

K J4

Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____

2003
ANNUAL REPORT
OF

Altos Sonoma Corporation

Kenwood Village Water Company

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

4984 Sonoma Highway

Santa Rosa, Calif. 95409

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2003

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2004
(FILE TWO COPIES IF THREE RECEIVED)

Account Number	Operating Revenue	
470	Metered	185527
460	Unmetered other	3309
465	Irrigation	
462-480	Private Fire Protection	
	Total Revenue	188836
	Operating Expenses	
610	Purchased Water	7476
615	Purchased Power	12390
	Pump Taxes	
	Purchased Chemicals	755
618	Other Vol. Related exp.	
630	Employee Labor	10200
640	Materials	5303
650	Contract Work	9803
	Water Testing	4817
660	Transportation Expense	1564
664	Other Plant Maintenance	350
670	Office Salaries	9250
671	Management Salaries	33553
674	Employee Pensions and Benefits	14052
676	Uncollectables	220
678	Office Service and Rentals	2268
681	Office Supplies and Expense	4523
682	Professional Services	2368
684	Insurance	6417
688	Regulatory Expense	
689	General Expense	3933
	Subtotal	129242
403	Depreciation Expense	10600
	Ad Valorem Taxes	715
	Payroll taxes	4351
408	Taxes other than income	
409	State Income Tax	3883
410	Federal Income Tax	15618
	Total Deductions	164409
	Net Revenue	24427
	Rate Base	

	Average Plant	587,898
	Average Depreciation Reserve	133,147
	Net Plant	454,751
	Less: Advances	
	Less: Contributions	112,324
	Plus: Construction Work in Progress	
	Plus: Working Cash	10,302
	Plus: Material & Supplies	3,564
	Rate Base	356,293
	ROR=Net Rev/Rate Base	6.85

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

Kenwood Village Water Company

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

4984 Sonoma Highway, Santa Rosa, Ca. 95409

(Official mailing address)

Kenwood, Sonoma County

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

1 If a corporation show:

(A) Date of organization 8/95 incorporated in the State of Calif.

(B) Names, titles and addresses of principal officers: James B. and Kathleen S. Downey
2600 Newbridge Road Los Altos Hills, Ca. 94022

2 If unincorporated give the name and address of owner or of each partner:

3 Name and telephone number of:

(A) One person listed above to receive correspondence: Karen L. Ball

(B) Person responsible for operations and services: (707) 539-6397

4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? Yes or No) JPB Environmental Services

If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged? Field service operations Acct # 650

5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
X		8/03
X		12/03
X		renewed 8/03
	N/A	
	N/A	

SPECIAL INSTRUCTIONS (over)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2003

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

PERSON RESPONSIBLE FOR THIS REPORT Karen L. Bell

(Prepared from Information in the 2003 Annual Report)

	1/1/03	12/31/03	Average
BALANCE SHEET DATA			
1 Intangible Plant			
2 Land and Land Rights	<u>225</u>	<u>225</u>	<u>225</u>
3 Depreciable Plant	<u>568170</u>	<u>607626</u>	<u>587898</u>
4 Gross Plant in Service	<u>568395</u>	<u>607851</u>	<u>588123</u>
5 Less: Accumulated Depreciation	<u>127513</u>	<u>138780</u>	<u>133147</u>
6 Net Water Plant in Service	<u>440657</u>	<u>468846</u>	<u>454751</u>
7 Water Plant Held for Future Use		<u>3183</u>	<u>1592</u>
8 Construction Work in Progress			
9 Materials and Supplies	<u>4790</u>	<u>2338</u>	<u>3564</u>
10 Less: Advances for Construction	<u>()</u>	<u>()</u>	<u>()</u>
11 Less: Contribution in Aid of Construction Net	<u>(105975)</u>	<u>(118672)</u>	<u>(112324)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>()</u>	<u>()</u>	<u>()</u>
13 Net Plant Investment	<u>339472</u>	<u>355695</u>	<u>347593</u>
CAPITALIZATION			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)	<u>329340</u>	<u>333766</u>	<u>331553</u>
16 Paid-in Capital			
17 Retained Earnings			
18 Common Stock and Equity (Lines 14 through 17)	<u>329340</u>	<u>333766</u>	<u>331553</u>
19 Preferred Stock			
20 Long-Term Debt	<u>285600</u>	<u>262012</u>	<u>273806</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>614940</u>	<u>595778</u>	<u>605359</u>

(Revised 2/01)

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

2003
(continued)

