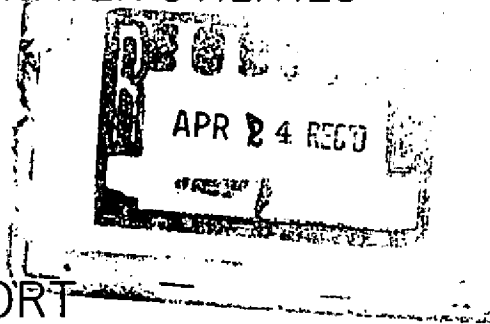


J4

Received _____
Examined _____

CLASS D
WATER UTILITIES



U# _____

2002
ANNUAL REPORT
OF

DEL ORO WATER COMPANY, INC.

MAGALIA 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, 2002

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 2002		
Account Number	Operating Revenue	
470	Metered	70,979
460	Unmetered	67,016
465	Irrigation	
462-480	Private Fire Protection	3,859
	Total Revenue	141,854
	Operating Expenses	
610	Purchased Water	22,462
615	Purchased Power	14,946
	Pump Taxes	0
	Purchased Chemicals	0
618	Other Vol. Related Expense	3,074
630	Employee Labor	10,684
640	Materials	1,339
650	Contract Work	500
	Water Testing	(124)
660	Transportation Expense	2,273
664	Other Plant Maintenance	1,620
670	Office Salaries	10,505
671	Management Salaries	5,807
674	Employee Pensions and Benefits	3,819
676	Uncollectables	1,181
678	Office Service and Rentals	3,300
681	Office Supplies and Expense	4,802
682	Professional Services	19,864
684	Insurance	2,703
688	Regulatory Expense	0
689	General Expense	2,047
	Subtotal	110,802
403	Depreciation Expense	32,427
	Ad Valorem Taxes	
	Payroll Taxes	0
408	Taxes other than income	1,501
409	State Income Tax	0
410	Federal Income Tax	0
	Total Deductions	144,730
	Net Revenue	(2,876)
	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)

MAGALIA, BUTTE 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		12/1/01
X		

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 IRO WATER CO., INC. PHONE 530-894-1100
MAGALIA DISTRICT
PERSON RESPONSIBLE FOR THIS REPORT JANICE HANNA
(Prepared from Information in the 2002 Annual Report)

	1/1/02	12/31/02	Average
BALANCE SHEET DATA			
1 Intangible Plant			0
2 Land and Land Rights	20,674	20,674	20,674
3 Depreciable Plant	813,493	814,087	813,790
4 Gross Plant in Service	834,166	834,761	834,463
5 Less: Accumulated Depreciation	(383,493)	(415,265)	(399,379)
6 Net Water Plant in Service	450,673	419,496	435,084
7 Water Plant Held for Future Use			
8 Construction Work in Progress			0
9 Materials and Supplies	745	745	745
10 Less: Advances for Construction	()	()	()
11 Less: Contribution in Aid of Construction	(138,204)	(138,204)	(138,204)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	313,214	282,036	297,625
CAPITALIZATION			
14 Common Stock			0
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital			0
17 Retained Earnings	(40,911)	(67,845)	(54,378)
18 Common Stock and Equity (Lines 14 through 17)	(40,911)	(67,845)	(54,378)
19 Preferred Stock			
20 Long-Term Debt	362,481	342,751	352,616
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	321,570	274,906	298,238

(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
MAGALIA DISTRICT

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	70,875
24 Fire Protection Revenue	_____
25 Irrigation Revenue	_____
26 Metered Water Revenue	70,979
27 Total Operating Revenue	141,854
28 <u>Operating Expenses</u>	110,802
29 Depreciation Expense (Composite Rate _____)	32,427
30 Amortization and Property Losses	_____
31 Property Taxes	1,501
32 Taxes Other Than Income Taxes	0
33 Total Operating Revenue Deduction Before Taxes	(2,876)
34 California Corp. Franchise Tax	_____
35 Federal Corporate Income Tax	_____
36 Total Operating Revenue Deduction After Taxes	(2,876)
37 Net Operating Income (Loss) - California Water Operations	(2,876)
38 Other Operating and Nonoper. income and Exp. - Net (Exclude Interest Expense)	926
39 Income Available for Fixed Charges	_____
40 Interest Expense	(24,984)
41 Net Income (Loss) Before Dividends	(26,934)
42 Preferred Stock Dividends	_____
43 Net Income (Loss) Available for Common Stock	_____

