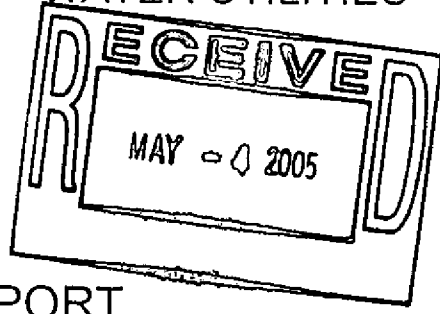


AY

Received _____
Examined _____

CLASS D  
WATER UTILITIES



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

2004  
ANNUAL REPORT  
OF

TWIN VALLEY INC

---

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

P.O. Box 433

---

MORGAN Hill, CA 95038

---

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2004

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2005  
(FILE TWO COPIES IF THREE RECEIVED)

Account Number	Operating Revenue	
470	Metered	
460	Unmetered	
465	Irrigation	
462-480	Private Fire Protection	
	<b>Total Revenue</b>	
	<b>Operating Expenses</b>	
610	Purchased Water	
615	Purchased Power	
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	
640	Materials	
650	Contract Work	
	Water Testing	
660	Transportation Expense	
664	Other Plant Maintenance	
670	Office Salaries	
671	Management Salaries	
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	
681	Office Supplies and Expense	
682	Professional Services	
684	Insurance	
688	Regulatory Expense	
689	General Expense	
	<b>Subtotal</b>	
403	Depreciation Expense	
	Ad Valorem Taxes	
	Payroll taxes	
408	Taxes other than income	
409	State Income Tax	
410	Federal Income Tax	
	<b>Total Deductions</b>	
	<b>Net Revenue</b>	
	<b>Rate Base</b>	

	Average Plant	
	Average Depreciation Reserve	
	Net Plant	
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	
	Plus: Material & Supplies	
	Rate Base	
	ROR=Net Rev/Rate Base	

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

TWIN VALLEY INC

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

P.O. BOX 433

(Official mailing address)

MORGAN HILL, CA 95038

(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:
  - (A) Date of organization 1974 incorporated in the State of CALIF
  - (B) Names, titles and addresses of principal officers:
- 2 If unincorporated give the name and address of owner or of each partner:
 

STEVE HAVENS, 14295 STEAMONE DRIVE, MORGAN HILL, CA 95037
- 3 Name and telephone number of: STEVE HAVENS (408) 776-054
  - (A) One person listed above to receive correspondence:
  - (B) Person responsible for operations and services: STEVE HAVENS
- 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:

**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		4/04
X		
X		
N/A		
N/A		

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

STEVE HAVENS, 4300575, (D1)

SPECIAL INSTRUCTIONS (over)

## SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year. Attach a supplementary statement to explain any differences.
- 2 Attach a *See Attachment* supplementary statement to explain adjustments in Schedule B - Water Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

Rate Base and Assets of Twin Valley Inc.		Public Utilities Commission		Water Plant In Service	
Base on Dec 1994 Rate Case with Calif. Public Utilities Commission		Revised Schedule B from 1995 thru 2003 to read as follows:		Water Plant In Service	
Case A-94-10-022		Additions/Deletion during the years		end of year balances	
Description	Balance	adj +/- ** adj	2003		
	Dec-94	1995-2003			
Intangibles Plant	985	0			985
Land	5294	0			5294
Structure	225	21379			21604
Wells	2349	101660			104009
Other Water Source Plant	33	0			33
Pumping Equipment	7217	62501			69718
Reservoirs tanks	11944	3323			15267
Water mains	86414	11400			97814
Services and meter installations	5005	10612			15617
Meters	2700	1896			4596
Hydrants	2076	0			2076
Office furniture and equipment		3400			3400
Transportation equipment	751	7000			7751
Total Addition or Deletions during year	124993				
(prorated of \$124,993 weighted by old values of 1995 values)					
Total Water plant in Service	\$124,993	\$223,171			\$ 348,164
Depreciation Reserve .025%/ year for 40 years				\$87,041	\$ 261,123
** Note** Rate Base and plant asset were determined by the CPUC in a rate Case A-94-10-022 as pf the end or 1994 the Rate Base and Assets were determined to be \$124,993.					
This paper adjust the current Rate Base to Reflex that decision and projected it forward less					
Depreciation Reserve .025% 40 years.					

