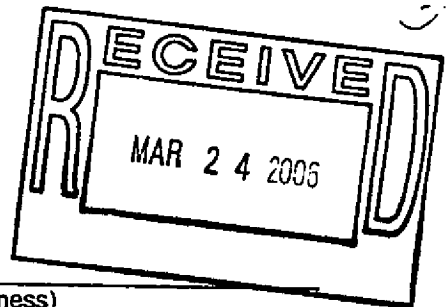


Yr 2004

CLASS D WATER UTILITIES  
(HAVING LESS THAN 500 SERVICE CONNECTIONS)



Stone Creek Water Company  
(Name under which corporation, partnership or individual is doing business)

42525 Rancho Mirage Lane; Rancho Mirage, CA 92270  
(Official mailing address)

Riverside  
(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:
  - (A) Date of organization 1993? incorporated in the State of California
  - (B) Names, titles and addresses of principal officers:  
DR. LEONARD WESTON, PRESIDENT CAROLYN WESTON  
172810 AMBROSIA ST.  
PALM DESERT, CA  
92260
- 2 If unincorporated give the name and address of owner or of each partner.
- 3 Name and telephone number of:
  - (A) One person listed above to receive correspondence: (760) 880-2002
  - (B) Person responsible for operations and services: DR. LEONARA WESTON
- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No)  
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent: NONE

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

| Yes | No | Latest Date |
|-----|----|-------------|
| X   |    |             |
| X   |    |             |
| X   |    |             |
|     |    |             |
|     |    |             |

11 List Name, Grade, and License Number of all Licensed Operators:  
~~RECALL OPERATOR~~ NONE AT THIS POINT

SPECIAL INSTRUCTIONS (over)

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 20 04)**

| Line | Acct. | Assets                                    | Balance       | Acct. | Equity and Liabilities                      | Balance       |
|------|-------|---|---------------|-------|---|---------------|
| 1    | 101   | Water plant in service                    | 49,476        | 201   | Common Stock (Corporations only)            | 16,381        |
| 2    | 103   | Water plant held for future use           |               | 211   | Other paid-in capital (Corporations only)   | 60,000        |
| 3    | 104   | Water plant purchased or sold             |               | 215   | Retained earnings                           | 43,964        |
| 4    | 105   | Water plant construction work in progress |               | 218   | Proprietary capital                         |               |
| 5    | 108   | Accumulated depreciation of water plant   | ( 6,198 )     | 224   | Long term debt                              |               |
| 6    | 114   | Water plant acquisition adjustments       |               |       | Current Liabilities                         | 11,556        |
| 7    | 124   | Other investments                         |               | 252   | Advances for construction                   |               |
| 8    | 131   | Cash                                      | 695           | 253   | Other deferred credits                      |               |
| 9    | 141   | Accounts receivable - customers           |               | 255   | Accumulated deferred investment tax credits |               |
| 10   | 142   | Receivables from associated companies     |               | 282   | Accumulated deferred income taxes - Acrs    |               |
| 11   | 151   | Materials and supplies                    |               |       | depreciation                                |               |
| 12   | 174   | Other current assets                      |               | 283   | Accumulated deferred income taxes - other   |               |
| 13   | 180   | Deferred charges                          |               | 271   | Contributions in aid of construction        |               |
| 14   |       |   |               | 272   | Accumulated amortization of contributions   |               |
| 15   |       | <b>Total Assets</b>                       | <b>42,973</b> |       | <b>Total Equity and Liabilities</b>         | <b>43,973</b> |

