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CLASS D  
WATER UTILITIES

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

2001  
ANNUAL REPORT  
OF

POINT ARENA WATER WORKS, INC.

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

P O Box 205, Point Arena, CA 95468

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2001

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2002

(FILE TWO COPIES IF THREE RECEIVED)

**Summary of Earnings  
Test Year 2001**

Account Number	Operating Revenue	
470	Metered	93,671
460	Unmetered	
465	Irrigation	
462-480	Private Fire Protection	
	<b>Total Revenue</b>	<b>93,671</b>
	<b>Operating Expenses</b>	
610	Purchased Water	
615	Purchased Power	16,013
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	5,985
640	Materials	8,403
650	Contract Work	21,814
	Water Testing	
660	Transportation Expense	8,620
664	Other Plant Maintenance	5,275
670	Office Salaries	19,049
671	Management Salaries	29,567
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	7,200
681	Office Supplies and Expense	2,602
682	Professional Services	5,550
684	Insurance	8,239
688	Regulatory Expense	1,387
689	General Expense	1,237
	<b>Subtotal</b>	<b>140,941</b>
403	Depreciation Expense	11,718
	Ad Valorem Taxes	2,775
	Payroll taxes	6,322
408	Taxes other than income	901
409	State Income Tax	800
410	Federal income Tax	
	<b>Total Deductions</b>	<b>163,457</b>
	<b>Net Revenue</b>	<b>(69,786)</b>
	<b>Note: Rate Base Adjusted per PUC Audit</b>	
	<b>Rate Base</b>	
	Average Plant	387,435
	Average Depreciation Reserve	105,958
	Net Plant	281,477
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	1,878
	Plus: Material & Supplies	
	<b>Rate Base</b>	<b>283,355</b>
	<b>ROR=Net Rev/Rate Base</b>	

# CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

POINT ARENA WATER WORKS, INC.

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

P.O. Box 205, Point Arena, CA 95468

(Official mailing address)

City of Point Arena AND Vicinity, Mendocino County

(Service area-town and county)

## GENERAL INFORMATION

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:  
(A) Date of organization 2/2/84 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: Wm. G. Hay, Jr., President
- 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: N/A

## 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. 2001
X		9/1955

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  
2001

NAME OF UTILITY Point Arena Water Works, Inc. PHONE (707) 882-2323

PERSON RESPONSIBLE FOR THIS REPORT Ernest Handelin  
(Prepared from Information in the 2001 Annual Report)

	<u>1/1/01</u>	<u>12/31/01</u>	<u>Average</u>
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	<u>13007</u>	<u>13007</u>	<u>13007</u>
2 Land and Land Rights			
3 Depreciable Plant	<u>13121661</u>	<u>1313756</u>	<u>1312961</u>
4 Gross Plant in Service	<u>1325173</u>	<u>1326763</u>	<u>1325968</u>
5 Less: Accumulated Depreciation	<u>331092</u>	<u>357627</u>	<u>344360</u>
6 Net Water Plant in Service	<u>994081</u>	<u>969136</u>	<u>981608</u>
7 Water Plant Held for Future Use	<u>3106</u>	<u>3106</u>	<u>3106</u>
8 Construction Work in Progress			
9 Materials and Supplies			
10 Less: Advances for Construction	<u>( )</u>	<u>( )</u>	<u>( )</u>
11 Less: Contribution in Aid of Construction	<u>(764861)</u>	<u>(764861)</u>	<u>(764861)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>( )</u>	<u>( )</u>	<u>( )</u>
13 Net Plant Investment	<u>232326</u>	<u>207381</u>	<u>219853</u>
<b>CAPITALIZATION</b>			
14 Common Stock	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	<u>48,865</u>	<u>48,865</u>	<u>48,865</u>
17 Retained Earnings	<u>(44,257)</u>	<u>(120,242)</u>	<u>(82,250)</u>
18 Common Stock and Equity (Lines 14 through 17)	<u>124,608</u>	<u>48,623</u>	<u>86,615</u>
19 Preferred Stock			
20 Long-Term Debt	<u>113,632</u>	<u>102,884</u>	<u>108k258</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>238,240</u>	<u>151,507</u>	<u>194k873</u>

