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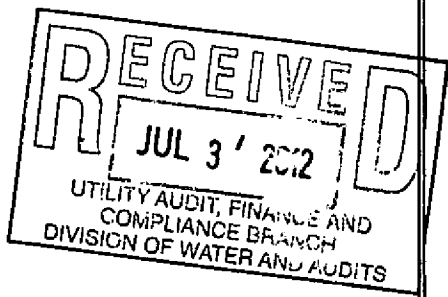
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**CLASS D
WATER UTILITIES**

U# WTD - 40

**2011
ANNUAL REPORT
OF**



POINT ARENA WATER WORKS, INC.

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

PO BOX 205

POINT ARENA, CA
(OFFICIAL MAILING ADDRESS)

95468
ZIP

**TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE YEAR ENDED DECEMBER 31, 2011**

REPORT MUST BE FILED NOT LATER THAN APRIL 2, 2012

TABLE OF CONTENTS

	<u>Page</u>
Instructions	2
General Information	3
Excess Capacity and Non-Tariffed Services	4
Safe Drinking Water Bond Act / State Revolving Fund Data	5-6
Schedule A - Balance Sheet	7
Schedule B - Water Plant In Service	7
Schedule C - Reserve for Depreciation of Utility Plant	7
Schedule D - Capital Stock Outstanding (As of December 31, 2009)	8
Schedule E - Long-Term Debts	8
Schedule F - Income Statement	8
Schedule G - Source of Supply and Water Developed Wells	9
Schedule H - Water Delivered to Metered Customers	9
Schedule I - Employees and Their Compensation	9
Schedule J - Advances for Construction	10
Schedule K - Total Meters and Services (Active and Inactive)	10
Schedule L - Meter Testing Data	10
Schedule M - Service Connections at End of Year	10
Schedule N - Storage Facilities	10
Schedule O - Footages of Pipe (Excluding Service Pipes)	10
Facility Fees Data	11
Declaration	12

INSTRUCTIONS

1. Two completed and signed hard copies of this report and one electronic copy must be filed **NOT LATER THAN APRIL 2, 2012**, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS
ATTN: KAYODE KAJOPAIYE
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298
kok@cpuc.ca.gov**

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 Page12, must be signed by an authorized officer, partner, or owner.
4. The report must be prepared in ink, typed or computer generated.
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 flow 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. If inserts are needed, prepare all inserts in one separate electronic file in Microsoft Excel format and file it with the electronic file of this report.
9. This report must cover the calendar year from January 1, 2011, through December 31, 2011. Fiscal year reports will not be accepted.

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, CA 95468

(Official mailing address)

THE CITY OF POINT ARENA AND VICINITY, MENDOCINO COUNTY

(Service Area - Town and County)

Telephone Number: (707) 882-1696 Fax Number: (707) 882-3258

Email Address: PAWW@MCN.ORG

GENERAL INFORMATION

(Attach a supplementary statement, if necessary)

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

2. If unincorporated provide the name and address of the owner(s) or the partners:

3. Name, title, and telephone number of:
(A) One person listed above to receive correspondence: WILLIAM G. HAY JR. PRESIDENT (707) 882-1696
(B) Person responsible for operations and services: WILLIAM G. HAY JR. PRESIDENT (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	7/25/2007
X		12/27/2011
X		Sep-55

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

WILLIAM G. HAY JR. GRADE D1 LICENSE # 20524
WILLIAM G. HAY JR. GRADE T1 LICENSE # 4175
EDWARD CHRISTENSEN GRADE D1 LICENSE # 20525

Excess Capacity and Non-Tariffed Services

POINT ARENA WATER WORKS, IN N/A

NOTE: In D.00-07-018, D.03-04-028, and D. 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to: 1) file an advice letter requesting Commission approval of that service, 2) provide information regarding non-tariffed goods/services in each company's Annual Report to the Commission.

