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ANNUAL REPORT

OF

EAGLE WATER COMPANY, INC.
NAME

846 N. EAGLE ROAD, EAGLE, IDAHO, 83616
ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2002



**IDAHO
PUBLIC UTILITIES
COMMISSION**

Dirk Kempthorne, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Paul Kjellander, President
Marsha H. Smith, Commissioner
Dennis S. Hansen, Commissioner

June 27, 2003

C. Dean Graham
GRIGG, RITTER & ASSOCIATES, P.C.
4487 N. Dresden Place, Suite 101
Boise, ID 83714

Dear Mr. Graham:

I received your letter requesting an extension until July 30, 2003 to file the annual report for Eagle Water Company.

Please be advised that your request to file the report by July 30, 2003 has been granted.

Sincerely,

Jean D. Jewell
Commission Secretary

Cc: Terri Carlock

Morris W. Grigg, CPA, CVA
Thomas J. Ritter, MS, CPA
C. Dean Graham, MBA, CPA

July 17, 2003

To the Board of Directors
Eagle Water Company, Inc.
Eagle, Idaho 83616

Gentlemen,

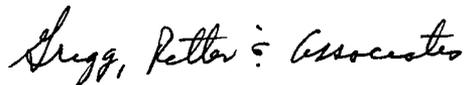
We have compiled the accompanying Balance Sheet of Eagle Water Company, Inc. (a corporation) as of December 31, 2002 and the Related Statement of Income and Retained Earnings, and supporting schedules for the year then ended in the accompanying prescribed form in accordance with standards established by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Idaho Public Utilities Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Idaho Public Utilities Commission, which differ from generally accepted accounting principles.

Accordingly, these statements are not designed for those who are not informed about such differences.

Yours very truly,



Grigg, Ritter & Associates, P.C.

ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING 12-31-02

COMPANY INFORMATION

1 Give full name of utility Eagle Water Co., Inc.

2 Date of Organization 3-14-74

3 Organized under the laws of the state of Idaho

4 Address of Principal Office (number & street) 846 N. Eagle Rd.

5 P.O. Box (if applicable) P.O. Box 455

6 City Eagle

7 State Idaho

8 Zip Code 83616

9 Organization (proprietor, partnership, corp.) Corporation

10 Towns, Counties served Eagle, Ada County, Idaho

11 Are there any affiliated companies? N/A
If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

12 Contact Information	Name	Phone No.
President (Owner)	Robert V. DeShazo, Jr.	939-0242
Vice President	Rowland Jones	
Secretary	Betty Holt	
General Manager	Norman Revels	
Complaints or Billing	Betty Holt	
Engineering	Jim Rees MTC. Engineers	345-0780
Emergency Service	Norman Revels	939-0242
Accounting	Betty Holt 939-0242 Dean Graham	939-0021

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? No
If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

14 Where are the Company's books and records kept?

Street Address 846 N. Eagle Rd.

City Eagle

State Idaho

Zip 83616

SEE ACCOUNTANTS' COMPILATION REPORT

NAME: EAGLE WATER CO., INC.

COMPANY INFORMATION (Cont.)

For the Year Ended 12-31-02

15 Is the system operated or maintained under a service contract? N/A

16 **If yes:** With whom is the contract? _____
When does the contract expire? _____
What services and rates are included? _____

17 Is water purchased for resale through the system? N/A

18 **If yes:** Name of Organization _____
Name of owner or operator _____
Mailing Address _____
City _____
State _____
Zip _____

	Gallons/CCF	\$Amount
--	-------------	----------

Water Purchased _____

19 Has any system(s) been disapproved by the Idaho Division of Environmental Quality? No

If yes, attach full explanation

20 Has the Idaho Division of Environmental Quality recommended any improvements? No

If yes, attach full explanation

21 Number of Complaints received during year concerning:

Quality of Service	<u>1</u>
High Bills	<u>1</u>
Disconnection	<u>6</u>

22 Number of Customers involuntarily disconnected 6

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? July

Attach a copy of the Summary

24 Did significant additions or retirements from the Plant Accounts occur during the year? _____

If yes, attach full explanation and an updated system map

SEE ACCOUNTANTS' COMPILATION REPORT

NAME: EAGLE WATER CO., INC.

