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Received _____
Examined _____

CLASS D
WATER UTILITIES

U# 405-WTD

2002
ANNUAL REPORT
OF

SIERRA CITY WATER WORKS, INC.

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

GREEN VALLEY, CALIFORNIA

95945
(OFFICIAL MAILING ADDRESS) ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2002

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2003
(FILE TWO COPIES IF THREE RECEIVED)

**Summary of Earnings
Test Year 2002**

Account Number	Operating Revenue	
470	Metered	12867
460	Unmetered	11478
465	Irrigation	
462-480	Private Fire Protection	2206
	Total Revenue	25661
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	
640	Materials	1690
650	Contract Work	760
	Water Testing	468
660	Transportation Expense	6515
664	Other Plant Maintenance	238
670	Office Salaries	
671	Management Salaries	
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	
681	Office Supplies and Expense	1900
682	Professional Services	965
684	Insurance	1800
688	Regulatory Expense	363
689	General Expense	537
	Subtotal	15761
403	Depreciation Expense	6492
	Ad Valorem Taxes	
	Payroll taxes	
408	Taxes other than income	1906
409	State Income Tax	800
410	Federal Income Tax	
	Total Deductions	24959
	Net Revenue	702
	Rate Base	
	Average Plant	202320
	Average Depreciation Reserve	109160
	Net Plant	93160
	Less: Advances	0
	Less: Contributions	0
	Plus: Construction Work in Progress	0
	Plus: Working Cash	1771
	Plus: Material & Supplies	5500
	Rate Base	
	ROR=Net Rev/Rate Base	

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

SIERRA CITY WATER WORKS, INC.

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

732 BUTLER STREET GRASS VALLEY 95945

(Official mailing address)

SIERRA COUNTY

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 - (A) Date of organization 01/06/88 incorporated in the State of CALIFORNIA
 - (B) Names, titles and addresses of principal officers: C.K. SMITH PRESIDENT 732 BUTLER ST. G.V. 95945
- 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: C.K. SMITH 530-273-4447
 - (B) Person responsible for operations and services: C.K. SMITH
- 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)
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent: N/A

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	1999
X		12/2002
X		4/25/96

SPECIAL INSTRUCTIONS (over)

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

2002

NAME OF UTILITY SIERRA CITY WATER WORKS INC PHONE 530-273-6447

PERSON RESPONSIBLE FOR THIS REPORT C. STONE
 (Prepared from Information in the 20__ Annual Report)

	1/1/2002	12/31/2002	Average
BALANCE SHEET DATA			
1 Intangible Plant	<u>37541</u>	<u>37541</u>	<u>37541</u>
2 Land and Land Rights	<u>201492</u>	<u>203147</u>	<u>202320</u>
3 Depreciable Plant	<u>239033</u>	<u>240788</u>	<u>239910</u>
4 Gross Plant in Service	<u>105714</u>	<u>112606</u>	<u>109160</u>
5 Less: Accumulated Depreciation	<u>133219</u>	<u>128174</u>	<u>130750</u>
6 Net Water Plant in Service	<u> </u>	<u> </u>	<u> </u>
7 Water Plant Held for Future Use	<u> </u>	<u> </u>	<u> </u>
8 Construction Work in Progress	<u> </u>	<u> </u>	<u> </u>
9 Materials and Supplies	<u>5500</u>	<u>5500</u>	<u>5500</u>
10 Less: Advances for Construction	<u>()</u>	<u>()</u>	<u>()</u>
11 Less: Contribution in Aid of Construction	<u>()</u>	<u>()</u>	<u>()</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>()</u>	<u>()</u>	<u>()</u>
13 Net Plant Investment	<u>138819</u>	<u>133674</u>	<u>136250</u>
CAPITALIZATION			
14 Common Stock	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
15 Proprietary Capital (Individual or Partnership)	<u> </u>	<u> </u>	<u> </u>
16 Paid-in Capital	<u> </u>	<u> </u>	<u> </u>
17 Retained Earnings	<u>(34172)</u>	<u>(32641)</u>	<u>(33406)</u>
18 Common Stock and Equity (Lines 14 through 17)	<u> </u>	<u> </u>	<u> </u>
19 Preferred Stock	<u> </u>	<u> </u>	<u> </u>
20 Long-Term Debt	<u>174416</u>	<u>168815</u>	<u>171615</u>
21 Notes Payable	<u> </u>	<u> </u>	<u> </u>
22 Total Capitalization (Lines 18 through 21)	<u>141244</u>	<u>137174</u>	<u>139209</u>

(Revised 2/01)

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

2002
(continued)

NAME OF UTILITY Sacramento City Water Works Inc PHONE 530-273-6447

Annual
Amount

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue	<u>11,478</u>
24	Fire Protection Revenue	<u>2,206</u>
25	Irrigation Revenue	
26	Metered Water Revenue	<u>12,867</u>
27	Total Operating Revenue	<u>25,661</u>
28	Operating Expenses	<u>15,761</u>
29	Depreciation Expense (Composite Rate _____)	<u>6,492</u>
30	Amortization and Property Losses	
31	Property Taxes	<u>1,906</u>
32	Taxes Other Than Income Taxes	
33	Total Operating Revenue Deduction Before Taxes	<u>24,159</u>
34	California Corp. Franchise Tax	<u>800</u>
35	Federal Corporate Income Tax	
36	Total Operating Revenue Deduction After Taxes	<u>24,959</u>
37	Net Operating Income (Loss) - California Water Operations	<u>702</u>
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	
39	Income Available for Fixed Charges	<u>702</u>
40	Interest Expense	
41	Net Income (Loss) Before Dividends	<u>702</u>
42	Preferred Stock Dividends	
43	Net Income (Loss) Available for Common Stock	<u>702</u>