Based on the information and filings required in D.00-07-018, D.03-04-028, and D.04-12-023, provide the following information by each individual non-tariffed goods and services provided in calendar year 2011:

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter											
Row No.	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue Derived From Non-Tariffed Goods/ Services (by account)	Revenue Account Number	Total Expenses Incurred to Provide Non-Tariffed Goods/ Services (by Account)	Expense Account Number	Advice Letter and/or Resolution Number Approving Non-Tariffed Goods/ Services	Total Income Tax Liability Incurred Because of Non-Tariffed Goods/ Services (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets Used in the Provision of a Non-Tariffed Goods/ Services (by Account)	Regulated Asset Account Number

FOR ALL WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA
 POINT ARENA WATER WORKS, INC. N/A

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) or Safe Drinking Water State Revolving Fund loan surcharge collection for the calendar year. Please use one page per loan.

1. Current Fiscal Agent:

Name: _____
 Address: _____
 Phone Number: _____
 Account Number: _____
 Date Hired: _____

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

\$ _____

Meter Size	No. of Metered Customers	Monthly Surcharge Per Customer
3/4 inch		
1 inch		
1 1/2 inch		
2 inch		
3 inch		
4 inch		
6 inch		
Number of Flat Rate Customers		
Total		

3. Summary of the bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Interest earned for calendar year	_____
Withdrawals from this account	_____
Balance at end of year	_____

4. Reason or Purpose of Withdrawal from this bank account:

FOR ALL WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA (Continued)
 POINT ARENA WATER WORKS, INC. N/A

5. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF 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					
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 (AS OF DECEMBER 31, 2011)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1,646,671	201	Common Stock (Corporations only)	120,000
2	101.1	SDWA Plant		211	Other paid-in capital (Corporations only)	48,865
3	103	Water plant held for future use		215	Retained earnings	(35,000)
4	104	Water plant purchased or sold		218	Proprietary capital	
5	105	Water plant construction work in progress		224	Long term debt	64,415
6	108	Accumulated depreciation of water plant	(640,503)		Current Liabilities	368,739
7	114	Water plant acquisition adjustments		252	Advances for construction	31,187
8	124	Other investments		253	Other deferred credits	366
9	131	Cash	3,445	255	Accumulated deferred investment tax credits	
10	141	Accounts receivable - customers	7,434	282	Accumulated deferred income taxes - ACRS	
11	142	Receivables from associated companies	14,609		depreciation	
12	151	Materials and supplies		283	Accumulated deferred income taxes - other	
13	174	Other current assets	2,240	271	Contributions in aid of construction	847,142
14	180	Deferred charges	79,923	272	Accumulated amortization of contributions	(331,895)
15		Total Assets	1,113,819		Total Equity and Liabilities	1,113,819

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
1	301	Intangible plant	13,007				13,007
2	303	Land					0
3	304	Structures	101,258				101,258
4	307	Wells	63,726	10,229			73,955
5	317	Other water source plant	22,580				22,580
6	311	Pumping equipment	219,386				219,386
7	320	Water treatment plant	18,367	508			18,875
8	330	Reservoirs tanks and sandpipes	143,984	4,502			148,486
9	331	Water mains	884,291				884,291
10	333	Services and meter installations	49,493				49,493
11	334	Meters	19,954	495	528		19,921
12	335	Hydrants	62,405				62,405
13	339	Other equipment	17,711				17,711
14	340	Office furniture and equipment	7,706				7,706
15	341	Transportation equipment	7,597				7,597
16		Total water plant in service	1,631,465	15,734	528		1,646,671

* 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	
1	Balance in reserves at beginning of year	612,458		A. Method used to compute depreciation
2	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2% SL
3	(a) Charged to Account No. 272	16,943		
4	(b) Charged to Account No. 403	11,630		
5	(c) Charged to Account No. 407			B. Amount of depreciation expense claimed
6	(d) Salvage recovered			or to be claimed on utility property in
7	(e) All other credits			your federal income tax return for the year
8	Total credits	28,573		covered by this report \$
9	Deduct: Debits to reserves during year			
10	(a) Book cost of property retired	(528)		
11	(b) Cost of removal			C. State method used to compute tax
12	(c) All other debits			depreciation.
13	Total debits	(528)		
14	Balance in reserve at end of year	640,503		
15	(1) Explanation of all other credits			
16	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (AS OF DECEMBER 31, 2011)

Line			
1	Common - (Shares 12,000 , \$ 10 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 - \$		WILLIAM G HAY JR. & KAREN J. HAY 12,000
4	- Preferred Rate - \$		