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

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue <i>Other</i>	<u>45312</u>
24	Fire Protection Revenue	<u> </u>
25	Irrigation Revenue	<u> </u>
26	Metered Water Revenue	<u>185527</u>
27	Total Operating Revenue	<u>230839</u>
28	Operating Expenses	<u>129242</u>
29	Depreciation Expense (Composite Rate <u>2.31%</u>)	<u>10600</u>
30	Amortization and Property Losses	<u>33792</u>
31	Property Taxes	<u>715</u>
32	Taxes Other Than Income Taxes	<u>4351</u>
33	Total Operating Revenue Deduction Before Taxes	<u>178700</u>
34	California Corp. Franchise Tax	<u>3883</u>
35	Federal Corporate Income Tax	<u>12618</u>
36	Total Operating Revenue Deduction After Taxes	<u>198201</u>
37	Net Operating Income (Loss) - California Water Operations	<u>32638</u>
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest <i>earned</i> Expense)	<u>250</u>
39	Income Available for Fixed Charges	<u> </u>
40	Interest Expense	<u>8211</u>
41	Net Income (Loss) Before Dividends	<u> </u>
42	Preferred Stock Dividends	<u> </u>
43	Net Income (Loss) Available for Common Stock	<u>24677</u>

OTHER DATA		
44	Refunds of Advances for Construction	
45	Total Payroll Charged to Operating Expenses	<u>53003</u>
46	Purchased Water	<u>7476</u>
47	Power	<u>12390</u>

Active Service Connections	(Exc. Fire Protect.)	Annual		
		Jan. 1	Dec. 31	Average
48	Metered Service Connections	<u>298</u>	<u>300</u>	<u>299</u>
49	Flat Rate Service Connections			
50	Total Active Service Connections	<u>294</u>	<u>296</u>	<u>295</u>

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: West America Bank, Tony Pratt, Manager
 Address: P.O. Box 137, Guerneville, Calif. 95448
 Phone Number: (707) 869-0665
 Date Hired: 9/95

2. Former Fiscal Agent:

Name: N/A
 Address: _____
 Phone Number: _____
 Date Hired: _____

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

\$ 42,002.58 billing

4. Summary of the trust bank account activities showing:

Balance at beginning of year	<u>\$ 26,238.30</u>
Deposits during the year	<u>47,858.89</u>
Withdrawals made for loan payments	<u>36,349.12</u>
Other withdrawals from this account (interest earned)	<u>249.71</u>
Balance at end of year	<u>37,997.78</u>

5. Account information:

Bank Name: Westamerica Bank
 Account Number: 403-13346-5
 Date Opened: 1-1-98, transferred from Acct # 403-11761-1 to reflect
 changed company ownership.

6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures					
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes	212,397				212,397
12	331	Water mains	153,234				153,234
13	333	Services and meter installations	34,901				34,901
14	334	Meters	1,908				1,908
15	335	Hydrants	23,651				23,651
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service	426,091				426,091

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2003)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1033942	201	Common Stock (Corporations only)	
2	103	Water plant held for future use	3183	211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	
4	105	Water plant construction work in progress		218	Proprietary capital	333766
5	108	Accumulated depreciation of water plant	357042	224	Long term debt (2)	262012
6	114	Water plant acquisition adjustments			Current Liabilities	10013
7	124	Other investments		252	Advances for construction	
8	131	Cash (1)	9886	253	Other deferred credits	
9	141	Accounts receivable - customers	20077	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	2338		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges	12079	271	Contributions in aid of construction	148767
14				272	Accumulated amortization of contributions	630095
15		Total Assets	724463		Total Equity and Liabilities	724463

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant					
17	303	Land	225				225
18	304	Structures	8003				8003
19	307	Wells	10772				10772
20	317	Other water source plant	20874				20874
21	311	Pumping equipment	96400				96400
22	320	Water treatment plant	7455				7455
23	330	Reservoirs tanks and sandpipes	212469				212469
24	331	Water mains	415276	21398 (3)			436674
25	333	Services and meter installations	141938	1589 (4)			143527
26	334	Meters	28656	9073			37729
27	335	Hydrants	40031				40031
28	339	Other equipment	2265	446			2711
29	340	Office furniture and equipment	7250	1874	114		9010
30	341	Transportation equipment	2872	8062	2872		8062
31		Total water plant in service	994486	42442	2986		1033942

