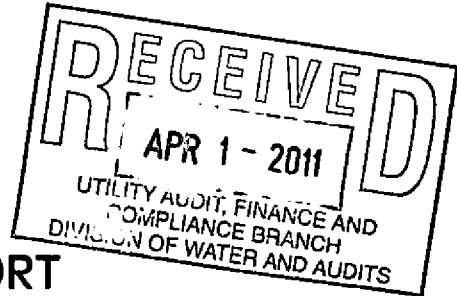


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Examined _____

**CLASS A
WATER UTILITIES**

U# 337W



**2010
ANNUAL REPORT
OF**

SAN GABRIEL VALLEY WATER COMPANY

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

P.O. BOX 6010, EL MONTE, CA 91734-2010

(OFFICIAL MAILING ADDRESS)

ZIP

**TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2010**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2011

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GENERAL INSTRUCTIONS

1. Two completed and signed hard copies of this report and one electronic copy must be filed **NOT LATER THAN MARCH 31, 2011**, 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 Page 60, must be signed by an authorized 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. 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, 2010, through December 31, 2010. Fiscal year reports will not be accepted.
10. Your company's external auditor information, such as external auditor's name, phone number, and address, must be included in Page 12, Item 12, of this report.

INSTRUCTIONS

FOR PREPARATION OF
SELECTED FINANCIAL DATA SHEET
FOR ALL WATER UTILITIES

To prepare the attached data sheets, refer to the Balance Sheet, Income Statement and supporting detail schedules in the annual report for the required data.

Please follow the instructions below:

1. Common plant allocated to water should be indicated with water plant figures in Net Plant Investment.
2. The capitalization section for those reporting on both California Only and Total System Forms should be identical and completed with Total Company Data. Be sure that Advances for Construction include California water data only.
3. Complete the operation section with California water revenues and expenses, but if necessary, remove interdepartmental revenues and expenses.
4. All other utility and nonutility revenues and expenses are netted on Line No. 38.

BALANCE SHEET AND CAPITALIZATION DATA

Calendar Year 2010

Name of Utility: San Gabriel Valley Water Company Telephone: (626) 448-6183

Person Responsible for this Report: Chanisa Hutangkura, CPA

	<u>1/1/2010</u>	<u>12/31/2010</u>	<u>Average</u>
BALANCE SHEET DATA			
1 Intangible Plant	20,660	20,660	20,660
2 Land and Land Rights	9,865,155	12,070,600	10,967,878
3 Depreciable Plant	516,954,838	535,267,970	526,111,404
4 Gross Plant in Service	526,840,653	547,359,230	537,099,942
5 Less: Accumulated Depreciation	(116,760,186)	(128,310,941)	(122,535,564)
6 Net Water Plant in Service	410,080,467	419,048,289	414,564,378
7 Water Plant Held for Future Use			
8 Construction Work in Progress	9,288,479	7,934,319	8,611,399
9 Materials and Supplies	1,507,506	1,659,311	1,583,409
10 Less: Advances for Construction	(40,671,635)	(39,364,048)	(40,017,842)
11 Less: Contributions in Aid of Construction	(75,279,330)	(77,945,993)	(76,612,662)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(35,457,848)	(39,183,708)	(37,320,778)
13 Net Plant Investment	269,467,639	272,148,170	270,807,904
CAPITALIZATION			
14 Common Stock	2,400,000	2,400,000	2,400,000
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	249,352	249,352	249,352
17 Retained Earnings	142,267,167	146,346,514	144,306,841
18 Common Stock and Equity (Lines 14 through 17)	144,916,519	148,995,866	146,956,193
19 Preferred Stock			
20 Long-Term Debt	74,000,000	74,000,000	74,000,000
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	218,916,519	222,995,866	220,956,193

INCOME STATEMENT AND OTHER DATA

Calendar Year 2010

Name of Utility: San Gabriel Valley Water Company Telephone: (626) 448-6183

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	8,517,946
24 Fire Protection Revenue	2,058,894
25 Irrigation Revenue	0
26 Metered Water Revenue	100,204,813
27 Total Operating Revenue	110,781,653
28 <u>Operating Expenses</u>	70,660,426
29 Depreciation Expense (Composite Rate: _____)	10,312,881
30 Amortization and Property Losses	145
31 Property Taxes	3,012,952
32 Taxes Other Than Income Taxes	1,191,557
33 Total Operating Revenue Deduction Before Taxes	85,177,961
34 California Corp. Franchise Tax	1,584,354
35 Federal Corporate Income Tax	7,373,804
36 Total Operating Revenue Deduction After Taxes	94,136,119
37 Net Operating Income (Loss) - California Water Operations	16,645,534
38 Other Operating and Nonoperating. Income and Exp. - Net (Exclude Interest Expense)	10,255
39 Income Available for Fixed Charges	16,655,789
40 Interest Expense	5,995,061
41 Net Income (Loss) Before Dividends	10,660,728
42 Preferred Stock Dividends	0
43 Net Income (Loss) Available for Common Stock	10,660,728

OTHER DATA

44 Refunds of Advances for Construction	1,644,522
45 Total Payroll Charged to Operating Expenses	15,693,654
46 Purchased Water	27,012,176
47 Power	8,220,944
48 Class A Water Companies Only:	
a. Pre-TRA 1986 Contributions in Aid of Construction	0
b. Pre-TRA 1986 Advances for Construction	3,733,819
c. Post TRA 1986 Contributions in Aid of Construction	77,945,993
d. Post TRA 1986 Advances for Construction	35,630,229

				Annual Average
<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	
49 Metered Service Connections		90,324	90,729	90,527
50 Flat Rate Service Connections		0	0	0
51 Total Active Service Connections		90,324	90,729	90,527

INCOME STATEMENT AND OTHER DATA
Adjusted to Exclude Non-Regulated Activity
 Calendar Year 2010

Name of Utility: San Gabriel Valley Water Company Telephone: (626) 448-6183

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	8,517,946
24 Fire Protection Revenue	2,058,894
25 Irrigation Revenue	0
26 Metered Water Revenue	100,204,813
27 Total Operating Revenue	110,781,653
28 <u>Operating Expenses</u>	70,660,426
29 Depreciation Expense (Composite Rate: _____)	10,312,881
30 Amortization and Property Losses	145
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43 Net Income (Loss) Available for Common Stock	10,660,728

OTHER DATA

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c. Post TRA 1986 Contributions in Aid of Construction	77,945,993
d. Post TRA 1986 Advances for Construction	35,630,229

Active Service Connections (Exc. Fire Protect.) _____

	Jan. 1	Dec. 31	Annual Average
49 Metered Service Connections	90,324	90,729	90,527
50 Flat Rate Service Connections	0	0	0
51 Total Active Service Connections	90,324	90,729	90,527

Notes to Adjusted Selected Financial Data

Instructions: Provide reasons for each adjustment to the Selected Financial Data due to non-regulated activities. Detail this information by name of line item (Gross Plant, Operating Revenues, etc.), account number, dollar amount, and by point in time (end of year, beginning of year, or average).

None

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Excess Capacity and Non-Tariffed Services

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 good and service provided in 2010: None

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter											
Row Number	Description of Non-Tariffed Goods/Services	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

GENERAL INFORMATION

1. Name under which utility is doing business: San Gabriel Valley Water Company

2. Official mailing address: P.O. Box 6010
El Monte, California ZIP 91734-2010

3. Name and title of person to whom correspondence should be addressed:
R.W. Nicholson, President Telephone: (626) 448-6183

4. Address where accounting records are maintained:
11142 Garvey Avenue, El Monte, California 91733

5. Service Area (Refer to district reports if applicable): See Los Angeles County and Fontana Water Company Division Reports

6. Service Manager (If located in or near Service Area.) (Refer to district reports if applicable.)

Name: _____ Telephone: _____
Address: _____

7. OWNERSHIP. Check and fill in appropriate line:

<input type="checkbox"/>	Individual (name of owner)	_____
<input type="checkbox"/>	Partnership (name of partner)	_____
<input type="checkbox"/>	Partnership (name of partner)	_____
<input type="checkbox"/>	Partnership (name of partner)	_____
<input checked="" type="checkbox"/>	Corporation (corporate name)	<u>San Gabriel Valley Water Company</u>
	Organized under laws of (state)	<u>California</u> Date: <u>February 26, 1945</u>

Principal Officers:

Name: <u>M.L. Whitehead</u>	Title: <u>Chairman of the Board and CEO</u>
Name: <u>R.W. Nicholson</u>	Title: <u>President</u>
Name: <u>D.M. Batt</u>	Title: <u>Vice President & Treasurer</u>
Name: <u>T.J. Ryan</u>	Title: <u>Vice President & General Counsel, Secretary</u>
Name: <u>F.A. LoGuidice</u>	Title: <u>Vice President-Engineering and Operations</u>
Name: <u>R.J. DiPrimio</u>	Title: <u>Vice President</u>
Name: <u>R.H. Nicholson, Jr.</u>	Title: <u>Assistant Secretary</u>

8. Names of associated companies:
Utility Investment Company, Rosemead Properties, Inc.
Arizona Water Company, United Resources, Inc.

9. Names of corporations, firms or individuals whose property or portion of property have been acquired during the year, together with date of each acquisition:

Name: _____	Date: _____
Name: _____	Date: _____
Name: _____	Date: _____
Name: _____	Date: _____

10 Use the space below for supplementary information or explanations concerning this report:

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

12 List Name, Address, and Phone Number of your company's external auditor:
Name: Peasley, Aldinger & O'Bymachow, An Accountancy Corporation Telephone: (714) 536-4418
Address: 2120 Main Street, Suite 265, Huntington Beach, CA 92648

**SAN GABRIEL VALLEY WATER COMPANY
2010 ANNUAL REPORT**

WATER TREATMENT OPERATOR CERTIFICATION

<u>Employee Name</u>	<u>Operator Number</u>	<u>Grade</u>
Aguilar, Tony	23075	T3
Aguirre, Samuel	31217	T2
Amador, Daniel	32099	T1
Ambrose, John	26746	T2
Arnett, Daryl W.	31088	T2
Arrighi, Dan	9343	T2
Carrasco, Thor M.	32280	T1
Catone, John	6338	T4
Cruz, Bob	15310	T1
Darwin, Danny	24168	T2
Devey, Dan	13523	T1
Dyche, Jerry	12225	T2
Escalera, John	6949	T2
Fajardo, Mynor	27691	T1
Ferguson, Tom	27691	T3
Figueroa, Mike	28180	T3
Flores, Oscar	29002	T2
Flores, Rufino	25142	T3
Frogge, Dennis	16210	T3
Godinez, Gabriel	20272	T3
Gonzales, Jacob	30039	T2
Gramata, Mitch	30064	T2
Guerrero, Ramon	25674	T4
Hamilton, Chris	23971	T4
Harold, Greg	12596	T2
Hastings, David	26309	T4
Hernandez, Carlos	24962	T3
Jenkins, Tom	28201	T2
Jimenez, Daniel	31499	T2
Johnson, Ryan	29453	T2
Kalarsarinis, George	19054	T3
Karel, Curtis R.	29164	T1
Kellogg, Jason M.	27960	T2
Kilkenny, Andrew	32284	T1
Kostich, Mike	17424	T2
Krohn, Al	2399	T2
Lee, Randall S. Jr.	29511	T2
Loza Guzman, Juan	29445	T2
Luna, Al	27255	T1
Martinez, Adrian	30040	T2
Martinez, Mario	13652	T2
McIver, Ed	9987	T2
Mead, John	25372	T3
Milroy, Marty	22994	T4
Miner, Mick	7447	T5
Miner, Rick	8300	T2

**SAN GABRIEL VALLEY WATER COMPANY
2010 ANNUAL REPORT**

WATER TREATMENT OPERATOR CERTIFICATION

<u>Employee Name</u>	<u>Operator Number</u>	<u>Grade</u>
Murillo, Jesse	27691	T1
Olsen, Kris	30862	T2
Ortiz, David	27691	T3
Palomares, Johnny	24897	T3
Perez, Ralph	26821	T3
Pierson, Bobby	25150	T3
Pinedo, Javier	25854	T3
Plantillas, Marco	32203	T2
Plascencia, Manuel	23897	T2
Quillicy, Ron	13700	T2
Ramirez, Hector	27691	T2
Ramos, Oscar	27691	T2
Reed, Jason	24401	T2
Reed, Jerry	1193	T3
Rodamaker, Ed	9005	T3
Rojas, Jeff	29668	T1
Romo, Gabriel	27256	T3
Sanchez, John	25952	T2
Sandoval, Leonides	30905	T2
Schiewe, Dan	14475	T1
Schiewe, Tom	7495	T5
Seguin, John	1200	T3
Silva, Scott	17692	T3
Simonian, Steve	13379	T2
Smit, Paul	7951	T3
Smith, Andy	21239	T4
Sotomayor, Jose	16071	T4
Sotomayor, Sam	28270	T1
Swift, Josh	24053	T2
Triay, Albert	22457	T3
Valenzuela, Rudy R.	31711	T2
Van Amberg, Rick	19759	T4
Varela, Daniel R.	32291	T2
Velazquez, Eric	24442	T5
Verstymen, Paul	10002	T2
Viklund, Blake	21494	T1
Waleszonia, Kenneth S.	31224	T2
Wideen, Chip	25114	T3
Wilkins, Ben	26754	T3
Wonser, Jim	11147	T5
Young, Ed	24677	T4
Young, Robert	24419	T2
Young, Ron	1190	T3
Yucelen, Matt Y.	30597	T2
Total Treatment Operators	90	

**SAN GABRIEL VALLEY WATER COMPANY
2010 ANNUAL REPORT**

WATER DISTRIBUTION OPERATOR CERTIFICATION

<u>Employee</u>	<u>Operator Number</u>	<u>Grade</u>
Abbruzzese, Bob	4024	D2
Aguilar, Tony	29498	D2
Aguirre, Samuel	36703	D2
Allen, Sean M.	36644	D1
Allgeier, Bob	23044	D2
Amador, Daniel	36948	D1
Ambrose, John	23045	D1
Ancheta, Steve	18402	D1
Amett, Daryl	16532	D4
Arrighi, Dan	2234	D2
Barrera, Leo	23816	D1
Bottaro, Anthony J.	37461	D1
Brown, Darryl	15341	D2
Carrasco, Thor M.	35568	D2
Catone, John	2564	D2
Chapman, Jim	14294	D5
Chavarria, Marc	32601	D2
Curren, Jimmy	23278	D1
Darwin, Danny	16555	D2
Delgado, Jesse	14900	D2
Devey, Dan	4037	D2
Diaz, Mike	32567	D2
Dyche, Jerry	3045	D2
Escalera, John	1518	D2
Fajardo, Mynor	30601	D2
Faught, Brian	3478	D2
Ferguson, Tom	31208	D1
Figueroa, Mike	27021	D2
Flores, Oscar	32131	D2
Flores, Ray	28549	D1
Flores, Rufino	18721	D3
Flowers, Darrell	29314	D1
Frogge, Dennis	4069	D2
Garcia, Anthony	36141	D1
Garcia, Jim	23281	D1
Godinez, Gabriel	7254	D2
Gonzales, Jacob	33432	D2
Gonzales, John	16578	D2
Gramata, Mitch	27597	D2
Guerrero, Ramon	29090	D3
Hamilton, Chris	15428	D3
Harold, Greg	3679	D3
Hastings, David	18486	D3
Hays, Bill	23823	D1
Hernandez, Adrian	31259	D1

SAN GABRIEL VALLEY WATER COMPANY

2010 ANNUAL REPORT

WATER DISTRIBUTION OPERATOR CERTIFICATION

<u>Employee</u>	<u>Operator Number</u>	<u>Grade</u>
Hernandez, Carlos	23326	D2
Hernandez, Hector	15434	D2
Herrera, Andres Jr.	36889	D1
Hudson, Sean	23813	D3
Jenkins, Tom	18500	D4
Jimenez, Daniel	37929	D2
Jimenez, Randy	32574	D1
Johnson, Ryan	31487	D3
Kalarsarinis, George	5610	D2
Kast, Robert J. Jr.	37068	D2
Kellogg, Jason	32834	D1
Kilkenry, Andy	29961	D2
Kostich, Mike	14286	D3
Krohn, Al	23825	D1
Lee, Randall S. Jr	35343	D2
Light, Frank	23826	D1
Lira, John	18522	D2
LoGuidice, Frank	727	D3
Loza Guzman, Juan	30326	D1
Luna, Al	28216	D2
Marquez, Anthony	31354	D1
Martinez, Adrian	33505	D3
Martinez, Mario	3489	D5
Martinez, Rudy	15083	D2
Mattazaro, Andrew	30164	D2
McReynolds, Terry	9651	D2
Mead, John	26926	D3
Mendez, Gabriel	34820	D2
Mitroy, Marty	9448	D3
Miner, Mick	1334	D4
Miner, Rick	15469	D2
Minjarez, Raul	36156	D1
Montiel, Victor	31220	D2
Morales, Carlo	18548	D1
Moreno, Abel	18869	D2
Morris, Jeremy	29618	D2
Muniz, Robert	32028	D1
Murillo, Jesse	31221	D1
Natividad, Rudy	8922	D2
Navarro, Victor	18094	D2
Navarro-Gonzalez, Jose	37223	D2
Nicholson, Steve	15476	D2
Oliveras, Andy	22849	D1
Olsen, Kristofer J.	37069	D2
Ortega, Daniel	36158	D1

SAN GABRIEL VALLEY WATER COMPANY

2010 ANNUAL REPORT

WATER DISTRIBUTION OPERATOR CERTIFICATION

<u>Employee</u>	<u>Operator Number</u>	<u>Grade</u>
Ortiz, David	26802	D2
Ortiz, Omar	32467	D1
Palomares, Johnny	16304	D4
Perez, Ralph	29366	D2
Pierson, Bobby	9636	D3
Pinedo, Javier	27942	D3
Plantillas, Marco	36181	D1
Plascencia, Manuel	16305	D2
Quilicy, Ron	4102	D2
Ramirez, Hector	27075	D1
Ramirez, Micah	32417	D1
Ramos, Oscar	29903	D2
Reed, Jason	27643	D1
Reed, Jerry	1336	D3
Richards, Dave	23453	D2
Rizo, Carlos	14898	D2
Rizo, Jose	23828	D1
Rizo, Jose A. Jr.	37993	D1
Robres, Bryan J.	36401	D1
Rodamaker, Ed	2107	D3
Rojas, Jeffrey	35340	D1
Romero, Jason	35341	D1
Romo, Jose G.	34836	D1
Ruiz, Bartolo J.	35534	D1
Saenz, Manuel	23830	D1
Sanchez, John	2868	D5
Sandoval, Leonides	35114	D2
Schiewe, Tom	2593	D4
Seguin, Jay	18586	D1
Seguin, John	19031	D3
Sepulveda, Victor	23821	D1
Sheelar, Scott	35365	D1
Silva, John	23089	D1
Silva, Scott	4604	D2
Simonian, Steve	3822	D2
Stuss, Christina C.	29342	D1
Smit, Paul	2515	D3
Smith, Andy	8721	D3
Sotomayor, Jose	29343	D1
Sotomayor, Sam	29699	D2
Steeman, Jerry	15296	D2
Stokes, Tim	2900	D2
Swift, Josh	14890	D4
Tarango, Eric D.	35909	D1
Thomas, James	9455	D3