Note: 1/01/01 figures have been adjusted per audit by PUC.  
(Revised 2/01)

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

20\_01  
(continued)

NAME OF UTILITY Point Arena Water Works PHONE (707)882-2323

<b>INCOME STATEMENT</b>		Annual Amount
23	Unmetered Water Revenue	_____
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	_____
27	Total Operating Revenue	<u>93,671</u>
28	<u>Operating Expenses</u>	<u>93,671</u>
29	Depreciation Expense (Composite Rate <u>2%</u> )	_____
30	Amortization and Property Losses	<u>11,718</u>
31	Property Taxes	_____
32	Taxes Other Than Income Taxes	<u>3,676</u>
33	Total Operating Revenue Deduction Before Taxes	<u>6,322</u>
34	California Corp. Franchise Tax	_____
35	Federal Corporate Income Tax	<u>800</u>
36	Total Operating Revenue Deduction After Taxes	<u>163,457</u>
37	Net Operating Income (Loss) - California Water Operations	<u>(69,786)</u>
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	<u>4</u>
39	Income Available for Fixed Charges	<u>(69,782)</u>
40	Interest Expense	<u>62,293</u>
41	Net Income (Loss) Before Dividends	<u>(75,985)</u>
42	Preferred Stock Dividends	_____
43	Net Income (Loss) Available for Common Stock	<u>(75,985)</u>

**OTHER DATA**

44	Refunds of Advances for Construction	_____
45	Total Payroll Charged to Operating Expenses	<u>54,601</u>
46	Purchased Water	_____
47	Power	<u>16,013</u>

<u>Active Service Connections</u>		(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections		<u>181</u>	<u>179</u>	<u>180</u>
49	Flat Rate Service Connections				
50	Total Active Service Connections		<u>181</u>	<u>179</u>	<u>180</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: \_\_\_\_\_ Not Applicable \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

2. Former Fiscal Agent:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
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:

Not Applicable

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					



**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2001)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1 326 763	201	Common Stock (Corporations only)	1 200 000
2	103	Water plant held for future use	31 06	211	Other paid-in capital (Corporations only)	48 865
3	104	Water plant purchased or sold		215	Retained earnings	( 120 242 )
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	( 357 627 )	224	Long term debt	85 127
6	114	Water plant acquisition adjustments			Current Liabilities	270 047
7	124	Other investments		252	Advances for construction	31 187
8	131	Cash	1 878	253	Other deferred credits	
9	141	Accounts receivable - customers	1 5086	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	4 3037	271	Contributions in aid of construction	76 4861
14				272	Accumulated amortization of contributions	( 167 602 )
15		<b>Total Assets</b>	<b>1 032 243</b>		<b>Total Equity and Liabilities</b>	<b>1 032 243</b>

**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	1 3007				1 3007
17	303	Land					
18	304	Structures	98 962				98 962
19	307	Wells	45 543				45 543
20	317	Other water source plant	20 990	1 590			22 580
21	311	Pumping equipment	20 3162				20 3162
22	320	Water treatment plant	18 367				18 367
23	330	Reservoirs tanks and sandpipes	66 986				66 986
24	331	Water mains	741 254				741 254
25	333	Services and meter installations	18 063				18 063
26	334	Meters	14 827				14 827
27	335	Hydrants	52 376				52 376
28	339	Other equipment	17 711				17 711
29	340	Office furniture and equipment	6 328				6 328
30	341	Transportation equipment	7 597				7 597
31		<b>Total water plant in service</b>	<b>1 325 173</b>	<b>1 590</b>			<b>1 326 763</b>

\* 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	331 092		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2% S/I.
34	(a) Charged to Account No. 403	11 718		
35	(b) Charged to Account No. 272	14 817		
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	<b>Total credits</b>	<b>35 7627</b>		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 & DDB
44	<b>Total debits</b>			
45	<b>Balance in reserve at end of year</b>	<b>35 7627</b>		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2001)**

