

Received \_\_\_\_\_  
Examined \_\_\_\_\_

SEWER UTILITIES

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

2003  
ANNUAL REPORT  
OF

RURAL WATER COMPANY

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

P.O. BOX 745

GROVER BEACH, CA 93483

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2003

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2004  
(FILE TWO COPIES IF THREE RECEIVED)

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Examined \_\_\_\_\_

# SEWER UTILITIES

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## 2003 ANNUAL REPORT OF

\_\_\_\_\_  
RURAL WATER COMPANY

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

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P.O. BOX 745

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TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2003

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2004  
(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  
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 calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

# CLASS D SEWER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

RURAL WATER COMPANY

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

P.O. BOX 745 GROVER BEACH, CA 93483

(Official mailing address)

ARROYO GRANDE, CA - SAN LUIS OBISPO COUNTY

(Service area-town and county)

## GENERAL INFORMATION

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:  
 (A) Date of organization 5/14/1982 incorporated in the State of California  
 (B) Names, titles and addresses of principal officers: Charles M. Baker, President
- 2 If unincorporated give the name and address of owner or of each partner: N/A
- 3 Name and telephone number of:  
 (A) One person listed above to receive correspondence: Charles M. Baker (805)481-6686  
 (B) Person responsible for operations and services: Charles M. Baker (805)481-6686
- 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? See attached
- 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		5/03
X		5/15/04
X		10/99
N/A		
N/A		

**SPECIAL INSTRUCTIONS (over)**

## **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  
2003

NAME OF UTILITY RURAL WATER COMPANY

PHONE (805)481-6686

PERSON RESPONSIBLE FOR THIS REPORT CHARLES M. BAKER

(Prepared from Information in the 2003 Annual Report)

	1/1/03	12/31/03	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	-	-	-
2 Land and Land Rights	-	-	-
3 Depreciable Plant	-	4,760,000	2,380,000
4 Gross Plant in Service	-	4,760,000	2,380,000
5 Less: Accumulated Depreciation	-	(145,939)	(72,970)
6 Net Water Plant in Service	-	4,614,061	2,307,031
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	( )	(4,614,061)	(2,307,031)
12 Less: Accumulated Deferred Income and Investment Tax Credits	( )	( )	( )
13 Net Plant Investment	-	-	-
<b>CAPITALIZATION</b>			
14 Common Stock	-	-	-
15 Proprietary Capital (Individual or Partnership)	-	-	-
16 Paid-in Capital	-	56,692	28,346
17 Retained Earnings	-	(56,614)	(28,307)
18 Common Stock and Equity (Lines 14 through 17)	-	78	39
19 Preferred Stock	-	-	-
20 Long-Term Debt	-	-	-
21 Notes Payable	-	-	-
22 Total Capitalization (Lines 18 through 21)	-	78	39

(Revised 10/97)

NAME OF UTILITY RURAL WATER COMPANY

PHONE (805) 481-6686

**INCOME STATEMENT**

	Annual Amount
23 Unmetered Revenue	<u>124,278</u>
24 Metered Revenue	
25 Total Operating Revenue	<u>124,278</u>
26 <u>Operating Expenses</u>	<u>180,263</u>
27 Depreciation Expense (Composite Rate 3%)	
28 Amortization and Property Losses	
29 Property Taxes	<u>629</u>
30 Taxes Other Than Income Taxes	
31 Total Operating Revenue Deduction Before Taxes	<u>180,892</u>
32 California Corp. Franchise Tax	<u>-</u>
33 Federal Corporate Income Tax	<u>-</u>
34 Total Operating Revenue Deduction After Taxes	<u>180,892</u>
35 Net Operating Income (Loss) - California Water Operations	<u>(56,614)</u>
36 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	<u>-</u>
37 Income Available for Fixed Charges	<u>(56,614)</u>
38 Interest Expense	<u>-</u>
39 Net Income (Loss) Before Dividends	<u>(56,614)</u>
40 Preferred Stock Dividends	<u>-</u>
41 Net Income (Loss) Available for Common Stock	<u>(56,614)</u>

**OTHER DATA**

42 Refunds of Advances for Construction	<u>-</u>
43 Total Payroll Charged to Operating Expenses	<u>-</u>
44 Purchased Water	<u>-</u>
45 Power	<u>37,648</u>

