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John G. Gliege (#003644)
Attorney for Pine Strawberry Water Improvement District

BEFORE THE ARIZONA CORPORATION COMMISSION

**IN THE MATTER OF THE APPLICATION
OF PINE WATER COMPANY FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT AND
PROPERTY, A RATE INCREASE AND FOR
APPROVAL TO INCUR LONG-TERM DEBT.**

**DOCKET NO. W-03512A-03-0279
DIRECT TESTIMONY OF HARRY D.
JONES, CONSULTANT TO THE, PINE
STRAWBERRY WATER IMPROVEMENT
DISTRICT**

COMES NOW THE PINE WATER COMPANY AND pursuant to the Procedural Order of this
Commission in the above captioned matter hereby submits the Direct Testimony of Harry D. Jones,
Administrator, Pine Strawberry Water Improvement District a copy of the same being attached hereto.

Respectfully submitted this 31st day of October, 2003.

LAW OFFICE OF JOHN G. GLIEGE

John G. Gliege

Arizona Corporation Commission
DOCKETED

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**Written Testimony
of Harry D. Jones, Consultant to the Administrator of
Pine/Strawberry Water Improvement District**

INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Harry D. Jones. My business address is HC-8, Box 363, Payson, AZ 85541

Q. WHAT IS YOUR PROFESSION AND BACKGROUND?

A. I am a general business consultant with a Ph.D. in Finance and Economics from Arizona State University. I have consulted to many small businesses and have completed a major engagement for a New York Stock Exchange firm. Assignments have ranged from raising new equity or debt required for growth, to assignments for complete restructuring of business units, usually with an emphasis on financial statement analysis, product/service costing, and contract negotiations. I have been involved in numerous merger and acquisition transactions. Over the last 25 years, I have been President of five manufacturing firms (one in prefabricated water pumping systems) with 7-350 employees, and currently I am the General Manager of a new cabinet and door design and sales showroom in Payson. From 1980-1983 and from November 2000 to date, I have been the Chairman of the Rim Trail Domestic Water Improvement District located north of Payson, AZ. Both terms of office at Rim Trail were by appointment by the Gila County Board of Supervisors and were necessary to make major steps forward and to bring together major opposing groups of residents who could not agree on future directions. I currently represent Gila County's interest in the Mogollon Rim Water Resources Management Study, a \$600,000 partnership between the County, the Town of Payson, and the Bureau of Reclamation, seeking a 40-50 year dependable supply of water for Northern Gila County.

PURPOSE OF TESTIMONY, SUMMARY, AND CONCLUSIONS

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying in this proceeding on behalf of the Pine/Strawberry Water Improvement District and the property owners, residents, and business owners of the District.

Q. WHAT IS THE PURPOSE AND ORGANIZATION OF YOUR DIRECT TESTIMONY?

A. I will testify against the proposed rate increases that are the subject of this hearing. First, my testimony will focus on the inappropriateness of the proposed rates based on the inadequacy and inaccuracy of information provided by Pine Water Company in their Rate Hearing Application and in their required reports to the Arizona Corporation Commission. Second, I will address the conflicts of interest and the lack of arms-length negotiations that occur between Pine Water Co. and its non-regulated parent company, Brooke Utilities, Inc., an Arizona Corporation with principal offices in California operated by the same individuals as Pine Water Company which invoices substantial charges to its subsidiaries that ultimately result in excessive charges being passed from Strawberry Water Co. (another Brooke Utilities, Inc. subsidiary) and Brooke Utilities, Inc. to Pine Water Co. The third part focuses on the lack of effort demonstrated by the Applicant in making improvements to the distribution system and in seeking additional water supplies for the service area. Last, I wish to put the Commission on notice that the regulatory decisions made and actions taken in the past are not allowing the Pine Water Company customers and property owners the service benefits and fair market costs that are inherent in the issuance of a Certificate of Convenience and Necessity.

Q. WOULD YOU PLEASE SUMMARIZE THE ESSENCE OF YOUR OBJECTIONS TO THE PROPOSED RATES?

A. The test year proposed by the Petitioners is the twelve-month period ending December 31, 2002. During that year and prior years, substantial critical information that influences costs and rates has been left out, misstated or presented in a confusing manner in terms of (1) costs of purchasing water from third parties, (2) costs of flowing (wheeling) water

through an unregulated Brooke Utilities pipeline (called Project Magnolia) connecting Strawberry Water Co. to Pine Water Co., (3) costs of hauling water from outside the District or from Strawberry to Pine, (4) overstating property tax expenses, and (5) presenting massive outside service costs that are not clarified.

In addition, Brooke Utilities, Inc., as the owner of Pine Water Co., has a conflict of interest or lack of required arm-lengths dealings related to its ownership of both of the regulated public utility companies (Pine Water Co. and Strawberry Water Co.) since the Strawberry company supplies the Pine company with over 21 percent of its water, without proper disclosure of the costs passed between the companies, resulting in Strawberry Water Co. being profitable and Pine Water Co. sustaining extreme losses that are being used to justify massive and unjust rate increases during these proceedings.

Without proper and clear disclosure of costs and various relationships, costs can be easily hidden between the intertwined transactions occurring between Pine Water, Strawberry Water, and the unregulated Brooke Utilities entities. In the process of the Commission allowing separate rate cases for the regulated companies (an acceptable procedure) and choosing not to regulate Brooke Utilities, the two firms and their parent company are able to allocate costs and revenues in an unjustified manipulative manner. Under these circumstances, Brooke Utilities has the opportunity and apparent willingness to control the profitability or losses of the two subsidiary firms in a manner that justifies unwarranted rates to consumers, this time to Pine Water customers and potentially next time to Strawberry Water customers.

Besides the lack of control of cost allocations between the two regulated companies, the wheeling charges for the water flowing from Strawberry Water Co. to Pine Water Co. is completely unregulated and excessive, with wheeling costs amounting to approximately 41 percent of total revenues of Pine Water Co. The excessive wheeling costs unjustifiably enrich the unregulated Brooke Utilities firm, much to the detriment of the customers of Pine Water Co. Having an unregulated, non-arms length operating cost equal to 41% of total revenues and controlled by and excessively benefiting the parent firm of both regulated companies is unjustified and unfair to the Pine Water Co. customers.

Finally, Brooke Utilities, Inc., as owner of Pine Water Co. has put forth inadequate and ineffective efforts to locate additional water sources for Pine

Water Co. They claim there is inadequate water available, yet (a) they have allowed approximately 19% or more of the pumped and purchased water to be lost before it flows through the customer's meters, (b) they have had to rely on purchasing approximately 14.2% of their water from private wells that have been successfully drilled within the immediate service area, and (c) the owners of Pine Water Co. have been non-participants in any financial, technical, or informational support for the many organizations that are seeking a long-term stable water supply for the region that includes their immediate service area.

In summary, as long as (a) the costs and revenues between the various firms are not monitored closely, (b) the cost, markup, and ownership of purchased water is unknown, (c) the wheeling costs are unregulated, unknown, and extremely high, and (d) rate increases can be potentially approved by the Corporation Commission, it seems Pine Water Co. and Brooke Utilities have no incentive to be efficient or to make investments into locating additional long-term dependable water sources.

From a financial point of view, if Pine Water Co. cannot survive economically, the public health, safety, and welfare is in jeopardy.

Q. WHAT CONCLUSIONS HAVE YOU DRAWN BASED ON YOUR OBJECTIONS TO THE REQUESTED RATE INCREASES?

A. In light of the situation, I believe the Commission should suspend the current Rate Application, delay the application process, or dramatically minimize any increases until (1) accurate data is supplied on prior reports and with a new Rate Application, (2) conflicts of interest and lack of arms-length transactions are fully documented, explained, and eliminated, and (3) the Applicant establishes immediate plans and goals, and supplies meaningful financial resources, in an attempt to find more water to support the service demands and projected growth of the Certified service area.

In addition, I believe the Commission staff should audit all the specific inter-company cost and revenue transactions between the two operating companies themselves, and between the two operating companies and Brooke Utilities, the California based parent Arizona company. Because of common control of the subsidiaries and the existence of an unregulated parent company that does business out of state, there is a massive incentive to not disclose adequate details of transactions that could result in multiple

mark-ups on water purchases, unjustified mark-ups between companies on wheeling costs, and excessive unexplained outside service fees.

Also, I believe the Commission should review its prior decisions and rate cases for these entities since some of those decisions were possibly made on the basis of less than arms-length relationships between the firms involved.

If the customers of Pine Water Co. (and also Strawberry Water Co.) were receiving the level of service that met the requirements of the CC & N, there would not be such a consistent uproar and general mode of distrust in the community. If service was good and a dependable long-term adequate supply of water existed, possibly some exceptions to rules of the Commission related to common control, inter-company lending, could be accepted, assuming full disclosure of what those relationships are and how they effect the customers of Pine Water Co.

APPROPRIATENESS AND ACCURACY OF INFORMATION PROVIDED IN RATE APPLICATION AND PRIOR COMMISSION REPORTS

Q. WHAT ANNUAL FINANCIAL REPORTS SUBMITTED TO THE COMMISSION HAVE YOU REVIEWED FOR PINE WATER CO.?

A. The years from 1998, 1999, 2000, 2001, and 2002, with the year 2002 being the test year for their application.

Q. HAVE YOU REVIEWED FINANCIAL STATEMENTS FOR OTHER FIRMS AS PRESENTED TO THE COMMISSION?

A. Yes. I have reviewed the statements for the same periods for Strawberry Water Co.

Q. WHY ARE YOU REVIEWING STATEMENTS FOR A COMPANY THAT IS NOT THE SUBJECT OF THIS RATE HEARING?

A. Because the two companies in question (1) are both owned by the same parent company (Brooke Utilities, Inc.), (2) have substantial inter-company transactions (3) apparently share common operational and senior

management, and (4) are fully connected to each other with a pipeline that can move up to 750,000 gallons per day from Strawberry to the Pine system, under these circumstances the opportunity for confusion or miss-application of expenses or revenues is much more likely than with two completely independent firms.

Q. BASED ON THIS CONCEPT OF REVIEWING FINANCIAL INFORMATION FOR BOTH COMPANIES WHEN INTERCOMPANY TRANSACTIONS AND COMMON OWNERSHIP ARE INVOLVED, IS THERE ANOTHER COMPANY WHOSE STATEMENTS YOU WOULD LIKE TO BE ABLE TO REVIEW IN THIS SITUATION?

A. Yes. I would like to review the third leg of this puzzle, which would be the financial statements of Brooke Utilities, the owner of both the Applicant and Strawberry Water Co., and also the owner of Project Magnolia, the pipeline that connects the two systems.

Q. WHY DO YOU BELIEVE IT IS IMPORTANT TO REVIEW THE STATEMENTS OF BROOKE UTILITIES?

A. The Rate Application indicates the total revenues of Pine Water Co. were \$670,447 during the test year 2002, yet by the end of that year, there was an inter-company payable owed to Brook Utilities of \$553,599, all for wheeling charges (per Mr. Bourassa's direct testimony) for water moved from the Strawberry locations to the Pine Water Co. Even adding the year 2001 revenues of \$685,233 to the 2002 revenues (for a total of \$1,355,680) indicates wheeling charges from Brooke Utilities to Pine Water Co. amounted to a minimum of at least 40.8% of sales, a staggering percentage that cannot be confirmed since the pipeline was not in full operation during all of 2001, and since the pipeline is unregulated, the backup data is not in the public domain. The costs associated with wheeling become part of the Rate Base costs that are being used to justify a 41% rate increase to the rate-payers, therefore enough information to verify the real costs of wheeling (which has probably not been negotiated on an arms-length basis) needs to be supplied to the Commission and the rate-payers.

Q. HAVE YOU LOCATED ANY SOURCE DOCUMENTS THAT INDICATES THE COMMISSION EVER APPROVED PINE WATER COMPANY INCURRING DEBT OF \$553,599?

A. No. I believe small month-by-month accounts payable amounts might be acceptable to incur without Commission approval, however not paying a bill for almost two years, and building up balances of \$553,599 appears to be a major violation of commission rules. Mr. Bourassa indicated on page 11 of his testimony that "The probability that Pine Water can pay this obligation in a timely manner, even under the proposed rates, is very low". This statement seems to indicate this amount due was not expected to be repaid within terms, thus booking this series of transactions as a current liability "Payable to Associated Companies" (see Schedule E-1, page 1 of Bourassa testimony) has continually miss-represented Pine Water's true financial condition and has apparently violate the requirements of the Commission to seek approval for debt prior to it being incurred.

Q. ARE THER OTHER REASONS TO BE ABLE TO REVIEW THE FINANCIAL RECORDS OF BROOKE UTILITIES?

A. Yes. The financial information available through the public record does not fully disclose the contract terms, who all has held title to the purchased water, invoice transactions related to the purchased water, and other relevant matters to allow the rate-payers to reasonably determine the real cost of the water purchased by Pine Water Co. With common ownership of both companies, and the unregulated Brooke Utilities firm in the middle, it cannot be determined who bought the water from the original seller, was it resold to a second title holder who marked it up, and then finally sold to Pine Water Co., or what?

Under the belief that all costs incurred by the Applicant that go into the rate-base calculations should reflect the best prices/values available in the marketplace, a significant conflict of interest could be occurring in this situation. If, for example, Brooke Utilities management buys the water for its own account originally from a private seller (like, for example, William McKnight) at a fair market price, then Brooke resells it to Strawberry Water Co. at a significant markup, and Strawberry resells it to Pine Water at a significant markup, it seems that Pine Water Co. could be paying a price that is more than the minimum it should incur. Because the same Brooke management team is in control of each stage of these type situations, adequate information (more than currently provided) must be made available. Potential and real conflicts of interest must be avoided. The rate-payers of Pine Water Co. do not know if this situation exists, and would not

consider it a conflict of interest if this situation were fully disclosed, everything was priced at fair market prices, and the management of Pine Water as able to shorten the channel of distribution to the shortest length. Without total full disclosure, the answer to this potential conflict of interest situation is not going to be known.

Q. WHEN YOU WERE COMPARING THE FINANCIAL STATEMENTS OF PINE WATER COMPANY AND STRAWBERRY WATER COMPANY, DID YOU NOTICE ANYTHING ABNORMAL ABOUT THE PROPERTY TAX EXPENSES OF THE TWO COMPANIES?

A. Yes. The Pine system serves about twice as many customers and has about twice as many assets as the Strawberry system, therefore I would expect to see the property tax expense at Pine Water Co. only about twice as high (67% versus 33%) as Strawberry Water Co. However, from 2000-2002 property taxes are about 25 times higher at Pine Water when compared to Strawberry Water. For the 2002 Test Year on which the Applicant's 41% Rate Application increase is based, \$51,177 was reported to be charged to Pine Water Co. and only \$1,627 was reported to be charged to Strawberry Water Co. The actual tax bill amounts are \$34,559.80 and \$18,224.22, respectively, which shows a severe misrepresentation in the Application. Thus, 96.9 % of the total property taxes for the two companies were charged to Pine Water Co., when in actuality, only 65.4% should have been allocated to the Pine System (see attached Exhibit for actual tax bills). This inaccurate allocation of costs added an extra \$16,617 to the Pine Water Co. expenses in the Test Year, with such amount increasing property tax expense by 48% and total operating costs in that all-important base year by over 1.8%. Are extra costs being deliberately charged to Pine Water Co., or is this just another slip? The fact the bills are clearly marked with the correct "Pine" and "Strawberry" names, the total of the bills together is accurate to the correct dollar amount, and the fact it happened to nearly the same degree in the prior two years (even \$1,212 negative taxes for Strawberry Water in the year 2000), may be an indication that this is not a simple clerical error made year after year. Why management would certify this in their Annual Report as being accurate is beyond me.

Q. WHAT DID YOU NOTICE ABOUT THE REPAIR AND MAINTENANCE EXPENSES OF PINE WATER COMPANY?

A. The repair and maintenance expenses vary dramatically (see attached Exhibits), with \$-0- expense in 1999, \$11,261 in 2000, \$-0- in 2001, and \$59,423 in 2002. To have two years of \$-0- expense in a system with almost 2000 customers is near impossible. More likely the expense is in some other category or some other company, or is just wrong or misleading. Since this expense in 2002 is up from -0- percent of sales in 2001 to 8.8 % in 2002 (the year being used as the test case), I don't believe we have accurate information for the ratepayers to properly analyze this case. Besides, the repairs and maintenance costs for Strawberry Water, with almost 1000 users were \$77 in 2000, \$157 in 2001, and only \$2,414 in 2002.

Q. WERE YOU ABLE TO DETERMINE THE ACTUAL COSTS TO PINE WATER CO. FOR HAULING WATER DURING THE TEST YEAR, WHICH FUTURE COST WAS SUPPOSED TO BE RECOVERED BY A RATE ADJUSTMENT ALLOWED IN EARLY 2003?

A. Not for sure, but probably. During the test year, costs of hauling water were apparently combined with costs of purchased water because the Applicant's current Rate Increase Request adjusted out \$39,270 to arrive at an "adjusted test year cost (see Schedule C-2, page 1 of the Rate Application). Whether this was all or just a part of the cost of hauling water is unknown. If it was all the cost, and only related to the 753,000 gallons purchased from Starlight Water Co. (see 2002 Annual Report to Commission, attached hereto), the transport cost was an amazing \$.052 per gallon.

Q. WHY IS IT IMPORTANT TO KNOW THE ACTUAL WATER HAULING COST INCURRED BY THE COMPANY?

A. Hauling water has been a major cost factor in the past and possibly into the future (5.8% of sales revenue in the test year—see sales on the attached Exhibit and adjustment to prior years cost on Schedule C-1, p.1 of Rate Application) and it is the basis for the Augmentation charge currently included within the approved rate structure. In addition, the arms-length and conflict of interest issues related to purchase of water are the same issues with the cost of moving the water, *i. e.* who paid directly for the transport, was it marked up several times, who owns the transport company?

Q. ARE YOU AWARE HOW MUCH PINE WATER CO. PAYS THE WELL OWNERS FOR SOME OR ALL OF ITS PURCHASED WATER?

A. Public records are not available for a complete answer. However, Mark Fumusa, dba Meadowview Investments, has reported they sell Pine Water Co from 6.6 million to 12.8 million gallons per year, with sales through nine months of 2003 at 6.5 million gallons. He is paid \$1.00 per thousand gallons (\$.001 per gallon). He owns the wells and the million gallon storage tank, pays all maintenance bills, pays for the electricity, and pumps directly from Solitude Trails (south end of Pine) into the Pine Water Co. lines, thus there are no associated hauling costs. Bill McKnight of Strawberry, reports he sells 750,000 to over 1,000,000 gallons per month (994,000 gallons in September, 2003) to one of the Brooke entities at a rate of \$.50 per thousand gallons (\$.0005 per gallon). Possibly McKnight's rate is much lower than Fumusa's because the Brooke entities may be paying for maintenance, electricity, or other costs that cannot be determined by the public record.

Q. HAVE YOU BEEN ABLE TO CALCULATE WHAT PINE WATER COMPANY IS ULTIMATELY BEING CHARGED FOR THE PURCHASED WATER?

A. The Pine Water Co. 2002 Annual Report to the Commission (attached as an Exhibit) indicates on page 9 that 11,643,000 gallons were purchased through the "Strawberry-Pine Pipeline" and 753,000 gallons were purchased from Starlight Water Co., for a total volume of purchased water of 12,396,000 gallons. Purchased water costs in the same report on p. 7 are \$125,033, indicating an average cost of \$10.08 per 1000 gallons (\$.010 per gallon). From the data, how much of this cost is paid to whom (Strawberry Water, Brooke Utilities, Starlight Pines Water) cannot be determined, however the average is over ten (10) times what was paid to Fumusa, the largest supplier of which I am aware, and over twenty(20) times what is paid to McKnight whose well is a major supplement to the Strawberry well field so the Strawberry system has production capacity to help support the Pine System. Justification for such massive mark-ups by the inter-related companies is unknown.

The Strawberry Water Co. 2002 Annual Report to the Commission (see attached Exhibit) indicates on page 7 that "Other Water Revenues" (assumed to be the sales to Pine Water Co.) amounted to \$50,283. If that is the total

revenue for the 11,643,000 gallons reported coming down the pipeline to Pine Water Co. on their 2002 Annual Report, the average cost is \$4.32 per 1000 gallons (\$.00432 per gallon). This sale price to Pine Water Co., after going through the Strawberry Water Co. books is over 8 times what is paid to Mr. McKnight at \$.50 per thousand (\$.0005 per gallon). Again, justification of these charges is not apparent.

Q. HAVE YOU BEEN ABLE TO DETERMINE IF THERE IS ANY COMMISSION APPROVED RATE FOR THE SALE OF WATER FROM STRAWBERRY WATER CO. TO PINE WATER COMPANY?

A. No. The rate charged to their largest customer, even though it is a bulk sale, should be controlled by the Commission. However, the charge being made for this water appears to be on a less than arms length basis and at exorbitant rates, and without a rate being approved by the Commission.

Q. WHAT DID YOU OBSERVE ABOUT THE OUTSIDE SERVICES COSTS INCURRED BY PINE WATER COMPANY OVER THE YEARS, AND ESPECIALLY DURING THE TEST YEAR 2000?

A. These costs seem exorbitant in every sense when compared to total revenues (see attached Exhibits). They were 25.5% of revenues in the year 2000, 18.8% in 2001, and 24.1% in 2002, the test year. With few details provided and some comment available in the Direct Testimony of Hardcastle and Bourassa, inadequate data is available for the Commission or the rate-payers to be able to fully analyze the meaning of these expenses. However, from the information available, it is apparent legal fees and rate-hearing costs are way out of line with what a firm this size should spend. For tens of thousands of dollars (probably over \$100,000), Pine Water recovered only \$6,914 from Strawberry Hollow Domestic Water Improvement District during their legal dispute related to excluding that development from the CC & N service area of Pine Water Co. It is possible that some of this cost may be for services Brooke Utilities provides to Pine Water Co, which services are not apparently done at arm's length.

Q. DO YOU HAVE A PROBLEM WITH ANY OTHER ASPECT OF THE LEGAL FEES DISCLOSED BY THE APPLICANT?

A. Yes. In Schedule E-2 of the Application, the Company indicated legal expenses of \$7,448 in 2000 and \$104,161 in 2002. Yet the Company wants

to set the test year at \$60,000 based on the fact fees were incurred, whether the money was spent on a reasonable basis or not. Only much smaller fees that are based on reasonable business decisions should be allowed into the test year base expenses.

Q. HAVE YOU BEEN ABLE TO DETERMINE WHAT IS THE BASIS FOR WHEELING COSTS BROOKE UTILITIES CHARGES PINE WATER CO.?

A. Other than the fact Mr. Bourassa explained on p.11 of his testimony that the \$533,599 inter-company payable on 12-31-02 was for "wheeling charges owed to Brooke Utilities for deliveries of water through Project Magnolia, the water transmission project owned and operated by Brooke Utilities", the true basis for this massive charge cannot be determined. As stated previously, if the total revenues for 2001 and 2002 were added together (a total of \$1,355,680), the wheeling charge of \$533,599 would amount to at least 40.8% of sales, a staggering percentage that cannot be confirmed since the pipeline was not in full operation during all of 2001. The fact this expense is charged to the Applicant by an unregulated firm (Brooke Utilities, Inc.) that fully controls Pine Water Co. makes that large payable highly suspect.

Q. WHAT DID YOU OBSERVE ABOUT MISCELLANEOUS OPERATING EXPENSES DURING YOUR FINANCIAL REVIEW?

A. Those expenses (generally a catch-all category for relatively small expenses not categorized elsewhere) should not total large amounts. However, from 1999-2000 (see attached Exhibits) these expenses are as high as 23% of revenue, with total expenses of \$55,761 to \$124,658. Revenues during these years were \$534,627 to \$685,233. Again, no one can tell what is occurring financially with large unexplained items like this in the financial statements.

Q. HOW DOES THE DOLLAR LEVEL OF PROJECTED CONSTRUCTION REQUIREMENTS ON SCHEDULE F-1 OF THE APPLICATION COMPARE TO THE POSITION MR. HARDCASTLE TAKES IN HIS TESTIMONY?