SCHEDULE E - LONG-TERM DEBTS

	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
1	WELLS FARGO BANK	2008	2013	190,000	64,415	7.75%		6,760
2								
3								
4	Total							

SCHEDULE F - INCOME STATEMENT

1	Acct.	Operating revenues	
2	460	Unmetered water revenue	
3	462	Fire protection revenue	
4	465	Irrigation revenue	
5	470	Metered water revenue	232,202
6	475	Approved Total Surcharge Revenue(s)	
7	480	Other water revenue (PUC Fee/Reconnect. Fee)	3,652
8		Total Revenue Received	235,854
9		Less: Revenue Deductions	
10		SDWBA/SRF surcharge revenue	
11		Total Operating Revenue	235,854
12		Operating expenses	
13	610	Purchased water	
14	615	Purchased power	12,653
15	618	Other volume related expenses	1,957
16	630	Employee labor	7,327
17	640	Materials	4,028
18	650	Contract work	24,730
19	660	Transportation expenses	10,980
20	664	Other plant maintenance expense	20,819
21	670	Office salaries	41,335
22	671	Management salaries	28,437
23	674	Employee pensions and benefits	0
24	676	Uncollectible accounts expense	907
25	678	Office services and rentals	8,119
26	681	Office supplies and expense	7,595
27	682	Professional services	17,520
28	684	Insurance	6,517
29	688	Regulatory commission expense	5,932
30	689	General expenses	2,416
31		Total Operating Expenses	201,272
32	403	Depreciation expense	11,630
33	407	SDWBA loan amortization expense	
34	408	Taxes other than income taxes	12,868
35	409	State income tax expense	800
36	410	Federal income tax expense	720
37		Total Operating Revenue Deductions	227,290
38		Utility Operating Income	8,564
39	421	Non-utility income	2,521
40	426	Miscellaneous non-utility expense	
41	427	Interest expense	7,005
42		Net Income	4,080

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		IN GALLONS
GARCIA RIVER	2	12	15		10,587,117
WHISKEY SHOALS	1	8	45		52,487
WHISKEY SHOALS	2	8	103		
WHISKEY SHOALS	3	5	80		
					10,639,604

OTHER

Streams or Springs Location of Diversion Point	Flow in Priority Right		(Unit) Diversions		Annual Quantities Diverted
	Claim	Capacity	Max	Min	Unit
N/A					
Purchased water (unit)					Annual Quantity
Supplier:					

SCHEDULE H - WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of Service	Month of Year		Total for Year
	Maximum	Minimum	
Residential	611,130	41,665	603,689
Commercial	62,460	31,257	568,605
Industrial	21,350	6,150	131,763
Fire Protection			
Irrigation			
Other (specify)			
Total	694,940	79,072	1,304,057

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
1	630	Employee Labor	1	7,327		7,327
2	670	Office salaries	1	41,335		41,335
3	671	Management salaries	1	28,437		28,437
4		Total		77,099		77,099

Note: Office Salaries of \$16,541 were paid through Form 1099 instead of Form W-2.

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	

SCHEDULE K - TOTAL METERS AND SERVICES (Active and Inactive)

Size	Meters	Services
5/8 x 3/4-in	185	185
3/4-in	9	9
1-in	13	13
2'-in	9	9
6'-in	4	4
Total	220	220

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year		
1	Used, before repair	11
2	Used, after repair	<u>REPAIRED</u>
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	129		129	12		12	141	
Industrial/Commercial	64		64	15		15	79	
Irrigation								
Fire Protection (public)								
Fire Protection (private)								
Other (specify)								
Total	193		193	27		27	220	

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	150						150
Steel			Cement-asbestos		600	5,700	7,500	500		14,300
Other PVC	1	10,000	Plastic	150	760	600	14,700	4,700	10,710	31,620
			Other (specify)							
Total		567,000	Total	300	1360	6300	22200	5500	10,710	46,370

DECLARATION

(PLEASE VERIFY THAT ALL SCHEDULES ARE ACCURATE AND COMPLETE BEFORE SIGNING)

I, the undersigned William G. Hay Jr.
Officer, Partner, or Owner (Please Print)

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 of January 1, 2011, through December 31, 2011.

President
Title (Please Print)

707-882-1696
Telephone Number

William G. Hay Jr.
Signature

June 28-2012
Date