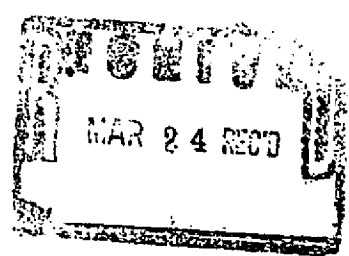


Received _____
Examined _____

CLASS D  
WATER UTILITIES

U# \_\_\_\_\_



2002  
ANNUAL REPORT  
OF

Altos Sonoma Corporation

Pennorove Water Company

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

4984 Sonoma Highway

Santa Rosa, Calif. 95409

(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)

**Summary of Earnings  
Test Year 2002**

Account Number	Operating Revenue	
470	Metered	485 352
460	Unmetered	515
465	Irrigation	
462-480	Private Fire Protection Other	3460
	<b>Total Revenue</b>	<b>489327</b>
	<b>Operating Expenses</b>	
610	Purchased Water	107318
615	Purchased Power	5659
	Pump Taxes	
	Purchased Chemicals	1114
618	Other Vol. Related exp.	
630	Employee Labor	16055
640	Materials	8897
650	Contract Work	17729
	Water Testing	3105
660	Transportation Expense	2639
664	Other Plant Maintenance	721
670	Office Salaries	14998
671	Management Salaries	51232
674	Employee Pensions and Benefits	21602
676	Uncollectables	228
678	Office Service and Rentals	3780
681	Office Supplies and Expense	7310
682	Professional Services	6007
684	Insurance	7461
688	Regulatory Expense	
689	General Expense	8806
	<b>Subtotal</b>	<b>284691</b>
403	Depreciation Expense	26524
	Ad Valorem Taxes	9571
	Payroll taxes	6978
408	Taxes other than income	
409	State Income Tax	14282
410	Federal Income Tax	57440
	<b>Total Deductions</b>	<b>399486</b>
	<b>Net Revenue</b>	<b>89841</b>
	<b>Rate Base</b>	
	Average Plant	1851541
	Average Depreciation Reserve	(361629)
	Net Plant	1489912
	Less: Advances	37721
	Less: Contributions	610840
	Plus: Construction Work in Progress	
	Plus: Working Cash	23724
	Plus: Material & Supplies	4957
	<b>Rate Base</b>	<b>870032</b>
	<b>ROR=Net Rev/Rate Base</b>	<b>10.33</b>

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

Pennogrove Water Company

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

4984 Sonoma Highway, Santa Rosa, Ca. 95409

(Official mailing address)

Pennogrove + vicinity, Sonoma County

(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:
  - (A) Date of organization 8/95 incorporated in the State of Calif.
  - (B) Names, titles and addresses of principal officers: James B. + Kathleen S. Downey  
26006 Newbridge Rd. Los Altos Hills, Ca. 94022
- 2 If unincorporated give the name and address of owner or of each partner:
- 3 Name and telephone number of: Karen L. Ball
  - (A) One person listed above to receive correspondence: (707) 539-6397
  - (B) Person responsible for operations and services:
- 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) J.R.B. Environmental Services  
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? Field service operations, Acct # 650
- 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	8/97
X		12/02
X		renewed 8/97
	N/A	
	N/A	

**SPECIAL INSTRUCTIONS (over)**

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

NAME OF UTILITY Penngrove Water Co.

PHONE (707)539-6397

PERSON RESPONSIBLE FOR THIS REPORT Karen L. Ball

(Prepared from Information in the 2002 Annual Report)

	1/1/02	12/31/02	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant			
2 Land and Land Rights	<u>4000</u>	<u>4000</u>	<u>4000</u>
3 Depreciable Plant	<u>1832406</u>	<u>1862676</u>	<u>1847541</u>
4 Gross Plant in Service	<u>1836406</u>	<u>1866676</u>	<u>1851541</u>
5 Less: Accumulated Depreciation	<u>340083</u>	<u>383174</u>	<u>361629</u>
6 Net Water Plant in Service	<u>1496323</u>	<u>1483502</u>	<u>1489912</u>
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	<u>2271</u>	<u>4957</u>	<u>3614</u>
10 Less: Advances for Construction	<u>(39816)</u>	<u>(37721)</u>	<u>(38769)</u>
11 Less: Contribution in Aid of Construction <small>depreciation #171</small>	<u>(744909)</u>	<u>(766628)</u>	<u>(755769)</u>
12 Less: Accumulated <del>Deferred Income and Investment Tax Credits</del>	<u>128223</u>	<u>155788</u>	<u>142006</u>
13 Net Plant Investment	<u>842092</u>	<u>839898</u>	<u>840095</u>
<b>CAPITALIZATION</b>			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital			
17 Retained Earnings	<u>921365</u>	<u>919232</u>	<u>920299</u>
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>921365</u>	<u>919232</u>	<u>920299</u>