OTHER DATA

44	Refunds of Advances for Construction	_____
45	Total Payroll Charged to Operating Expenses	_____
46	Purchased Water	_____
47	Power	_____

Active Service Connections (Exc. Fire Protect.) 1

	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections	49	35	42
49 Flat Rate Service Connections	47	43	45
50 Total Active Service Connections	85	78	87

**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:

N/A

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

2. Former Fiscal Agent:

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

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

\$ _____

4. Summary of the trust bank account activities showing:

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

5. Account information:

Bank Name: _____
Account Number: _____
Date Opened: _____

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

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

N/A

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	240687	201	Common Stock (Corporations only)	1,000
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	(32641)
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(112606)	224	Long term debt	168815
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments	814	252	Advances for construction	
8	131	Cash	1771	253	Other deferred credits	
9	141	Accounts receivable - customers		255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	5500		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	137174		Total Equity and Liabilities	137174

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Pit Additions During year	Pit Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant					
17	303	Land	37541				37541
18	304	Structures					
19	307	Wells					
20	317	Other water source plant	33512				
21	311	Pumping equipment					
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	53805				
24	331	Water mains	38212				
25	333	Services and meter installations					
26	334	Meters	7489				
27	335	Hydrants	18100				
28	339	Other equipment	7936	1549			9485
29	340	Office furniture and equipment	4324	106			4430
30	341	Transportation equipment	3815				3815
31		Total water plant in service	239033	1655			240687

* 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	105714		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	6492		
35	(b) Charged to Account No. 272			
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed
37	(d) Salvage recovered			or to be claimed on utility property in
38	(e) All other credits			your federal income tax return for the year
39	Total credits	6492		covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation.
44	Total debits			
45	Balance in reserve at end of year	112606		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 20__)

Line	Description	Amount	Other Info
1	Common - (Shares, \$ / par)	1000	List persons owning more than 5% of outstanding stock
2	Preferred - (Shares, \$ / par)		and number of shares owned by each:
3	Dividends - Common Rate - \$		CHARLES K SMITH 50%
4	- Preferred Rate - \$		WINBETH SMITH 50%

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	C.K. SMITH				168,815	8%	0	0
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	XXXXXXXXXX
10	460 Unmetered water revenue	11478
11	462 Fire protection revenue	2206
12	465 Irrigation revenue	
13	470 Metered water revenue	12867
14	480 Other water revenue	
15	Total Operating Revenue	25661
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	
19	615 Power	
20	618 Other volume related expenses	
21	630 Employee labor	
22	640 Materials	1690
23	650 Contract work	760
24	660 Transportation expenses	6515
25	664 Other plant maintenance expense	230
26	670 Office salaries	
27	671 Management salaries	
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	
31	681 Office supplies and expense	1900
32	682 Professional services	965
33	684 Insurance	1800
34	688 Regulatory commission expense	363
35	689 General expenses	537
36	Total Operating Expenses	15761
37	403 Depreciation expense	6492
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	1906
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	24959
43	Utility Operating Income	
44	421 Non-utility income	4
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	706

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
NONE					

OTHER

Streams or springs location of diversion point	Flow in		(Unit) Divisions		Annual quantities diverted (Unit)
	Priority right	Capacity	Max	Min	
SHUBERT WATER RIGHTS			170	5	136
Purchased water (unit)					Annual quantity
Supplier:					

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			
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			

SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor				
49	670	Office salaries				
50	671	Management salaries	NONE			
51		Total				

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	
Additions during year	<i>None</i>
Subtotal - Beginning balance plus additions during year	
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	<i>35</i>	
3/4-in		
1-in	<i>1</i>	
2-in	<i>1</i>	
-in		
Total	<i>35</i>	

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair... _____
2	Used, after repair _____
3	Fast, requiring refund .. _____
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	<i>27</i>	<i>38</i>	<i>65</i>					
Industrial								
Other (specify) <i>COMMERCIAL</i>	<i>8</i>	<i>5</i>	<i>13</i>					
Subtotal								
Fire protection (Hydrants)		<i>9</i>	<i>9</i>					
Total	<i>75</i>	<i>52</i>	<i>87</i>					

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	Other sizes (specify)					Totals
				2" and under	2 1/4 to 3 1/4	4"	6"	1"	
Concrete			Cast Iron						
Earth			Welded steel				<i>300</i>		<i>300</i>
Wood	<i>1</i>	<i>5000</i>	Standard screw	<i>4800</i>	<i>1300</i>				<i>6100</i>
Steel	<i>4</i>	<i>43500</i>	Cement-asbestos						
Other			Plastic		<i>700</i>	<i>400</i>	<i>5460</i>	<i>250</i>	<i>330</i>
			Other (specify)						
Total	<i>5</i>	<i>48500</i>	Total	<i>4800</i>	<i>2000</i>	<i>400</i>	<i>5760</i>	<i>250</i>	<i>13510</i>

DECLARATION

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

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

From and including JANUARY 1, 2002, to and including DECEMBER 31, 2002

Charles R. Smith
 Signed
PRESIDENT
 Title
MARCH 29, 2003
 Date