OTHER DATA

44 Refunds of Advances for Construction	0
45 Total Payroll Charged to Operating Expenses	26,996
46 Purchased Water	22,462
47 Power	14,946

	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections	_____	259	264	261.5
49 Flat Rate Service Connections	_____	_____	_____	_____
50 Total Active Service Connections	_____	259	264	261.5

**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	834,761	201	Common Stock (Corporations only)	
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	(67,845)
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(292,922)	224	Long term debt	329,820
6	114	Water plant acquisition adjustments	(122,343)		Current Liabilities	39,125
7	124	Other investments		252	Advances for construction	
8	131	Cash	402	253	Other deferred credits	
9	141	Accounts receivable - customers	12,996	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	745		depreciation	
12	174	Other current assets	5,665	283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	138,204
14				272	Accumulated amortization of contributions	
15		Total Assets	439,304		Total Equity and Liabilities	439,304

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
17	303	Land	20,674				20,674
18	304	Structures					0
19	307	Wells	40,031				40,031
20	317	Other water source plant					0
21	311	Pumping equipment	477,389	359			477,749
22	320	Water treatment plant	1,655				1,655
23	330	Reservoirs tanks and sandpipes	97,520				97,520
24	331	Water mains	191,492				191,492
25	333	Services and meter installations	5,407	235			5,641
26	334	Meters					0
27	335	Hydrants					0
28	339	Other equipment					0
29	340	Office furniture and equipment					0
30	341	Transportation equipment					0
31		Total water plant in service	834,167	594			834,761

* 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	383,493		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	31,772		
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	31,772		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	415,265		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

Line

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

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	10/1/02	10/1/17	344,887	342,751	7.25		22,123
6								
7								
8	Totals			344,887	342,751			22,123

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	67,016
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	70,979
14	480 Other water revenue	3,859
15	Total Operating Revenue	141,854
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	22,462
19	615 Power	14,946
20	618 Other volume related expenses	3,074
21	630 Employee labor	10,684
22	640 Materials	1,339
23	650 Contract work	377
24	660 Transportation expenses	2,273
25	664 Other plant maintenance expense	1,620
26	670 Office salaries	10,505
27	671 Management salaries	5,807
28	674 Employee pensions and benefits	3,819
29	676 Uncollectible accounts expense	1,181
30	678 Office services and rentals	3,300
31	681 Office supplies and expense	4,802
32	682 Professional services	19,864
33	684 Insurance	2,703
34	688 Regulatory commission expense	0
35	689 General expenses	2,047
36	Total Operating Expenses	110,802
37	403 Depreciation expense	32,427
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	1,501
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	144,730
43	Utility Operating Income	(2,876)
44	421 Non-utility income	926
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	(24,984)
47	Net Income	(26,934)

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
Loomis					4,097,940
Indian					13,617,600
Balder Mine					

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right		Max	Min	
Paradise Pines Dist	Claim	Capacity			17,149,396
Purchased water (unit)					Annual quantity
Supplier: Paradise Pines District					

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	March	26,073,902
Industrial	July	December	3,154,000
Public authorities	July	March	2,451,420
Irrigation			
Other (specify)			
Total			31,679,322

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		10,684		10,684
49	670	Office salaries		10,505		10,505
50	671	Management salaries		5,807		5,807
51		Total		26,996		26,996

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Accl. 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	263	
3/4-in		
1-in	1	
1.5-in	1	
3-in		
Total	265	0

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	250						250	
Industrial	12						12	
Other (specify) Public Auth	3						3	
Subtotal	265			0			265	
Fire protection (Hydrants)								
Total	265			0			265	

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)

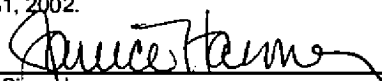
Description	No.	Combined capacity in gallons	Description	2" and under				8"		Totals
				2 1/4 to 3 1/4	4"	Other sizes (specify)				
Concrete			Cast Iron							
Earth			Welded steel	1%	20%	67%		12%		
Wood			Standard screw							
Steel			Cement-asbestos							
Other			Plastic							
			Other (specify)							
Total	0	0	Total		0					

DECLARATION

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

I, the undersigned (officer, partner or owner) of **Del Oro Water Co., Inc - Magalia 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, 2003