SAN GABRIEL VALLEY WATER COMPANY

2010 ANNUAL REPORT

WATER DISTRIBUTION OPERATOR CERTIFICATION

<u>Employee</u>	<u>Operator Number</u>	<u>Grade</u>
Triay, Albert	17454	D3
Tunney, Dennis	16316	D1
Valenzuela, Rudy	28138	D3
Van Amberg, Rick	7650	D3
Varela, Dan	29346	D2
Velasco, Mark	26815	D1
Velazquez, Eric	19187	D3
Verstynen, Paul	2242	D2
Viklund, Blake	8705	D3
Waleszonia, Scott	34563	D1
Washington, George	14283	D2
Wideen, Chip	25544	D1
Wilkins, Ben	27649	D3
Wonser, Jim	3793	D3
Young, Ed	16653	D3
Young, Robert	15077	D2
Young, Ron	2303	D2
Yucelen, Matt	33866	D3
Zollo, David	30441	D2
Total Distribution Operators	154	

SCHEDULE A
COMPARATIVE BALANCE SHEETS
Assets and Other Debits

Line No.	Acct.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		I. UTILITY PLANT			
2	100	Utility plant	A-1	555,253,973.76	536,089,556.49
3	107	Utility plant adjustments			
4		Total utility plant		555,253,973.76	536,089,556.49
5	250	Reserve for depreciation of utility plant	A-3	128,309,343.86	116,758,733.71
6	251	Reserve for amortization of limited term utility investments	A-3	1,597.41	1,452.81
7	252	Reserve for amortization of utility plant acquisition adjustments	A-3		
8		Total utility plant reserves		128,310,941.27	116,760,186.52
9		Total utility plant less reserves		426,943,032.49	419,329,369.97
10					
11		II. INVESTMENT AND FUND ACCOUNTS			
12	110	Other physical property	A-2	1,060,181.24	1,058,824.02
13	253	Reserve for depreciation and amortization of other property	A-3		
14		Other physical property less reserve		1,060,181.24	1,058,824.02
15	111	Investments in associated companies	A-4		
16	112	Other investments	A-5	5,189,739.13	5,189,721.49
17	113	Sinking funds	A-6		
18	114	Miscellaneous special funds	A-7		
19		Total investments and fund accounts		6,249,920.37	6,248,545.51
20					
21		III. CURRENT AND ACCRUED ASSETS			
22	120	Cash		1,252,506.61	2,419,558.42
23	121	Special deposits	A-8		
24	122	Working funds		4,870.00	4,720.00
25	123	Temporary cash investments		3,393.02	4,749.53
26	124	Notes receivable	A-9		
27	125	Accounts receivable		9,984,240.50	13,583,922.24
28	126	Receivables from associated companies	A-10		
29	131	Materials and supplies		1,659,311.46	1,507,505.54
30	132	Prepayments	A-11	734,151.91	533,058.81
31	133	Other current and accrued assets	A-12		
32		Total current and accrued assets		13,638,473.50	18,053,514.54
33					
34		IV. DEFERRED DEBITS			
35	140	Unamortized debt discount and expense	A-13	309,273.63	322,294.59
36	141	Extraordinary property losses	A-14		
37	142	Preliminary survey and investigation charges			
38	143	Clearing accounts			
39	145	Other work in progress		278,270.79	242,016.63
40	146	Other deferred debits	A-15	6,085,927.74	6,374,699.57
41		Total deferred debits		6,673,472.16	6,939,010.79
42		Total assets and other debits		453,504,898.52	450,570,440.81
43					

SCHEDULE A
COMPARATIVE BALANCE SHEETS
Liabilities and Other Credits

Line No.	Acct.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		I. CORPORATE CAPITAL AND SURPLUS			
2	200	Common capital stock	A-18	2,400,000.00	2,400,000.00
3	201	Preferred capital stock	A-18		
4	202	Stock liability for conversion			
5	203	Premiums and assessments on capital stock	A-19	69,000.00	69,000.00
6	150	Discount on capital stock	A-16	()	()
7	151	Capital stock expense	A-17	(207.00)	(207.00)
8	270	Capital surplus	A-20	180,559.21	180,559.21
9	271	Earned surplus	A-21	146,346,513.78	142,267,166.82
10		Total corporate capital and surplus		148,995,865.99	144,916,519.03
11					
12		II. PROPRIETARY CAPITAL			
13	204	Proprietary capital (Individual or partnership)	A-22		
14	205	Undistributed profits of proprietorship or partnership	A-23		
15		Total proprietary capital			
16					
17		III. LONG-TERM DEBT			
18	210	Bonds	A-24	74,000,000.00	74,000,000.00
19	211	Receivers' certificates			
20	212	Advances from associated companies	A-25		
21	213	Miscellaneous long-term debt	A-26		
22		Total long-term debt		74,000,000.00	74,000,000.00
23					
24		IV. CURRENT AND ACCRUED LIABILITIES			
25	220	Notes payable	A-28	31,500,000.00	35,000,000.00
26	221	Notes receivable discounted			
27	222	Accounts payable		5,365,166.18	9,885,833.76
28	223	Payables to associated companies	A-29		
29	224	Dividends declared			
30	225	Matured long-term debt			
31	226	Matured interest			
32	227	Customers' deposits		61,457.72	47,708.96
33	228	Taxes accrued	A-31	2,279,901.08	419,395.17
34	229	Interest accrued		1,458,166.65	1,458,166.65
35	230	Other current and accrued liabilities	A-30	19,869,248.72	16,778,677.95
36		Total current and accrued liabilities		60,533,940.35	63,589,782.49
37					
38		V. DEFERRED CREDITS			
39	240	Unamortized premium on debt	A-13		
40	241	Advances for construction	A-32	39,364,048.40	40,671,635.40
41	242	Other deferred credits	A-33	13,481,343.31	16,655,326.11
42		Total deferred credits		52,845,391.71	57,326,961.51
43					
44		VI. RESERVES			
45	254	Reserve for uncollectible accounts	A-34		
46	255	Insurance reserve	A-34		
47	256	Injuries and damages reserve	A-34		
48	257	Employees' provident reserve	A-34		
49	258	Other reserves	A-34	39,183,707.79	35,457,848.36
50		Total reserves		39,183,707.79	35,457,848.36
51					
52		VII. CONTRIBUTIONS IN AID OF CONSTRUCTION			
53	265	Contributions in aid of construction	A-35	77,945,992.68	75,279,329.42
54		Total liabilities and other credits		453,504,898.52	450,570,440.81

SCHEDULE B
Income Account for the Year

Line No.	Acct.	Account (a)	Schedule Page No. (b)	Amount (c)
1		I. UTILITY OPERATING INCOME		
2	501	Operating revenues	B-1	110,781,652.53
3				
4		Operating Revenue Deductions:		
5	502	Operating expenses	B-2	70,660,425.99
6	503	Depreciation	A-3	10,312,881.00
7	504	Amortization of limited-term utility investments	A-3	144.60
8	505	Amortization of utility plant acquisition adjustments	A-3	
9	506	Property losses chargeable to operations	B-3	
10	507	Taxes	B-4	13,162,666.31
11		Total operating revenue deductions		94,136,117.90
12		Net operating revenues		16,645,534.63
13	508	Income from utility plant leased to others		
14	510	Rent for lease of utility plant		
15		Total utility operating income		16,645,534.63
16				
17		II. OTHER INCOME		
18	521	Income from nonutility operations (Net)	B-6	
19	522	Revenue from lease of other physical property		65,100.00
20	523	Dividend revenues		
21	524	Interest revenues		2,136.01
22	525	Revenues from sinking and other funds		
23	526	Miscellaneous nonoperating revenues	B-7	
24	527	Nonoperating revenue deductions - Dr.	B-8	26,852.90
25		Total other income		94,088.91
26		Net income before income deductions		16,739,623.54
27				
28		III. INCOME DEDUCTIONS		
29	530	Interest on long-term debt		5,328,100.00
30	531	Amortization of debt discount and expense		13,020.96
31	532	Amortization of premium on debt - Cr.		
32	533	Taxes assumed on interest		
33	534	Interest on debt to associated companies		589,867.43
34	535	Other interest charges	B-9	64,072.55
35	536	Interest charged to construction - Cr.		
36	537	Miscellaneous amortization		
37	538	Miscellaneous income deductions	B-10	83,834.61
38		Total income deductions		6,078,895.55
39		Net income		10,660,727.99
40				
41		IV. DISPOSITION OF NET INCOME		
42	540	Miscellaneous reservations of net income		
43				
44		Balance transferred to Earned Surplus or		
45		Proprietary Accounts scheduled on page 34		10,660,727.99
46				

SCHEDULE A-1
Account 100 - Utility Plant

Line No.	Acct	Title of Account (a)	Balance Beg of Year (b)	Additions During Year (c)	Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
1	100 - 1	Utility plant in service (Schedule A-1a)	526,840,652.53	22,965,219.92	2,401,442.97	(45,199.67)	547,359,229.81
2	100 - 2	Utility plant leased to others					
3	100 - 3	Construction work in progress	9,288,478.99	21,611,059.91		(22,965,219.92)	7,934,318.98
4	100 - 4	Utility plant held for future use (Sch A-1c)					
5	100 - 5	Utility plant acquisition adjustments	(39,575.03)				(39,575.03)
6	100 - 6	Utility plant in process of reclassification					
7		Total utility plant	536,089,556.49	44,576,279.83	2,401,442.97	(23,010,419.59)	555,253,973.76

SCHEDULE A-1a
Account 100.1 - Utility Plant in Service

Line No.	Acct	Title of Account (a)	Balance Beg of Year (b)	Additions During Year (c)	Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
1		I. INTANGIBLE PLANT					
2	301	Organization	16,097.68				16,097.68
3	302	Franchises and consents (Schedule A-1b)	4,552.36				4,552.36
4	303	Other intangible plant	10.00				10.00
5		Total intangible plant	20,660.04				20,660.04
6							
7		II. LANDED CAPITAL					
8	306	Land and land rights	9,865,154.69	2,205,445.70			12,070,600.39
9							
10		III. SOURCE OF SUPPLY PLANT					
11	311	Structures and improvements					
12	312	Collecting and impounding reservoirs					
13	313	Lake, river and other intakes					
14	314	Springs and tunnels					
15	315	Wells	12,336,539.43				12,336,539.43
16	316	Supply mains					
17	317	Other source of supply plant					
18		Total source of supply plant	12,336,539.43				12,336,539.43
19							
20		IV. PUMPING PLANT					
21	321	Structures and improvements	14,039,073.63	418,960.78			14,458,034.41
22	322	Boiler plant equipment					
23	323	Other power production equipment					
24	324	Pumping equipment	53,503,342.65	1,083,970.58			54,587,313.23
25	325	Other pumping plant					
26		Total pumping plant	67,542,416.28	1,502,931.36			69,045,347.64
27							
28		V. WATER TREATMENT PLANT					
29	331	Structures and improvements	3,118,096.50	532,276.09			3,650,372.59
30	332	Water treatment equipment	95,270,324.30	320,086.00			95,590,410.30
31		Total water treatment plant	98,388,420.80	852,362.09			99,240,782.89

SCHEDULE A-1a
Account 100.1 - Utility Plant in Service (Continued)

Line No.	Acct	Title of Account (a)	Balance Beg of Year (b)	Additions During Year (c)	Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
32		VI. TRANSMISSION AND DIST. PLANT					
33	341	Structures and improvements					
34	342	Reservoirs and tanks	21,307,009.64	2,165,005.11			23,472,014.75
35	343	Transmission and distribution mains	187,364,779.52	7,739,935.92	177,735.76	(35,003.30)	194,891,976.38
36	344	Fire mains	15,935.03				15,935.03
37	345	Services	76,791,889.26	5,620,342.09	784,990.42	(10,082.99)	81,617,157.94
38	346	Meters	7,563,990.74	894,152.85	716,584.70		7,741,558.89
39	347	Meter installations					
40	348	Hydrants	14,089,583.10	470,430.67	59,563.47	(113.38)	14,500,336.92
41	349	Other transmission and distribution plant					
42		Total transmission and distribution plant	307,133,187.29	16,889,866.64	1,738,874.35	(45,199.67)	322,238,979.91
43							
44		VII. GENERAL PLANT					
45	371	Structures and improvements	19,876,447.17	684,819.38			20,561,266.55
46	372	Office furniture and equipment	4,251,763.49	162,884.54	56,778.79		4,357,869.24
47	373	Transportation equipment	5,357,120.69	598,236.42	599,449.90		5,355,907.21
48	374	Stores equipment					
49	375	Laboratory equipment					
50	376	Communication equipment	345,138.99	10,495.88	4,531.83		351,103.04
51	377	Power operated equipment					
52	378	Tools, shop and garage equipment	1,723,803.66	58,177.91	1,808.10		1,780,173.47
53	379	Other general plant					
54		Total general plant	31,554,274.00	1,514,614.13	662,568.62		32,406,319.51
55							
56		VIII. UNDISTRIBUTED ITEMS					
57	390	Other tangible property					
58	391	Utility plant purchased					
59	392	Utility plant sold					
60		Total undistributed items					
61		Total utility plant in service	526,840,652.53	22,965,219.92	2,401,442.97	(45,199.67)	547,359,229.81

SCHEDULE A-1b
Account 302 - Franchises and Consents

Line No.	Name of Original Grantor (a)	Date of Grant (b)	Term in Years (c)	Date of Acquisition by Utility (d)	Amount at which Carried in Account ¹ (e)
1	County of Los Angeles 99-0092F	4/19/1998	40	4/19/1998	2,500.00
2	County of San Bernardino 3702	3/13/2001	25	3/13/2001	2,052.36
3					
4					
5	Total				4,552.36

¹ The total should agree with the balance at the end of the year in Account 302 in Schedule A-1a Line 10.

SCHEDULE A-1c
Account 100.4 - Utility Plant Held for Future Use

Line No.	Description and Location of Property (a)	Date of Acquisition (b)	Approximate Date When Property Will be Placed in Service (c)	Balance End of Year (d)
1				
2				
3				
4				
5				
6				
7				
8				
9	Total			

SCHEDULE A-2
Account 110 - Other Physical Property

Line No.	Name and Description of Property (a)	Book Value End of Year (b)
1	Property no longer necessary or useful	1,060,181.24
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15	Total	1,060,181.24

**SCHEDULE A-1d
RATE BASE AND WORKING CASH**

Line No.	Acct.	Title of Account (a)	Balance 12/31/2010 (c)	Balance 1/1/2010 (d)
		RATE BASE		
1		Utility Plant		
2		Plant in Service	520,718,665.48	500,540,493.46
3		Construction Work in Progress	7,934,318.98	9,288,478.99
4		General Office Prorate	26,640,564.33	26,300,159.07
5		Total Gross Plant (=Line 2 + Line 3 + Line 4)	555,293,548.79	536,129,131.52
6		Less Accumulated Depreciation		
7		Plant in Service	125,533,344.19	113,907,404.66
8		General Office Prorate	2,775,999.67	2,851,329.05
9		Total Accumulated Depreciation (=Line 7 + Line 8)	128,309,343.86	116,758,733.71
10		Less Other Reserves		
11		Deferred Income Taxes	38,717,493.17	34,960,676.74
12		Deferred Investment Tax Credit	466,214.62	497,171.62
13		Other Reserves		
14		Total Other Reserves (=Line 11 + Line 12 + Line 13)	39,183,707.79	35,457,848.36
15		Less Adjustments		
16		Contributions in Aid of Construction	77,945,992.68	75,279,329.42
17		Advances for Construction	39,364,048.40	40,671,635.40
18		Other (1)	(5,863,752.43)	(5,888,174.95)
19		Total Adjustments (=Line 16 + Line 17 + Line 18)	111,446,288.65	110,062,789.87
20		Add Materials and Supplies	1,659,311.46	1,507,505.54
21		Add Working Cash (=Line 34)	14,416,930.01	13,783,418.92
22		TOTAL RATE BASE	292,430,449.96	289,140,684.04
23		(=Line 5 - Line 9 - Line 14 - Line 19 + Line 20 + Line 21)		
		(1) Other Adjustments		
		Water Entitlements	(5,189,739.13)	(5,189,721.49)
		Deferred Debit Income Tax	(2,552,507.75)	(2,644,238.00)
		Other	1,878,494.45	1,945,784.54
		Net Other Adjustments	(5,863,752.43)	(5,888,174.95)

Working Cash				
24		Determination of Operational Cash Requirement		
25		Operating Expenses, Excluding Taxes, Depreciation & Uncollectible	70,353,782.44	67,240,785.78
26		Purchased Power & Commodity for Resale*		
27		Meter Revenues: Bimonthly Billing	100,204,813.22	95,838,274.92
28		Other Revenues: Flat Rate Monthly Billing	2,058,894.16	1,957,621.14
29		Total Revenues (=Line 27 + Line 28)	102,263,707.38	97,795,896.06
30		Ratio - Flat Rate to Total Revenues (=Line 28 / Line 29)	0.0201	0.0200
31		5/24 x Line 25 x (100% - Line 30)	14,356,903.01	13,727,149.39
32		1/24 x Line 25 x Line 30	60,027.00	56,269.53
33		1/12 x Line 26		
34		Operational Cash Requirement (=Line 31 + Line 32 - Line 33)	14,416,930.01	13,783,418.92
		* Electric power, gas or other fuel purchased for pumping and/or purchased commodity for resale billed after receipt (metered).		

