

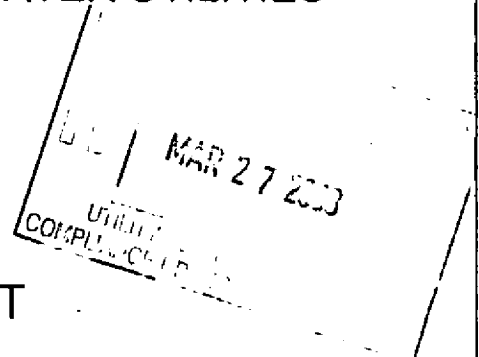
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Received \_\_\_\_\_

Examined \_\_\_\_\_

CLASS A  
WATER UTILITIES

U# 342-W \_\_\_\_\_



2007  
ANNUAL REPORT  
OF

VALENCIA WATER COMPANY

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

24631 AVENUE ROCKEFELLER

VALENCIA, CA 91355

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2007

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2008  
(FILE TWO COPIES IF THREE RECEIVED)

## INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed NOT LATER THAN MARCH 31, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION  
WATER DIVISION  
ATTN: KAYODE KAJOPAIYE  
505 VAN NESS AVENUE, ROOM 3105  
SAN FRANCISCO, CALIFORNIA 94102-3298  
[kok@cpuc.ca.gov](mailto: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 the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. LEAVE NO SCHEDULE BLANK. Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calander year, from Janauary 1 through December 31. Fiscal year reports will not be accepted.

# INSTRUCTIONS

## FOR PREPARATION OF

### SELECTED FINANCIAL DATA SHEET

### FOR CLASS A, B, C AND D, 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.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES  
Year 2007

NAME OF UTILITY VALENCIA WATER COMPANY PHONE (661) 294-1150

PERSON RESPONSIBLE FOR THIS REPORT Beverly Johnson  
(Prepared from Information in the 2007 Annual Report)

	01/01/07	12/31/07	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	115,083	115,083	115,083
2 Land and Land Rights	1,366,286	1,366,286	1,366,286
3 - Depreciable Plant	131,731,548	141,435,814	136,583,681
4     Gross Plant in Service	133,212,917	142,917,183	138,065,050
5 Less: Accumulated Depreciation	(30,169,397)	(34,075,754)	(32,122,576)
6 -     Net Water Plant in Service	103,043,520	108,841,429	105,942,475
7 Water Plant Held for Future Use			
8 Construction Work in Progress	6,583,959	7,637,382	7,110,671
9 Materials and Supplies	338,542	388,323	363,433
10 Less: Advances for Construction	(15,927,855)	(15,218,684)	(15,573,270)
11 Less: Contributions in Aid of Construction	(48,097,606)	(54,261,778)	(51,179,692)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(7,222,013)	(7,665,758)	(7,443,886)
13 Net Plant Investment	<u>38,718,547</u>	<u>39,720,914</u>	<u>39,219,731</u>
<b>CAPITALIZATION</b>			
14 Common Stock	1,536,500	1,536,500	1,536,500
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	6,207,025	6,207,025	6,207,025
17 Retained Earnings	18,968,495	21,439,006	20,203,751
18     Common Stock and Equity (Lines 14 through 17)	26,712,020	29,182,531	27,947,276
19 Preferred Stock	1,200,000	1,200,000	1,200,000
20 Long-Term Debt	11,000,000	11,000,000	11,000,000
21 Notes Payable			
22     Total Capitalization (Lines 18 through 21)	<u>38,912,020</u>	<u>41,382,531</u>	<u>40,147,276</u>

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES  
2007

NAME OF UTILITY Valencia Water Company PHONE (661) 294-1150

	Annual Amount
<b>INCOME STATEMENT</b>	
23 Other Water Revenue (6110, 6111, 6112, 6093, 6140-44)	458,663
24 Fire Protection Revenue (6040, 6041, 6042)	741,313
25 Irrigation Revenue (6030, 6031)	100,412
26 All Other Metered Water Revenue (all other accts)	18,756,783
27 Total Operating Revenue	20,057,171
28 <u>Operating Expenses</u>	(12,431,082)
29 Depreciation Expense (Composite Rate 2.97%)	(2,396,911)
30 Amortization and Property Losses	(5,754)
31 Property Taxes	(390,932)
32 Taxes Other Than Income Taxes	(122,014)
33 Total Operating Revenue Deduction Before Taxes	(15,346,694)
34 California Corp. Franchise Tax	124,567
35 Federal Corporate Income Tax	(767,334)
36 Total Operating Revenue Deduction After Taxes	(15,989,461)
37 Net Operating Income (Loss) - California Water Operations	4,067,711
38 <b>Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)</b>	206,892
39 Income Available for Fixed Charges	4,274,603
40 Interest Expense	(891,112)
41 Net Income (Loss) Before Dividends	3,383,490
42 Preferred Stock Dividends	(114,000)
43 Net Income (Loss) Available for Common Stock	3,269,490

<b>OTHER DATA</b>	
44 Refunds of Advances for Construction	709,171
45 Total Payroll Charged to Operating Expenses	2,151,762
46 Purchased Water	3,694,912
47 Power	1,823,495
<b>48 Class A Water Companies Only:</b>	
a. Pre-TRA 1986 Contributions in Aid of Construction	1,302,205
b. Pre-TRA 1986 Advances for Construction	5,012,926
c. Post TRA 1986 Contributions in Aid of Construction	52,959,573
d. Post TRA 1986 Advances for Construction	10,205,758

<u>Active Service Connections</u>	Jan. 1	Dec. 31	Annual Average
49 Metered Service Connections	27,894	28,177	28,036
50 Private Fire Service Connections	1,217	1,268	1,243
51 Total Active Service Connections	29,111	29,445	29,278

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

Adjusted to Exclude Non-Regulated Activity  
Year 2007

NAME OF UTILITY VALENCIA WATER COMPANY

PHONE (661) 294-1150

PERSON RESPONSIBLE FOR THIS REPORT Beverly Johnson

(Prepared from Information in the 2007 Annual Report)

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21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	38,912,020	41,382,531	40,147,276

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

Adjusted to Exclude Non-Regulated Activity  
2007

NAME OF UTILITY Valencia Water Company PHONE (661) 294-1150

**INCOME STATEMENT**

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**OTHER DATA**

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Active Service Connections

	Jan. 1	Dec. 31	Annual Average	
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50	Private Fire Service Connections	1,217	1,268	1,243
51	Total Active Service Connections	29,111	29,445	29,278

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).

- 1 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 companies 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 200 . . .

Row Number	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue derived from Non-Tariffed Good/Service (by account)	Revenue Account Number	Total Expenses incurred to provide Non-Tariffed Good/Service (by Account)	Expense Account Number	Advice Letter Number and/or Resolution approving Non-Tariffed Good/Service	Total Income Tax Liability incurred because of non-tariffed Good/Service (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets used in the provision of a Non-Tariffed Good/Service (by account).	Regulated Asset Account Number

NONE

**GENERAL INFORMATION**

- 1 Name under which utility is doing business: Valencia Water Company

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- 2 Official mailing address: 24631 Avenue Rockefeller, PO Box 5904  
Valencia, CA ZIP 91385-5904

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- 3 Name and title of person to whom correspondence should be addressed:  
Beverly Johnson, Controller Telephone: (661) 294-1150

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- 4 Address where accounting records are maintained:  
24631 Avenue Rockefeller, Valencia, CA

---

- 5 Service Area (Refer to district reports if applicable):  
Valencia, Newhall, Saugus, Stevenson Ranch, Castaic

---

- 6 Service Manager (If located in or near Service Area.) (Refer to district reports if applicable.)  
Name: N/A  
Address: \_\_\_\_\_ Telephone: \_\_\_\_\_

7 OWNERSHIP. Check and fill in appropriate line:

- Individual (name of owner) \_\_\_\_\_
- Partnership (name of partner) \_\_\_\_\_
- Partnership (name of partner) \_\_\_\_\_
- Partnership (name of partner) \_\_\_\_\_
- Corporation (corporate name) Valencia Water Company  
Organized under laws of (state) California Date: 1965

Principal Officers:

(Name)	<u>Robert DiPrimio</u>	(Title)	<u>President</u>
(Name)	<u>Greg Milleman</u>	(Title)	<u>Vice-President, Administration</u>
(Name)	<u>Keith Abercrombie</u>	(Title)	<u>Vice-President, Operations</u>
(Name)	<u>Beverly Johnson</u>	(Title)	<u>Controller</u>

8 Names of associated companies: The Newhall Land and Farming Company, LandSource Communities Development, LLC, Lennar Corporation, LNR Property Corporation, and MW Housing Partners III, L.P.

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:

<u>None</u>	Date: _____
_____	Date: _____
_____	Date: _____
_____	Date: _____

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE A  
COMPARATIVE BALANCE SHEETS**

Line No.	Acct.	Title of Account (a)	Schedule Page No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		<b>I. UTILITY PLANT</b>			
2	100	Utility plant	A-1	150,554,564.77	139,796,877.00
3	107	Utility plant adjustments			
4		Total utility plant		150,554,564.77	139,796,877.00
5	250	Reserve for depreciation of utility plant	A-3	(34,068,852.14)	(30,168,249.80)
6	251	Reserve for amortization of limited term utility investments	A-3	(6,901.54)	(1,147.42)
7	252	Reserve for amortization of utility plant acquisition adjustment	A-3		
8		Total utility plant reserves		(34,075,753.68)	(30,169,397.22)
9		Total utility plant less reserves		116,478,811.09	109,627,479.78
10					
11		<b>II. INVESTMENT AND FUND ACCOUNTS</b>			
12	110	Other physical property	A-2		
13	253	Reserve for depreciation and amortization of other property	A-3		
14		Other physical property less reserve		0.00	0.00
15	111	Investments in associated companies	A-4		
16	112	Other investments	A-5		
17	113	Sinking funds	A-6		
18	114	Miscellaneous special funds	A-7		
19		Total investments and fund accounts		0.00	0.00
20					
21		<b>III. CURRENT AND ACCRUED ASSETS</b>			
22	120	Cash		1,139,660.12	1,078,826.46
23	121	Special deposits	A-8		
24	122	Working funds			
25	123	Temporary cash investments		4,485,825.00	4,982,360.00
26	124	Notes receivable	A-9		
27	125	Accounts receivable		2,053,432.75	2,113,821.98
28	126	Receivables from associated companies	A-10	47,932.00	51,784.12
29	131	Materials and supplies		388,323.05	338,541.72
30	132	Prepayments	A-11	376,329.00	376,900.00
31	133	Other current and accrued assets	A-12		
32		Total current and accrued assets		8,491,501.92	8,942,234.28
33					
34		<b>IV. DEFERRED DEBITS</b>			
35	140	Unamortized debt discount and expense	A-13	26,896.90	53,896.90
36	141	Extraordinary property losses	A-14		
37	142	Preliminary survey and investigation charges			
38	143	Cleaning accounts		(2,485.30)	1,507.30
39	145	Other work in progress			
40	146	Other deferred debits	A-15	6,898,814.74	5,879,880.36
41		Total deferred debits		6,923,226.34	5,935,284.56
42		Total assets and other debits		131,893,539.35	124,504,998.62
43					

