

Received _____
Examined _____

**CLASS D
WATER UTILITIES**

U# _____

**2003
ANNUAL REPORT
OF**

DEL ORO WATER COMPANY INC.

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

DRAWER 5172, CHICO, CALIFORNIA 95927-5172
(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, 2003
(FILE TWO COPIES IF THREE RECEIVED)

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.

Summary of Earnings		
Test Year 2003		
Account Number	Operating Revenue	
470	Metered	42,531
460	Unmetered	27,005
465	Irrigation	
462-480	Private Fire Protection	2,741
	Total Revenue	72,277
	Operating Expenses	
610	Purchased Water	0
615	Purchased Power	12,914
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related Expense	4,035
630	Employee Labor	15,046
640	Materials	420
650	Contract Work	816
	Water Testing	350
660	Transportation Expense	8,981
664	Other Plant Maintenance	0
670	Office Salaries	2,789
671	Management Salaries	1,417
674	Employee Pensions and Benefits	391
676	Uncollectables	235
678	Office Service and Rentals	1,108
681	Office Supplies and Expense	4,889
682	Professional Services	316
684	Insurance	3,318
688	Regulatory Expense	1,334
689	General Expense	2,237
	Subtotal	60,596
403	Depreciation Expense	10,232
	Ad Valorem Taxes	
	Payroll Taxes	1,341
408	Taxes other than income	1,450
409	State Income Tax	
410	Federal Income Tax	
	Total Deductions	73,619
	Net Revenue	(1,342)
	Rate Base	
	Average Plant	
	Average Depreciation Reserve	
	Net Plant	
	Less: Advances	
	Less: Contributions	
	Plus: Construction in Progress	
	Plus: Working Cash	
	Plus: Material & Supplies	
	Rate Base	
	ROR=Net Rev/Rate Base	

CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

DEL ORO WATER COMPANY, INC.

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

DRAWER 5172, CHICO, CALIFORNIA 95927-5172

(Official mailing address)

BAKERSFIELD, KERN COUNTY

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 - (A) Date of organization _____ incorporated in the State of California
 - (B) Names, titles and addresses of principal officers:
Robert S. Fortino, President Janice Hanna, Secretary Drawer 5172, Chico, CA 95927
- 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: Janice Hanna, 530-894-1100
 - (B) Person responsible for operations and services: Paul J. Matulich, 530-894-1100
- 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:

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		
X		1957

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.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2002

NAME OF UTILITY DEL ORO WATER CO., INC. PHONE 530-894-1100
COUNTRY ESTATES DISTRICT
PERSON RESPONSIBLE FOR THIS REPORT JANICE HANNA
(Prepared from Information in the 2002 Annual Report)

	1/1/2003	12/31/2003	Average
BALANCE SHEET DATA			
1 Intangible Plant			
2 Land and Land Rights	1,403	1,403	1,403
3 Depreciable Plant	117,491	118,075	117,783
4 Gross Plant in Service	118,894	119,478	119,186
5 Less: Accumulated Depreciation	(35,373)	(45,605)	(40,489)
6 Net Water Plant in Service	83,521	73,873	78,697
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies			
10 Less: Advances for Construction	()	()	()
11 Less: Contribution in Aid of Construction	()	()	()
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	83,521	73,873	78,697
CAPITALIZATION			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	65,710	65,710	65,710
17 Retained Earnings	(81,351)	(85,749)	(83,550)
18 Common Stock and Equity (Lines 14 through 17)	(15,641)	(20,039)	(17,840)
19 Preferred Stock			
20 Long-Term Debt	42,902	41,229	42,066
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	27,261	21,190	24,226

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2002
(continued)

NAME OF UTILITY DEL ORO WATER CO., INC. PHONE 530-894-1100
COUNTRY ESTATES DISTRICT

	Annual Amount
INCOME STATEMENT	
23 Unmetered Water Revenue	29,746
24 Fire Protection Revenue	_____
25 Irrigation Revenue	_____
26 Metered Water Revenue	42,531
27 Total Operating Revenue	72,277
28 <u>Operating Expenses</u>	60,596
29 Depreciation Expense (Composite Rate _____)	10,232
30 Amortization and Property Losses	_____
31 Property Taxes	1,341
32 Taxes Other Than Income Taxes	1,450
33 Total Operating Revenue Deduction Before Taxes	(1,342)
34 California Corp. Franchise Tax	_____
35 Federal Corporate Income Tax	_____
36 Total Operating Revenue Deduction After Taxes	(1,342)
37 Net Operating Income (Loss) - California Water Operations	(1,342)
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	1
39 Income Available for Fixed Charges	_____
40 Interest Expense	(3,056)
41 Net Income (Loss) Before Dividends	(4,397)
42 Preferred Stock Dividends	_____
43 Net Income (Loss) Available for Common Stock	_____

