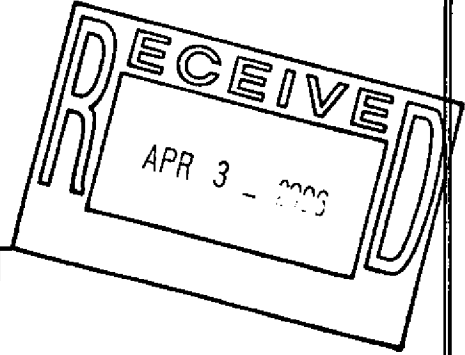


74

Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____



2005
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, 2005

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2006

(FILE TWO COPIES IF THREE RECEIVED)

Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____

2005
ANNUAL REPORT
OF

Point Arena Water Works, Inc.

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

PO Box 205

Point Arena, CA

95468

(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 calander year, from January 1 through December 31. Fiscal year reports will not be accepted.

Account Number	Operating Revenue	
470	Metered	\$ 205,748.00
460	Unmetered: Facilities Fees	
465	Irrigation	
462-480	Private Fire Protection	
	Total Revenue	\$ 205,748.00
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	\$ 12,198.00
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	\$ 626.00
630	Employee Labor	\$ 5,592.00
640	Materials	\$ 10,751.00
650	Contract Work	\$ 13,392.00
	Water Testing	
660	Transportation Expense	\$ 5,660.00
664	Other Plant Maintenance	\$ 7,023.00
670	Office Salaries	\$ 7,971.00
671	Management Salaries	\$ 18,578.00
674	Employee Pensions and Benefits	
676	Uncollectables	\$ 2,259.00
678	Office Service and Rentals	\$ 19,886.00
681	Office Supplies and Expense	\$ 5,055.00
682	Professional Services	\$ 24,203.00
684	Insurance	\$ 8,067.00
688	Regulatory Expense	\$ 88,509.00
689	General Expense	\$ 1,204.00
	Subtotal	\$ 230,974.00
403	Depreciation Expense	\$ 11,320.00
	Ad Valorem Taxes	\$ 3,540.00
	Payroll taxes	\$ 3,830.00
408	Taxes other than income	\$ 3,129.00
409	State Income Tax	\$ 800.00
410	Federal Income Tax	
	Total Deductions	\$ 253,593.00
	Net Revenue	\$ (47,845.00)
	Rate Base	

	Average Plant	\$ 366,704.00
	Average Depreciation Reserve	\$ (129,764.00)
	Net Plant	\$ 236,940.00
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	\$ (21,171.00)
	Plus: Material & Supplies	
	Rate Base	\$ 215,769.00
	ROR=Net Rev/Rate Base	

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.

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)

PO Box 205, Point Arena Water Works

(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 2/2/1984 incorporated in the State of California

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

William G. Hay Jr. President, PO 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)882-1696

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	7/31/2003
X		12/29/2005
X		Sep-55

SPECIAL INSTRUCTIONS (over)

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

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 2005 Annual Report)

	1/1/2005	12/31/2005	Average
BALANCE SHEET DATA			
1 Intangible Plant	13,007	13,007	13,007
2 Land and Land Rights			
3 Depreciable Plant	1,325,017	1,352,034	1,338,526
4 Gross Plant in Service	1,338,024	1,365,041	1,351,533
5 Less: Accumulated Depreciation	437,662	464,963	451,313
6 Net Water Plant in Service	900,362	900,078	900,220
7 Water Plant Held for Future Use	3,106	3,106	3,106
8 Construction Work in Progress			
9 Materials and Supplies			
10 Less: Advances for Construction	()	()	()
11 Less: Contribution in Aid of Construction	(775,266)	(799,027)	(787,147)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	128,202	104,157	116,179
CAPITALIZATION			
14 Common Stock	120,000	120,000	120,000
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	48,865	48,865	48,865
17 Retained Earnings	(170,098)	(220,619)	(195,359)
18 Common Stock and Equity (Lines 14 through 17)	(1,233)	(51,754)	(26,494)
19 Preferred Stock			
20 Long-Term Debt	51,707	37,410	44,559
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	50,474	(14,344)	18,065

(Revised 2/01)

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

2005

(continued)

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

	Annual Amount
INCOME STATEMENT	
23 Unmetered Water Revenue: Facilities Fees	_____
24 Fire Protection Revenue	_____
25 Irrigation Revenue	_____
26 Metered Water Revenue	<u>205,748</u>
27 Total Operating Revenue	<u>205,748</u>
28 <u>Operating Expenses</u>	<u>230,974</u>
29 Depreciation Expense (Composite Rate _____)	<u>11,320</u>
30 Amortization and Property Losses	_____
31 Property Taxes	<u>3,540</u>
32 Taxes Other Than Income Taxes	<u>6,959</u>
33 Total Operating Revenue Deduction Before Taxes	<u>252,793</u>
34 California Corp. Franchise Tax	<u>800</u>
35 Federal Corporate Income Tax	_____
36 Total Operating Revenue Deduction After Taxes	<u>253,593</u>
37 Net Operating Income (Loss) - California Water Operations	<u>(47,845)</u>
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	_____
39 Income Available for Fixed Charges	_____
40 Interest Expense	<u>2,676</u>
41 Net Income (Loss) Before Dividends	<u>(50,521)</u>
42 Preferred Stock Dividends	_____
43 Net Income (Loss) Available for Common Stock	<u>(50,521)</u>

OTHER DATA

44 Refunds of Advances for Construction	_____
45 Total Payroll Charged to Operating Expenses	<u>32,141</u>
46 Purchased Water	_____
47 Power	<u>12,198</u>

