

Received _____

Examined _____

CLASS D

WATER UTILITIES

U# _____

2007
ANNUAL REPORT
OF

SIERRA CITY WATER WORKS INC.

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

732 BUTLER STREET, GRASS VALLEY, CALIFORNIA

95945

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2007

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2008
(FILE TWO COPIES IF THREE RECEIVED)

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, CALIFORNIA 95945

(Official mailing address)

(Service area-town and county)

Telephone Number: 530-273-6447

Fax Number: 530-477-6253

Email Address:

GENERAL INFORMATION

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

1 If a corporation show:

(A) Date of organization January 6, 1988 incorporated in the State of California

(B) Names, titles and addresses of principal officers: Charles K. Smith, President
 Winbeth Smith, Secretary/Treasurer
 732 Butler Street, Grass Valley, California 95945

2 If unincorporated provide the name and address of the owner(s) or the partners:

3 Name, title, and telephone number of:

(A) One person listed above to receive correspondence: Charles K. Smith, President

(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 | | |
| X | | Monthly |
| X | | 04/25/96 |
| | | |
| | | |

11 List Name, Grade, and License Number of all Licensed Operators:

CLASS A, B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA (cont.)

5. Plant amounts included in Schedule A-1a, Account No. 101—Water Plant in Service which were funded using SDWBA or SRF funds:

N/A

| 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 | | | | | |

**CLASS A, B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA**

surcharge collection for the calendar year. Please use one page per loan.

N/A

1. Current Fiscal Agent:

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

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

\$ _____

| Meter Size | No. of meters Customers | Surcharge Per |
|--------------|----------------------------|---------------|
| 3/4 inch | _____ | _____ |
| 1 inch | _____ | _____ |
| 1 1/2 inch | _____ | _____ |
| 2 inch | _____ | _____ |
| 3 inch | _____ | _____ |
| 4 inch | _____ | _____ |
| 6 inch | _____ | _____ |
| Customers | _____ | _____ |
| Total | _____ | _____ |

3. Summary of the bank account activities showing:

| | |
|-----------------------------------|----------|
| Balance at beginning of year | \$ _____ |
| Deposits during the year | _____ |
| Interest earned for calendar year | _____ |
| Withdrawals from this account | _____ |
| Balance at end of year | _____ |

4. Reason or Purpose of Withdrawal from this bank account:

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2007)

| Line | Acct. | Assets | Balance | Acct. | Equity and Liabilities | Balance |
|------|-------|-------------------------------------------|----------------|-------|--------------------------------------------|----------------|
| 1 | 101 | Water plant in service | 265,734 | 201 | Common Stock (Corporations only) | 1,000 |
| 2 | 103 | Water plant held for future use | 0 | 211 | Other paid-in capital (Corporations only) | 0 |
| 3 | 104 | Water plant purchased or sold | 0 | 215 | Retained earnings | -2,533 |
| 4 | 105 | Water plant construction work in progress | 0 | 218 | Proprietary capital | |
| 5 | 108 | Accumulated depreciation of water plant | -116,183 | 224 | Long term debt | 160,455 |
| 6 | 114 | Water plant acquisition adjustments | 0 | | Current Liabilities | 0 |
| 7 | 124 | Other investments | 9,156 | 252 | Advances for construction | 0 |
| 8 | 131 | Cash-Checking and Bond | 5,371 | 253 | Other deferred credits | 0 |
| 9 | 141 | Accounts receivable - customers | 0 | 255 | Accumulated deferred investment tax credit | 0 |
| 10 | 142 | Receivables from associated companies | 0 | 282 | Accumulated deferred income taxes - Acrs | 0 |
| 11 | 151 | Materials and supplies | 4,000 | | depreciation | 0 |
| 12 | 174 | Other current assets | | 283 | Accumulated deferred income taxes - other | 0 |
| 13 | 180 | Deferred charges | 0 | 271 | Contributions in aid of construction | 9,156 |
| 14 | | | | 272 | Accumulated amortization of contributions | 0 |
| 15 | | Total Assets | 168,078 | | Total Equity and Liabilities | 168,078 |

