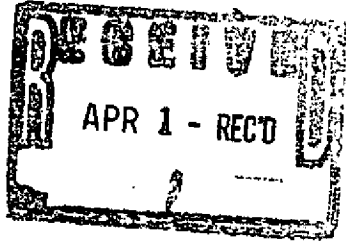


74

Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____



2002
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, 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	144,923
480	Unmetered	
465	Irrigation	
462-480	Private Fire Protection	
	Total Revenue	144,923
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	16,520
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	313
630	Employee Labor	
640	Materials	6,516
650	Contract Work	36,031
	Water Testing	
660	Transportation Expense	10,020
664	Other Plant Maintenance	5,240
670	Office Salaries	
671	Management Salaries	11,965
674	Employee Pensions and Benefits	
676	Uncollectables	681
678	Office Service and Rentals	26,800
681	Office Supplies and Expense	3,334
682	Professional Services	5,616
684	Insurance	3,177
688	Regulatory Expense	22,634
689	General Expense	233
	Subtotal	149,080
403	Depreciation Expense	11,774
	Ad Valorem Taxes	2,418
	Payroll taxes	
408	Taxes other than income	1,178
409	State Income Tax	2,656
410	Federal Income Tax	
	Total Deductions	167,106
	Net Revenue	<22,183
NOTE:	Rate base adjusted per PUC audit	
	Rate Base	
	Average Plant	389,614
	Average Depreciation Reserve	111,774
	Net Plant	277,840
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	8,932
	Plus: Material & Supplies	
	Rate Base	286,772
	ROR=Net Rev/Rate Base	

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:

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		6/25/02
X		12/20/02
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
20 02

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

PERSON RESPONSIBLE FOR THIS REPORT William G. Hay, Jr.
(Prepared from Information in the 2002 Annual Report)

	1/1/02	12/31/02	Average
BALANCE SHEET DATA			
1 Intangible Plant	<u>13007</u>	<u>13007</u>	<u>13007</u>
2 Land and Land Rights			
3 Depreciable Plant	<u>1313756</u>	<u>1316543</u>	<u>1315150</u>
4 Gross Plant in Service	<u>1326763</u>	<u>1329550</u>	<u>1328157</u>
5 Less: Accumulated Depreciation	<u>357627</u>	<u>384218</u>	<u>370923</u>
6 Net Water Plant in Service	<u>969136</u>	<u>945332</u>	<u>957234</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>(76486)</u>	<u>(76486)</u>	<u>(76486)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>()</u>	<u>()</u>	<u>()</u>
13 Net Plant Investment	<u>207381</u>	<u>183577</u>	<u>195479</u>
CAPITALIZATION			
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><120,242></u>	<u><148,878></u>	<u><134,560></u>
18 Common Stock and Equity (Lines 14 through 17)	<u>48,623</u>	<u>19,987</u>	<u>34,305</u>
19 Preferred Stock			
20 Long-Term Debt	<u>102,884</u>	<u>90,633</u>	<u>96,759</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>151,507</u>	<u>110,620</u>	<u>131,064</u>

(Revised 2/01)

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

2002

(continued)

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

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue	_____
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	144,923
27	Total Operating Revenue	144,923
28	<u>Operating Expenses</u>	
29	Depreciation Expense (Composite Rate <u>2%</u>)	11,774
30	Amortization and Property Losses	_____
31	Property Taxes	_____
32	Taxes Other Than Income Taxes	3,596
33	Total Operating Revenue Deduction Before Taxes	164,450
34	California Corp. Franchise Tax	2,656
35	Federal Corporate Income Tax	_____
36	Total Operating Revenue Deduction After Taxes	167,106
37	Net Operating Income (Loss) - California Water Operations	<22,183>
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	17
39	Income Available for Fixed Charges	<22,166>
40	Interest Expense	6,470
41	Net Income (Loss) Before Dividends	<28,636>
42	Preferred Stock Dividends	_____
43	Net Income (Loss) Available for Common Stock	<28,636>

OTHER DATA

44	Refunds of Advances for Construction	_____
45	Total Payroll Charged to Operating Expenses	11,965
46	Purchased Water	_____
47	Power	16,520

<u>Active Service Connections</u>		(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections		179	181	180
49	Flat Rate Service Connections		_____	_____	_____
50	Total Active Service Connections		179	181	180