Line	Common - (Shares 12,000, \$ 10 par)	120000	✓	List persons owning more than 5% of outstanding stock and number of shares owned by each:
1	Common - (Shares 12,000, \$ 10 par)	120000	✓	
2	Preferred - (Shares, \$ par)			
3	Dividends - Common Rate - \$			Wm. G. Hay, Jr. & KAREN J. Hay
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	SBA Loan	1978	2008	171000	54452	3%		1734
6	TYCO Corp	2/20/99	12/04	16700	10973	9.5%		1241
7	Bed Rock, INC	1/21/00	2/09	37458	37458	9.5%	3227	
8	Totals			225158	102883		3227	2975

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	XXXXXXXXXX
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	93671
14	480 Other water revenue	
15	Total Operating Revenue	93671
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	
19	615 Power	16013
20	618 Other volume related expenses	
21	630 Employee labor	5985
22	640 Materials	8403
23	650 Contract work	21814
24	660 Transportation expenses	8620
25	664 Other plant maintenance expense	5275
26	670 Office salaries	19049
27	671 Management salaries	29567
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	7200
31	681 Office supplies and expense	2602
32	682 Professional services	5550
33	684 Insurance	8239
34	688 Regulatory commission expense	1387
35	689 General expenses	1237
36	Total Operating Expenses	140941
37	403 Depreciation expense	11718
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	9998
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	163457
43	Utility Operating Income	(69786)
44	421 Non-utility income	4
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	6203
47	Net Income	(75985)

**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
Garcia River	1	24	18	37	1787832
Garcia River	2	12	55	110	
Whiskey Shoals	1	8	45	5	Est 19000
Whiskey Shoals	2	8	103	3	

**OTHER**

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right	Capacity	Max	Min	
N/A					
Purchased water (unit)					Annual quantity
Supplier:					

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

(If figures are available) (specify unit) CF

Classification of service	Max. mo. Mo. of Aug	Min. mo. Mo. of Jan	Total for year
Residential & business	169400	93200	1540931
Industrial			98609
Public authorities			
Irrigation			
Other (specify)			
Total	169400	93200	1639540

**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	5,985		
49	670	Office salaries	2	19,049		
50	671	Management salaries	1	29,567		
51		Total	4	54,601		

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	
Additions during year	31187
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	31187

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

Size	Meters	Services
5/8 x 3/4-in	172	172
3/4-in	11	11
1-in	14	14
2-in	7	7
3-in	4	4
<b>Total</b>	<b>208</b>	<b>208</b>

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	
1 Used, before repair...	12
2 Used, after replaced	0
3 Fast, requiring refund ..	none
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	96		96	21		21	117	
Multi-Family	24		24	2		2	26	
Industrial	2		2				2	
Other (specify)								
Commercial	57		57	6		6	63	
Subtotal	179		179	29		29	208	
Fire protection (Hydrants)								
Total	179		179	29		29	208	

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)**

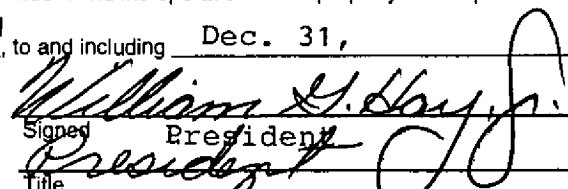
Description	No.	Combined capacity in gallons	Description	Pipe Sizes					Total
				2" and under	2 1/4 to 3 1/4	4"	6"	8" 12"	
Concrete	1	285000	Cast Iron						
Earth			Welded steel				300		300
Wood	3	147000	Standard screw	550					550
Steel			Cement-asbestos		600	5700	7500	500	14300
Other			Plastic	1400	760	600	4450	4700	10100
			Other (specify)						320.10
<b>Total</b>	<b>4</b>	<b>432000</b>	<b>Total</b>	<b>1950</b>	<b>1360</b>	<b>6300</b>	<b>21950</b>	<b>5500</b>	<b>10100</b>

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Point Arena Water Works, 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 Jan. 1, 2001, to and including Dec. 31, 2001

  
 Signed \_\_\_\_\_  
 Title President  
 Date April 1-2002