**SCHEDULE A**  
**COMPARATIVE BALANCE SHEETS**  
**Liabilities and Other Credits**

Line No.	Acct.	Title of Account (a)	Schedule Page No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		<b>I. CORPORATE CAPITAL AND SURPLUS</b>			
2	200	Common capital stock	A-18	1,536,500.00	1,536,500.00
3	201	Preferred capital stock	A-18	1,200,000.00	1,200,000.00
4	202	Stock liability for conversion			
5	203	Premiums and assessments on capital stock	A-19		
6	150	Discount on capital stock	A-18	( )	( )
7	151	Capital stock expense	A-18	( )	( )
8	270	Capital surplus	A-20	6,207,025.00	6,207,025.00
9	271	Earned surplus	A-21	21,439,005.51	18,968,495.37
10		Total corporate capital and surplus		30,382,530.51	27,912,020.37
11					
12		<b>II. PROPRIETARY CAPITAL</b>			
13	204	Proprietary capital (Individual or partnership)	A-22		
14	205	Undistributed profits of proprietorship or partnership	A-23		
15		Total proprietary capital		0.00	0.00
16					
17		<b>III. LONG-TERM DEBT</b>			
18	210	Bonds	A-24		
19	211	Receivers' certificates			
20	212	Advances from associated companies	A-25		
21	213	Miscellaneous long-term debt	A-26	11,000,000.00	11,000,000.00
22		Total long-term debt		11,000,000.00	11,000,000.00
23					
24		<b>IV. CURRENT AND ACCRUED LIABILITIES</b>			
25	220	Notes payable	A-28		
26	221	Notes receivable discounted			
27	222	Accounts payable		386,735.66	129,951.72
28	223	Payables to associated companies	A-29	109,506.51	108,577.70
29	224	Dividends declared		228,245.00	228,245.00
30	225	Matured long-term debt			
31	226	Matured interest			
32	227	Customers' deposits		57,180.00	65,980.00
33	228	Taxes accrued	A-31	7,814,430.27	7,452,804.36
34	229	Interest accrued		74,100.00	78,100.00
35	230	Other current and accrued liabilities	A-30	2,145,791.00	3,050,951.08
36		Total current and accrued liabilities		10,815,988.44	11,114,609.86
37					
38		<b>V. DEFERRED CREDITS</b>			
39	240	Unamortized premium on debt			
40	241	Advances for construction	A-32	15,218,683.56	15,927,854.56
41	242	Other deferred credits	A-33	10,214,558.56	10,452,907.57
42		Total deferred credits		25,433,242.12	26,380,762.13
43					
44		<b>VI. RESERVES</b>			
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		
50		Total reserves		0.00	0.00
51					
52		<b>VII. CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
53	265	Contributions in aid of construction	A-35	54,261,778.28	48,097,606.26
54		Total liabilities and other credits		131,893,539.35	124,504,998.62

**SCHEDULE B**  
**Income Account for the Year**

Line No.	Acct.	Account (a)	Schedule Page No. (b)	Amount (c)
1		<b>I. UTILITY OPERATING INCOME</b>		
2	501	Operating revenues	B-1	20,057,171.21
3				
4		Operating Revenue Deductions:		
5	502	Operating expenses	B-2	(12,367,536.51)
6	503	Depreciation	A-3	(2,396,910.96)
7	504	Amortization of limited-term utility investments	A-3	(5,754.12)
8	505	Amortization of utility plant acquisition adjustments		
9	506	Property losses chargeable to operations	B-3	0.00
10	507	Taxes	B-4	(1,155,713.08)
11		Total operating revenue deductions		(15,925,914.67)
12		Net operating revenues		4,131,256.54
13	508	Income from utility plant leased to others		
14	510	Rent for lease of utility plant		
15		Total utility operating income		4,131,256.54
16				
17		<b>II. OTHER INCOME</b>		
18	521	Income from nonutility operations (Net)	B-6	
19	522	Revenue from lease of other physical property		
20	523	Dividend revenues		
21	524	Interest revenue (#5200)		248,892.02
22	525	Revenues from sinking and other funds		
23	526	Miscellaneous nonoperating revenues	B-7	
24	527	Nonoperating revenue deductions - Dr.	B-8	
25		Total other income		248,892.02
26		Net income before income deductions		4,380,148.56
27				
28		<b>III. INCOME DEDUCTIONS</b>		
29	530	Interest on long-term debt	A-26	876,000.00
30	531	Amortization of debt discount and expense	A-13	42,000.00
31	532	Amortization of premium on debt - Cr.		
32	533	Taxes assumed on interest		
33	534	Interest on debt to associated companies		
34	535	Other interest charges	B-9	15,112.49
35	536	Interest charged to construction - Cr.		
36	537	Miscellaneous amortization		
37	538	Miscellaneous income deductions	B-10	63,545.93
38		Total income deductions		996,658.42
39		Net income		3,383,490.14
40				
41		<b>IV. DISPOSITION OF NET INCOME</b>		
42	540	Miscellaneous reservations of net income		
43				
44		Balance transferred to Earned Surplus or		
45		Proprietary Accounts scheduled on page 21		
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)	133,212,917.70	9,813,391.75	(109,126.29)		142,917,183.16
2	100 - 2	Utility plant leased to others					
3	100 - 3	Construction work in progress	6,583,959.30	1,053,422.31	xxxxxxxxxx		7,637,381.61
4	100 - 4	Utility plant held for future use (Sch A-1c)					
5	100 - 5	Utility plant acquisition adjustments			xxxxxxxxxx		0.00
6	100 - 6	Utility plant in process of reclassification					
7		Total utility plant	139,796,877.00	10,866,814.06	(109,126.29)	0.00	150,554,564.77

**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)
8		<b>I. INTANGIBLE PLANT</b>					
9	301	Organization					
10	302	Franchises and consents (Schedule A-1b)	32,198.41				32,198.41
11	303	Other intangible plant	82,884.98				82,884.98
12		Total intangible plant	115,083.39	0.00	0.00	0.00	115,083.39
13							
14		<b>II. LANDED CAPITAL</b>					
15	306	Land and land rights	1,366,286.31				1,366,286.31
16							
17		<b>III. SOURCE OF SUPPLY PLANT</b>					
18	311	Structures and improvements	22,045.79				22,045.79
19	312	Collecting and impounding reservoirs					
20	313	Lake, river and other intakes					
21	314	Springs and tunnels					
22	315	Wells	8,193,525.46				8,193,525.46
23	316	Supply mains					
24	317	Other source of supply plant					
25		Total source of supply plant	8,215,571.25	0.00	0.00	0.00	8,215,571.25
26							
27		<b>IV. PUMPING PLANT</b>					
28	321	Structures and improvements	180,078.71				180,078.71
29	322	Boiler plant equipment					
30	323	Other power production equipment					
31	324	Pumping equipment	8,039,924.99				8,039,924.99
32	325	Other pumping plant					
33		Total pumping plant	8,220,003.70	0.00	0.00	0.00	8,220,003.70
34							
35		<b>V. WATER TREATMENT PLANT</b>					
36	331	Structures and improvements					
37	332	Water treatment equipment	533,200.45				533,200.45
38		Total water treatment plant	533,200.45	0.00	0.00	0.00	533,200.45

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

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		<b>VI. TRANSMISSION AND DIST. PLANT</b>					
2	341	Structures and improvements					
3	342	Reservoirs and tanks	21,204,576.04	614,551.00			21,819,127.04
4	343	Transmission and distribution mains	63,922,533.91	6,285,268.00			70,207,801.91
5	344	Fire mains	1,374,676.71				1,374,676.71
6	345	Services	10,981,644.52	1,280,742.00			12,262,386.52
7	346	Meters	4,193,810.44	403,625.82	(75,824.56)		4,521,611.70
8	347	Meter installations	211,636.56	49,080.56			260,717.12
9	348	Hydrants	8,742,875.93	940,641.00			9,683,516.93
10	349	Other transmission and distribution plant	18,505.24				18,505.24
11		Total transmission and distribution plant	110,650,259.35	9,573,908.38	(75,824.56)	0.00	120,148,343.17
12							
13		<b>VII. GENERAL PLANT</b>					
14	371	Structures and improvements	1,646,372.00	120,256.00			1,766,628.00
15	372	Office furniture and equipment	770,021.08	18,996.89	(12,598.75)		776,419.22
16	373	Transportation equipment	483,849.11	18,469.48	(20,702.98)		481,615.61
17	374	Stores equipment	27,712.00				27,712.00
18	375	Laboratory equipment	0.00				0.00
19	376	Communication equipment	841,455.94	81,761.00			923,216.94
20	377	Power operated equipment	311,323.17				311,323.17
21	378	Tools, shop and garage equipment	31,779.95				31,779.95
22	379	Other general plant					
23		Total general plant	4,112,513.25	239,483.37	(33,301.73)	0.00	4,318,694.89
24							
25		<b>VIII. UNDISTRIBUTED ITEMS</b>					
26	390	Other tangible property					
27	391	Utility plant purchased					
28	392	Utility plant sold					
29		Total undistributed items	0.00	0.00	0.00	0.00	0.00
30		Total utility plant in service	133,212,917.70	9,813,391.75	(109,126.29)	0.00	142,917,183.16

**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 <sup>1</sup> (e)
31	County of Los Angeles	Dec-90	25	Dec-90	6,587.34
32	City of Santa Clarita	Dec-00	15	Dec-00	25,611.07
33					
34					
35	Total	xxxxxxxxxxxxxxxxxxxxxxxxxxxx			32,198.41

<sup>1</sup> 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	NONE			
2				
3				
4				
5				
6				
7				
8				
9	Total	xxxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx

**SCHEDULE A-2**  
**Account 110 - Other Physical Property**

Line No.	Name and Description of Property (a)	Book Value End of Year (b)
10	NONE	
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24	Total	



**SCHEDULE A-1d  
RATE BASE**

Line No.	Acct.	Title of Account (a)	Schedule Page No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		<b>RATE BASE</b>			
2					
3		Utility Plant			
4		Plant in Service	A-1	142,917,183.16	133,212,917.70
5		Construction Work in Progress	A-1	7,637,381.61	6,583,959.30
6		General Office Prorate			
7		<b>Total Gross Plant (Line 4 + Line 5 + Line 6)</b>		<b>150,554,564.77</b>	<b>139,796,877.00</b>
8					
9		Less Accumulated Depreciation			
10		Plant in Service	A-3	(34,075,753.68)	(30,169,397.22)
11		General Office Prorate			
12		<b>Total Accumulated Depreciation (Line 10 + Line 11)</b>		<b>(34,075,753.68)</b>	<b>(30,169,397.22)</b>
13					
14		Less Other Reserves			
15		Deferred Income Taxes	A-31	(7,665,757.73)	(7,222,012.73)
16		Deferred Investment Tax Credit		(122,000.00)	(117,400.00)
17		Other Reserves			
18		<b>Total Other Reserves (Line 15 + Line 16 + Line 17)</b>		<b>(7,787,757.73)</b>	<b>(7,339,412.73)</b>
19					
20		Less Adjustments			
21		Contributions in Aid of Construction	A-35	(54,261,778.28)	(48,097,606.26)
22		Advances for Construction	A-32	(15,218,683.56)	(15,927,854.56)
23		Other		6,601,600.00	5,895,300.00
24		<b>Total Adjustments (Line 21 + Line 22 + Line 23)</b>		<b>(62,878,861.84)</b>	<b>(58,130,160.82)</b>
25					
26		Add Materials and Supplies	A	388,323.05	338,541.72
27					
28		Add Working Cash (From Schedule A-1d(2))	A-1d(2)	699,600.00	133,000.00
29					
30		<b>TOTAL RATE BASE</b>		<b>46,900,114.57</b>	<b>44,629,447.95</b>
31		<b>=Line 7 - Line 12 - Line 18 - Line 24 + Line 26 + Line 28</b>			
32					
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**SCHEDULE A-1d (2)**  
**RATE BASE**  
**Working Cash Calculation**