SCHEDULE A-3

Accounts 250 to 253, Inclusive - Depreciation and Amortization Reserves

Line No.	Item (a)	Account 250 Utility Plant (b)	Account 251 Limited-Term Utility Investments (c)	Account 252 Utility Plant Acquisition Adjustments (d)	Account 253 Other Property (e)
1	Balance in reserves at beginning of year	116,758,733.71	1,452.81		
2	Add: Credits to reserves during year				
3	(a) Charged to Account 503, 504, 505 ⁽¹⁾	10,312,881.00	144.60		
4	(b) Charged to Account 265	2,745,303.00			
5	(c) Charged to clearing accounts	608,798.00			
6	(d) Salvage recovered	398,756.20			
7	(e) All other credits ⁽²⁾				
8	Total credits	14,065,738.20	144.60		
9	Deduct: Debits to reserves during year				
10	(a) Book cost of property retired	2,426,233.57			
11	(b) Cost of removal	88,894.48			
12	(c) All other debits ⁽³⁾				
13	Total debits	2,515,128.05			
14	Balance in reserve at end of year	128,309,343.86	1,597.41		
15					
16	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE:				%
17					
18	(2) EXPLANATION OF ALL OTHER CREDITS:				
19					
20					
21					
22					
23					
24					
25					
26					
27	(3) EXPLANATION OF ALL OTHER DEBITS:				
28					
29					
30					
31					
32					
33					
34					
35	METHOD USED TO COMPUTE INCOME TAX DEPRECIATION:				
36	(a) Straight Line	()			
37	(b) Liberalized	()			
38	(1) Double declining balance	()			
39	(2) ACRS	()			
40	(3) MACRS	()			
41	(4) Others	()			
42	(c) Both straight line and liberalized	(X)			

SCHEDULE A-3a

Account 250 - Analysis of Entries in Depreciation Reserve

(This schedule is to be completed if records are maintained showing depreciation reserve by plant accounts)

Line No.	Acct.	DEPRECIABLE PLANT (a)	Balance Beginning of Year (b)	Credits to Reserve During Year Excl. Salvage (c)	Debits to Reserves During Year Excl. Cost Removal (d)	Salvage and Cost of Removal Net (Dr.) or Cr. (e)	Balance End of Year (f)
1		I. SOURCE OF SUPPLY PLANT					
2	311	Structures and improvements					
3	312	Collecting and impounding reservoirs					
4	313	Lake, river and other intakes					
5	314	Springs and tunnels					
6	315	Wells	5,314,269.89	402,137.00			5,716,406.89
7	316	Supply mains					
8	317	Other source of supply plant					
9		Total source of supply plant	5,314,269.89	402,137.00			5,716,406.89
10							
11		II. PUMPING PLANT					
12	321	Structures and improvements	2,664,056.44	396,505.00			3,060,561.44
13	322	Boiler plant equipment					
14	323	Other power production equipment					
15	324	Pumping equipment	18,003,799.08	1,959,918.00		(361.84)	19,963,355.24
16	325	Other pumping plant					
17		Total pumping plant	20,667,855.52	2,356,423.00		(361.84)	23,023,916.68
18							
19		III. WATER TREATMENT PLANT					
20	331	Structures and improvements	278,841.26	75,088.00			353,929.26
21	332	Water treatment equipment	12,405,302.23	2,850,914.00		292,499.93	15,548,716.16
22		Total water treatment plant	12,684,143.49	2,926,002.00		292,499.93	15,902,645.42
23							
24		IV. TRANS. AND DIST. PLANT					
25	341	Structures and improvements					
26	342	Reservoirs and tanks	5,232,371.61	461,346.00			5,693,717.61
27	343	Transmission and distribution mains	48,666,689.15	3,748,807.00	199,193.69	(56,599.16)	52,159,703.30
28	344	Fire mains	11,702.93	304.00			12,006.93
29	345	Services	13,620,650.62	2,031,122.00	788,209.71	(15,385.03)	14,848,177.88
30	346	Meters	705,976.37	142,256.00	716,584.70	77,603.73	209,251.40
31	347	Meter installations					
32	348	Hydrants	5,140,988.71	353,367.00	59,676.85	(14,254.56)	5,420,424.30
33	349	Other transmission and distribution plant					
34		Total trans. and distribution plant	73,378,379.39	6,737,202.00	1,763,664.95	(8,635.02)	78,343,281.42
35							
36		V. GENERAL PLANT					
37	371	Structures and improvements	884,230.60	388,363.00			1,272,593.60
38	372	Office furniture and equipment	141,579.25	248,057.00	56,778.79	20.65	332,878.11
39	373	Transportation equipment	2,913,146.67	481,153.00	599,449.90	26,338.00	2,821,187.77
40	374	Stores equipment					
41	375	Laboratory equipment					
42	376	Communication equipment	270,368.96	25,920.00	4,531.83		291,757.13
43	377	Power operated equipment					
44	378	Tools, shop and garage equipment	504,759.94	101,725.00	1,808.10		604,676.84
45	379	Other general plant					
46	390	Other tangible property					
47	391	Water plant purchased					
48		Total general plant	4,714,085.42	1,245,218.00	662,568.62	26,358.65	5,323,093.45
49		Total	116,758,733.71	13,666,982.00	2,426,233.57	309,861.72	128,309,343.86

SCHEDULE A-4
Account 111 - Investments in Associated Companies

Line No.	Class of Security (a)	Name of Issuing Company (b)	Par Value End of Year (c)	Ledger Value End of Year (d)	Rate of Interest (e)	Interest Accrued During Year (f)	Interest and Dividends Received During Year (g)
1							
2							
3							
4							
5							
6							
7		Total ¹					

¹ The total should agree with the balance at the end of the year in Account 111 on page 5.

SCHEDULE A-5
Account 112 - Other Investments

Line No.	Name and Description of Property (a)	Balance End of Year (b)
1	Water entitlements (Fontana Union Water Company stock)	5,189,739.13
2		
3		
4		
5		
6		
7		
8		
9	Total	5,189,739.13

SCHEDULE A-6
Account 113 - Sinking Funds

Line No.	Name of Fund (a)	Balance Beginning of Year (b)	Additions During Year		Deductions During Year (e)	Balance End of Year (f)
			Principal (c)	Income (d)		
1						
2						
3						
4						
5						
6						
7						
8						
9	Total					

SCHEDULE A-7
Account 114 - Miscellaneous Special Funds

Line No.	Name of Fund (a)	Balance Beginning of Year (b)	Additions During Year		Deductions During Year (e)	Balance End of Year (f)
			Principal (c)	Income (d)		
1						
2						
3						
4						
5						
6						
7						
8						
9	Total					

SCHEDULE A-8
Account 121 - Special Deposits

Line No.	Name of Depository (a)	Purpose of Deposit (b)	Balance End of Year (c)
1			
2			
3			
4			
5			
6	Total		

SCHEDULE A-9
Account 124 - Notes Receivable

Line No.	Maker (a)	Date of Issue (b)	Date Payable (c)	Balance End of Year (d)	Interest Rate (e)	Interest Accrued During Year (g)	Interest Received During Year (g)
1							
2							
3							
4							
5							
6	Total						

SCHEDULE A-10
Account 126 - Receivables from Associated Companies

Line No.	Due from Whom (a)	Amount (b)	Interest Rate (c)	Interest Accrued During Year (d)	Interest Received During Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10	Total				

SCHEDULE A-11
Account 132 - Prepayments

Line No.	Item (a)	Amount (b)
1	Taxes on real and personal property	14,062.03
2	Prepaid Insurance	250,703.55
3	Prepaid water cost	414,528.62
4	Miscellaneous prepayments and deposits	54,857.71
5		
6		
7		
8		
9		
10	Total	734,151.91

SCHEDULE A-12
Account 133 - Other Current and Accrued Assets

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10	Total	

SCHEDULE A-13

Accounts 140 and 240 - Unamortized Debt Discount and Expense and Unamortized Premium on Debt

1. Report under separate subheadings for Unamortized Debt Discount and Expense and Unamortized Premium on Debt, particulars of discount and expense of premium applicable to each class and series of long-term debt.
2. Show premium amounts in red or by enclosure in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the discount and expense or premium with respect to the amount of bonds or other long-term debt originally issued.
5. Furnish particulars regarding the treatment of unamortized debt discount and expense or premium, redemption premiums, and redemption expenses associated with issues redeemed during the year, also, date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Set out separately and identify undisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 531, Amortization of Debt Discount and Expense, or credited to Account 532, Amortization of Premium on Debt-Credit.

Line No.	Designation of long-term debt (a)	Principal amount of securities to which discount and expense, or premium minus expense, relates (b)	Total discount and expense or net Premium (c)	AMORTIZATION PERIOD		Balance beginning of year (f)	Debits during year (g)	Credits during year (h)	Balance end of year (i)
				From- (d)	To- (e)				
1	First Mortgage Series N	7,000,000.00	34,445.49	10/01/91	10/01/21	10,129.72		862.08	9,267.64
2	First Mortgage Series O	7,000,000.00	32,418.04	10/01/92	10/01/22	13,788.30		1,095.72	12,692.58
3	First Mortgage Series P	15,000,000.00	106,870.50	10/01/98	10/01/28	66,794.39		3,578.28	63,216.11
4	First Mortgage Series Q	15,000,000.00	69,262.53	07/01/06	07/01/36	61,566.93		2,323.32	59,243.61
5	First Mortgage Series R	30,000,000.00	154,622.65	09/01/08	09/01/38	147,965.25		5,161.56	142,803.69
6	First Mortgage Series S		22,050.00			22,050.00			22,050.00
7									
8	Total	74,000,000.00	419,669.21			322,294.59		13,020.96	309,273.63
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									

SCHEDULE A-14
Account 141 - Extraordinary Property Losses

Line No.	Description of Property Loss or Damage (a)	Total Amount of Loss (b)	Previously Written off (c)	WRITTEN OFF DURING YEAR		Balance End of year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4	Total					

SCHEDULE A-15
Account 146 - Other Deferred Debits

Line No.	Item (a)	Balance End of year (b)
1	Income taxes relating to Contributions and Advances	5,367,502.90
2	Deferred regulatory costs	718,424.84
3		
4		
5		
6	Total	6,085,927.74

SCHEDULE A-16
Account 150 - Discount on Capital Stock

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars of the change. State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance End of year (b)
1		
2		
3	Total	

SCHEDULE A-17
Account 151- Capital Stock Expense

1. Report the balance at end of year of capital stock expense for each class and series of capital stock.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance End of year (b)
1	Common Stock	(207.00)
2		
3	Total	(207.00)

SCHEDULE A-18
Accounts 200 and 201- Capital Stock

Line No.	Class of Stock (a)	Number of Shares Authorized by Articles of Incorporation (b)	Par Value of Stock Authorized by Articles of Incorporation (c)	Number of Shares Outstanding ¹ (d)	Total Par Value ² Outstanding End of Year (e)	Dividends Declared During Year	
						Rate (f)	Amount (g)
1	Common	500,000.00	10.00	240,000.00	2,400,000.00		8,685,600.00
2							
3							
4							
5							
6	Total	500,000.00	10.00	240,000.00	2,400,000.00		8,685,600.00

¹ After deduction for amount of reacquired stock held by or for the respondent.

² If shares of stock have no par value, show value assigned to stock outstanding.

SCHEDULE A-18a
Record of Stockholders at End of Year

Line No.	COMMON STOCK	Number Shares (b)	PREFERRED STOCK	Number Shares (d)
	Name (a)		Name (c)	
1	Utility Investment Company	240,000.00		
2				
3				
4				
5				
6				
7				
8				
9	Total number of shares	240,000.00	Total number of shares	

SCHEDULE A-19
Account 203 - Premiums and Assessments on Capital Stock

Line No.	Class of Stock (a)	Balance End of Year (b)
1	Common Stock Premium	69,000.00
2		
3		
4		
5		
6		
7		
8		
9	Total	69,000.00

SCHEDULE A-20
Account 270 - Capital Surplus (For use by Corporations only)

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	180,559.21
2	CREDITS (Give nature of each credit and state account charged)	
3		
4		
5	Total credits	
6	DEBITS (Give nature of each debit and state account credited)	
7		
8		
9		
10	Total debits	
11	Balance end of year	180,559.21

SCHEDULE A-21
Account 271 - Earned Surplus (For use by Corporations only)

Line No.	Acct	Account (a)	Amount (b)
1		Balance beginning of year	142,267,166.82
2		CREDITS	
3	400	Credit balance transferred from income account	10,660,727.99
4	401	Miscellaneous credits to surplus (specify)	2,104,218.97
5			
6		Total credits	12,764,946.96
7		DEBITS	
8	410	Debit balance transferred from income account	
9	411	Dividend appropriations-preferred stock	
10	412	Dividend appropriations-Common stock	8,685,600.00
11	413	Miscellaneous reservations of surplus	
12	414	Miscellaneous debits to surplus (specify)	
13			
14		Total debits	8,685,600.00
15		Balance end of year	146,346,513.78

SCHEDULE A-22
Account 204 - Proprietary Capital
(Sole Proprietor or Partnership)

Line No.	Item (a)	Amount (b)
1	Balance Beginning of year	
2	CREDITS	
3	Net income for year	
4	Additional investments during year	
5	Other credits (specify)	
6		
7	Total credits	
8	DEBITS	
9	Net loss for year	
10	Withdrawals during year	
11	Other debits (specify)	
12		
13	Total debits	
14	Balance end of year	

SCHEDULE A-23
Account 205 - Undistributed Profits
of Proprietorship or Partnership
 (The use of this account is optional)

Line No.	Item (a)	Amount (b)
1	Balance Beginning of year	
2	CREDITS	
3	Net income for year	
4	Other credits (specify)	
5		
6	Total credits	
7	DEBITS	
8	Net loss for year	
9	Withdrawals during year	
10	Other debits (specify)	
11		
12	Total debits	
13	Balance end of year	

SCHEDULE A-24
Account 210 - Bonds

Line No.	Class of Bond (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding per Balance Sheet (e)	Rate of Interest (f)	Sinking Fund Added in Current Year (g)	Cost of Issuance (h)	Interest Accrued During Year (i)	Interest Paid During Year (j)
1	First Mortgage Series N	10-01-91	10-01-21	7,000,000.00	7,000,000.00	9.90%		34,445.49	693,000.00	693,000.00
2	First Mortgage Series O	08-01-92	08-01-22	7,000,000.00	7,000,000.00	9.58%		32,418.04	670,600.00	670,600.00
3	First Mortgage Series P	09-01-98	09-01-28	15,000,000.00	15,000,000.00	6.99%		106,870.50	1,048,500.00	1,048,500.00
4	First Mortgage Series Q	07-01-06	07-01-36	15,000,000.00	15,000,000.00	6.32%		69,262.53	948,000.00	948,000.00
5	First Mortgage Series R	09-01-08	09-01-38	30,000,000.00	30,000,000.00	6.56%		154,622.65	1,968,000.00	1,968,000.00
6										
7										
8	Total			74,000,000.00	74,000,000.00			397,619.21	5,328,100.00	5,328,100.00

¹ After deduction for amount of reacquired bonds held by or for the respondent.

SCHEDULE A-24 (a)
CLASS A 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.) None.

1. Current Fiscal Agent:
 Name: _____
 Address: _____
 Phone Number: _____
 Date Hired: _____

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

3. 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	\$ _____

4. Account information:
 Bank Name: _____
 Account Number: _____
 Date Opened: _____

5. Plant amounts included in Schedule A-1a, Account No. 101 -- Water Plant in Service which were funded using SDWBA 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	311	Pumping equipment					
9	317	Other water source plant					
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-25
Account 212 - Advances from Associated Companies

Line No.	Nature of Obligation (a)	Amount of Obligation (b)	Rate of Interest (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
1					
2					
3					
4					
5	Total				

SCHEDULE A-26
Account 213 - Miscellaneous Long Term Debt

Line No.	Nature of Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding ¹ Per Balance Sheet (e)	Rate of Interest (f)	Interest Accrued During Year (g)	Interest Paid During Year (h)
1								
2								
3								
4								
5								
6								
7								
8	Total							

¹ After deduction for amount of reacquired debt held by or for the respondent.

SCHEDULE A-27
Securities Issued or Assumed During Year

Line No.	Class of Security (a)	Commission Authorization (b)	Amount Issued During Year (omit cents) (c)	Discount or Premium (d)	Expenses (e)
1					
2					
3					
4					
5	Total				

SCHEDULE A-28
Account 220 - Notes Payable

Line No.	In Favor of (a)	Date of Issue (b)	Date of Maturity (c)	Balance End of Year (d)	Rate of Interest (e)	Interest Accrued During Year (f)	Interest Paid During Year (g)
1	Bank of America (Line of Credit)	11/1/10	10/31/11	31,500,000.00	Various	64,007.19	66,148.85
2							
3							
4							
5							
6							
7	Total			31,500,000.00		64,007.19	66,148.85

SCHEDULE A-29
Account 223 - Payables to Associated Companies

Line No.	Nature of Obligation (a)	Balance End of Year (b)	Rate of Interest (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
1					
2					
3					
4					
5					
6					
7	Total				

SCHEDULE A-30
Account 230 - Other Current and Accrued Liabilities

Line No.	Description (a)	Balance End of Year (b)
1	Los Angeles County Division water costs	7,786,362.44
2	Fontana Water company Division water costs	7,821,759.38
3	Vacations	1,770,000.00
4	Sick Leave	439,000.00
5	Holidays	203,188.96
6	Accrued payroll	366,598.10
7	County and city franchise fees	827,782.84
8	Miscellaneous	654,557.00
9		
10		
11		
12		
13		
14		
15		
16	Total	19,869,248.72

SCHEDULE A-31
Account 228 - Accrued and Prepaid Taxes

1. This schedule is intended to give particulars of the combined prepaid and accrued tax accounts and to show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the tax was levied and charged.
2. Taxes, paid during the year and charged direct to final accounts, that is, not charged to prepaid or accrued taxes, should be included in the schedule. Enter the amounts both in columns (g) and (e). The balancing of the schedule is not affected by the inclusion of these taxes.
3. Taxes charged during the year, column (d), include taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to prepaid taxes for proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. If any tax covers more than 1 year, the required information of all columns should be shown separately for each year.
5. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment. Designate debit adjustments by parentheses.
6. See schedule entitled "TAXES CHARGED DURING YEAR," page 32, for a distribution of taxes charged, column (d) according to utility departments and accounts.
7. Do not include in this schedule entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

Line No.	Kind of Tax (See Instruction 5) (e)	BALANCE BEGINNING OF YEAR		Taxes Charged During Year (d)	Paid During Year (e)	Adjustments (f)	BALANCE END OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)				Taxes Accrued (Account 228) (g)	Prepaid Taxes (Incl. in Acct. 132) (h)
1	Taxes on real and personal property		17,350.02	3,019,012.50	3,002,054.84		13,669.87	14,062.03
2	State corporation franchise tax	(38,549.57)		1,581,278.55	1,069,459.54		473,269.44	
3	State unemployment insurance tax	1,668.31		44,176.70	45,198.23		646.78	
4	Other state and local taxes					69.16	69.16	
5	Federal unemployment insurance tax	635.55		14,136.55	14,565.13		206.97	
6	Fed. ins. contr. act (old age retire.)			1,197,541.83	1,198,674.96		(1,133.13)	
7	Other federal taxes							
8	Federal income taxes	455,840.88		7,331,840.56	5,994,309.45		1,793,171.99	
9								
10								
11								
12								
13								
14	Total	419,395.17	17,350.02	13,187,986.69	11,324,261.95	69.16	2,279,901.08	14,062.03

(1) Fed. & State income tax on CIAC & Advances

SCHEDULE A-32
Account 241 - Advances for Construction

Line No.	Description (a)	Amount (b)	Amount (c)
1	Balance beginning of year		40,671,635.40
2	Additions during year		336,935.04
3	Subtotal - Beginning balance plus additions during year		41,008,570.44
4	Charges during year		
5	Refunds		
6	Percentage of revenue basis		
7	Proportionate cost basis		
8	Present worth basis		
9	Total refunds		1,644,522.04
10	Transfers to Acct 265 - Contributions in Aid of Construction		
11	Due to expiration of contracts		
12	Due to present worth discount		
13	Total transfers to Acct. 265		
14	Securities Exchanged for Contracts (enter detail below)		
15	Subtotal - Charges during year		1,644,522.04
16	Balance end of year		39,364,048.40

If stock, bonds, etc., were issued in exchange for construction advance contracts give details below:

Line No.	Type of Security or Other Consideration (Other than Cash) (a)	Dividend or Interest Rate (b)	PUC Decision Number (c)	Amount Issued (d)
17	Common stock			
18	Preferred stock			
19	Bonds			
20	Other (describe)			
21				
22				

SCHEDULE A-33
Account 242 - Other Deferred Credits

Line No.	Item (a)	Balance End of Year (b)
1	Temporary deposits and miscellaneous items	13,481,343.31
2		
3		
4		
5		
6	Total	13,481,343.31

SCHEDULE A-34
Accounts 254 to 258, Inclusive - Miscellaneous Reserves

Line No.	Account (a)	Balance Beginning of Year (b)	DEBITS		CREDITS		Balance End of Year (g)
			Nature of Items (c)	Amount (d)	Account Charged (e)	Amount (f)	
1	258 Other Reserves	34,960,676.74	Deferred Income Taxes		507	3,756,816.43	38,717,493.17
2	258 Other Reserves	497,171.62	Deferred ITC	30,957.00			466,214.62
3							
4							
5							
6							
7	Total	35,457,848.36		30,957.00		3,756,816.43	39,183,707.79

SCHEDULE A-35

Account 265 - Contributions in Aid of Construction

Instructions for Preparation of Schedule of Contributions in Aid of Construction:

- ¹ The credit balance in the account other than that portion of the balance relating to nondepreciable property (column d), to property retired prior to January 1, 1995 (column e), and to the estimated amount of depreciation accrued to January 1, 1955 (column f), shall be written off through charges to this account and credits to Account 250 - Reserve for Depreciation of Utility Plant over a period equal to the estimated service life of the property involved. Upon retirement of depreciable property for which a depreciation reserve has been created through charges to this account, the cost thereof shall be credited to the appropriate plant account and concurrently charged to Account 250. If the property is retired prior to the service life originally estimated, the balance in this account with respect to the retired property shall be transferred to the depreciation reserve account.
- ² That portion of the balance applicable to nondepreciable property shall remain unchanged until the property is sold or otherwise retired. Upon retirement, the cost of such nondepreciable property acquired by donation or through use of donated funds shall be credited to the appropriate plant account and charged to this account to clear the credit balance carried herein.
- ³ That portion of the balance representing donations on property retired prior to January 1, 1955 (column e), and the amount of depreciation accrued to January 1, 1955, on property in service (column f), shall not be transferred from this account or otherwise disposed of without first receiving written authorization from the Commission.