A. Not well. On page 10 of Mr. Hardcastle's testimony, he discusses "alternatives that might be pursued to address chronic water supply

shortages. In the short-term, Plan alternatives under consideration include increased water storage, condemnation of water supplies, and further water exploration and water sharing agreements, in addition to those efforts already underway". The \$75,435 proposed as the test year amount is inadequate, with \$30,000 of the total going to meters (meters don't overcome water shortages, they would cause further shortages) and only allocating \$17,100 to construct new wells. To provide reasonable service, this budgeted amount should be many times the \$75,000 proposed. I believe this testimony by Mr. Hardcastle is a continuation of the "all talk, no action" real plan that is actually being pursued by the Applicant.

Q. DID YOU NOTICE A LARGE SOURCE OF UNEXPLAINED REVENUE THAT BOOSTED REPORTED NET WORTH DURING THE YEAR 2000?

A. Yes. There is a non-utility income item of \$494,709 (with no offsetting expenses) shown in the year 2000 (see attached Exhibit). This greatly boosted the reported net worth of Pine Water Co. I have no idea of the source of this income that greatly changed the reported status of their financial condition over the last three years.

Q. WHAT DID YOU OBSERVE ABOUT THE LEVEL OF ACCRUED TAXES FOR PINE WATER CO. AT THE END OF 2002?

A. When compared to Strawberry Water Co., the unpaid taxes were more than ten (10) times that of Strawberry Water Co., possibly meaning an error (see attached Exhibits).

Q. HAVE YOU NOTICED ANY DIFFERENCE BETWEEN THE FINANCIAL STATEMENTS PRESENTED YEARLY TO THE COMMISSION WHEN COMPARED TO THE SUPPOSED SAME FINANCIAL STATEMENTS PRESENTED IN THE RATE APPLICATION?

A. Yes. The Schedule E-2, page in the Rate Application has line items such as "transportation" that vary by \$132,000 (year 2000) and items like "Purchased Water" that vary by 20%-25% in the 2001 and 2002 years. Since these are categories with significant cost totals (\$87,000 to \$132,000), I'm not sure what is wrong or why the data is different than previously reported in the attached Exhibits

Q. DO YOU HAVE ANY CONCERN ABOUT THE SOURCE AND USE THE FUNDS TO BE GENERATED UNDER THE PROPOSED \$10 PER MONTH WATER EXPLORATION SURCHARGE?

A. Yes. The source of the funds is the rate-payers, totaling about \$20,000 per month. This is in addition to the 41% rate increase being requested. The user of the funds would be the Applicant and Brooke Utilities, Inc. the unregulated parent company that has the personnel that typically manages other than day-to-day operations. On page 12 of his testimony, Mr. Hardcastle states "this surcharge would help offset the costs to be incurred by Pine Water and Brooks (sic) Utilities while helping to better allocate the risks associated with such capital projects". Obviously, he intends for \$20,000 per month of the rate-payers money to go to Brooke Utilities, which is unregulated and can do what it wants with the money without the scrutiny of the Commission or the rate-payers. Mr. Hardcastle's proposal for such a process of augmenting water supplies is an indication of his personal willingness to continue to operate regardless of the conflicts of interest he has with the various groups that depend on him and his companies for fair treatment in a monopolistic environment. Putting this rate-payer money into the hands of an unregulated company that deals with its subsidiaries on other than an arms-lengths basis would be a poor decision.

Q. IF THE GENERAL PHILOSOPHY OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY IS TO AWARD A MONOPOLY TO SOMEONE WHO CAN PROVIDE ADEQUATE SERVICE AT A FAIR PRICE, DO YOU HAVE A CONCERN THAT THE CURTAILMENT TARIFF IS WORKING AGAINST THAT PHILOSOPHY?

A. Yes, it is an admission that the Applicant cannot provide reasonable adequate water services to his area.

Q. ON PAGE 14 OF MR. HARDCASTLE'S TESTIMONY, HE INDICATED "PINE WATER HAS SUFFERED OPERATING LOSSES FOR EACH OF THE PAST THREE YEARS. THIS IS TRUE, PRIMARILY, DUE TO INCREASED OPERATING EXPENSES BEING INCURRED BY THE COMPANY ASSOCIATED WITH PROJECT MAGNOLIA". DOES THIS STATEMENT CONCERN YOU?

A. Yes, very much. Are we the rate-payers just supposed to accept whatever costs Brooke Utilities decides to charge for operating the pipeline? Does Mr. Hardcastle expect this charge to be blindly accepted by the Commission when trying to determine a fair value of Pine Water's utility plant, and the related costs associated with running the plant? I believe the answer to both of these questions is a resounding NO!

Q. WHAT IS YOUR GENERAL IMPRESSION OF THE PINE WATER CO. FINANCIAL STATEMENTS IN TERMS OF THEIR POTENTIAL ACCURACY AND THEIR ABILITY TO HELP MAKE GOOD FINANCIAL DECISIONS OVER THE YEARS?

A. The statements appear to lack reasonable consistency and accuracy and should be used only to prompt further questions as to the firm's real financial status.

Q. WHAT IS YOUR GENERAL FEELING AS TO THE FINANCIAL CONDITION OF PINE WATER CO.?

Because of (1) the poor quality of the data presented by the company, (2) the missing data that is required for proper analysis, (3) the potential conflicts of interest between the firms involved, and (4) the apparent lack of arms-length dealings between the entities, it is difficult to tell the true financial condition of Pine Water Co. The management and Mr. Bourassa make numerous claims in their testimony that "the Company is not credit worthy . . . and its current financial condition and current cash flow preclude it from finding a willing third party lender" to general implications that the firm is in overall poor condition and needs to charge higher than normal interest rates because of higher than normal risks. Therefore, I believe the Applicant is being presented to show a poor financial condition in hopes of a large rate increase. I do believe the company is probably in deep trouble and could possibly cease operations. If it does not survive financially, the public health, safety and welfare is in jeopardy.

Q. IS IT POSSIBLE THAT THE PINE WATER CO. HAS ENOUGH ASSETS AND A HIGH ENOUGH RATE STRUCTURE TO POSSIBLY SURVIVE?

A. Yes, depending on what the real costs are when accounting corrections are made, lost water is greatly reduced, and the inter-company transactions

are reviewed in terms of market cost, conflicts of interest, and arms-length transactions, all of which have the potential to significantly influence the expenses properly allowed during analysis of rate-base expenses.

LACK OF DEVELOPMENT OF NEW WATER RESOURCES

Q. DURING YOUR OPERATIONAL REVIEW OF PINE WATER COMPANY AFFAIRS, HAVE YOU UNCOVERED ANY SIGNIFICANT EFFORTS OR COSTS RELATED TO RECENT DEVELOPMENT OF ADDITIONAL WATER RESOURCES OR STORAGE FACILITIES FOR THE COMPANY?

A. No. Over the years, investment has been minimal in terms of capital expenditures. Schedule E-5 of the Rate Application is an example of what the Company views as investments in "Plant Additions". During 2002, the test year, the company invested \$67,588 in plant additions, of which \$56,446 was invested in new meters and the cost of installing them. Other than the remaining \$11,142, there seems to be no public record related to evidence of capital investments in new wells or research into re-working wells, or major efforts to store more water.

Q. DURING YOUR OPERATIONAL REVIEW, DID YOU DETERMINE THAT THE COMPANY, OR ITS RELATED ENTITIES, HAD DURING THE TEST YEAR, MADE ANY SIGNIFICANT EFFORTS TO SUPPORT OTHER GROUPS THAT ARE SEEKING ALTERNATIVE SOURCES OF NEW WATER?

A. No. As far as I have determined, Pine Water Co. and Brooke Utilities have not been, nor are currently, lending support to (1) the Northern Gila County Water Project Alliance that drilled an 1800 foot test hole in Strawberry (mainly funded by Pine/Strawberry Water Improvement District, Gila County, U.S. Forest Service, Arizona. State Land), (2) the study recently completed by the Pine/Strawberry Water Improvement District at a cost of \$120,000, or (3) the \$600,000 Mogollon Rim Water Resources Management Study funded by the Bureau of Reclamation, Town of Payson and Gila County that currently under way. Brooke Utilities has been invited to be part of all these studies, with no required financial commitments on the Bureau of Reclamation project started in June of 2003.

Q. WHAT HAVE YOU DETERMINED ABOUT THE EFFORT PINE WATER COMPANY HAS MADE TO REDUCE SYSTEM WATER LEAK LOSSES?

A. In the early years of ownership of the System, a significant number of leaks were repaired, however 2002 Test Year water loss reports filed with the Commission indicate only a 7.3% leakage loss occurred. This percentage, which appears to be very good loss ratio, was based on 43.7 million gallons pumped, 11.6 million gallons delivered through the Magnolia pipeline, and .7 million gallons purchased from Starlight Water Co., for a total amount of 56.0 million gallons available for distribution. The same report indicates 52.0 million gallons were consumed, which amounts to a loss of the reported 7.3%.

Interesting enough, when I checked with a major supplier of water to the Pine Water system (Mark Fumusa, dba Meadowview Investments located in Solitude Trails Development), he certified he sold Pine Water Co. 8,402,440 gallons during the 2002 year. I believe there can be no confusion that the Fumusa water is not the same water as the "Magnolia" water (Mark pumps directly into the Pine Water lines/tanks), nor could it be claimed to be the same water as the "Starlight Pines" water that is transported by truck from about 40 miles away. In addition, this Fumusa water cannot be confused with what Pine Water Co. calls "Pumped" water since Fumusa owns the well, pays the repair costs, pays the power bills, and is paid \$1.00 per 1,000 gallons supplied. Fumusa's contribution to the total supply has been significant for years, amounting to 12.8 million gallons in 2000, 6.6 million gallons in 2001, and 6.5 million gallons through nine months of 2003.

If the 8.4 million gallon Fumusa 2002 Test Year total is added to the 56.0 million gallons total water available per Pine Water Co. (as it should be to total 64.4 million gallons), with only 52.0 million gallons consumed, the loss ratio is now 19.3%. Not being able to determine how many other private wells feed the Pine system, it is possible that the loss ratios are much higher than 19.3%. I am familiar with one other private well in Strawberry that regularly supplies from .75 million gallons to 1.1 million gallons per month to the overall system.

In summary, I would suspect significant old leaks still remain in the system and new ones are continuing to occur, however the precise loss percentages (a major measure of a systems efficiency) cannot be determined without

accurate information. Again, like the property tax issued discussed earlier, is this improper information a simple error, or is this incorrect information a deliberate "slip" designed to misrepresent the true state of affairs?

Obviously, if a leak reduction program was far more successful and more aggressively pursued, less water would need to be purchase, pumping costs would be reduced, hauling costs might be completely eliminated, purchases from private wells might be greatly reduced, exorbitant wheeling charges from Brooke Utilities Magnolia Project could be reduced, and ultimately less new water would need to be discovered.

Q. DURING YOUR FINANCIAL AND OPERATIONAL REVIEW, HAVE YOU SEEN ANY INDICATION THAT PINE WATER, STRAWBERRY WATER, OR BROOKE UTILITIES IS ATTEMPTING TO EXTEND OR MAKE NEW CONTRACTS FOR PURCHASE OF WATER OR TO ACQUIRE ANY PRIVATE WELLS THAT WOULD MAKE WATER SUPPLIES MORE STABLE FOR THE FUTURE?

A. No. In fact, one current seller of water has indicated he is considering stopping the sale of water (about 750,000-1,000,000 gallons per month) to Brooke in order to protect his own property interests. Another potential seller group who could sell supplies from a new major well says they will continue to refuse to drill the well if it was Brooke/Pine Water Co. firm they would need to sell to in order to help their town. A third potential supplier with excess water currently available (who would like to turn-over the water in his system more quickly by selling some water) refuses to sell to a Brooke related entity. Also, the owner of a new deep well that is being test pumped now will refuse to supplement the Pine supply if he needs to rely on a Brooke entity to distribute the water.

Q. ARE YOU CONCERNED ABOUT HOW PINE WATER COMPANY PROPOSES TO IMPLEMENT THE ALTERNATIVES IDENTIFIED AND DISCUSSED IN THE PLAN?

A. The question of how to implement the Plan was asked of Mr. Hardcastle on page 11 of his testimony. He stated "That is not a question that can currently be answered". He doesn't seem to have a plan and indicates the Augmentation Plan, for which he is seeking rate-payer money to support, is only "an outline of the possible, or maybe I should say theoretical,

alternatives Pine Water is aware of and believes are worthy of consideration and further discussion". In my mind Mr. Hardcastle has not presented a real Plan, only a listing of alternatives that are "worthy of consideration". Certainly no rates for augmentation efforts should be granted until a real "Plan" is presented for review by the Commission and the rate-payers.

Q. WHAT IS YOUR OVERALL CONCLUSION ABOUT THE PROPOSED RATE INCREASE AND THE RELATIONSHIP BETWEEN PINE WATER AND ITS RATE-PAYERS?

. I believe the proposed rate increases, including the \$10 monthly charge to assist in finding new water, should be delayed until the Applicant can supply improved financial records to the Commission.

I also believe the rate-payers will ultimately demand to take full control of the water development, any water treatment, and the distribution of water in the CC & N service areas of both Pine Water Co. and Strawberry Water Co.

Q. DID YOU HAPPEN TO NOTICE ANY GLARING INCONSISTENCIES IN THE STRAWBERRY WATER CO. FINANCIAL STATEMENTS OR ANNUAL REPORTS TO THE COMMISSION THAT YOU REVIEWED, SUCH THAT THE INCONSISTENCIES MIGHT AFFECT THE PINE WATER COMPANY RATE DECISIONS?

A. Yes. The 2002 Annual Report of Strawberry Water Co. (see attached Exhibit) indicates they purchased \$21,158 of water in 2002, however on page 9 of the same report, they indicate no water was purchased. Also, the same Annual Report on page 11 indicates 50,151,790 gallons were pumped; yet only 32,451,257 were sold. What happened to the rest? They don't have adequate storage to store the 18 million gallon difference, or was it really sold, or what? This type of inaccurate reporting to the Commission is the same problem faced within Pine Water Co., and could have an effect on the cost and amount of water ultimately sold to Pine Water Co. Are these situations just another slip, or are they something more?

Q. DO YOU WISH TO MAKE ANY OTHER STATEMENTS AT THIS TIME?

A. Yes. Because of the missing and inaccurate information available in the public record, I reserve the right to modify my testimony to reflect new

information we expect to receive from the Applicant (1) as they answer the written interrogatories, and (2) they supply the documents pursuant to a Request for Production of documents both of which will be filed shortly.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION
COMMISSION

RECEIVED
APR 16 2003

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

Director of Utilities

P

W-03512A
Pine Water Co., Inc.
% Brooke Utilities, Inc.
P.O. Box 82218
Bakersfield CA 93380

ANNUAL REPORT

*Entered
4/30/03
CYN*
*2002
assessment
db updated
CYN*

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

ANN 04	02
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OK

COMPANY INFORMATION

Company Name (Business Name) PINE WATER COMPANY, INC

Mailing Address P.O.BOX 82218

BAKERSFIELD
(Street)
(City)

CA
(State)

93380
(Zip)

(661) 633-7546

(800) 748-6981

(661) 428-5453

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

Local Office Mailing Address P.O.BOX 82218

BAKERSFIELD
(Street)
(City)

CA
(State)

93380
(Zip)

(661) 633-7546

(800) 748-6981

(661) 428-5453

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

MANAGEMENT INFORMATION

Management Contact: ROBERT T. HARDCASTLE PRESIDENT

(Name)

(Title)

P.O.BOX 82218

BAKERSFIELD

CA

93380

(Street)

(City)

(State)

(Zip)

(661) 633-7526

(800) 748-6981

(661) 978-4777

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

On Site Manager: DEAN SHAFFER

(Name)

1011 S. STOVER ROAD

PAYSON

AZ

85541

(Street)

(City)

(State)

(Zip)

(928) 474-8130

(928) 474-1695

(928) 970-0437

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address deans@brookeutilities.com

COMPANY NAME: PINE WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	19,774	18,111
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments	18,849	18,040
174	Miscellaneous Current and Accrued Assets	3,725	3,725
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 42,348	\$ 39,876
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,824,007	\$ 1,891,594
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(1,180,752)	(1,228,209)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 643,255	\$ 663,385
	DEFERRED INCOME TAX DEBITS	\$ 369,000	\$ 369,000
	TOTAL ASSETS	\$ 1,054,603	\$ 1,072,261

COMPANY NAME: PINE WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT LIABILITIES			
231	Accounts Payable	\$ 44,062	\$ 59,388
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	277,182	533,599
235	Customer Deposits	20,410	21,356
236	Accrued Taxes	21,796	29,001
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		11,095
	TOTAL CURRENT LIABILITIES	\$ 363,450	\$ 654,440
LONG-TERM DEBT (Over 12 Months)			
224	Long-term Notes and Bonds	\$ 75,166	\$ 55,353
Deferred Credits			
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 24,871	\$ 39,979
252	Advances in Aid of Construction	12,093	12,093
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	958,323	958,323
272	Less: Amortization of Contributions	(470,728)	(494,931)
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 524,559	\$ 515,464
	TOTAL LIABILITIES	\$ 963,175	\$ 1,225,256
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 321,823	\$ 321,823
211	Paid In Capital in Excess of Par Value	584,935	584,935
215	Retained Earnings	(815,330)	(1,059,754)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ 91,428	\$ (152,996)
	TOTAL LIABILITIES AND CAPITAL	\$ 1,054,603	\$ 1,072,261

COMPANY NAME: PINE WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 675,199	\$ 662,011
460	Unmetered Water Revenue		
474	Other Water Revenues	10,034	8,436
	TOTAL REVENUES	\$ 685,233	\$ 670,447
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 109,808	\$ 131,402
610	Purchased Water	107,942	125,033
615	Purchased Power	28,399	36,942
618	Chemicals		604
620	Repairs & Maintenance		59,423
621	Office Supplies and Expense		
630	Outside Services	129,077	161,856
635	Water Testing	8,987	7,758
641	Rents	583	
650	Transportation Expenses	267,780	176,144
657	Insurance - General Liability		
659	Insurance - Health and Life	8,117	12,663
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	71,734	55,761
403	Depreciation Expense	46,112	47,457
408	Taxes Other Than Income	40,895	41,363
408.11	Property Taxes	43,592	51,177
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 863,026	\$ 907,583
	OPERATING INCOME/(LOSS)	\$ (177,793)	\$ (237,136)
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	23	408
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(8,925)	(7,694)
	TOTAL OTHER INCOME/EXPENSE	\$ (8,902)	\$ (7,287)
	NET INCOME/(LOSS)	\$ (186,695)	\$ (244,423)

COMPANY NAME

Pine Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
		See Page 9A				

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Strawberry-Pine Pipeline	N/A	11,643
Starlight Water Co./Pearson Transportation	N/A	753

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	11	none
5	7		
3	1		
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
250 & 5,000	1 / 1	2,000	4
10,000 & 12,000	2 / 1	350	2
100,000 & 150,000	4 / 1	1,000	2
250,000 / 300,000	2 / 1		

Company Name
Year

Pine Water Co., Inc.

2002

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID	PUMP	PUMP	CASING	METER
NO.	HP	YEILD(GPM)	(INCHES)	SIZE (INCHES)
55-613695	0.75	10	6"	1"
55-613688	.5	8.5	6"	.75"
55-613691	.5	3	8"	.75"
55-613689	.75	16	6"	1"
55-519445	.5	7	6"	1"
55-613696	.75	3	6"	1"
55-603958	3	18	6"	1"
55-603961	3	16	8"	1"
55-603963	5	23	6"	2"
55-603960	1	2.5	4"	.75"
55-635775	2	16	6"	.75"
55-635769	1	7	8"	.75"
55-635770	2	16	6"	.75"
55-635772	2	8	6"	.75"
55-613687	.75	14	6"	1"

COMPANY NAME: Pine Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY n	1,846	3,315,376	3,841
FEBRUARY	1,846	3,294,104	3,047
MARCH	1,853	2,965,012	2,913
APRIL	1,865	3,651,369	4,280
MAY	1,872	5,002,895	4,737
JUNE	1,885	6,605,607	3,585
JULY	1,885	5,156,652	3,478
AUGUST	1,885	4,576,358	4,655
SEPTEMBER	1,885	5,076,021	3,088
OCTOBER	1,885	4,602,227	4,102
NOVEMBER	1,885	4,046,117	2,880
DECEMBER	1,887	3,714,276	3,105
	TOTAL	N/A	43,711

52006014

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.005 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME PINE WATER COMPANY, INC

YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 47,384.52

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

#14458
..... 21,795.92*+
#15447
..... 25,588.60 +
002
..... 47,384.52 *

14458

34820

34818

24811

2 | 34810

BANK OF AMERICA
40 TRUXTUN AVENUE
BAKERSFIELD, CA 93301

16-66
1220

CHECK NO.

Pine Water Company, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218



***** Twenty-One Thousand Seven Hundred Ninety-Five and 92/100 *****

DATE: Mar 27 02
AMOUNT: \$21,795.92

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ
85502

[Handwritten Signature]

⑈014458⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑈0002179592⑈

THIS PAPER CONTAINS A WATERMARK AND OTHER SECURITY FEATURES

PLEASE ENDORSE HERE

PAY TO THE ORDER OF
BANK ONE, NA
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
11804047

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *

64946

122100024
BANK ONE, NA
PHOENIX, ARIZONA
122100024

Mar 27 02

THIS DOCUMENT INCLUDES THE FOLLOWING VALDILUARD SECURITY FEATURES: EXCEEDING FSA GUIDELINES.