Line No.	Acct.	Title of Account (a)	Schedule Page No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		<b>Working Cash</b>			
2					
3		<b>Determination of Operational Cash Requirement</b>			
4		1. Operating Expenses, Excl Taxes, Depr. & Uncoll.		<b>See Note 1</b>	
5		2. Purchased Power & Commodity for Resale*			
6		3. Meter Revenues: Bimonthly Billing			
7		4. Other Revenues: Flat Rate Monthly Billing			
8		5. Total Revenues (3 + 4)			
9		6. Ratio - Flat Rate to Total Revenues (4 / 5)			
10		7. $5/24 \times \text{Line 1} \times (100\% - \text{Line 6})$			
11		8. $1/24 \times \text{Line 1} \times \text{Line 6}$			
12		9. $1/12 \times \text{Line 2}$			
13		10. Operational Cash Requirement (7 + 8 - 9)		\$ 699,600.00	\$ 133,000.00
14					
15					
16		* Electric power, gas or other fuel purchased for pumping and/or purchased commodity for resale billed after receipt (metered).			
17					
18		<b>Note 1: The calculation above does not apply</b>			
19		<b>since Valencia does not have bimonthly billing.</b>			
20		<b>The total working cash reflected on line 10 above</b>			
21		<b>is Valencia's working cash as adopted in its last</b>			
22		<b>general rate case.</b>			
23					
24					
25					
26					
27					
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**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	30,168,249.80	1,147.42		
2	Add: Credits to reserves during year				
3	(a) Charged to Account 503, 504, 505 <sup>(1)</sup>	2,396,910.96			
4	(b) Charged to Account 265	1,523,461.98			
5	(c) Charged to clearing accounts	65,077.68			
6	(d) Salvage recovered	24,278.01			
7	(e) All other credits <sup>(2)</sup>		5,754.12		
8	Total credits	4,009,728.63	5,754.12		
9	Deduct: Debits to reserves during year				
10	(a) Book cost of property retired	109,126.29			
11	(b) Cost of removal				
12	(c) All other debits <sup>(3)</sup>	0.00			
13	Total debits	109,126.29	0.00		
14	Balance in reserve at end of year	34,068,852.14	6,901.54		
15					
16	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE:				2.97%
17					
18	(2) EXPLANATION OF ALL OTHER CREDITS: Amortization of Intangible Assets charged to				
19	Account #5040.				
20					
21	(3) ALL OTHER DEBITS:				
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)			
	150% declining balance and 25-year straight line since 06/12/96.				

**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		<b>I. SOURCE OF SUPPLY PLANT</b>					
2	311	Structures and improvements	13,717.88	695.55			14,413.43
3	312	Collecting and impounding reservoirs					
4	313	Lake, river and other intakes					
5	314	Springs and tunnels					
6	315	Wells	544,200.40	299,883.03			844,083.43
7	316	Supply mains					
8	317	Other source of supply plant					
9		Total source of supply plant	557,918.28	300,578.58	0.00	0.00	858,496.86
10							
11		<b>II. PUMPING PLANT</b>					
12	321	Structures and improvements	89,742.86	5,915.59			95,658.45
13	322	Boiler plant equipment					
14	323	Other power production equipment					
15	324	Pumping equipment	3,345,430.40	397,976.28			3,743,406.68
16	325	Other pumping plant					
17		Total pumping plant	3,435,173.26	403,891.87	0.00	0.00	3,839,065.13
18							
19		<b>III. WATER TREATMENT PLANT</b>					
20	331	Structures and improvements					
21	332	Water treatment equipment	32,393.95	18,022.18			50,416.13
22		Total water treatment plant	32,393.95	18,022.18	0.00	0.00	50,416.13
23							
24		<b>IV. TRANS. AND DIST. PLANT</b>					
25	341	Structures and improvements	0.00				0.00
26	342	Reservoirs and tanks	2,986,956.82	427,272.21			3,414,229.03
27	343	Transmission and distribution mains	13,269,932.58	1,630,024.59			14,899,957.17
28	344	Fire mains	469,405.62	27,424.80			496,830.42
29	345	Services	3,517,546.98	360,197.94			3,877,744.92
30	346	Meters	1,192,213.56	211,158.36	(75,824.56)	6,865.70	1,334,413.06
31	347	Meter installations	0.00	2,846.51			2,846.51
32	348	Hydrants	2,509,430.95	250,483.40			2,759,914.35
33	349	Other transmission and distribution plant	7,992.11	643.06			8,635.17
34		Total trans. and distribution plant	23,953,478.62	2,910,050.87	(75,824.56)	6,865.70	26,794,570.63
35							
36		<b>V. GENERAL PLANT</b>					
37	371	Structures and improvements	279,256.55	45,357.55			324,614.10
38	372	Office furniture and equipment	906,325.95	85,395.34	(12,598.75)	3,000.00	982,122.54
39	373	Transportation equipment	52,229.58	65,077.70	(20,702.98)	14,412.31	111,016.61
40	374	Stores equipment	21,427.03	4,494.89			25,921.92
41	375	Laboratory equipment	660.24	0.00			660.24
42	376	Communication equipment	794,140.39	108,042.94			902,183.33
43	377	Power operated equipment	120,366.62	43,429.58			163,796.20
44	378	Tools, shop and garage equipment	14,879.33	1,109.12			15,988.45
45	379	Other general plant	0.00				0.00
46	390	Other tangible property	0.00				0.00
47	391	Water plant purchased	0.00				0.00
48		Total general plant	2,189,285.69	352,907.12	(33,301.73)	17,412.31	2,526,303.39
49		Total	30,168,249.80	3,985,450.62	(109,126.29)	24,278.01	34,068,852.14

**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	NONE						
2							
3							
4							
5							
6							
7		Totals <sup>1</sup>					

<sup>1</sup> 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)
8	NONE	
9		
10		
11		
12		
13		
14		
15		
16	Total	

**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	NONE					
2						
3						
4						
5						
6						
7						
8						
9	Totals					

**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)		
10	NONE					
11						
12						
13						
14						
15						
16						
17						
18	Totals					

**SCHEDULE A-8  
Account 121 - Special Deposits**

Name of Depository (a)	Purpose of Deposit (b)	Balance End of Year (c)
NONE		

**SCHEDULE A-9  
Account 124 - Notes Receivable**

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)
NONE						
Totals						

**SCHEDULE A-10**  
**Account 126 - Receivables from Associated Companies**

Due from Whom (a)	Amount (b)	Interest Rate (c)	Interest Accrued During Year (d)	Interest Received During Year (e)
The Newhall Land and Farming Company - Trade Accounts Receivable	31,753.90	N/A	N/A	N/A
Lennar - Trade Accounts Receivable	16,178.10	N/A	N/A	N/A
Totals	47,932.00		0.00	0.00

**SCHEDULE A-11**  
**Account 132 - Prepayments**

Item (a)	Amount (b)
#1322 Unsecured Property Taxes	4,182.00
#1323 Customer Postage	10,000.00
#1324 Insurance	362,147.00
Totals	376,329.00

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

Item (a)	Amount (b)
None	
Totals	





**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						0.00
2	None					0.00
3						0.00
4	Total			xxxxxxxxxxxx		0.00

**SCHEDULE A-15**  
**Account 146 - Other Deferred Debits**

Line No.	Item (a)	Balance End of year (b)
5	#1460 Other Deferred Debits	263,825.58
6	#1463 Deferred Taxes - CIAC	1,715,909.10
7	#1464 Deferred Taxes - Advances	3,287,962.06
8	#1465 Regulatory Asset	1,631,118.00
9		
10	Total	6,898,814.74

**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. 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.
2. If any change occurred during the year in the balance with

Line No.	Class and Series of Stock (a)	Balance End of year (b)
11	None	
12		
13	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. 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.
2. If any change occurred during the year in the balance with

Line No.	Class and Series of Stock (a)	Balance End of year (b)
14	None	
15		
16	Total	

**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 <sup>1</sup> (d)	Total Par Value <sup>2</sup> Outstanding End of Year (e)	Dividends Declared During Year	
						Rate (f)	Amount (g)
1	Common Stock	50,000	\$100.00	15,365	\$1,536,500.00		\$798,980.00
2	Preferred Stock	50,000	\$500.00	2,400	\$1,200,000.00	9.5%	\$114,000.00
3							
4							
5							
6	Totals						\$912,980.00

<sup>1</sup> After deduction for amount of reacquired stock held by or for the respondent.

<sup>2</sup> 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		PREFERRED STOCK	
	Name (a)	Number Shares (b)	Name (c)	Number Shares (d)
7	The Newhall Land and Farming Company	15,365	The Newhall Land and Farming Company	2,400
8				
9				
10				
11				
12				
13				
14				
15	Total number of shares	15,365	Total number of shares	2,400

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

Line No.	Class of Stock (a)	Balance End of Year (b)
16	None	
17		
18		
19		
20		
21		
22		
23		
24	Total	

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

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	6,207,025.00
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	6,207,025.00

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

Line No.	Acct	Account (a)	Amount (b)
12		Balance beginning of year	18,968,495.37
13		CREDITS	
14	400	Credit balance transferred from income account	
15	401	Miscellaneous credits to surplus (detail)	
16		2007 Income	3,383,490.14
17		Total credits	3,383,490.14
18		DEBITS	
19	410	Debit balance transferred from income account	
20	411	Dividend appropriations-preferred stock	114,000.00
21	412	Dividend appropriations-Common stock	798,980.00
22	413	Miscellaneous reservations of surplus	
23	414	Miscellaneous debits to surplus (detail)	
24			
25		Total debits	912,980.00
26		Balance end of year	21,439,005.51

**SCHEDULE A-22**

**Account 204 - Proprietary Capital  
(Sole Proprietor or Partnership)**

Line No.	Item (a)	Amount (b)
1	Balance Beginning of year	N/A
2	CREDITS	
3	Net income for year	
4	Additional investments during year	
5	Other credits (detail)	
6		
7	Total credits	
8	DEBITS	
9	Net loss for year	
10	Withdrawals during year	
11	Other debits (detail)	
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)
15	Balance Beginning of year	N/A
16	CREDITS	
17	Net income for year	
18	Other credits (detail)	
19		
20	Total credits	
21	DEBITS	
22	Net loss for year	
23	Withdrawals during year	
24	Other debits (detail)	
25		
26		
27	Total debits	
28	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 <sup>1</sup> 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										
2	NONE									
3										
4										
5										
6										
7										
8	Totals									

<sup>1</sup> 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.)

