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Examined \_\_\_\_\_

CLASS D  
WATER UTILITIES

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

2003  
ANNUAL REPORT  
OF

Altos Sonoma Corporation

Pennorove 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	502155
460	Unmetered	531
465	Irrigation	
462-480	Private Fire Protection	
	<b>Total Revenue</b>	<b>502686</b>
	<b>Operating Expenses</b>	
610	Purchased Water	101990
615	Purchased Power	6879
	Pump Taxes	
	Purchased Chemicals	422
618	Other Vol. Related exp.	
630	Employee Labor	18883
640	Materials	8708
650	Contract Work	18057
	Water Testing	3777
660	Transportation Expense	2747
664	Other Plant Maintenance	348
670	Office Salaries	16345
671	Management Salaries	59020
674	Employee Pensions and Benefits	24505
676	Uncollectables	877
678	Office Service and Rentals	4032
681	Office Supplies and Expense	7954
682	Professional Services	4725
684	Insurance	11376
688	Regulatory Expense	
689	General Expense	9147
	<b>Subtotal</b>	<b>299792</b>
403	Depreciation Expense	27239
	Ad Valorem Taxes	9359
	Payroll taxes	7663
408	Taxes other than income	
409	State Income Tax	13450
410	Federal Income Tax	54092
	<b>Total Deductions</b>	<b>411595</b>
	<b>Net Revenue</b>	<b>91091</b>
	<b>Rate Base</b>	

	Average Plant	1,892,547
	Average Depreciation Reserve	403,996
	Net Plant	1,488,551
	Less: Advances	36,694
	Less: Contributions	614,923
	Plus: Construction Work in Progress	
	Plus: Working Cash	24,936
	Plus: Material & Supplies	5,988
	Rate Base	847,858
	ROR=Net Rev/Rate Base	10.50

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

Pennaroue Water Company

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

4984 Sonoma Highway Santa Rosa, Ca. 95409

(Official mailing address)

Pennaroue & vicinity 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. + Kathleen S. Downey  
26000 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: Karen L. Bell
  - (A) One person listed above to receive correspondence: (707) 539-6397
  - (B) Person responsible for operations and services:
- 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	8/97
X		12/03
X		Renewed 8/97
	N/A	
	N/A	

**SPECIAL INSTRUCTIONS (over)**

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

2003

(707)

NAME OF UTILITY Pennorove Water Company

PHONE 539-6347

PERSON RESPONSIBLE FOR THIS REPORT Karen L. Ball

(Prepared from Information in the 2003 Annual Report)

	1/1/03	12/31/03	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant			
2 Land and Land Rights	<u>4000</u>	<u>4000</u>	<u>4000</u>
3 Depreciable Plant	<u>1862676</u>	<u>1914417</u>	<u>1888547</u>
4 Gross Plant in Service	<u>1866676</u>	<u>1918417</u>	<u>1892547</u>
5 Less: Accumulated Depreciation	<u>&lt;383174&gt;</u>	<u>&lt;424819&gt;</u>	<u>&lt;403996&gt;</u>
6 Net Water Plant in Service	<u>1483502</u>	<u>1493599</u>	<u>1489551</u>
7 Water Plant Held for Future Use	<u>47061</u>	<u>48452</u>	<u>47757</u>
8 Construction Work in Progress			
9 Materials and Supplies	<u>4957</u>	<u>7019</u>	<u>5989</u>
10 Less: Advances for Construction	<u>(37721)</u>	<u>(95667)</u>	<u>(36694)</u>
11 Less: Contribution in Aid of Construction	<u>(610840)</u>	<u>(619005)</u>	<u>(614923)</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>( )</u>	<u>( )</u>	<u>( )</u>
13 Net Plant Investment	<u>886959</u>	<u>894398</u>	<u>890679</u>
<b>CAPITALIZATION</b>			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)	<u>919232</u>	<u>906134</u>	<u>912683</u>
16 Paid-in Capital			
17 Retained Earnings			
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt		<u>8088</u>	<u>4044</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>919232</u>	<u>914222</u>	<u>916727</u>

(Revised 2/01)

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

2003  
(continued)