- INVISIBLE FLUORESCENT FIBERS
- TWO SOLVENT STAMPS
- BROWN STAIN
- UV DUAL WATERMARK
- ARTIFICIAL WATERMARK
- MULTI-AGE
- MULTIPLE SECURITY FEATURES

AP 07 02
122100024
BANK ONE, NA
PHOENIX, ARIZONA

FEDERAL RESERVE NOTE - FEDERAL RESERVE NOTE

COMPANY NAME PINE WATER COMPANY, INC

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (244,423)
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported (244,423)
Estimated or Actual State Tax Liability 0

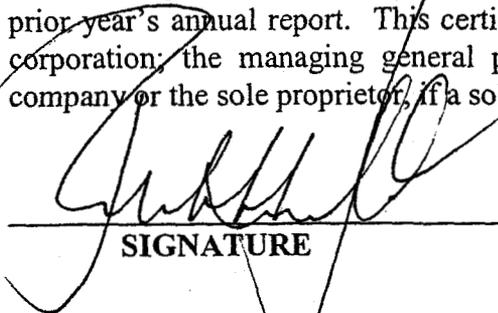
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4-9-03

DATE

ROBERT T. HARDCASTLE

PRINTED NAME

PRESIDENT

TITLE

RECEIVED
APR 16 2003

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

Director of Utilities

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL) TITLE	ROBERT T. HARDCASTLE	PRESIDENT
COMPANY NAME	PINE WATER COMPANY, INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)
\$ <u>670,447</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 41,363
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

[Handwritten Signature]
SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

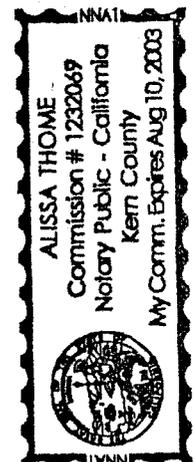
THIS 4th DAY OF

COUNTY NAME	KERN	
MONTH	APRIL	2003

(SEAL)

MY COMMISSION EXPIRES AUG. 10 2003

[Handwritten Signature]
SIGNATURE OF NOTARY PUBLIC



RECEIVED
APR 16 2003

Director of Utilities

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF CALIFORNIA

(COUNTY NAME) KERN	
NAME (OWNER OR OFFICIAL) ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME PINE WATER COMPANY, INC	

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 651,278

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 41,082 IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

[Handwritten Signature]
SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

4th

DAY OF

NOTARY PUBLIC NAME Alissa Thome	
COUNTY NAME KERN	
MONTH APRIL	.20 03

(SEAL)

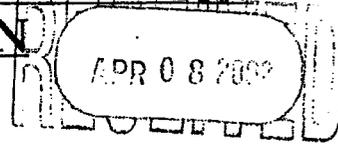
MY COMMISSION EXPIRES Aug 10 2003

x *[Handwritten Signature]*

SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION



ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

P

W-03512A
PINE WATER CO., INC.
% BROOKE UTILITIES, INC.
P.O. BOX 82218
BAKERSFIELD CA 93380-

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
-------	----

Processed by:

4-10-02 cm

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>PINE WATER COMPANY, LLC</u>		
Mailing Address <u>P.O. BOX 82218</u>		
<u>BAKERSFIELD</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>rth@brookeutilities.com</u>		
Local Office Mailing Address <u>P.O. BOX 82218</u>		
<u>BAKERSFIELD</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>rth@brookeutilities.com</u>		

MANAGEMENT INFORMATION

Management Contact: <u>ROBERT T. HARDCASTLE</u>			<u>PRESIDENT</u>
<u>P.O. BOX 82218</u> (Street)	<u>BAKERSFIELD</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633 - 7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>rth@brookeutilities.com</u>			
On Site Manager: <u>DEAN SHAFFER</u>			
<u>1011 S. STOVER ROAD</u> (Street)	<u>PAYSON</u> (City)	<u>AZ</u> (State)	<u>85541</u> (Zip)
<u>(520) 474-8130</u>	<u>(520) 474-1695</u>	<u>(602) 601-5691</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>deans@brookeutilities.com</u>			

Statutory Agent: <u>ROBERT T. HARDCASTLE</u>			
(Name)			
<u>P.O. BOX 82218</u>	<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>JAY SHAPIRO @ SENNORE CRAIG</u>			
(Name)			
<u>3003 N. CENTRAL AVE., SUITE 2600,</u>	<u>PHOENIX</u>	<u>AZ</u>	<u>85012-2913</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 916-5366</u>	<u>(602) 916-5566</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME: PINE WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	16,930	444	16,486
304	Structures and Improvements	160,067	95,746	64,321
307	Wells and Springs	65,994	44,509	21,485
311	Pumping Equipment	123,059	68,041	55,018
320	Water Treatment Equipment	3,810	967	2,843
330	Distribution Reservoirs and Standpipes	247,073	166,273	80,800
331	Transmission and Distribution Mains	988,892	669,884	319,008
333	Services	70,981	48,278	22,703
334	Meters and Meter Installations	146,722	86,591	60,131
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	479	19	460
	TOTALS	1,824,007	1,180,752	643,255

COMPANY NAME: PINE WATER COMPANY, INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	16,930	2.62%	444
304	Structures and Improvements	160,067	2.61%	4,178
307	Wells and Springs	65,994	- 2.62%	1,729
311	Pumping Equipment	123,059	2.46%	3,022
320	Water Treatment Equipment	3,810	2.05%	78
330	Distribution Reservoirs and Standpipes	247,073	2.62%	6,473
331	Transmission and Distribution Mains	988,892	2.49%	24,624
333	Services	70,981	2.58%	1,830
334	Meters and Meter Installations	146,722	2.54%	3,721
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	479	2.71%	13
	TOTALS	1,824,007	2.53%	46,112

COMPANY NAME: PINE WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT at End of Year
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	15,071	19,774
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments	19,660	18,849
174	Miscellaneous Current and Accrued Assets	3,724	3,725
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 38,455	\$ 42,348
FIXED ASSETS			
101	Utility Plant in Service	\$ 1,788,878	\$ 1,824,007
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(1,134,640)	(1,180,752)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 654,238	\$ 643,255
	DEFERRED INCOME TAX DEBITS	\$ 369,000	\$ 369,000
	TOTAL ASSETS	\$ 1,061,693	\$ 1,054,603

COMPANY NAME: PINE WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT at End of Year
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 4,988	\$ 44,062
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	96,400	277,182
235	Customer Deposits	15,708	20,410
236	Accrued Taxes	21,140	21,796
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 138,236	\$ 363,450
	LONG-TERM DEBT (Over 12 Months)		
224	Long-term Notes and Bonds	\$ 93,080	\$ 75,166
	Deferred Credits		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 28,364	\$ 24,871
252	Advances in Aid of Construction	12,093	12,093
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	958,323	958,323
272	Less: Amortization of Contributions	(446,524)	(470,728)
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 552,256	\$ 524,559
	TOTAL LIABILITIES	\$ 783,572	\$ 963,175
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 321,823	\$ 321,823
211	Paid In Capital in Excess of Par Value	584,935	584,935
215	Retained Earnings	(628,637)	(815,330)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ 278,121	\$ 91,428
	TOTAL LIABILITIES AND CAPITAL	\$ 1,061,693	\$ 1,054,603

COMPANY NAME: PINE WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 593,529	\$ 675,199
460	Unmetered Water Revenue		
474	Other Water Revenues	8,164	10,034
	TOTAL REVENUES	\$ 601,693	\$ 685,233
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 109,630	\$ 109,808
610	Purchased Water	39,183	107,942
615	Purchased Power	35,513	28,399
618	Chemicals	3,571	
620	Repairs & Maintenance	11,261	
621	Office Supplies and Expense		
630	Outside Services	153,343	129,077
635	Water Testing	1,325	8,987
641	Rents	7,025	583
650	Transportation Expenses		267,780
657	Insurance - General Liability		
659	Insurance - Health and Life	8,113	8,117
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	124,658	71,734
403	Depreciation Expense	52,440	46,112
408	Taxes Other Than Income	34,676	40,895
408.11	Property Taxes	42,282	43,592
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 623,020	\$ 863,026
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	494,709	23
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(7,128)	(8,925)
	TOTAL OTHER INCOME/EXPENSE	\$ 487,581	\$ (8,902)
	NET INCOME/(LOSS)	\$ 466,254	\$ (186,695)

Company Name
Year

Pine Water Co., Inc.
2001

WATER COMPANY PLANT DESCRIPTION

WELLS				
ADWR ID	PUMP	PUMP	CASING	METER
NO.	HP	YEILD(GPM)	(INCHES)	SIZE (INCHES)
55-613695	0.75	10	6"	1"
55-613688	.5	8.5	6"	.75"
55-613691	.5	3	8"	.75"
55-613689	.75	16	6"	1"
55-519445	.5	7	6"	1"
55-613696	.75	3	6"	1"
55-603958	3	18	6"	1"
55-603961	3	16	8"	1"
55-603963	5	23	6"	2"
55-603960	1	2.5	4"	.75"
55-635775	2	16	6"	.75"
55-635769	1	7	8"	.75"
55-635770	2	16	6"	.75"
55-635772	2	8	6"	.75"
55-613687	.75	14	6"	1"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Galloas Purchased or Obtained (in thousands)
Project Magnolia (Strawberry-Pine Pipeline)	N/A	17,000

As Total relate to next tab

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (in thousands)

40,117

Booster Pumps		Fire Hydrant	
HP	Quantity	Qty Standard	Quantity Other
7.5	1	11	none
5	7		
3	1		
5	1		

Storage Tanks		Pressure Tanks	
Capacity	Quantity	Capacity	Quantity
250	1	2,000	4
5000	1	350	2
10,000	2	1000	2
12,000	1		
100,000	4		
150,000	1		
300,000	1		
250,000	2		

STATISTICAL INFORMATION

Total number of customers 1,839

Total number of gallons sold 52,256,454 gallons

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(186,695)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(186,695)</u>
Estimated or Actual State Tax Liability	<u>0</u>

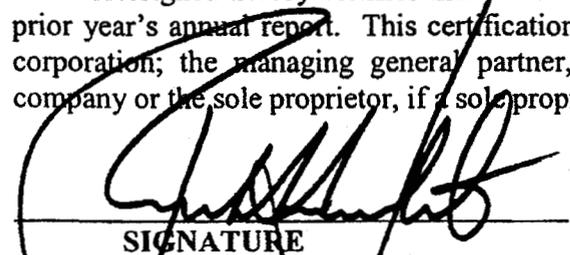
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



 SIGNATURE

APRIL 5, 2002

 DATE

ROBERT T. HARDCASTLE

 PRINTED NAME

PRESIDENT

 TITLE

COMPANY NAME PINE WATER COMPANY, INC YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 42,936.24

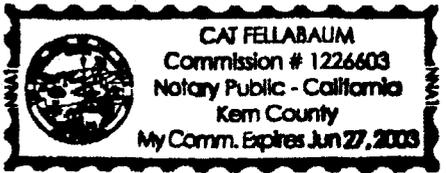
Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

STATE OF CALIFORNIA)
 : ss
COUNTY OF KERN)

"Subscribed and sworn to before me, Cat Fellabaum, Notary Public,
on this 5th day of April, 2002."

Witness my hand and official seal.



Cat Fellabaum

Notary Public in and for said State.

Document: Utilities Division Annual Report, Calendar Year ending December 31,
2001. Verification and sworn statement for Pine Water Company.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION

RECEIVED
APR 08 2002

Director of Utilities

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) KERN	
NAME (OWNER OR OFFICIAL) ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME PINE WATER COMPANY, INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

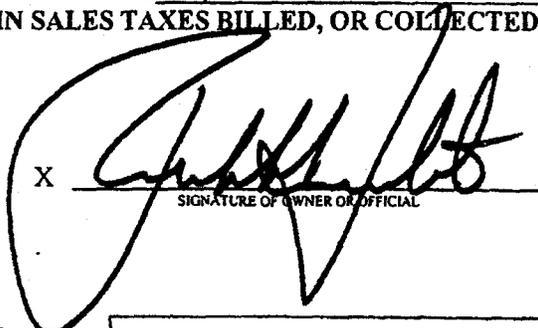
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 632,381

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 40,300 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

X 
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	. 20

(SEAL)

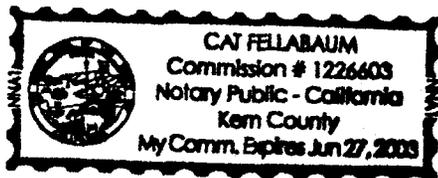
MY COMMISSION EXPIRES

X _____
SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
): ss
COUNTY OF KERN)

"Subscribed and sworn to before me, Cat Fellabaum, Notary Public,
on this 5th day of April, 2002."

Witness my hand and official seal.



Cat Fellabaum

Notary Public in and for said State.

Document: Utilities Division Annual Report, Calendar Year ending December 31,
2001. Verification and sworn statement for Pine Water Company.

2/2

Pine Water Company, Inc.
P.O. Box 82218 # 34632 34633
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERFIELD, CA 93301

12685



16-66
1220

CHECK NO.

***** Twenty-One Thousand One Hundred Forty and 32/100 *****

DATE
Apr 17 01

AMOUNT
\$21,140.32

PAY
TO THE
ORDER
OF

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ
85502

2/2 2000 TAXES
2 PARCELS

⑈012685⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑆0002114032⑆

04/23/01
122000661 06

APR 23 01

1221000244
1221000244

8158 01786

PAY TO THE ORDER OF
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
11861047

AP 01 20
122100024
BANK ONE, ARIZONA, N.A.
PHOENIX, ARIZONA

856 788 848

Strawberry Water Company, Inc.
 6103 GILA COUNTY TREASURER

13683

Oct 23 01

902-31-200	Oct 23 01	2,653.93	0.00
902-31-270	Oct 23 01	11,866.77	0.00
950-71-270	Oct 23 01	747.28	0.00
902-31-276A	Oct 23 01	32.12	0.00

2,653.93 } These are
 11,866.77 } Pine Water
 747.28 } property tax
 32.12 } bill, mistake
 paid by
 Strawberry
 Water
 Pine reimburse
 Strawberry &
 rt.

NOT NEGOTIABLE

15,300.10

0.00

15,300.10

Strawberry Water Company, Inc
 P.O. Box 82218

BANK OF AMERICA
 1440 TRUXTON AVENUE
 BAKERFIELD, CA 93301

13683



16-66
 1220

CHECK NO.

***** Fifteen Thousand Three Hundred and 10/100 *****

DATE
 Oct 23 01

AMOUNT
 \$15,300.10

GILA COUNTY TREASURER
 P.O. BOX 1093
 GLOBE, AZ 85502

NOT NEGOTIABLE

⑈013683⑈ ⑆12200661⑆ 14769⑈01525⑈

TOTALS

TEAR OFF ALONG DOTTED LINES

DOTTED LINES

Strawberry Water Company, Inc

P.O. Box 82218

CA 93380-2218

1/2-34810-34811

A-34812-34857

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERFIELD, CA 93301

13683

16-66
1220

CHECK NO.

***** Fifteen Thousand Three Hundred and 10/100 *****

DATE
Oct 23 01

AMOUNT
\$15,300.10

GILA COUNTY TREASURER
P.O. BOX 1093

GLOBE, AZ 85502

PAY
TO THE
ORDER
OF

[Handwritten Signature]
[Handwritten Amount]

⑈013683⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑆0001530010⑆

10/31/01
122000661 06

PAY TO THE ORDER OF
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA
R#122100024
FED DEPOSIT ONLY
GILA COUNTY TREASURER
010047

19 50870

122100024
122100024
122100024

of 30
122100024
BANK ONE, ARIZONA, NA

4/18/01 assessment db updated em

4-18-01
em

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

P

W-03512A WATER
PINE WATER CO., INC.
% BROOKE UTILITIES, INC.
P. O. BOX 82218
BAKERSFIELD CA 93380

ANNUAL REPORT

FOR YEAR ENDING

12	31	2000
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FOR COMMISSION USE

ANN 04	00
--------	----

COMPANY INFORMATION

Company Name (Business Name) <u>PINE WATER COMPANY, INC</u>			
Mailing Address <u>P.O. BOX 82218</u>			
(Street)			
<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>	
(City)	(State)	(Zip)	
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MANAGEMENT INFORMATION

Management Contact: <u>ROBERT T HARDCASTLE</u>			
(Name)			
<u>PRESIDENT</u>			
(Title)			
<u>P.O. BOX 82218</u>	<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
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On Site Manager: <u>DEAN SHAFFER</u>			
(Name)			
<u>1011 S. STOVER ROAD</u>	<u>PAYSON</u>	<u>AZ</u>	<u>85541</u>
(Street)	(City)	(State)	(Zip)
<u>(520) 474-8130</u>	<u>(520) 474-1695</u>	<u>(602) 601-5691</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>deans@brookeutilities.com</u>			

Statutory Agent: ROBERT T HARDCASTLE
(Name)

P.O. BOX 82218 BAKERSFIELD CA 93380
(Street) (City) (State) (Zip)

(661) 633-75126 (800) 270-6084 (602)601-5691
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: JAY SHAPIRO AT PENNMORE CRAIG
(Name)

3003 N. CENTRAL AVE., SUITE 2600, PHOENIX AZ 85012-2913
(Street) (City) (State) (Zip)

(602) 916-5366 (602) 916-5566 N/A
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME PINE WATER CO., INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	16,930		16,930
304	Structures and Improvements	160,067	91,568	68,499
307	Wells and Springs	65,994	42,780	23,214
311	Pumping Equipment	112,569	65,019	47,549
320	Water Treatment Equipment	2,142	889	1,253
330	Distribution Reservoirs and Standpipes	247,073	159,800	87,273
331	Transmission and Distribution Mains	972,124	645,260	326,864
333	Services	70,981	46,449	24,532
334	Meters and Meter Installations	140,520	82,870	57,651
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	479	6	472
	TOTALS	1,788,878	1,134,640	654,238

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME PINE WATER CO., INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	16,930	0.00%	0
304	Structures and Improvements	160,067	3.11%	4,972
307	Wells and Springs	65,994	3.22%	2,122
311	Pumping Equipment	112,569	2.84%	3,194
320	Water Treatment Equipment	2,142	2.99%	64
330	Distribution Reservoirs and Standpipes	247,073	3.21%	7,940
331	Transmission and Distribution Mains	972,124	2.86%	27,783
333	Services	70,981	3.08%	2,185
334	Meters and Meter Installations	140,520	2.97%	4,174
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	479	1.31%	6
	TOTALS	1,788,878	2.93%	52,440

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME PINE WATER CO., INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	13,127	15,071
146	Notes/Receivables from Associated Companies	858	
151	Plant Material and Supplies		
162	Prepayments	9,491	19,660
174	Miscellaneous Current and Accrued Assets	18,841	3,724
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 42,317	\$ 38,455
FIXED ASSETS			
101	Utility Plant in Service	\$ 1,768,177	\$ 1,788,878
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(1,082,200)	(1,134,640)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 685,977	\$ 654,238
	DEFERRED INCOME TAX DEBITS		369,000
	TOTAL ASSETS	\$ 728,294	\$ 1,061,693

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME PINE WATER CO., INC

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITIES			
231	Accounts Payable	\$ 4,032	\$ 4,988
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	342,233	96,400
235	Customer Deposits	15,083	15,708
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	20,329	21,140
	TOTAL CURRENT LIABILITIES	\$ 381,677	\$ 138,236
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$ (168,864)	\$ 93,080
DEFERRED CREDITS			
	at REFUNDABLE METER ADVANCES	\$ 26,340	\$ 28,364
252	Advances in Aid of Construction	12,093	12,093
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	958,323	958,323
272	Less: Amortization of Contributions	(418,643)	(446,524)
281	Accumulated Deferred Income Tax	125,500	
	TOTAL DEFERRED CREDITS	\$ 703,613	\$ 552,256
	TOTAL LIABILITIES	\$ 916,426	\$ 783,572
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 321,823	\$ 321,823
211	Paid in Capital in Excess of Par Value	584,935	584,935
215	Retained Earnings	(1,094,890)	(628,637)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (188,132)	\$ 278,121
	TOTAL LIABILITIES AND CAPITAL	\$ 728,294	\$ 1,061,693

COMPANY NAME PINE WATER CO., INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 529,718	\$ 593,529
460	Unmetered Water Revenue		
474	Other Water Revenues	4,909	8,164
	TOTAL REVENUES	\$ 534,627	\$ 601,693
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 79,856	\$ 109,630
610	Purchased Water	35,311	39,183
615	Purchased Power	31,371	35,513
618	Chemicals		3,571
620	Repairs and Maintenance		11,261
621	Office Supplies and Expense		
630	Outside Services	56,798	153,343
635	Water Testing	14,090	1,325
641	Rents	1,324	7,025
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		8,113
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	84,567	124,658
403	Depreciation Expense	75,191	52,440
408	Taxes Other Than Income	31,128	34,676
408.11	Property Taxes	35,016	42,282
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 444,652	\$ 623,020
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	267	494,709
426	Miscellaneous Non-Utility Expenses	(48)	
427	Interest Expense	(113,742)	(7,128)
	TOTAL OTHER INCOME/EXP	\$ (113,523)	\$ 487,581
	NET INCOME/(LOSS)	\$ (23,548)	\$ 466,254

COMPANY NAME PINE WATER CO., INC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	5/1/2000			
Source of Loan	BROOKE UTILITIES			
ACC Decision No.	SEE BELOW (1)			
Reason for Loan	SEE BELOW (2)			
Dollar Amount Issued	\$ 104,000	\$	\$	\$
Amount Outstanding	\$ 93,080	\$	\$	\$
Date of Maturity	4/30/2005			
Interest Rate	10%			
Current Year Interest	\$ 6,757	\$	\$	\$
Current Year Principle	\$ 10,920	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 28,364
Meter Deposits Refunded During the Test Year	\$ 5,608

NOTE:

(1) FROM E&R	ACC DECISION # 62400	AMOUNT: \$82,000
FROM WILLIAMSONS	ACC DECISION # 62363	AMOUNT: \$22,000

(2) THE PURPOSE OF THE LOAN WAS TO FINANCE CAPITAL EXPENDITURE PROJECTS TO IMPROVE WATER SYSTEM INFRASTRUCTURES.

Company Name

Pine Water Co., Inc.

Year

2000

WATER COMPANY PLANT DESCRIPTION

WELLS					
ADWR ID	PUMP	PUMP	CASING	WELL	METER
NO.	HP	YEILD(GPM)	(INCHES)	DEPTH (FT)	SIZE (INCHES)
55-613695	0.75	10	6"	80'	1"
55-613688	.5	8.5	6"	170'	.75"
55-613691	.5	3	8"	80'	.75"
55-613689	.75	16	6"	200'	1"
55-519445	.5	7	6"	190'	1"
55-613696	.75	3	6"	80'	1"
55-603958	3	18	6"	200'	1"
55-603961	3	16	8"	20'	1"
55-603963	5	23	6"	480'	2"
55-603960	1	2.5	4"	300'	.75"
55-635775	2	16	6"	270'	.75"
55-635769	1	7	8"	232'	.75"
55-635770	2	16	6"	99'	.75"
55-635772	2	8	6"	79'	.75"
55-613687	.75	14	6"	200'	1"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Purchased Water-The Knolls	N/A	3,100
Purchased Water-Strawberry	N/A	2,500

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (in thousands)

54,590

Booster		Fire	
Pumps		Hydrant	
HP	Quantity	Qty Standard	Quantity Other none
7.5	1	11	
5	7		
3	1		
5	1		

Storage		Pressure	
Tanks		Tanks	
Capacity	Quantity	Capacity	Quantity
250	1	2,000	4
5000	1	350	2
10,000	2	1000	2
12,000	1		
100,000	4		
150,000	1		
300,000	1		
250,000	2		

STATISTICAL INFORMATION

Total number of customers 1,833

Total number of gallons sold 42,344,302 gallons

COMPANY NAME PINE WATER CO., INC YEAR ENDING 12/31/2000

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (28,246)
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported (28,246)
Estimated or Actual State Tax Liability 0

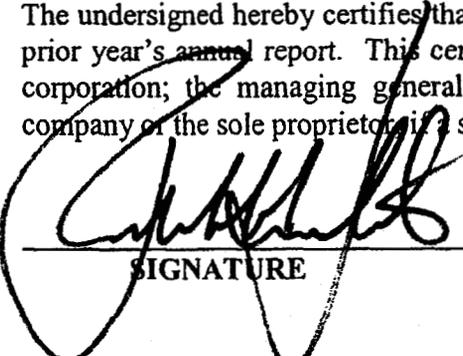
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



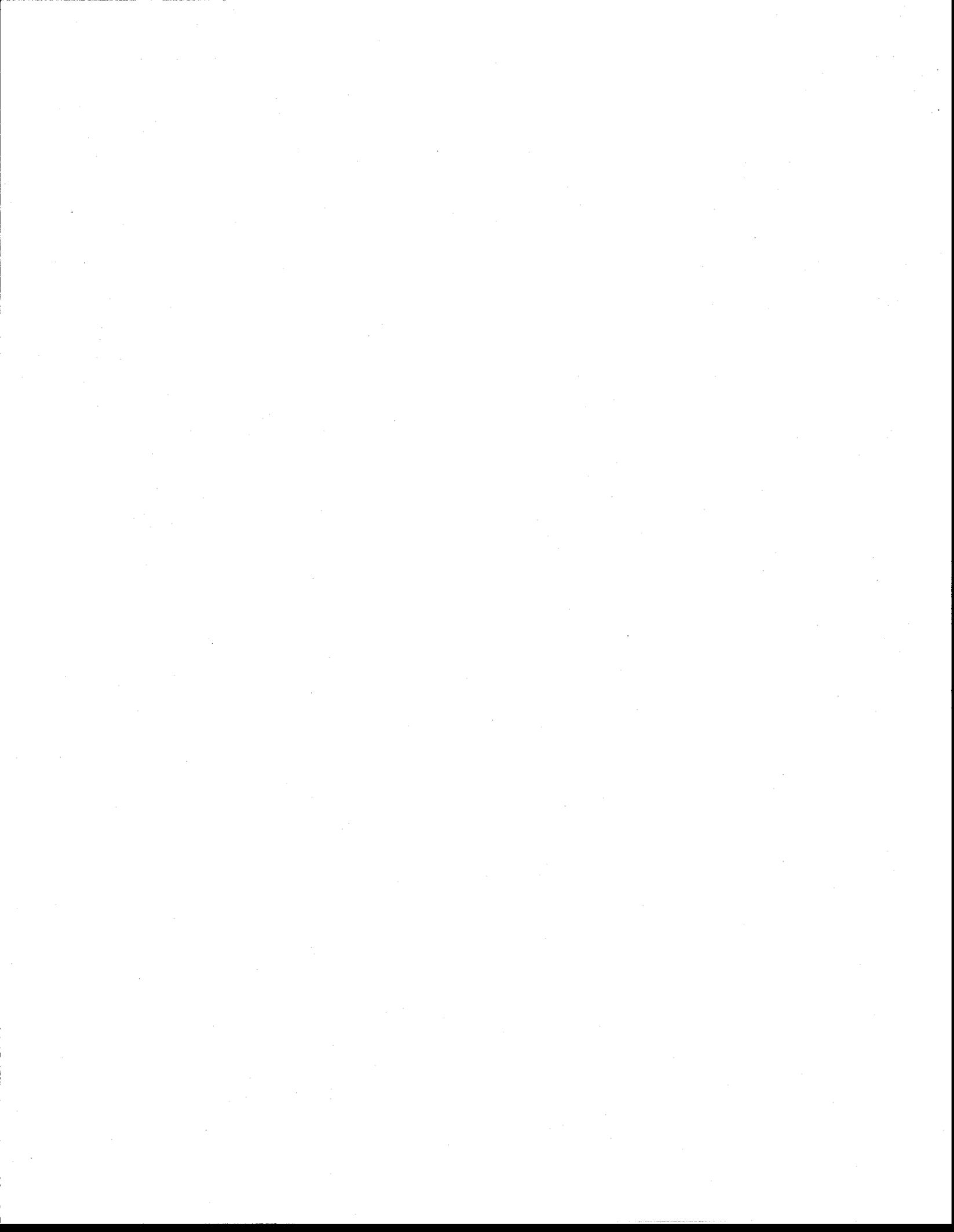
SIGNATURE
ROBERT T. HARDCASTLE

PRINTED NAME

4-5-01

DATE
PRESIDENT

TITLE



COMPANY NAME PINE WATER CO., INC

YEAR ENDING 12/31/2000

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2000 was: \$ 21,140.32

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME PINE WATER CO., INC

YEAR ENDING 12/31/2000

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2000)

\$ 21,140.32

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL) TITLE	ROBERT T. HARDCASTLE	PRESIDENT
COMPANY NAME	PINE WATER CO., INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPRORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

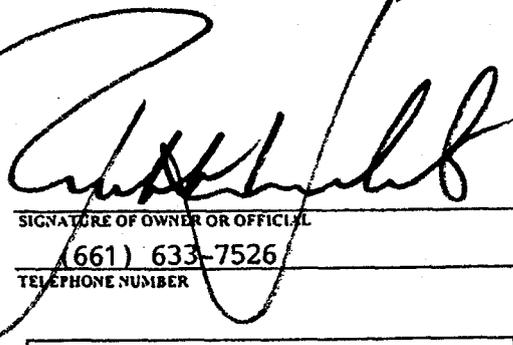
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)
\$ <u>601,693</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 34,676
IN SALES TAXES BILLED OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

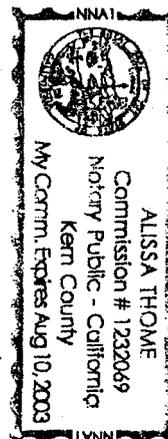

SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS SIXTEENTH DAY OF

COUNTY NAME	KERN	
MONTH	APRIL	2001


SIGNATURE OF NOTARY PUBLIC



(SEAL)
MY COMMISSION EXPIRES AUGUST 10, 2003

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF CALIFORNIA

(COUNTY NAME) KERN	
NAME (OWNER OR OFFICIAL) ROBET T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME PINE WATER CO., INC	

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

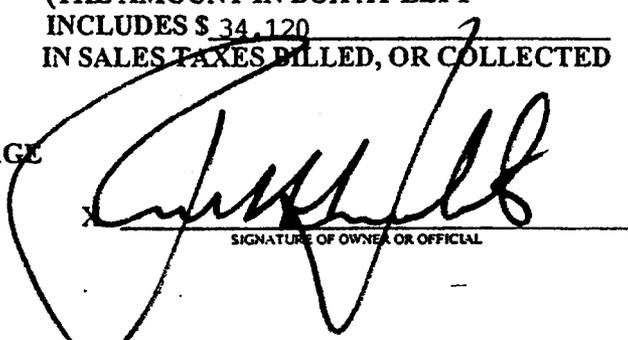
SWORN STATEMENT

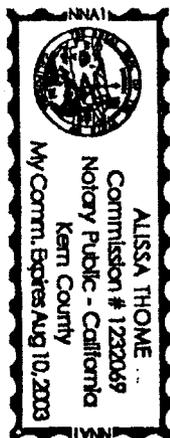
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 584,019

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 34,120 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.


 SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS SIXTEENTH DAY OF

(SEAL)

MY COMMISSION EXPIRES AUGUST 10, 2003

NOTARY PUBLIC NAME ALISSA THOME	
COUNTY NAME KERN	
MONTH APRIL	2001

X 
SIGNATURE OF NOTARY PUBLIC

11698

1/2

34632

34633

Pine Water Company, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301

CHECK NO.



***** Twenty-One Thousand One Hundred Forty and 32/100 *****

DATE: Oct 11 00 AM
AMOUNT: \$21,140.32

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ
85502

Charles M. ...

ENTIRE PAGE OF THIS DOCUMENT HAS A COPY...

⑆0002112000⑆

PLEASE ENDORSE HERE

PAY TO THE ORDER OF
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
11804047

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

OCT 16 00

00 16
122100024
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA

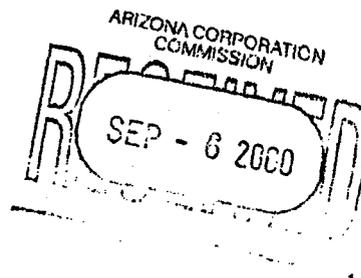
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ANN 04
W-03512A
(99)

UTILITIES DIVISION ARIZONA CORPORATION COMMISSION

WATER UTILITY ANNUAL REPORT

W-03512A <WATER
PINE WATER CO., INC.
% BROOKE UTILITIES, INC
P. O. BOX 82218
BAKERSFIELD CA ~~99380~~ 93380



(If mailing label above is incorrect, please draw line through incorrect information, and state corrected information.)

FOR YEAR ENDING

12	31	99
----	----	----

MONTH DAY YEAR

ANNUAL REPORT DUE APRIL 15, 2000

TO
UTILITIES DIVISION - ANNUAL REPORTS SECTION

ARIZONA CORPORATION COMMISSION

1200 WEST WASHINGTON - SUITE 206

PHOENIX, ARIZONA 85007

Note: This report is to be used only for Water Utilities that have total annual Water Revenues of less than \$250,000.

Company Name Pine Water Co., Inc Year Ending 12/31/99

Name of Certificate Holder Pine Water Co., Inc.

Date of Original CC&N* _____

Company Name (dba name), if different from above N/A

Local Office Mailing Address PO Box 82218
(Street or P. O. Box)

BAKERSFIELD CA 93380
(City) (State) (Zip)

Physical Address (if different from above) 3101 State Road
(Street) (Zip)

Bakersfield CA 93308
(City) (State) (Zip)

Local Office Tel. No. 661-633-7524 After Hrs./Emerg. No. 800-270-6084
(Include Area Code/Ext) (Include Area Code/Ext)

Local Office Fax No. 520-474-1695 Pager No. 601-602-5691
(Include Area Code/Ext) (Include Area Code)

Is Utility in Operation at this time? Yes No
If no, Please Explain: _____

Last Rate Increase Effective Date NONE
(Month) (Day) (Year)

- Utility Company Ownership:
- Sole Proprietor (S)
 - C Corporation (C) (Other than Association/Co op)
 - Partnership (P)
 - Subchapter S Corporation (Z)
 - Bankruptcy (B)
 - Association/Co op (A)
 - Receivership (R)
 - Limited Liability Company (L)
 - Other (X) _____

If Utility Company is a Subsidiary of a Parent Company:
 Owned By Controlled By:

Name of Parent Company BROOKE UTILITIES, INC

Acquisition Date 7/1/98
(MM) (DD) (YY)

If Utility is Incorporated - Date Incorporated 7/1/98
(MM) (DD) (YY)

State in which Incorporated: Arizona Other _____
(Please Specify)

Company Name Pine Water Co., Inc Year Ending 12/31/99

IF INCORPORATED AND ARTICLES OF INCORPORATION HAVE BEEN AMENDED DURING THE REPORT YEAR, PLEASE FILL IN THE FOLLOWING 2 LINES:

DATE AMENDED N/A PLACE AMENDED: N/A
(MONTH) (DAY) (YEAR) (CITY) (STATE)

REASON: N/A

COUNTIES SERVED BY UTILITY COMPANY:

- APACHE
- GILA
- LA PAZ
- NAVAJO
- SANTA CRUZ
- STATEWIDE
- COCHISE
- GRAHAM
- MARICOPA
- PIMA
- YAVAPAI
- COCONINO
- GREENLEE
- MOHAVE
- PINAL
- YUMA

LOCALITIES SERVED (INCORPORATED OR UNINCORPORATED) north pine, south pine
(PLACES, TOWNS OR MUNICIPALITIES)

Management Contact Robert T. Hardcastle 3101 State Road Bakersfield
 (Name) (Street) (City)
CA 93308 661-633-7526
 (State) (Zip) (Tel. No. Include Area Code/Ext.)
800-748-6981 N/A
 (Fax No. Include Area Code) (Pager No. Include Area Code)

On Site Manager Dwan Shaffer 1011 S. Stone Road Payson
 (Name) (Street) (City)
AZ 85541 520-474-8130
 (State) (Zip) (Tel. No. Include Area Code/Ext.)
520-474-1695 601-602-5691
 (Fax No. Include Area Code) (Pager No. Include Area Code)

Statutory Agent Robert T. Hardcastle 3101 State Rd Bakersfield
 (Name) (Street) (City)
CA 93308 661-633-7526
 (State) (Zip) (Tel. No. Include Area Code/Ext.)

Attorney Struck Lary PO Box 53573 Phoenix
 (Name) (Street) (City)
AZ 85072-3573 602-229-5416
 (State) (Zip) (Tel. No. Include Area Code/Ext.)

Company Name Pine Water Co., Inc Year Ending 12/31/99

OWNER(S)

SOLE OWNER: NAME, ADDRESS, AND PHONE NUMBER (INCLUDING AREA CODE)
 PARTNERSHIP: EACH PARTNER'S NAME, ADDRESS, PHONE NUMBER (INCLUDE AREA CODE), AND AMOUNT OF EQUITY
 CORPORATION: THREE LARGEST STOCKHOLDERS NAMES, ADDRESSES, PHONE NUMBERS (INCLUDE AREA CODE), AND NUMBER OF SHARES HELD

TYPE (MARK "X")			PHONE NUMBER (INCLUDE AREA CODE)	AMOUNT OF EQUITY OR NUMBER OF SHARES
OWNER	PARTNERSHIP	SHARE HOLDER		
		X	BROOKE UTILITIES, INC PO Box 82218 BAKERSFIELD, CA 93380	100% or 1,000 shares

DIRECTORS (IF CORPORATION)

NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	TERM EXPIRATION			NUMBER OF SHARES
		MONTH	DATE	YEAR	
Robert T Hardcastle	461-633-7526				0
Lee Jamieson	461-633-7537				0
Charles McLean	461-633-7530				0
* PO Box 82218 * Bakersfield, CA 93380					

PRINCIPAL OFFICERS (IF CORPORATION)

TYPE (MARK "X")					NAME AND ADDRESS PHONE NUMBER (INCLUDING AREA CODE)	DATE ENTERING OFFICE		
PRES.	V.P.	SEC.	TREAS.	OTHER		MONTH	DAY	YEAR
X					Robert T Hardcastle 461-633-7526	8	7	96
	X				Lee Jamieson 461-633-7537	8	7	96
		X	X		Charles McLean 461-633-7530	8	7	96



Company Name Pine Water Co., Inc. Year Ending 12/31/99

UTILITY PLANT IN SERVICE

ACCT. NO.		ORIGINAL	ACCUMULATED	O.C.L.D.
		COST (1)	DEPRECIATION (2)	(1) - (2)
301	ORGANIZATION			
302	FRANCHISES			
303	LAND AND LAND RIGHTS	16,930	-	16,930
304	STRUCTURES AND IMPROVEMENTS	160,067	86,595	73,472
307	WELLS AND SPRINGS	65,994	40,658	25,336
311	ELECTRIC PUMPING EQUIPMENT	102,460	61,825	40,635
320	WATER TREATMENT EQUIPMENT	2,142	825	1,317
330	DISTRIBUTION RESERVOIRS & STANDPIPES	247,073	151,860	95,213
331	TRANSMISSION AND DISTRIBUTION MAINS	971,490	617,477	354,013
333	SERVICES	70,981	44,264	26,717
334	METERS	131,040	78,696	52,344
335	HYDRANTS			
339	OTHER PLANT & MISCELLANEOUS EQUIPMENT			
340	OFFICE FURNITURE AND FIXTURES			
341	TRANSPORTATION EQUIPMENT			
343	TOOLS AND WORK EQUIPMENT			
344	LABORATORY EQUIPMENT			
345	POWER OPERATED EQUIPMENT			
346	COMMUNICATIONS EQUIPMENT			
347	MISCELLANEOUS EQUIPMENT			
348	OTHER TANGIBLE PLANT			
TOTAL WATER PLANT		1768177	1082200	685,977

COMPANY NAME Pine Water Coy Inc. YEAR ENDING 12/31/99

WATER COMPANY PLANT DESCRIPTION

ADEQ System No.(s) _____

WELLS					
ADWR ID NO.	PUMP HORSEPOWER	PUMP YIELD (GPM)	CASING SIZE (INCHES)	WELL DEPTH (FEET)	METER SIZE (INCHES)
55-					
55-		<i>See attached</i>			
55-					
55-					
55-					
55-					

OTHER WATER SOURCES		
NAME OR DESCRIPTION	CAPACITY (GPM)	GALLONS PURCHASED OR OBTAINED (THOUSANDS)
<i>none</i>		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (THOUS.) = unknown

DESCRIBE ANY NEW CONSTRUCTION, EXTENSION OF SYSTEM OR ACQUISITION MADE DURING REPORTING YEAR: none

BOOSTER PUMPS		STORAGE TANKS		PRESSURE TANKS	
HORSEPOWER	QUANTITY	CAPACITY	QUANTITY	CAPACITY	QUANTITY
	<i>See attached</i>				

TREATMENT EQUIPMENT (SEDIMENTATION, FILTRATION, DISINFECTION, ETC.):

Company Name Pine Water Co., Inc. Year Ending 12/31/99

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
SIZE	MATERIAL	LENGTH (FEET)
2"		
3"		
4"		
5"	<i>See attached</i>	
6"		
8"		
10"		
12"		

METERS	
SIZE	QUANTITY (HOW MANY)
5/8" X 3/4"	
3/4"	
1"	
1-1/2"	<i>See attached</i>
2"	
COMP. 3"	
TURBO 3"	
COMP. 4"	
TURBO 4"	
COMP. 6"	
TURBO 6"	
COMP. 8"	
TURBO 8"	

FIRE HYDRANTS	
STANDARD (QUANTITY)	OTHER (QUANTITY)

STRUCTURES (BUILDINGS, FENCES, ETC.):

See attached

OTHER (LABORATORY EQUIPMENT, TOOLS, VEHICLES, POWER GENERATORS, ETC.):

See attached

Company Name

Pine Water Co., Inc.

Year

1999

WATER COMPANY PLANT DESCRIPTION

ADEQ System No.(s)

04-034 and 04-043

WELLS					
ADWR ID	PUMP	PUMP	CASING	WELL	METER
NO.	HP	YEILD(GPM)	(INCHES)	DEPTH (FT)	SIZE (INCHES)
55-613695	0.75	10	6"	80'	1"
55-613688	.5	8.5	6"	170'	.75"
55-613691	.5	3	8"	80'	.75"
55-613689	.75	16	6"	200'	1"
55-519445	.5	7	6"	190'	1"
55-613696	.75	3	6"	80'	1"
55-603958	3	18	6"	200'	1"
55-603961	3	16	8"	20'	1"
55-603963	5	23	6"	480'	2"
55-603960	1	2.5	4"	300'	.75"
55-635775	2	16	6"	270'	.75"
55-635769	1	7	8"	232'	.75"
55-635770	2	16	6"	99'	.75"
55-635772	2	8	6"	79'	.75"
55-613687	.75	14	6"	200'	1"

Booster		Storage		Pressure	
Pumps		Tanks		Tanks	
HP	Quantity	Capacity	Quantity	Capacity	Quantity
7.5	1	250	1	2,000	4
5	7	5000	1	350	2
3	1	10,000	2	1000	2
5	1	12,000	1		
		100,000	4		
		150,000	1		
		300,000	1		
		250,000	2		

TREATMENT EQUIPMENT (SEDIMENTATION, FILTRATION, DISINFECTIONS, ETC.):
 Chlorinators (3)

WATER COMPANY PLANT DESCRIPTION

CONT

<u>MAINS</u>			<u>METERS</u>	
<u>SIZE</u>	<u>MATERIAL</u>	<u>LENGTH (FT)</u>	<u>SIZE</u>	<u>QUANTITY</u>
2"	ABS	15,030	5/8"	
3"	ABS	14,290		
3"	PVC	1,540	3/4"	
4"	ABS	25,000		
4'	PVC	42,480	1"	
4"	AC	25,000		
6"	AC	3,000	1 1/2"	
6"	PVC	56,438	2"	
8"			3"	
10"			4"	
12"			6"	
			8"	

Fire Hydrants	
Standard (Quantity)	Other (Quantity)
11	none

Structure (Building, Fences, Etc.)

- One 8' x 24' wood structure
- one 10' x 28' block
- One 10' x 14' Block
- one 10' x 16' wood
- One 10' x 10' Block
- Two 12' x 24' wooden frames
- Two 10' x 12 wooden frames

Other (laboratory equipment, tools, vehicles, pwer generators, etc)

None

COMPANY NAME Pine Water Co., Inc. YEAR ENDING 12/31/99

BALANCE SHEET

ASSETS Acct. No.	<u>Current and Accrued Assets</u>	Balance Beginning of Year	Balance Ending of Year
131	Cash & Working Funds		
135	Temporary Investments		
141	Customer Accounts Receivables	46,246	13,127
151	Plant Materials & Supplies		
174	Other Current and Accrued Assets	27,880	29,190
Total Current & Accrued Assets		74,126	42,317

	<u>Fixed Assets</u>	Balance Beginning of Year	Balance Ending of Year
101	Utility Plant in Service	2,103,845	1,768,177
103	Property Held for Future Use		
105	Construction Work in Progress		
117	Other Fixed Assets	(49,943)	0
108	Less: Accum. Deprec. & Amort.	1,233,065	1,082,200
	Total Fixed Assets	820,837	685,977
	TOTAL ASSETS	894,963	728,294

**BALANCE SHEET
(CONTINUED)**

LIABILITIES Acct. No.	<u>CURRENT AND ACCRUED LIABILITIES</u>	Balance Beginning of Year	Balance Ending of Year
231	Accounts Payable	11,689	4,032
232	Notes Payable (Current Portion)		
235	Customer Security Deposits	8,360	15,083
236	Accrued Taxes		
237	Accrued Interest		
241	Other Current & Accrued Liabilities	62,478	362,562
	TOTAL CURRENT & ACCRUED LIABILITIES	82,527	381,677

LONG TERM DEBT (Over 12 Months)

224	Long-Term Notes & Bonds	759,370	(168,864)
-----	-------------------------	---------	-----------

DEFERRED CREDITS

252	Advances in Aid of Construction		12,093
255	Accumulated Deferred I.T.C.		
271	Contributions in Aid of Construction	739,278	958,323
272	Less: Accum. Amort. Of Contribution	576,862	418,643
282	Accumulated Deferred Income Tax*	109,000	125,500
284	Other Deferred Credits	32,963	26,340
	Total Deferred Credits	304,379	703,613
	TOTAL LIABILITIES	1,146,276	916,426

CAPITAL ACCOUNT

201	Common Stock	47,881	321,823
211	Paid in Capital	281,325	584,935
215	Retained Earnings*	(580,519)	(1094,890)
218	Proprietary Capital		
219	Other Capital Accounts		
	Total Capital Accounts	(251,313)	(188,132)
	TOTAL LIABILITIES & CAPITAL	894,963	728,294

*NOTE: If negative, enclose in parentheses

COMPANY NAME Pine Water Co., Inc YEAR ENDING 12/31/99

RESERVE FOR DEPRECIATION

YEAR BEGINNING BALANCE (CREDIT):	1,233,065
ADD: AMOUNT CHARGED FOR DEPRECIATION EXPENSE:	75,180
OTHER CREDITS:* 1)	19,119
LESS: ORIGINAL COST OF PLANT RETIRED DURING YEAR:	()
COST OF PLANT REMOVAL:	()
OTHER DEBITS:* 2)	(245,164)
YEAR ENDING BALANCE:	1082,200

NOTE: SHOW DETAILS OF OTHER DEBITS OR CREDITS IN SPACE BELOW.

- 1) Adjustment to 1998 Depreciation to reflect changes in set-up of Pine Water Co. from spin-off from E&R Water Co., and Williamson Water Works.
- 2) Adjust the Dec 1998 set-up of Pine Water Co from the spin-off from E&R Water Company and Williamson Water Works.

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

Acct. No.	OPERATING REVENUES	Prior Year	Current Year
461	Metered Water Sales*	\$ 35,628	\$ 529,718
460	Unmetered Water Sales*		
46x	Water Sales to Other Customers		
47x	Other Operating Revenues	155	4,909
	Total Operating Revenues	\$ 35,783	\$ 534,627

Acct. No.	OPERATING EXPENSES	Prior Year	Current Year
601	Salaries & Wages	\$ 6,809	\$ 79,856
610	Purchased Water	4,497	35,311
615	Purchased Pumping Power	3,012	31,371
618	Water Testing	90	14,090
619	Water Treatment		562
620	Repairs & Maintenance		
621	Office Supplies & Expense		
630	Outside Services	8,860	56,798
631	Rate Case Expense		
640	Rents		1,324
650	Transportation Expense		
655	General Insurance		
658	Health & Life Insurance		
675	Miscellaneous Operating Expense	10,808	122,928
680	Taxes Other than Property & Income	2,245	31,128
681	Property Tax	1,592	35,016
403	Depreciation / AMORTIZATION	<15,389>	36,268
409	Income Tax		
	Total Operating Expense	\$ 22,524	\$ 444,652
	OPERATING INCOME (LOSS)*	\$ 13,259	\$ 89,975

Acct. No.	OTHER INCOME/EXPENSE	Prior Year	Current Year
419	Interest Income	\$	\$
421	Other Income	862	267
426	Other Expense	390	48
427	Interest Expense	9,469	113,742
	TOTAL OTHER INCOME/EXPENSE*	\$ <8,997>	\$ <113,523>
	NET INCOME (LOSS)*	\$ 4,262	\$ <23,548>

COMPANY NAME Pine Water Co., Inc. YEAR ENDING 12/31/99

COMPUTATION OF DEPRECIATION EXPENSE

Acct. No.	Description	(1) Original Cost	(2) Depreciation Percentage Rate	(1) x (2) Depreciation Expense
301	Organization			
302	Franchises			
303	Land & Land Rights	16,930	0	0
304	Struct. & Improvements	160,067	4.470%	7,154
307	Wells & Springs	65,994	5.000%	3,300
311	Electric Pump Equipment	102,460	4.229%	4,333
320	Water Treatment Equipment	2,142	3.595%	77
330	Dist. Reservoirs/Standpipes	247,073	4.991%	12,332
331	Trans. & Dist. Mains	971,490	3.989%	38,760
333	Services	70,981	4.580%	3,251
334	Meters	131,040	4.558%	5,973
335	Hydrants			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Fixtures			
341	Transportation Equipment			
343	Tools & Work Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	Totals	1,768,177	4.253%	75,191

STATISTICAL INFORMATION

YEAR END

Metered Customers	Revenue	Customers	Gallons Sold (h) (thousands)
Residential	520,932		
Commercial	8,786		
Industrial			
Standpipe			
Total Metered Customers (a)	529,718		

Unmetered Customers:

Residential			
Commercial			
Industrial			
Standpipe			
Total Unmetered Customers (a)	(c)		

Other Customers: (b)

(d)

Private Fire Protection Service			
Public Fire Protection Service			
Other Public Authorities			
Irrigation			
Interdepartmental and/or Associated Companies			
Sales for Resale			
Other Customers			
Total Other Customers	(e)		

Other Operating Revenue	(f) 4,909		
TOTAL ALL CUSTOMERS	(g) 534,627		

- (a) Includes Residential, commercial, Industrial and Standpipe only.
- (b) Includes all metered or unmetered customer categories not listed above.
- (c) Should agree with Page 11, Account 461, Metered Water Sales.
- (d) Should agree with Page 11, Account 460, Unmetered Water Sales.
- (e) Should agree with Page 11, Account 46x, Water Sales to Other Customers.
- (f) Should agree with Page 11, Account 47x, Other Operating Revenue.
- (g) Should agree with Page 11, Total Operating Revenue.
- (h) See example of bottom of page 14 before filling out this column

Company Name Pine Water Co., Inc.