1. Current Fiscal Agent:

Name: N/A  
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: \_\_\_\_\_

**SCHEDULE A-24 (b)**  
**CLASS A WATER COMPANIES**  
**SAFE DRINKING WATER BOND ACT DATA (continued)**

6. 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	N/A				
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-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)
9					
10					
11	NONE				
12					
13	Totals				

**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 <sup>1</sup> Per Balance Sheet (e)	Rate of Interest (f)	Interest Accrued During Year (g)	Interest Paid During Year (h)
14	Note Payable	7/15/1994	6/1/2009	11,000,000.00	11,000,000.00	8%	876,000.00	880,000.00
15								
16								
17								
18								
19								
20								
21	Totals			11,000,000.00	11,000,000.00		876,000.00	880,000.00

<sup>1</sup> 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)
22					
23	NONE				
24					
25					
26	Totals				

**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							
2	NONE						
3							
4							
5							
6							
7							
8							
9	Totals						

**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)
10	#2235 Due to Affiliates	109,506.51	N/A		
11			N/A		
12					
13					
14	Totals	109,506.51		0.00	0.00

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

Line No.	Description (a)	Balance End of Year (c)
15	Franchise Taxes Accrued	252,420.79
16	Retention	249,866.69
17	PUC Surcharge Accrued	78,955.81
18	Power Accrued	140,000.00
19	Imported Water Accrued	183,750.00
20	Job Closes Accrued	23,680.00
21	Other Accrual	640,753.30
22	Payroll Accrued	468,153.73
23	Vacation Accrued	108,210.68
24		
25		
26		
27	Total	2,145,791.00

## 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 material on which the tax was levied was 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 (d) 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 show 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 instructions)	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	(7,916.57)	4,812.00	(390,932.48)	401,700.09	(1,805.56)	(1,675.48)	4,182.00
2	State corporation franchise tax	(42,346.26)		124,567.00	363,160.00	(477,720.10)	(32,339.36)	
3	State unemployment insurance tax	0.00		(5,250.54)	5,250.54			
4	Other state and local taxes	0.00						
5	Federal unemployment insurance tax	0.00		(579.76)	579.76			
6	Fed. ins. contr. act (old age retire.)	0.00		(127,234.30)	127,234.30			
7	Other federal taxes	0.00						
8	Federal income taxes	(180,528.80)		(767,334.00)	1,229,629.00	(396,423.90)	(114,657.70)	
9	Deferred income taxes	(7,222,012.73)				(443,745.00)	(7,665,757.73)	
10								
11								
12								
13								
14	Totals	(7,452,804.36)	4,812.00	(1,166,764.08)	2,127,553.69	(1,319,694.56)	(7,814,430.27)	4,182.00

**SCHEDULE A-32**  
**Account 241 - Advances for Construction**

Line No.	(a)	(b)	Amount (c)
1	Balance beginning of year	xxxxxxxxxxxxxxxxxxxx	15,927,854.56
2	Additions during year	xxxxxxxxxxxxxxxxxxxx	
3	Subtotal - Beginning balance plus additions during year	xxxxxxxxxxxxxxxxxxxx	15,927,854.56
4	Charges during year	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
5	Refunds	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
6	Percentage of revenue basis		xxxxxxxxxxxxxxxxxxxx
7	Proportionate cost basis		xxxxxxxxxxxxxxxxxxxx
8	Present worth basis	709,171.00	xxxxxxxxxxxxxxxxxxxx
9	Total refunds	xxxxxxxxxxxxxxxxxxxx	709,171.00
10	Transfers to Acct 265 - Contributions in Aid of Construction	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
11	Due to expiration of contracts		xxxxxxxxxxxxxxxxxxxx
12	Due to present worth discount		xxxxxxxxxxxxxxxxxxxx
13	Total transfers to Acct. 265	xxxxxxxxxxxxxxxxxxxx	0.00
14	Securities Exchanged for Contracts (enter detail below)		xxxxxxxxxxxxxxxxxxxx
15	Subtotal - Charges during year	xxxxxxxxxxxxxxxxxxxx	709,171.00
16	Balance end of year	xxxxxxxxxxxxxxxxxxxx	15,218,683.56

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	#2420-2422 Other Deferred Credits	9,720,544.00
2	#2423 Deferred Revenue - CIAC	494,014.56
3		
4		
5		
6	Total	10,214,558.56

**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)	
7							
8							
9	NONE						
10							
11							
12							
13	Totals						

**SCHEDULE A-35**  
**Account 265 - Contributions in Aid of Construction**

Instructions for Preparation of Schedule of Contributions in Aid of Construction

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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		Not Subject to Amortization	
			Property in Service After Dec. 31, 1954		Property Retired Before Jan. 1, 1955 (e)	Depreciation Accrued through Dec. 31, 1954 on Property in Service at Dec. 31, 1954 (f)
			Depreciable (c)	Non-Depreciable (d)		
1	Balance beginning of year		48,097,606.26			
2	Add: Credits to account during year	XXXXXX XX	XXXXXX XX	XXXXXX XX	XXXXXX XX	XXXXXXXX XX
3	Contributions received during year		7,687,634.00		XXXXXX XX	XXXXXXXX XX
4	Other credits*					
5	Total credits		55,785,240.26			
6	Deduct: Debits to account during year	XXXXXX XX	XXXXXX XX	XXXXXX XX	XXXXXX XX	XXXXXXXX XX
7	Depreciation charges for year		1,523,461.98	XXXXXX XX	XXXXXX XX	XXXXXXXX XX
8	Nondepreciable donated property retired		XXXXXX XX		XXXXXX XX	XXXXXXXX XX
9	Other debits*					
10	Total debits		1,523,461.98			
11	Balance end of year		54,261,778.28			

\*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 (Brackets) (d)
1		<b>I. WATER SERVICE REVENUES</b>			
2	601	Metered sales to general customers			
3		601.1 Commercial sales 6011,12,15,16,18,19,92,95	15,061,837.59	13,305,079.84	1,756,757.75
4		601.2 Industrial sales 6014, 17	1,192,998.64	1,008,516.31	184,482.33
5		601.3 Sales to public authorities 6013	2,336,791.00	1,872,635.96	464,155.04
6		Sub-total	18,591,627.23	16,186,232.11	2,405,395.12
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	0.00	0.00	0.00
12	603	Sales to irrigation customers			
13		603.1 Metered sales 6030, 31	100,412.43	86,602.53	13,809.90
14		603.2 Unmetered sales			
15		Sub-total	100,412.43	86,602.53	13,809.90
16	604	Private fire protection service 6040, 41, 42	741,313.46	713,293.73	28,019.73
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 6090,91,94	165,155.57	456,740.88	(291,585.31)
22		Sub-total	906,469.03	1,170,034.61	(263,565.58)
23		Total water service revenues	19,598,508.69	17,442,869.25	2,155,639.44
24		<b>II. OTHER WATER REVENUES</b>			
25	611	Miscellaneous service revenues 6110, 6112	14,985.00	15,916.19	(931.19)
26	612	Rent from water property			
27	613	Interdepartmental rents			
28	614	Other water revenues 6111, 6093, 6140-44	443,677.52	500,942.82	(57,265.30)
29		Total other water revenues	458,662.52	516,859.01	(58,196.49)
30	501	Total operating revenues	20,057,171.21	17,959,728.26	2,097,442.95

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

Line No.	Location (a)	Operating Revenues (b)
31	Operations not within incorporated cities <sup>1</sup>	
32	LA County Code 3	
33	LA County Code 4	
34	SEE ATTACHED	
35	Operations within incorporated territory	
36	City or town of Santa Clarita City Code 1	
37	City or town of Santa Clarita City Code 2	
38	City or town of	
39	City or town of	
40	City or town of	
41		
42		
43		
44		

<sup>1</sup> Should be segregated to operating districts.

SCHEDULE B-1a

VALENCIA WATER COMPANY  
County Ordinance: 91-0042F  
City Ordinance: 91-5  
Calendar Year 2007

Total Reported Revenue for Year 2007 by City and County Codes

City Code 1	\$6,857,901.19
City Code 2	5,069,527.89
County Code 3	624,757.98
County Code 4	<u>6,013,749.31</u>
	<u>\$18,565,936.37</u>

Codes 1 and 2	Within the City of Santa Clarita
Codes 3 and 4	Within unincorporated Los Angeles County
Codes 1 and 3	VWC has prior rights easement
Codes 2 and 4	Occupancy in Public R/W is by Franchise



**SCHEDULE B-2**

**Account 502 - Operating Expenses - 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 [Brackets] (d)
			A	B	C			
1		<b>I. SOURCE OF SUPPLY EXPENSE</b>						
2		<b>Operation</b>						
3	701	Operation supervision and engineering	A	B		496,327.44	203,248.22	293,079.22
4	701	Operation supervision, labor and expenses			C			
5	702	Operation labor and expenses	A	B		41,573.40	62,121.40	(20,548.00)
6	703	Miscellaneous expenses	A			0.00	4,945.00	(4,945.00)
7	704	Purchased water	A	B	C	3,694,912.01	3,062,245.74	632,666.27
8		<b>Maintenance</b>						
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			37,847.05	195,199.72	(157,352.67)
17	712	Maintenance of supply mains	A					
18	713	Maintenance of other source of supply plant	A	B				
19		Total source of supply expense				4,270,659.90	3,527,760.08	742,899.82
20		<b>II. PUMPING EXPENSES</b>						
21		<b>Operation</b>						
22	721	Operation supervision and engineering	A	B				
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				
28	725	Miscellaneous expenses	A					
29	726	Fuel or power purchased for pumping	A	B	C	1,823,494.61	1,588,560.52	234,934.09
30		<b>Maintenance</b>						
31	729	Maintenance supervision and engineering	A	B		216,340.83	247,297.56	(30,956.73)
32	729	Maintenance of structures and equipment			C			
33	730	Maintenance of structures and improvements	A	B				
34	731	Maintenance of power production equipment	A	B				
35	732	Maintenance of pumping equipment	A	B		186,139.27	171,730.88	14,408.39
36	733	Maintenance of other pumping plant	A	B				
37		Total pumping expenses				2,225,974.71	2,007,588.96	218,385.75