OTHER DATA		Annual Amount
44 Refunds of Advances for Construction		0
45 Total Payroll Charged to Operating Expenses		19,252
46 Purchased Water		0
47 Power		12,914

<u>Active Service Connections</u>	(Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		87	95	91
49 Flat Rate Service Connections		_____	_____	_____
50 Total Active Service Connections		87	95	91

**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: **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					

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	119,478	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	65,710
3	104	Water plant purchased or sold		215	Retained earnings	(85,749)
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(45,605)	224	Long term debt	41,229
6	114	Water plant acquisition adjustments			Current Liabilities	66,960
7	124	Other investments		252	Advances for construction	
8	131	Cash	762	253	Other deferred credits	
9	141	Accounts receivable - customers	7,993	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies			depreciation	
12	174	Other current assets	782	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	4,740	271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	88,150		Total Equity and Liabilities	88,150

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	0				0
17	303	Land	1,403				1,403
18	304	Structures	1,119				1,119
19	307	Wells	41,664				41,664
20	317	Other water source plant	3,082				3,082
21	311	Pumping equipment	13,578				13,578
22	320	Water treatment plant	468				468
23	330	Reservoirs tanks and sandpipes	18,866				18,866
24	331	Water mains	17,839				17,839
25	333	Services and meter installations	5,081				5,081
26	334	Meters	14,086	584			14,670
27	335	Hydrants	120				120
28	339	Other equipment	1,587				1,587
29	340	Office furniture and equipment					0
30	341	Transportation equipment					0
31		Total water plant in service	118,894	584			119,478

* 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	35,373		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	10,232		
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	10,232		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	45,605		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2002)

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 - \$				

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	North Valley Bank	10/15/2002	10/15/2017	43,125	41,229	7.25		4,247
6								
7								
8	Totals			43,125	41,229			4,247

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx	
10	460 Unmetered water revenue		27,005
11	462 Fire protection revenue		
12	465 Irrigation revenue		
13	470 Metered water revenue		42,531
14	480 Other water revenue		2,741
15	Total Operating Revenue		72,277
16	Operating revenue deductions	xxxxxxxxxxx	
17	Operating expenses	xxxxxxxxxxx	
18	610 Purchased water		0
19	615 Power		12,914
20	618 Other volume related expenses		4,035
21	630 Employee labor		15,046
22	640 Materials		420
23	650 Contract work		1,166
24	660 Transportation expenses		8,981
25	664 Other plant maintenance expense		0
26	670 Office salaries		2,789
27	671 Management salaries		1,417
28	674 Employee pensions and benefits		391
29	676 Uncollectible accounts expense		235
30	678 Office services and rentals		1,108
31	681 Office supplies and expense		4,889
32	682 Professional services		316
33	684 Insurance		3,318
34	688 Regulatory commission expense		1,334
35	689 General expenses		2,237
36	Total Operating Expenses		60,596
37	403 Depreciation expense		10,232
38	407 SDWBA loan amortization expense		
39	408 Taxes other than income taxes		2,791
40	409 State corporate income tax expense		
41	410 Federal corporate income tax expense		
42	Total Operating Revenue Deductions		73,619
43	Utility Operating Income		(1,342)
44	421 Non-utility income		1
45	426 Miscellaneous non-utility expense		
46	427 Interest expense		(3,056)
47	Net Income		(4,397)

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		(Unit) Divisions		Annual quantities diverted (Unit)
	Priority right		Max	Min	
	Claim	Capacity			
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	July	January	27,658,910
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			27,658,910

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	2	15,046		15,046
49	670	Office salaries		2,789		2,789
50	671	Management salaries		1,417		1,417
51		Total		19,252		19,252

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	21	
3/4-in		
1-in	71	
-in		
-in		
Total	92	

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	92			3			95	
Industrial	0						0	
Other (specify)								
Subtotal								
Fire protection (Hydrants)								
Total	92			3			95	

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)

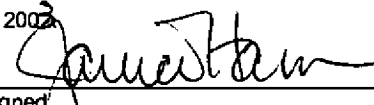
Description	No.	Combined capacity in gallons	Description	Footage				Totals
				2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)	
Concrete			Cast Iron					
Earth			Welded steel					
Wood			Standard screw					
Steel	3	47,000	Cement-asbestos	40	3,525	3,715		7,240
Other			Plastic					
			Other (specify)					
Total	3	47,000	Total	40	3,525	3,715		7,240

DECLARATION

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

I, the undersigned (officer, partner or owner) of Del Dro Water Co., Inc. Country Estates District 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


 Signed
 Janice Hanna
 Title
 Director of Corporate Accounting
 Date: March 31, 2004