

*P.5 Correction
2/26/07 J
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Received _____
Examined _____

SEWER UTILITIES

RECEIVED
APR 1 2005

U# 214-SWR _____

2004
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

KING CITY, CA 93930

(OFFICIAL MAILING ADDRESS)

ZIP

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

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

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.

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.

SELECTED FINANCIAL DATA - CLASS D SEWER COMPANIES
2004

NAME OF UTILITY Little Bear Water Company, Inc. PHONE (831) 385-3524
Sewer Division
PERSON RESPONSIBLE FOR THIS REPORT Marino A. Rodriguez
(Prepared from Information in the 2004 Annual Report)

BALANCE SHEET DATA	1/1/2004	12/31/2004	Average
1 Intangible Plant			
2 Land and Land Rights	110,069	110,069	110,069
3 Depreciable Plant	647,899	694,072	670,986
4 Gross Plant in Service	757,968	804,141	781,054
5 Less: Accumulated Depreciation	(297,326)	(317,456)	(307,391)
6 Net Water Plant in Service	460,642	486,685	473,663
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies			
10 Less: Advances for Construction	()	()	
11 Less: Contribution in Aid of Construction	(85,843)	(79,798)	(82,820)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	374,799	406,887	390,843
CAPITALIZATION			
14 Common Stock			
15 Excess Sewer Assets Over Liabilities	293,390	293,390	293,390
16 Paid-in Capital			
17 Retained Earnings	190,381	217,427	203,904
18 Common Stock and Equity (Lines 14 through 17)	483,771	510,817	497,294
19 Preferred Stock			
20 Long-Term Debt	5,486	3,577	4,531
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	489,257	514,394	501,825

(Revised 10/97)

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

PHONE (831) 385-35824

INCOME STATEMENT

	Annual Amount
23 Unmetered Revenue	205,660
24 Metered Revenue	<u>205,660</u>
25 Total Operating Revenue	205,660
26 <u>Operating Expenses</u>	<u>136,173</u>
27 Depreciation Expense (Composite Rate: 3%)	14,085
28 Amortization and Property Losses	<u>7,243</u>
29 Property Taxes	8,372
30 Taxes Other Than Income Taxes	<u>165,873</u>
31 Total Operating Revenue Deduction Before Taxes	3,461
32 California Corp. Franchise Tax	8,647
33 Federal Corporate Income Tax	<u>177,981</u>
34 Total Operating Revenue Deduction After Taxes	27,679
35 Net Operating Income (Loss) - California Water Operations	0
36 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	<u>27,679</u>
37 Income Available for Fixed Charges	633
38 Interest Expense	<u>27,046</u>
39 Net Income (Loss) Before Dividends	0
40 Preferred Stock Dividends	<u>27,046</u>
41 Net Income (Loss) Available for Common Stock	27,046

OTHER DATA

42 Refunds of Advances for Construction	0
43 Total Payroll Charged to Operating Expenses	<u>50,465</u>
44 Purchased Water	0
45 Power	<u>25,652</u>

Active Service Connections (Exc. Fire Protect.) _____

46 Metered Service Connections
 47 Flat Rate Service Connections
 48 Total Active Service Connections

	Jan. 1	Dec. 31	Annual Average
	393	393	393
	393	393	393

** Correct* KAB
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SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2004)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	804,141	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	217,427
4	105	Plant construction work in progress		218	Excess sewer assets over liabilities	293,390
5	108	Accumulated depreciation of plant	(317,456)	224	Long term debt	3,577
6	114	Plant acquisition adjustments			Current Liabilities	1,600
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Inter-division accounts payable	(95,052)
9	141	Accounts receivable - customers	14,055	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		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	201,500
14				272	Accumulated amortization of contributions	(121,702)
15		Total Assets	500,740		Total Equity and Liabilities	500,740

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	4,564	1,700			6,264
	304	Fencing	11,682				11,682
19	307	Effluent wells	3,950				3,950
20	308	Sierra Vista sewer system	201,500				201,500
21	311	Sewer pumps	35,621				35,621
22	317	Aereators	14,182				14,182
23	320	Filter system-sprayfield	980				980
24	330	Reservoirs and ponfs	17,738				17,738
25	331	Efflent mains	287,359				287,359
26	331	Sprayfield piping	27,495				27,495
27	331	Sprayfield improvements	0	35,789			35,789
	339	Other sewer equipment	13,475	8,683			22,158
28	340	Office furniture and equipment	2,260				2,260
29	341	Transportation equipment	27,094				27,094
30		Total Plant in service	757,969	46,172			804,141