**SCHEDULE B-2**

**Account 502 - Operating Expenses - 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 [Brackets] (d)
			A	B	C			
1		<b>III. WATER TREATMENT EXPENSES</b>						
2		<b>Operation</b>						
3	741	Operation supervision and engineering	A	B				
4	741	Operation supervision, labor and expenses			C			
5	742	Operation labor and expenses	A			125,122.25	139,371.21	(14,248.96)
6	743	Miscellaneous expenses	A	B		99,269.06	115,991.61	(16,722.55)
7	744	Chemicals and filtering materials	A	B		82,415.18	57,720.85	24,694.33
8		<b>Maintenance</b>						
9	746	Maintenance supervision and engineering	A	B				
10	746	Maintenance of structures and equipment			C			
11	747	Maintenance of structures and improvements	A	B				
12	748	Maintenance of water treatment equipment	A	B				
13		Total water treatment expenses				306,806.49	313,083.67	(6,277.18)
14		<b>IV. TRANS. AND DIST. EXPENSES</b>						
15		<b>Operation</b>						
16	751	Operation supervision and engineering	A	B		66,164.38	199,568.34	(133,403.96)
17	751	Operation supervision, labor and expenses			C			
18	752	Storage facilities expenses	A			39,576.47	36,130.00	3,446.47
19	752	Operation labor and expenses		B				
20	753	Transmission and distribution lines expenses	A					
21	754	Meter expenses	A					0.00
22	755	Customer installations expenses	A					
23	756	Miscellaneous expenses	A			69,705.58	66,681.92	3,023.66
24		<b>Maintenance</b>						
25	758	Maintenance supervision and engineering	A	B				
26	758	Maintenance of structures and plant			C			
27	759	Maintenance of structures and improvements	A	B				
28	760	Maintenance of reservoirs and tanks	A	B		101,369.87	51,550.04	49,819.83
29	761	Maintenance of trans. and distribution mains	A			422,351.94	219,109.53	203,242.41
30	761	Maintenance of mains		B				
31	762	Maintenance of fire mains	A					
32	763	Maintenance of services	A			177,652.16	194,969.30	(17,317.14)
33	763	Maintenance of other trans. and distribution plant		B				
34	764	Maintenance of meters	A			87,427.10	47,330.00	40,097.10
35	765	Maintenance of hydrants	A			52,501.52	31,735.76	20,765.76
36	766	Maintenance of miscellaneous plant	A					
37		Total transmission and distribution expenses				1,016,749.02	847,074.89	169,674.13

**SCHEDULE B-2**

**Account 502 - Operating Expenses - Class A, B, and C Water Utilities (Concluded)**

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 [Brackets] (d)
			A	B	C			
1		<b>V. CUSTOMER ACCOUNT EXPENSES</b>						
2		<b>Operation</b>						
3	771	Supervision	A	B		262,407.80	246,390.90	16,016.90
4	771	Superv., meter read., other customer acct expenses			C			
5	772	Meter reading expenses	A	B				
6	773	Customer records and collection expenses	A			352,210.89	463,851.37	(111,640.48)
7	773	Customer records and accounts expenses		B				
8	774	Miscellaneous customer accounts expenses	A					
9	775	Uncollectible accounts	A	B	C	46,000.00	6,000.00	40,000.00
10		Total customer account expenses				660,618.69	716,242.27	(55,623.58)
11		<b>VI. SALES EXPENSES</b>						
12		<b>Operation</b>						
13	781	Supervision	A	B				
14	781	Sales expenses			C			
15	782	Demonstrating and selling expenses	A					
16	783	Advertising expenses	A					
17	784	Miscellaneous sales expenses	A					
18	785	Merchandising, jobbing and contract work	A					
19		Total sales expenses				0.00	0.00	0.00
20		<b>VII. ADMIN. AND GENERAL EXPENSES</b>						
21		<b>Operation</b>						
22	791	Administrative and general salaries	A	B	C	934,984.49	901,162.52	33,821.97
23	792	Office supplies and other expenses	A	B	C	385,934.63	390,711.17	(4,776.54)
24	793	Property insurance	A			755,726.97	594,992.32	160,734.65
25	793	Property insurance, injuries and damages		B	C			
26	794	Injuries and damages	A			43,008.39	72,456.29	(29,447.90)
27	795	Employees' pensions and benefits	A	B	C	697,381.37	733,710.65	(36,329.28)
28	796	Franchise requirements	A	B	C	250,858.00	234,663.00	16,195.00
29	797	Regulatory commission expenses	A	B	C	133,390.18	0.00	133,390.18
30	798	Outside services employed	A			399,566.52	(137,774.99)	537,341.51
31	798	Miscellaneous other general expenses		B				
32	798	Miscellaneous other general operation expenses			C			
33	799	Miscellaneous general expenses	A			307,832.41	235,122.38	72,710.03
34		<b>Maintenance</b>						
35	805	Maintenance of general plant	A	B	C	118,290.74	98,216.31	20,074.43
36		Total administrative and general expenses				4,026,973.70	3,123,259.65	903,714.05
37		<b>VIII. MISCELLANEOUS</b>						
38	811	Rents	A	B	C			
39	812	Administrative expenses transferred - Cr.	A	B	C	(140,246.00)	(136,725.00)	(3,521.00)
40	813	Duplicate charges - Cr.	A	B	C	0.00	0.00	0.00
41		Total miscellaneous				(140,246.00)	(136,725.00)	(3,521.00)
42		Total operating expenses				12,367,536.51	10,398,284.52	1,969,251.99

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

Line No.	Description (a)	Amount
1	NONE	
2		
3		
4		
5		
6		
7		
8	Total	0.00

**SCHEDULE B-4**  
**Account 507 - Taxes Charged During Year**

1. This schedule is intended to give the account distribution of total taxes charged to operations and other final accounts during the year.

2. 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.

3. 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.

4. 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.

5. The total taxes charged as shown in column (b) should agree with the amounts shown by column (d) of schedule entitled "Accrued and Prepaid Taxes," page 24.

6. 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 (e)	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 (Account ---) (e)	Capitalized (Omit Account) (f)
9	Taxes on real and personal property	390,932.48	390,932.48			
10	State corp. franchise tax	(124,567.00)	(124,567.00)			
11	State unemployment insurance tax	5,250.54	4,814.54			436.00
12	Other state and local taxes					
13	Federal unemployment insurance tax	579.76	531.76			48.00
14	Federal insurance contributions act	127,234.30	116,667.30			10,567.00
15	Other federal taxes					
16	Federal income tax	767,334.00	767,334.00			
17						
18						
19						
20						
21						
22	Totals	1,166,764.08	1,155,713.08	0.00	0.00	11,051.00

**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 in-

come 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 7.....	3,383,490
2	Reconciling amounts (list first additional income and unallowable deductions, followed by additional	
3	deductions for non-taxable income):	
4	Income Tax Expense	642,767
5	Pre-tax Income	4,026,257
6		
7	T&E 50%	672
8	State tax paid '04 & '05 amended	(16,084)
9	Deferred revenue grossup	(88,200)
10	CIAC grossup received	254,639
11	Association Dues	30,457
12	Domestic Production Activities	(32,785)
13	Repayment of 89-91 loans	22,776
14	Regulatory Reserve	(1,247,133)
15	Bad Debt Reserve	1,915
16	Accrued Vacation / Incentive	60,643
17	CIAC received	727,531
18	Advance refunds	(424,800)
19	Repayment of 92-96 loans	38,349
20	Section 263a capitalized G&A	45,166
21	Tax loss on Sale/Abandonment	10,963
22	Capitalized Interest	181,770
23	Tax/Book depreciation difference	(525,127)
24	Restatement of Prior Year Deductions	304,752
25	Prior year state taxes	(332,780)
26	Miscellaneous	(38,000)
27	Federal Taxable Income	3,000,981
28	Federal tax rate	34%
29	Current federal tax payable	1,020,334
30	Deferred federal tax	(253,000)
31	Total federal tax expense	767,334
32		
33	STATE:	
34	Federal Taxable Income	3,000,981
35	Adjustments to get to state taxable income	250,520
36	State Taxable Income	3,251,501
37	State tax rate	8.84%
38	Current state tax payable	287,433
39	Deferred state tax	(412,000)
40		(124,567)
41		
42	Total Income Tax Expense	642,767
43	Federal tax net income.....	
44	Computation of tax:	
45		
46		
47	Tax per return	

**SCHEDULE B-6**  
**Account 521 - Income from Nonutility Operations**

Line No.	Description (a)	Revenue (b)	Expenses (c)	Net Income (d)
1				
2	NONE			
3				
4				
5	Totals			

**SCHEDULE B-7**  
**Account 526 - Miscellaneous Nonoperating Revenue**

Line No.	Description (a)	Amount (b)
6		
7	NONE	
8		
9		
10		
11		
12		
13	Totals	

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

Line No.	Description (a)	Amount (b)
14		
15	NONE	
16		
17		
18	Total	

**SCHEDULE B-9**  
**Account 535 - Other Interest Charges**

Line No.	Description (a)	Amount (b)
19		
20	Other Interest Expense	15,112.49
21		
22	Total	15,112.49

**SCHEDULE B-10**  
**Account 538 - Miscellaneous Income Deductions**

Line No.	Description (a)	Amount (b)
23	Regulatory Reserve	63,545.93
24		
25		
26		
27	Total	63,545.93

**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	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?	
2			
3	Answer (Yes or No)	<b>YES</b>	
4	2	Name of each organization or person that was a party to such a contract or agreement	
5		<b>The Newhall Land and Farming Company (NLF)</b>	
6	3	Date of original contract or agreement.	<b>1/5/94 Copy provided with 1994 report</b>
7	4	Date of each supplement or agreement.	
8		<b>See attached 2007 Annual Contracts for intercompany services.</b>	
9		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.	
10			
11			
12	5	Amount of compensation paid during the year for supervision or management	<b>\$149,304</b>
13	6	To whom paid	<b>Same as above</b>
14	7	Nature of payment	<b>General &amp; Administrative, Info Systems, Income Taxes</b>
15	8	Amounts paid for each class of service	<b>G&amp;A and Info Systems \$136,704</b>
16			<b>Income Taxes \$12,600</b>
17	9	Base for determination of such amounts	<b>Study of comparable amounts</b>
18			
19	10	Distribution of payments:	
20	(a)	Charged to operating expenses	<b>\$149,304</b>
21	(b)	Charged to capital accounts	<b>0</b>
22	(c)	Charged to other accounts	<b>0</b>
23		Total	<b>\$149,304</b>
24	11	Distribution of charges to operating expenses by primary accounts.	
25		Number and Title of Account	
26		<b>7925 Intercompany G&amp;A</b>	
27			
28			
29		Total	<b>\$149,304</b>
30	12	What relationship, if any, exists between respondent and supervisory and/or managing concerns?	<b>NLF owns 100% of Valencia Water Company</b>
31			



# Valencia Water Company

24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904  
(661) 294-0828 • Fax (661) 294-3606

## Letter of Authorization

Authorization Number: 2007-03

Account Number: 8963.09

Name: Information Systems Services

Consultant: Newhall Land & Farming Company

General Agreement Number: 1115

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide information systems services in accordance with attached memorandum dated December 19, 2006.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2007.

The maximum authorized for the service under this Authorization, including reimbursables, is \$80,700.00 annually, and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2007 and completed no later than December 31, 2007, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning one to this office.

NEWHALL LAND & FARMING COMPANY

VALENCIA WATER COMPANY

By: *D. Kimball*

By: *Robert A. Dennis*

Its: Donald L. Kimball  
Senior Vice President and Chief Financial Officer

Its: President

Date: 1/6/07

Date: 1/08/07





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(661) 294-0828 • Fax (661) 294-3806

## Letter of Authorization

Authorization Number: 2007-02

Account Number: 8963.09

Name: Administrative Services

Consultant: Newhall Land & Farming Company

General Agreement Number: 1115

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide financial accounting, treasury, risk management, legal, personnel, internal audit and other administrative services in accordance with attachment memorandum Dated December 19, 2006.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2007.

The maximum authorized for the service under this Authorization, including reimbursables, is \$56,004.00, and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2007 and completed no later than December 31, 2007, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning one to this office.