Line No.	Item (a)	Total All Columns (b)	Subject to Amortization		Property Retired Before Jan. 1, 1955 (e)	Not Subject to Amortization Depreciation Accrued through Dec. 31, 1954 on Property in Service at Dec. 31, 1954 (f)
			Property in Service After Dec. 31, 1954	Non-Depreciable (d)		
			Depreciable (c)			
1	Balance beginning of year	75,279,329.42	72,087,306.70	3,192,022.72		
2	Add: Credits to account during year					
3	Contributions received during year	5,444,002.14	5,444,487.90	(485.76)		
4	Other credits*					
5	Total credits	5,444,002.14	5,444,487.90	(485.76)		
6	Deduct: Debits to account during year					
7	Depreciation charges for year	2,777,338.88	2,777,338.88			
8	Nondepreciable donated property retired					
9	Other debits*					
10	Total debits	2,777,338.88	2,777,338.88			
11	Balance end of year	77,945,992.68	74,754,455.72	3,191,536.96		

*Indicate nature of these items and show the accounts affected by the contra entries.

SCHEDULE B-1
Account 501 - Operating Revenues

Line No.	Acct.	ACCOUNT (a)	Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in (Parenthesis) (d)
1		I. WATER SERVICE REVENUES			
2	601	Metered sales to general customers			
3		601.1 Commercial sales	87,762,049.16	84,575,667.73	3,186,381.43
4		601.2 Industrial sales	4,405,730.44	3,379,739.11	1,025,991.33
5		601.3 Sales to public authorities	8,037,033.62	7,882,868.08	154,165.54
6		Sub-total	100,204,813.22	95,838,274.92	4,366,538.30
7	602	Unmetered sales to general customers			
8		602.1 Commercial sales			
9		602.2 Industrial sales			
10		602.3 Sales to public authorities			
11		Sub-total			
12	603	Sales to irrigation customers			
13		603.1 Metered sales			
14		603.2 Unmetered sales			
15		Sub-total			
16	604	Private fire protection service	2,058,894.16	1,957,621.14	101,273.02
17	605	Public fire protection service			
18	606	Sales to other water utilities for resale			
19	607	Sales to governmental agencies by contracts			
20	608	Interdepartmental sales			
21	609	Other sales or service	232,222.93	319,880.18	(87,657.25)
22		Sub-total	2,291,117.09	2,277,501.32	13,615.77
23		Total water service revenues	102,495,930.31	98,115,776.24	4,380,154.07
24		II. OTHER WATER REVENUES			
25	611	Miscellaneous service revenues	335,252.44	337,342.14	(2,089.70)
26	612	Rent from water property			
27	613	Interdepartmental rents			
28	614	Other water revenues	7,950,469.78	7,053,172.24	897,297.54
29		Total other water revenues	8,285,722.22	7,390,514.38	895,207.84
30	501	Total operating revenues	110,781,652.53	105,506,290.62	5,275,361.91

SCHEDULE B-1a
Operating Revenues Apportioned to Cities and Towns

Line No.	Location (a)	Operating Revenues (b)
31	Operations not within incorporated cities ¹	
32	Los Angeles County Division	55,701,825.06
33	Fontana Water Company Division	55,079,827.47
34		
35	Operations within incorporated territory	
36	City or town of	
37	City or town of	
38	City or town of	
39	City or town of	
40	City or town of	
41		
42		
43		
44		110,781,652.53

¹ Should be segregated to operating districts.

SCHEDULE B-2

Account 502 - Operating Expenses - For Class A, B, and C Water Utilities

Respondent should use the group of accounts applicable to its class

Line No.	Acct.	Account (a)	Class			Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in (Parenthesis) (d)
			A	B	C			
1		I. SOURCE OF SUPPLY EXPENSE						
2		Operation						
3	701	Operation supervision and engineering	A	B				
4	701	Operation supervision, labor and expenses			C			
5	702	Operation labor and expenses	A	B				
6	703	Miscellaneous expenses	A					
7	704	Purchased water	A	B	C	27,012,175.79	24,249,259.10	2,762,916.69
8		Maintenance						
9	706	Maintenance supervision and engineering	A	B				
10	706	Maintenance of structures and facilities			C			
11	707	Maintenance of structures and improvements	A	B				
12	708	Maintenance of collect and impound reservoirs	A					
13	708	Maintenance of source of supply facilities		B				
14	709	Maintenance of lake, river and other intakes	A					
15	710	Maintenance of springs and tunnels	A					
16	711	Maintenance of wells	A			53,675.81	36,511.28	17,164.53
17	712	Maintenance of supply mains	A					
18	713	Maintenance of other source of supply plant	A	B				
19		Total source of supply expense				27,065,851.60	24,285,770.38	2,780,081.22
20		II. PUMPING EXPENSES						
21		Operation						
22	721	Operation supervision and engineering	A	B		135,236.88	116,008.64	19,228.24
23	721	Operation supervision labor and expense			C			
24	722	Power production labor and expense	A					
25	722	Power production labor, expenses and fuel		B				
26	723	Fuel for power production	A					
27	724	Pumping labor and expenses	A	B		1,011,617.31	871,325.73	140,291.58
28	725	Miscellaneous expenses	A			320,390.61	313,241.16	7,149.45
29	726	Fuel or power purchased for pumping	A	B	C	8,220,944.22	8,399,037.44	(178,093.22)
30		Maintenance						
31	729	Maintenance supervision and engineering	A	B		50,162.90	52,351.03	(2,188.13)
32	729	Maintenance of structures and equipment			C			
33	730	Maintenance of structures and improvements	A	B		471,052.69	449,739.72	21,312.97
34	731	Maintenance of power production equipment	A	B				
35	732	Maintenance of pumping equipment	A	B		539,362.49	539,028.04	334.45
36	733	Maintenance of other pumping plant	A	B				
37		Total pumping expenses				10,748,767.10	10,740,731.76	8,035.34

SCHEDULE B-2

Account 502 - Operating Expenses - For Class A, B, and C Water Utilities (Continued)

Respondent should use the group of accounts applicable to its class

Line No.	Acct.	Account (a)	Class			Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in (Parenthesis) (d)
			A	B	C			
38		III. WATER TREATMENT EXPENSES						
39		Operation						
40	741	Operation supervision and engineering	A	B		264,290.03	254,091.45	10,198.58
41	741	Operation supervision, labor and expenses			C			
42	742	Operation labor and expenses	A			4,194,052.51	4,876,453.64	(682,401.13)
43	743	Miscellaneous expenses	A	B		133,632.63	104,621.72	29,010.91
44	744	Chemicals and filtering materials	A	B		4,227,620.21	3,562,814.71	664,805.50
45		Maintenance						
46	746	Maintenance supervision and engineering	A	B		17,900.36	13,706.25	4,194.11
47	746	Maintenance of structures and equipment			C			
48	747	Maintenance of structures and improvements	A	B		11,007.41	11,713.84	(706.43)
49	748	Maintenance of water treatment equipment	A	B		531,775.08	1,766,055.60	(1,234,280.52)
50		Total water treatment expenses				9,380,278.23	10,589,457.21	(1,209,178.98)
51		IV. TRANS. AND DIST. EXPENSES						
52		Operation						
53	751	Operation supervision and engineering	A	B		797,025.82	871,995.96	(74,970.14)
54	751	Operation supervision, labor and expenses			C			
55	752	Storage facilities expenses	A			55,170.01	28,779.73	26,390.28
56	752	Operation labor and expenses		B				
57	753	Transmission and distribution lines expenses	A			597,599.35	560,519.51	37,079.84
58	754	Meter expenses	A			343,322.57	288,747.73	54,574.84
59	755	Customer Installations expenses	A			199,126.69	154,040.73	45,085.96
60	756	Miscellaneous expenses	A			59,597.92	57,798.16	1,799.76
61		Maintenance						
62	758	Maintenance supervision and engineering	A	B		71,137.33	84,676.95	(13,539.62)
63	758	Maintenance of structures and plant			C			
64	759	Maintenance of structures and improvements	A	B				
65	760	Maintenance of reservoirs and tanks	A	B		33,244.15	36,113.40	(2,869.25)
66	761	Maintenance of trans. and distribution mains	A			871,701.22	999,430.71	(127,729.49)
67	761	Maintenance of mains		B				
68	762	Maintenance of fire mains	A					
69	763	Maintenance of services	A			1,255,813.13	1,252,183.52	3,629.61
70	763	Maintenance of other trans. and distribution plant		B				
71	764	Maintenance of meters	A			82,002.90	73,496.84	8,506.06
72	765	Maintenance of hydrants	A			114,630.99	149,913.68	(35,282.69)
73	766	Maintenance of miscellaneous plant	A			155,092.37	207,457.11	(52,364.74)
74		Total transmission and distribution expenses				4,635,464.45	4,765,154.03	(129,689.58)

SCHEDULE B-2

Account 502 - Operating Expenses - For Class A, B, and C Water Utilities (Continued)

Respondent should use the group of accounts applicable to its class

Line No.	Acct.	Account (a)	Class			Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in (Parenthesis) (d)
			A	B	C			
75		V. CUSTOMER ACCOUNT EXPENSES						
76		Operation						
77	771	Supervision	A	B		555,965.75	548,682.31	7,283.44
78	771	Superv., meter read., other customer acct expenses			C			
79	772	Meter reading expenses	A	B		1,079,746.53	1,018,797.87	60,948.66
80	773	Customer records and collection expenses	A			2,815,211.89	2,726,202.39	89,009.50
81	773	Customer records and accounts expenses		B				
82	774	Miscellaneous customer accounts expenses	A			935,283.31	650,782.21	284,501.10
83	775	Uncollectible accounts	A	B	C	306,643.55	221,085.32	85,558.23
84		Total customer account expenses				5,692,851.03	5,165,550.10	527,300.93
85		VI. SALES EXPENSES						
86		Operation						
87	781	Supervision	A	B				
88	781	Sales expenses			C			
89	782	Demonstrating and selling expenses	A					
90	783	Advertising expenses	A					
91	784	Miscellaneous sales expenses	A					
92	785	Merchandising, jobbing and contract work	A					
93		Total sales expenses						
94		VII. ADMIN. AND GENERAL EXPENSES						
95		Operation						
96	791	Administrative and general salaries	A	B	C	3,518,433.85	3,245,402.94	273,030.91
97	792	Office supplies and other expenses	A	B	C	566,443.52	569,339.95	(2,896.43)
98	793	Property insurance	A			63,962.95	40,605.10	23,357.85
99	793	Property insurance, injuries and damages		B	C			
100	794	Injuries and damages	A			970,874.75	744,567.31	226,307.44
101	795	Employees' pensions and benefits	A	B	C	5,860,604.40	5,289,934.65	570,669.75
102	796	Franchise requirements	A	B	C	827,782.84	795,555.50	32,227.34
103	797	Regulatory commission expenses	A	B	C	469,152.11	552,984.69	(83,812.58)
104	798	Outside services employed	A			1,271,106.63	1,451,104.92	(179,998.29)
105	798	Miscellaneous other general expenses		B				
106	798	Miscellaneous other general operation expenses			C			
107	799	Miscellaneous general expenses	A			242,059.99	243,487.09	(1,427.10)
108		Maintenance						
109	805	Maintenance of general plant	A	B	C	423,733.33	376,445.73	47,287.60
110		Total administrative and general expenses				14,214,154.37	13,309,407.88	904,746.49
111		VIII. MISCELLANEOUS						
112	811	Rents	A	B	C	16,400.00	16,292.00	108.00
113	812	Administrative expenses transferred - Cr.	A	B	C	(1,093,340.79)	(1,410,492.26)	317,151.47
114	813	Duplicate charges - Cr.	A	B	C			
115		Total miscellaneous				(1,076,940.79)	(1,394,200.26)	317,259.47
116		Total operating expenses				70,660,425.99	67,461,871.10	3,198,554.89

SCHEDULE B-3
Account 506 - Property Losses Chargeable to Operations

Line No.	Description (a)	Amount
1		
2		
3		
4		
5		
6		
7		
8	Total	

SCHEDULE B-4
Account 507 - Taxes Charged During Year

- This schedule is intended to give the account distribution of total taxes charged to operations and other final accounts during the year.
- Do not include gasoline and other sales taxes which have been charged to accounts to which the material on which the tax was levied was charged. If the actual or estimated amounts of such taxes are known, they should be shown as a footnote and designated whether estimated or actual amounts.
- The accounts to which taxes charged were distributed should be shown in columns (c) to (f). Show both the utility department and number of account charged except for taxes capitalized.
- For any tax which it was necessary to apportion to more than one utility department or account, state in a footnote the basis of apportioning such tax.
- The total taxes charged as shown in column (b) should agree with the amounts shown by column (c) of schedule entitled "Accrued and Prepaid Taxes," page 24.
- Do not include in this schedule entries with respect to deferred income taxes, or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

Line No.	Kind of Tax (a)	Total Taxes Charged During Year (b)	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
			Water (Account 507) (c)	Nonutility (Account 521) (d)	Other (Accounts 527, 528, 902 & 903) (e)	Capitalized (Omit Account) (f)
1	Taxes on real and personal property	3,019,012.50	3,012,952.50		6,060.00	
2	State corp. franchise tax	1,581,278.55	1,584,353.54		(3,074.99)	
3	State unemployment insurance tax	44,176.70	45,626.71			(1,450.01)
4	Other state and local taxes					
5	Federal unemployment insurance tax	14,136.55	14,689.59			(553.04)
6	Federal insurance contributions act	1,197,541.83	1,131,239.87			66,301.96
7	Other federal taxes					
8	Federal income tax	7,331,840.56	7,373,804.10		(41,963.54)	
9						
10						
11						
12						
13						
14	Total	13,187,986.69	13,162,666.31	0.00	(38,978.53)	64,298.91

SCHEDULE B-5

Reconciliation of Reported Net Income With Taxable Income for Federal Taxes

1. Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, inter-company amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. Show taxable year if other than calendar year from-----to-----.

Line No.	Particulars (a)	Amount (b)
1	Net income for the year per Schedule B, page 15	10,660,727.99
2	Reconciling amounts (list first additional income and unallowable deductions, followed by additional	
3	deductions for non-taxable income):	
4	Add: Federal income tax charged in 2010	7,331,840.56
5	State franchise tax charged in 2010	1,581,278.55
6	Capitalized interest	76,355.00
7	Amortization of Rate Case costs	83,864.27
8	Taxable Contributions and Advances for Services	192,993.94
9	Cost of removal less salvage	309,401.18
10	Miscellaneous and non-deductible items	1,488,299.14
9	Total additions	11,064,032.64
10		
11	Deduct: 2009 State franchise tax	1,135,997.00
12	Refunding of taxable advances	463,213.63
13	Total deductions	1,599,210.63
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28	Federal tax net income	20,125,550.00
29	Computation of tax:	
30	Tax at 35%	7,043,942.50
31	Add: Prior year federal income tax	318,855.05
32	Less: Amortization of investment tax credit	30,957.00
33	Tax per return	7,331,840.55

SCHEDULE B-6
Account 521 - Income from Nonutility Operations

Line No.	Description (a)	Revenue (b)	Expenses (c)	Net Income (d)
1				
2				
3				
4				
5	Total			

SCHEDULE B-7
Account 526 - Miscellaneous Nonoperating Revenue

Line No.	Description (a)	Amount (b)
1		
2		
3		
4		
5		
6		
7		
8	Total	

SCHEDULE B-8
Account 527 - Nonoperating Revenue Deductions (Dr.)

Line No.	Description (a)	Amount (b)
1	Federal Income Tax	
2	State Income Tax	41,963.54
3	Miscellaneous deductions	3,074.99
4		(18,185.63)
5	Total	26,852.90

SCHEDULE B-9
Account 535 - Other Interest Charges

Line No.	Description (a)	Amount (b)
1	Interest on bank loans	64,007.19
2	Interest on customer deposits	65.36
3		
4	Total	64,072.55

SCHEDULE B-10
Account 538 - Miscellaneous Income Deductions

Line No.	Description (a)	Amount (b)
1	Political contributions	43,994.00
2	Turkeys for various charities	27,635.06
3	Other	12,205.55
4		
5	Total	83,834.61

SCHEDULE C-1

Engineering and Management Fees and Expenses, etc., During Year

Give the required particulars of all contracts or other agreements in effect in the course of the year between the respondent and any corporation, association, partnership or person covering supervision and/or management of any department of the respondents affairs such as accounting, engineering, financing, construction or operation, and show the payments under such agreements and also the payments for advice and services to a corporation or corporations which directly or indirectly control respondent through stock ownership

Line No.

1 Did the respondent have a contract or other agreement with any organization or person covering supervision and/or management of its own affairs during the year?
Answer: Yes _____ No X

2 Name of each organization or person that was a party to such a contract or agreement

3 Date of original contract or agreement. _____

4 Date of each supplement or agreement. _____

Note: File with the report a copy of every contract, agreement, supplement or amendment mentioned above unless a copy of the instrument in due form has been furnished in which case a definite reference to the report of the respondent relative to which it was furnished will suffice.

5 Amount of compensation paid during the year for supervision or management: _____

6 To whom paid: _____

7 Nature of payment (salary, traveling expenses, etc.): _____

8 Amounts paid for each class of service: _____

\$

9 Base for determination of such amounts _____

10 Distribution of payments:

(a) Charged to operating expenses

\$

(b) Charged to capital accounts

\$

(c) Charged to other accounts

\$

Total

\$

11 Distribution of charges to operating expenses by primary accounts.

Number and Title of Account

Total _____

12 What relationship, if any, exists between respondent and supervisory and/or managing concerns?

SCHEDULE C-2

Compensation of Individual Proprietor or Partner

Do operating expenses include any charge for owner's compensation in the form of salary or wages, rental allowances, or for the use of a private automobile? (If the word "none" truly states the fact it should be given as the answer to this inquiry.)

