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CLASS D
WATER UTILITIES

U# 405-WTD

OCT 22 2004

2003
ANNUAL REPORT
OF

SIERRA CITY WATER WORKS INC

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

732 BUTLER STREET

GRASS VALLEY CALIFORNIA

(OFFICIAL MAILING ADDRESS)

95945

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)

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INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed **NOT LATER THAN MARCH 31**, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. **LEAVE NO SCHEDULE BLANK.** Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

Account Number	Operating Revenue	
470	Metered	16,120
460	Unmetered	14,048
465	Irrigation	0
462-480	Private Fire Protection	2,473
	Total Revenue	32641
	Operating Expenses	
610	Purchased Water	0
615	Purchased Power	0
	Pump Taxes	0
	Purchased Chemicals	0
618	Other Vol. Related exp.	0
630	Employee Labor	0
640	Materials	4,000
650	Contract Work	500
	Water Testing	454
660	Transportation Expense	5,339
664	Other Plant Maintenance	2,414
670	Office Salaries	0
671	Management Salaries	0
674	Employee Pensions and Benefits	0
676	Uncollectables	406
678	Office Service and Rentals	0
681	Office Supplies and Expense	2,237
682	Professional Services	1,050
684	Insurance	3,007
688	Regulatory Expense	1,389
689	General Expense	512
	Subtotal	21308
403	Depreciation Expense	6,325
	Ad Valorem Taxes	0
	Payroll taxes	0
408	Taxes other than income	2,825
409	State Income Tax	800
410	Federal Income Tax	0
	Total Deductions	31258
	Net Revenue	1383
	Rate Base	
	Average Plant	
	Average Depreciation Reserve	
	Net Plant	
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	3,035
	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 ROAD

(Official mailing address)

GRASS VALLEY, CALIFORNIA 95945

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

1 If a corporation show:

(A) Date of organization 8.38E-05 incorporated in the State of CALIFORNIA

(B) Names, titles and addresses of principal officers: CHARLES K. SMITH PRESIDENT AND
WINBETH SMITH VICE PRESIDENT 732 BUTLER ROAD, GRASS VALLEY, CALIFORNIA 95945

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

N/A

3 Name and telephone number of:

(A) One person listed above to receive correspondence: CHARLES K. SMITH PRESIDENT 530-273-6447

(B) Person responsible for operations and services: CHARLES K. SMITH PRESIDENT

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) 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		
X		04/25/96

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year. Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Water Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

NAME OF UTILITY SIERRA CITY WATER WORKS, INCPHONE 530-273-64PERSON RESPONSIBLE FOR THIS REPORT CONNIE STONE, CPA

	01/01/2003	12/31/2003	Average
BALANCE SHEET DATA			
1 Intangible Plant	<u>0</u>	<u>0</u>	<u>37541</u>
2 Land and Land Rights	<u>37541</u>	<u>37541</u>	<u>203688</u>
3 Depreciable Plant	<u>203147</u>	<u>204228</u>	<u>241229</u>
4 Gross Plant in Service	<u>240688</u>	<u>241769</u>	<u>133581</u>
5 Less: Accumulated Depreciation	<u>112606</u>	<u>154555</u>	<u>107648</u>
6 Net Water Plant in Service	<u>128082</u>	<u>87214</u>	
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
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>133582</u>	<u>92714</u>	<u>113148</u>
CAPITALIZATION			
14 Common Stock	<u>1000</u>	<u>1000</u>	<u>1000</u>
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital			
17 Retained Earnings	<u>-32641</u>	<u>-66867</u>	<u>-49754</u>
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt	<u>168815</u>	<u>165931</u>	<u>167373</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>137174</u>	<u>100064</u>	<u>118619</u>

(Revised 2/01)

