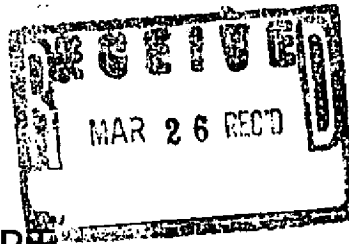


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Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____



2002
ANNUAL REPORT
OF

Loren M. Berry dba

Cazadero Water Company

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

P. O. Box 423

Cazadero, CA 95421

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2002

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2003
(FILE TWO COPIES IF THREE RECEIVED)



PISENTI & BRINKER

LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
MEMBER: THE MCGGLADREY NETWORK - RSM INTERNATIONAL

Independent Accountants' Report

To Mr. Loren Berry
Cazadero Water Company
Cazadero, California

We have compiled the balance sheet of **Cazadero Water Company** (a sole proprietorship) as of December 31, 2002, and the related statement of operations for the year then ended, and supplementary information, included in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Public Utilities Commission of the State of California information that is the representation of the owner. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Public Utilities Commission of the State of California, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

A handwritten signature in cursive script that reads "Pisen & Brinker LLP".

Santa Rosa, California
March 10, 2003

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
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

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 calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

Summary of Earnings
Test Year 2002

Account Number	Operating Revenue	
470	Metered	7,387
460	Unmetered	634
465	Irrigation	
462-480	Private Fire Protection/Other	23,871
	Total Revenue	31,892
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	4,738
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	7,200
640	Materials	1,119
650	Contract Work	
	Water Testing	
660	Transportation Expense	
664	Other Plant Maintenance	1,710
670	Office Salaries	6,000
671	Management Salaries	
674	Employee Pensions and Benefits	
676	Uncollectibles	
678	Office Service and Rentals	1,800
681	Office Supplies and Expense	885
682	Professional Services	2,157
684	Insurance	
688	Regulatory Expense	
689	General Expense	1,417
	Subtotal	27,026
403	Depreciation Expense	773
	Ad Valorem Taxes	
408	Payroll Taxes	1,479
408	Taxes other than income	706
409	State Income Tax	
410	Federal Income Tax	
	Total Deductions	29,984
	Net Revenue	1,908
	Rate Base	
	Average Plant	86,552
	Average Depreciation Reserve	38,490
	Net Plant	48,062
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	4,504
	Plus: Material & Supplies	250
	Rate Base	52,816
	ROR=Net Rev/Rate Base	.36 or 3.6%

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

Loren M. Berry dba Cazadero Water Company

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

P.O. Box 423, Cazadero, CA 95421

(Official mailing address)

Cazadero, Sonoma County

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

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

- 2 If unincorporated give the name and address of owner or of each partner:
Loren M. Berry, P.O.Box 106, Cazadero, CA 95421

- 3 Name and telephone number of:
(A) One person listed above to receive correspondence: **Loren M. Berry 707-632-5225**
(B) Person responsible for operations and services: **Loren M. Berry 707-632-5225**

- 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? **NO**
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?

- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent: **NONE**

PUBLIC HEALTH STATUS

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

Yes	No	Latest Date
	x	Aug-97
x		Monthly
x		2/3/99
N/A		
N/A		

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

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

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2002

NAME OF UTILITY Cazadero Water Company

PHONE 707-632-5225

PERSON RESPONSIBLE FOR THIS REPORT Loren M. Berry

(Prepared from Information in the 2002 Annual Report)

	1/1/02	12/31/02	Average
BALANCE SHEET DATA			
1 Intangible Plant			
2 Land and Land Rights	675	675	675
3 Depreciable Plant	85,877	85,877	85,877
4 Gross Plant in Service	86,552	86,552	86,552
5 Less: Accumulated Depreciation	38,104	38,877	38,490
6 Net Water Plant in Service	48,448	47,675	48,062
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies		250	125
10 Less: Advances for Construction	()		
11 Less: Contribution in Aid of Construction	()		
12 Less: Accumulated Deferred Income and Investment Tax Credits	()		
13 Net Plant Investment	48,448	47,925	48,187
CAPITALIZATION			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)	80,710	82,463	81,586
16 Paid-in Capital			
17 Retained Earnings			
18 Common Stock and Equity (Lines 14 through 17)	80,710	82,463	81,586
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	80,710	82,463	81,586

(Revised 2/01)