Line No.	Nature of Allowance (a)	Account Charged (b)	Amount (c)
1			
2			
3			
4			
5			
6	Total		

SCHEDULE C-3

Employees and Their Compensation

(Charged to Account 502 - Operating Expenses - Schedule B-2)

Line No.	Classification (a)	Number at End of Year (b)	Total Salaries and Wages Paid During Year (c)
1	Employees - Source of supply		
2	Employees - Pumping	32	2,188,645.86
3	Employees - Water treatment	35	1,637,746.90
4	Employees - Transmission and distribution	39	3,127,185.49
5	Employees - Customer account	60	3,932,919.95
6	Employees - Sales		
7	Employees - Administrative		
8	General officers	7	1,890,760.32
9	General office	74	2,916,395.51
10	Total	247	15,693,654.03

SCHEDULE C-4

Record of Accidents During Year

Line No.	Date of Accident (a)	TO PERSONS					TO PROPERTY			
		Employees on Duty		Public ¹		Total Number (f)	Company		Other	
		Killed (b)	Injured (c)	Killed (d)	Injured (e)		Number (g)	Amount (h)	Number (i)	Amount (j)
1	Various	0	24	0	0	24	8	6,953.23	6	14,801.78
2										
3										
4	Total	0	24	0	0	24	8	6,953.23	6	14,801.78

¹ Accidents to employees not on duty should be included in "Public" accidents

SCHEDULE C-5 Expenditures for Political Purposes

Hereunder report all direct or indirect expenditures incurred or made to elect or defeat a candidate for public office; or to place any measure on the ballot; at any election, or to keep it from being placed on the ballot at any election, or to support or defeat any measure on the ballot; at an election, or to support or defeat any proposed legislation, also name the account or accounts to which the expenditures herein mentioned have been charged. (If the word "none" truly states the fact, it should be given as the answer to this inquiry.)

1	See Schedule B-10, Line 1
2	
3	
4	
5	
6	

SCHEDULE C-6 Loans to Directors, or Officers, or Shareholders

Show hereunder the amount of loans to directors, or officers, or shareholders and the terms and conditions of such loans. Among other things, show the name of each director, or officer, or shareholder, receiving a loan or loans, the amount of each loan, the rate of interest payable on such loan or loans, the maturity date of each loan or loans, the security given and the date when the shareholders authorized each loan. If such authorization was given. (If the word "none" truly states the fact, it should be given as the answer to this inquiry.)

1	
2	
3	
4	
5	
6	

SCHEDULE C-7 Bonuses Paid to Executives & Officers

Show hereunder the amount of bonuses paid to Executives and Officers, both cash and non-cash. List by the name of each Executive or Officer receiving the bonus, the dollar value of that bonus, and a description of the bonus if it is non-cash.

1	
2	
3	
4	
5	
6	

**SCHEDULE D-1
Sources of Supply and Water Developed**

STREAMS				FLOW IN(Unit) ²				Annual Quantities Diverted(Unit) ²	Remarks
Line No.	Diverted into*	From Stream or Creek (Name)	Location of Diversion Point	Priority Right		Diversions			
				Claim	Capacity	Max.	Min.		
1	Sandhill Treatment Plant	Lytle Creek	Edison Afterbay					4,997,713	
2									
3									
4									
5									

WELLS							Annual Quantities Pumped(Unit) ²	Remarks
Line No.	At Plant (Name or Number)	Location	Number	Dimensions	¹ Depth to Water	Pumping Capacity(Unit) ²		
6	See Attachment 1 and 2							
7								
8								
9								
10								

TUNNELS AND SPRINGS				FLOW IN(Unit) ²		Annual Quantities Used(Unit) ²	Remarks
Line No.	Designation	Location	Number	Maximum	Minimum		
11							
12							
13							
14							
15							

Purchased Water for Resale			
16	Purchased from - See Attachment 3		
17	Annual quantities purchased		(Unit chosen) ² 1,362,083 CCF
18			
19			

* State ditch, pipe line, reservoir, etc., with name, if any.

¹ Average depth to water surface below ground surface.

² The quantity unit in established use for expressing water stored and used in large amounts is the acre foot, which equals 43,560 cubic feet; in domestic use the thousand gallon or the hundred cubic feet. The rate of flow or discharge in larger amounts is expressed in cubic feet per second, in gallons per minute, in gallons per day, or in the miner's inch. Please be careful to state the unit used.

**SCHEDULE D-2
Description of Storage Facilities**

Line No.	Type	Number	Combined Capacity (Gallons or Acre Feet)	Remarks
1	A. Collecting reservoirs			
2	Concrete			
3	Earth			
4	Wood			
5	B. Distribution reservoirs			
6	Concrete	7	16,640,000	
7	Earth			
8	Wood			
9	C. Tanks			
10	Wood			
11	Metal	49	55,939,000	
12	Concrete			
13	Total	56	72,579,000	

ATTACHMENT (to Schedule D-1)

SAN GABRIEL VALLEY WATER COMPANY

Wells - Los Angeles County Division

2010

Well	Location	Casing Dimensions	December		Pumping Capacity * GPM	Annual Quantities CCF
			Depth of Water Static	Pumping		
1B	11828 E. Ranchito Street	16" x 198'	142	145	2,500	309,053
1C	11828 E. Ranchito Street	18" x 506'	141	152	4,700	1,960
1D	11828 E. Ranchito Street	18" x 834'	152	165	4,500	71,343
1E	11828 E. Ranchito Street	18" x 830'	144	155	5,000	1,717,983
2F	4921 N. Tyler Avenue	20" x 620'	131	153	3,900	1,208,674
2D	4921 N. Tyler Avenue	20" x 600'	134	150	4,225	51,543
2E	4921 N. Tyler Avenue	18" x 620'	118	133	4,500	362,518
8B	2701 N. Loma Street	12" x 312'	71	90	2,000	6,674
8C	2701 N. Loma Street	18" x 534'	71	105	2,500	279,285
8D	2701 N. Loma Street	18" x 580'	67	101	4,500	579,593
8E	2701 N. Loma Street	18" x 970'	91	119	4,350	33,110
8F	2701 N. Loma Street	18" x 1220'	71	114	4,000	39,262
11A	12630 E. Fineview Street	20" x 445'	64	94	3,900	152,236
11B	12630 E. Fineview Street	20" x 664'	73	99	3,090	118,208
11C	12630 E. Fineview Street	20" x 419'	71	147	1,900	7,695
B1	12412 Kathleen	20" x 401'			5,200	
B4B	940 Baldwin Park Boulevard	16" x 1178'	128		4,000	
B4C	940 Baldwin Park Boulevard	16" x 1058'	133		4,000	
B5A	209 Perez Place	14" x 510'	118		4,825	
B5B	209 Perez Place	20" X 516'	135	145	4,850	1,889,015
B5C	209 Perez Place	14" x 1276'	108		2,265	
B5D	209 Perez Place	18" x 1135'	104		3,100	231,702
B5E	209 Perez Place	20" X 820'		160	3,500	1,834,181
B6C	14104 E Corak Street	18" x 526'	147		4,000	100
B6D	14104 E Corak Street	18" x 1078	146		4,000	358
B7C	14614 E. Nelson Avenue	16" x 800"	131	224	3,850	533,657
B7E	14614 E. Nelson Avenue	18" x 1203'	147	175	900	219,098
B9B	436 N. Orange Avenue	18" x 1128'	142	228	2,200	320,118
B11A	14453 E. Temple Avenue	16" x 854'	122		2,000	
B11B	14453 E. Temple Avenue	18" x 860'	128	163	3,770	634,286
B24A	14650 Nelson Avenue	20" x 1170'	144	233	3,656	82,364
B24B	14651 Nelson Avenue	20" x 1170'	148	220	3,278	83,546
B25A	13032 Bess Avenue	20" x 800"	133	152	5,083	930,950
B25B	13032 Bess Avenue	20" x 1030'	127	166	3,856	795,191
B26A	1517 Virginia Avenue	20" x 800"	142	148	3,628	690,682
B26B	1517 Virginia Avenue	20" x 1030'	144	166	3,526	773,675
G4A	3350 N. Walnut Grove	14" x 402'	127	142	1,000	70,834
W1C	6135 S. Pioneer Boulevard	20" x 530'	73		4,600	2,707
W1E	6135 S. Pioneer Boulevard	20" x 552'	79		4,990	2,441
W6C	10509 E. Dunlap Crossing	18" x 542'	75	103	4,000	246,085
W6D	10509 E. Dunlap Crossing	18" x 800"	81	105	4,000	794,308
Well #5	City of Industry					345,087
Total All Wells						15,419,522

* As of December 31, 2010

SAN GABRIEL VALLEY WATER COMPANY

Wells - Fontana Water Company Division

2010

Well	Location	Casing Dimensions	December Depth of Water		Pumping Capacity * GPM	Annual Quantities CCF
			Static	Pumping		
F2A	15273 Foothill Blvd.	18" x 910'	546		2,380	456,352
F3A	Elm Ave. N/O Ceres Ave.	20" x 854'	489		1,850	
F4A	8005 Alder Ave.	18" x 940'	540		1,900	
F7A	8326 Cherry Ave.	18" x 1020'	501		2,388	651,014
F7B	8326 Cherry Ave.	20" x 1010'	503		2,396	603,643
F10B	17651 Baseline Ave.	18" x 1040'	528	530	1,280	847,610
F10C	17651 Baseline Ave.	18" x 1010'	528	573	1,520	1,078,261
F13A	1900 North Alder Ave.	16" x 1000'	529	570	1,726	643,350
F13B	1900 North Alder Ave.	16" x 1140'	527	548	1,885	806,256
F15A	5888 Citrus Ave.	18" x 1240'	640		1,275	596,280
F17B	14555 San Bernardino Ave.	16" x 870'	381		2,392	389,300
F17C	14555 San Bernardino Ave.	18" x 930'	363		2,580	332,563
F18A	7706 Sierra Ave.	20" x 884'	595		2,400	546
F21A	Live Oak Ave. & Slover Ave.	16" x 690'	322		1,384	523,944
F22A	14777 Ceres Ave.	18" x 870'	452		1,843	49,860
F23A	16025 Boyle Ave.	18" x 770'	375		2,681	6,260
F24A	7211 Juniper Ave.	18" x 1100'			1,825	4
F25A	16725 Spring St.	18" x 860'	516		2,400	
F26A	16991 Micallef St.	18" x 1140'	660		1,825	
F27A	Upper Lytle Creek Wash	18" x 105'	72		170	73,937
F28A	Lower Lytle Creek Wash	20" x 580'	316		613	284,232
F29A	Lower Lytle Creek Wash	20" x 656'	323		874	401,645
F30A	8222 Hemlock Ave.	20" x 918'	519		2,035	463,552
F31A	16135 Baseline Ave.	16" x 1040'	638	668	1621	146,383
F32A	Lower Lytle Creek Wash	20" x 600'	283	387	850	494,290
F33A	Upper Lytle Creek Wash	20" x 169'	84	86	490	447,871
F34A	Lower Lytle Creek Wash	20" x 524'	413		541	134
F35A	8747 Juniper Ave.	20" x 872'	502		1,700	
F36A	Lower Lytle Creek Wash	20" x 635'	393	446	1,305	592,417
F37A	Ceres Ave. E/O Cherry Ave.	20" x 845'	464		1,325	
F39A	Oleander Ave. N/O Ceres Ave.	20" x 812'	502		2,200	
F40A	Lower Lytle Creek Wash	20" x 407'	196	235	933	413,972
F41A	Lower Lytle Creek Wash	20" x 677'	227			
F42A	Upper Lytle Creek Wash	20" x 157'	99	102	540	372,367
F44A	7980 Sultana Avenue	18" x 960'	557		2,640	148,990
F44B	7980 Sultana Avenue	18" x 1000'	564		2,722	223,167
F44C	7980 Sultana Avenue	18" x 1000'	558		2,218	324,850
F49A	2116 W. Baseline Road	18" x 960'	438	457	1,965	1,345,268
Total All Wells						12,718,318

* As of December 31, 2010

ATTACHMENT 3 (to Schedule D-1)

**San Gabriel Valley Water Company
Purchased Water For Resale
2010**

Central Basin Municipal Water District (Reclaimed)	23,488 CCF
Los Angeles County Sanitation District (Reclaimed)	17,620 CCF
Upper San Gabriel Valley Municipal Water District (Reclaimed)	836,609 CCF
Los Angeles County Division	<u>877,717 CCF</u>
Inland Empire Utilities Agency	440,666 CCF
San Bernardino Valley Municipal Water District	38,085 CCF
Cucamonga Valley Water District	5,615 CCF
Fontana Water Company Division	<u>484,366 CCF</u>
Total	<u>1,362,083 CCF</u>

SCHEDULE D-3
Description of Transmission and Distribution Facilities

A. LENGTH OF DITCHES, FLUMES AND LINED CONDUITS IN MILES FOR VARIOUS CAPACITIES
 Capacities in Cubic Feet Per Second or Miner's Inches (State Which) _____

Line No.		0 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 75	76 to 100
1	Ditch								
2	Flume								
3	Lined conduit								
4									
5	Total								

A. LENGTH OF DITCHES, FLUMES AND LINED CONDUITS IN MILES FOR VARIOUS CAPACITIES - Continued
 Capacities in Cubic Feet Per Second or Miner's Inches (State Which) _____

Line No.		101 to 200	201 to 300	301 to 400	401 to 500	501 to 750	751 to 1000	Over 1000	Total All Lengths
6	Ditch								
7	Flume								
8	Lined conduit								
9									
10	Total								

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING

Line No.		1	1 1/2	2	2 1/2	3	4	5	6	8
11	Cast Iron						340		22,336	
12	Cast Iron (cement lined)						8,976		173,212	5,293
13	Concrete									
14	Copper		211	454						
15	Riveted steel						32,634		8,438	14,358
16	Standard screw	6,976	1,967	103,117	6,289	6,499	10,987	1,095	572	313
17	Screw or welded casing			9,666	2,224	13,328	53,572	16,867	13,639	2,639
18	Cement - asbestos					446	337,905		1,098,220	665,610
19	Welded steel					12,689	83,184	2,377	457,542	711,330
20	Wood									
21	Other (specify) Plastic		390	3,387			12,001		173,224	185,059
22	Total	6,976	2,568	116,624	8,513	32,962	539,599	20,339	1,947,183	1,584,602

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING - Continued

Line No.		10	12	14	16	18	20	Other Sizes (Specify Sizes)		Total All Sizes
								22-24-26	28-30-36-42	
23	Cast Iron									22,676
24	Cast Iron (cement lined)	6,268	299							194,048
25	Concrete	14,118	5,752	5,564	33,008	12,881	1,200	2,650	14	75,187
26	Copper									665
27	Riveted steel	981	238				7,066			63,715
28	Standard screw									137,815
29	Screw or welded casing									111,935
30	Cement - asbestos	325,416	143,805	12,692	78,894	1,313				2,664,301
31	Welded steel	86,235	620,251	40,251	535,408	9,592	49,863	183,838	93,397	2,885,957
32	Wood									
33	Other (specify) Plastic		5,749							379,810
34	Total	433,018	776,094	58,507	647,310	23,786	58,129	186,488	93,411	6,536,109

**SCHEDULE D-4
Number of Active Service Connections**

Classification	Metered - Dec 31		Flat Rate - Dec 31	
	Prior Year	Current Year	Prior Year	Current Year
Residential	88,229	82,095		
Commercial	811	7,460		
Industrial	283	140		
Public authorities	925	973		
Irrigation				
Other (specify) Construction	59	44		
Other (specify) Reclaimed	17	17		
Subtotal	90,324	90,729		
Private fire connections			1,977	2,006
Public fire hydrants			9,152	8,936
Total	90,324	90,729	11,129	10,942

**SCHEDULE D-5
Number of Meters and Services on
Pipe Systems at End of Year**

Size	Meters	Services
5/8 x 3/4 - in	60,789	
3/4 - in	3,162	25,756
1 - in	24,092	62,015
1.5 - in	1,799	1,637
2 - in	3,114	4,303
3 - in	122	39
4 - in	46	737
6 - in	47	717
8 - in	35	794
Over 8 - in	33	305
Total	93,239	96,303

**SCHEDULE D-6
Meter Testing Data**

A. Number of Meters Tested During Year as Prescribed in Section VI of General Order No. 103:	
1. New, after being received . . .	
2. Used, before repair	66
3. Used, after repair	21
4. Found fast, requiring billing adjustment	
B. Number of Meters in Service Since Last Test	
1. Ten years or less	60,738
2. More than 10, but less than 15 years	28,258
3. More than 15 years	4,243

SCHEDULE D-7

Water delivered to Metered Customers by Months and Years in CCF (Unit Chosen)¹

Classification of Service	During Current Year												Subtotal		
	January	February	March	April	May	June	July	August	September	October	November	December		Subtotal	Total
Commercial	1,830,914	1,478,182	1,587,427	2,021,224	2,184,805	2,391,733	2,856,212								14,350,497
Industrial	119,513	106,867	138,131	128,593	152,821	205,656	225,481								1,077,062
Public authorities	121,839	78,388	117,549	212,410	271,500	305,111	385,411								1,492,208
Irrigation															
Other (specify)-Reclaimed	2,396	546	2,971	3,078	8,428	4,738	6,040								28,197
Other (specify)-Construction	16,783	9,121	34,468	64,563	88,094	110,536	147,689								471,254
Total	2,091,445	1,673,104	1,880,546	2,429,868	2,705,648	3,017,774	3,620,833								17,419,218
Classification of Service	During Current Year												Subtotal	Total	
	August	September	October	November	December	Subtotal	Total	Prior Year							
Commercial	2,728,791	2,912,744	2,381,656	1,906,699	1,779,245	11,709,135	26,059,632								28,847,831
Industrial	222,325	237,935	158,872	147,873	122,086	889,091	1,966,153								1,580,166
Public authorities	376,928	402,404	275,780	202,567	140,933	1,398,612	2,890,820								3,366,082
Irrigation															
Other (specify)-Reclaimed	14,578	6,504	5,469	3,556	1,753	31,860	60,057								80,973
Other (specify)-Construction	140,223	131,171	66,392	50,587	19,269	407,642	878,896								528,399
Total	3,482,845	3,690,758	2,888,169	2,311,282	2,063,286	14,436,340	31,855,558								34,403,451

¹ Quantity units to be in hundreds of cubic feet, thousands of gallons, acre-feet, or miner's inch-days.

Total acres irrigated Unknown

Total population served 480,852

SCHEDULE D-8
Status With State Board of Public Health

1. Has the State or Local Health Department reviewed the sanitary condition of your water system during the past year?
Answer: Yes No
2. Are you having routine laboratory tests made of water served to your consumers?
Answer: Yes No
3. Do you have a permit from the State Board of Public Health for operation of your water system?
Answer: Yes No
4. Date of permit: See Attached
5. If permit is "temporary", what is the expiration date? _____
6. If you do not hold a permit, has an application been made for such permit?
Answer: Yes No
7. If so, on what date? _____

SCHEDULE D-9
Statement of Material Financial Interest

Use this space to report the information required by Section 2 of General Order No. 104-A. If no material financial interest existed during the year or contemplated at the end of the year, such fact shall be so stated. If additional space is required, attach a supplementary statement with reference made thereto.