YEAR ENDING 12/31/99

SUPPLEMENTAL STATISTICAL INFORMATION

YEAR END

	Revenue	Customers	Gallons Sold (h) (thousands)
Residential 5/8" x 3/4"		1782	38704
Residential 3/4"			
Residential 1"			
Residential 1-1/2"			
Residential 2"			
Residential Other "			
Total Residential	(a)	(a)	(a)

Commercial 5/8" x 3/4"			
Commercial 3/4"			
Commercial 1"			
Commercial 1-1/2"			
Commercial 2"			
Commercial Other "			
Total Commercial	(b)	U/A (b)	U/A (b)

Industrial 3"			
Industrial 4"			
Industrial 6"			
Industrial Other "			
Industrial Other "			
Total Industrial	(c)	0 (c)	0 (c)

Standpipe		0	0
-----------	--	---	---

- (a) Should agree with Page 13, Residential Metered Customers.
- (b) Should agree with Page 13, Commercial Metered Customers.
- (c) Should agree with Page 13, Industrial Metered Customers.
- (d) When filling out Gallons Sold entries, round answer to nearest thousand gallons, by dropping the last 3 zeroes. For example, show 11,553,300 gallons as 11,553 but show 11,553,600 as 11,554.

COMPANY NAME Pine Water Co., Inc

YEAR ENDING 12/31/99

CAPITAL STOCK (IF CORPORATION)

	Common	Preferred	Treasury	Total
Number of Shares Authorized	10,000			10,000
Number of Shares Issued	1,000			1,000
Par Value of Shares	NO PAR			NO PAR
Dividends declared during year	Ø			Ø

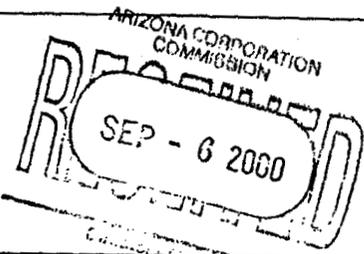
LONG-TERM DEBT

	Loan #1	Loan #2	Loan #3	Total
Date Issued	NONE			
Nature of Obligation				
Amount Issued (Dollars)				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest Expense				

**REPAYMENT OF DEBT AND ADVANCES IN AID OF CONSTRUCTION
DURING REPORT YEAR**

Principal Repayments:		\$
Long-Term Debt		\$
Short-Term Debt		\$
Repayment of Advances in Aid of Construction		\$ 0

**VERIFICATION
AND
SWORN STATEMENT**



VERIFICATION
CA
STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <i>Kern</i>	
NAME (OWNER OR OFFICIAL) <i>Robert T. Handcastle</i>	TITLE <i>President</i>
COMPANY NAME <i>Pine Water Co. Inc.</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH <i>12</i>	DAY <i>31</i>	YEAR <i>99</i>
--------------------	------------------	-------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE WATER OPERATIONS DURING

CALENDAR YEAR *1999*

WAS *534,627* (\$ ONLY) *

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ *32,262* IN SALES TAX MONIES BILLED OR COLLECTED.)

*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED OR COLLECTED.

X *[Signature]*
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS *Fifth* DAY OF

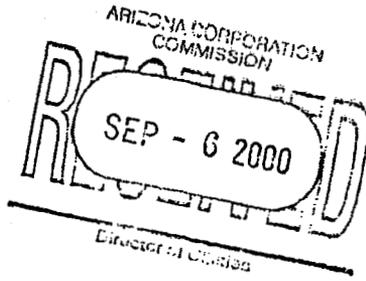
NOTARY PUBLIC NAME <i>AGOSTINA FOWLER</i>	
COUNTY NAME <i>KERN</i>	
MONTH <i>September</i>	YEAR <i>2000</i>



X *[Signature]*
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES MONTH *6* DAY *10* YEAR *2001*

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**



RUCO-RF

VERIFICATION
CA
STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <i>Kern</i>		SS
NAME (OWNER OR OFFICIAL) <i>Robert T. Handcastle</i>	TITLE <i>President</i>	
COMPANY NAME <i>Pine Water Co., Inc</i>		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 99
--------------------	------------------	-------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING

CALENDAR YEAR **1999**

WAS **534627** RESIDENTIAL UTILITY GROSS OPERATING REVENUE (S ONLY) *

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ **30262** IN SALES TAX MONIES BILLED.)

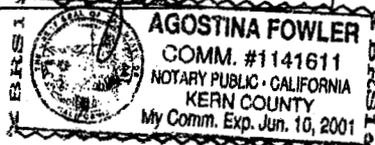
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED.

[Signature]
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS **5th** DAY OF **September**

NOTARY PUBLIC NAME <i>AGOSTINA Fowler</i>
COUNTY NAME <i>KERN</i>
MONTH <i>September</i> DAY 20

(SEAL)



[Signature]
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES MONTH **6** DAY **10** YEAR **2001**

COMPANY NAME Pine Water Co., Inc. YEAR ENDING 12/31/99

ALL UTILITIES
INCOME TAXES

For the fiscal year reported in this annual report, provide the following:

Federal Taxable Income Reported 42,908
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 42,908
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification should be signed by the President or Chief Executive Officer of the Utility, or by the Owner, if the Utility is not a corporation.

[Signature] 8/29/00
SIGNATURE DATE
Robert T. Handcastle President
PRINTED NAME TITLE

APPENDIX A

TAX NOTICE

DEC 31 1999

COUNTY OF GILA

ARIZONA

ADDRESS: P O BOX 1093
GLOBE AZ 85502

DESCRIPTION: SECTION 18
H BAY ESTATES LOT 44

TWN

RNG

ACRES

USE 0013

TAX ROLL NUMBER	2952
PARCEL IDENTIFICATION	201-17-044 0
TAX AREA CODE	3301

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 1999 TAX NOTICE AND PAYMENT INSTRUCTIONS.

201-17-044 0 2952

UNITED UTILITIES
C/O R T HARDCASTLE BROOKE
PO BOX 1807
BAKERSFIELD CA 93303

PRIMARY AD VALOREM TAX	167.04
LESS STATE AID TO EDUCATION	0.00
NET PRIMARY AD VALOREM TAX	167.04
SECONDARY AD VALOREM TAX	56.28
SPECIAL DISTRICT TAX	10.00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE	223.32
HALF TAX	111.66

DELINQUENT DATES
1st HALF NOV. 1, 1999
2nd HALF MAY 1, 2000

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

ITEM	LIMITED VALUE	ASSMT. %	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	12000	16.0	1920	0	8.6994	167.04
PERSONAL PROPERTY	0	0	0	0	0	0.00
TOTALS	12000		1920	0		167.04

ITEM	FULL CASH VALUE	ASSMT. %	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	12000	16.0	1920	0	29.309	56.28
PERSONAL PROPERTY	0	0	0	0	0	0.00
TOTALS	12000		1920	0		56.28

TAX CODE	TAX JURISDICTION	1999 PRIMARY	1999 SECONDARY	1999 TOTAL	1998 TOTAL	DIFFERENCE
2000	GILA COUNTY	76.23	00	76.23	70.47	5.76
2002	SCHOOL EQUALIZATION	10.02	00	10.02	10.18	-1.16
5033	TONTO BASIN #33	80.79	00	80.79	80.85	-0.06
8150	GILA PUEBLO COMMUNITY COLLEGE	00	11.09	11.09	10.34	0.75
1213	TONTO BASIN FIRE DISTRICT	00	38.61	38.61	38.92	-3.31
1900	FIRE DISTRICT ASSISTANCE FUND	00	1.92	1.92	1.92	0.00
4900	GILA COUNTY LIBRARY DISTRICT	00	4.66	4.66	4.66	0.00
TOTALS		167.04	56.28	223.32	217.34	5.98

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

PRISCILLA ML KNUCKEY
GILA COUNTY TREAS.
P O BOX 1093
GLOBE AZ 85502

TAX ROLL NUMBER	2952
PARCEL IDENTIFICATION	201-17-044 0
TAX AREA CODE	3301

RECEIPT REQUESTED ()

UNITED UTILITIES
PO BOX 1807
BAKERSFIELD CA93303

IF TOTAL TAX DUE IS \$50.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

1999 2ND-HALF COUPON

PAY 2ND HALF	PAY	111.66
--------------	-----	--------

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2000



0420117044000199900000011166

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

PRISCILLA ML KNUCKEY
GILA COUNTY TREAS.
P O BOX 1093
GLOBE AZ 85502

TAX ROLL NUMBER	2952
PARCEL IDENTIFICATION	201-17-044 0
TAX AREA CODE	3301

RECEIPT REQUESTED ()

UNITED UTILITIES
PO BOX 1807
BAKERSFIELD CA93303

IF TOTAL TAX DUE IS \$50.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

1999 1ST HALF COUPON

TO PAY 1ST HALF ONLY	PAY	111.66
TO PAY FULL YEAR TAX	PAY	223.32

NOTE: 1st HALF TAXES DELINQUENT AFTER NOV 1, 1999



0420117044000199900000011166

TAX NOTICE

JAN 1, 1999
TO
DEC 31, 1999

COUNTY OF GILA

ARIZONA

ADDRESS: P O BOX 1093
GLOBE AZ 85502

DESCRIPTION: SECTION TWN RNG ACRES .03 USE 8800
OF CUL-DE-SAC N OF RAINBOW DR STAR VALLEY SUBD SEC 32 T11N
E; COMM CTRLINE RAINBOW DR & CUL-DE-SAC ADJ TO LT 61; TH
49-40 E 20'; TH S 40-20 E 10' TO POB; TH N 48-30-27 E 40'; TH
69-48-43 E 33.58'; TH SW ALG A RIGHT CURV 39.62'; TH ALG A LEFT
CURV 28'; TH N 40-20 W 25.5' TO POB; = 0.03 AC M/L (OUT OF
302-60-051 & 052, 302-60-003M & N, 302-61-087A)

TAX ROLL NUMBER 23112
PARCEL IDENTIFICATION 302-60-052A 2
TAX AREA CODE 1005

IMPORTANT - SEE REVERSE SIDE
FOR COMPLETE EXPLANATION OF
YOUR 1999 TAX NOTICE AND
PAYMENT INSTRUCTIONS.

302-60-052A 2 23112

UNITED UTILITIES
C/O RT HARDCASTLE BROOKE
PO BOX 1807
BAKERSFIELD CA 93303

PRIMARY AD VALOREM TAX	7.12
LESS STATE AID TO EDUCATION	0.00
NET PRIMARY AD VALOREM TAX	7.12
SECONDARY AD VALOREM TAX	3.56
SPECIAL DISTRICT TAX	0.00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE	10.68
HALF TAX	

DELINQUENT DATES

1st HALF NOV. 1, 1999
2nd HALF MAY 1, 2000

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

ITEM	LIMITED VALUE	ASSMT. %	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	500	16.0	80	0	8.8771	7.12
PERSONAL PROPERTY	0	0	0	0	0	0.00
TOTALS	500		80			7.12

ITEM	FULL CASH VALUE	ASSMT. %	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	500	16.0	80	0	4.4481	3.56
BLDGS, ETC.	0	0	0	0	0	0.00
PERSONAL PROPERTY	0	0	0	0	0	0.00
TOTALS	500		80			3.56

AX CODE	TAX JURISDICTION	1999 PRIMARY	1999 SECONDARY	1999 TOTAL	1998 TOTAL	DIFFERENCE
2000	GILA COUNTY	3.19	0.00	3.19	2.95	.24
2002	SCHOOL EQUALIZATION	.42	0.00	.42	.42	.00
7010	PAYSON SD #10	3.51	.86	4.37	5.31	-.94
3150	GILA PUEBLO COMMUNITY COLLEGE	.00	.46	.46	.43	.03
1210	DIAMOND-STAR FIRE DISTRICT	.00	1.97	1.97	2.00	-.03
1900	FIRE DISTRICT ASSISTANCE FUND	.00	.08	.08	.08	.00
4900	GILA COUNTY LIBRARY DISTRICT	.00	.19	.19	.19	.00
	TOTALS	7.12	3.56	10.68	11.38	-.70

TEAR OFF ALONG DOTTED LINES

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

COMPANY NAME Pine Water Co., Inc. YEAR ENDING 12/31/99

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Amount of actual property taxes paid during
Calendar year

\$ 33,588 -

***Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

***If no property taxes paid, explain why. _____

APPENDIX B

10155

United Utilities, Inc. * Bakersfield, CA
0103 C A COUNTY TREASURER

Nov 15 99

2952-1ST/99	Nov	1 99	111.66	0.00	111.66
23112-1ST/99	Nov	1 99	10.68	0.00	10.68
34305-1ST/99	Nov	1 99	284.52	0.00	284.52
34314-1ST/99	Nov	1 99	1,157.48	0.00	1,157.48
34315-1ST/99	Nov	1 99	1,241.53	0.00	1,241.53
34316-1ST/99	Nov	1 99	572.02	0.00	572.02
34318-1ST/99	Nov	1 99	271.04	0.00	271.04
34319-1ST/99	Nov	1 99	3,223.51	0.00	3,223.51
34320-1ST/99	Nov	1 99	949.49	0.00	949.49
34321-1ST/99	Nov	1 99	43.71	0.00	43.71
34322-1ST/99	Nov	1 99	1,445.01	0.00	1,445.01
34324-1ST/99	Nov	1 99	1,469.48	0.00	1,469.48
34325-1ST/99	Nov	1 99	214.40	0.00	214.40
34326-1ST/99	Nov	1 99	1,547.48	0.00	1,547.48

NOT NEGOTIABLE



United Utilities, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301

10155

18-66
1220

CHECK NO.

** VOID *****

DATE

AMOUNT

*** VOID ****

*** VOID *** VOID *** VOID ***

PAY
TO THE
ORDER
OF

~~NOT NEGOTIABLE~~

⑈010155⑈ ⑆2200088⑆ 11,789⑈01525⑈

10156

United Utilities, Inc. * Bakersfield, CA
6103 GILA COUNTY TREASURER

Nov 15 99

4327-1ST/99	Nov	1 99	145.38	0.00	145.38
34328-1ST/99	Nov	1 99	190.90	0.00	190.90
34329-1ST/99	Nov	1 99	310.24	0.00	310.24
34330-1ST/99	Nov	1 99	136.56	0.00	136.56
34342-1ST/99	Nov	1 99	824.60	0.00	824.60

NOT NEGOTIABLE

14,369.74 0.00 14,369.74



United Utilities, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301

10156

16-66
1220

CHECK NO.

***** Fourteen Thousand Three Hundred Sixty-Nine and 74/100 *****

DATE Nov 15 99 AMOUNT \$14,369.74

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ
85502

PAY
TO THE
ORDER
OF

NOT NEGOTIABLE

⑆010156⑆ ⑆122000661⑆ 14769⑆01525⑆

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

Director of Utilities



W-03513A
Strawberry Water Co., Inc.
% Brooke Utilities, Inc.
P.O. Box 82218
Bakersfield CA 93380

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
----	----	------

*Entered
4/30/03
C.M.*
*2002
assessment
db updated
C.M.*

FOR COMMISSION USE

ANN 04	02
--------	----

OK

COMPANY INFORMATION

Company Name (Business Name) STRAWBERRY WATER COMPANY, INC

Mailing Address P.O.BOX 82218

BAKERSFIELD
(Street)

(City)

CA

(State)

93380

(Zip)

(661) 633-7546

(800) 748-6981

(661) 428-5453

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

Local Office Mailing Address P.O.BOX 82218

BAKERSFIELD

(City)

(Street)

CA

(State)

93380

(Zip)

(661) 633-7546

(800) 748-6981

(661) 428-5453

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

MANAGEMENT INFORMATION

Management Contact: ROBERT T. HARDCASTLE

(Name)

PRESIDENT

(Title)

P.O.BOX 82218

(Street)

BAKERSFIELD

(City)

CA

(State)

93380

(Zip)

(661) 633-7526

(800) 748-6981

(661) 978-4777

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

On Site Manager: DEAN SHAFFER

(Name)

1011 S. STOVER ROAD

(Street)

PAYSON

(City)

AZ

(State)

85541

(Zip)

(928) 474-8130

(928) 474-1695

(928) 970-0437

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address deans@brookeutilities.com

Statutory Agent: <u>ROBERT T. HARDCASTLE</u>			
(Name)			
P.O. BOX 82218	BAKERSFIELD	CA	83380
(Street)	(City)	(State)	(Zip)
(661) 633-7526	(800) 748-6981	(661) 978-4777	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>JAY SHAPIRO @ FENNEMORE CRAIG</u>			
(Name)			
3003 N. CENTRAL AVE., STE 2600,	PHOENIX	AZ	85012-2913
(Street)	(City)	(State)	(Zip)
(602) 916-5366	(602) 916-5566	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

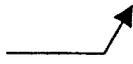
Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	6,739	2,499	4,240
302	Franchises			
303	Land and Land Rights	4,309	4,309	-
304	Structures and Improvements	98,744	69,688	29,056
307	Wells and Springs	226,948	92,260	134,688
311	Pumping Equipment	169,154	64,325	104,829
320	Water Treatment Equipment	7,675	2,262	5,413
330	Distribution Reservoirs and Standpipes	170,921	153,953	16,969
331	Transmission and Distribution Mains	661,222	386,981	274,242
333	Services	44,142	31,301	12,841
334	Meters and Meter Installations	118,822	57,311	61,512
335	Hydrants	167	27	140
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	43,102	20,551	22,550
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	3,328	303	3,026
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	52	5	47
	TOTALS	1,555,325	885,774	669,551

This amount goes on the Balance Sheet Acct. No.108 

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	6,739	2.62%	177
302	Franchises			
303	Land and Land Rights	4,309	0.00%	-
304	Structures and Improvements	98,744	2.69%	2,653
307	Wells and Springs	226,948	2.63%	5,977
311	Pumping Equipment	169,154	2.49%	4,219
320	Water Treatment Equipment	7,675	2.25%	172
330	Distribution Reservoirs and Standpipes	170,921	2.57%	4,390
331	Transmission and Distribution Mains	661,222	2.62%	17,300
333	Services	44,142	2.75%	1,215
334	Meters and Meter Installations	118,822	2.54%	3,017
335	Hydrants	167	3.20%	5
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	43,102	3.20%	1,379
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	3,328	2.63%	87
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	52	3.21%	2
	TOTALS	1,555,325	2.61%	40,592

This amount goes on Comparative Statement of Income and Expense
Acct. No.403.

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	2,146	3,818
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	(196)	(196)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1,950	\$ 3,622
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,507,931	\$ 1,555,325
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(845,182)	(885,774)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 662,749	\$ 669,551
	DEFERRED INCOME TAX DEBITS	\$ 368,000	\$ 368,000
	TOTAL ASSETS	\$ 1,032,699	\$ 1,041,173

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 11,675	\$ 20,841
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	242,405	146,995
235	Customer Deposits	11,857	12,399
236	Accrued Taxes	747	2,647
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	7,320	23,407
	TOTAL CURRENT LIABILITIES	\$ 274,004	\$ 206,288
	LONG-TERM DEBT (Over 12 Months)		
224	Long-term Notes and Bonds	\$ 63,385	\$ 46,677
	Deferred Credits		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 22,131	\$ 29,436
252	Advances in Aid of Construction	77,907	77,907
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 100,038	\$ 107,343
	TOTAL LIABILITIES	\$ 437,427	\$ 360,308
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 274,955	\$ 274,955
211	Paid In Capital in Excess of Par Value	535,551	535,551
215	Retained Earnings	(215,234)	(129,641)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ 595,272	\$ 680,865
	TOTAL LIABILITIES AND CAPITAL	\$ 1,032,699	\$ 1,041,173

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 354,346	\$ 373,098
460	Unmetered Water Revenue		
474	Other Water Revenues	74,441	50,283
	TOTAL REVENUES	\$ 428,787	\$ 423,381
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 73,231	\$ 80,206
610	Purchased Water	20,570	21,158
615	Purchased Power	21,649	26,292
618	Chemicals		
620	Repairs & Maintenance	157	2,414
621	Office Supplies and Expense	117	
630	Outside Services	40,635	81,190
635	Water Testing	9,808	4,165
641	Rents		
650	Transportation Expenses		740
657	Insurance - General Liability		
659	Insurance - Health and Life	4,371	6,819
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	49,937	42,933
403	Depreciation Expense	39,028	40,592
408	Taxes Other Than Income	21,528	23,401
408.11	Property Taxes	1,511	1,627
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 282,542	\$ 331,537
	OPERATING INCOME/(LOSS)	\$ 146,245	\$ 91,844
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(7,437)	(6,252)
	TOTAL OTHER INCOME/EXPENSE	\$ (7,437)	\$ (6,252)
	NET INCOME/(LOSS)	\$ 138,808	\$ 85,592

Company Name Strawberry Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID	PUMP	PUMP	CASING	CASING DI	METER	YEAR
NO.	HP	Yield (GPM)	DEPTH (FT)	(INCHES)	SIZE (INCHES)	DRILLED
55-635762	2	11	80'	6"	1"	
55-603962	2	12	250'	6"	1"	
55-616681	5	60	205'	16"	2"	
55-616680	2	5	250'	10"	1"	
55-635776	5	40	60'	6"	2"	
55-635780	2	12	60'	6"	1"	
55-635773	2	19	60'	8"	2"	
55-635774	5	32	40'	6"	2"	
55-635779	3	15	400'	6"	1"	
55-607338	5	25	250'	6"	1"	

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased
None		

Booster Pumps

Fire Hydrants

Horsepower	Quantity	Capacity	Quantity
5	2		
7.5	7	none	none

Company Name	Strawberry Water Co., Inc.
---------------------	-----------------------------------

WATER COMPANY PLANT DESCRIPTION Con't

STORAGE TANKS

PRESSURE TANKS

Capacity (gallons)	Quantity	Capacity (gallons)	Quantity
10,000	3	350	4
15,000	1	500	1
20,000	1	1,000	1
20,000	1	2,000	3
67,500	1	3,000	1
100,000	1		

COMPANY NAME

Strawberry Water Co., Inc

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	ABS	7,200
2	Steel	100
3	ABS	23,050
3	Steel	120
4	PVC	39,620
4	ABS	1,840
4	AC	330
6	Steel	1,300
6	AC	18,000
6	PVC	35,000

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	
Total	
Connections	1,016

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

2 Chlorinators

STRUCTURES:

1- 8' x 12' concrete block building	1- 8' x 8' concrete block building
2- 8' x 10' concrete block buildings	1- 10' x '12' concrete blk building
5- 8'x 8' concrete block buildings	
1- 10' x 20' wooden frame building	

OTHER:

COMPANY NAME:

Strawberry Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED
JANUARY	977	1,923,039	2,901,510
FEBRUARY	977	1,777,892	3,196,910
MARCH	977	1,601,825	2,851,540
APRIL	985	1,756,524	4,328,960
MAY	990	2,675,767	5,854,510
JUNE	1,002	4,064,334	4,274,850
JULY	1,003	4,379,890	5,075,280
AUGUST	1,004	3,335,026	5,388,590
SEPTEMBER	1,008	2,343,125	4,054,920
OCTOBER	1,008	2,590,211	4,761,290
NOVEMBER	1,008	3,880,658	4,285,630
DECEMBER	1,016	2,122,966	3,177,800
TOTAL		N/A	50,151,790*

32451257

* During 2002 Calendar year, Strawberry Water Co., Inc. sold water to Pine Water Co.