Active Service Connections (Exc. Fire Protect.) 0

	Jan. 1	Dec. 31	Annual Average
46 Metered Service Connections	0	0	0
47 Flat Rate Service Connections	0	259	130
48 Total Active Service Connections	0	259	130

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2003)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	4,760,000	201	Common Stock (Corporations only)	
2	103	Plant held for future use		211	Other paid-in capital (Corporations only)	56,692
3	104	Plant purchased or sold		215	Retained earnings	(56,614)
4	105	Plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of plant	(145,939)	224	Long term debt	
6	114	Plant acquisition adjustments			Current Liabilities	5,340
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Other deferred credits	
9	141	Accounts receivable - customers	5,418	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		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	4,760,000
14				272	Accumulated amortization of contributions	(145,939)
15		<b>Total Assets</b>	<b>4,619,479</b>		<b>Total Equity and Liabilities</b>	<b>4,619,479</b>

**SCHEDULE B - SEWER 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					-
18	304	Structures					-
19	307	Wells					-
20	317	Other source plant					-
21	311	Pumping equipment		10,000			10,000
22	320	Treatment plant		3,200,000			3,200,000
23	330	Reservoirs					-
24	331	Mains		1,500,000			1,500,000
25	333	Services and meter installations					-
26	334	Meters					-
27	339	Other equipment		40,000			40,000
28	340	Office furniture and equipment		10,000			10,000
29	341	Transportation equipment					-
30		<b>Total Plant in service</b>		<b>4,760,000</b>			<b>4,760,000</b>

\* 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	-	A. Method used to compute depreciation
33	Add: Credits to reserves during year		expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403		STRAIGHT LINE
35	(b) Charged to Account No. 272	145,939	
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	<b>Total credits</b>	<b>145,939</b>	covered by this report \$ 0
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. N/A
44	<b>Total debits</b>	<b>-</b>	
45	<b>Balance in reserve at end of year</b>	<b>145,939</b>	
46	(1) Explanation of all other credits	N/A	
47	(2) Explanation of all other debits	N/A	



**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2003)**

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: Charles M. Baker
3	Dividends - Common	Rate - \$	* THE COMPANY'S COMMON STOCK IS REPORTED ON
4	- Preferred	Rate - \$	THE WATER UTILITY ANNUAL REPORT.

**SCHEDULE E - LONG TERM DEBT**

Line	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	N/A							
6								
7								
8	Totals							

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxxxxxxx
10	460 Unmetered revenue	124,278
11	470 Metered revenue	
12	480 Other revenue	
13	Total Operating Revenue	124,278
14	Operating revenue deductions	xxxxxxxxxxx
15	Operating expenses	xxxxxxxxxxx
16	610 Purchased water	-
17	615 Power	37,648
18	618 Other volume related expenses	-
19	630 Employee labor	-
20	640 Materials	-
21	650 Contract work	130,615
22	660 Transportation expenses	-
23	664 Other plant maintenance expense	-
24	670 Office salaries	-
25	671 Management salaries	-
26	674 Employee pensions and benefits	-
27	676 Uncollectible accounts expense	-
28	678 Office services and rentals	-
29	681 Office supplies and expense	-
30	682 Professional services	-
31	684 Insurance	12,000
32	688 Regulatory commission expense	-
33	689 General expenses	
34	Total Operating Expenses	180,263
35	403 Depreciation expense	
36	408 Taxes other than income taxes	629
37	409 State corporate income tax expense	
38	410 Federal corporate income tax expense	
39	Total Operating Revenue Deductions	180,892
40	Utility Operating Income	(56,614)
41	421 Non-utility income	-
42	426 Miscellaneous non-utility expense	-
43	427 Interest expense	-
44	Net Income	(56,614)

**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	0	0	0	0
46	670	Office salaries	0	0	0	0
47	671	Management salaries	0	0	0	0
48		Total	0	0	0	0

**SCHEDULE H - 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	N/A

**SCHEDULE I - TOTAL METERS AND SERVICES (active and inactive)**

Size	Meters	Services
-in		
-in		
-in		
-in		
-in		
Total		N/A

**SCHEDULE J - METER-TESTING DATA**

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

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

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		252	252		136	136		388
Industrial								
Other (specify)								
Commercial		7	7		0	0		7
<b>Total</b>		<b>259</b>	<b>259</b>		<b>136</b>	<b>136</b>		<b>395</b>

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)**

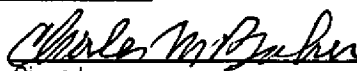
Description	No.	Combined capacity in gallons	Description	Other sizes (specify)				Totals
				2" and under	2 1/4 to 3 1/4	4"	6"	
Concrete	3	66,000	Cast Iron					
Earth			Welded steel					
Wood			Standard screw					
Steel			Cement-asbestos					
Other			Plastic				28000	28000
			Other (specify)					
<b>Total</b>	<b>3</b>	<b>66,000</b>	<b>Total</b>				<b>28000</b>	<b>28000</b>

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Rural Water Company (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, 2003, to and including December 31, 2003.