No material financial interest existed during the year and none contemplated at the end of the year.

**San Gabriel Valley Water Company
Status Of State Of California Department Of Public Health Permits
2010**

Los Angeles County Division

There are two permits for this division.

The El Monte - Whittier System Permit PWSID 1910039
was issued by the State on March 25, 1999.

The Montebello System Permit PWSID 1910189
was issued by the State on August 5, 2005.

Fontana Water Company Division

The Fontana System Permit PWSID 3610041
was issued by the State on April 30, 1997.

SCHEDULE E-1 Balancing and Memorandum Accounts

(Over) Under
Collected

Line No.	Description (a)	Authorized by Decision or Resolution No. (b)	Beginning of Year Balance (c)	Offset Revenues (d)	Offset Expenses (e)	Interest (f)	Surcharge (g)	Surcredit (h)	End of Year Balance (i)
1	Pump Taxes	W-4505 & W-4590	4,842,777	(5,599,354)	6,877,380	13,194			6,133,997
2	Purchased Water	W-4505 & W-4590	(90,601)	(823,449)	346,728	(496)			(367,818)
3	Water Production	D.04-07-034, W-4498 & W-4590	(1,017,030)	(2,290,168)	1,383,547	1,527			(1,922,122)
4	Purchased Power	W-4382, W-4498, W-4505, W-4590, D.04-07-034	4,158,022		(1,571,961)	5,432			2,589,493
5	Water Quality Litigation (Note C)	W-4094 & D.04-07-034	5,283,383		872,652	11,294	(1,465,202)		4,762,127
6	DOHS/EPA	W-4013 & D.04-07-034	2,783			6			2,789
7	Water Revenue Adjustment Mechanism	D.10-04-031	0		175,682	27			175,709
8	CARW	D.05-05-015 & D.04-07-034	(1,332,770)	(1,872,870)	2,881,141	(2,095)			(528,694)
9	Facilities Fee Memo Account	D.07-04-046	(182,048)		(1,003,600) ^A	(982)		162,046	(1,004,582)
10	Section 790 Memo Account	D.07-04-045 & D.06-05-041	0		0 ^B				0
11	Cost of Capital Memo Account	D.10-10-035	0		76,824				76,824

Note A:
Facilities Fees Collected
Amount taken to Contributions through AL 390, pursuant to D.09-06-027
Remaining Balance

1,888,900
(885,300)
1,003,600

Note B:
Section 790 Net Proceeds
Reinvestment of Section 790 Net Proceeds
Remaining Balance

563,893
(563,893)
0

Note C: D.04-07-034 directed San Gabriel to track settlement proceeds in the Water Quality Litigation Memorandum Account. The balance of such proceeds for the Los Angeles County division was \$11,539,383 and \$0 for the Fontana Water Company division, as of December 31, 2010. The Los Angeles County division proceeds are shown separately because the Commission has directed San Gabriel to track contamination proceeds as a discrete balance for future disposition by the Commission.

Note 1: For Columns d, e, f, g, & h, provide those amounts booked in the current year.

Note 2: The detail for each individual account includes the Beginning of Year Balance, End of Year Balance, each Offset Expense adjustment during the year, each Offset Revenue adjustment during the year, each Surcharge adjustment during the year, each Surcredit adjustment during the year, and the decision or resolution number associated with each item of detail.

Schedule E- 2
Description of Low-Income Rate Assistance Program(s)

For all low income rate assistance programs offered by water utility, provide detailed responses to the following items:

1. Brief description of each low-income rate assistance program provided, by district. This shall include but is not limited to the percent of discount, the dollar amount of discount, what rate is discounted (service charge, quantity, or total bill), qualifying income level, dollar rate increase to remaining customers to pay for this program.
2. Participation rate for Year 2010 (as a percent of total customers served).
3. Detail of balancing or memorandum account authorized to record expenses incurred and revenues collected for low income rate assistance program.

Schedule E- 3
Description of Water Conservation Program(s)

For all water conservation programs offered by water utility, provide detailed responses to the following items:

1. Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.
2. Discuss how each water conservation assistance program is funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.
3. Cost of each program.
4. The degree of participation in each district by customer group.

SCHEDULE E-2
Description of Low-Income Rate Assistance Program(s)

For all low income rate assistance programs offered by water utility, provide detailed responses to the following items:

1. *Brief description of each low-income rate assistance program provided, by district. This shall include but is not limited to the percent of discount, the dollar amount of discount, what rate is discounted (service charge, quantity, or total bill), qualifying income level, dollar rate increase to remaining customers to pay for this program.*

On August 4, 2005, San Gabriel Valley Water Company ("San Gabriel") initiated separate but identical California Alternative Rates for Water (CARW) programs in each of its two ratemaking divisions – Los Angeles County division ("LA County") and Fontana Water Company division ("Fontana") – that were approved by D.05-05-015 and D.04-07-034, respectively. These programs provide a 50% reduction in the monthly service charges of qualifying customers. D.10-04-033 in A.08-09-008 (Conservation Rates) further refined this discount to equal 50% of the residential service charge under Traditional Rate Design. To qualify, the customer must be within the Residential class, reside in a single family dwelling or duplex, be served through a 1-inch or smaller meter, and have a household income within the standards published annually by the California Public Utilities Commission. As of December 31, 2010, San Gabriel's discounts were as follows:

<u>Meter Size</u>	<u>LA County</u>	<u>Fontana</u>
5/8" x 3/4"	\$9.95	\$9.28
3/4"	\$14.92	\$13.94
1"	\$24.87	\$23.22

Costs of the CARW program are recovered by monthly service charge revenue from non-CARW customers (subject to later true-up). The estimated annual cost is \$828,463 (based on a 15% participation rate) in LA County and \$1,108,002 (based on a 15% participation rate) in Fontana.

2. *Participation rate for Year 2010 (as a percent of total residential customers served).*

As of December 31, 2010, 8,427 or 18.8% of the adopted 44,726 residential customers with a 1-inch or smaller meter had qualified for the CARW program in LA County, and 11,974 or 29.2% of the adopted 40,954 residential customers with a 1-inch or smaller meter had qualified for the CARW program in Fontana.

3. *Details of balancing or memorandum account authorized to record expenses incurred and revenues collected for low income rate assistance program.*

San Gabriel's CARW memorandum accounts are detailed in Section F (LA County) and G (Fontana) of the Preliminary Statement of its filed tariffs.

SCHEDULE E-3
Description of Water Conservation Program(s)

For all water conservation programs offered by water utility, provide detailed responses to the following items:

- 1. Brief description of each water conservation program provided, by district. This description shall include but is not limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.*

San Gabriel participates in a number of conservation activities, both independently and in cooperation with other agencies. On an ongoing basis and in both ratemaking divisions, San Gabriel participates in the following conservation measures: water meters, water bill notices, high consumption notices, responses to high bill inquiries, water conservation kits, tariff Rule 15 conservation requirements, public information, system leak monitoring, meter exchange program, and sale of reclaimed water. The description of these programs can be found in the San Gabriel's Urban Water Management Plans and in its Water Shortage Contingency Plans.

In Los Angeles County division, San Gabriel has partnered with the Central Basin Municipal Water District and the Upper San Gabriel Valley Municipal Water District to supply treated recycled wastewater for landscape irrigation, in place of limited drinking water supplies, to customers who are able to use recycled water under Commission approved contracts with large customers. San Gabriel delivered 2,015 acre feet (877,721 Ccf) of recycled water in 2010.

San Gabriel has significantly increased its water conservation activities as a result of the \$650,000 annual budget for LA County approved by D.08-06-022 and the \$400,000 annual budget for Fontana approved by D.09-06-027. As a result of the approved conservation budgets, San Gabriel has various programs in cooperation with its regional wholesale water suppliers, including distribution and rebates of high efficiency water saving devices for residential customers, a water survey and device retrofitting program for commercial, industrial, and institutional customers, and pilot projects in both Los Angeles County division and Fontana Water Company division for the installation of water saving irrigation monitoring systems.

- 2. Discuss how is each water conservation assistance program funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.*

San Gabriel funds its conservation programs through rates charged to all customers. San Gabriel maximizes its conservation funds by entering into public/private partnerships with wholesale water agencies for rebates on water savings devices within its service areas. Water conservation benefits all customers by reducing overall water supply and energy costs, while individual customers who conserve also benefit from lower water bills. The costs of these programs are spread to all customers within each division.

3. Cost of each program.

For year 2010, San Gabriel spent approximately \$329,000 on conservation programs in the Los Angeles County division. These programs include high-efficiency toilet distribution, device incentive rebate, education and public outreach.

In the Fontana Water Company division approximately \$386,000 was spent on conservation programs.

4. The degree of participation in each district by customer group.

It is estimated that over 375,000 customer contacts and public event participants have been made through public education programs and educational materials distributed as inserts with customer water bills and at public events. During 2010, San Gabriel provided materials at more than ten events in Los Angeles County division that were attended by approximately 37,000 attendees and at three events in Fontana Water Company division totaling approximately 3,000 attendees. In addition, San Gabriel sponsors an educational water conservation program in local public schools. Approximately 11,500 elementary school students within San Gabriel's Los Angeles County division service area were able to participate in the program and received educational materials related to water conservation to share with their families.

Schedule E- 4 Report on Affiliate Transactions

Affiliate includes all related companies including but not limited to Parent, Affiliates, and Subsidiaries.

INSTRUCTIONS:

- * For those utilities with specifically authorized affiliate transaction rules, provide all information required by those rules. Refer to D.92-04-032, D.93-09-036, D.95-06-017, D.96-07-057, D.02-10-058, D.04-07-037 and D.05-07-044. See Attachment to Schedule E-4.
- * For those utilities with no specifically authorized affiliate transaction rules, or those utilities whose authorized affiliate transaction rules do not provide the following information, provide the following:
 1. Summary of all transactions between regulated water utility and its affiliated companies for the previous calendar year. The summary shall include a description of each transaction and an accounting of all dollars associated with each transaction although each transaction need not be separately identified where multiple transactions occur in the same account. These transactions shall include:
 - (a) services provided by regulated water utility to any affiliated company; See Attachment to Schedule E-4
 - (b) services provided by any affiliated company to regulated water utility; None
 - (c) assets (both tangible and intangible) transferred from regulated water utility to any affiliated company; None
 - (d) assets (both tangible and intangible) transferred from any affiliated company to regulated water utility; None
 - (e) employees transferred from regulated water utility to any affiliated company; None
 - (f) employees transferred from any affiliated company to regulated water utility; None
 - (g) financing arrangements and transactions between regulated water utility and any affiliated company. See Attachment to Schedule E-4

Additional reporting items required by D.10-10-019:

- (h) services provided by and/or assets transferred from the parent holding company to affiliate company which may have germane utility regulations impacts; None
- (i) services provided by and/or assets transferred from affiliated company to the parent holding company which may have germane utility regulation impacts. See Attachment to Schedule E-4, Item 1.(a)

San Gabriel's Compliance Plan required by Rule VIII.C of the Affiliate Transaction Rulemaking (R) 09-04-012 in D.10-10-019 to be part of San Gabriel's 2010 Annual Report is included herewith as Appendix A.

**San Gabriel Valley Water Company
Schedule E-4
Report on Affiliate Transactions**

1. (a) Payments from affiliates for executive and accounting services:

	<u>Amount</u>
Utility Investment Company	54,949.45
Total	<u>54,949.45</u> *

Note * All costs, including employee time, fringes, overheads, and other expenses San Gabriel Valley Water Company incurs to provide administrative and accounting services to an affiliated company are charged through regular monthly billing, for which San Gabriel Valley Water Company is paid, pursuant to a Services Agreement between San Gabriel Valley Water Company and its affiliates. The Services Agreement was adopted and approved by the Commission in D.93-09-036, and subsequently approved in D.95-06-017, D.96-07-057, D.02-10-058, D.04-07-034, D.05-07-044, and D.08-06-022.

1. (g) Periodic short term loans from affiliate (Utility Investment Company)
Maximum outstanding at any one time - \$34,425,000.00.

Interest paid on short term loans from affiliate (Utility Investment Company)
Total for 2010 - \$589,867.43

**FOR ALL WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA**

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. None

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)

5. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF funds: None

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					

FACILITIES FEES DATA

Please provide the following information relating to Facilities Fees for districts or subsidiaries servicing 2,000 or fewer connections for the calendar year. (Per D.91-04-068) Not Applicable

1. Trust Account Information:

Bank Name: _____
 Address: _____
 Account Number: _____
 Date Opened: _____

2. Facilities Fees collected for new connections during the calendar year:

A. Commercial

NAME	AMOUNT
	\$ _____
	\$ _____
	\$ _____
	\$ _____

B. Residential

NAME	AMOUNT
	\$ _____
	\$ _____
	\$ _____
	\$ _____

3. Summary of the bank account activities showing:

	AMOUNT
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:

DECLARATION

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

I, the undersigned _____ R.W. Nicholson
Officer, Partner, or Owner (Please Print)

of _____ San Gabriel Valley 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 of January 1, 2010, through December 31, 2010.

President
Title (Please Print)



Signature

(626) 448-6183
Telephone Number

March 31, 2011
Date

San Gabriel's Report on company-wide customer service performance required by General Order 103-A, Section VIII.2(B) is included herewith as Appendix B.

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APPENDIX A

San Gabriel Valley Water Company

California Public Utilities Commission
Affiliate Transaction Rule VIII.C.
Compliance Plan

Adopted in D.10-10-019

March 31, 2011

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INTRODUCTION

San Gabriel Valley Water Company ("San Gabriel") submits this 2011 Affiliate Rules Compliance Plan ("2011 Plan") required by Rule VIII.C of the California Public Utilities Commission's ("Commission") Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services adopted in D.10-10-019.

San Gabriel submits the following 2011 Plan to initiate the process of implementing the Affiliate Transaction Rules ("ATRs") adopted by the Commission in D.10-10-019. San Gabriel's 2011 Plan includes a variety of procedures and mechanisms for implementation and compliance with these Rules, which when taken as a whole, will provide a comprehensive approach to comply with the Commission's ATRs. All Rules will be implemented by means of one or more of the following:

- Development and distribution of written policies and procedures to those employees affected;
- Training and communications to those employees affected by the ATRs in the performance of their duties;
- Collection of records for required reports and reviews;
- Monitoring affiliate transactions and overall compliance on a continuing basis; and
- Corrective actions as needed

San Gabriel's Accounting Department, which reports to the Vice President and Treasurer, will implement this 2011 Plan. The Accounting Department will be responsible for issuing periodic communications to those employees affected by the ATRs in the performance of their duties. Such communications will outline the importance of complying with the ATRs and may include corporate policy statements. The policy statements will provide to San Gabriel employees affected by the ATRs clear direction as to measures they must take to ensure compliance. Among the compliance tools that the Accounting Department will use are: employee education and training; documents that describe certain policies and procedures governing affiliate transactions; preparing compliance reports for the Division of Water & Audits; and ongoing internal reviews of compliance with the ATRs.

In the following pages, each Rule is shown in bold type. Following each Rule, in normal type, is San Gabriel's proposed compliance plan.

Pursuant to the conditions stated in the letter from Commission Executive Director Paul Clannon to CWA Attorney Jose E. Guzman, Jr. dated December 21, 2010, San Gabriel will have in place, as of June 30, 2011, the following specific mechanisms and procedures documented in its "Affiliated Company Transaction Procedures" to fully implement these Rules:

- (1) Written policies and procedures – Affiliated Company Transaction Procedures – which will be distributed to those employees affected by the ATRs in the performance of their duties;
- (2) Employees of San Gabriel, who provide permitted corporate support or shared services and who have access to confidential utility information, shall be required to sign a statement that they are aware of, have read and will follow all written policies regarding limitations on the use of confidential utility information and that failure to observe these limitations in the future will result in subjecting them to corporate discipline policies;
- (3) All support personnel, services, physical plant, equipment, and supplies, owned by San Gabriel and used by San Gabriel's parent and other affiliated companies shall be charged to San Gabriel's parent or affiliate as required in the ATRs;
- (4) All corporate support services rendered by San Gabriel employees to affiliates shall be charged to the affiliates receiving such services as required in the ATRs;
- (5) Periodic training and reminders regarding the ATRs will be provided to those employees affected by the ATRs in the performance of their duties; and
- (6) Should an employee of San Gabriel transfer to an affiliate, San Gabriel will monitor such employee's compliance with these ATRs.

San Gabriel Valley Water Company
Proposed Affiliate Transaction Rules

RULE I. Jurisdiction and Applicability

I.A.

These Rules apply to all Class A and Class B California public utility water and sewer corporations or companies subject to regulation by the California Public Utilities Commission (Commission).

As a Class A water utility subject to Commission regulation, these ATRs apply to San Gabriel and its employees. San Gabriel maintains appropriate procedures and mechanisms to ensure compliance with these ATRs.

I.B.

These Rules apply to transactions between a Commission-regulated utility and another affiliated entity that is engaged in the provision of products that use water or sewer services or the provision of services that relate to the use of water or sewer services, including the utility's parent company, and to the utility's use of regulated assets for non-tariffed utility services, unless specifically modified or exempted by the Commission. Transactions between a Commission-regulated utility and an affiliated utility regulated by a state regulatory commission (whether the utility is located in California or elsewhere) are exempt from these Rules, except for provisions of Rule IV.B and Rule X.

Attachment A contains a list of all affiliates of San Gabriel, as defined in Rule II.E, and for each affiliate a description of its business activities. The affiliates are categorized based on the applicability of these rules.

San Gabriel believes that Fontana Union Water Company ("Fontana Union") is not an affiliate as defined by Rule II.E. because Cucamonga Valley Water District "Cucamonga" is the majority stockholder, controls the Board of Directors and names the officers. As a result, San Gabriel does not have "substantial operational control" of Fontana Union – Cucamonga does.

By virtue of court orders and contractual arrangements, San Gabriel's 5,951.7 shares or approximately 40% of the shares of Fontana Union entitle San Gabriel to its prorata share of Fontana Union's water rights for local groundwater and surface water supplies – over 30,700 acre-feet in 2010 – used to serve its Fontana Water Company division customers. San Gabriel's water supplies secured through San Gabriel's ownership in Fontana Union have been the primary source of water supply for San Gabriel's Fontana Water Company customers since the early 20th Century. Ever since San Gabriel acquired Fontana Water Company in 1945, the Commission has expressly recognized the Company's investment in Fontana Union shares as "representing the utility's water supply" and has appropriately included such investment in rate base. *See, Re San Gabriel Valley Water Co. (1945), D.38235, 46 CRC 51, 53* (decision authorizing San Gabriel's acquisition of Fontana Water Company); *Re San Gabriel Valley Water Co. (1947), D.39943, 47 CRC 129, 132*; *Re San Gabriel Valley Water Co. (1947), D.40718, 47 CRC 434*,

442; *Re San Gabriel Valley Water Co.* (1991), D.91-09-001, 41 CPUC 2d 218, 1991 Cal. PUC Lexis 518*4; *Re San Gabriel Valley Water Co.* (1992), D.92-04-032, 43 CPUC 2d 703, 1992 Cal. PUC Lexis 335*44.