**SCHEDULE B - WATER PLANT IN SERVICE**

| Line | Acct | Title of Account                    | Balance<br>Beg of Year | Plt Additions<br>During year | Plt Retirements<br>During year | Other Debits<br>or (Credits) | Balance<br>End of year |
|------|------|-------------------------------------|------------------------|------------------------------|--------------------------------|------------------------------|------------------------|
| 16   | 301  | Intangible plant                    |                        |                              |                                |                              |                        |
| 17   | 303  | Land                                |                        |                              |                                |                              |                        |
| 18   | 304  | Structures 1,810+2,500+1,307+13,359 | 18,976                 |                              |                                |                              | 18,976                 |
| 19   | 307  | Wells 1,210+                        | 5,669                  |                              |                                |                              | 5,669                  |
| 20   | 317  | Other water source plant            |                        |                              |                                |                              |                        |
| 21   | 311  | Pumping equipment                   | 2,210                  | 2,805                        |                                |                              | 5,015                  |
| 22   | 320  | Water treatment plant               |                        |                              |                                |                              |                        |
| 23   | 330  | Reservoirs tanks and sandpipes      |                        |                              |                                |                              |                        |
| 24   | 331  | Water mains                         |                        |                              |                                |                              |                        |
| 25   | 333  | Services and meter installations    |                        |                              |                                |                              |                        |
| 26   | 334  | Meters                              |                        |                              |                                |                              |                        |
| 27   | 335  | Hydrants                            |                        |                              |                                |                              |                        |
| 28   | 339  | Other equipment                     | 768                    |                              |                                |                              | 768                    |
| 29   | 340  | Office furniture and equipment      | 1,255                  |                              |                                |                              | 1,255                  |
| 30   | 341  | Transportation equipment            | 17,793                 |                              |                                |                              | 17,793                 |
| 31   |      | <b>Total water plant in service</b> | <b>46,671</b>          | <b>2,805</b>                 |                                |                              | <b>49,476</b>          |

\* Debit or credit entries should be explained by footnotes or supplementary schedules

**SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT**

| Line | Item                                     | Account 106<br>Water Plant | Account 106.1<br>SDWBA Loans |   |
|------|--|----------------------------|------------------------------|---|
| 32   | Balance in reserves at beginning of year | 4,756                      |                              | A. Method used to compute depreciation      |
| 33   | Add: Credits to reserves during year     |                            |                              | expense (Acct. 403) and rate.               |
| 34   | (a) Charged to Account No. 403           | 1,442                      |                              | 3% straight line                            |
| 35   | (b) Charged to Account No. 272           |                            |                              | remaining life method                       |
| 36   | (c) Charged to clearing accounts         |                            |                              | B. Amount of depreciation expense claimed   |
| 37   | (d) Salvage recovered                    |                            |                              | or to be claimed on utility property in     |
| 38   | (e) All other credits                    |                            |                              | your federal income tax return for the year |
| 39   | Total credits                            |                            |                              | covered by this report \$                   |
| 40   | Deduct: Debits to reserves during year   |                            |                              |   |
| 41   | (a) Book cost of property retired        |                            |                              | C. State method used to compute tax         |
| 42   | (b) Cost of removal                      |                            |                              | depreciation.                               |
| 43   | (c) All other debits                     |                            |                              |   |
| 44   | Total debits                             | 6,198                      |                              |   |
| 45   | Balance in reserve at end of year        | 43,269                     |                              |   |
| 46   | (1) Explanation of all other credits     |                            |                              |   |
| 47   | (2) Explanation of all other debits      |                            |                              |   |

Stone Creek Water Company  
 Plant and Depreciation Reserve  
 As of 31 December 2004