REVENUE & EXPENSE DETAIL

For the Year Ended 12-31-02

ACCT #	DESCRIPTION		
<u>400 REVENUES</u>			
1	460	Unmetered Water Revenue	
2	461.1	Metered Sales - Residential	<u>513,320</u>
3	461.2	Metered Sales - Commercial, Industrial	<u>101,942</u>
4	462	Fire Protection Revenue	
5	464	Other Water Sales Revenue	
6	465	Irrigation Sales Revenue	
7	466	Sales for Resale	
8	400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)	<u>615,262</u>
9	*	DEQ Fees Billed separately to customers	Booked to Acct #
10	**	Hookup or Connection Fees Collected	<u>140,747</u> Booked to Acct # <u>271</u>
11	***	Commission Approved Surcharges Collected	Booked to Acct #
<u>401 OPERATING EXPENSES</u>			
12	601.1-6	Labor - Operation & Maintenance	<u>32,018</u>
13	601.7	Labor - Customer Accounts	<u>84,651</u>
14	601.8	Labor - Administrative & General	<u>20,432</u>
15	603	Salaries, Officers & Directors	<u>12,071</u>
16	604	Employee Pensions & Benefits	<u>37,743</u>
17	610	Purchased Water	
18	615-16	Purchased Power & Fuel for Power	<u>116,971</u>
19	618	Chemicals	
20	620.1-6	Materials & Supplies - Operation & Maint.	<u>1,343</u>
21	620.7-8	Materials & Supplies - Administrative & General	<u>19,715</u>
22	631-34	Contract Services - Professional	<u>39,763</u>
23	635	Contract Services - Water Testing	
24	636	Contract Services - Other	
25	641-42	Rentals - Property & Equipment	
26	650	Transportation Expense	<u>7,525</u>
27	656-59	Insurance	<u>32,067</u>
28	660	Advertising	
29	666	Rate Case Expense (Amortization)	
30	667	Regulatory Comm. Exp. (Other except taxes)	<u>1,418</u>
31	670	Bad Debt Expense	
32	675	Miscellaneous	<u>437</u>
33		Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)	<u>406,154</u>

SEE ACCOUNTANTS' COMPILATION REPORT

Name: EAGLE WATER CO., INC.

INCOME STATEMENT

For Year Ended 12-31-02

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		<u>615,252</u>
2	Operating Expenses (From Page 3, line 33)	<u>406,154</u>	
3	403 Depreciation Expense	<u>43,970</u>	
4	406 Amortization, Utility Plant Aquisition Adj.		
5	407 Amortization Exp. - Other		
6	408.10 Regulatory Fees (PUC)		
7	408.11 Property Taxes	<u>17,581</u>	
8	408.12 Payroll Taxes	<u>17,561</u>	
9A	408.13 Other Taxes (list) DEQ Fees	<u>7,900</u>	
9B			
9C			
9D			
10	409.10 Federal Income Taxes	<u>< 7,213 ></u>	
11	409.11 State Income Taxes	<u>< 4,444 ></u>	
12	410.10 Provision for Deferred Income Tax - Federal		
13	410.11 Provision for Deferred Income Tax - State		
14	411 Provision for Deferred Utility Income Tax Credits		
15	412 Investment Tax Credits - Utility		
16	Total Expenses from operations before interest (add lines 2-15)		<u>481,509</u>
17	413 Income From Utility Plant Leased to Others		
18	414 Gains (Losses) From Disposition of Utility Plant		
19	Net Operating Income (Add lines 1, 17 & 18 less line 16)		<u>133,753</u>
20	415 Revenues, Merchandizing Jobbing and Contract Work		
21	416 Expenses, Merchandizing, Jobbing & Contracts		
22	419 Interest & Dividend Income	<u>905</u>	
23	420 Allowance for Funds used During Construction		
24	421 Miscellaneous Non-Utility Income		
25	426 Miscellaneous Non-Utility Expense		
26	408.20 Other Taxes, Non-Utility Operations		
27	409-20 Income Taxes, Non-Utility Operations		
28	Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27)		<u>905</u>
29	Gross Income (add lines 19 & 28)		<u>134,658</u>
30	427.3 Interest Exp. on Long-Term Debt		<u>30,320</u>
31	427.5 Other Interest Charges		
32	NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)		<u>104,338</u>

SEE ACCOUNTANTS' COMPILATION REPORT

Name: EAGLE WATER CO., INC.

