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SEWER UTILITIES

U# 214-SWR

2002 ANNUAL REPORT OF

LITTLE BEAR WATER COMPANY, INC.

SEWER DIVISION

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

51201 PINE CANYON ROAD, #125

KI NG CITY, CA 93930

(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)

CLASS D SEWER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

LITTLE BEAR WATER COMPANY, INC.

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

51201 PINE CANYON ROAD, #125, KING CITY, CA 93930

(Official mailing address)

KING CITY, MONTEREY COUNTY

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 - (A) Date of organization _____ 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:
 - (A) One person listed above to receive correspondence:
 - (B) Person responsible for operations and services: Richard Hiwa, General Manager
(831) 385-3524

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

- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

PUBLIC HEALTH STATUS

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

| Yes | No | Latest Date |
|-----|----|-------------|
| | | |
| x | | Dec-02 |
| x | | |
| | | |
| | | |

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 - Sewer 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.

NAME OF UTILITY Little Bear Water Company, Inc.
Sewer Division

PHONE (831) 385-35824

| INCOME STATEMENT | | Annual Amount |
|-------------------------|---|------------------|
| 23 | Unmetered Revenue | <u>204,623</u> |
| 24 | Metered Revenue | |
| 25 | Total Operating Revenue | <u>204,623</u> |
| 26 | <u>Operating Expenses</u> | <u>122,026</u> |
| 27 | Depreciation Expense (Composite Rate: 3%) | <u>13,077</u> |
| 28 | Amortization and Property Losses | |
| 29 | Property Taxes | <u>6,794</u> |
| 30 | Taxes Other Than Income Taxes | <u>6,897</u> |
| 31 | Total Operating Revenue Deduction Before Taxes | <u>148,794</u> |
| 32 | California Corp. Franchise Tax | <u>4,700</u> |
| 33 | Federal Corporate Income Tax | <u>7,270</u> |
| 34 | Total Operating Revenue Deduction After Taxes | <u>160,764</u> |
| 35 | Net Operating Income (Loss) - California Water Operations | <u>43,859</u> |
| 36 | Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense) | <u>0</u> |
| 37 | Income Available for Fixed Charges | <u>43,859</u> |
| 38 | Interest Expense | <u>2,663</u> |
| 39 | Net Income (Loss) Before Dividends | <u>41,196</u> |
| 40 | Preferred Stock Dividends | <u>0</u> |
| 41 | Net Income (Loss) Available for Common Stock | <u>41,196</u> |

| OTHER DATA | | N/A |
|-------------------|---|---------------|
| 42 | Refunds of Advances for Construction | <u>48,552</u> |
| 43 | Total Payroll Charged to Operating Expenses | |
| 44 | Purchased Water | |
| 45 | Power | <u>33,052</u> |

| <u>Active Service Connections</u> | | (Exc. Fire Protect.) | | Annual Average |
|-----------------------------------|----------------------------------|----------------------|------------|-------------------|
| | Jan. 1 | Dec. 31 | | |
| 46 | Metered Service Connections | | | |
| 47 | Flat Rate Service Connections | <u>393</u> | <u>393</u> | <u>393</u> |
| 48 | Total Active Service Connections | <u>393</u> | <u>393</u> | <u>393</u> |

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)

| Line | Acct. | Assets | Balance | Acct. | Equity and Liabilities | Balance |
|------|-------|---------------------------------------|----------------|-------|---|----------------|
| 1 | 101 | Plant in service | 755,391 | 201 | Common Stock (Corporations only) | |
| 2 | 103 | Plant held for future use | | 211 | Other paid-in capital (Corporations only) | |
| 3 | 104 | Plant purchased or sold | | 215 | Retained earnings | 158,572 |
| 4 | 105 | Plant construction work in progress | | 218 | Excess sewer assets over liabilities | 293,390 |
| 5 | 108 | Accumulated depreciation of plant | (292,710) | 224 | Long term debt | 8,983 |
| 6 | 114 | Plant acquisition adjustments | | | Current Liabilities | 1,530 |
| 7 | 124 | Other investments | | 252 | Advances for construction | |
| 8 | 131 | Cash | | 253 | Inter-division accounts payable | (70,966) |
| 9 | 141 | Accounts receivable - customers | 14,434 | 255 | Accumulated deferred investment tax credits | |
| 10 | 142 | Receivables from associated companies | | 282 | Accumulated deferred income taxes - Acrs | |
| 11 | 151 | Materials and supplies | | | depreciation | |
| 12 | 174 | Other current assets | 450 | 283 | Accumulated deferred income taxes - other | |
| 13 | 180 | Deferred charges | 5,832 | 271 | Contributions in aid of construction | 201,500 |
| 14 | | | | 272 | Accumulated amortization of contributions | (109,612) |
| 15 | | Total Assets | 483,397 | | Total Equity and Liabilities | 483,397 |

SCHEDULE B - SEWER 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 | 110,069 | | | | 110,069 |
| 18 | 304 | Structures | 3,301 | 1,263 | | | 4,564 |
| 19 | 307 | Fencing | 11,682 | | | | 11,682 |
| 20 | 308 | Sierra Vista Sewer System | 201,500 | | | | 201,500 |
| 21 | 311 | Sewer Pumps | 29,430 | 8,138 | | | 37,568 |
| 22 | 317 | Aereators | 14,182 | | | | 14,182 |
| 23 | 320 | Filter System-Sprayfield | 980 | | | | 980 |
| 24 | 330 | Reservoirs and Ponds | 16,566 | 1,172 | | | 17,738 |
| 25 | 331 | Effluent Mains | 287,359 | | | | 287,359 |
| 26 | 331 | Sprayfield Piping | 28,095 | | | | 28,095 |
| 27 | 339 | Other Sewer Equipment | 8,473 | 3,723 | | | 12,196 |
| 28 | 340 | Office furniture and equipment | 2,739 | 1,567 | | | 4,306 |
| 29 | 341 | Transportation equipment | 25,152 | | | | 25,152 |
| 30 | | Total Plant in service | 739,528 | 15,863 | | | 755,391 |