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

**INCOME STATEMENT**

	Annual Amount
23 Unmetered Water Revenue	<u>531</u>
24 Fire Protection Revenue	
25 <del>Irrigation</del> Revenue <u>Other water</u>	<u>2830</u>
26 Metered Water Revenue	<u>499325</u>
27 Total Operating Revenue	<u>502686</u>
28 <u>Operating Expenses</u>	<u>299792</u>
29 Depreciation Expense (Composite Rate _____)	<u>27239</u>
30 Amortization and Property Losses	
31 Property Taxes	<u>9359</u>
32 Taxes Other Than Income Taxes	<u>7663</u>
33 Total Operating Revenue Deduction Before Taxes	<u>344053</u>
34 California Corp. Franchise Tax	<u>13450</u>
35 Federal Corporate Income Tax	<u>54092</u>
36 Total Operating Revenue Deduction After Taxes	<u>91091</u>
37 Net Operating Income (Loss) - California Water Operations	
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	
39 Income Available for Fixed Charges	
40 Interest Expense	
41 Net Income (Loss) Before Dividends	
42 Preferred Stock Dividends	
43 Net Income (Loss) Available for Common Stock	<u>91091</u>

**OTHER DATA**

44 Refunds of Advances for Construction	<u>2054</u>
45 Total Payroll Charged to Operating Expenses	<u>94248</u>
46 Purchased Water	<u>101990</u>
47 Power	<u>6879</u>

<u>Active Service Connections</u>	(Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		<u>550</u>	<u>561</u>	<u>556</u>
49 Flat Rate Service Connections				
50 Total Active Service Connections		<u>535</u>	<u>544</u>	<u>540</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: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

2. Former Fiscal Agent:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_ *N/A* \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

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

\$ \_\_\_\_\_

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	_____

5. Account Information:

Bank Name: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Date Opened: \_\_\_\_\_

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

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		N/A			
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains					
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service					



**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2003)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	1018417	201	Common Stock (Corporations only)	
2	103	Water plant held for future use	48452	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	906134
5	108	Accumulated depreciation of water plant	<424818>	224	Long term debt	8088
6	114	Water plant acquisition adjustments			Current Liabilities	33885
7	124	Other investments		252	Advances for construction	35667
8	131	Cash	17753	253	Other deferred credits	
9	141	Accounts receivable - customers	35958	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	7019		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	794008
14				272	Accumulated amortization of contributions	<175003>
15		Total Assets	1602781		Total Equity and Liabilities	1602781

**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	4000				4000
18	304	Structures	16863				16863
19	307	Wells	2832				2832
20	317	Other water source plant	33352				33352
21	311	Pumping equipment	99650				99650
22	320	Water treatment plant	3967	641	100		4509
23	330	Reservoirs tanks and sandpipes	140745				140745
24	331	Water mains	1170407	17445			1187852
25	333	Services and meter installations	208749	10792	400		219141
26	334	Meters	67984	5601			73597
27	335	Hydrants	95454	4000			99454
28	339	Other equipment	4232	792			5024
29	340	Office furniture and equipment	13947	3331	202		17076
30	341	Transportation equipment	4492	14332	4492		14332
31		Total water plant in service	1866676	56935	5194		1918417

\* 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	383174		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	27239		5.2. 2.42%
35	(b) Charged to Account No. 272	19215		
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed
37	(d) Salvage recovered	384		or to be claimed on utility property in
38	(e) All other credits			your federal income tax return for the year
39	Total credits	430012		covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	5194		C. State method used to compute tax
42	(b) Cost of removal			depreciation.
43	(c) All other debits			
44	Total debits	5194		
45	Balance in reserve at end of year	424818		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

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

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

**SCHEDULE E - LONG TERM DEBT**

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

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	XXXXXXXXXX
10	460 Unmetered water revenue	531
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	499325
14	480 Other water revenue	2830
15	Total Operating Revenue	502686
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	101990
19	615 Power	6879
20	618 Other volume related expenses	422
21	630 Employee labor	18883
22	640 Materials	8768
23	650 Contract work (7)	21834
24	660 Transportation expenses	2747
25	664 Other plant maintenance expense	348
26	670 Office salaries	16345
27	671 Management salaries (8)	59020
28	674 Employee pensions and benefits	24505
29	676 Uncollectible accounts expense	877
30	678 Office services and rentals	4032
31	681 Office supplies and expense	7954
32	682 Professional services (9)	4725
33	684 Insurance (10)	11376
34	688 Regulatory commission expense	
35	689 General expenses (11)	9147
36	Total Operating Expenses	299792
37	403 Depreciation expense	27239
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	17022
40	409 State corporate income tax expense	13450
41	410 Federal corporate income tax expense	54092
42	Total Operating Revenue Deductions	411595
43	Utility Operating Income	91091
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	91091