ACCOUNT 101 PLANT IN SERVICE DETAIL
For Year Ended 12-31-02

SUB ACCT #	DESCRIPTION	Balance Beginning of Year	Added During Year	Removed During Year	Balance End of Year
1 301	Organization	13,857			13,857
2 302	Franchises and Consents				
3 303	Land & Land Rights	19,100			19,100
4 304	Structures and Improvements	15,199			15,199
5 305	Collecting & Impounding Reservoirs	48,015			48,015
6 306	Lake, River & Other Intakes				
7 307	Wells	385,393	2,550		387,943
8 308	Infiltration Galleries & Tunnels				
9 309	Supply Mains				
10 310	Power Generation Equipment	20,236			20,236
11 311	Power Pumping Equipment	188,549			188,549
12 320	Purification Systems				
13 330	Distribution Reservoirs & Standpipes				
14 331	Trans. & Distrib. Mains & Accessories	980,033			980,033
15 333	Services				
16 334	Meters and Meter Installations	154,426	17,284		171,710
17 335	Hydrants	4,200			4,200
18 336	Backflow Prevention Devices				
19 339	Other Plant & Misc. Equipment				
20 340	Office Furniture and Equipment	15,296			15,296
21 341	Transportation Equipment	21,175			21,175
22 342	Stores Equipment				
23 343	Tools, Shop and Garage Equipment	12,505			12,505
24 344	Laboratory Equipment				
25 345	Power Operated Equipment				
26 346	Communications Equipment				
27 347	Miscellaneous Equipment	2,291			2,291
28 348	Other Tangible Property				
29	TOTAL PLANT IN SERVICE	1,880,275	19,834		1,900,109

(Add lines 1 - 28)

Enter beginning & end of year totals on Pg 7, Line 1

SEE ACCOUNTANTS' COMPILATION REPORT

Name: EAGLE WATER CO., INC.

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended 12-31-02

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements		7,764	8,044	280
2 305	Collecting & Impounding Reservoirs				
3 306	Lake, River & Other Intakes				
4 307	Wells		57,708	68,290	10,582
5 308	Infiltration Galleries & Tunnels				
6 309	Supply Mains		1,932	2,190	258
7 310	Power Generation Equipment		20,236	20,236	—
8 311	Power Pumping Equipment		45,520	53,865	8,345
9 320	Purification Systems				
10 330	Distribution Reservoirs & Standpipes		46,368	47,744	1,376
11 331	Trans. & Distrib. Mains & Accessories		118,407	129,010	10,603
12 333	Services				
13 334	Meters and Meter Installations		11,045	14,170	3,125
14 335	Hydrants		906	840	34
15 336	Backflow Prevention Devices				
16 339	Other Plant & Misc. Equipment				
17 340	Office Furniture and Equipment		10,341	13,043	2,702
18 341	Transportation Equipment		8,088	12,123	4,035
19 342	Stores Equipment				
20 343	Tools, Shop and Garage Equipment		6,981	9,153	2,172
21 344	Laboratory Equipment				
22 345	Power Operated Equipment				
23 346	Communications Equipment				
24 347	Miscellaneous Equipment		229	687	458
25 348	Other Tangible Property				
26	TOTALS (Add Lines 1 - 25)		335,425	379,395	43,970

Enter beginning & end of year totals on Pg 7, Line 7

SEE ACCOUNTANTS COMPILATION REPORT

Name: EAGLE WATER CO., INC.