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

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

| Line | Item | Account 106 Plant | |
|------|--|----------------------|---|
| 32 | Balance in reserves at beginning of year | 273,588 | A. Method used to compute depreciation |
| 33 | Add: Credits to reserves during year | | expense (Acct. 403) and rate: 3% |
| 34 | (a) Charged to Account No. 403 | 13,077 | |
| 35 | (b) Charged to Account No. 272 | 6,045 | |
| 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 | 19,122 | 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: SL, DB |
| 44 | Total debits | | |
| 45 | Balance in reserve at end of year | 292,710 | |
| 46 | (1) Explanation of all other credits | | |
| 47 | (2) Explanation of all other debits | | |

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2002)

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

SCHEDULE E - LONG TERM DEBT

| | Class | Date of Issue | Date of Maturity | Principal Amount Authorized | Outstanding Per Balance Sheet | Rate of Interest | Interest Accrued During Year | Interest Paid During Year |
|---|---------------------------------|---------------|------------------|-----------------------------|-------------------------------|------------------|------------------------------|---------------------------|
| 5 | Caterpillar Financial-Generator | May-96 | May-03 | 11,502 | 1,818 | 11.5 | | 1,037 |
| 6 | GMAC Financial-Utility Truck | Oct-01 | Sep-03 | 23,000 | 7,165 | 10 | | 327 |
| 7 | | | | | | | | |
| 8 | Totals | | | | 8,983 | | | 1,364 |

SCHEDULE F - INCOME STATEMENT

| | | |
|----|--|------------|
| 9 | Operating revenues | XXXXXXXXXX |
| 10 | 460 Sewer revenue | 204,623 |
| 11 | 470 Metered revenue | |
| 12 | 480 Other revenue | |
| 13 | Total Operating Revenue | 204,623 |
| 14 | Operating revenue deductions | XXXXXXXXXX |
| 15 | Operating expenses | XXXXXXXXXX |
| 16 | 610 Purchased water | |
| 17 | 615 Power | 33,052 |
| 18 | 618 Other volume related expenses | |
| 19 | 630 Employee labor | 22,127 |
| 20 | 640 Materials | 2,869 |
| 21 | 650 Contract work | 3,998 |
| 22 | 660 Transportation expenses | 2,968 |
| 23 | 664 Other plant maintenance expense | 705 |
| 24 | 670 Office salaries | 10,428 |
| 25 | 671 Management salaries | 15,997 |
| 26 | 674 Employee pensions and benefits | 4,376 |
| 27 | 676 Uncollectible accounts expense | 0 |
| 28 | 678 Office services and rentals | 4,160 |
| 29 | 681 Office supplies and expense | 4,973 |
| 30 | 682 Professional services | 4,801 |
| 31 | 684 Insurance | 7,149 |
| 32 | 688 Regulatory commission expense | 3,621 |
| 33 | 689 General expenses | 802 |
| 34 | Total Operating Expenses | 122,026 |
| 35 | 403 Depreciation expense | 13,077 |
| 36 | 408 Taxes other than income taxes | 13,691 |
| 37 | 409 State corporate income tax expense | 4,700 |
| 38 | 410 Federal corporate income tax expense | 7,270 |
| 39 | Total Operating Revenue Deductions | 160,764 |
| 40 | Utility Operating Income | 43,859 |
| 41 | 421 Non-utility income | 0 |
| 42 | 426 Miscellaneous non-utility expense | 0 |
| 43 | 427 Interest expense | 2,663 |
| 44 | Net Income | 41,196 |

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 |
|------|------|---------------------|-----------------------|-----------------------------|------------------------------------|-------------------------------|
| 45 | 630 | Employee Labor | 2 | 22,127 | 780 | 22,907 |
| 46 | 670 | Office salaries | 1 | 10,428 | | 10,428 |
| 47 | 671 | Management salaries | 4 | 15,997 | | 15,997 |
| 48 | | Total | 7 | 48,552 | 780 | 49,332 |

SCHEDULE H - ADVANCES FOR CONSTRUCTION

| | |
|---|-----|
| Balance beginning of year | |
| Additions during year | |
| Subtotal - Beginning balance plus additions during year | N/A |
| 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 |
|-------|--------|----------|
| -in | | |
| -in | | |
| -in | N/A | |
| -in | | |
| -in | | |
| Total | | |

SCHEDULE J - METER-TESTING DATA

| | | |
|-------------------------------------|---------------------------|-----|
| Number of meters tested during year | | |
| 1 | Used, before repair... | |
| 2 | Used, after repair | N/A |
| 3 | Fast, requiring refund .. | |

SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR

| Classification | Active | | | Inactive | | | Total connections | |
|-----------------|---------|------|-------|----------|------|-------|-------------------|------|
| | Metered | Flat | Total | Metered | Flat | Total | Metered | Flat |
| Residences | | 393 | 393 | | | 393 | | |
| Industrial | | | | | | | | |
| Other (specify) | | | | | | | | |
| Total | | 393 | 393 | | | 393 | | |

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

SCHEDULE L - STORAGE FACILITIES

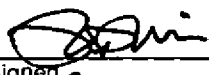
SCHEDULE M - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

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

DECLARATION

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

I, the undersigned (officer, partner or owner) of Little Bear Water 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 From and including January 1, 2002, to and including December 31, 2002.

Signed 
 Title General Manager
 Date March 27, 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.