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.005 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME STRAWBERRY WATER COMPANY, INC YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 1,575.73

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

#14463
..... 747.28 * +
#15456
..... 828.45 +
002
..... 1,575.73 *

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>85,592</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>85,592</u>
Estimated or Actual State Tax Liability	<u>0</u>

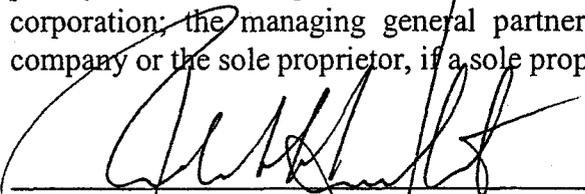
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



 SIGNATURE

 ROBERT T. HARDCASTLE

 PRINTED NAME

4-9-07

 DATE

 PRESIDENT

 TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 16 2003

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL) TITLE	ROBERT T. HARDCASTLE	PRESIDENT
COMPANY NAME	STRAWBERRY WATER COMPANY, INC	

Director of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

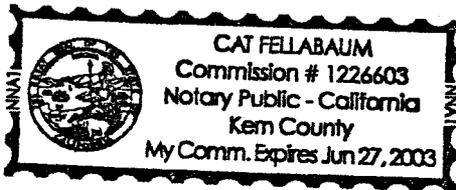
HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 423,381



(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 23,401
IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

[Handwritten Signature]

 SIGNATURE OF OWNER OR OFFICIAL
 (661) 633-7526

 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10th

DAY OF

COUNTY NAME	KERN	
MONTH	APRIL	2003

(SEAL)

MY COMMISSION EXPIRES

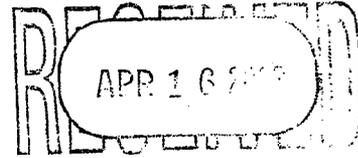
6-27-03

SIGNATURE OF NOTARY PUBLIC

[Handwritten Signature: Cat Fellabaum]

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF CALIFORNIA
I, THE UNDERSIGNED
OF THE

(COUNTY NAME) KERN	
NAME (OWNER OR OFFICIAL) ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME STRAWBERRY WATER COMPANY, INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

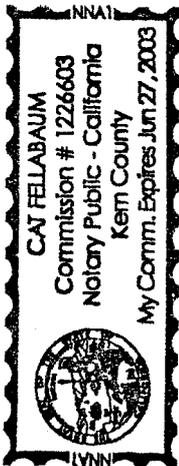
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 360,906

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 22,865
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 10th DAY OF

NOTARY PUBLIC NAME CAT FELLABAUM
COUNTY NAME KERN
MONTH APRIL .20 03

(SEAL)

MY COMMISSION EXPIRES 6-27-03

X
SIGNATURE OF NOTARY PUBLIC

14463

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERFIELD, CA 93301

Strawberry Water Company, Inc

P.O. Box 82218
Bakersfield, CA 93380-2218

2/ 34857

16-66
1220

CHECK NO.

***** Seven Hundred Forty-Seven and 28/100 *****

DATE AMOUNT
Mar 27 02 \$747.28

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ 85502

⑈014463⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑆0000074728⑆

PAY TO THE ORDER OF

PLEASE ENDORSE HERE

PAY TO THE ORDER OF
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY-TREASURER
11804047
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *

6223 64940

122100024
BANK ONE, NA
122100024

THIS DOCUMENT INCLUDES THE FOLLOWING VALIDATED SECURITY FEATURES, EXCEEDING FSA GUIDELINES:

- INVISIBLE FLUORESCENT FIBERS
- TWO SOLVENT STAINS
- BROWN STAIN
- UV DULL
- ARTIFICIAL SWEAT STAIN
- MULTICOLOR INK
- MULTICOLOR INK

ATTEMPTS TO COPY OR CHEMICALLY ALTER THIS DOCUMENT WILL ACTIVATE VANDUARD SECURITY FEATURES.

THIS DOCUMENT MAY INCLUDE MICROPRINT SIGNATURE

AP 02' 02
122100024
BANK ONE, NA
PHOENIX, ARIZONA

* FEDERAL BANKING, JAN 1987 - FEDERAL RESERVE REG. CC



Strawberry Water Company, Inc
 P.O. Box 82218
 CA 93380-2218

BANK OF AMERICA
 1440 TRUXTON AVENUE
 BAKERFIELD, CA 93301

15456

A 35177
 1/2 35221

16-66
 1220

CHECK NO.

***** Eight Hundred Twenty-Eight and 45/100 *****

DATE

AMOUNT

Oct 15 02

\$828.45

GILA COUNTY TREASURER
 P.O. BOX 1093

GLOBE, AZ 85502

[Signature]

PAY
 TO THE
 ORDER
 OF

⑈015456⑈ ⑆122000661⑆ 14769⑈01525⑈

⑈0000082845⑈

THIS PAPER CONTAINS A WATERMARK AND OTHER SECURITY FEATURES

10/23/02 LA CA
 122000661
 10212002

THIS DOCUMENT INCLUDES THE FOLLOWING WATERMARK SECURITY FEATURES, EXCEEDING FEDERAL GUIDELINES:

- INVISIBLIS
- TWO SECURITY FIBERS
- MICROPRINT FIBERS

BANK ONE, NA
 122100024
 10212002

OCT 21 02

▶ 122100024
 BANK ONE, NA
 — ARIZONA —
 ▶ 122100024
 122100024

1073 45633

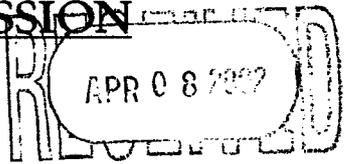
PAY TO THE ORDER OF
 BANK ONE, ARIZONA, NA
 PHOENIX, ARIZONA
 FOR DEPOSIT ONLY
 122100024
 11804047

PLEASE ENDORSE HERE

4-10-02 ~~STATEMENT AND INFORMATION~~

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION
COMMISSION



Director of Utilities

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

S

W-03513A
STRAWBERRY WATER CO., INC.
% BROOKE UTILITIES, INC.
P.O. BOX 82218
BAKERSFIELD CA 93380-

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
-------	----

Processed by:

4-10-02 cm

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>STRAWBERRY WATER COMPANY, INC</u>			
Mailing Address <u>P.O. BOX 82218</u>			
<small>(Street)</small>			
<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>	
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>rth@brookeutilities.com</u>			
Local Office Mailing Address <u>P.O. BOX 82218</u>			
<small>(Street)</small>			
<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>	
<small>Local Office Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>rth@brookeutilities.com</u>			

MANAGEMENT INFORMATION

Management Contact: <u>ROBERT T. HARDCASTLE</u>			
<small>(Name)</small>		<u>PRESIDENT</u>	
<small>(Title)</small>			
<u>P.O. BOX 82218</u>	<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<u>(661) 633 - 7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>	
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>rth@brookeutilities.com</u>			
On Site Manager: <u>DEAN SHAFFER</u>			
<small>(Name)</small>			
<u>1011 S. STOVER ROAD</u>	<u>PAYSON</u>	<u>AZ</u>	<u>85541</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<u>(520) 474-8130</u>	<u>(520) 474-1695</u>	<u>(602) 601-5691</u>	
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>deans@brookeutilities.com</u>			

Statutory Agent: <u>ROBERT T. HARDCASTLE</u>			
(Name)			
<u>P.O. BOX 82218</u>	<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>JAY SHAPIRO @ SENNMORE CRAIG</u>			
(Name)			
<u>3003 N. CENTRAL AVE., SUITE 2600,</u>	<u>PHOENIX</u>	<u>AZ</u>	<u>85012-2913</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 916-5366</u>	<u>(602) 916-5566</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	6,739	2,323	4,416
302	Franchises			
303	Land and Land Rights	4,309	4,309	-
304	Structures and Improvements	98,744	67,035	31,709
307	Wells and Springs	224,747	86,284	138,463
311	Pumping Equipment	150,614	60,106	90,508
320	Water Treatment Equipment	5,560	2,089	3,471
330	Distribution Reservoirs and Standpipes	170,921	149,563	21,358
331	Transmission and Distribution Mains	647,870	369,681	278,189
333	Services	44,142	30,086	14,056
334	Meters and Meter Installations	107,636	54,294	53,342
335	Hydrants	167	22	145
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	43,102	19,172	23,930
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	3,328	215	3,113
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	52	3	49
	TOTALS	1,507,931	845,182	662,749

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	6,739	2.63%	177
302	Franchises			
303	Land and Land Rights	4,309	0.00%	-
304	Structures and Improvements	98,744	2.69%	2,652
307	Wells and Springs	224,747	2.33%	5,230
311	Pumping Equipment	150,614	2.61%	3,934
320	Water Treatment Equipment	5,560	2.48%	138
330	Distribution Reservoirs and Standpipes	170,921	2.57%	4,390
331	Transmission and Distribution Mains	647,870	2.63%	17,053
333	Services	44,142	2.75%	1,215
334	Meters and Meter Installations	107,636	2.57%	2,766
335	Hydrants	167	2.99%	5
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	43,102	3.20%	1,379
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	3,328	2.61%	87
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	52	3.85%	2
	TOTALS	1,507,931	2.59%	39,028

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT at End of Year
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	9,643	2,146
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	(196)	(196)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 9,447	\$ 1,950
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,420,271	\$ 1,507,931
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(806,153)	(845,182)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 614,118	\$ 662,749
	DEFERRED INCOME TAX DEBITS	\$ 368,000	\$ 368,000
	TOTAL ASSETS	\$ 991,565	\$ 1,032,699

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT at End of Year
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 3,846	\$ 11,675
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	336,331	242,405
235	Customer Deposits	9,626	11,857
236	Accrued Taxes	990	747
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	7,320	7,320
	TOTAL CURRENT LIABILITIES	\$ 358,113	\$ 274,004
	LONG-TERM DEBT (Over 12 Months)		
224	Long-term Notes and Bonds	\$ 78,491	\$ 63,385
	Deferred Credits		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 20,589	\$ 22,131
252	Advances in Aid of Construction	77,907	77,907
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 98,496	\$ 100,038
	TOTAL LIABILITIES	\$ 535,100	\$ 437,427
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 274,955	\$ 274,955
211	Paid In Capital in Excess of Par Value	535,551	535,551
215	Retained Earnings	(354,041)	(215,234)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ 456,465	\$ 595,272
	TOTAL LIABILITIES AND CAPITAL	\$ 991,565	\$ 1,032,699

COMPANY NAME: STRAWBERRY WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 259,709	\$ 354,346
460	Unmetered Water Revenue		
474	Other Water Revenues	12,900	74,441
	TOTAL REVENUES	\$ 272,609	\$ 428,787
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 54,506	\$ 73,231
610	Purchased Water	10,598	20,570
615	Purchased Power	19,851	21,649
618	Chemicals	1,136	
620	Repairs & Maintenance	77	157
621	Office Supplies and Expense		117
630	Outside Services	9,423	40,635
635	Water Testing	1,865	9,808
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	4,368	4,371
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	67,119	49,937
403	Depreciation Expense	27,623	39,028
408	Taxes Other Than Income	15,775	21,528
408.11	Property Taxes	(1,225)	1,511
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 211,116	\$ 282,542
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	342,871	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(5,555)	(7,437)
	TOTAL OTHER INCOME/EXPENSE	\$ 337,316	\$ (7,437)
	NET INCOME/(LOSS)	\$ 398,809	\$ 138,808

Company Name
Year 2001

Strawberry Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID NO.	PUMP HP	PUMP YEILD(GPM)	CASING (INCHES)	METER SIZE (INCHES)
55-635762	2	11	6"	1"
55-603962	2	12	6"	1"
55-616681	5	60	16"	2"
55-616680	2	5	10"	1"
55-635776	5	40	6"	2"
55-635780	2	12	6"	1"
55-635773	2	19	8"	2"
55-635774	5	32	6"	2"
55-635779	3	15	6"	1"
55-607338	5	25	6"	1"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (in thousands)

47,341

*Note: 17,086,000 sold to Pine Water Co., Inc.

Booster Pumps		Fire Hydrants	
HP	Quantity	Capacity	Quantity
5	2		
7.5	7	none	none

Company Name

Strawberry Water Co., Inc.

Year

WATER COMPANY PLANT DESCRIPTION Con't

Storage Tanks		Pressure Tanks	
Capacity	Quantity	Capacity	Quantity
10,000	3	350	4
15,000	1	500	1
20,000	1	1,000	1
20,000	1	2,000	3
67,500	1	3,000	1
100,000	1		

STATISTICAL INFORMATION

Total number of customers	983	
Total number of gallons sold	28,156,454	gallons

COMPANY NAME _____

YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>138,808</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>138,808</u>
Estimated or Actual State Tax Liability	<u>0</u>

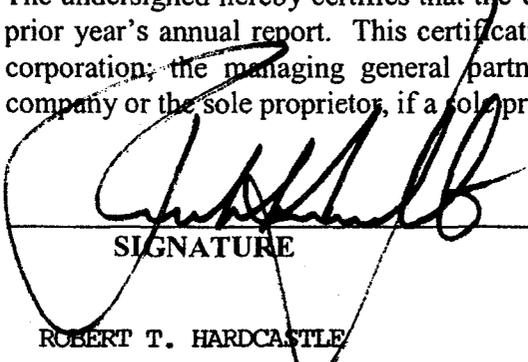
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

APRIL 5, 2002

DATE

ROBERT T. HARDCASTLE

PRINTED NAME

PRESIDENT

TITLE

COMPANY NAME STRAWBERRY WATER COMPANY, INC YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

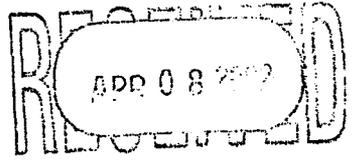
PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 1,753.45

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:



VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

Form with fields: COUNTY OF (COUNTY NAME) KERN, NAME (OWNER OR OFFICIAL) TITLE ROBERT T. HARDCASTLE, PRESIDENT, COMPANY NAME STRAWBERRY WATER COMPANY, INC

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

Table with columns: MONTH (12), DAY (31), YEAR (2001)

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$) \$ 428,787

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 21,528 IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Handwritten signature of Robert T. Harcastle

SIGNATURE OF OWNER OR OFFICIAL (661) 633-7526 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC AND FOR THE COUNTY OF

THIS DAY OF

Empty box for day of month

(SEAL)

Form with fields: COUNTY NAME, MONTH, 20

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

STATE OF CALIFORNIA)
 : ss
COUNTY OF KERN)

"Subscribed and sworn to before me, Cat Fellabaum, Notary Public,
on this 5th day of April, 2002."

Witness my hand and official seal.

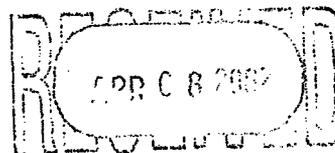


Cat Fellabaum
Notary Public in and for said State.

Document: Utilities Division Annual Report, Calendar Year ending December 31,
2001. Verification and sworn statement for Strawberry Water Company.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



Director of Utilities

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL)	ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME	STRAWBERRY WATER COMPANY, INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 325,812

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 20,787 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

[Handwritten Signature]
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

[Handwritten Signature]
[]

DAY OF

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	. 20

X

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
 : SS
COUNTY OF KERN)

“Subscribed and sworn to before me, Cat Fellabaum, Notary Public,
on this 5th day of April, 2002.”

Witness my hand and official seal.



Cat Fellabaum

Notary Public in and for said State.

Document: Utilities Division Annual Report, Calendar Year ending December 31,
2001. Verification and sworn statement for Strawberry Water Company.

Strawberry Water Company, Inc
P.O. Box 82218 *2/2 34681*
CA 93380-2218

BANK OF AMERICA
1440 TRUXTUN AVENUE
BAKERFIELD, CA 93301

12694



16-66
1220

CHECK NO.

***** Nine Hundred Seventy-Four and 05/100 *****

DATE
Apr 17 01

AMOUNT
\$974.05

GILA COUNTY TREASURER
P.O. BOX 1093

GLOBE, AZ 85502

PAY
TO THE
ORDER
OF

2/2 2000 TAXES



⑈012694⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑈0000097405⑈

04/23/01
122000661 06

122100024

AP of 20
122100024
BANK ONE, ARIZONA, N.A.
PHOENIX, ARIZONA

APR 17 2001
122100024

0155 01788

PAY TO THE ORDER OF
BANK OF AMERICA, N.A.
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
1804047

122100024

13683

Oct 23 01

Strawberry Water Company, Inc.
6103 GILA COUNTY TREASURER

902-31-200	Oct 23 01	2,653.93	0.00
902-31-270	Oct 23 01	11,866.77	0.00
950-71-270	Oct 23 01	747.28	0.00
902-31-276A	Oct 23 01	32.12	0.00

2,653.93 } These are
 11,866.77 } Pine Water's
 747.28 } property tax
 32.12 } bill, mistakenly
 paid by
 Strawberry
 Water Pine
 reimbursed
 Strawberry for
 it.

NOT NEGOTIABLE

15,300.10

0.00

15,300.10

Strawberry Water Company, Inc
 P.O. Box 82218
 Bakerfield CA 93380-2218

BANK OF AMERICA
 1440 TRUXTON AVENUE
 BAKERFIELD, CA 93301

13683

16-66
1220

CHECK NO.

***** Fifteen Thousand Three Hundred and 10/100 *****

DATE
Oct 23 01

AMOUNT
\$15,300.10

GILA COUNTY TREASURER
 P.O. BOX 1093
 GLOBE, AZ 85302

[Handwritten Signature]

NOT NEGOTIABLE

⑈013683⑈ ⑆12200000001⑆ 14769⑈01525⑈

TOTALS

TEAR OFF ALONG DOTTED LINES

TEAR OFF ALONG DOTTED LINES

Strawberry Water Company, Inc

P.O. Box 82218
CA 93380-2218
A-34812-34857

BANK OF AMERICA
1440 TRUXTUN AVENUE
BAKERFIELD, CA 93301

13683



16-66
1220

CHECK NO.

***** Fifteen Thousand Three Hundred and 10/100 *****

DATE
Oct 23 01

AMOUNT
\$15,300.10

GILA COUNTY TREASURER
P.O. BOX 1093

GLOBE, AZ 85502

[Handwritten Signature]
[Handwritten Signature]

⑆013683⑆ ⑆12200066⑆ ⑆14769⑆ ⑆01525⑆ ⑆0001530010⑆

IF THE FACE OF THIS CHECK IS NOT SIGNED BY THE PERSON TO WHOM IT IS PAYABLE, IT IS VOID.

10/31/01
122000661 06

PAY TO THE ORDER OF
BANK ONE ARIZONA, NA
PHOENIX, ARIZONA
122100024
DEPOSIT ONLY
GILA COUNTY TREASURER
1804047

122100024
BANK ONE ARIZONA, NA
PHOENIX, AZ
122100024

50820

10/31/01
122100024
BANK ONE ARIZONA, NA

4/18/01: assessment db updated em

4-18-01
em

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

5

W-03513A WATER
STRAWBERRY WATER CO., INC.
% BROOKE UTILITIES, INC
P. O. BOX 82218
BAKERSFIELD CA 93380

ANNUAL REPORT

FOR YEAR ENDING

12	31	2000
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FOR COMMISSION USE

ANN 04	00
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COMPANY INFORMATION

Company Name (Business Name) <u>STRAWBERRY WATER COMPANY, INC</u>		
Mailing Address <u>P.O. BOX 82218</u>		
<u>BAKERSFIELD</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>rth@brookeutilities.com</u>		
Local Office Mailing Address <u>P.O. BOX 82218</u>		
<u>BAKERSFIELD</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>rth@brookeutilities.com</u>		

MANAGEMENT INFORMATION

Management Contact: <u>ROBERT T HARDCASTLE</u>			<u>PRESIDENT</u>
(Name)			(Title)
<u>P.O. BOX 82218</u> (Street)	<u>BAKERSFIELD</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(800) 270-6084</u>	<u>(602) 601-5691</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>rth@brookeutilities.com</u>			
On Site Manager: <u>DEAN SHAFFER</u>			
(Name)			
<u>1011 S. STOVER ROAD</u> (Street)	<u>PAYSON</u> (City)	<u>AZ</u> (State)	<u>85541</u> (Zip)
<u>(520) 474-8130</u>	<u>(520) 474-1695</u>	<u>(602) 601-5691</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>deans@brookeutilities.com</u>			

Statutory Agent: ROBERT T HARDCASTLE
(Name)

P.O. BOX 82218 BAKERSFIELD CA 93380
(Street) (City) (State) (Zip)

(661) 633-75126 (800) 270-6084 (602) 601-5691
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: JAY SHAPIRO AT FENMORE CRAIG
(Name)

3003 N. CENTRAL AVE., SUITE 2600, PHOENIX AZ 85012-2913
(Street) (City) (State) (Zip)

(602) 916-5366 (602) 916-5566 N/A
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME STRAWBERRY WATER CO., INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	6,739	2,146	4,593
302	Franchises			
303	Land and Land Rights	4,309	4,309	0
304	Structures and Improvements	98,744	64,383	34,361
307	Wells and Springs	167,220	81,053	86,167
311	Pumping Equipment	146,307	56,172	90,135
320	Water Treatment Equipment	4,956	1,951	3,005
330	Distribution Reservoirs and Standpipes	170,921	145,173	25,748
331	Transmission and Distribution Mains	631,568	352,628	278,940
333	Services	44,142	28,871	15,271
334	Meters and Meter Installations	98,715	51,528	47,188
335	Hydrants	167	16	151
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	43,102	17,793	25,309
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	3,328	128	3,200
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	52	1	51
	TOTALS	1,420,271	806,153	614,117

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME STRAWBERRY WATER CO., INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	6,739	1.97%	132
302	Franchises			
303	Land and Land Rights	4,309	0.00%	0
304	Structures and Improvements	98,744	1.96%	1,935
307	Wells and Springs	167,220	1.97%	3,293
311	Pumping Equipment	146,307	1.85%	2,707
320	Water Treatment Equipment	4,956	1.95%	97
330	Distribution Reservoirs and Standpipes	170,921	1.88%	3,218
331	Transmission and Distribution Mains	631,568	1.97%	12,473
333	Services	44,142	2.00%	884
334	Meters and Meter Installations	98,715	1.92%	1,896
335	Hydrants	167	2.13%	4
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	43,102	2.13%	920
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	3,328	1.90%	63
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	52	2.13%	1
	TOTALS	1,420,271	1.94%	27,623

This amount goes on Comparative Statement of Income and Expense Acct. No. 403

COMPANY NAME: STRAWBERRY WATER CO., INC

BALANCE SHEET

Acct. No.	ASSETS	Balance Transferred from E&R 04/01/2000	Balance Transferred from Williamson 04/01/2000	Balance Transferred from United 05/01/2000	Balance at End of Year
		CURRENT AND ACCRUED ASSETS			
131	Cash				
134	Working Funds				
135	Temporary Cash Investments				
141	Customer Accounts Receivable	3,096	(89)	437	9,643
146	Notes/Receivables from Associated Company	56,175	8,416		
151	Plant Materials and Supplies				
162	Prepayments				
174	Miscellaneous Current and Accrued Assets	16,493	647		(196)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 75,764	\$ 8,975	\$ 437	\$ 9,447
FIXED ASSETS					
101	Utility Plant in Service	\$ 989,735	\$ 181,191	\$ 214,597	\$ 1,420,271
103	Property Held for Future Use				
105	Construction Work in Progress				
108	Accumulated Depreciation - Utility Plant	(578,202)	(120,370)	(79,958)	(806,153)
121	Not-Utility Property				
122	Accumulated Depreciation - Non Utility				
	TOTAL FIXED ASSETS	\$ 411,533	\$ 60,822	\$ 134,639	\$ 614,117
	DEFERRED INCOME TAX DEBITS			\$ 92,000	\$ 368,000
	TOTAL ASSETS	\$ 487,297	\$ 69,796	\$ 227,076	\$ 991,564

COMPANY NAME: STRAWBERRY WATER CO., INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	Balance Transferred from C&S 04/01/2000	Balance Transferred from Williamson 04/01/2000	Balance Transferred from United 05/01/2000	Balance at End of Year
CURRENT LIABILITIES					
231	Accounts Payable	\$ 774	\$ 15		\$ 3,846
232	Notes Payable (Current Portion)				
234	Notes/Accounts Payable to Associated Company	340,703	97,285	62,365	336,331
235	Customer Deposits	7,989	189	688	9,626
236	Accrued Taxes			664	990
237	Accrued Interest			156	
241	Miscellaneous Current and Accrued Liabilities	30,868	3,047		7,320
	TOTAL CURRENT LIABILITIES	\$ 380,335	\$ 100,536	\$ 63,873	\$ 358,113
LONG-TERM DEBT (Over 12 Months)					
224	Long-term Notes and Bonds	\$ -	\$ -	\$ 18,700	\$ 78,491
Deferred Credits					
251	Unamortized Premium on Debt	\$	\$	\$	\$
	Refundable Meter Advances	16,619	810	1,234	20,589
252	Advances in Aid of Construction	77,907			77,907
255	Accumulated Deferred Investment Tax Credits				
271	Contributions in Aid of Construction				
272	Less: Amortization of Contributions				
281	Accumulated Deferred Income Taxes	38,220	28,280		
	TOTAL DEFERRED CREDITS	\$ 132,746	\$ 29,090	\$ 1,234	\$ 98,496
	TOTAL LIABILITIES	\$ 513,081	\$ 129,626	\$ 83,806	\$ 535,100
CAPITAL ACCOUNTS					
201	Common Stock Issued	\$ 174,790	\$ 31,285	\$ 68,880	\$ 274,955
211	Paid In Capital in Excess of Par Value	404,352	10,322	120,877	535,551
215	Retained Earnings	(604,926)	(101,437)	(46,487)	(354,041)
218	Proprietary Capital (Sole Props & Partnerships)				
	TOTAL CAPITAL	\$ (25,784)	\$ (59,830)	\$ 143,270	\$ 456,465
	TOTAL LIABILITIES AND CAPITAL	\$ 487,297	\$ 69,796	\$ 227,076	\$ 991,564

COMPANY NAME STRAWBERRY WATER CO., INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ N/A	\$ 259,709
460	Unmetered Water Revenue		
474	Other Water Revenues		12,900
	TOTAL REVENUES	\$	\$ 272,609
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$ 54,506
610	Purchased Water		10,598
615	Purchased Power		19,851
618	Chemicals		1,136
620	Repairs and Maintenance		77
621	Office Supplies and Expense		
630	Outside Services		9,423
635	Water Testing		1,865
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		4,368
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		67,119
403	Depreciation Expense		27,623
408	Taxes Other Than Income		15,775
408.11	Property Taxes		(1,225)
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$	\$ 211,116
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		342,871
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		(5,555)
	TOTAL OTHER INCOME/EXP	\$	\$ 337,316
	NET INCOME/(LOSS)	\$	\$ 398,809

NOTE: STRAWBERRY WATER CO., INC WAS FORMED IN 2000. NO PRIOR YEAR DATA IS AVAILABLE.