(Revised 2/01)

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

2002  
(continued)

NAME OF UTILITY Penngrove Water Co. PHONE (707) 539-6397

**INCOME STATEMENT**

	Annual Amount
23 Unmetered Water Revenue	<u>515</u>
24 Fire Protection Revenue	
25 Irrigation Revenue	
26 Metered Water Revenue	<u>432507</u>
27 Total Operating Revenue	<u>433022</u>
28 <u>Operating Expenses</u>	<u>284691</u>
29 Depreciation Expense (Composite Rate <u>2.42%</u> )	<u>26524</u>
30 Amortization and Property Losses	
31 Property Taxes	<u>9571</u>
32 Taxes Other Than Income Taxes	<u>6978</u>
33 Total Operating Revenue Deduction Before Taxes	<u>327764</u>
34 California Corp. Franchise Tax	<u>9305</u>
35 Federal Corporate Income Tax	<u>37422</u>
36 Total Operating Revenue Deduction After Taxes	<u>374491</u>
37 Net Operating Income (Loss) - California Water Operations	<u>58531</u>
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	
39 Income Available for Fixed Charges	
40 Interest Expense	
41 Net Income (Loss) Before Dividends	
42 Preferred Stock Dividends	
43 Net Income (Loss) Available for Common Stock	<u>58531</u>

**OTHER DATA**

44 Refunds of Advances for Construction	<u>2095</u>
45 Total Payroll Charged to Operating Expenses	<u>82285</u>
46 Purchased Water	<u>107318</u>
47 Power	<u>5659</u>

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		<u>528</u>	<u>535</u>	<u>532</u>
49 Flat Rate Service Connections				
50 Total Active Service Connections		<u>528</u>	<u>535</u>	<u>532</u>

**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: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

2. Former Fiscal Agent:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone Number: N/A  
Date Hired: \_\_\_\_\_

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

\$ \_\_\_\_\_

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	_____

5. Account information:

Bank Name: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Date Opened: \_\_\_\_\_

6. Plant amounts included in Schedule A, 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					
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					

N/A

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1866676	201	Common Stock (Corporations only)	
2	103	Water plant held for future use	47061	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	919232
5	108	Accumulated depreciation of water plant	(383174)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	26791
7	124	Other investments		252	Advances for construction	37721
8	131	Cash	16334	253	Other deferred credits	
9	141	Accounts receivable - customers	42730	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	4957		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	766628
14				272	Accumulated amortization of contributions	(155788)
15		Total Assets	1594584		Total Equity and Liabilities	1594584

**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	4000				4000
18	304	Structures	16863				16863
19	307	Wells	2832				2832
20	317	Other water source plant	33352				33352
21	311	Pumping equipment	99289	361			99650
22	320	Water treatment plant	3967				3967
23	330	Reservoirs tanks and sandpipes	140745				140745
24	331	Water mains	1154033	16374			1170407
25	333	Services and meter installations	199856	9793	900		208749
26	334	Meters	63461	5610	1085		67986
27	335	Hydrants	95454				95454
28	339	Other equipment	4115	117			4232
29	340	Office furniture and equipment	13947				13947
30	341	Transportation equipment	4492				4492
31		Total water plant in service	1836406	32255	(1985)		1866676

\* 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	340083		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	26524		S.L. 24290
35	(b) Charged to Account No. 272	18552		
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	45076		covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	1985		
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation.
44	Total debits	1985		
45	Balance in reserve at end of year	383174		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			



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

Line					List persons owning more than 5% of outstanding stock
1	Common - (Shares	\$	par)		
2	Preferred - (Shares	\$	par)		and number of shares owned by each:
3	Dividends - Common	Rate - \$			N/A
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								
6								
7								
8	Totals							

