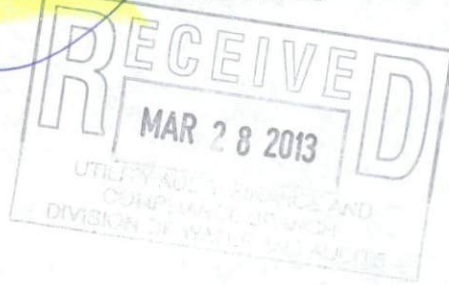


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SEWER UTILITIES



U# SWR #292

2012  
 ANNUAL REPORT  
 OF

INTERSTATE 5 UTILITY COMPANY, INC.

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

P.O. BOX 13458 BAKERSFIELD, CA 93389  
 (OFFICIAL MAILING ADDRESS)

ZIP

TO THE  
 PUBLIC UTILITIES COMMISSION  
 STATE OF CALIFORNIA  
 FOR THE YEAR ENDED DECEMBER 31, 2012

REPORT MUST BE FILED NOT LATER THAN APRIL 2, 2013

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## INSTRUCTIONS

1. Two completed and signed hard copies of this report and one electronic copy must be filed **NOT LATER THAN APRIL 2, 2013**, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
**DIVISION OF WATER AND AUDITS**  
**ATTN: KAYODE KAJOPAIYE**  
**505 VAN NESS AVENUE, ROOM 3105**  
**SAN FRANCISCO, CALIFORNIA 94102-3298**  
[kok@cpuc.ca.gov](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 Page 8, must be signed by an authorized officer, partner, or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. LEAVE NO SCHEDULE BLANK. Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report. If inserts are needed, prepare all inserts in one separate electronic file in Microsoft Excel format and file it with the electronic file of this report.
9. This report must cover the calendar year from January 1, 2012, through December 31, 2012. Fiscal year reports will not be accepted.

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

INTERSTATE 5 UTILITY COMPANY, INC.

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

P.O. BOX 13458 BAKERSFIELD, CA 93389

(Official mailing address)

INTERSTATE 5 AND HIGHWAY 58, NEAR BUTTONWILLOW, KERN COUNTY

(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

1 If a corporation show:  
(A) Date of organization 10/25/1972 incorporated in the State of CALIFORNIA  
(B) Names, titles and addresses of principal officers:

2 If unincorporated give the name and address of owner or of each partner:

3 Name and telephone number of: JEFFREY FARRELL (408) 499-0783  
(A) One person listed above to receive correspondence: JEFFREY FARRELL  
(B) Person responsible for operations and services: JEFFREY FARRELL

4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No) YES  
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?  
\$13,500 OF MANAGEMENT FEE PAID TO DARDANA, INC. CHARGED TO ACCOUNT 671

5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:  
JAMES P. SEARS, DARDANA, INC. AND MCKITTRICK 5 PROPERTIES, LP

**PUBLIC HEALTH STATUS**

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

Yes	No	Latest Date
	X	
X		WEEKLY
X		May-98
		N/A
		N/A

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

Lou Wolfe, Grade 2 11-8337 Wastewater

## Excess Capacity and Non-Tariffed Services

NOTE: In D.00-07-018, D.03-04-028, and D. 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to: 1) file an advice letter requesting Commission approval of that service, 2) provide information regarding non-tariffed goods/services in each company's Annual Report to the Commission.

NOT APPLICABLE

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 goods and services provided in calendar year 2012:

<b>Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter</b>											
Row No.	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue Derived From Non-Tariffed Goods/ Services (by account)	Revenue Account Number	Total Expenses Incurred to Provide Non-Tariffed Goods/ Services (by Account)	Expense Account Number	Advice Letter and/or Resolution Number Approving Non-Tariffed Goods/ Services	Total Income Tax Liability Incurred Because of Non-Tariffed Goods/ Services (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets Used in the Provision of a Non-Tariffed Goods/ Services (by Account)	Regulated Asset Account Number