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES

2004

(408)

NAME OF UTILITY

TWIN VALLEY INC

PHONE

776-054

PERSON RESPONSIBLE FOR THIS REPORT

Steve Havers

(Prepared from information in the 2004 Annual Report)

BALANCE SHEET DATA		1/1/	12/31/	Average
1	Intangible Plant			
2	Land and Land Rights			
3	Depreciable Plant			
4	Gross Plant in Service			
5	Less: Accumulated Depreciation			
6	Net Water Plant in Service			
7	Water Plant Held for Future Use			
8	Construction Work in Progress			
9	Materials and Supplies			
10	Less: Advances for Construction			
11	Less: Contribution in Aid of Construction	( )	( )	( )
12	Less: Accumulated Deferred Income and Investment Tax Credits	( )	( )	( )
13	Net Plant Investment	( )	( )	( )

CAPITALIZATION		1/1/	12/31/	Average
14	Common Stock			
15	Proprietary Capital (Individual or Partnership)			
16	Paid-in Capital			
17	Retained Earnings			
18	Common Stock and Equity (Lines 14 through 17)			
19	Preferred Stock			
20	Long-Term Debt			
21	Notes Payable			
22	Total Capitalization (Lines 18 through 21)			

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES

20\_\_\_\_  
(continued)

NAME OF UTILITY \_\_\_\_\_ PHONE \_\_\_\_\_

**INCOME STATEMENT**

- 23 Unmetered Water Revenue
- 24 Fire Protection Revenue
- 25 Irrigation Revenue
- 26 Metered Water Revenue
- 27 Total Operating Revenue
- 28 Operating Expenses
- 29 Depreciation Expense (Composite Rate \_\_\_\_\_)
- 30 Amortization and Property Losses
- 31 Property Taxes
- 32 Taxes Other Than Income Taxes
- 33 Total Operating Revenue Deduction Before Taxes
- 34 California Corp. Franchise Tax
- 35 Federal Corporate Income Tax
- 36 Total Operating Revenue Deduction After Taxes
- 37 Net Operating Income (Loss) - California Water Operations
- 38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)
- 39 Income Available for Fixed Charges
- 40 Interest Expense
- 41 Net Income (Loss) Before Dividends
- 42 Preferred Stock Dividends
- 43 Net Income (Loss) Available for Common Stock

**OTHER DATA**

- 44 Refunds of Advances for Construction
- 45 Total Payroll Charged to Operating Expenses
- 46 Purchased Water
- 47 Power

Active Service Connections (Exc. Fire Protect.) \_\_\_\_\_

- 48 Metered Service Connections
- 49 Flat Rate Service Connections
- 50 Total Active Service Connections

	Jan. 1	Dec. 31	Annual Average





CLASS B, C AND D 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.)

1. Current Fiscal Agent:

Name: BANK OF AMERICA  
Address: 777 W E 1 ST SAN JOSE CA 95125  
Phone Number: 408 983-0588  
Date Hired: 4-1-95

2. Former Fiscal Agent:

Name: SAME AS ABOVE  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

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

\$ 14205

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ 4123
Deposits during the year	<u>14205</u>
Withdrawals made for loan payments	<u>12816</u>
Other withdrawals from this account	<u>165</u>
Balance at end of year	<u>5347</u>

5. Account information:

Bank Name: SAME AS ABOVE  
Account Number: \_\_\_\_\_  
Date Opened: \_\_\_\_\_

6. Plant amounts included in Schedule A, 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	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains					
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service					

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

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	342322	201	Common Stock (Corporations only)	25000
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	288000
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(95599)	224	Long term debt	378728
6	114	Water plant acquisition adjustments			Current Liabilities	4210
7	124	Other investments	31005	252	Advances for construction	135000
8	131	Cash	6500	253	Other deferred credits	50238
9	141	Accounts receivable - customers	8510	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs depreciation	
11	151	Materials and supplies	9500	283	Accumulated deferred income taxes - other	
12	174	Other current assets		271	Contributions in aid of construction	42133
13	180	Deferred charges		272	Accumulated amortization of contributions	
14						
15		<b>Total Assets</b>	<b>302238</b>		<b>Total Equity and Liabilities</b>	<b>302238</b>