Additionally, San Gabriel is participating with California Water Association's Petition for Modification of D.10-10-019 to clarify that a mutual water company (like Fontana Union for which the utility does not have "substantial operational control") that provides water supply to regulated water utilities is not an affiliate for purposes of these rules.

San Gabriel believes Rosemead Properties Inc. is not an affiliate as defined by Rule II.E.

I.C.

Utilities shall comply with all applicable State and Federal statutes, laws and administrative regulations.

San Gabriel is in compliance with applicable State and Federal statutes, laws and administrative regulations.

I.D.

Existing Commission rules for each utility and its parent company continue to apply except to the extent they conflict with these Rules. In such cases, these Rules supersede prior rules and guidelines, provided that nothing herein shall preclude (1) the Commission from adopting other utility-specific guidelines; or (2) a utility or its parent company from adopting other utility-specific guidelines, with advance Commission approval through Decision or Resolution. In the case of ambiguity regarding whether a conflict exists, there shall be a rebuttable presumption that these Rules apply.

San Gabriel's methodology for allocating shared corporate services pursuant to the Services Agreement entered into as of September 1, 1993 (in accordance with the stipulation for settlement between San Gabriel and staff, adopted and approved by the Commission in D.93-09-036, and subsequently approved by the Commission in D.95-06-017, D.96-07-057, D.02-10-058, D.04-07-034, D.05-07-044, and D.08-06-022) continues to apply. San Gabriel believes that the methodology presented in that Services Agreement is not in conflict with these ATRs and will be incorporated into and replaced by San Gabriel's Affiliated Company Transactions Procedures.

I.E.

Where these Rules do not address an item currently addressed in a utility's existing rules imposed by this Commission, which govern that utility's transactions with its affiliate(s) or its use of regulated assets for non-tariffed utility services, the existing utility-specific rules continue to apply for that item only.

See Rule I.D. above.

I.F.

These Rules do not preclude or stay any form of civil relief, or rights or defenses thereto, that may be available under state or federal law.

I.G.

A California utility that is also a multi-state utility and subject to the jurisdiction of other state regulatory commissions, may file an application with this Commission, served on all parties to this proceeding and its most recent general rate case, requesting a limited exemption from these Rules or a part thereof, for transactions between the utility solely in its capacity serving its jurisdictional areas wholly outside of California, and its affiliates if such out-of-state operations do not substantially affect the utility's operations and the operating costs inside California. The applicant has the burden of proof.

This Rule does not apply to San Gabriel.

I.H.

A California utility's affiliates that operate entirely outside of California are exempt from Rule III.B., and Rule III.C of these Rules, for transactions between the utility and such affiliates, if the affiliates' operations do not substantially affect the utility's operations and the operating costs inside California.

Arizona Water Company operates entirely outside of California and is therefore exempt from Rules III.B., III.C and per Rule I.B. Arizona Water is exempt from the ATRs except for provisions of Rule IV.B. and Rule X.

I.I.

These Rules shall be interpreted broadly, to effectuate the Commission's stated objectives of protecting consumer and ratepayer interests and, as an element thereof, preventing anti-competitive conduct.

RULE II. Definitions

II.A. "Parent company" or "parent"

"Parent company" or "parent" is the entity, including a holding company or corporation, that owns, or has substantial operational control (as defined in Rule II.E) of, the regulated utility.

II.B. "Utility"

"Utility" (unless specified as a water utility) refers to all water utilities and sewer utilities regulated by the Commission.

II.C. "Water Utility"

"Water Utility" refers to all water utilities regulated by the Commission.

II.D. "Sewer utility"

"Sewer utility" refers to all sewer utilities regulated by the Commission.

II.E. "Affiliate"

"Affiliate" means any entity whose outstanding voting securities are more than 10 percent owned, controlled, directly or indirectly, by a utility, by its parent company, or by any subsidiary of either that exerts substantial operational control.

For purposes of these Rules, “substantial operational control” includes, but is not limited to, the possession, directly or indirectly of the authority to direct or cause the direction of the management or policies of a company. A direct or indirect voting interest of more than 10 percent by the utility in an entity’s company creates a rebuttable presumption of substantial operational control.

For purposes of these Rules “affiliate” includes the utility’s parent company, or any company that directly or indirectly owns, controls, or holds the power to vote more than 10 percent of the outstanding voting securities of a utility or its parent company.

Regulated subsidiaries of a utility, the revenues and expenses of which are subject to regulation by the Commission and are included by the Commission in establishing rates for the utility, are not included within the definition of affiliate for the purpose of these Rules. However, these Rules apply to all interactions any such regulated subsidiary has with other affiliated unregulated entities covered by these Rules.

See San Gabriel’s Rule I.B.

II.F. “Costs”

“Costs” are used in these Rules to refer to the total expenses assigned or allocated to different projects or activities through the utility’s and parent company’s accounting systems. Cost categories include:

1. *Direct Costs.* Direct costs are costs that can be clearly identified to specific projects or activities because the resource in question, or some measurable portion of that resource, has been dedicated to the project or activity. An example would be the hours of a worker’s time spent on the effort, materials purchased and used specifically on that effort, or the proportion of a machine’s hours dedicated to the effort.
2. *Direct Overhead Costs.* For organizations that produce multiple outputs, direct overhead costs are the common costs of a subset of the organization, such as supervisors and support staff of a division not assigned or traceable to specific projects, or machinery shared among a subset of the company’s projects. Such overhead costs require allocation to specific projects through proxies and methodologies designed to accurately reflect the particular production aspects of each project; e.g., some processes are more capital-intensive than others and need less supervision input. Allocation methodologies for direct overhead costs can make use of several factors, often activity-based and often using “cost causation” as one of the principles in their design.
3. *Indirect Overhead Costs.* Indirect overhead costs are functions that affect the entire organization, such as the headquarters building, the Chief Executive Officer and Chief Financial Officer, General Counsel and associated legal support, personnel departments, security for this building or these offices, shareholder and public relations, insurance, depreciation, advertising, and similar functions. These are real costs of the organization and must be allocated to the ongoing projects and activities to determine the total cost of each. These are also sometimes called “General Overhead Costs.”

4. *Fully-loaded* (also known as fully-allocated) costs. Fully-loaded (or fully-allocated) costs refer to the total cost of a project or activity, which is the sum of Direct, Direct Overhead, and Indirect Overhead costs, as defined in Rule II.F.1, 2 and 3.

II.G. "Transaction"

"Transaction" means any transfer of an item of value such as a good, service, information or money between a utility and one or more of its affiliates.

II.H. "Property"

"Property" refers to any right or asset, tangible or intangible, to which an entity has legal or equitable title.

II.I. "Real Property"

"Real property" refers to any interest in real estate including leases, easements, and water rights.

II.J. "Customer"

"Customer" means any person, firm, association, corporation or governmental agency supplied or entitled to be supplied with water, wastewater, or sewer service for compensation by a utility.

II.K. "Customer information"

"Customer information" means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services.

II.L. "Cross-subsidy"

"Cross-subsidy" means the unauthorized over-allocation of costs to captive ratepayers resulting in under-allocation of costs to a utility affiliate.

RULE III. Utility Operations and Service Quality

III.A.

A utility shall not allow transactions with affiliates to diminish water utility staffing, resources, or activities in a manner that would result in degradation of the reliability, efficiency, adequacy, or cost of utility service or an adverse impact on customer service. Utility management attention shall not be diverted to such transactions in a way that would result in such degradation. The utility's parent and affiliates shall not acquire utility assets at any price if such transfer of assets would impair the utility's ability to fulfill its obligation to serve or to operate in a prudent and efficient manner.

San Gabriel maintains appropriate procedures and mechanisms to ensure compliance with this Rule III.A. San Gabriel's ongoing compliance with General Order 103-A precludes the possibility of degradation of the reliability, efficiency, adequacy, or cost of utility service, in particular, Section II of GO 103-A, Standards of Service which requires "that each utility shall

operate its system so as to deliver reliable, high quality service to its customers at reasonable cost” and that “each water utility shall ensure that it complies with the California Dept. of Public Health’s permit requirements and all applicable drinking water regulations.”

III.B

Except as otherwise provided by these Rules, a utility shall not

1. Provide leads to its affiliates;

San Gabriel has adequate procedures in place to implement this Rule. San Gabriel does not offer non-tariffed products or services that could present a reason for utility employees to provide leads to affiliates and has no plans to do so in the future. Nevertheless, appropriate employees of San Gabriel that could conceivably provide leads to affiliates are aware that they are prohibited by this Rule from providing leads to affiliates.

2. Solicit business on behalf of its affiliates;

San Gabriel has a policy in its Affiliated Company Transactions Procedures that employees will not solicit business on behalf of affiliates that fall under the applicability of this Rule.

3. Acquire information on behalf of or to provide to its affiliates;

San Gabriel has adequate procedures in place to implement this Rule. San Gabriel notes that it is permitted to acquire information on behalf of or provide information to its parent regarding a potential water system purchase.

4. Share market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates, except that a utility may share such information with a parent under the condition that the parent does not share the information with any other entity;

San Gabriel has adequate procedures in place to comply with this Rule. San Gabriel notes that it is permitted to share proprietary or non-public reports or analyses of a potential water system acquisition with its parent.

San Gabriel interprets this Rule to exclude any information that an employee might otherwise legally disclose to others after termination of employment. Further, corporate governance and corporate support services covered by Rule V are expressly permitted.

5. Request authorization from its customers to pass on customer information exclusively to its affiliates;

San Gabriel has adequate procedures in place to comply with this Rule. Under San Gabriel’s Affiliated Company Transaction Procedures such information will only be released either with the specified customer’s explicit written consent or the use of a Standard Customer Information Release Form.

6. Give the appearance that the utility speaks on behalf of its affiliates; or

San Gabriel’s Affiliated Company Transaction Procedures direct appropriate employees to comply with this Rule.

7. **Represent that, as a result of the affiliation with the utility, its affiliates or customers of its affiliates will receive any different treatment by the utility than the treatment the utility provides to other, unaffiliated companies or their customers.**

San Gabriel's Affiliated Company Transaction Procedures direct appropriate employees to comply with this Rule.

8. **Provisions 3, 4 and 5 of Rule III.B shall not apply to utility affiliates that are non-profit and whose sole purpose is to serve the functions of regulated utilities, the parents of regulated utilities, governmental or non-profit entities, including non-profit affiliates of regulated utilities.**

San Gabriel has no affiliate subject to this particular rule.

9. **Utilities may file an Advice Letter seeking an exemption to Rule III.B.8 within ninety days of the effective date of the Commission decision adopting these rules, requesting that a non-profit affiliate subject to Rule III.B.8 be allowed to serve the functions of other affiliates, as long as those other affiliates provide no more than five per cent of the annual revenues of the non-profit affiliate.**

San Gabriel has no affiliate subject to this particular rule.

III.C.

Except as provided for elsewhere in these rules, if a utility provides customer or utility information, services, or unused capacity or supply to an affiliate, it must offer such customer or utility information, services, or unused capacity or supply to all similarly situated market participants in a non-discriminatory manner, which includes offering on a timely basis.

San Gabriel does not offer non-tariffed products or services to affiliates or others at this time. In the future, if San Gabriel offers customer or utility information, services or unused capacity to an affiliate governed by these Rules, it will comply with this rule.

RULE IV. Separation

IV.A

The utility shall maintain accounting records in accordance with Generally Accepted Accounting Principles, the Commission's Uniform System of Accounts, Commission decisions and resolutions, and the Public Utilities Code.

San Gabriel is in compliance with this Rule. San Gabriel maintains its accounting records in accordance with the Commission's Uniform System of Accounts, Commission decisions and resolutions, and the California Public Utilities Code.

IV.B

The utility, its parent and other affiliated companies shall allocate common costs among them in such a manner that the ratepayers of the utility shall not subsidize any parent or other affiliate of the utility.

San Gabriel has adequate procedures in its Affiliated Company Transactions Procedures to comply with this Rule. All such costs are reviewed and approved in each of San Gabriel's General Office rate cases.

IV.C

The utility shall list all shared directors and officers between the utility and its affiliates in its annual report to the Commission. Not later than 30 days following a change to this list, the utility shall notify the Director of the Division of Water and Audits and the Director of the Division of Ratepayer Advocates of the change(s).

San Gabriel has adequate procedures in place to comply with this Rule. San Gabriel provides a list of all shared directors and officers between the utility and its affiliates in its Annual Report to the Commission, and in the supporting documentation for its General Office rate case applications.

San Gabriel's Affiliated Company Transactions Procedures specifies that no later than 30 days following a change to the list of shared directors and officers, San Gabriel shall notify the Director of the Division of Water and Audits and the Director of the Division of Ratepayer Advocates of such change(s).

IV.D

Employees transferred or temporarily assigned from the utility to an affiliate shall not use non-public, proprietary utility information gained from the utility in a discriminatory or exclusive fashion to the benefit of the affiliate to the detriment of unaffiliated competitors.

San Gabriel will inform employees transferred or temporarily assigned to affiliates that fall under the applicability of this Rule, that they shall not use non-public, proprietary utility information gained from the utility in a discriminatory or exclusive fashion to the benefit of the affiliate to the detriment of unaffiliated competitors.

IV.E

All employee movement between a utility and its affiliates, as defined in Rule I.B, shall be consistent with the following provisions:

IV.E.1

A utility shall track and report to the Commission all employee movement between the utility and affiliates, consistent with Rule VIII.F.

San Gabriel interprets this Rule as being applicable to permanent transfers only. San Gabriel has adequate procedures in place to comply with this Rule. San Gabriel's Affiliated Company Transactions Procedures provides guidance for compliance with this Rule.

IV.E.2

When an employee of a utility is transferred, assigned, or otherwise employed by the affiliate, the affiliate shall make a one-time payment to the utility in an amount equivalent to 15% of the employee's base annual compensation. All such fees paid to the utility shall be accounted for in a separate memorandum account to track them for future ratemaking treatment on an annual basis, or as otherwise necessary to ensure that the utility's

ratepayers receive the fees. This transfer payment provision does not apply to clerical workers.

San Gabriel has adequate procedures in place to comply with this Rule.

IV.E.3

Utility employees may be used on a temporary or intermittent basis (less than 30% of an employee's chargeable time in any calendar year) by affiliates only if:

- a. All such use is documented, priced and reported in accordance with these Rules and existing Commission reporting requirements, except that when the affiliate obtains the services of a non-executive employee, compensation to the utility shall be priced at a minimum of the greater of fully loaded cost plus 5% of direct labor cost, or fair market values. When the affiliate obtains the services of an executive employee, compensation to the utility shall be priced at a minimum of the greater of fully loaded cost plus 15% of direct labor cost, or fair market value;
- b. Utility needs for utility employees always take priority over any affiliate requests;
- c. No more than 10% of full time equivalent utility employees may be on loan at a given time;
- d. Utility employees agree, in writing, that they will abide by these Rules; and
- e. Affiliate use of utility employees shall be conducted pursuant to a written agreement approved by the appropriate utility and affiliate officers.

San Gabriel has adequate procedures in place to comply with this Rule. San Gabriel's Affiliated Company Transactions Procedures provide guidance for compliance with this Rule.

RULE V. Shared Corporate Support

V.A.

A utility, its parent company, or a separate affiliate created solely to perform corporate support services may share with its affiliates joint corporate oversight, governance, support systems, and personnel as further specified in these Rules. Any shared support shall be priced, reported and conducted in accordance with these Rules as well as other applicable Commission pricing and reporting requirements.

San Gabriel's Affiliated Company Transactions Procedures requires shared corporate services to be allocated using fully loaded costs as specified in Rule II.F. San Gabriel interprets this rule as permitting allocations pursuant to San Gabriel's longstanding Commission-approved Services Agreement and methodology used to allocate shared corporate services costs as authorized in previous general rate case decisions.

V.B.

Corporate support shall not be shared in a manner that allows or provides a means for the transfer of confidential information from the utility to the affiliate, creates the opportunity

for preferential treatment or unfair competitive advantage, leads to customer confusion, or creates significant opportunities for cross-subsidy of affiliates. The restriction on transfer of confidential information from the utility to the affiliate does not apply to corporate support, shared services and access to capital.

San Gabriel's Affiliated Company Transactions Procedures directs that the provision of corporate support services will not provide a means for the transfer of confidential non-public information from the Utility to an affiliate that would create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidy of affiliates.

V.C.

Examples of services that may be shared include: corporate governance and oversight, payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, and pension management.

V.D.

Examples of services that may not be shared include: engineering, hedging and financial derivatives and arbitrage services, water or sewage for resale, water storage capacity, purchasing of water distribution systems, and marketing.

San Gabriel's Affiliated Company Transactions Procedures include a list of services that cannot be shared. Such list may be revised as a result of a Commission Decision on CWA's pending Petition for Modification regarding the shared service status of engineering, water or sewage for resale, water storage capacity and purchasing of water distribution systems.

RULE VI. Pricing of Goods and Services between the Utility and Its Affiliate(s)

To the extent that these Rules do not prohibit the transfer of goods and services between a utility and its affiliates:

VI.A.

Transfers from the utility to its affiliates of goods and services offered by the utility on the open market will be priced at fair market value.

VI.B

Transfers from an affiliate to the utility of goods and services offered by the affiliate on the open market shall be priced at no more than fair market value.

VI.C.

For goods or services for which the price is regulated by a state agency, that price shall be deemed to be the fair market value, except that in cases where more than one state commission regulates the price of goods or services, this Commission's pricing provisions govern.

VI.D.

Goods and services produced, purchased or developed to be offered on the open market by the utility shall be provided to the utility's affiliates and unaffiliated companies on a

nondiscriminatory basis, except as otherwise required or permitted by these Rules or applicable law.

VI.E.

Transfers from the utility to its affiliates of goods and services not produced, purchased or developed to be offered on the open market by the utility shall be priced at fully allocated cost plus 5% of direct labor cost.

VI.F.

Transfers from an affiliate to the utility of goods and services not produced, purchased or developed to be offered on the open market by the affiliate shall be priced at the lower of fully loaded cost or fair market value.

VI.G.

The utility shall develop a verifiable and independent appraisal of fair market value for any goods or services that are transferred to any affiliated company at fair market value under these Rules. The Commission's staff shall have access to all supporting documents used in the development of the fair market value. If sufficient support for the appraisal of fair market value does not exist to the reasonable satisfaction of the Commission's staff, the utility shall hire an independent consultant acceptable to the Commission staff to reappraise the fair market value for these transactions.

San Gabriel does not transfer to its affiliates any goods or services – other than shared corporate support as authorized in Rule V. – in the regular course of its business. San Gabriel's Affiliated Company Transactions Procedures direct compliance with this Rule should an occasional circumstance arise where goods or services other than shared corporate support services are transferred to an affiliate.

RULE VII. Financial Health of the Utility

VII.A.

The parent shall provide the utility with adequate capital to fulfill all of its service obligations prescribed by the Commission.

San Gabriel's Affiliated Company Transaction Procedures require compliance with this Rule.

VII.B.

If the parent is publicly traded, the utility shall notify the Director of the Commission's Division of Water and Audits and the Director of the Division of Ratepayer Advocates in writing within 30 days of any downgrading to the bonds of the parent, another affiliate, and/or the utility, and shall include with such notice the complete report of the issuing bond rating agency.

San Gabriel's common stock is not publicly traded and its bonds are not publicly traded and are not rated by a bond rating agency.