* 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	297,326	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	14,085	Straight Line-3%
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	20,130	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	317,456	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2004)

KAB
CMAA 2/26/07

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	804,141	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	217,500 217,427
4	105	Plant construction work in progress	0	218	Excess sewer assets over liabilities	293,390
5	108	Accumulated depreciation of plant	(317,456)	224	Long term debt	3,577
6	114	Plant acquisition adjustments			Current Liabilities	1,600
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Inter-division accounts payable	(94,015) (95,032)
9	141	Accounts receivable - customers	14,055	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs depreciation	
11	151	Materials and supplies		283	Accumulated deferred income taxes - other	
12	174	Other current assets		271	Contributions in aid of construction	201,500
13	180	Deferred charges		272	Accumulated amortization of contributions	(121,702)
14						
15		Total Assets	500,740		Total Equity and Liabilities	500,740

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	4,564	1,700			6,264
19	307	Fencing	11,682				11,682
20	308	Sierra Vista Sewer System	201,500				201,500
21	311	Sewer Pumps	35,621				35,621
22	317	Aereators	14,182				14,182
23	320	Filter System-Sprayfield	980				980
24	330	Reservoirs and Ponds	17,738				17,738
25	331	Effluent Mains	287,359				287,359
	307	Effluent Wells	3,950				3,950
26	331	Sprayfield Piping	27,495				27,495
	331	Sprayfield Improvements	0	35,789			35,789
27	339	Other Sewer Equipment	13,475	8,683			22,158
28	340	Office furniture and equipment	2,260				2,260
29	341	Transportation equipment	27,094				27,094
30		Total Plant in service	757,969	46,172			804,141

* 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	297,326	A. Method used to compute depreciation expense (Acct. 403) and rate: 3%
33	Add: Credits to reserves during year		
34	(a) Charged to Account No. 403	14,085	
35	(b) Charged to Account No. 272	6,045	
36	(c) Charged to clearing accounts		
37	(d) Salvage recovered		B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
38	(e) All other credits		
39	Total credits	20,130	
40	Deduct: Debits to reserves during year		
41	(a) Book cost of property retired		
42	(b) Cost of removal		
43	(c) All other debits		C. State method used to compute tax depreciation: SL, DB
44	Total debits		
45	Balance in reserve at end of year	317,456	
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 and number of shares owned by each:
2	Preferred - (Shares	\$	par)	
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	GMAC Financial-Utility Truck	Aug-01	Jul-06	23,000	3,577	11.5		602
6								
7								
8	Totals				3,577			602

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Sewer revenue	205,660
11	470 Metered revenue	
12	480 Other revenue	
13	Total Operating Revenue	205,660
14	Operating revenue deductions	xxxxxxxxxx
15	Operating expenses	xxxxxxxxxx
16	610 Purchased water	
17	615 Power	25,652
18	618 Other volume related expenses	
19	630 Employee labor	22,386
20	640 Materials	4,600
21	650 Contract work	11,066
22	660 Transportation expenses	5,069
23	664 Other plant maintenance expense	4,072
24	670 Office salaries	11,313
25	671 Management salaries	16,766
26	674 Employee pensions and benefits	4,561
27	676 Uncollectible accounts expense	1052
28	678 Office services and rentals	3,840
29	681 Office supplies and expense	4,006
30	682 Professional services	4,703
31	684 Insurance	10,357
32	688 Regulatory commission expense	3,286
33	689 General expenses	3,444
34	Total Operating Expenses	136,173
35	403 Depreciation expense	14,085
36	408 Taxes other than income taxes	15,615
37	409 State corporate income tax expense	3,461
38	410 Federal corporate income tax expense	8,647
39	Total Operating Revenue Deductions	177,981
40	Utility Operating Income	27,679
41	421 Non-utility income	0
42	426 Miscellaneous non-utility expense	0
43	427 Interest expense	633
44	Net Income	27,046

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	22,386	2,881	25,267
46	670	Office salaries	1	11,313		11,313
47	671	Management salaries	4	16,766		16,766
48		Total	7	50,465	2,881	53,346

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	2 1/4 to 3 1/4	4"	Other sizes (specify)	Totals
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, 2004, to and including December 31, 2004.