THE NEWHALL LAND & FARMING COMPANY

By: *D. Kimball*

Its: Donald L. Kimball  
Senior Vice President and Chief Financial Officer

Date: 1/6/07

VALENCIA WATER COMPANY

By: *Robert Duronio*

Its: President

Date: 1/8/07



24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904  
(661) 294-0828 • Fax (661) 294-3806

## Letter of Authorization Exhibit A

Authorization Number: 2007-04

Account Number: 8963.09

Name: Prepare and File 2006 Tax returns

Consultant: Newhall Land & Farming Company

General Agreement Number: 1115

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Prepare and file 2006 federal and state income and property tax returns and estimated tax payments in accordance with attached memorandum dated December 19, 2006.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2007.

The maximum authorized for the service under this Authorization, including reimbursables, is \$12,600.00, and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2007 and completed no later than December 31, 2007, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning one to this office.

NEWHALL LAND & FARMING COMPANY

By: *D. Kimball*

Its: Donald L. Kimball  
Senior Vice President and Chief Financial Officer

Date: 1/6/07

VALENCIA WATER COMPANY

By: *Robert DeSantis*

Its: President

Date: 1/08/07

DATE: December 19, 2006  
TO: Files  
FROM: Beverly Johnson  
Controller  
SUBJECT: 2007 Inter-company Services

Valencia Water Company's parent company, Newhall Land, provides extensive services to Valencia on a routine basis as part of its normal business processes. Although Valencia is a wholly owned subsidiary of Newhall, Valencia is treated as one of Newhall's divisions for purposes of accounting, information systems, treasury, risk management, legal and all other services provided. Therefore, Valencia benefits from the economies of scale that Newhall realizes by handling these services on a much larger scale than Valencia would on a standalone basis. Furthermore, Valencia is benefiting from economies of scale realized under Newhall's new ownership structure since the January 27, 2004 acquisition of Newhall by an entity jointly owned by Lennar Corporation and LNR Property Corporation ("Lennar").

Valencia projects approximately \$149,000 per year for services to be received from approximately 18 Newhall employees, including finance professionals, various levels of accounting professionals and income tax professionals (several of which are CPAs), human resource professionals, and information systems experts. If Valencia were to obtain all of these services on its own, the cost would be far greater than \$149,000. We would incur not only the additional salary expense, but other expenses such as the associated employee benefits expense, costs for office space, office equipment and furniture. Without the sharing of personnel and costs, made possible only by the affiliation with Newhall, there would be no ability to receive such a wide range of services for only \$149,000 per year.

Following is a description of the services Valencia receives from Newhall.

1. Financial Accounting: Valencia is tied into Newhall's accounting system and receives the same services that all Newhall divisions receive, including:
  - Accounts payable control (i.e., verification of proper approvals) both before and after checks are cut (postage for checks included)
  - Cut, sign and mail all payroll checks (postage included)
  - Storage and retrieval of all accounting documents (all documents are imaged for online access and microfilmed for record retention)
  - Fixed asset management and control

- Project cost reporting
  - Write and maintain all company policies and procedures, updating as necessary for changes in the business environment
  - Negotiate fees for external auditors to ensure the company receives audit services at a competitive price.
2. Treasury: All financial services including:
- Cash management
  - Maintain banking relationships
  - Primary responsibility for all lending transactions (line of credit renewals, debt financing, etc.)
3. Income Tax:
- Calculate quarterly estimated tax payments
  - Prepare and file annual income tax return
  - Resolve property tax issues with LA County
  - Prepare and file Annual Return for Report of Employee Benefit Plans (for all employee benefit programs)
  - Consult and advise on all taxation issues as needed
4. Risk Management:
- Manage all insurance policies ensuring the company is adequately protected at competitive prices
  - Obtain lower insurance premiums for Valencia based on relationships with brokers and insurance companies
  - Handle filing of all insurance claims
  - Follow up and monitor all claims filed to ensure proper settlement
  - Implement and maintain Certificate of Insurance tracking program for all vendors.
  - Maintain complete safety program including quarterly inspections, providing safety training schedule to comply with OSHA requirements, provide safety training materials, and hold quarterly safety committee meetings to address safety related issues.
5. Personnel and payroll:
- Handle all human resource issues, including hiring, termination, disciplinary actions, leaves of absence, and all related documentation requirements.
  - Manage all employee benefit programs, including retirement plan, employee savings plan, life insurance, disability, medical / dental insurance, employee vacation and sick leave.
  - Provide all payroll related services including cutting payroll checks, payroll tax filings, employee W-2 forms, pre-tax employee benefit programs, paycheck direct deposit.

- Monitor and enforce court orders received for employee wage garnishment for child support, medical insurance, child care, or other court ordered wage garnishments.
  - Management training programs – onsite and offsite training for leadership, coaching, ethics, etc.
  - Write and maintain all personnel policies and procedures
6. Information Systems: Provide services related to information systems, including:
- Purchase and install all new software and software upgrades, and maintain licensing requirements
  - Purchase, install and maintain all hardware
  - Consult and advise on complex system issues such as network storage requirements and system backup issues.
  - Provide virus scanning and security protection on all incoming electronic files, and respond when viruses do infect the system.
  - Provide assistance with all system implementations, such as accounting system implementation and upgrades, cash processing system implementation and upgrades, etc. System implementations and upgrades typically involve major effort and coordination between Newhall's I/S and accounting departments, for which Valencia receives full benefit at generally no cost and very few labor hours.
  - Maintain e-mail system
  - Manage data storage and recovery systems
  - Provide network administrator to deal with network issues

Occasionally, Newhall may perform a larger scale special project that goes beyond the scope of the normal services provided. For such projects, Newhall will then bill Valencia additional charges based on the employee hours dedicated to that specific project.

The economies of scale Valencia realizes by being part of Newhall's programs is not easily quantifiable. However, this inherent savings is passed on to the ratepayers through reduced expenses, which would otherwise be higher. For example, in 2003, Valencia's insurance policies were non-renewed due to changes in the insurance industry. We would have had difficulty obtaining any new insurance if not for our relationship with Newhall. Additionally, the benefit of being part of a larger organization is reflected in lower costs for health care coverage provided to employees, as well as various other employee benefits programs. Another example is our recent renewal of a bank line of credit. Newhall's treasury department negotiated the entire renewal, and Valencia only had to make a cursory review of the agreement and pay the renewal fee. These are examples of the types of services Valencia receives from Newhall which are not easily quantifiable.

Services from Lennar:

After the acquisition of Newhall by Lennar on January 27, 2004, some of the services that used to be provided by Newhall were transitioned over to Lennar. The annual cost of these services was calculated to be \$10,000, and was reduced from the fees paid to

Newhall in 2006 and later. Valencia is not currently paying Lennar for these services. The services provided by Lennar are described below.

1. Legal: Lennar has in-house counsel who provide various services to all its divisions as follows:
  - Advise on all matters with potential legal ramifications, including contract negotiations, vendor insurance requirements, personnel matters, current litigation, corporate and regulatory compliance issues, and any other legal matters as needed.
  - Monitors all lawsuits and claims
  - Negotiates lower legal fees and expenses based on Lennar's relationship with legal firms (i.e., firms are required to use only approved vendor for copying services, firms are prohibited from charging for faxes, etc.)
  - The legal services provided to Valencia are extremely critical due to the various lawsuits in which Valencia is involved (e.g., litigation regarding pinhole leaks in pipes, perchlorate litigation, Water Management Program litigation, Urban Water Management Plan litigation, potential for unfounded toxic tort liability claims).
  
2. Internal Audit: Ensure the company is protected by adequate internal controls and policies and procedures.
  - Performs periodic audits of various operational and business processes, including new system implementations to ensure proper internal controls are in place to properly safeguard the company's assets.
  - Provides written reports and recommendations on all internal reviews and audits and presents its reports and recommendations to Valencia's senior management.
  - Assists with developing policies and procedures during new system implementations to ensure proper segregation of duties and proper internal control.

**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	NONE		
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)
7	Employees - Source of supply	10	496,327.44
8	Employees - Pumping	5	216,340.83
9	Employees - Water treatment	3	125,122.25
10	Employees - Transmission and distribution	2	66,164.38
11	Employees - Customer account	6	313,127.51
12	Employees - Sales		
13	Employees - Administrative	8	934,679.95
14	General officers		
15	General office		
16	Totals	34	2,151,762.36

**SCHEDULE C-4**  
**Record of Accidents During Year**

Line No.	Date of Accident (a)	TO PERSONS					TO PROPERTY			
		Employees on Duty		Public <sup>1</sup>		Total Number (f)	Company		Other	
		Killed (b)	Injured (c)	Killed (d)	Injured (e)		Number (g)	Amount (h)	Number (i)	Amount (j)
17						NONE				
18										
19										
20	Totals									

<sup>1</sup> 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	California Water Association PAC	\$5,950
2		
3		
4		
5		

**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.)

6	None
7	
8	
9	
10	
11	



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

STREAMS				FLOW IN .....(unit) <sup>2</sup>				Annual Quantities Diverted .....(Unit) <sup>2</sup>	Remarks
Line No.	Diverted into*	From Stream or Creek (Name)	Location of Diversion Point	Priority Right		Diversions			
				Claim	Capacity	Max.	Min.		
1									
2	NOT APPLICABLE								
3									
4									
5									
WELLS							Annual Quantities Pumped .....(Unit) <sup>2</sup>	Remarks	
Line No.	At Plant (Name or Number)	Location	Number	Dimensions	<sup>1</sup> Depth to Water	Pumping Capacity .....(Unit) <sup>2</sup>			
6									
7	SEE ATTACHED SCHEDULE D-1								
8									
9									
10									
TUNNELS AND SPRINGS				FLOW IN .....(Unit) <sup>2</sup>		Annual Quantities Used .....(Unit) <sup>2</sup>	Remarks		
Line No.	Designation	Location	Number	Maximum	Minimum				
11									
12	NOT APPLICABLE								
13									
14									
15									
<b>Purchased Water for Resale</b>									
16	Purchased from	Castaic Lake Water Agency							
17	Annual quantities purchased	16,771.85			(Unit chosen) <sup>1</sup>	ACRE FEET			
18									
19									

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

<sup>1</sup> Average depth to water surface below ground surface.