**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
Canon Manor	1	12	188	300	11.38 MG

**OTHER**

Streams or springs location of diversion point	Flow in		(Unit) Diversions		Annual quantities diverted (Unit)
	Priority right		Max	Min	
	Claim	Capacity			
Purchased water (unit)					Annual quantity
Supplier: Soborg County Water Agency					67.10 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			77.13 MG
Industrial			
Public authorities			
Irrigation Nursery/Ark			2.20 MG
Other (specify)			
Total			79.33 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	18883		18883
49	670	Office salaries	1	16345		16345
50	671	Management salaries	2	59020	630	59650
51		Total	4	94248		94878

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	37721
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	2054
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	35667

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

Size	Meters	Services
5/8 x 3/4-in	522	522
3/4-in		
1-in	34	34
2-in	5	5
-in		
Total	561	561

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	
1 Used, before repair...	43 replaced
2 Used, after repair .....	0
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	519		519	17		17	536	
Industrial <i>Parks</i>	2		2				2	
Other (specify) <i>BUSINESS</i>	10		10				10	
<i>School</i>	3		3				3	
Subtotal	544		544				561	
Fire protection (Hydrants)	65		65				65	
Total	609		609	17			626	

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	2 1/4 to	4"	6"	8"	10"	Totals
				under	3 1/4		Other sizes (specify)			
Concrete			Cast Iron						2420	2420
Earth			Welded steel							
Wood			Standard screw	6880	5092	390				11572
Steel	1	212,000 gal	Cement-asbestos			2565	30880			33445
Other			Plastic	2020	300	1920	19794	9680		33714
			Other (specify)							
Total			Total	8100	5382	4865	50674	9680	2420	81121

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Penngrove 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 1, 2003, to and including December 31, 2003

Karen L. Ball

Signed Manager

Title 3/3/04

Date

**Notes For Penngrove 2003 Annual Report**

<b>1. Regular Checking MM (CIAC)</b>	<b>9879</b>				
	<b>7874</b>				
	<b><u>17753</u></b>				
<b>2. Chevy S-10</b>	<b>8088</b>				
<b>3. Company</b>	<b>565</b>	<b>CIAC</b>	<b>Sarber</b>	<b>13080</b>	<b>Total 17445</b>
			<b>Loc</b>	<b><u>3800</u></b>	
				<b>16880</b>	
<b>4. Company</b>	<b>4292</b>	<b>Sub CIAC</b>	<b>Sarber</b>	<b>2600</b>	<b>Total 10792</b>
			<b>Loc</b>	<b>2600</b>	
			<b>Thurston</b>	<b><u>1300</u></b>	
		<b>Sub</b>		<b>6500</b>	
<b>5.</b>		<b>CIAC</b>	<b>Thurston</b>	<b>4000</b>	
	<b>Total</b>	<b>CIAC</b>		<b><u>27380</u></b>	
<b>6. '88 Dodge Ram</b>	<b>4492</b>				
<b>7. Lab &amp; DHS Fees Operations</b>	<b>3777</b>				
	<b><u>18057</u></b>				
	<b>21834</b>				
<b>8. KB JBD</b>	<b>40450</b>				
	<b><u>18570</u></b>				
	<b>59020</b>				
<b>9. Acctg Computer Serv</b>	<b>4595</b>				
	<b><u>130</u></b>				
	<b>4725</b>				
<b>10. Workman's Comp Liability/Auto</b>	<b>4387</b>				
	<b><u>6989</u></b>				
	<b>11376</b>				
<b>11. User Use Fee General Expense</b>	<b>6707</b>				
	<b><u>2440</u></b>				
	<b>9147</b>				