VII.C.

The creation of a new affiliate by the parent or another affiliate shall not adversely impact the utility's operations and provision of service.

San Gabriel's Affiliated Company Transaction Procedures require compliance with this Rule.

VII.D.

Debt of the utility's parent or other affiliates shall not be issued or guaranteed or secured by the utility.

San Gabriel's Affiliated Company Transaction Procedures require compliance with this Rule.

VII.E.

Financial Separation. Within three months of the effective date of the decision adopting these Rules, each utility with a parent company shall file a Tier III advice letter proposing provisions that are sufficient to prevent the utility from being pulled into the bankruptcy of its parent company. The process specified by the Advice Letter Filing shall include a verification that the provisions have been implemented and signed by the utility's senior management (e.g., the Chief Executive Officer, Chief Financial Officer, and General Counsel).

Pursuant to the conditions stated in the letter from Commission Executive Director Paul Clanon to CWA Attorney Jose E. Guzman, Jr., dated December 9, 2010, San Gabriel filed its Tier III advice letter on March 31, 2011, demonstrating its compliance with this Rule.

VII.F.

Rules VI, VII, VIII(B) and VIII(C) adopted in Decision 97-12-011 (applicable to California Water Service Company), and Rules 12, 13, 15 and 16 adopted in Decision 98-06-068 (applicable to Golden State Water Company), continue in effect for those companies only.

This Rule is not applicable to San Gabriel.

RULE VIII Regulatory Oversight

VIII.A

The officers and employees of the utility and its affiliated companies shall be available to appear and testify in any proceeding before the Commission involving the utility. If, in the proper exercise of the Commission staff's duties, the utility cannot supply appropriate personnel to address the staff's reasonable concerns, then the appropriate staff of the relevant utility affiliated companies including, if necessary, its parent company, shall be made available to the Commission staff.

San Gabriel will continue to make the officers and employees of the utility and its covered affiliates available to testify before the Commission, as necessary or required.

VIII.B

The utility and its affiliated companies shall provide the Commission, its staff, and its agents with access to the relevant books and records of such entities in connection with the exercise by the Commission of its regulatory responsibilities in examining any of the costs sought to be recovered by the utility in rate proceedings or in connection with a transaction or transactions between the utility and its affiliates. The utility shall continue to maintain its books and records in accordance with all Commission rules. The utility's books and records shall be maintained and housed available in California.

San Gabriel shall continue to make available for examination by the Commission, its staff or agents the relevant books and records relating to costs associated with transactions between San Gabriel and an affiliate where those costs are being sought to be recovered in rates through a rate case proceeding. San Gabriel shall continue to maintain its accounting records in accordance with the Commission's Uniform System of Accounts, Commission decisions and resolutions, and the California Public Utilities Code. San Gabriel's accounting books and records are maintained, housed and available in California.

VIII.C.

Compliance Plans. Each utility shall include a compliance plan as part of its annual report, starting in 2011 with the 2010 annual report and biennially thereafter. The compliance plan shall include:

- 1. A list of all affiliates of the utility, as defined in Rule II.E, and for each affiliate a description of its purposes or activities, and whether the utility claims that Rule I.B makes any portion of these Rules applicable to the affiliate;**

See Attachment A.

- 2. A description of the procedures in place to assure compliance with these Rules; and**
- 3. A description of both the specific mechanisms and the procedures that the utility and parent company have in place to assure that the utility is not utilizing the parent company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules in any respect. The description shall address, but shall not be limited to (a) the dissemination of information transferred by the utility to an affiliate covered by these Rules, (2) the provision of services to its affiliates covered by these Rules or (c) the transfer of employees to its affiliates covered by these Rules in contravention of these Rules. A corporate officer from the utility and parent company shall verify the adequacy of these specific mechanisms and procedures to ensure that the utility is not utilizing the parent company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.**

San Gabriel filed its initial compliance plan with the Commission on March 31, 2011. San Gabriel maintains appropriate procedures to ensure compliance with this Rule. San Gabriel's Affiliate Compliance Officer, the President is responsible for maintaining and updating this compliance plan. Further, San Gabriel affirms that this plan complies with this Rule VIII.C, and that the appropriate procedures will be detailed and implemented in its Affiliated Company

Transactions Procedures to be submitted along with the signed verification in the form of Attachments B and C on June 30, 2011.

VIII.D

New Affiliates. Upon the creation of a new affiliate, the utility shall immediately notify the Commission of its creation, as well as posting notice of this event on its web site. No later than 60 days after the creation of this affiliate, the utility shall file a Tier 3 advice letter with the Director of the Commission's Division of Water and Audits, with service on the Director of the Division of Ratepayer Advocates. The advice letter shall state the affiliate's purpose or activities and whether the utility claims these Rules applicable to the new affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will assure compliance with these Rules. The advice letter may include a request, including supporting explanation, that the affiliate transaction rules not be applied to the new affiliate.

San Gabriel's Affiliated Company Transaction Procedures require San Gabriel to notify the Commission of the creation by it or its parent of any new affiliate. Not later than 60 days after the creation of an applicable affiliate, San Gabriel shall file a Tier 3 advice letter with the Director of the Commission's Division of Water and Audits, with service on the Director of the Division of Ratepayer Advocates, demonstrating how San Gabriel will implement these Rules with respect to the new affiliate.

VIII.E

Independent Audits. Commencing in 2013, and biennially thereafter, the utility shall have an audit performed by independent auditors if the sum of all unregulated affiliates' revenue during the last two calendar years exceeds 5% of the total revenue of the utility and all of its affiliates during that period. The audits shall cover the last two calendar years which end on December 31, and shall verify that the utility is in compliance with these Rules. The utility shall submit the audit report to the Director of the Division of Water and Audits and the Director of the Division of Ratepayer Advocates no later than September 30 of the year in which the audit is performed. The Division of Water and Audits shall post the audit reports on the Commission's web site. The audits shall be at shareholder expense.

San Gabriel's Affiliated Company Transaction Procedures requires San Gabriel to comply with this Rule if the 5% revenue test is triggered.

VIII.F.

Annual Affiliate Transaction Reports. Each year, by March 31, the utility shall submit a report to the Director of the Division of Water and Audits and the Director of the Division of Ratepayer Advocates that includes a summary of all transactions between the utility and its affiliated companies for the previous calendar year. The utility shall maintain such information on a monthly basis and make such information available to the Commission's staff upon request. The summary shall include a description of each transaction and an accounting of all costs associated with each transaction although each transaction need not be separately identified where multiple transactions occur in the same account (although supporting documentation for each individual transaction shall be made available to the Commission staff upon request). These transactions shall include the following:

1. Services provided by the utility to the affiliated companies;
2. Services provided by the affiliated companies to the utility;
3. Assets transferred from the utility to the affiliated companies;
4. Assets transferred from the affiliated companies to the utility;
5. Employees transferred from the utility to the-affiliated companies;
6. Employees transferred from the-affiliated companies to the utility;
7. The financing arrangements and transactions between the utility and the affiliated companies;
8. Services provided by and/or assets transferred from the parent holding company to affiliate company which may have germane utility regulations impacts; and
9. Services provided by and/or assets transferred from affiliated company to the parent holding company which may have germane utility regulation impacts.

San Gabriel maintains appropriate procedures to ensure compliance with this Rule.

RULE IX. Confidentiality

Any records or other information of a confidential nature furnished to the Commission pursuant to these Rules that are individually marked Confidential are not to be treated as public records and shall be treated in accordance with P. U. Code § 583 and the Commission's General Order 66-C, or their successors.

RULE X. Provision of Non-tariffed Products and Services (NTP&S)

X.A

Except as provided for in these rules, new products and services shall be offered through affiliates.

X.B.

A utility may only offer on the open market the following products and services:

1. Existing products and services offered by the utility pursuant to tariff;
2. New products and services that are offered on a tariffed basis; and
3. Products and services that are offered on a non-tariffed basis (NTP&S) and that meet the following conditions:
 - a) The NTP&S utilizes a portion of the excess or unused capacity of a utility asset or resource;

- b) Such asset or resource has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;
- c) The involved portion of such asset or resource may only be used to offer the product or service on a non-tariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;
- d) The products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and
- e) The utility's offering of the NTP&S does not violate any California law, regulation, or Commission policy regarding anticompetitive practices.

X.C.

Revenues. Gross revenue from NTP&S projects shall be shared between the utility's shareholders and its ratepayers. In each general rate case, NTP&S revenues shall be determined and shared as follows:

1. Active NTP&S projects: 90% shareholder and 10% ratepayer.
2. Passive NTP&S projects: 70% shareholder and 30% ratepayer.
3. A utility shall classify all NTP&S as active or passive according to the table below. For a new NTP&S not listed in the table, which requires approval by the Commission by advice letter pursuant to Rule X.G, an "active" project requires a shareholder investment of at least \$125,000. Otherwise the new NTP&S shall be classified as passive. No costs recoverable through rates shall be counted toward the \$125,000 threshold.
4. Revenues received that are specified in a contract as pass-through of costs, without any mark-up, shall be excluded when determining revenue sharing. If an advice letter is required pursuant to Rule X.G, the utility shall specify in the advice letter any items other than postage, power, taxes, and purchased water for which it proposes pass-through treatment and must obtain Commission approval for such treatment.
5. For those utilities with annual Other Operating Revenue (OOR) of \$100,000 or more, revenue sharing shall occur only for revenues in excess of that amount. All NTP&S revenue below that level shall accrue to the benefit of ratepayers.
6. For those utilities with annual OOR below \$100,000, there shall be no sharing threshold, and ratepayers shall accrue all benefits for non-tariffed products and services.

X.D.

Cost Allocation. All costs, direct and indirect, including all taxes, incurred due to NTP&S projects shall not be recovered through tariffed rates. These costs shall be tracked in separate accounts and any costs to be allocated between tariffed utility services and

NTP&S shall be documented and justified in each utility's rate case. More specifically, all incremental investments, costs, and taxes due to non-tariffed utility products and services shall be absorbed by the utility shareholders, i.e., not recovered through tariffed rates.

X.E.

Annual Report of NTP&S Projects. Each utility shall include information regarding its NTP&S projects in its Annual Reports, including but not be limited to the following:

- 1. A detailed description of each NTP&S activity;**
- 2. Whether and why it is classified active or passive;**
- 3. Gross revenue received;**
- 4. Revenue allocated to ratepayers and to shareholders, as established in the company's current general rate case;**
- 5. A complete identification of all regulated assets used in the transaction;**
- 6. A complete list of all employees (by position) that participated in providing the non-tariffed service, with amount of time spent on provision of the service;**
- 7. If the NTP&S has been classified as active through advice letter submission, provide the number of the advice letter and the authorizing Resolution; and**
- 8. If the NTP&S did not require approval through advice letter, provide the date notice was given to the Commission.**

X.F.

When a utility initiates the offering of NTP&S that are designated as active or passive in the table below, the utility shall provide notice of such activity by letter to the Director of the Division of Water and Audits and the Program Manager of the Division of Ratepayer Advocates-Water Branch, within 30 days of instituting such activity.

X.G.

Provision of New NTP&S. Any water or sewer utility that proposes to engage in the provision of new NTP&S not included in the table below, using the excess capacity of assets or resources reflected in the utility's revenue requirement, and which are proposed to be classified as active as described herein, shall file a Tier 3 advice letter (see Resolution ALJ-202) with the Director of the Division of Water and Audits seeking Commission approval. The advice letter shall be served on the service list for Rulemaking 09-04-012 and the service list for the utility's current or most recent general rate case. The advice letter shall contain the following:

- 1.A full description of the proposed NTP&S, including, without limitation, the identity of parties served (if known), revenue and cost forecasts, and the term of any contract to be employed.**
- 2.A description of the accounting method to be used to allocate the incremental costs between tariffed services and caused by the NTP&S.**

- 3. Copies of all operative documents for the proposed service.**
- 4. A detailed description of any items other than postage, power, taxes, and purchased water for which the utility proposes pass-through treatment for purposes of calculating revenue sharing.**
- 5. Complete identification of all utility regulated assets and personnel resources that will be used in the proposed transaction. Identify the particular excess capacity (or capacities) asset or resource to be used to provide the NTP&S.**
- 6. A complete list of all employees that will participate in providing the service, with an estimate of the amount of time each will spend.**
- 7. A showing that the proposed NTP&S may be offered without adversely affecting the cost, quality, or reliability of the utility services.**
- 8. A showing of how the NTP&S will be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk, and no undue diversion of utility management attention.**
- 9. A showing of how the NTP&S does not violate any law, regulation, or Commission policy regarding anti-competitive practices.**
- 10. A justification for classifying the NTP&S as active. The utility shall demonstrate that there is or will be incremental shareholder investment above \$125,000.**
- 11. A statement that all risks incurred through this proposed NTP&S project shall be borne by the utility's shareholders.**
- 12. A description of the market served by the proposed NTP&S project, a list or description of the current incumbents in that market, and an analysis of how the utility's entry into the market will affect the market's competitiveness. Include in this analysis a description of how the utility will guard against using anti-competitive pricing in this market.**
- 13. Any other information, opinions, or documentation that might be relevant to the Commission's consideration of the NTP&S.**

San Gabriel does not provide Non-Tariffed Products or Services (NTP&S) at this time. If San Gabriel provides such services in the future it will file a Report on Non-Tariffed Products and Services annually with its Annual Report to the Commission.

ATTACHMENT A
San Gabriel Valley Water Company Affiliates

PARENT COMPANY: Utility Investment Company			
Company Name	Company's Line of Business (products or services offered)	Primary Location	Rule I.B Affiliate
Utility Investment Company	Utility Investment Company has no operations and no employees. It exists for the purpose of holding the common stock of San Gabriel Valley Water Company and Arizona Water Company and for financial separation ("Ring Fencing") purposes.	Phoenix, AZ	No
United Resources, Inc.	United Resources, Inc. has no operations and no employees. It exists for the purpose of holding the common stock of Utility Investment Company and Rosemead Properties, Inc. and for financial separation ("Ring Fencing") purposes.	Phoenix, AZ	No
Arizona Water Company	Arizona Water Company is a public water utility operating in Arizona and is subject to the regulatory jurisdiction of the Arizona Corporation Commission. Arizona Water Company is operated and managed by its own management and employees with its headquarters office located in Phoenix, Arizona and has no operations in common with San Gabriel.	Phoenix, AZ	Yes As To Rules IV.B. and X. only
Rosemead Properties, Inc.	Rosemead Properties, Inc. has no employees. Its primary business involves ownership of office buildings and parcels of vacant land. The office buildings are operated and managed by contract office	Phoenix, AZ	No(1)

PARENT COMPANY: Utility Investment Company			
Company Name	Company's Line of Business (products or services offered)	Primary Location	Rule I.B Affiliate
	management companies paid for entirely by Rosemead Properties, Inc. To the extent any employee of San Gabriel Valley Water Company provides services to Rosemead Properties, Inc. (or other affiliates), that time, including fringe benefits and overhead is charged through regular monthly billing and San Gabriel Valley Water Company is reimbursed therefore pursuant to a Services Agreement.		

Fontana Union Water Company	Fontana Union Water Company was incorporated in 1912 as a mutual water company for the purpose of delivering water to its shareholders in proportion to each owners shares of stock.	Fontana, CA	No (2)
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- (1) Rosemead Properties is not an affiliate pursuant to the definition set forth in Rule II.E.
- (2) Fontana Union Water Company ("Fontana Union") is not an affiliate pursuant to the definition set forth in Rule II.E. San Gabriel Valley Water Company's ("San Gabriel") management believes these ATRs do not apply to the transactions between San Gabriel and Fontana Union as San Gabriel does not have "substantial operational control" of Fontana Union. Such transactions are made solely for San Gabriel to obtain water supply used to serve its Fontana Water Company division customers. The water supply obtained by San Gabriel as a direct result of its Fontana Union shares provides the primary source of water supply for San Gabriel's Fontana Water Company division. See San Gabriel's Compliance Plan for Rule I.B. for further explanation. As explained in greater detail in Rule I.B., the Commission has expressly recognized San Gabriel's investment in Fontana Union shares as "representing the utility's water supply" and appropriately included such investment in rate base.

ATTACHMENT B

VERIFICATION

I, the undersigned, am an officer of San Gabriel Valley Water Company ("San Gabriel") and am authorized to make this verification on its behalf. I have read the attached Affiliated Company Transaction Procedures and know the contents thereof and believe based on my own knowledge that San Gabriel's Affiliated Company Transaction Procedures provide mechanisms and procedures that will ensure that San Gabriel is not utilizing Utility Investment Company or an affiliate not covered by these Rules as a conduit to circumvent such Rules.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed at El Monte, California, on June 30, 2011.

Robert W. Nicholson
President

ATTACHMENT C

VERIFICATION

I, the undersigned, am an officer of Utility Investment Company and am authorized to make this verification on its behalf. I have read the attached San Gabriel Valley Water Company's Affiliated Company Transaction Procedures and know the contents thereof and believe based on my own knowledge that San Gabriel Affiliated Company Transaction Procedures provide mechanisms and procedures that will ensure that San Gabriel is not utilizing Utility Investment Company or an affiliate not covered by these Rules as a conduit to circumvent such Rules.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed at El Monte, California, on June 30, 2011.

M. L. Whitehead
President

APPENDIX B

SAN GABRIEL VALLEY WATER COMPANY GO 103-A CUSTOMER SERVICE PERFORMANCE STANDARDS REPORT 2010

	Performance Measure	Q1	Q2	Q3	Q4	Year to Date	Comments
1.	TELEPHONE PERFORMANCE STANDARDS						
	(A) % Calls Answered in 30 seconds						San Gabriel does not employ an automated call distribution system (ACD) at this time.
	(B) Abandonment Rate						
2.	BILLING PERFORMANCE STANDARDS						
	(A) % Bills Rendered In 7 days	100.0%	100.0%	100.0%	100.0%	100.0%	
	(B) % of Inaccurate Bills Rendered	0.1%	0.1%	0.0%	0.1%	0.1%	
	(C) % of Payment Posting Errors	0.02%	0.01%	0.02%	0.01%	0.01%	
	(D) % Final Bill and Final Read						No performance measure. In compliance.
3.	METER READING PERFORMANCE STANDARD						
	(A) % Meters Not Read	0.12%	0.08%	0.09%	0.10%	0.10%	
4.	WORK COMPLETION PERFORMANCE STANDARDS						
	(A) % of Scheduled Appointments Missed	0.58%	0.15%	1.07%	0.93%	0.64%	
	(B) % Customer Requested Scheduled Orders Missed	0.0%	0.0%	0.0%	0.0%	0.0%	
5.	RESPONSE TO CUSTOMER AND REGULATORY COMPLAINTS PERFORMANCE STANDARD						
	(A) % of Complaints to Utility from Consumer Affairs Branch	0.00	0.00	0.00	0.00	0.00	
6.	SERVICE INTERRUPTION						
	(1) Date and time of service interruption						The reporting standard requires each utility to keep a complete record of all interruptions, both emergency and scheduled. Records are kept in San Gabriel's permanent records and available upon request.
	(2) Date and time service is restored						
	(3) Number of service connections affected						
	(4) Equipment that operated and failed						
	(5) Cause of interruption						
	(6) Actions required to restore service						
	(7) Identification of person reporting						
	(8) Steps taken to prevent recurrence						