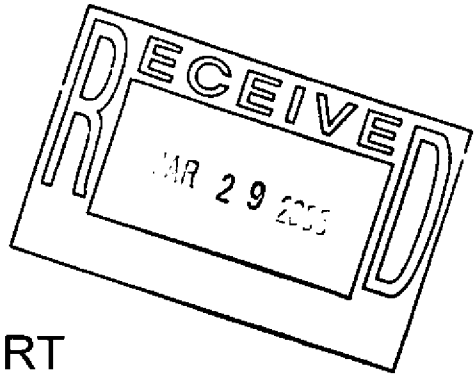


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SEWER UTILITIES



U# 214-SWR

2005
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, 2005

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2006
(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.

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		
x		Dec-05
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.

SELECTED FINANCIAL DATA - CLASS D SEWER COMPANIES
2005

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

PHONE (831) 385-3524

PERSON RESPONSIBLE FOR THIS REPORT Richard Hiwa
(Prepared from Information in the 2005 Annual Report)

	1/1/2005	12/31/2005	Average
BALANCE SHEET DATA			
1 Intangible Plant			
2 Land and Land Rights	110,069	110,069	110,069
3 Depreciable Plant	694,072	787,666	740,869
4 Gross Plant in Service	804,141	897,735	850,938
5 Less: Accumulated Depreciation	(317,456)	(339,637)	(328,546)
6 Net Water Plant in Service	486,685	558,098	522,392
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	(79,798)	(73,753)	(76,776)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	<u>406,887</u>	<u>484,345</u>	<u>445,616</u>
CAPITALIZATION			
14 Common Stock			
15 Excess Sewer Assets Over Liabilities	293,390	293,390	293,390
16 Paid-in Capital			
17 Retained Earnings	217,427	253,724	235,575
18 Common Stock and Equity (Lines 14 through 17)	510,817	547,114	528,965
19 Preferred Stock			
20 Long-Term Debt	3,577	1,404	2,491
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>514,394</u>	<u>548,518</u>	<u>531,456</u>

(Revised 10/97)

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

PHONE (831) 385-35824

		Annual Amount
INCOME STATEMENT		
23	Unmetered Revenue	211,222
24	Metered Revenue	<u>0</u>
25	Total Operating Revenue	<u>211,222</u>
26	<u>Operating Expenses</u>	<u>127,068</u>
27	Depreciation Expense (Composite Rate: 3%)	<u>16,136</u>
28	Amortization and Property Losses	
29	Property Taxes	<u>6,708</u>
30	Taxes Other Than Income Taxes	<u>7,791</u>
31	Total Operating Revenue Deduction Before Taxes	<u>157,703</u>
32	California Corp. Franchise Tax	<u>4,699</u>
33	Federal Corporate Income Tax	<u>12,165</u>
34	Total Operating Revenue Deduction After Taxes	<u>174,567</u>
35	Net Operating Income (Loss) - California Water Operations	<u>36,655</u>
36	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	<u>0</u>
37	Income Available for Fixed Charges	<u>36,655</u>
38	Interest Expense	<u>358</u>
39	Net Income (Loss) Before Dividends	<u>36,297</u>
40	Preferred Stock Dividends	<u>0</u>
41	Net Income (Loss) Available for Common Stock	<u>36,297</u>

OTHER DATA		
42	Refunds of Advances for Construction	<u>0</u>
43	Total Payroll Charged to Operating Expenses	<u>44,683</u>
44	Purchased Water	<u>0</u>
45	Power	<u>21,452</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, 2005)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	897,735	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	253,724
4	105	Plant construction work in progress	0	218	Excess sewer assets over liabilities	293,390
5	108	Accumulated depreciation of plant	(339,637)	224	Long term debt	1,404
6	114	Plant acquisition adjustments			Current Liabilities	1,710
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Inter-division accounts payable	(52,482)
9	141	Accounts receivable - customers	13,401	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	(127,747)
15		Total Assets	571,499		Total Equity and Liabilities	571,499

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	3,000			113,069
18	304	Structures	6,264				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	11,488			47,109
22	317	Aereators	14,182	1,441			15,623
23	320	Filter System-Sprayfield	980				980
24	330	Reservoirs and Ponds	17,738				17,738
25	331	Effluent Mains	287,359	57,167			344,526
	307	Effluent Wells	3,950				3,950
26	331	Sprayfield Piping	27,495				27,495
	331	Sprayfield Improvements	35,789	3,796			39,585
	332	Sewer Manholes	0	4,500			4,500
	333	Sewer Laterals	0	7,726			7,726
27	339	Other Sewer Equipment	22,158	4,130			26,288
28	340	Office furniture and equipment	2,260	346			2,606
29	341	Transportation equipment	27,094				27,094
30		Total Plant in service	804,141	93,594			897,735

* 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	317,456	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	16,136	
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	22,181	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	339,637	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2005)

Line	Class	Rate - \$	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
1	Common - (Shares , \$ par)								
2	Preferred - (Shares , \$ par)								
3	Dividends - Common								
4	- Preferred								

SCHEDULE E - LONG TERM DEBT

Line	Class	Rate - \$	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	1,404	11.5		338
6									
7									
8	Totals					1,404			338

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Sewer revenue	211,222
11	470 Metered revenue	
12	480 Other revenue	
13	Total Operating Revenue	211,222
14	Operating revenue deductions	xxxxxxxxxx
15	Operating expenses	xxxxxxxxxx
16	610 Purchased water	
17	615 Power	21,452
18	618 Other volume related expenses	
19	630 Employee labor	19,520
20	640 Materials	4,243
21	650 Contract work	9,531
22	660 Transportation expenses	8,629
23	664 Other plant maintenance expense	5,420
24	670 Office salaries	11,442
25	671 Management salaries	13,721
26	674 Employee pensions and benefits	4,019
27	676 Uncollectible accounts expense	415
28	678 Office services and rentals	3,840
29	681 Office supplies and expense	4,236
30	682 Professional services	5,755
31	684 Insurance	9,685
32	688 Regulatory commission expense	2,853
33	689 General expenses	2,307
34	Total Operating Expenses	127,068
35	403 Depreciation expense	16,136
36	408 Taxes other than income taxes	14,499
37	409 State corporate income tax expense	4,699
38	410 Federal corporate income tax expense	12,165
39	Total Operating Revenue Deductions	174,567
40	Utility Operating Income	36,655
41	421 Non-utility income	0
42	426 Miscellaneous non-utility expense	0
43	427 Interest expense	358
44	Net Income	36,297

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	19,520	6,240	25,760
46	670	Office salaries	1	11,442		11,442
47	671	Management salaries	4	13,721	3,558	17,279
48		Total	7	44,683	9,798	54,481

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

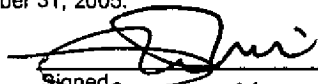
SCHEDULE M - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	2" and	2 1/4 to	4"	6"	8"	10"	Totals
				under	3 1/4	Other sizes (specify)	Other sizes (specify)			
Concrete			Cast Iron							
Earth			Welded steel							
Wood			Standard screw							
Steel			Cement-asbestos							
Other			Plastic							
			Other (specify)				1,382	198	804	2,384
Total			Total				1,382	198	804	2,384

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, 2005, to and including December 31, 2005.


 Signed _____
 Title _____
 Date 3/27/06