COMPANY NAME STRAWBERRY WATER CO., INC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	5/1/2000			
Source of Loan	BROOKE UTILITIES			
ACC Decision No.	SEE BELOW (1)			
Reason for Loan	SEE BELOW (2)			
Dollar Amount Issued	\$ 87,700	\$	\$	\$
Amount Outstanding	\$ 78,491	\$	\$	\$
Date of Maturity	4/30/2000			
Interest Rate	10%			
Current Year Interest	\$ 5,698	\$	\$	\$
Current Year Principle	\$ 9,209	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 20,589

Meter Deposits Refunded During the Test Year \$ 3,084

NOTE:

(1) FROM E&R	ACC DECISION # 62400	AMOUNT: \$ 55,000
FROM WILLIAMSON	ACC DECISION # 62363	AMOUNT: \$ 14,000
FROM UNITED	ACC DECISION # 62401	AMOUNT: \$ 18,700

(2) THE PURPOSE OF THE LOAN WAS TO FINANCE CAPITAL EXPENDITURE PROJECTS TO IMPROVE WATER SYSTEM INFRASTRUCTURES.

Company Name

Strawberry Water Co., Inc.

Year 2000

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID NO.	PUMP HP	PUMP YEILD(GPM)	CASING (INCHES)	METER SIZE (INCHES)
55-635762	2	11	6"	1"
55-603962	2	12	6"	1"
55-616681	5	60	16"	2"
55-616680	2	5	10"	1"
55-635776	5	40	6"	2"
55-635780	2	12	6"	1"
55-635773	2	19	8"	2"
55-635774	5	32	6"	2"
55-635779	3	15	6"	1"
55-607338	5	25	6"	1"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (in thousands)

25,621

Booster Pumps		Fire Hydrants	
HP	Quantity	Capacity	Quantity
5	2		
7.5	7	none	none

Company Name

Strawberry Water Co., Inc.

Year 2000

WATER COMPANY PLANT DESCRIPTION Con't

Storage Tanks		Pressure Tanks	
Capacity	Quantity	Capacity	Quantity
10,000	3	350	4
15,000	1	500	1
20,000	1	1,000	1
20,000	1	2,000	3
67,500	1	3,000	1
100,000	1		

STATISTICAL INFORMATION

Total number of customers 976

Total number of gallons sold 23,102,903 gallons

COMPANY NAME STRAWBERRY WATER CO., INC YEAR ENDING 12/31/2000

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2000 was: \$ 1,006.17

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME STRAWBERRY WATER CO., INC

YEAR ENDING 12/31/2000

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>56,309</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>56,309</u>
Estimated or Actual State Tax Liability	<u>0</u>

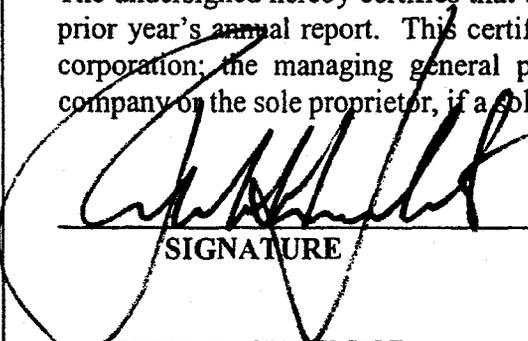
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



 SIGNATURE

ROBERT T. HARDCASTLE

 PRINTED NAME

4-5-01

 DATE

PRESIDENT

 TITLE

COMPANY NAME STRAWBERRY WATER CO., INC YEAR ENDING 12/31/2000

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2000)

\$ 1,006.17

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL) TITLE	ROBERT T. HARDCASTLE	PRESIDENT
COMPANY NAME	STRAWBERRY WATER CO., INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

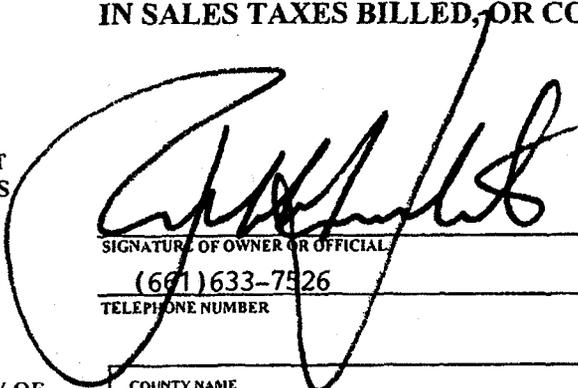
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)
\$ <u>272,609</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 15,775
IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)



SIGNATURE OF OWNER OR OFFICIAL

(661)633-7526

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

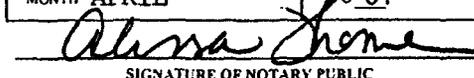
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS SIXTEENTH DAY OF

COUNTY NAME	KERN	
MONTH	APRIL	20 01

(SEAL)

MY COMMISSION EXPIRES AUGUST 10, 2003



SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL)	ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME	STRAWBERRY WATER CO., INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

MONTH	DAY	YEAR
12	31	2000

FOR THE YEAR ENDING

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

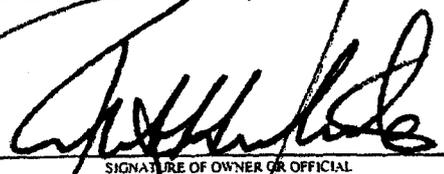
SWORN STATEMENT

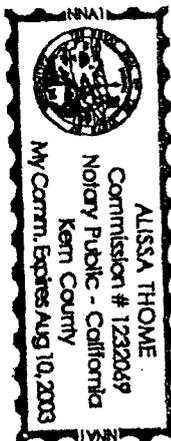
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 252,738

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 15,351 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

X 
SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS SIXTEENTH DAY OF

(SEAL)

MY COMMISSION EXPIRES AUGUST 10, 2003

NOTARY PUBLIC NAME	
ALISSA THOME	
COUNTY NAME	
KERN	
MONTH	YEAR
APRIL	2001

X 
SIGNATURE OF NOTARY PUBLIC

A-34634

1/2 34681

11712

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301



STRAWBERRY WATER COMPANY, INC
P.O. BOX #82218
BAKERSFIELD, CA 93380-2218

18-66
1220

CHECK NO.
Oct 11 00

\$1,006.17

DATE

AMOUNT

***** One Thousand Six and 17/100 *****

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ 85502

⑆011712⑆ ⑆122000661⑆ ⑆1476⑆ ⑆00525⑆ ⑆0000100617⑆

THE FACE OF THIS DOCUMENT HAS A VOID IN-SHIFT BACKGROUND

PAY TO THE ORDER OF
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA
▶ 122100024 ◀
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
11804047

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
DEPOSIT AT FINANCIAL INSTITUTION USE

35734
11/10/00

OCT 13 00

122100024
00 16
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA

10/17/99
122000661
96

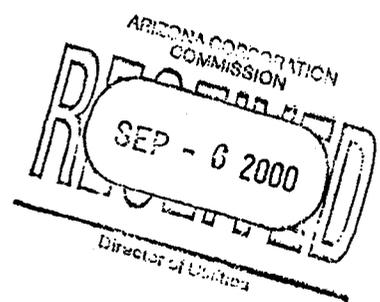
ANN 04
W-03513A
(99)

9-6-00
sm

UTILITIES DIVISION ARIZONA CORPORATION COMMISSION

WATER UTILITY ANNUAL REPORT

W-03513A <WATER
STRAWBERRY WATER CO., INC.
% BROOKE UTILITIES, INC
P. O. BOX 82218
BAKERSFIELD CA ~~99380~~
93380



(If mailing label above is incorrect, please draw line through incorrect information, and state corrected information.)

FOR YEAR ENDING

12	31	99
----	----	----

MONTH DAY YEAR

ANNUAL REPORT DUE APRIL 15, 2000

TO
UTILITIES DIVISION - ANNUAL REPORTS SECTION

ARIZONA CORPORATION COMMISSION

1200 WEST WASHINGTON - SUITE 206

PHOENIX, ARIZONA 85007

Note: This report is to be used only for Water Utilities that have total annual Water Revenues of less than \$250,000.

Company Name STRAWBERRY WATER CO., INC. Year Ending 12/31/99

Name of Certificate Holder Strawberry Water Co, Inc.

Date of Original CC&N* _____

Company Name (dba name), if different from above _____

Local Office Mailing Address PO Box 82218
(Street or P. O. Box)

BAKERSFIELD CA 93380
(City) (State) (Zip)

Physical Address (if different from above) 3101 State Road
(Street) (Zip)

Bakersfield CA 93308
(City) (State) (Zip)

Local Office Tel. No. 661-633-7526 After Hrs./Emerg. No. 800-270-6084
(Include Area Code/Ext) (Include Area Code/Ext)

Local Office Fax No. 800-748-6981 Pager No. _____
(Include Area Code/Ext) (Include Area Code)

Is Utility in Operation at this time? Yes No
If no, Please Explain: INCORPORATED 7/1/98. WILL NOT BEGIN OPERATIONS
UNTIL APRIL 1, 2000

Last Rate Increase Effective Date N/A
(Month) (Day) (Year)

Utility Company Ownership:

- Sole Proprietor (S)
- C Corporation (C) (Other than Association/Co op)
- Partnership (P)
- Subchapter S Corporation (Z)
- Bankruptcy (B)
- Association/Co op (A)
- Receivership (R)
- Limited Liability Company (L)
- Other (X) _____

If Utility Company is a Subsidiary of a Parent Company:

- Owned By
- Controlled By:

Name of Parent Company Brooke Utilities, INC

Acquisition Date 7/1/98
(MM) (DD) (YY)

If Utility is Incorporated - Date Incorporated 7/1/98
(MM) (DD) (YY)

State in which Incorporated: Arizona Other _____
(Please Specify)

Company Name Strawberry Water Co., Inc. Year Ending 12/31/99

IF INCORPORATED AND ARTICLES OF INCORPORATION HAVE BEEN AMENDED DURING THE REPORT YEAR, PLEASE FILL IN THE FOLLOWING 2 LINES:

DATE AMENDED _____ PLACE AMENDED: _____
(MONTH) (DAY) (YEAR) (CITY) (STATE)

REASON: _____

COUNTIES SERVED BY UTILITY COMPANY: NIA

- | | | |
|-------------------------------------|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

LOCALITIES SERVED (INCORPORATED OR UNINCORPORATED) NIA

(PLACES, TOWNS OR MUNICIPALITIES)

Management Contact Robert T. Handcastle 3101 State Road Bakersfield
(Name) (Street) (City)
CA 93308 661-633-7526
(State) (Zip) (Tel. No. Include Area Code/Ext.)
800-748-6981
(Fax No. Include Area Code) (Pager No. Include Area Code)

On Site Manager Dean Shaffer 1011 S. Stever Road Payson
(Name) (Street) (City)
AZ 85541 520-474-8130
(State) (Zip) (Tel. No. Include Area Code/Ext.)
520-474-1695 602-601-5691
(Fax No. Include Area Code) (Pager No. Include Area Code)

Statutory Agent Robert T. Handcastle 3101 State Road Bakersfield
(Name) (Street) (City)
CA 93308 661-633-7526
(State) (Zip) (Tel. No. Include Area Code/Ext.)

Attorney Streich Lang PO Box 53573 Phoenix
(Name) (Street) (City)
AZ 85072-3573 602-229-5416
(State) (Zip) (Tel. No. Include Area Code/Ext.)

Company Name Strawberry Water Co., Inc Year Ending 12/31/99

OWNER(S)

SOLE OWNER: NAME, ADDRESS, AND PHONE NUMBER (INCLUDING AREA CODE)
 PARTNERSHIP: EACH PARTNER'S NAME, ADDRESS, PHONE NUMBER (INCLUDE AREA CODE), AND AMOUNT OF EQUITY
 CORPORATION: THREE LARGEST STOCKHOLDERS NAMES, ADDRESSES, PHONE NUMBERS (INCLUDE AREA CODE), AND NUMBER OF SHARES HELD

TYPE (MARK "X")			PHONE NUMBER (INCLUDE AREA CODE)	AMOUNT OF EQUITY OR NUMBER OF SHARES
OWNER	PARTNERSHIP	SHARE HOLDER		
		X	Brooke Utilities, Inc. PO Box 82218 BAKERSFIELD, CA 93380	100%

DIRECTORS (IF CORPORATION)

NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	TERM EXPIRATION			NUMBER OF SHARES
		MONTH	DATE	YEAR	
Robert T. Handcastle	661-633-7526			N/A	0
Lee Jamison	661-633-7537				0
Charles McLean	661-633-7530				0
ALL DIRECTORS • PO Box 82218 Bakersfield, CA 93380					

PRINCIPAL OFFICERS (IF CORPORATION)

TYPE (MARK "X")					NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	DATE ENTERING OFFICE		
PRES.	V.P.	SEC.	TREAS.	OTHER			MONTH	DAY	YEAR
X					Robert T. Handcastle	661-633-7526			
	X				Lee Jamison	661-633-7537			
		X	X		Charles McLean	661-633-7530			
					<u>all officers</u>				
					PO Box 82218 Bakersfield, CA 93380				

Company Name Strawberry Water Co., Inc. Year Ending 12/31/99

UTILITY PLANT IN SERVICE

ACCT. NO.		ORIGINAL COST (1)	ACCUMULATED DEPRECIATION (2)	O.C.L.D. (1) - (2)
301	ORGANIZATION			
302	FRANCHISES			
303	LAND AND LAND RIGHTS			
304	STRUCTURES AND IMPROVEMENTS			
307	WELLS AND SPRINGS			
311	ELECTRIC PUMPING EQUIPMENT			
320	WATER TREATMENT EQUIPMENT			
330	DISTRIBUTION RESERVOIRS & STANDPIPES			
331	TRANSMISSION AND DISTRIBUTION MAINS			
333	SERVICES			
334	METERS			
335	HYDRANTS			
339	OTHER PLANT & MISCELLANEOUS EQUIPMENT			
340	OFFICE FURNITURE AND FIXTURES			
341	TRANSPORTATION EQUIPMENT			
343	TOOLS AND WORK EQUIPMENT			
344	LABORATORY EQUIPMENT			
345	POWER OPERATED EQUIPMENT			
346	COMMUNICATIONS EQUIPMENT			
347	MISCELLANEOUS EQUIPMENT			
348	OTHER TANGIBLE PLANT			
TOTAL WATER PLANT		Ø	Ø	Ø

COMPANY NAME Strawberry Basin Water Co., INC. YEAR ENDING 12/31/99

WATER COMPANY PLANT DESCRIPTION

ADEQ System No.(s) _____

WELLS					
ADWR ID NO.	PUMP HORSEPOWER	PUMP YIELD (GPM)	CASING SIZE (INCHES)	WELL DEPTH (FEET)	METER SIZE (INCHES)
55-					
55-					
55-					
55-					
55-					
55-					

OTHER WATER SOURCES		
NAME OR DESCRIPTION	CAPACITY (GPM)	GALLONS PURCHASED OR OBTAINED (THOUSANDS)

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (THOUS.) = _____

DESCRIBE ANY NEW CONSTRUCTION, EXTENSION OF SYSTEM OR ACQUISITION MADE DURING REPORTING YEAR: _____

BOOSTER PUMPS		STORAGE TANKS		PRESSURE TANKS	
HORSEPOWER	QUANTITY	CAPACITY	QUANTITY	CAPACITY	QUANTITY

TREATMENT EQUIPMENT (SEDIMENTATION, FILTRATION, DISINFECTION, ETC.):

COMPANY NAME Strawberry Water Co., Inc. YEAR ENDING 12/31/99

BALANCE SHEET

ASSETS		Balance	Balance
Acct. No.	Current and Accrued Assets	Beginning of Year	Ending of Year
131	Cash & Working Funds		
135	Temporary Investments		
141	Customer Accounts Receivables		
151	Plant Materials & Supplies		
174	Other Current and Accrued Assets		
Total Current & Accrued Assets		Ø	Ø

Fixed Assets		Balance	Balance
		Beginning of Year	Ending of Year
101	Utility Plant in Service		
103	Property Held for Future Use		
105	Construction Work in Progress		
117	Other Fixed Assets		
108	Less: Accum. Deprec. & Amort.		
Total Fixed Assets			
TOTAL ASSETS		Ø	Ø

COMPANY NAME Strawberry Water Co., Inc.

YEAR ENDING 12/31/99

**BALANCE SHEET
(CONTINUED)**

LIABILITIES		Balance Beginning of Year	Balance Ending of Year
Acct. No.	CURRENT AND ACCRUED LIABILITIES		

231	Accounts Payable		
232	Notes Payable (Current Portion)		
235	Customer Security Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Other Current & Accrued Liabilities		
	TOTAL CURRENT & ACCRUED LIABILITIES	Ø	Ø

LONG TERM DEBT (Over 12 Months)

224	Long-Term Notes & Bonds	Ø	Ø
-----	-------------------------	---	---

DEFERRED CREDITS

252	Advances in Aid of Construction		
255	Accumulated Deferred I.T.C.		
271	Contributions in Aid of Construction		
272	Less: Accum. Amort. Of Contribution		
282	Accumulated Deferred Income Tax*		
284	Other Deferred Credits		
	Total Deferred Credits	Ø	Ø
	TOTAL LIABILITIES	Ø	Ø

CAPITAL ACCOUNT

201	Common Stock		
211	Paid in Capital		
215	Retained Earnings*		
218	Proprietary Capital		
219	Other Capital Accounts		
	Total Capital Accounts	Ø	Ø
	TOTAL LIABILITIES & CAPITAL	Ø	Ø

*NOTE: If negative, enclose in parentheses

COMPANY NAME Strawberry Water Co., Inc. YEAR ENDING 12/31/99

RESERVE FOR DEPRECIATION

YEAR BEGINNING BALANCE (CREDIT):	Ø
ADD: AMOUNT CHARGED FOR DEPRECIATION EXPENSE:	
OTHER CREDITS:*	
LESS: ORIGINAL COST OF PLANT RETIRED DURING YEAR:	()
COST OF PLANT REMOVAL:	()
OTHER DEBITS:*	()
YEAR ENDING BALANCE:	Ø

NOTE: SHOW DETAILS OF OTHER DEBITS OR CREDITS IN SPACE BELOW.

COMPANY NAME Strawberry Water Co., Inc. YEAR ENDING 12/31/99

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

Acct. No.	OPERATING REVENUES	Prior Year	Current Year
461	Metered Water Sales*	\$	\$
460	Unmetered Water Sales*		
46x	Water Sales to Other Customers		
47x	Other Operating Revenues		
	Total Operating Revenues	\$ \emptyset	\$ \emptyset

Acct. No.	OPERATING EXPENSES	Prior Year	Current Year
601	Salaries & Wages	\$	\$
610	Purchased Water		
615	Purchased Pumping Power		
618	Water Testing		
619	Water Treatment		
620	Repairs & Maintenance		
621	Office Supplies & Expense		
630	Outside Services		
631	Rate Case Expense		
640	Rents		
650	Transportation Expense		
655	General Insurance		
658	Health & Life Insurance		
675	Miscellaneous Operating Expense		
680	Taxes Other than Property & Income		
681	Property Tax		
403	Depreciation		
409	Income Tax		
	Total Operating Expense	\$ \emptyset	\$ \emptyset
	OPERATING INCOME (LOSS)*	\$ \emptyset	\$ \emptyset

Acct. No.	OTHER INCOME/EXPENSE	Prior Year	Current Year
419	Interest Income	\$	\$
421	Other Income		
426	Other Expense		
427	Interest Expense		
	TOTAL OTHER INCOME/EXPENSE*	\$ \emptyset	\$ \emptyset
	NET INCOME (LOSS)*	\$ \emptyset	\$ \emptyset

COMPANY NAME Strawberry Water Co., INC. YEAR ENDING 12/31/99

COMPUTATION OF DEPRECIATION EXPENSE

Acct. No.	Description	(1) Original Cost	(2) Depreciation Percentage Rate	(1) x (2) Depreciation Expense
301	Organization			
302	Franchises			
303	Land & Land Rights			
304	Struct. & Improvements			
307	Wells & Springs			
311	Electric Pump Equipment			
320	Water Treatment Equipment			
330	Dist. Reservoirs/Standpipes			
331	Trans. & Dist. Mains			
333	Services			
334	Meters			
335	Hydrants			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Fixtures			
341	Transportation Equipment			
343	Tools & Work Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	Totals	Ø	Ø	Ø

COMPANY NAME Strawberry Water Co., Inc YEAR ENDING 12/31/99

STATISTICAL INFORMATION

YEAR END

Metered Customers	Revenue	Customers	Gallons Sold (h) (thousands)
Residential			
Commercial			
Industrial			
Standpipe			
Total Metered Customers (a)			

Unmetered Customers:

Residential			
Commercial			
Industrial			
Standpipe			
Total Unmetered Customers (a)	(c)		

Other Customers: (b)

(d)

Private Fire Protection Service			
Public Fire Protection Service			
Other Public Authorities			
Irrigation			
Interdepartmental and/or Associated Companies			
Sales for Resale			
Other Customers			
Total Other Customers	(e)		

Other Operating Revenue	(f)		
TOTAL ALL CUSTOMERS	(g)		

- (a) Includes Residential, commercial, Industrial and Standpipe only.
- (b) Includes all metered or unmetered customer categories not listed above.
- (c) Should agree with Page 11, Account 461, Metered Water Sales.
- (d) Should agree with Page 11, Account 460, Unmetered Water Sales.
- (e) Should agree with Page 11, Account 46x, Water Sales to Other Customers.
- (f) Should agree with Page 11, Account 47x, Other Operating Revenue.
- (g) Should agree with Page 11, Total Operating Revenue.
- (h) See example of bottom of page 14 before filling out this column

SUPPLEMENTAL STATISTICAL INFORMATION

YEAR END

	Revenue	Customers	Gallons Sold (h) (thousands)
Residential 5/8" x 3/4"			
Residential 3/4"			
Residential 1"			
Residential 1-1/2"			
Residential 2"			
Residential Other "			
Total Residential	(a)	(a)	(a)

Commercial 5/8" x 3/4"			
Commercial 3/4"			
Commercial 1"			
Commercial 1-1/2"			
Commercial 2"			
Commercial Other "			
Total Commercial	(b)	(b)	(b)

Industrial 3"			
Industrial 4"			
Industrial 6"			
Industrial Other "			
Industrial Other "			
Total Industrial	(c)	(c)	(c)

Standpipe			
-----------	--	--	--

- (a) Should agree with Page 13, Residential Metered Customers.
- (b) Should agree with Page 13, Commercial Metered Customers.
- (c) Should agree with Page 13, Industrial Metered Customers.
- (d) When filling out Gallons Sold entries, round answer to nearest thousand gallons, by dropping the last 3 zeroes. For example, show 11,553,300 gallons as 11,553 but show 11, 553,600 as 11,554.