**SCHEDULE B - WATER PLANT IN SERVICE**

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	985				985
17	303	Land	5294				5294
18	304	Structures	21604				21604
19	307	Wells	104009				94508
20	317	Other water source plant	33		9500		33
21	311	Pumping equipment	69718	3659			66059
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	15267				15267
24	331	Water mains	97814				97814
25	333	Services and meter installations	15617				15617
26	334	Meters	4596				45926
27	335	Hydrants	2076				2076
28	339	Other equipment					
29	340	Office furniture and equipment	3400				3400
30	341	Transportation equipment	7751				7751
31		<b>Total water plant in service</b>	<b>348164</b>				<b>342322</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 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	87091		
33	Add: Credits to reserves during year			A. Method used to compute depreciation expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403			
35	(b) Charged to Account No. 272			
36	(c) Charged to clearing accounts			
37	(d) Salvage recovered			B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
38	(e) All other credits			
39	Total credits	8558		
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			
43	(c) All other debits			C. State method used to compute tax depreciation.
44	Total debits			
45	Balance in reserve at end of year	95599		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

Line

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

1	Common - (Shares 25000 \$ 100 par)	25000	List persons owning more than 5% of outstanding stock
2	Preferred - (Shares \$ par)		and number of shares owned by each:
3	Dividends - Common Rate - \$		Steve Havens
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	BANK OF AMER.	2/99	OPEN	50000	49500	9%	4455	4455
6	STEVE HAVENS	3/99 03/04	OPEN	68000	68000	8%	3300	—
7	SWDRA	2/98	2038	24000				
8	Totals			25000	24100	2.9%	6850	6850

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	122467
14	480 Other water revenue	
15	Total Operating Revenue	122467
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	15347
19	615 Power	39954
20	618 Other volume related expenses	
21	630 Employee labor	17418
22	640 Materials	12747
23	650 Contract work	3579
24	660 Transportation expenses	6138
25	664 Other plant maintenance expense	10278
26	670 Office salaries	9400
27	671 Management salaries	6000
28	674 Employee pensions and benefits	415
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	12000
31	681 Office supplies and expense	1874
32	682 Professional services	2615
33	684 Insurance	1821
34	688 Regulatory commission expense	1563
35	689 General expenses	1329
36	Total Operating Expenses	141815
37	403 Depreciation expense	8558
38	407 SDWBA loan amortization expense	3250
39	408 Taxes other than income taxes	3492
40	409 State corporate income tax expense	839
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	157954
43	Utility Operating Income/LOSS	3587
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	4455
47	Net Income / LOSS	39942

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
WATSONville	4	10	40	50	
SYCAMORE 3	3	10	40	35	
SYCAMORE	2	10	40	40	
Chappan	5	10	40	25	
Kelly-Syc.	6	8	40	25	

OTHER

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

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	12		32000
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		17418	4800	22218
49	670	Office salaries		9400	—	9400
50	671	Management salaries		6000	—	6000
51		Total				37618

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	135000
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	135000

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

Size	Meters	Services
5/8 x 3/4-in		
3/4-in	51	57
1-in	32	33
-in 1 1/2	5	7
-in 2	1	1
Total		

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	
1 Used, before repair...	8
2 Used, after repair .....	5
3 Fast, requiring refund ..	0
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	89		89				89	
Industrial								
Other (specify)								
Subtotal	89		89					
Fire protection (Hydrants)	9		9				9	
Total	98		98				98	

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

**SCHEDULE N - STORAGE FACILITIES**

Description	No.	Combined capacity in gallons
Concrete		
Earth		
Wood	1	33000
Steel	1	66000
Other		
Total		

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

Description	2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)	Totals
Cast Iron					
Welded steel					
Standard screw					
Cement-asbestos				2500 6"	2500
Plastic				3500 6"	3500
Other (specify)					
Total				25500	25500

**DECLARATION**

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

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

From and including JAN 1, 2004 to and including 12/31, 2004

Signature: [Handwritten Signature]

Title: 3/31/04

Date: [Handwritten Date]