BALANCE SHEET

For Year Ended 12-31-02

		<u>ASSETS</u>	Balance	Balance	Increase
ACCT #	DESCRIPTION		Beginning of Year	End of Year	or (Decrease)
1	101	Utility Plant in Service (From Pg 5, Line 29)	1,880,275	1,900,109	19,834
2	102	Utility Plant Leased to Others			
3	103	Plant Held for Future Use			
4	105	Construction Work in Progress			
5	114	Utility Plant Aquisition Adjustment			
6		Subtotal (Add Lines 1 - 5)	1,880,275	1,900,109	19,834
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	335,425	379,395	43,970
8	108.2	Accum. Depr. - Utility Plant Lease to Others			
9	108.3	Accum. Depr. - Property Held for Future Use			
10	110.1	Accum. Amort. - Utility Plant in Service			
11	110.2	Accum. Amort. - Utility Plant Lease to Others			
12	115	Accumulated Amortization - Aquisition Adj.			
13		Net Utility Plant (Line 6 less lines 7 - 12)	1,544,850	1,520,714	(24,136)
14	123	Investment in Subsidiaries			
15	125	Other Investments			
16		Total Investments (Add lines 14 & 15)			
17	131	Cash	22,068	83,936	61,868
18	135	Short Term Investments			
19	141	Accts/Notes Receivable - Customers	8,915	36,795	27,880
20	142	Other Receivables → PAYROLL ADVANCES	32,990	33,734	744
21	145	Receivables from Associated Companies			
22	151	Materials & Supplies Inventory			
23	162	Prepaid Expenses			
24	173	Unbilled (Accrued) Utility Revenue			
25	143	Provision for Uncollectable Accounts			
26		Total Current (Add lines 17 -24 less line 25)	63,973	154,465	90,492
27	181	Unamortized Debt Discount & Expense			
28	183	Preliminary Survey & Investigation Charges			
29	184	Deferred Rate Case Expenses - AIR - R. V. DESHAZD, JR.	34,504	34,504	—
30	186	Other Deferred Charges - AIR CONSTRUCTION	1,354,466	1,536,473	182,007
31		Total Assets (Add lines 13, 16 & 26 - 30)	2,997,793	3,246,156	248,363

SEE ACCOUNTANTS' COMPILATION REPORT

Name: EAGLE WATER CO., INC.

BALANCE SHEET

For Year Ended 12-31-02

LIABILITIES & CAPITAL

ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	201-3 Common Stock	20,000	20,000	—
2	204-6 Preferred Stock			
3	207-13 Miscellaneous Capital Accounts — PAID IN CAPITAL	63,702	63,702	—
4	214 Appropriated Retained Earnings			
5	215 Unappropriated Retained Earnings	537,855	642,193	104,338
6	216 Reacquired Capital Stock			
7	218 Proprietary Capital			
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	621,557	725,895	104,338
9	221-2 Bonds			
10	223 Advances from Associated Companies			
11	224 Other Long - Term Debt	49,530	44,409	< 5,121 >
12	231 Accounts Payable	52,142	76,597	24,455
13	232 Notes Payable — BANKS & OTHERS	53,764	46,905	< 6,859 >
14	233 Accounts Payable - Associated Companies			
15	235 Customer Deposits (Refundable)			
16	236.11 Accrued Other Taxes Payable — PAYROLL TAXES	31,548	32,429	881
17	236.12 Accrued Income Taxes Payable			
18	236.2 Accrued Taxes - Non-Utility			
19	237-40 Accrued Debt, Interest & Dividends Payable	8,985	8,292	< 693 >
20	241 Misc. Current & Accrued Liabilities			
21	251 Unamortized Debt Premium			
22	252 Advances for Construction			
23	253 Other Deferred Liabilities			
24	255.1 Accumulated Investment Tax Credits - Utility			
25	255.2 Accum. Investment Tax Credits - Non-Utility			
26	261-5 Operating Reserves			
27	271 Contributions in Aid of Construction	2,180,267	2,311,629	131,362
28	272 Accum. Amort. of Contrib. in Aid of Const. **			
29	281-3 Accumulated Deferred Income Taxes			
30	Total Liabilities (Add lines 9 - 29)	2,376,236	2,520,261	144,025
31	TOTAL LIAB & CAPITAL (Add lines 8 & 30)	2,997,793	3,246,156	248,363

** Only if Commission Approved

SEE ACCOUNTANTS CONSOLIDATION REPORT

Name: EAGLE WATER CO., INC.

STATEMENT OF RETAINED EARNINGS
For Year Ended 12-31-02

1	Retained Earnings Balance @ Beginning of Year	<u>537,855</u>
2	Amount Added from Current Year Income (From Pg 4, Line 32)	<u>104,338</u>
3	Other Credits to Account	<u> </u>
4	Dividends Paid or Appropriated	<u> </u>
5	Other Distributions of Retained Earnings	<u> </u>
6	Retained Earnings Balance @ End of Year	<u><u>642,193</u></u>

CAPITAL STOCK DETAIL

	Description (Class, Par Value etc.)	No. Shares Authorized	No. Shares Outstanding	Dividends Paid
7	<u>COMMON</u>	<u>20,000</u>	<u>20,000</u>	<u>-0-</u>

DETAIL OF LONG-TERM DEBT

	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
8	<u>NOTES PAYABLE - NYBORG</u>	<u>12% - 14%</u>	<u>44,409</u>	<u>6,379</u>	<u>318</u>

SEE ACCOUNTANTS COMPILATION REPORT

Name: EAGLE WATER CO., INC.