<sup>2</sup> The quantity unit in established use for expressing water stored and used in large amounts is the acre foot, which equals 42,560 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
20	A. Collecting reservoirs			
21	Concrete			
22	Earth			
23	Wood			
24	B. Distribution reservoirs			
25	Concrete			
26	Earth			
27	Wood			
28	C. Tanks			
29	Wood			
30	Metal	21	49.68	million gallons
31	Concrete	1	2.00	million gallons
32	Totals	22	51.68	million gallons

SCHEDULE D-1 WELLS

	PLANT	LOCATION	DIMENSIONS (CASING DIA. X DEPTH)	STANDING WATER DEPTH (FT.)	PUMPING CAPACITY (GPM)	ANNUAL PUMPAGE (AF)
(1)	159	PICO CANYON	14" X 1900'	106	500	40.50
(2)	160	SCE SUBSTATION	16" X 2000'	57	2,000	680.96
(3)	201	VALENCIA BLVD	18" X 1700'	88	2,400	132.88
(4)	205	VALENCIA BLVD	18" X 1950'	91	2,700	771.34
(5)	206	MAGIC MOUNTAIN	18" X 2060'	50	2,500	1,397.30
(6)	D	HASLEY CANYON	18" X 142'	27	1,050	869.65
(7)	E15	COMMERCE CENTER	18" x 180'	37	1,400	1,262.65
(8)	I	AVENUE SCOTT	12" X 172'	20	0	0.00
(9)	N	PARDEE FIELD	16" X 280'	28	1,250	849.22
(10)	N7	PARDEE FIELD	18" X 200'	24	2,500	485.95
(11)	N8	PARDEE FIELD	18" X 210'	25	2,500	539.33
(12)	Q2	BOUQUET CYN	18" X 158'	30	1,200	1,116.02
(13)	U4	LA AQUEDUCT	14" X 130'	26	1,000	789.86
(14)	U6	SOLEDAD	18" X 176'	23	1,250	1,322.86
(15)	W9	SAN FRANCISQUITO	14" X 160'	31	800	931.50
(16)	W10	SAN FRANCISQUITO	16" X 190'	37	1,500	1,244.08
(17)	W11	SAN FRANCISQUITO	18" X 180'	31	1,000	881.15
(18)	S6	BRIDGEPORT	18" X 230'	32	2,000	1,751.21
(19)	S7	BRIDGEPORT	18" X 240'	27	2,000	674.74
(20)	S8	BRIDGEPORT	18" X 231'	31	2,000	421.62
(21)	T7	RIVER VILLAGE	18" X 140'	20	1,200	0.00
						<u>16,162.82</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	Totals								N/A

**A. LENGTH OF DITCHES, FLUMES AND LINED CONDUITS IN MILES FOR VARIOUS CAPACITIES - Concluded**  
 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	Totals								N/A

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

Line No.		4	6	8	10	12	14	16	18	sub total
11	Cast Iron									0
12	Cast Iron (cement lined)	760	410	90	378	1,685	280	27,283	6,170	37,056
13	Concrete									0
14	Copper									0
15	Riveted steel									0
16	Standard screw									0
17	Screw or welded casing									0
18	Cement - asbestos	13,581	124,015	220,865	102,696	118,189	75,030	44,765	5,562	704,703
19	Welded steel		248	4,167	519		27,071	11,491	2,739	46,235
20	Wood									0
21	Other - PVC	12,635	94,938	321,319	108,836	184,933	74,525	130,237	62,030	989,453
22	Totals	26,976	219,611	546,441	212,429	304,807	176,906	213,776	76,501	1,777,447

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

Line No.		20	21	24	27	30	36	Other Sizes (Specify Sizes)		Total All Sizes
									sub total	
23	Cast Iron								0	0
24	Cast Iron (cement lined)	493		750	320	2,783	5,580		9,926	46,982
25	Concrete								0	0
26	Copper								0	0
27	Riveted steel								0	0
28	Standard screw								0	0
29	Screw or welded casing								0	0
30	Cement - asbestos	3,229							3,229	707,932
31	Welded steel	40	1,859	1,520	9,511		321		13,251	59,486
32	Wood								0	0
33	Other - PVC	9,149		9,587					18,736	1,008,189
34	Totals	12,911	1,859	11,857	9,831	2,783	5,901	0	45,142	1,822,589

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

Classification	Metered - Dec 31		Flat Rate - Dec 31	
	Prior Year	Current Year	Prior Year	Current Year
Commercial (including domestic)	26,771	26,930		
Industrial	445	453		
Public authorities	505	626		
Irrigation	3	3		
Other: Metered Construction	160	155		
Other - Recycled	10	10		
Subtotal	27,894	28,177	0	0
Private fire connections			1,217	1,268
Public fire hydrants				
<b>Total</b>	<b>27,894</b>	<b>28,177</b>	<b>1,217</b>	<b>1,268</b>

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

Size	Meters	Services
5/8 x 3/4 - in	993	993
3/4 - in	24,152	24,152
1 - in	449	449
1 1/2 - in	416	416
2 - in	1,929	2,009
3 - in	154	154
4 - in	50	173
6 - in	20	794
8 - in	8	260
8 - in +	6	45
<b>Total</b>	<b>28,177</b>	<b>29,445</b>

**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 . . .	0
2. Used, before repair . . . . .	275
3. Used, after repair . . . . .	0
4. Found fast, requiring billing adjustment . . . . .	0
B. Number of Meters in Service Since Last Test	
1. Ten years or less . . . . .	17,990
2. More than 10, but less than 15 years . . . . .	1,987
3. More than 15 years . . . . .	8,200

**SCHEDULE D-7**  
**Water delivered to Metered Customers by Months and Years in Ccf (Unit Chosen)<sup>1</sup>**

Classification of Service	During Current Year												Total					
	January	February	March	April	May	June	July	Subtotal	Prior Year	Subtotal	August	September	October	November	December	Total	Prior Year	
Commercial	671,470	639,182	536,085	676,244	894,799	1,019,531	1,091,345	5,528,656										
Industrial	63,160	55,131	49,013	47,281	72,083	73,804	89,595	450,067										
Public authorities	96,043	67,343	40,088	100,088	158,473	189,003	223,572	874,610										
Irrigation	5,981	2	73	2,210	6,177	18,465	15,011	47,919										
Other - Metered Construction	22,221	5,603	5,394	2,682	1,518	1,707	1,644	40,769										
Other - Recycled	5,585	6,218	7,013	13,670	18,663	24,778	27,758	103,685										
<b>Total</b>	<b>864,460</b>	<b>773,479</b>	<b>637,666</b>	<b>842,175</b>	<b>1,151,713</b>	<b>1,327,288</b>	<b>1,448,925</b>	<b>7,045,706</b>										
Classification of Service	During Current Year												Total					
	August	September	October	November	December	Subtotal	Total	Prior Year	Subtotal	August	September	October	November	December	Total	Prior Year		
Commercial	1,190,164	1,197,193	1,067,231	947,140	774,152	5,175,880	10,704,536	9,930,892										
Industrial	99,547	111,689	104,533	86,294	69,186	471,249	921,316	793,135										
Public authorities	278,124	284,704	233,074	178,170	119,932	1,094,004	1,968,614	1,659,391										
Irrigation	15,700	11,449	9,515	3,866	1,176	41,706	89,625	83,189										
Other - Metered Construction	8,910	7,106	7,316	4,647	7,183	35,162	75,931	395,706										
Other - Recycled	29,067	29,490	24,071	24,532	11,195	118,355	222,040	133,876										
<b>Total</b>	<b>1,621,512</b>	<b>1,641,631</b>	<b>1,445,740</b>	<b>1,244,649</b>	<b>982,824</b>	<b>6,936,356</b>	<b>13,982,062</b>	<b>12,996,189</b>										

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

Total acres irrigated \_\_\_\_\_ Total population served 99,000



**SCHEDULE E-1**  
**Balancing & Memorandum Accounts**

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	Pchsd. Power Balancing Acct	Res. W-2818	\$1,199,633		(\$6,310)	\$29,467		(\$1,314,478)	(\$91,688)
2	Pchsd. Water Balancing Acct	Res. W-2818	\$0	\$375,113	(\$494,780)	(\$2,022)			(\$121,689)
3	Litigation Memo Account	Res. W-4094	(\$907,109)	\$56,506	\$3,379,557	\$12,081			\$2,541,035
4	LIRA Memo Account	D.07-06-024	\$0	\$11,319	(\$18,880)	(\$235)			(\$7,796)
5									
6									
7									
8									
9									
10									

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.

Valencia implemented its Low-Income Rate Assistance (LIRA) program in February 2007. The program provides at 50% discount on the monthly service charge for qualifying residential customers having a 1-inch or smaller meter. The qualifying income levels are based on 200% of the federal poverty level, consistent with the CARE program for electric and gas service. All non-qualifying customers will pay a surcharge of \$0.04 per month to pay for this program.

2. Participation rate for Year 2007 (as a percent of total customers served).

Participation rate was 0.8% (262 of 29,445 customers).

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

The LIRA memorandum account will include LIRA credits, surcharge revenues, incremental costs, franchise fees, uncollective accounts and monthly interest.

**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:

**See the attached Description of Water Conservation Programs.**

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



## Schedule E-3

### Description of Water Conservation Programs

#### for 2007 CPUC Annual Report

California's urban water conservation programs are coordinated by the California Urban Water Conservation Council (CUWCC). Founded in 1991, the CUWCC is charged with developing and encouraging conservation through the implementation of the 14 Best Management Practices (BMPs) outlined in the CUWCC Memorandum of Understanding regarding Urban Water Conservation in California. The MOU is an agreement that commits signatories to carry out all cost effective water BMPs for a period of 10 years.

These BMPs are the state standard for conservation and many of the state's largest urban water suppliers are signatories to the MOU. Valencia Water Company (VWC) became a signatory in June of 2006 and in doing so, pledges a good faith effort to comply with the requirements of all BMPs where cost effective.

The following is a brief description of Valencia Water Company's conservation programs and practices that are currently in operation.

#### **BMP 1 Water Survey Programs for Single and Multi Family Residential Customers**

Summary of Program #1 VWC offers a Free Residential Water Audit Program that helps customers identify areas where water use can be more efficient and conservation-oriented. To implement this program, VWC has retained the services of a consulting firm (Water Wise Consulting). Water Wise will contact VWC's customers (starting with the highest water users) and offer complete indoor/outdoor water use surveys. The goal of the program is to provide customers with an understanding of where and how much water

is being used on the property, identify inefficient water use, and offer monetary incentives for the replacement of high water use devices such as toilets and irrigation controllers. Water Wise will also offer surveys to all registered Low Income customers. VWC spent \$5,000 for this program's contracted labor in 2007 and surveyed 22 homes. This program began February 1, 2007, but unfortunately has taken longer to gain customer acceptance than VWC originally planned. VWC will increase its marketing efforts in 2008 so that we reach our goal of 300 SFU and MFU audits per year. Funding for this new program is through general rates.

Summary of Program #2 VWC has contracted with Resource Action Programs and through cooperation with local schools provides an education and retrofit kit for 6<sup>th</sup> grade students designed to teach families and communities about conservation and increase environmental awareness. The program is proven to generate immediate water and energy savings and is collectively funded by VWC and SCE. VWC spent \$46,000 on our portion of this program in 2007 and reached close to 1,600 homes. This program began February 1, 2007. Funding for this program is through general rates.

### **BMP 2 Residential Plumbing Retrofits**

Summary of Program #1 VWC has integrated this program into the Free Residential Water Audit Program. Retrofit items include low-flow showerheads, tank displacements tools, leak detecting dyes and faucet aerators. Retrofit items will be installed by Water Wise consultants per customer request. This program began February 1, 2007. Funding for this program is through general rates.

## Summary of Program #2

### Smart Irrigation Controller Distribution Program

Valencia Water Company's Smart Irrigation Controller Distribution Program offers qualified customers a free Smart irrigation controller and weather monitor. The Smart controller determines the optimal amount of water to apply in a landscape based on different algorithms that take into consideration ET (evapotranspiration) rates of a region and other site specific factors such as soil type, soil moisture, slope, plant type, etc.