**SCHEDULE A - BALANCE SHEET (AS OF DECEMBER 31, 2012)**

<b>Line</b>	<b>Acct.</b>	<b>Assets</b>	<b>Balance</b>
1	101	Water Plant In Service	\$588,629
2	101.1	SDWBA Plant	
3	103	Water Plant Held for Future Use	
4	104	Water Plant Purchased or Sold	
5	105	Water Plant Construction Work in Progress	
6	100.3	Construction Work in Progress (Prop 50)	
7	108	Accumulated Depreciation of Water Plant	(\$396,430)
8	108.1	Accumulated Amortization of SDWBA Loan	
9	114	Water Plant Acquisition Adjustments	
10	121	Non-water Utility Property and Other Assets	
11	121.3	Cash - Miscellaneous Special Deposits (Prop 50)	
12	122	Accumulated Depreciation of Non-water Utility Property	
13	124	Other Investments	
14	131	Cash	\$5,370
15	132	Special Deposits	
16	141	Accounts Receivable - Customers	\$22,983
17	142	Receivables from Associated Companies	
18	143	Accumulated Provision for Uncollectible Accounts	
19	151	Materials and Supplies	
20	174	Other Current Assets	\$16,898
21	180	Deferred Charges	
22			
23			
24		<b>Total Assets</b>	<b>\$237,451</b>
<b>Line</b>	<b>Acct.</b>	<b>Equity and Liabilities</b>	<b>Balance</b>
25	201	Common Stock (for corporations only)	\$154,453
26	204	Preferred Stock (for corporations only)	
27	211	Other Paid-in Capital (for corporations only)	
28	215	Retained earnings (for corporations only)	\$40,921
29	218	Proprietary Capital (for proprietorships and partnerships only)	
30	224	Long-Term Debt	
31	231	Accounts Payable	
32	232	Short-Term Notes Payable	
33	233	Customer Deposits	
34	236	Taxes Accrued	
35	237	Interest Accrued	
36	241	Other Current Liabilities	\$18,089
37	250	Reserve for Depreciation of Utility Plant (Prop 50)	
38	252	Advances for Construction	
39	253	Other Credits	
40	255	Accumulated Deferred Investment Tax Credits	
41	266	Publicly Funded Grant Plant (Prop 50)	
42	271	Contributions in Aid of Construction	\$245,561
43	272	Accumulated Amortization of Contributions	(\$221,573)
44	282	Accumulated Deferred Income Taxes - ACRS Depreciation	
45	283	Accumulated Deferred Income Taxes - Other	
46			
47			
48		<b>Total Equity and Liabilities</b>	<b>\$237,451</b>

**SCHEDULE B - SEWER PLANT IN SERVICE (AS OF DECEMBER 31, 2012)**

Line	Acct	Title of Account	Balance Beg of Year	Plant Additions During year	Plant Retirements During year	Other Debits or (Credits)	Balance End of year
1	301	Intangible Plant	\$4,320				\$4,320
2	303	Land					
3	304	Structures	\$86,925				\$86,925
4	307	Wells	\$20,641				\$20,641
5	311	Pumping Equipment	\$60,257				\$60,257
6	317	Other Water Source Plant					
7	320	Water Treatment Plant	\$178,411				\$178,411
8	330	Reservoirs, Tanks and Standpipes	\$13,075				\$13,075
9	331	Water Mains	\$3,720				\$3,720
10	333	Services and Meter Installations					
11	334	Meters					
12	339	Other Equipment					
13	340	Office Furniture and Equipment					
14	341	Transportation Equipment					
15		Total Sewer Plant in Service	\$367,349				\$367,349

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

**SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT (AS OF DECEMBER 31, 2012)**

Line	Item	Account 108 Water Plant	Water Plant Funded by Prop 50 (For information only)
1	Balance in reserves at beginning of year	\$237,752	
2	Add: Credits to reserves during year	\$2,014	A. Method used to compute depreciation expense (Acct. 403) and rate.
3	(a) Charged to Account No. 272	\$4,467	SL 50 YEARS
4	(b) Charged to Account No. 403		B. Amount of depreciation expense claimed or
5	(c) Charged to Account No. 407		to be claimed on utility property in your federal
6	(d) Salvage recovered		income tax return for the year covered by this
7	(e) All other credits		report \$ 1,101.72
8	Total credits	\$6,482	
9	Deduct: Debits to reserves during year		C. State method used to compute tax depreciation.
10	(a) Book cost of property retired		SL: 7 TO 25 YEARS
11	(b) Cost of removal		
12	(c) All other debits		
13	Total debits		
14	Balance in reserve at end of year	\$244,234	
15	(1) Explanation of all other credits		
16	(2) Explanation of all other debits		

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (AS OF DECEMBER 31, 2012)**

Line	Description	Shareholder Name	Number of Shares	Par Value
1	Common Stocks	SEARS LIVING TRUST	154,453	\$ 1.00
2	Common Stocks			
3	Common Stocks			
4	Common Stocks			
5	Common Stocks			
6	Common Stocks			
7	Common Stocks			
8	Common Stocks			
9	Common Stocks			
10	Common Stocks			
11	<b>Total - Common Stocks</b>		154,453	\$ 1.00
12	Preferred Stocks			
13	Preferred Stocks			
14	Preferred Stocks			
15	Preferred Stocks			
16	Preferred Stocks			
17	<b>Total - Preferred Stocks</b>			
18	Total annual dividends declared and/or paid to common stockholders			\$ 0
19	Percentage of total annual dividend to common stockholders as a percentage of total net income (%)			0.00%
20	Total annual dividends declared and/or paid to preferred stock shareholders			\$ 0
21	Percentage of total annual dividend to preferred stockholders as a percentage of total net income (%)			0.00%