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	127573	184470	A. Method used to compute depreciation expense (Acct. 403) and rate.
33	Add: Credits to reserves during year			
34	(a) Charged to Account No. 403	10600		2319e s.l.
35	(b) Charged to Account No. 272	3437		
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
37	(d) Salvage recovered (5)	214		
38	(e) All other credits			
39	Total credits	14253	33792	
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	2986		
42	(b) Cost of removal			C. State method used to compute tax depreciation.
43	(c) All other debits			
44	Total debits (5)	2986		
45	Balance in reserve at end of year	138780	218262	
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

357,042

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2003)

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

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5								
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	185527
14	480 Other water revenue (6)	45312
15	Total Operating Revenue	130839
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	7476
19	615 Power	12390
20	618 Other volume related expenses	755
21	630 Employee labor	10200
22	640 Materials	5303
23	650 Contract work (7)	14620
24	660 Transportation expenses	1564
25	664 Other plant maintenance expense	350
26	670 Office salaries	9150
27	671 Management salaries (8)	33553
28	674 Employee pensions and benefits	14052
29	676 Uncollectible accounts expense	220
30	678 Office services and rentals	2268
31	681 Office supplies and expense	4523
32	682 Professional services (9)	1368
33	684 Insurance (10)	6417
34	688 Regulatory commission expense	
35	689 General expenses (11)	3933
36	Total Operating Expenses	129242
37	403 Depreciation expense	10600
38	407 SDWBA loan amortization expense	33792
39	408 Taxes other than income taxes (12)	5066
40	409 State corporate income tax expense	3983
41	410 Federal corporate income tax expense	15618
42	Total Operating Revenue Deductions	198201
43	Utility Operating Income	32638
44	421 Non-utility income (13)	250
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	8211
47	Net Income	24677

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
Kenwood	1	12	47	450	51.93 MG
Kenwood	2	12	30	300	.39 MG
					52.32 MG

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted
	Priority right		Diversions		
	Claim	Capacity	Max	Min	(Unit)
Purchased water (unit)					
Supplier: Sonoma County Water Agency					Annual quantity 2.56 MG

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business			54.68 MG
Industrial			
Public authorities			
Irrigation Parks			.20 MG
Other (specify)			
Total			54.88 MG

SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor	1	10200	-	10200
49	670	Office salaries	1	9150	-	9150
50	671	Management salaries	1	33553	-	33553
51		Total	4	53003	-	53003

SCHEDULE J - ADVANCES FOR CONSTRUCTION

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

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

Size	Meters	Services
5/8 x 3/4-in	288	288
3/4-in		
1-in	5	5
2-in	7	7
-in		
Total	300	300

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	2 tested
1 Used, before repair...	62 replaced
2 Used, after repair	
3 Fast, requiring refund	0
Numbers of meters in service requiring test per General Order No. 103	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	280		280	4		4	284	
Industrial <i>Business</i>	13							
Other (specify) <i>Parks</i>	3							
Subtotal	296			4		4	300	1
Fire protection (Hydrants)	20						20	
Total	316						320	

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

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	2" and under	2 1/4 to 3 1/4	4"	6" 8" 10"			Totals
							Other sizes (specify)			
Concrete			Cast Iron							
Earth			Welded steel			3000				3000
Wood			Standard screw				40			40
Steel	2	220,000 gal	Cement-asbestos			2074	11310			13384
Other			Plastic			710	1776	3656	685	7827
			Other (specify) <i>Ductile Iron</i>						135	135
Total			Total			5784	14126	3656	820	24386

DECLARATION

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

I, the undersigned (officer, partner or owner) of Kenwood Village Water Company (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including January 1st, 2003 to and including December 31, 2003

Signed Karen L. Ball

Title manager

Date march 31, 2004

Date

**NOTES FOR KENWOOD VILLAGE WATER COMPANY
2003 ANNUAL REPORT**

1. Regular Checking	5557		
MM (CIAC)	<u>4429</u>		
	9986		
2. DWR	257462		
Chevy S-10	<u>4550</u>		
	262012		
3. Company	6564	CIAC (Camero)	14834
4. Company	289	CIAC (Camero)	<u>1300</u>
		Total CIAC	16134
5. 1988 Dodge P/U			
6. DWR	42003		
Late	1505		
DHS Surcharge	<u>1804</u>		
	45312		
7. Operations	9803		
Testing & DHS Fees	<u>4817</u>		
	14620		
8. KB	22753		
JBD	<u>10800</u>		
	33553		
9. Accounting	2295		
Computer Serv	<u>73</u>		
	2368		

10. Workman's Comp 2479

Liability/Auto 3938

6417

11. User Use 2537

General 1396

3933

12. Payroll 4351

Property 715

5066

13. DWR Acct

Interest 250