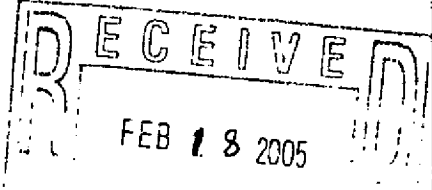


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Received \_\_\_\_\_  
 Examined \_\_\_\_\_

SEWER UTILITIES

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



2004  
 ANNUAL REPORT  
 OF

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

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

\_\_\_\_\_  
 PO BOX 745

\_\_\_\_\_  
 GROVER BEACH, CA 93483

(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)

## 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)

PO 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:
  
- 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	X	5/03
X		12/15/2004
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

20\_\_\_\_

NAME OF UTILITY RURAL WATER COMPANY

PHONE (805)481-6686

PERSON RESPONSIBLE FOR THIS REPORT CHARLES M. BAKER

(Prepared from Information in the 2004 Annual Report)

	1/1/2004	12/31/2004	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	-	-	-
2 Land and Land Rights	-	-	-
3 Depreciable Plant	4,760,000	4,760,000	4,760,000
4 Gross Plant in Service	4,760,000	4,760,000	4,760,000
5 Less: Accumulated Depreciation	(145,939)	(291,878)	(218,909)
6 Net Water Plant in Service	4,614,061	4,468,122	4,541,092
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)	(4,468,122)	(4,541,092)
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	216,695	136,694
17 Retained Earnings	(56,614)	(213,574)	(135,094)
18 Common Stock and Equity (Lines 14 through 17)	78	3,121	1,600
19 Preferred Stock	-	-	-
20 Long-Term Debt	-	-	-
21 Notes Payable	-	-	-
22 Total Capitalization (Lines 18 through 21)	78	3,121	1,600

(Revised 10/97)

<b>INCOME STATEMENT</b>		Annual Amount
23	Unmetered Revenue	142,543
24	Metered Revenue	-
25	Total Operating Revenue	<u>142,543</u>
26	<u>Operating Expenses</u>	<u>299,297</u>
27	Depreciation Expense (Composite Rate 3%)	-
28	Amortization and Property Losses	-
29	Property Taxes	206
30	Taxes Other Than Income Taxes	-
31	Total Operating Revenue Deduction Before Taxes	<u>299,503</u>
32	California Corp. Franchise Tax	-
33	Federal Corporate Income Tax	-
34	Total Operating Revenue Deduction After Taxes	<u>299,503</u>
35	Net Operating Income (Loss) - California Water Operations	<u>(156,960)</u>
36	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	-
37	Income Available for Fixed Charges	<u>(156,960)</u>
38	Interest Expense	-
39	Net Income (Loss) Before Dividends	<u>(156,960)</u>
40	Preferred Stock Dividends	-
41	Net Income (Loss) Available for Common Stock	<u>(156,960)</u>

<b>OTHER DATA</b>		
42	Refunds of Advances for Construction	-
43	Total Payroll Charged to Operating Expenses	-
44	Purchased Water	-
45	Power	<u>28,945</u>

<u>Active Service Connections</u>		(Exc. Fire Protect.)	<u>0</u>	Jan. 1	Dec. 31	Annual Average
46	Metered Service Connections			-	-	-
47	Flat Rate Service Connections			259	308	284
48	Total Active Service Connections			<u>259</u>	<u>308</u>	<u>284</u>

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2004)**

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)	216,695
3	104	Plant purchased or sold		215	Retained earnings	(213,574)
4	105	Plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of plant	(291,878)	224	Long term debt	
6	114	Plant acquisition adjustments			Current Liabilities	5,665
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Other deferred credits	
9	141	Accounts receivable - customers	2,286	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	6,500	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	(291,878)
15		<b>Total Assets</b>	<b>4,476,908</b>		<b>Total Equity and Liabilities</b>	<b>4,476,908</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	145,939	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	Total credits	145,939	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	Total debits	-	
45	Balance in reserve at end of year	291,878	
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, 2004)**

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**

	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	xxxxxxxxxx
10	460	Unmetered revenue	142,543
11	470	Metered revenue	
12	480	Other revenue	
13		Total Operating Revenue	142,543
14		Operating revenue deductions	xxxxxxxxxx
15		Operating expenses	xxxxxxxxxx
16	610	Purchased water	
17	615	Power	28,945
18	618	Other volume related expenses	9,942
19	630	Employee labor	
20	640	Materials	
21	650	Contract work	242,175
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	6,235
33	689	General expenses	
34		Total Operating Expenses	299,297
35	403	Depreciation expense	
36	408	Taxes other than income taxes	206
37	409	State corporate income tax expense	
38	410	Federal corporate income tax expense	
39		Total Operating Revenue Deductions	299,503
40		Utility Operating Income	(156,960)
41	421	Non-utility income	-
42	426	Miscellaneous non-utility expense	-
43	427	Interest expense	-
44		Net Income	(156,960)

**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		301	301		87	87		388
Industrial								
Other (specify)								
COMMERCIAL		7	7		0			7
Total		308	308		87	87		395

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	2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)		Totals
							6"		
Concrete	3	66,000	Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel			Cement-asbestos						
Other			Plastic				28000		28000
			Other (specify)						
Total		66,000	Total				28000		28000

**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, 2004, to and including December 31, 2004

  
 Signed  
 PRESIDENT  
 Title  
1-24-2005  
 Date

1/7/2005  
15:48

**RURAL WATER COMPANY SEWER OPERATIONS**  
Federal ID #: 95-3752939  
Asset Summary - Book Basis  
Period Ended 12/31/04

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	303.03	303.03	606.06
2	1	TREATMENT PLANT	01/01/03	N	SL	33	3,200,000.00	0.00	0.00	96,969.70	96,969.70	193,939.40
3	1	MAINS	01/01/03	N	SL	33	1,500,000.00	0.00	0.00	45,454.55	45,454.55	90,909.10
4	1	EMERGENCY GENERA	01/01/03	N	SL	33	40,000.00	0.00	0.00	1,212.12	1,212.12	2,424.24
5	1	OFFICE COMPUTER &	01/01/03	N	SL	5	10,000.00	0.00	0.00	2,000.00	2,000.00	4,000.00
Group # 1 Total							<u>4,760,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>145,939.40</u>	<u>145,939.40</u>	<u>291,878.80</u>
Grand Total							<u>4,760,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>145,939.40</u>	<u>145,939.40</u>	<u>291,878.80</u>

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 AMOUNTS SHOWN ON 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 & ACCOCIATES	CONTRACT MAINTENACE	96,383	650
AVILA BEACH CSD	WASTE DISPOSAL	84,279	650
FLUID RESOURCE MGT	WASTE DISPOSAL	58,437	650