rentals	6000
31	681 Office supplies and expense	3980
32	682 Professional services	73415
33	684 Insurance	7316
34	688 Regulatory commission expense	2520
35	689 General expenses	576
36	Total Operating Expenses	181161
37	403 Depreciation expense	11256
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	7709
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	200926
43	Utility Operating Income <Loss>	<10224>
44	421 Non-utility income	57
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	3615
47	Net Income <Loss>	<13782>

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
Garcia River	1	24	18	37	-0-
Garcia River	2	12	15	110	1795541
Whiskey Shoals	1	8	45	5	-0-
Whiskey Shoals	2	8	103	3	12486

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right		Diversions		
N/A	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 Jun	Min. mo. Mo. of Feb	Cu Foot Total for year
Residential & business	167682	89135	1,466,461
Industrial	27280	7292	206,301
Public authorities			
Irrigation			
Other (specify)			
Total	194962	96427	1,672,762

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	5,430		5,430
49	670	Office salaries	2	8,483		8,483
50	671	Management salaries	1	19,750		17,750
51		Total	4	33,663		33,663

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	31,187
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	31,187

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

Size	Meters	Services
5/8 x 3/4-in	183	183
3/4-in	8	8
1-in	10	10
2-in	7	7
6-in	2	2
Total	210	210

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1 Used, before repair...	14
2 Used, after repair ..	Replaced
3 Fast, requiring refund ..	None
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	102		102	17		17	119	
Multi-Family	23		23	2		2	25	
Industrial	2		2					2
Other (specify)								
Commercial	58		58	6		6	64	
Subtotal	185		185	25		25	210	
Fire protection (Hydrants)								
Total	185		185	25		25	210	

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)

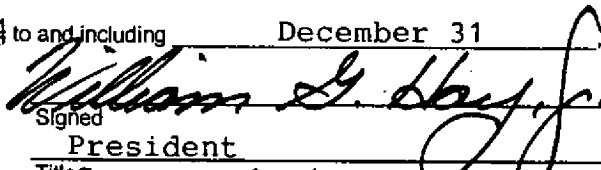
Description	No.	Combined capacity in gallons	Description	2" and	2 1/4 to	4"	6"	8"	12"	Totals
				under	3 1/4					
Concrete	1	285,000	Cast Iron							
Earth			Welded steel					300		300
Wood	3	272,000	Standard screw	550						550
Steel			Cement-asbestos		600	5700	7500	500		14300
Other			Plastic	1400	760	600	14450	4700	10100	32010
			Other (specify)							
Total			Total	1950	1360	6300	21950	5500	10100	47160

DECLARATION

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

I, the undersigned (officer, partner or owner) of Point Arena Water Works, 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, 2004 to and including December 31, 2004


 Signed _____
 Title President
 Date March 25, 2005