Only one controller will be installed per site. The program is open to owners of single family residences. To qualify, applicants must meet certain irrigation system requirements and must have participated in a free indoor / outdoor water use audit conducted by VWC contracted auditor WaterWise Consulting. Additionally all recommended irrigation system repairs and modifications from the audit must be completed.

Since inception, VWC has given away 25 smart irrigation controllers from this program. Costs of the program are included in general rates.

### **BMP 3 System Water Audits, Leak Detection and Repair**

Summary of Program VWC annually reviews water purchases and production versus the sale of water to measure total system water losses. VWC utilizes the leak detection capability of its radio meters to identify leaks and notify customers of potential problems and identified distribution system leaks are immediately repaired. VWC also operates an aggressive maintenance program that replaced approximately 1,800 aging water meters in

2007. As a result of the aggressive maintenance program, system losses have remained below the level requiring a major system wide audit. This program was conducted throughout 2007 and will continue in 2008. Funding for this program is provided through rates.

#### **BMP 4 Metering With Commodity Rates for All Connections**

Summary of Program VWC customers are fully metered. There are no un-metered services within the customer base.

#### **BMP 5 Large Landscape Conservation Programs**

Summary of Program VWC retains the services of a consulting firm (Resource Management Corporation) to implement a strategy to target large water users in the Commercial/Industrial/ Institutional mixed-use service category and offer water audits that identify ways that these customers can improve water efficiency outdoors as well as adding a component to identify savings and efficiencies indoors. To date VWC has conducted 57 mixed-use surveys. This program was provided to VWC's customers throughout 2007 and will continue in 2008. Funding for this program is provided through rates.

Starting in 2008, as a condition of AB 1881, VWC will require separate water meters for non single family properties with landscape areas greater than 5,000 square feet as a condition of new water service. Although not required by the new law, VWC will also look for opportunities to convert existing customers with large landscapes to separate irrigation meters. This will enhance VWC's ability to implement irrigation water budgets on large landscape areas.

## **BMP 7 Public Information Programs**

Summary of Program VWC provides several informational outreach strategies to the public. Information on efficient water use is posted on the company's website, and directly in customer water bills. Additionally, VWC representatives are present at local events to answer questions in person and distribute water conservation information and distribute low-flow retrofit devices. The Landscape Education Program is a community project provided by VWC's wholesaler, Castaic Lake Water Agency (CLWA). The program is an effort to increase water awareness in the Santa Clarita Valley and offers a classroom and garden setting for those who want to learn more about gardening and conservation. In addition, and free to the public, is a seven acre garden demonstrating irrigation systems, plants, and plant groupings that are appropriate to water-conserving landscapes in Southern California. This program was provided to VWC's customers throughout 2007 and will continue to be provided in 2008. Funding for this program is provided through rates and funding from CLWA.

## **BMP 8 School Education Programs**

Summary of Program VWC places high priority on educating children about the importance of protecting our local water resources. As evidence of this priority,

- a. VWC has worked in cooperation with its wholesaler CLWA for several years to provide an education program for school-aged children. The program is administered at CLWA's Rio Vista Water Treatment Plant and provides interactive student activities that present interesting and age-appropriate water treatment and conservation topics. Over 7,000 students are signed up each year. This program was provided to VWC's customers throughout 2007 and

will continue to be provided in 2008. Funding for this program is provided the wholesaler CLWA.

- b. VWC has directly worked with local schools as discussed under BMP 1 – Program # 2.

### **BMP 9 Conservation Programs: Commercial, Industrial, and Institutional Accounts**

Summary of Program VWC has retained the services of a consulting firm (Resource Management Corporation) to provide a free water audit service to Commercial /Industrial/Institutional customers. The consultant has worked to improve water use efficiency in settings, such as restaurants, schools, hotels and manufacturing companies. A number of recommendations made by the consulting firm have been implemented. Recommendations include devices such as pre-rinse spray nozzles, efficient toilets and urinals, cooling tower conductivity controllers, high-efficiency clothes washers, irrigation clock management and the use of drought tolerant plant material. VWC spent \$30,790 on this program in 2007 to conduct 6 water surveys / audits. Since this program started, VWC has conducted 89 CII water surveys / audits. This program is also being provided in 2008. Funding for this program is provided in rates.

### **BMP 11 Conservation Pricing**

Summary of Program VWC maintains a rate structure consistent with BMP 11's definition of conservation pricing. More specifically, 70% of our metered service revenues are generated by the commodity charge. The price per unit is constant; therefore, the greater the consumption, the greater the cost to the customer. These rates were in effect throughout 2007 and will continue in 2008.

### **BMP 12 Conservation Coordinator**

Summary of Program VWC maintains an active conservation coordinator position to manage conservation programs. This position was active throughout 2007. Funding for this position is through general rates.

### **BMP 13 Water Waste Prohibitions**

Summary of Program VWC discourages the negligent or excessive use of water. VWC includes water waste prohibitions in its tariffs. The voluntary provisions are encouraged at all times; however, mandatory restrictions are enforced only during drought conditions.

### **BMP 14 Residential ULFT Replacement Program**

Summary of Program # 1 VWC works in cooperation with CLWA to provide a highly visible ULFT toilet rebate program. The program takes place during May (Water Awareness Month). The program provides rebates for the replacement of high water using toilets (3.5 gallons per flush or greater) with low water using toilets (1.6 gallons per flush or less). Since inception of the program, VWC has replaced 336 toilets in its service territory. This program was provided to VWC's customers in 2007. Funding for this program is provided the wholesaler CLWA.

Summary of Program #2 VWC also has its own replacement program. This program is offered to all customers that volunteer to have a Free Residential Water Audit and that have qualifying toilets. A consulting firm, Water Wise Consulting, issues rebate forms on behalf of VWC for the replacement of high water using toilets (3.5 GPF or greater) with ULFT (1.6 GPF) as an element of VWC's Residential Audit and Retrofit Program.

Additionally, VWC expanded the program to include the replacement of ULFTs with HETs (high efficiency toilets – 1.28 GPF). These programs are a supplement, and are not intended to replace Castaic Lake Water Agency's toilet rebate program which is offered to all customers that qualify during Water Awareness Month. These programs began February 1, 2007. Funding for these programs is provided by VWC.

#### **SCV Water Conservation Strategic Plan**

During 2007, VWC and the other water companies in the Santa Clarita Valley (SCV) started developing a valley-wide conservation plan. The plan will identify measures and programs to make water use more efficient in the SCV. The plan will be completed in early 2008. During 2007, VWC spent \$51,000 on this plan. The new programs will be implemented in 2008 and will be funded by VWC.



**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.

See attached Affiliated Transaction Report in accordance with D.07-09-026

\* 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;
- (b) services provided by any affiliated company to regulated water utility;
- (c) assets (both tangible and intangible) transferred from regulated water utility to any affiliated company;
- (d) assets (both tangible and intangible) transferred from any affiliated company to regulated water utility;
- (e) employees transferred from regulated water utility to any affiliated company;
- (f) employees transferred from any affiliated company to regulated water utility; and
- (g) financing arrangements and transactions between regulated water utility and any affiliated company.

ANNUAL REPORT OF  
VALENCIA WATER COMPANY  
AFFILIATED TRANSACTIONS  
2007

In accordance with Decision No. 07-09-026 and the associated Affiliated Transaction Rules, Valencia Water Company ("Valencia") hereby files its annual report of affiliated transactions for the year 2007.

A. Services Provided by Valencia to any Affiliated Company

1. Water Revenues: During 2007, Valencia sold water to affiliated companies in accordance with its Commission approved tariffs. The amount of water revenues from affiliated companies was \$612,009.

B. Services Provided by Affiliated Companies to Valencia

1. Inter-company Services: Valencia received services from its parent company pursuant to written contracts (attached):
  - General and Administrative services - \$56,004
  - Information Systems services - \$80,700
  - Federal and State Income Tax and Property Tax services - \$12,600
2. Employee Benefits: Valencia reimbursed its parent company for the cost of employee benefits provided to its employees during 2007 for medical, dental, and life insurance, long-term disability, employee savings and retirement plans. The amount represents a pass through of actual costs incurred by the parent, i.e., the employer's share of the benefit costs - \$571,244.
3. Board of Directors: Valencia paid \$19,000 for services provided by members of Valencia's Board of Directors that work for its parent or affiliated companies.

C. Assets Transferred between Valencia and any Affiliated Company

Valencia does not nor has it ever paid for easements from any affiliated companies to serve their projects or for Valencia funded projects that benefit all of its customers. Therefore, Valencia's ratebase does not reflect any costs associated with these real estate interests.

1. Easements: Valencia recorded nine (9) easements from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for these easement rights.
2. Quit Claim Deeds: Valencia recorded two (2) quit claim deeds to an affiliated company for easements that are no longer necessary for utility service and to avoid the potential liability associated with these easements. The easements that were quit claimed were originally given to Valencia by its affiliated company at no cost.

D. Employees Transferred between Valencia and any Affiliated Company

During 2007, 1 employee was transferred from Newhall Land, Valencia's parent company, to Valencia. This employee was hired as an Information Technology Technician.

E. Financing Arrangements and Transactions Between Valencia and Any Affiliated Company

There were no financing arrangements between Valencia and its affiliated companies during 2007.

F. Transactions between Valencia and Affiliated Companies for Construction of Water Distribution Plant

In accordance with Rule 15, Valencia received \$2,197,919 from affiliated companies to construct water distribution plant during 2007.

G. Dividends Paid

Valencia paid dividends to its parent company during 2007 as follows. The amount paid was consistent with dividends paid in the prior year.

- Common Stock Dividends - \$798,980
- Preferred Stock Dividends - \$114,000

H. Intercompany Balances Outstanding

Valencia had the following balances related to affiliated transactions on its books as of December 31, 2007:

- Accounts Receivable (for water sales) - \$47,932

- Accounts Payable (for trade payables and payroll). Parent company processes accounts payable and payroll on behalf of Valencia, resulting in this intercompany balance. - \$109,507
- Dividends Payable - \$228,245
- CIAC - \$31,043,800
- Construction Deposits - \$5,162,855
- Common Stock - \$1,536,500
- Preferred Stock - \$1,200,000

**CLASS A, B, C AND D 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.

1. Current Fiscal Agent:

Name:      Not Applicable

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	_____	_____
	<b>Total</b>	_____	_____

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:

\_\_\_\_\_

5. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF 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	Not Applicable				
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)

1. Trust Account Information: Not Applicable

Bank Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Date Opened: \_\_\_\_\_

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

**A. Commerical**

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

**B. Residential**

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

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:

\_\_\_\_\_  
\_\_\_\_\_

**DECLARATION**

**Before Signing, Please Check to See That All Schedules Have Been Completed**

I, the undersigned \_\_\_\_\_ Officer \_\_\_\_\_  
Officer, Partner or Owner

of \_\_\_\_\_ Valencia Water Company \_\_\_\_\_  
Name of Utility

under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period from and including January 1, 2007 to and including December 31, 2007.

(date)

SIGNED \_\_\_\_\_ Robert J. DePuccio \_\_\_\_\_  
(date)

Title \_\_\_\_\_ President \_\_\_\_\_

Date \_\_\_\_\_ March 5, 2008 \_\_\_\_\_