SYSTEM ENGINEERING DATA
For Year Ended 12-31-02

1 Provide an updated system map if significant changes have been made to the system during the year.

2 Water Supply:

Pump Designation or location	Rated Capacity (gpm)	Type of Treatment: (None, Chlorine Fluoride Filter etc.)	Annual Production (000's Gal.)	Water Supply Source (Well, Spring, Surface Wtr)
#1	600 gpm	None		Well
#2	400 gpm	None		Well
#3	400 gpm	None		Well
#4	Variable up to 2500	None		Well
#6	Variable up to 2500	None		Well

3 System Storage:

Storage Designation or Location	Total Capacity 000's Gal.	Usable Capacity 000's Gal.	Type of Reservoir (Elevated, Pressurized, Boosted)	Construction (Wood, Steel Concrete)
W/H #2	90,000	90,000	Boosted	Concrete

(Duplicate form and attach if necessary. Asterisk facilities added this year.)

SEE ACCOUNTANTS COMPILATION REPORT

Name: EAGLE WATER CO., INC.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended 12-31-02

4 Pump information for ALL system pumps, including wells and boosters.

Designation or Location & Type of Pump**	Horse Power	Rated Capacity (gpm)	Discharge Pressure (psi)	Energy Used This Year
W/H #1 Sub Berkley	50	600		
W/H #2 Sub Berkley	20	400		
W/H #3 Sub Berkley	20	400		
W/H #4 Layne & Bowler	variable 250	up to 2500		
W/H #6 Layne & Bowler	Variable 250	up to 2500		
W/H #2 Pacific	25	450		
W/H #2 Pacific	15	220		
W/H #2 Pacific	25	450		

** Submit pump curves unless previously provided or unavailable. Asterisk facilities added this year. Attach additional sheets if inadequate space is available on this page.

- 5 If Wells are metered:
- What was the total amount pumped this year? 609,628,000
 - What was the total amount pumped during peak month? 92,949,000
 - What was the total amount pumped on the peak day? 4,350,000
- 6 If customers are metered, what was the total amount sold in peak month? 14,005,053 cu.ft
- 7 Was your system designed to supply fire flows? Yes
 If Yes: What is current system rating? 3
- 8 How many times were meters read this year? 12
 During which months? Jan. Feb. Mar. Apr. May. Jun. Jul.
Aug. Sept. Oct. Nov. Dec.
- 9 How many additional customers could be served with no system improvements except a service line and meter? 100
 How many of those potential additions are vacant lots? 50 + -
- 10 Are backbone plant additions anticipated during the coming year? Yes
 If Yes, attach an explanation of projects and anticipated costs! Approx. \$250,000 to \$300,000
- 11 In what year do you anticipate that the system capacity (supply, storage or distribution) will have to be expanded? 2004

SEE ACCOUNTANTS COMPILATION REPORT

Name: Eagle Water Co., Inc.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended 12-31-2002

FEET OF MAINS

1	Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
	1½"	11,020	1990	∅	13,010
	2"	1,601	∅	∅	1,601
	4"	8,874	200	∅	9,074
	6"	40,856	440	∅	41,296
	8"	115,024	5,940	∅	120,964
	10"	20	∅	∅	20
	12"	67,072	1,780	∅	68,852

CUSTOMER STATISTICS

	Number of Customers		Thousands of Gallons Sold	
	This Year	Last Year	This Year	Last Year
2 Metered:				
2A Residential	2,364	2,352	492,162,445	536,223,992
2B Commercial	235	184	117,465,555	105,620,008
2C Industrial	∅	∅		
3 Flat Rate:				
3A Residential	None	None		
3B Commercial	1	1		
3C Industrial	None	None		
4 Private Fire Protection				
5 Public Fire Protection				
6 Street Sprinkling				
7 Municipal, Other				
8 Other Water Utilities				
TOTALS (Add lines 2 through 8)				

SEE ACCOUNTANTS COMPILATION REPORT