SCHEDULE B - WATER PLANT IN SERVICE

| Line | Acct. | Title of Account | Balance Beg of Year | Plt Additions During year | Retirement During year | Other Debits or (Credits) | Balance End of year |
|------|-------|-------------------------------------|------------------------|------------------------------|---------------------------|------------------------------|------------------------|
| 16 | 301 | Intangible plant | 0 | | | | 0 |
| 17 | 303 | Land | 37,541 | | | | 37,541 |
| 18 | 304 | Structures | 0 | | | | 0 |
| 19 | 307 | Wells | 0 | | | | 0 |
| 20 | 317 | Other water source plant | 33,512 | | | | 33,512 |
| 21 | 311 | Pumping equipment | 0 | | | | 0 |
| 22 | 320 | Water treatment plant | 0 | | | | 0 |
| 23 | 330 | Reservoirs tanks and sandpipes | 53,805 | | | | 53,805 |
| 24 | 331 | Water mains | 52,647 | | | | 52,647 |
| 25 | 333 | Services and meter installations | 0 | | | | 0 |
| 26 | 334 | Meters | 8,352 | | 155 | | 8,507 |
| 27 | 335 | Hydrants | 20,357 | | | | 20,357 |
| 28 | 339 | Other equipment | 13,786 | | 3,034 | | 16,820 |
| 29 | 340 | Office furniture and equipment | 4,430 | | | | 4,430 |
| 30 | 341 | Transportation equipment | 38,115 | | | | 38,115 |
| 31 | | Total water plant in service | 262,545 | | 3,189 | | 265,734 |

* 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 | 110,478 | | A. Method used to compute depreciation expense (Acct. 403) and rate. |
| 33 | Add: Credits to reserves during year | | | |
| 34 | (a) Charged to Account No. 272 | | | |
| 35 | (b) Charged to Account No. 403 | 5,705 | | 40 yr S/L - 2.5% |
| 36 | (c) Charged to Account No. 407 | | | 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 | | | |
| 38 | (e) All other credits | | | |
| 39 | Total credits | 5,705 | | |
| 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 depreciation. |
| 43 | (c) All other debits | | | |
| 44 | Total debits | | | |
| 45 | Balance in reserve at end of year | 116,183 | | Restated from past years to reflect 40 yr S/L methodology: 100/40= 2.5% |
| 46 | (1) Explanation of all other credits | | | |
| 47 | (2) Explanation of all other debits | | | |

Line

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2007)

| | | | | | |
|---|------------------------|-----------|------|--|-------------------------------------------------------|
| 1 | Common - (Shares 1,000 | \$ 1.0 | 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 - \$ | | | C. 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 | Owners | | | | 160,455 | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | Totals | | | | | | | |

SCHEDULE F - INCOME STATEMENT

| | | |
|----|---------------------------------------|--------------|
| 9 | Operating revenues | xxxxxxxxxxxx |
| 10 | 460 Unmetered water revenue | 17,185 |
| 11 | 462 Fire protection revenue | |
| 12 | 465 Irrigation revenue | |
| 13 | 470 Metered water revenue | 12,414 |
| 14 | 480 Other water revenue | |
| 15 | Total Operating Revenue | 29,609 |
| 16 | Operating revenue deductions | xxxxxxxxxxxx |
| 17 | Operating expenses | xxxxxxxxxxxx |
| 18 | 610 Purchased water | |
| 19 | 615 Purchased power | |
| 20 | 618 Other volume related expenses | |
| 21 | 630 Employee labor | |
| 22 | 640 Materials | 2,157 |
| 23 | 650 Contract work | 1,169 |
| 24 | 660 Transportation expenses | 9,479 |
| 25 | 684 Other plant maintenance expense | 1,219 |
| 26 | 670 Office salaries | |
| 27 | 671 Management salaries | |
| 28 | 674 Employee pensions and benefits | |
| 29 | 676 Uncollectible accounts expense | 903 |
| 30 | 678 Office services and rentals | 280 |
| 31 | 681 Office supplies and expense | 1,556 |
| 32 | 682 Professional services | 1,744 |
| 33 | 684 Insurance | 2,061 |
| 34 | 688 Regulatory commission expense | 743 |
| 35 | 689 General expenses | 527 |
| 36 | Total Operating Expenses | 21,838 |
| 37 | 403 Depreciation expense | 5,705 |
| 38 | 407 SDWBA loan amortization expense | 0 |
| 39 | 408 Taxes other than income taxes | 1,835 |
| 40 | 409 State income tax expense | 800 |
| 41 | 410 Federal income tax expense | 0 |
| 42 | Total Operating Revenue Deductions | 30,178 |
| 43 | Utility Operating Income | -569 |
| 44 | 421 Non-utility income | 55 |
| 45 | 426 Miscellaneous non-utility expense | 366 |
| 46 | 427 Interest expense | 0 |
| 47 | Net Income | -880 |