**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, 20 02)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1329550	201	Common Stock (Corporations only)	120000
2	103	Water plant held for future use	3106	211	Other paid-in capital (Corporations only)	48865
3	104	Water plant purchased or sold		215	Retained earnings	<148878 >
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	<384218 >	224	Long term debt	90633
6	114	Water plant acquisition adjustments			Current Liabilities	292110
7	124	Other investments		252	Advances for construction	31187
8	131	Cash	8932	253	Other deferred credits	18000
9	141	Accounts receivable - customers	13437	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		289	Accumulated deferred income taxes - other	
13	180	Deferred charges	45555	271	Contributions in aid of construction	764861
14	132	Special use account	17997	272	Accumulated amonization of contributions	<182419 >
15		Total Assets	1034359		Total Equity and Liabilities	1034359

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	13007				13007
17	303	Land					
18	304	Structures	98962				98962
19	307	Wells	45543				45543
20	317	Other water source plant	22580				22580
21	311	Pumping equipment	203162				203162
22	320	Water treatment plant	18367				18367
23	330	Reservoirs tanks and sandpipes	66986				66986
24	331	Water mains	741254				741254
25	333	Services and meter installations	18063				18063
26	334	Meters	14827	2787			17614
27	335	Hydrants	52376				52376
28	339	Other equipment	17711				17711
29	340	Office furniture and equipment	6328				6328
30	341	Transportation equipment	7597				7597
31		Total water plant in service	1326763	2787			1329550

* 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	357627		
33	Add: Credits to reserves during year			A. Method used to compute depreciation expense (Acct. 403) and rate. 2% S/L
34	(a) Charged to Account No. 403	11774		
35	(b) Charged to Account No. 272	14817		
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	384218		
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 - DDB
44	Total debits			
45	Balance in reserve at end of year	384218		
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 12000 , \$ par)	120000	List persons owning more than 5% of outstanding stock
	2	Preferred - (Shares , \$ par)		and number of shares owned by each:
	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	45801	3%		1618
6	Tyco Corp	2/20/99	12/04	16700	7374	9.5%		987
7	Red Rock, Inc	11/21/00	2/09	37458	37458	9.5%	3865	
8	Totals			225158			3865	2605

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	144923
14	480 Other water revenue	
15	Total Operating Revenue	144923
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	
19	615 Power	16520
20	618 Other volume related expenses	313
21	630 Employee labor	
22	640 Materials	6516
23	650 Contract work	36031
24	660 Transportation expenses	10020
25	664 Other plant maintenance expense	5240
26	670 Office salaries	
27	671 Management salaries	11965
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	681
30	678 Office services and rentals	26800
31	681 Office supplies and expense	3334
32	682 Professional services	5616
33	684 Insurance	3177
34	688 Regulatory commission expense	22634
35	689 General expenses	233
36	Total Operating Expenses	149080
37	403 Depreciation expense	11774
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	3596
40	409 State corporate income tax expense	2656
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	167106
43	Utility Operating Income < Loss >	< 22183 >
44	421 Non-utility income	17
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	6470
47	Net Income < Loss >	< 28636 >

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	-0-
Garcia River	2	12	15	110	1725991
Whiskey Shoals	1	8	45	5	-0-
Whiskey Shoals	2	8	103	3	14199

OTHER

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

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max. mo. of	Min. mo. of	Total for year
Residential & business	185551	80562	1,426,964
Industrial	21284	7090	142,119
Public authorities			
Irrigation			
Other (specify)			
Total	206835	87652	1,569,083

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				
49	670	Office salaries				
50	671	Management salaries	1	11965		11965
51		Total	1	11965		11965

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	31187
Additions during year	
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	174	174
3/4-in	10	10
1-in	14	14
-in	8	8
-in	4	4
Total	210	210

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1 Used, before repair...	10
2 Used, after repair...	Replaced
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	
	24		24	2		2	26	
Industrial	2		2				2	
Other (specify)								
Commercial	59		59	6		6	65	
Subtotal	181		181	29		29	210	
Fire protection (Hydrants)								
Total	181		181	29		29	210	

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					Totals
				2" and under	2 1/4 to 3 1/4	4"	6" 8" 12" Other sizes (specify)		
Concrete	1	285,000	Cast Iron						
Earth			Welded steel				300	300	
Wood	3	272,000	Standard screw	550				550	
Steel			Cement-asbestos		600	5700	7500	14300	
Other			Plastic	1400	760	600	14450	17000	
			Other (specify)						
Total	4	557,000	Total	1950	1360	6300	21950	55000	

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, 2002, to and including Dec. 31, 2002

William S. Huff
President
3-27-03

Alan S. Handelen
 Signed
Accountant
 Title
3/27/03
 Date