	(Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		<u>185</u>	<u>189</u>	<u>187</u>
49 Flat Rate Service Connections		_____	_____	_____
50 Total Active Service Connections		<u>185</u>	<u>189</u>	<u>187</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:

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, 2005)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1,365,041	201	Common Stock (Corporations only)	120,000
2	103	Water plant held for future use	3,106	211	Other paid-in capital (Corporations only)	48,865
3	104	Water plant purchased or sold		215	Retained earnings	(220,619)
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(464,963)	224	Long term debt	37,410
6	114	Water plant acquisition adjustments			Current Liabilities	323,008
7	124	Other investments		252	Advances for construction	31,187
8	131	Cash	(21,171)	253	Other deferred credits	5,715
9	141	Accounts receivable - customers	15,739	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies	2,906	282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies			depreciation	
12	174	Other current assets	256	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	2,825	271	Contributions in aid of construction	799,027
14			7,315	272	Accumulated amortization of contributions	(233,539)
15		Total Assets	911,054		Total Equity and Liabilities	911,054

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	13,007				13,007
17	303	Land					
18	304	Structures	98,962				98,962
19	307	Wells	45,543				45,543
20	317	Other water source plant	22,580				22,580
21	311	Pumping equipment	203,162				203,162
22	320	Water treatment plant	18,367				18,367
23	330	Reservoirs tanks and sandpipes	70,768				70,768
24	331	Water mains	741,254				741,254
25	333	Services and meter installations	21,963	23,551			45,514
26	334	Meters	18,406	250			18,656
27	335	Hydrants	52,376	2,390			54,766
28	339	Other equipment	17,711				17,711
29	340	Office furniture and equlpment	6,328	826			7,154
30	341	Transportation equipment	7,597				7,597
31		Total water plant in service	1,338,024	27,017			1,365,041

* 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	437,622		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	11,320		
35	(b) Charged to Account No. 272	15,981		
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	464,963		covered by this report \$ \$ 10,273
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	464,963		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

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

Line	Description	Amount	Other Info
1	Common - (Shares 12000 \$10 par)	120,000	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	171,000	19,565	2.75%		732
6	Bed Rock, Inc.	11/21/2000	2/1/09	37,458	17,845	9.50%		1,944
7								
8	Totals			208,458	37,410			2,676

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	205,748
14	480 Other water revenue	
15	Total Operating Revenue	205,748
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	
19	615 Power	12,198
20	618 Other volume related expenses	626
21	630 Employee labor	5,592
22	640 Materials	10,751
23	650 Contract work	13,392
24	660 Transportation expenses	5,660
25	664 Other plant maintenance expense	7,023
26	670 Office salaries	7,971
27	671 Management salaries	18,578
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	2,259
30	678 Office services and rentals	19,886
31	681 Office supplies and expense	5,055
32	682 Professional services	24,203
33	684 Insurance	8,067
34	688 Regulatory commission expense	88,509
35	689 General expenses	1,204
36	Total Operating Expenses	230,974
37	403 Depreciation expense	11,320
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	10,499
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	253,593
43	Utility Operating Income	(47,845)
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	2,676
47	Net Income	(50,521)

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	CuFt
					Annual quantities pumped
Garcia River	1	24	18	37	
Garcia River	2	2	15	110	1,664,825
Whiskey Shoals	1	8	45	5	
Whiskey Shoals	2	8	103	3	11,256

OTHER

Streams or springs location of diversion point	Flow in (Unit)		Annual quantities diverted (Unit)	
	Priority right	Diversions	Max	Min
N/A	Claim	Capacity		
Purchased water (unit)				
Supplier:	Annual quantity			

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. Of AUG	Min. mo. Mo. Of DEC	CuFt Total for year
Residential & business	143,812	96,814	1,402,166
Industrial	15,656	6,481	111,157
Public authorities			
Irrigation			
Other (specify)			
Total	159,468	103,295	1,513,323

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	5,592		5,592
49	670	Office salaries	1	7,971		7,971
50	671	Management salaries	1	18,578		18,579
51		Total	3	32,141		32,141

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	184	184
3/4-in	8	8
1-in	10	10
2-in	7	7
6-in	2	2
Total	214	214

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year		
1	Used, before repair...	10
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 Single Family	101		101	17		17	118	
Multi Family	25		25	2		2	27	
Industrial	2		2				2	
Other (specify)								
Commercial	61		61	6		6	67	
Subtotal	189		189	25		25	214	
Fire protection (Hydrants)								
Total	189		189	25		25	214	

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)

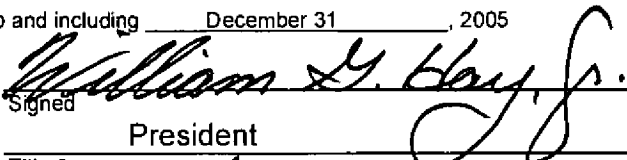
Description	No.	Combined capacity in gallons	Description	2" and under	2 1/4 to 3 1/4	4"	6"	8"	12"	Totals
Concrete	1	285,000	Cast Iron							
Earth			Welded steel					300		300
Wood	3	272,000	Standard screw	300						550
Steel			Cement-asbestos		600	5,700	7,500	500		14,300
Other			Plastic	1,400	760	600	14,700	4,700	10,100	32,010
			Other (specify)							
Total			Total	1,700	1,360	6,300	22,200	5,500	10,100	47,160

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.** 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 _____
 President
 Title _____
 Date March 30-2006