14,154

15,455

-2367 **

-903

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 |
|----------|-----|------------|---------------------|---------------------------|--------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

OTHER

| Streams or springs location of diversion point | Flow in Priority right | | (Unit) Diversions | | Annual Quantities Diverted |
|------------------------------------------------|------------------------|----------|-------------------|-----------------|----------------------------|
| | Claim | Capacity | Max | Min | Unit |
| sacred mo und mine rd sierra city 96125 | | | 100GPM | 70GPM | |
| | | | | | |
| Purchased water (unit) | | | | Annual Quantity | |
| Supplier: | | | | | |
| | | | | | |
| | | | | | |

SCHEDULE H 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 | | | |
| Commercial | | | |
| Industrial | | | |
| Fire Protection | | | |
| 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 | 0 | 0 | 0 | 0 |
| 49 | 670 | Office salaries | 1 | 0 | 0 | 0 |
| 50 | 671 | Management salaries | 1 | 0 | 0 | 0 |
| 51 | | Total | 2 | 0 | 0 | 0 |

SCHEDULE J - ADVANCES FOR CONSTRUCTION

| | |
|---------------------------------------------------------------|--|
| Balance beginning of year | |
| Additions during year | |
| 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 | 39 | 39 |
| 3/4-in | 8 | 8 |
| 1-in | 1 | 1 |
| 2-in | 2 | 2 |
| -in | | |
| Total | 50 | 50 |

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 | 39 | 38 | 77 | | | | 39 | 38 |
| Industrial/Commercial | 11 | 0 | 11 | | | | 11 | |
| Irrigation | | | | | | | | |
| Fire Protection (public) | | 1 | 1 | | | | | 1 |
| Fire Protection (private) | | | | | | | | |
| Other (specify) | | | | | | | | |
| Total | 50 | 39 | 89 | | | | 50 | 39 |

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 | Footages of pipe | | | | Totals |
|-----------------|-----|------------------------------|-----------------|------------------|----------------|-----|--------------------------|--------|
| | | | | 2" and under | 2 1/4 to 3 1/4 | 4" | 6" Other sizes (specify) | |
| Concrete | | | Cast Iron | | | | | |
| Earth | | | Welded steel | 2,000 | | | | 2,000 |
| Wood | | | Standard screw | | | | | |
| Steel | 1 | 30,000 | Cement-asbestos | | | | | |
| Other | | | Plastic | | | 800 | 4500 | 5,350 |
| Stainless steel | 1 | 1,500 | Other (specify) | | | | | |
| Stainless steel | 1 | 6,000 | | | | | | |
| Polyethylene | 1 | 6,000 | | | | | | |
| Total | | 43,500 | Total | 2,000 | 0 | 800 | 4,500 | 7,350 |

DECLARATION

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

I, the undersigned (officer, partner or owner) of _____ (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, documents, 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 calendar year.

January 1, 20____ through December 31, 20____.

Signed _____

Title _____

Date _____

FACILITIES FEES DATA

Please provide the following information relating to Facilities Fees collected for the calendar year, pursuant to Resolution No. W-4110.

1. Trust Account Information:

Bank Name: BANK OF AMERICA
 Address: GRASS VALLEY, CALIFORNIA 95945
 Account Number: -6716
 Date Opened: _____

2. Facilities Fees collected for new connections during the calendar year:

A. Commerical

| NAME | AMOUNT |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

B. Residential

0

| NAME | AMOUNT |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

3. Summary of the bank account activities showing:

| | |
|-----------------------------------|----------------|
| Balance at beginning of year | <u>\$2,993</u> |
| Deposits during the year | <u>9,245</u> |
| Interest earned for calendar year | <u>55</u> |
| Withdrawals from this account | <u>3,137</u> |
| Balance at end of year | <u>\$9,156</u> |

4. Reason or Purpose of Withdrawal from this bank account:

New water storage tank