**SCHEDULE E - LONG-TERM DEBTS**

Line	Class	Date of Issuance	Date of Maturity	Principle Amount Authorized	Interest Rate (%)	Accrued Interest for Current Year	Interest Paid for Current Year	Outstanding Balance as of 12/31/2012
1	LOAN	12/1/2012	11/30/2014	\$15,000	6.00%	\$0	\$0	\$15,000
2								
3								
4								
5								
6								
7								
8								
9								
10								
11	<b>Total</b>			\$15,000		\$0	\$0	\$15,000

*Note: Please use duplicate page(s) to meet your company's needs if more lines are needed.*



**SCHEDULE F - INCOME STATEMENT**

<b>Line</b>	<b>Acct.</b>	<b>Description</b>	<b>Balance</b>
1		<b>Operating Revenues:</b>	
2	460	Unmetered Water Revenue	\$137,913
3	462	Fire Protection Revenue	
4	465	Irrigation Revenue	
5	470	Metered Water Revenue	
6	475	Approved Total Surcharge Revenue(s)	
7	480	Other water revenue	\$222
8		<b>Total Revenue Received</b>	<b>\$138,135</b>
9		Less: Revenue Deductions	
10		SDWBA/SRF Surcharge Revenue	
11		<b>Total Operating Revenue</b>	
12		<b>Operating Expenses:</b>	
13	610	Purchased Water	
14	615	Power	\$20,418
15	618	Other Volume Related Expenses	
16	630	Employee Labor	
17	640	Materials	\$11,919
18	650	Contract Work	\$34,322
19	660	Transportation Expense	
20	664	Other Plant Maintenance Expenses	\$3,155
21	670	Office Salaries	
22	671	Management Salaries	\$13,500
23	674	Employee Pensions and Benefits	
24	676	Uncollectible Accounts Expense	
25	678	Office Services and Rentals	\$23,040
26	681	Office Supplies and Expense	\$3,548
27	682	Professional Services	\$7,044
28	684	Insurance	\$11,404
29	688	Regulatory Commission Expense	\$84
30	689	General Expense	\$7
31		<b>Total Operating Expenses</b>	<b>\$128,439</b>
32	403	Depreciation Expense	\$4,467
33	407	SDWBA/SRF Loan Amortization Expense	
34	408	Taxes Other Than Income Taxes	\$7,977
35	409	State Corporate Income Tax expense	\$531
36	410	Federal Corporate Income Tax Expense	
37		<b>Total Operating Revenue Deductions</b>	<b>\$12,975</b>
38		<b>Utility Operating Income</b>	<b>(\$3,279)</b>
39	421	Non-utility Income	
40	426	Miscellaneous Non-utility Expense	
41	427	Interest Expense	
42		<b>Net Income</b>	<b>(\$3,279)</b>

**SCHEDULE G - EMPLOYEES AND THEIR COMPENSATION**

Line	Acct	Account	Number at End of Year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
1	630	Employee Labor				
2	670	Office salaries				
3	671	Management salaries	1	\$ 13,500		\$ 13,500
4		Total				

**SCHEDULE H - ADVANCES FOR CONSTRUCTION**

Balance beginning of year		NOT APPLICABLE
Additions during year		
Subtotal - Beginning balance plus additions during year		
Refunds		
Transfers to Acct. 271 - Contributions in Aid of Construction		
Balance end of year		

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

Size	Meters	Services
1 -in	5	5
2 -in	9	9
3 -in	6	6
-in		
-in		
Total	20	20

**SCHEDULE J - METER-TESTING DATA**

Number of meters tested during year		
1	Used, before repair	0
2	Used, after repair	0
3	Fast, requiring refund	0

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

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences								
Industrial								
Other (specify)								
RETAIL COMMERCIAL	20			20			20	
Total	20			20			20	

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

**SCHEDULE L - STORAGE FACILITIES**

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

Description	No.	Combined capacity in gallons	Description	2" and under	2 1/4 to 3 1/4	4"	6"	8"	Total
				Other sizes (specify)					
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel			Cement-asbestos			700	700	4,720	6,120
Other			Plastic						
METAL WATER	2	80,000	Other (specify)						
METAL WATER	1	50,000	CLAY- SEWER					7,000	7,000
			PVC-WATER					1,880	1,880
Total		130,000	Total			700	700	13,600	15,000

**DECLARATION**

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

I, the undersigned JEFFREY FARRELL  
Officer, Partner, or Owner (Please Print)

of INTERSTATE 5 UTILITY COMPANY, INC.  
Name of Utility

under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period of January 1, 2012, through December 31, 2012.

PRESIDENT

Title (Please Print)

  
Signature

408-499-0783

Telephone Number

3/25/2013

Date