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	8810
24 Fire Protection Revenue	2473
25 Irrigation Revenue	0
26 Metered Water Revenue	16120
27 Total Operating Revenue	27404
28 <u>Operating Expenses</u>	16071
29 Depreciation Expense (Composite Rate _____)	6325
30 Amortization and Property Losses	0
31 Property Taxes	2825
32 Taxes Other Than Income Taxes	0
33 Total Operating Revenue Deduction Before Taxes	25221
34 California Corp. Franchise Tax	800
35 Federal Corporate Income Tax	0
36 Total Operating Revenue Deduction After Taxes	26021
37 Net Operating Income (Loss) - California Water Operations	1383
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	15
39 Income Available for Fixed Charges	1398
40 Interest Expense	0
41 Net Income (Loss) Before Dividends	1398
42 Preferred Stock Dividends	0
43 Net Income (Loss) Available for Common Stock	1398

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.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections			35	30	33
49 Flat Rate Service Connections			43	47	45
50 Total Active Service Connections			78	77	78

**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					

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2003)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	241768	201	Common Stock (Corporations only)	1000
2	103	Water plant held for future use		211	Other paid-in capital (Corporations on	
3	104	Water plant purchased or sold		215	Retained earnings	-66867
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	-154555	224	Long term debt	165932
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments	3829	252	Advances for construction	
8	131	Cash	3035	253	Other deferred credits	
9	141	Accounts receivable - customers		255	Accumulated deferred investment tax	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes -	
11	151	Materials and supplies	5500		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes -	
13	180	Deferred charges		271	Contributions in aid of construction	
14		Health Dept Fees receivable	488	272	Accumulated amortization of contribut	
15		Total Assets	100065		Total Equity and Liabilities	100065

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				33512
21	311	Pumping equipment					
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	53805				53805
24	331	Water mains	38212				38212
25	333	Services and meter installations					
26	334	Meters	7489		863		8352
27	335	Hydrants	18100				18100
28	339	Other equipment	9485		216		9701
29	340	Office furniture and equipment	4430				4430
30	341	Transportation equipment	38115				38115
31		Total water plant in service	240689		1079		241768

* 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	112606		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	6325		
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	35624		your federal income tax return for the year
39	Total credits	41949		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	154555		
46	(1) Explanation of all other credits		Correction of original equipment	
47	(2) Explanation of all other debits			

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

Line				
1	Common - (Shares	\$1	par)	1000
2	Preferred - (Shares	\$	par)	
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	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5	S/H	var			168 815	8	0	0
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	8810
11	462 Fire protection revenue	2473
12	465 Irrigation revenue	
13	470 Metered water revenue	1612 0
14	480 Other water revenue	5238
15	Total Operating Revenue	32642
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	4000
23	650 Contract work	500
24	660 Transportation expenses	5339
25	664 Other plant maintenance expense	2414
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	2237
32	682 Professional services	1050
33	684 Insurance	3007
34	688 Regulatory commission expense	1389
35	689 General expenses	1372
36	Total Operating Expenses	21308
37	403 Depreciation expense	6325
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	2825
40	409 State corporate income tax expense	800
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	31258
43	Utility Operating Income	
44	421 Non-utility income	15
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	1399

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
N/A					

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right	Capacity	Max	Mln	
Shubert Water Rights	Claim	Capacity	1 7 0	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 of employees	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor	N/A			
49	670	Office salaries				
50	671	Management salaries				
51		Total				

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	
Additions during year	NONE
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	35	
3/4-in		
1-in		
2-in	1	
-in	1	
Total	37	

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	21	42	63					
Industrial								
Other (specify)	9	5	14					
Subtotal								
Fire protection (Hydrants)		9	9					
Total			86					

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)

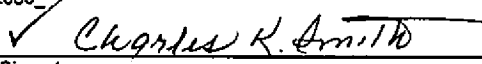
Description	No.	Combined capacity in gallons	Description	Other sizes (specify)					Totals
				2" and under	2 1/4 to 3 1/4	4"	6"	1"	
Concrete			Cast Iron						
Earth			Welded steel				300		300
Wood	1	5000	Standard screw	4800	1300				6100
Steel	4	43500	Cement-asbestos						
Other			Plastic		700	400	5460	250	330
			Other (specify)						
Total	5	48500	Total	4800	2000	400	5760	250	330

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, 2003, to and including December 31, 2003.


 Signed _____
 President *Charles K. Arnold*
 Title _____
 March 19, 2004
 Date _____