Table :  
 Date : 6 October 2005  
 Auditor : H. Chow

Reference : 2004 Tax Return

| Acct. No. | Item             | Time of Purchase | Cost of Plant | Depreciation Allowed <u>1/</u> | Remaining Value | Note      | Account Total |
|-----------|------------------|------------------|---------------|--------------------------------|-----------------|-----------|---------------|
| 304       | Structure        | Dec 1996         | 1,810         | 434                            | 1,376           |           | 18,976        |
|           |                  | Dec 1997         | 2,500         | 525                            | 1,975           |           |               |
|           |                  | Oct 1997         | 1,307         | 274                            | 1,033           |           |               |
|           |                  | Jan-00           | 13,359        | 2,004                          | 11,355          |           |               |
| 307       | Wells            | Aug 1995         | 5,660         | 1,613                          | 4,047           |           | 5,660         |
| 311       | Pumps            | Aug 1996         | 2,210         | 564                            | 1,646           |           | 5,015         |
|           |                  | May 2004         | 2,805         | 42                             | 2,763           |           |               |
| 339       | Other Equipment  | Jul 2002         | 768           | 58                             | 710             |           | 768           |
| 340       | Office Equipment | Dec 2000         | 1,255         | 151                            | 1,104           |           | 1,255         |
| 341       | Trans. Equipment | Oct 2003         | 17,793        | 534                            | 17,259          |           | 17,793        |
|           |                  |                  | <u>49,467</u> | <u>6,198</u>                   | <u>43,269</u>   | <u>2/</u> | <u>49,467</u> |

Note :

1/ The calculation of depreciation allowed is based on 3% depreciation rate and the years are rounded off to the nearest half year.

2/ After 2004, use 3% straight line remaining life depreciation rate until a different rate is recommended by the Commission.

Line

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2004)**

|   |                               |        |   |
|---|-------------------------------|--------|---|
| 1 | Common - (Shares , \$ par)    | 16,381 | List persons owning more than 5% of outstanding stock |
| 2 | Preferred - (Shares , \$ par) |        | and number of shares owned by each:                   |
| 3 | Dividends - Common Rate - \$  |        |   |
| 4 | - Preferred Rate - \$         |        |   |

**SCHEDULE E - LONG TERM DEBT**

|   | Class  | Date of Issue | Date of Maturity | Principal Amount Authorized | Outstanding Per Balance Sheet | Rate of Interest | Interest Accrued During Year | Interest Paid During Year |
|---|--------|---------------|------------------|-----------------------------|-------------------------------|------------------|------------------------------|---------------------------|
| 5 |        |               |                  |                             |                               |                  |                              |                           |
| 6 |        |               |                  |                             |                               |                  |                              |                           |
| 7 |        |               |                  |                             |                               |                  |                              |                           |
| 8 | Totals |               |                  |                             |                               |                  |                              |                           |

**SCHEDULE F - INCOME STATEMENT**

|    |  |            |
|----|--|------------|
| 9  | Operating revenues                       | xxxxxxxxxx |
| 10 | 460 Unmetered water revenue              |            |
| 11 | 462 Fire protection revenue              |            |
| 12 | 465 Irrigation revenue                   |            |
| 13 | 470 Metered water revenue                | 10,729     |
| 14 | 480 Other water revenue                  |            |
| 15 | Total Operating Revenue                  | 10,729     |
| 16 | Operating revenue deductions             | xxxxxxxxxx |
| 17 | Operating expenses                       | xxxxxxxxxx |
| 18 | 610 Purchased water                      |            |
| 19 | 615 Power                                | 1,265      |
| 20 | 618 Other volume related expenses        |            |
| 21 | 630 Employee labor                       |            |
| 22 | 640 Materials                            |            |
| 23 | 650 Contract work 1,055+1,378            | 2,433      |
| 24 | 660 Transportation expenses              | 5,436      |
| 25 | 664 Other plant maintenance expense      | 225        |
| 26 | 670 Office salaries                      |            |
| 27 | 671 Management salaries                  |            |
| 28 | 674 Employee pensions and benefits       |            |
| 29 | 676 Uncollectible accounts expense       |            |
| 30 | 678 Office services and rentals          |            |
| 31 | 681 Office supplies and expense          | 1,556      |
| 32 | 682 Professional services                |            |
| 33 | 684 Insurance                            | 2,052      |
| 34 | 688 Regulatory commission expense        |            |
| 35 | 689 General expenses                     | 571        |
| 36 | Total Operating Expenses                 | 13,538     |
| 37 | 403 Depreciation expense                 | 1,442      |
| 38 | 407 SDWBA loan amortization expense      |            |
| 39 | 408 Taxes other than income taxes        |            |
| 40 | 409 State corporate income tax expense   | 800        |
| 41 | 410 Federal corporate income tax expense |            |
| 42 | Total Operating Revenue Deductions       | 15,780     |
| 43 | Utility Operating Income                 |            |
| 44 | 421 Non-utility income                   |            |
| 45 | 426 Miscellaneous non-utility expense    |            |
| 46 | 427 Interest expense                     |            |
| 47 | Net Income                               | ( 5,051)   |

**SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS**

| Location | No. | Diam. Inch | Depth to water feet | Pumping capacity (g.p.m.) | Annual quantities pumped |
|----------|-----|------------|---------------------|---------------------------|--------------------------|
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |
|          |     |            |                     |                           |                          |

**OTHER**

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

**SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS**  
(If figures are available) (specify unit)

| Classification of service | Max. mo. Mo. of | Min. mo. Mo. of | Total for year |
|---------------------------|-----------------|-----------------|----------------|
| Residential & business    |                 |                 |                |
| Industrial                |                 |                 |                |
| Public authorities        |                 |                 |                |
| Irrigation                |                 |                 |                |
| Other (specify)           |                 |                 |                |
|                           |                 |                 |                |
|                           |                 |                 |                |
|                           |                 |                 |                |
|                           |                 |                 |                |
|                           |                 |                 |                |
| Total                     |                 |                 |                |

**SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION**

| Line | Acct | Account             | Number at end of year | Salaries Charged to Expense | Salaries Charged to Plant Accounts | Total Salaries and Wages Paid |
|------|------|---------------------|-----------------------|-----------------------------|------------------------------------|-------------------------------|
| 48   | 630  | Employee Labor      |                       |                             |                                    |                               |
| 49   | 670  | Office salaries     |                       |                             |                                    |                               |
| 50   | 671  | Management salaries |                       |                             |                                    |                               |
| 51   |      | Total               |                       |                             |                                    |                               |

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

|   |  |
|---|--|
| Balance beginning of year                                     |  |
| Additions during year   |  |
| Subtotal - Beginning balance plus additions during year       |  |
| Refunds   |  |
| Transfers to Acct. 271 - Contributions in Aid of Construction |  |
| Balance end of year   |  |

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

| Size         | Meters | Services |
|--------------|--------|----------|
| 5/8 x 3/4-in |        |          |
| 3/4-in       |        |          |
| 1-in         |        |          |
| -in          |        |          |
| -in          |        |          |
| Total        |        |          |

**SCHEDULE L - METER-TESTING DATA**

|   |                              |
|---|------------------------------|
| Number of meters tested during year   |                              |
| 1   | Used, before repair.....     |
| 2   | Used, after repair .....     |
| 3   | Fast, requiring refund ..... |
| Numbers of meters in service requiring test per General Order No. 103 ..... |                              |

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

| Classification             | Active  |      |       | Inactive |      |       | Total connections |      |
|----------------------------|---------|------|-------|----------|------|-------|-------------------|------|
|                            | Metered | Flat | Total | Metered  | Flat | Total | Metered           | Flat |
| Residences                 |         |      |       |          |      |       |                   |      |
| Industrial                 |         |      |       |          |      |       |                   |      |
| Other (specify)            |         |      |       |          |      |       |                   |      |
| Subtotal                   |         |      |       |          |      |       |                   |      |
| Fire protection (Hydrants) |         |      |       |          |      |       |                   |      |
| Total                      |         |      |       |          |      |       |                   |      |

\* UNAVAILABLE AT THIS TIME  
WILL PROVIDE LATER

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

**SCHEDULE N - STORAGE FACILITIES**

**SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)**

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

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Stone Creek Water Company (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including 1 January, 2004, to and including 31 December 2004

*Leonore J. Weston*

Signed  
Owner

Title 3/10/06

Date