  
 Signed  
 President  
 Title

Date 7-6-04

ATTACHMENT TO ANNUAL REPORT OF RURAL WATER COMPANY SEWER OPERATION

PAGE 5, SCHEDULE B - SEWER PLANT IN SERVICE

RURAL WATER COMPANY WAS INCORPORATED IN 1982 AND HAS OPERATED A WATER UTILITY PLANT SINCE THAT TIME. IN JUNE, 2002, RURAL WATER COMPANY WAS GRANTED A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE SEWER SERVICE TO THE CYPRESS RIDGE SUBDIVISION IN SAN LUIS OBISPO COUNTY, AND, AS A RESULT, TOOK OVER THE OPERATION OF THE CYPRESS RIDGE SEWER PLANT IN JANUARY, 2003. THE AMOUNT SHOWN IN THE ADDITIONS COLUMN OF SCHEDULE B REPRESENTS THE VALUE OF THE CYPRESS RIDGE SEWER PLANT CONTRIBUTED TO RURAL WATER COMPANY.

RURAL WATER COMPANY OPERATES BOTH A WATER UTILITY AND SEWER UTILITY PLANT. THE AMOUNTS REPORTED IN THIS ANNUAL REPORT REFLECT ONLY THE SEWER OPERATIONS OF RURAL WATER COMPANY. THE WATER UTILITIES OPERATION HAS BEEN REPORTED ON A SEPARATE WATER UTILITY ANNUAL REPORT. THE CAPITALIZATION OF RURAL WATER COMPANY HAS BEEN REPORTED ON THE WATER UTILITY ANNUAL REPORT.

UNDER DECISION 02-06-005, RURAL WAS AUTHORIZED TO ESTABLISH A MEMORANDUM ACCOUNT FOR INSURANCE EXPENSES FOR ITS PUBLIC UTILITY SEWER SERVICE. THE MEMORANDUM ACCOUNT WILL REMAIN IN EFFECT THROUGH DECEMBER 31, 2005.

GENERAL INFORMATION - PAGE 1, QUESTION 4

CONTRACTS IN EFFECT DURING THE YEAR

<u>NAME</u>	<u>NATURE OF PAYMENTS</u>	<u>AMOUNT</u>	<u>ACCOUNT CHARGED</u>
JOHN WALLACE & ASSCIATES	CONTRACT MAINTENANCE	95,992	650
SLO COUNTY ENVIRONMENTAL	TESTING/ANALYSIS	1,949	650
AVILA BEACH CSD	WASTE DISPOSAL	12,040	650
LA CHEMICAL	SEWER TREATMENT	2,150	650

6/28/2004  
17:41

RURAL WATER COMPANY SEWER OPERATIONS  
Federal ID #: 95-3752939  
Asset Summary - Book Basis  
Period Ended 12/31/03

Company: 259  
Page: 1

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 1 CIAC PROPERTY												
1	1	PUMPING EQUIPMEN	01/01/03	N	SL	33	10,000.00	0.00	0.00	0.00	303.03	303.03
2	1	TREATMENT PLANT	01/01/03	N	SL	33	3,200,000.00	0.00	0.00	0.00	96,969.70	96,969.70
3	1	MAINS	01/01/03	N	SL	33	1,500,000.00	0.00	0.00	0.00	45,454.55	45,454.55
4	1	EMERGENCY GENERA	01/01/03	N	SL	33	40,000.00	0.00	0.00	0.00	1,212.12	1,212.12
5	1	OFFICE COMPUTER &	01/01/03	N	SL	5	10,000.00	0.00	0.00	0.00	2,000.00	2,000.00
Group # 1 Total							<u>4,760,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>145,939.40</u>	<u>145,939.40</u>
Grand Total							<u>4,760,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>145,939.40</u>	<u>145,939.40</u>