COMPANY NAME Strawberry Water Co., Inc. YEAR ENDING 12/31/99

CAPITAL STOCK (IF CORPORATION)

	Common	Preferred	Treasury	Total
Number of Shares Authorized	10,000			10,000
Number of Shares Issued	0			0
Par Value of Shares	0			0
Dividends declared during year	0			0

LONG-TERM DEBT N/A

	Loan #1	Loan #2	Loan #3	Total
Date Issued				
Nature of Obligation				
Amount Issued (Dollars)				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest Expense				

REPAYMENT OF DEBT AND ADVANCES IN AID OF CONSTRUCTION N/A
DURING REPORT YEAR

Principal Repayments:	
Long-Term Debt	\$
Short-Term Debt	\$
Repayment of Advances in Aid of Construction	\$

**VERIFICATION
AND
SWORN STATEMENT**



VERIFICATION
CA
STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <i>Kern</i>	
NAME (OWNER OR OFFICIAL) <i>Robert T. Handcastle</i>	TITLE <i>President</i>
COMPANY NAME <i>Strawberry Water Co., Inc</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH <i>12</i>	DAY <i>31</i>	YEAR <i>99</i>
--------------------	------------------	-------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

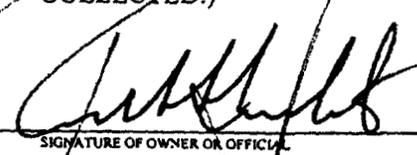
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE WATER OPERATIONS DURING

CALENDAR YEAR *1999*

WAS *0* (\$ ONLY) *

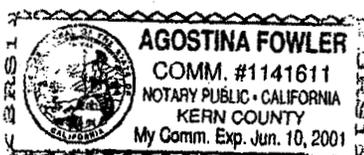
(THE AMOUNT IN BOX AT LEFT INCLUDES \$ *0* IN SALES TAX MONIES BILLED OR COLLECTED.)

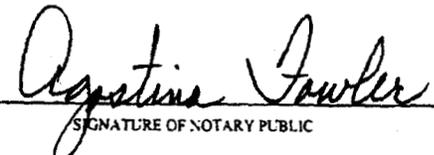
*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED OR COLLECTED.

X 
SIGNATURE OF OWNER OR OFFICIAL
661-633-7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS DAY *5th* DAY OF

NOTARY PUBLIC NAME <i>AGOSTINA FOWLER</i>	
COUNTY NAME <i>KERN</i>	
MONTH <i>SEPTEMBER</i>	YEAR <i>2000</i>

(SEAL) 

X 
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

MONTH <i>6</i>	DAY <i>10</i>	YEAR <i>2001</i>
-------------------	------------------	---------------------

19 N/A

COMPANY NAME Strawberry Water Co., Inc. YEAR ENDING 12/31/99

ALL UTILITIES
INCOME TAXES

For the fiscal year reported in this annual report, provide the following:

Federal Taxable Income Reported _____ 0
Estimated or Actual Federal Tax Liability _____ 0

State Taxable Income Reported _____ 0
Estimated or Actual State Tax Liability _____ 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____ 0
Amount of Gross-Up Tax Collected _____ 0
Total Grossed-Up Contributions/Advances _____ 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification should be signed by the President or Chief Executive Officer of the Utility, or by the Owner, if the Utility is not a corporation.


SIGNATURE

8/29/00
DATE

Robert T. Hardcastle
PRINTED NAME

President
TITLE

APPENDIX A

pg N/A

COMPANY NAME Strawberry Water Co., Inc. YEAR ENDING 12/31/99

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Amount of actual property taxes paid during
Calendar year

0

***Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

***If no property taxes paid, explain why. NO operation until 4/1/2000

APPENDIX B

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2002 TAX NOTICE JUN 1, 2002 TO DEC 31, 2002 COUNTY OF GILA ADDRESS: POST OFFICE BOX 1093 GLOBE AZ 85502

LEGAL DESCRIPTION	SECTION	TWN	RNG	ACRES	4.48 USE 5500
TOTAL VALUE OF OPERATING PROPERTY					
301-13-028	2.700	301-13-034		1.000	
301-13-036	1.000	301-16-062		1.275	
301-18-334	1.700	301-21-062-C		765	
301-21-063-B	800	301-21-069		345	
301-28-008-Y	2.950	301-29-055		345	
301-29-056	345	301-31-021		500	

TAXROLL NUMBER
35175
PARCEL IDENTIFICATION
902-31-200 6
TAX AREA CODE
1200

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2002 TAX NOTICE AND PAYMENT INSTRUCTIONS.

93380 902-31-200 6 35175
PINE WATER CO
C/O BROOKE UTILITIES INC
P O BOX 82218
BAKERSFIELD CA 93380

2002 TAX SUMMARY (3)

PRIMARY AD VALOREM TAX	538012
LESS STATE AID TO EDUCATION	00
NET PRIMARY AD VALOREM TAX	538012
SECONDARY AD VALOREM TAX	90738
SPECIAL DISTRICT TAX	00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE ->	628750
HALF TAX ->	314375

DELINQUENT DATES
1st HALF NOV. 1, 2002
2nd HALF MAY 1, 2003

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)

ITEM	UNITED VALUE	AD VALOREM	AMENDED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND/BLDG/ETO	236635	250	59166	0	81250	480723
PERSONAL PROPERTY	128205	250	70511	0	81250	57289
TOTALS	264870	1	66217	0		538012

SECONDARY PROPERTY TAX CALCULATION (2)

ITEM	UNITED VALUE	AD VALOREM	AMENDED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	113725	250	3431	0	3703	4702
BLDG/ETO	222940	250	55735	0	3703	76374
PERSONAL PROPERTY	28205	250	70511	0	3703	9552
TOTALS	264870	1	66217	0		90738

2002 TAX COMPOSITION

TAX CODE	TAX DESCRIPTION	2002 PRIMARY	2002 SECONDARY	2002 TOTAL	2001 TOTAL	DIFFERENCE
02000	GILA COUNTY	292017	00	292017	226414	65603
02002	SCHOOL EQUALIZATION	32379	00	32379	25537	6836
05012	PINE SD #12	213622	32315	245937	233152	12785
08150	GILA PUEBLO COMMUNITY COLLEGE	00	58558	58558	30251	8307
11900	FIRE DISTRICT ASSISTANCE FUND	00	6622	6622	5134	1488
14900	GILA COUNTY LIBRARY DISTRICT	00	13243	13243	10268	2975
TOTALS		538012	90738	628750	530786	97964

<p>TEAR OFF ALONG DOTTED LINES</p> <p>PLEASE RETURN THIS PORTION WITH PAYMENT TO:</p> <p>PRIS KNUCKEY-RALLS GILA CO. TREASURER POST OFFICE BOX 1093 GLOBE AZ 85502</p> <p>PINE WATER CO P O BOX 82218 BAKERSFIELD CA 93380</p> <p>RECEIPT REQUESTED ()</p> <p>*IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW. SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE. ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.</p> <p>2002 2ND HALF COUPON</p> <p>TO PAY 2ND HALF PAY 3,143.75</p> <p>NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY, 1 2003</p>	<p>TEAR OFF ALONG DOTTED LINES</p> <p>PLEASE RETURN THIS PORTION WITH PAYMENT TO:</p> <p>PRIS KNUCKEY-RALLS GILA CO. TREASURER POST OFFICE BOX 1093 GLOBE AZ 85502</p> <p>PINE WATER CO P O BOX 82218 BAKERSFIELD CA 93380</p> <p>RECEIPT REQUESTED ()</p> <p>*IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW. SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE. ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.</p> <p>2002 1ST HALF COUPON</p> <p>TO PAY 1ST HALF ONLY PAY 3,143.75 TO PAY FULL YEAR TAX PAY 6,287.50</p> <p>NOTE: 1st HALF TAXES DELINQUENT AFTER NOV, 1 2002</p>
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2002 TAX NOTICE JAN 1, 2002 DEC 31, 2002 COUNTY OF GILA

ADDRESS: POST OFFICE BOX 1093 GLOBE AZ 85502

Table with columns: LEGAL DESCRIPTION, SECTION OF OPERATING PROPERTY, TWN, RNG, ACRES, 1.20, USE 5500. Rows include property details like 301-13-009, 301-23-049, etc.

Tax Roll Number: 35176, Parcel Identification: 902-31-270 9, Tax Area Code: 1270

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2002 TAX NOTICE AND PAYMENT INSTRUCTIONS.

93380 902-31-270 9 35176 PINE WATER CO C/O BROOKE UTILITIES INC P O BOX 82218 BAKERSFIELD CA 93380

2002 TAX SUMMARY (\$) Table with rows: PRIMARY AD VALOREM TAX (1940106), LESS STATE AD EDUCATION (00), NET PRIMARY AD VALOREM TAX (1940106), SECONDARY AD VALOREM TAX (684116), SPECIAL DISTRICT TAX (00)

PAY TOTAL OR HALF TAX Table with rows: TOTAL TAX DUE -> 2624222, HALF TAX -> 1412111

DELINQUENT DATES 1st HALF NOV. 1, 2002 2nd HALF MAY 1, 2003

THIS IS THE ONLY NOTICE YOU WILL RECEIVE NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (I) Table with columns: ITEMS, LIMITED VALUE, ASSESS'D VALUE, DESCRIPTION, TAX RATE, AD VALOREM TAX. Rows include LAND, BROSERS, PERSONAL PROPERTY.

SECONDARY PROPERTY TAX CALCULATION (II) Table with columns: ITEMS, FULL CASH VALUE, ASSESS'D VALUE, DESCRIPTION, TAX RATE, AD VALOREM TAX. Rows include LAND, BROSERS, PERSONAL PROPERTY.

2002 TAX COUPONS TABLE with columns: TAX CODE, TAX DESCRIPTION, 2002 FEBRUARY, 2002 DECEMBER, 2002 TOTAL, 2001 TOTAL, DEFERENCE. Rows include GILA COUNTY, SCHOOL EQUALIZATION, PINE SD #12, etc.

2002 2ND HALF COUPON form with fields for tax roll number, parcel identification, and payment instructions.

2002 1ST HALF COUPON form with fields for tax roll number, parcel identification, and payment instructions.

NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY, 1 2003 NOTE: 1st HALF TAXES DELINQUENT AFTER NOV, 1 2002

4* \$27.1 ± 4 !!5+Peeeeee \$27.1 ± 4 !!5+Peeeeee

119

2002 TAX NOTICE JUN 1, 2002 TO DEC 31, 2002 COUNTY OF GILA

ADDRESS: POST OFFICE BOX 1093 GLOBE AZ 85502

LEGAL DESCRIPTION SECTION TWN RNG ACRES .12 USE 5500
TOTAL VALUE OF OPERATING PROPERTY 301-08-201-A 500 301-14-07D 500

TAXROLL NUMBER 35177
PARCEL IDENTIFICATION 902-31-276A 6
TAXAREA CODE 1276

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2002 TAX NOTICE AND PAYMENT INSTRUCTIONS.

93380 902-31-276A 6 35177
PINE WATER CO
C/O BROOKE UTILITIES INC
P O BOX 82218
BAKERSFIELD CA 93380

2002 TAX SUMMARY (3)
PRIMARY AD VALOREM TAX 2032
LAND STATE AD VALOREM TAX 00
NET PRIMARY AD VALOREM TAX 2032
SECONDARY AD VALOREM TAX 976
SPECIAL DISTRICT TAX 00

PAY TOTAL OR HALF TAX
TOTAL TAX DUE -> 3008
HALF TAX ->

DELINQUENT DATES
1st HALF NOV. 1, 2002
2nd HALF MAY 1, 2003
THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)
ITEMS LIMITED VALUE PERMIT ASSIGNED VALUE EXEMPTION TAX RATE AD VALOREM TAX
LAND 1000 250 250 0 8.1250 2032
PERSONAL PROPERTY 0 0 0 0 0.0000 00
TOTALS 1000 250 250 0 8.1250 2032

SECONDARY PROPERTY TAX CALCULATION (2)
ITEMS FULL CB VALUE PERMIT ASSIGNED VALUE EXEMPTION TAX RATE AD VALOREM TAX
LAND 1000 250 250 0 3.9026 976
PERSONAL PROPERTY 0 0 0 0 0.0000 00
TOTALS 1000 250 250 0 3.9026 976

2002 TAX COMPOSITION
TAX CODE TAX JURISDICTION 2002 PRIMARY 2002 SECONDARY 2002 TOTAL 2001 TOTAL DIFFERENCE
02000 GILA COUNTY 1103 00 1103 1104 101
02002 SCHOOL EQUALIZATION 122 00 122 124 102
05012 PINE SD #12 807 122 929 937 208
08150 GILA PUEBLO COMMUNITY COLLEGE 00 146 146 147 101
11205 PINE-STRAWBERRY FIRE DISTRICT 00 583 583 575 108
11900 FIRE DISTRICT ASSISTANCE FUND 00 125 125 125 100
14900 GILA COUNTY LIBRARY DISTRICT 00 150 150 150 100
16010 PINE STRAWBERRY WID 00 50 50 50 100
TOTALS 2032 976 3008 3212 -204

PLEASE RETURN THIS PORTION WITH PAYMENT TO:
PRIS KNUCKEY-RALLS
GILA CO. TREASURER
POST OFFICE BOX 1093
GLOBE AZ 85502
TAXROLL NUMBER 35177
PARCEL IDENTIFICATION 902-31-276A 6
TAXAREA CODE 1276
RECEIPT REQUESTED ()
PINE WATER CO
P O BOX 82218
BAKERSFIELD CA 93380

PLEASE RETURN THIS PORTION WITH PAYMENT TO:
PRIS KNUCKEY-RALLS
GILA CO. TREASURER
POST OFFICE BOX 1093
GLOBE AZ 85502
TAXROLL NUMBER 35177
PARCEL IDENTIFICATION 902-31-276A 6
TAXAREA CODE 1276
RECEIPT REQUESTED ()
PINE WATER CO
P O BOX 82218
BAKERSFIELD CA 93380

*IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE.
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

*IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE.
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2002 2ND HALF COUPON
TO PAY 2ND HALF PAY

2002 1ST HALF COUPON
TO PAY 1ST HALF ONLY PAY
TO PAY FULL YEAR TAX PAY 30 08

NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY, 1 2003

NOTE: 1ST HALF TAXES DELINQUENT AFTER NOV, 1 2002

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2002 TAX NOTICE JAN. 1, 2002 TO DEC. 31, 2002 COUNTY OF GILA

ADDRESS: POST OFFICE BOX 1093 GLOBE AZ 85502

LEGAL DESCRIPTION SECTION TWN RNG ACRES USE 5500 TOTAL VALUE OF OPERATING PROPERTY

TAXROLL NUMBER 35183 PARCEL IDENTIFICATION 917-81-270 2 TAX AREA CODE 1270

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2002 TAX NOTICE AND PAYMENT INSTRUCTIONS.

93380 917-81-270 2 35183 STRAWBERRY CREEK FOOTHILLS WATER SYSTEM C/O BROOKE UTILITIES ROBERT HARDCASTLE PO BOX 82218 BAKERSFIELD CA 93380

2002 TAX SUMMARY (3) Table with columns for Primary Ad Valorem Tax, Less State Aid Deduction, Net Primary Ad Valorem Tax, Secondary Ad Valorem Tax, and Special District Tax.

PAY TOTAL OR HALF TAX Table showing Total Tax Due (36194) and Half Tax (28097).

DELINQUENT DATES 1st HALF NOV. 1, 2002 2nd HALF MAY 1, 2003 THIS IS THE ONLY NOTICE YOU WILL RECEIVE NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1) and SECONDARY PROPERTY TAX CALCULATION (2) tables with columns for Item, Limited Value, Assessed Value, Exemption, Tax Rate, and Ad Valorem Tax.

TAX CODE TAX JURISDICTION TABLE with columns for Tax Code, Tax Jurisdiction, 2002 Primary, 2002 Secondary, 2002 Total, 2001 Total, and Difference.

2002 2ND HALF COUPON form with fields for recipient address (PRIS KNUCKEY-RALLS), tax roll number, parcel ID, and tax area code.

2002 1ST HALF COUPON form with fields for recipient address (PRIS KNUCKEY-RALLS), tax roll number, parcel ID, and tax area code.

NOTE 2ND HALF TAXES DELINQUENT AFTER MAY, 1 2003 NOTE 1ST HALF TAXES DELINQUENT AFTER NOV, 1 2002

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2002 TAX NOTICE
JUL 1, 2002 TO DEC 31, 2002 COUNTY OF GILA

ADDRESS: POST OFFICE BOX 1093
GLOBE AZ 85502

LEGAL DESCRIPTION SECTION TRN RNS ACRES USE 5500
TOTAL VALUE OF OPERATING PROPERTY

TAX ROLL NUMBER	35185
PARCEL IDENTIFICATION	918-11-270 6
TAX AREA CODE	1270

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2002 TAX NOTICE AND PAYMENT INSTRUCTIONS.

93380 918-11-270 6 35185
STRAWBERRY WATER SYSTEM FKA E&R WATER
C/O BROOKE UTILITIES
ROBERT HARDCASTLE
PO BOX 82218
BAKERSFIELD CA 93380

2002 TAX SUMMARY (3)	
PRIMARY AD VALOREM TAX	1105000
LESS STATE AD TO EQUALIZATION	00
NET PRIMARY AD VALOREM TAX	1105000
SECONDARY AD VALOREM TAX	503554
SPECIAL DISTRICT TAX	00

PAY TOTAL OR HALF TAX	
TOTAL TAX DUE →	1608554
HALF TAX →	804277

DELINQUENT DATES
1st HALF NOV. 1, 2002
2nd HALF MAY 1, 2003
THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)						
ITEM	LIMITED VALUE	NET VALUE	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	482373	250	120593	0	9.11250	979818
PERSONAL PROPERTY	81627	250	115407	0	9.11250	125182
TOTALS	544000		136000	0		1105000

SECONDARY PROPERTY TAX CALCULATION (2)						
ITEM	FULL ORN VALUE	NET VALUE	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	0	250	0	0	37026	00
BLDG/EGT	482373	250	120593	0	37026	446508
PERSONAL PROPERTY	81627	250	115407	0	37026	57046
TOTALS	544000		136000	0		503554

YR/CD	TAX JURISDICTION	2002 TAX DOLLARS (1)			2001 TOTAL		DIFFERENCE
		2002 PRIMARY	2002 SECONDARY	2002 TOTAL	2001 TOTAL		
02000	GILA COUNTY	599760	00	599760	486093	113667	
02002	SCHOOL EQUALIZATION	66490	00	66490	54826	11664	
05012	PINE SD 812	438750	66369	505119	500620	4499	
08150	GILA PUEBLO COMMUNITY COLLEGE	00	79192	79192	54945	4247	
11205	PINE-STRAWBERRY FIRE DISTRICT	00	317193	317193	253562	63631	
11900	FIRE DISTRICT ASSISTANCE FUND	00	13600	13600	11023	2577	
14900	GILA COUNTY LIBRARY DISTRICT	00	27200	27200	22045	5155	
TOTALS		1105000	503554	1608554	1393114	215440	

YEAR OF ALONE DOTTED LINE		YEAR OF ALONE DOTTED LINE	
PLEASE RETURN THIS PORTION WITH PAYMENT TO:		PLEASE RETURN THIS PORTION WITH PAYMENT TO:	
PRIS KNUCKEY-RALLS GILA CO. TREASURER POST OFFICE BOX 1093 GLOBE AZ 85502	TAX ROLL NUMBER 35185 PARCEL IDENTIFICATION 918-11-270 6 TAX AREA CODE 1270	PRIS KNUCKEY-RALLS GILA CO. TREASURER POST OFFICE BOX 1093 GLOBE AZ 85502	TAX ROLL NUMBER 35185 PARCEL IDENTIFICATION 918-11-270 6 TAX AREA CODE 1270
STRAWBERRY WATER SYSTEM PO BOX 82218 BAKERSFIELD CA 93380	RECEIPT REQUESTED ()	STRAWBERRY WATER SYSTEM PO BOX 82218 BAKERSFIELD CA 93380	RECEIPT REQUESTED ()
*IF TOTAL TAX DUE IS \$20.00 OR LESS FULL AMOUNT IS DUE NOW. SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE. ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.		*IF TOTAL TAX DUE IS \$20.00 OR LESS FULL AMOUNT IS DUE NOW. SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE. ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.	
2002 2ND HALF COUPON		2002 1ST HALF COUPON	
TO PAY 2ND HALF PAY	8,042.77	TO PAY 1ST HALF ONLY PAY	8,042.77
TO PAY FULL YEAR TAX PAY	16,085.54	TO PAY FULL YEAR TAX PAY	16,085.54

NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY, 1 2003

NOTE: 1st HALF TAXES DELINQUENT AFTER NOV, 1 2002

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2002 TAX NOTICE TO DEC. 31, 2002 COUNTY OF GILA

ADDRESS: POST OFFICE BOX 1093 GLOBE AZ 85502

LEGAL DESCRIPTION SECTION TWN RNG ACRES .20 USE 5500
TOTAL VALUE OF OPERATING PROPERTY 301-11-134 300 301-11-138 1.800

TAXROLL NUMBER	35221
PARCEL IDENTIFICATION	950-71-270 6
TAX AREA CODE	1270

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2002 TAX NOTICE AND PAYMENT INSTRUCTIONS.

93380 950-71-270 6 35221
STRAWBERRY KNOLLS WATER CO
C/O BROOKE UTILITIES INC
P O BOX 82218
BAKERSFIELD CA 93380

2002 TAX SUMMARY (\$)	
PROPERTY AD VALOREM TAX	109688
LESS STATE AD TO EDUCATION	00
NET PROPERTY AD VALOREM TAX	109688
SECONDARY AD VALOREM TAX	49986
SPECIAL DISTRICT TAX	00

PAY TOTAL OR HALF TAX	
TOTAL TAX DUE →	159674
HALF TAX →	79837

DELINQUENT DATES
1st HALF NOV. 1, 2002
2nd HALF MAY 1, 2003
THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (M)						
ITEMS	LIMITED VALUE	AD VALOREM	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND/DWELLING	49365	250	12241	0	81250	100271
PERSONAL PROPERTY	14635	250	1189	0	81250	9417
TOTALS	54000	?	13500	0		109688

SECONDARY PROPERTY TAX CALCULATION (M)						
ITEMS	FULL CASH VALUE	AD VALOREM	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	2100	250	525	0	37026	945
BUDGET	47265	250	11816	0	37026	43749
PERSONAL PROPERTY	4635	250	1189	0	37026	4222
TOTALS	54000	?	13500	0		49986

TAX CODE	TAX DESCRIPTION	2002 PRIMARY	2002 SECONDARY	2002 TOTAL	2001 TOTAL	DIFFERENCE
02000	GILA COUNTY	59535	00	59535	52149	7386
02002	SCHOOL EQUALIZATION	6601	00	6601	5882	719
05012	PINE SD #12	43532	6589	50141	59707	-9566
08150	GILA PUEBLO COMMUNITY COLLEGE	00	7861	7861	6967	894
11205	PINE-STRAWBERRY FIRE DISTRICT	00	31485	31485	27209	4282
11900	FIRE DISTRICT ASSISTANCE FUND	00	1351	1351	1183	168
14900	GILA COUNTY LIBRARY DISTRICT	00	2700	2700	2365	335
TOTALS		109688	49986	159674	149456	10218

TAXOR ALONE COUPON

PLEASE RETURN THIS PORTION WITH PAYMENT TO:
PRIS KNUCKEY-RALLS
GILA CO. TREASURER
POST OFFICE BOX 1093
GLOBE AZ 85502

STRAWBERRY KNOLLS WATER
P O BOX 82218
BAKERSFIELD CA 93380

RECEIPT REQUESTED ()

TAXROLL NUMBER: 35221
PARCEL IDENTIFICATION: 950-71-270 6
TAX AREA CODE: 1270

*IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE.
(ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.)

2002 2ND HALF COUPON

TO PAY 2ND HALF PAY 798 37

TAXOR ALONE COUPON

PLEASE RETURN THIS PORTION WITH PAYMENT TO:
PRIS KNUCKEY-RALLS
GILA CO. TREASURER
POST OFFICE BOX 1093
GLOBE AZ 85502

STRAWBERRY KNOLLS WATER
P O BOX 82218
BAKERSFIELD CA 93380

RECEIPT REQUESTED ()

TAXROLL NUMBER: 35221
PARCEL IDENTIFICATION: 950-71-270 6
TAX AREA CODE: 1270

*IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE.
(ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.)

2002 1ST HALF COUPON

TO PAY 1ST HALF ONLY PAY 798 37
TO PAY FULL YEAR TAX PAY 1,596 74

NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY, 1 2003

NOTE: 1st HALF TAXES DELINQUENT AFTER NOV, 1 2002

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