Signed 
 Title General Manager
 Date 3/29/05

INDEX

	PAGE	WORK SHEET		PAGE	WORK SHEET
Advances from associated companies -----	12	A-12	Organization and control -----	1	GenInfo
Advances for construction -----	13	A-15	Other assets -----	7	A-4
Assets -----	2	Assets	Other income -----	15	B
Balance sheet -----	2-3	Liabilities	Other paid in capital -----	9	A-8
Capital stock -----	9	A-6	Payables to associated companies -----	12	A-13
Contributions in aid of construction -----	14	A-17	Population served -----	23	D-4
Depreciation and amortization reserves -----	6	A-3	Proprietary capital -----	10	A-10
Declaration -----	24	D-9	Purchased water for resale -----	21	D-1
Deferred taxes -----	13	A-16	Retained earnings -----	10	A-9
Dividends appropriations -----	10	A-9	Service connections-----	23	D-4
Employees and their compensation -----	19	C-1	Sources of supply and water developed --	21	D-1
Engineering and management fees -----	20	C-3	Status with Board of Health -----	24	D-8
Income statement -----	15	Income	Stockholders -----	9	A-7
Liabilities -----	3	Liabilities	Storage facilities -----	21	D-2
Loans to officers, directors, or shareholders --	20	C-2	Taxes-----	18	B-3
Long term debt -----	11	A-11	Transmission and distribution facilities --	22	D-3
Management compensation -----	17	B-2	Unamortized debt discount and expense -	8	A-5
Meters and services -----	23	D-5	Unamortized premium on debt -----	8	A-5
Non-utility property -----	5	A-2	Utility plant -----	4	A-1
Officers -----	1	GenInfo	Water delivered to metered customers --	23	D-7
Operating expenses -----	17	B-2	Water plant in service -----	4	A-1a
Operating revenues -----	16	B-1	Water plant held for future use -----	5	A-1b

SCOPING MEMO GRC

Little Bear Sewer 51201 Pine Canyon Rd #125, King City CA 93930



<i>Requested</i>	<i>Data</i>	<i>Other Information</i>
Name of company	Little Bear (Sewer)	Also has a water system
Contact Info -company	Richard Hiwa General Manager-----	831-385-3524
Contact Info - consultant	Marino Rodriguez-----	831-809-2074
Contact Info -CCRWQB	Harvey Packard Water Res. Control Engineer	(805) 542-4639
Type of ownership	Corporation Sierra Vista Properties	Pres.: Albin Morisoli VP: Diane Johnson Sec: David Morisoli
Case filed	2/9/2007	
Accepted by branch	4/12/2007	
Copy of Notice Attached?	Available	
Date Notice published	June 14, 2007	
Purpose of this increase	Increased expenses, ROR improvements	
Effective Date of last GRC	12/11/01 Res. W-4312	\$39,145 or 24.1% for test year 2001 at 13.25% ROR
Last offset	5/11/06 -- AL #17-S D. 92-03-093 non-TY CPI-U	CPI of 3.4% for 2005 or \$2,760
Date of last increase	is last offset	
Public Meeting:		
Any unusual expenses or large capital investments?	MAJOR GROWTH	
Any outstanding Commission or CCRWQB orders?	Waiting on CCRWQB reply from Tom Kukol @ 805-549-36	
Potential problems	Cross-subsidies bet water/sewer	Possible: County Attorney General suing Hiwa for operating without a license
Number of complaints received	To date approximately 6	
Within CPUC authorized ROR range?	Cash flow analysis did not result in interim rates	Positive cash flow
	At Present Rates	At Proposed Rates TY 2007
Revenue	\$211,222	\$344,289
Rate of Return	2.80%	13.25%
Revenue Increase Amount		\$122,867
Increased % of Revenue		55.49%
Type / # connection	Sewer	400
Anything else?	No interim rate increase per cash flow analysis & repeated suggestions they apply for TY CPI-U which I think they will do soon	