**SCHEDULE F - INCOME STATEMENT**

9		Operating revenues	XXXXXXXXXX
10	460	Unmetered water revenue	515
11	462	Fire protection revenue	
12	465	Irrigation revenue	
13	470	Metered water revenue	485352
14	480	Other water revenue (7)	3460
15		Total Operating Revenue	489327
16		Operating revenue deductions	XXXXXXXXXX
17		Operating expenses	XXXXXXXXXX
18	610	Purchased water	107318
19	615	Power	5659
20	618	Other volume related expenses	1144
21	630	Employee labor	16055
22	640	Materials	8897
23	650	Contract work (8)	20834
24	660	Transportation expenses	2639
25	664	Other plant maintenance expense	721
26	670	Office salaries	14998
27	671	Management salaries (9)	51232
28	674	Employee pensions and benefits	21602
29	676	Uncollectible accounts expense	228
30	678	Office services and rentals	3780
31	681	Office supplies and expense	7310
32	682	Professional services (10)	6007
33	684	Insurance	7461
34	688	Regulatory commission expense	
35	689	General expenses (11)	9806
36		Total Operating Expenses	294691
37	403	Depreciation expense	26524
38	407	SDWBA loan amortization expense	
39	408	Taxes other than income taxes (12)	16549
40	409	State corporate income tax expense	14282
41	410	Federal corporate income tax expense	57440
42		Total Operating Revenue Deductions	399486
43		Utility Operating Income	89841
44	421	Non-utility income	
45	426	Miscellaneous non-utility expense	
46	427	Interest expense	
47		Net Income	89841

**SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS**

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
Canon Manor	1	12	188	300	12.06 MG

**OTHER**

Streams or springs location of diversion point	Flow in		(Unit) Diversions		Annual quantities diverted (Unit)
	Priority right	Claim Capacity	Max	Min	
Purchased water (unit) M.G					Annual quantity
Supplier: Sonoma County Water Agency					73.10 MG

**SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS**

(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business			79.48 M.G
Industrial			
Public authorities			
Irrigation Nursery/Park			1.61 MG
Other (specify)			
Total			81.09 MG

**SCHEDULE I - 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
48	630	Employee Labor	1	16055		16055
49	670	Office salaries	1	14998		14998
50	671	Management salaries	2	51232	2345	53577
51		Total	4	82285	2345	84630

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	39816
Additions during year	
Subtotal - Beginning balance plus additions during year	39816
Refunds	2095
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	37721

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

Size	Meters	Services
5/8 x 3/4-in	515	515
3/4-in		
1-in	30	30
2-in	5	5
-in		
Total	550	550

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	40 tested
1 Used, before repair...	35 replaced
2 Used, after repair .....	0
3 Fast, requiring refund ..	0
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	510		510	15		15	525	
Industrial Parks	1		1				1	
Other (specify) Business	20		20				20	
School	3		3				3	
Subtotal	535		535	15		15	550	
Fire protection (Hydrants)	64		64					
Total	599		599	15		15	614	

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

**SCHEDULE N - STORAGE FACILITIES**

**SCHEDULE O - 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)			
Concrete			Cast Iron							2420
Earth			Welded steel							2420
Wood			Standard screw	6080	5082	380				11842
Steel	1	212000 gal	Cement-asbestos			2525	30880			33405
Other			Plastic	2020	300	1920	19604	9680		33124
			Other (specify)							
Total			Total	8100	5382	4865	50484	9680	2420	80931

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Penngrove Water Company (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

Karen L. Ball  
Signed  
Manager  
Title  
March 20, 2003  
Date

**Notes For 2002 Penngrove Annual Report**

1. Regular Checking Money Market	8685 7649 <hr/> 16334	13. Acct 103 Plant for Future Use	
2. C.M. Chlorination	361		
3. Company CIAC	324 16050 <hr/> 16374	The Grove	CIAC 16050
4. Company CIAC	4124 5669 <hr/> 9793	Terribilini Wagner Mendenhall Gillespie	405 807 3650 807 <hr/>
		Total CIAC	21719
5. 35 meters replaced during year			
6. Large bits, sledge, T handle	117		
7. Late fees	3460		
8. Lab DHS Fees Field Operations	2169 936 17729 <hr/> 20834		
9. KLB JBD	38266 12966 <hr/> 51232		
10. Acctg. Computer Servs	5465 542 <hr/> 6007		
11. User Use General	6167 2639 <hr/> 8806		
12. Payroll Property	6978 9571 <hr/> 16549		