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	634
24 Fire Protection Revenue	_____
25 Irrigation Revenue	_____
26 Metered Water Revenue	7,387
27 Total Operating Revenue	8,021
28 <u>Operating Expenses</u>	27,026
29 Depreciation Expense (Composite Rate 0.9%)	773
30 Amortization and Property Losses	_____
31 Property Taxes	706
32 Taxes Other Than Income Taxes	1,479
33 Total Operating Revenue Deduction Before Taxes	29,984
34 California Corp. Franchise Tax	_____
35 Federal Corporate Income Tax	_____
36 Total Operating Revenue Deduction After Taxes	29,984
37 Net Operating Income (Loss) - California Water Operations	(21,963)
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	23,716
39 Income Available for Fixed Charges	1,753
40 Interest Expense	_____
41 Net Income (Loss) Before Dividends	1,753
42 Preferred Stock Dividends	_____
43 Net Income (Loss) Available for Common Stock	1,753

OTHER DATA

44 Refunds of Advances for Construction	_____
45 Total Payroll Charged to Operating Expenses	14,679
46 Purchased Water	_____
47 Power	4,738

<u>Active Service Connections</u>	(Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		148	148	148
49 Flat Rate Service Connections		4	4	4
50 Total Active Service Connections		152	152	152

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: NONE
Address: _____
Phone Number: _____
Date Hired: _____

2. Former Fiscal Agent:

Name: NONE
Address: _____
Phone Number: _____
Date Hired: _____

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

NONE

4. Summary of the trust bank account activities showing:

Balance at beginning of year	<u>NONE</u>
Deposits during the year	<u>NONE</u>
Withdrawals made for loan payments	<u>NONE</u>
Other withdrawals from this account	<u>NONE</u>
Balance at end of year	<u>NONE</u>

5. Account information:

Bank Name: NONE
Account Number: _____
Date Opened: _____

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					
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT		Not Applicable			
6	304	Structures					
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains					
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service					

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	86,552	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	
4	105	Water plant construction work in progress		218	Proprietary capital	82,463
5	108	Accumulated depreciation of water plant	(38,877)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	515
7	124	Other investments		252	Advances for construction	
8	131	Cash	33,522	253	Other deferred credits	
9	141	Accounts receivable - customers	1,531	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	250		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	82,978		Total Equity and Liabilities	82,978

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant					
17	303	Land	675				675
18	304	Structures					
19	307	Wells					
20	317	Other water source plant	16,042				16,042
21	311	Pumping equipment	14,896				14,896
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	22,411				22,411
24	331	Water mains	15,718				15,718
25	333	Services and meter installations	5,887				5,887
26	334	Meters	2,675				2,675
27	335	Hydrants	3,951				3,951
28	339	Other equipment	215				215
29	340	Office furniture and equipment	3,943				3,943
30	341	Transportation equipment	139				139
31		Total water plant in service	86,552				86,552

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

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	38,104		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	773		0.9% per PUC letter 03/06/1987
35	(b) Charged to Account No. 272			
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed
37	(d) Salvage recovered			or to be claimed on utility property in
38	(e) All other credits			your federal income tax return for the year
39	Total credits			covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation.
44	Total debits			
45	Balance in reserve at end of year	38,877		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE J - ADVANCES FOR CONSTRUCTION

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

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

Size	Meters	Services
5/8 x 3/4-in		
3/4-in	149	149
1-in	4	4
2-in	1	1
-in none		4
Total	154	158

SCHEDULE L - METER-TESTING DATA

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

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	141	3	144	6		6	147	3
Industrial		1	1					1
Other (specify)	7		7				7	
Subtotal	148	4	152	6		6	154	4
Fire protection (Hydrants)								
Total	148	4	152	6		6	154	4

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

SCHEDULE N - STORAGE FACILITIES

Description	No.	Combined capacity in gallons
Concrete	3	160,000
Earth		
Wood		
Steel		
Other		
Total	3	160,000

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)	Totals
Welded steel					
Standard screw	32,008				32,008
Cement-asbestos					
Plastic					
Other (specify)					
Total	32,008				32,008

DECLARATION

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

I, the undersigned owner of **Cazadero Water Company** under penalty of perjury do declare that this report has been or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, same to be a complete and correct statement of the business and affairs of the above-named respondent and the property for the period from and including January 1, 2002, to and including December 31, 2002.

Signed *John M. Berry*
 Title *Pres. Owner*
 Date *03/26/2003*
03/26/03