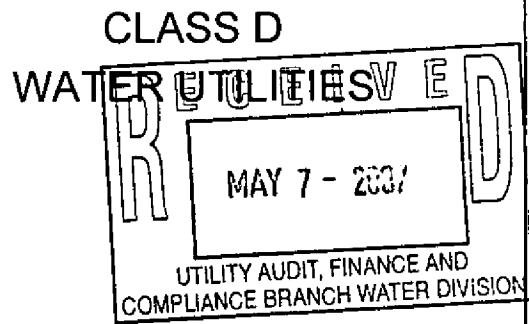


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Examined	_____



U# _____

2006
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, 2006

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2007
(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 2006		
Account Number	Operating Revenue	
470	Metered	90,017
460	Unmetered	73,640
465	Irrigation	
462-480	Private Fire Protection	1,389
	Total Revenue	165,047
	Operating Expenses	
610	Purchased Water	19,922
615	Purchased Power	13,757
	Pump Taxes	0
	Purchased Chemicals	0
618	Other Vol. Related Expense	0
630	Employee Labor	8,634
640	Materials	723
650	Contract Work	400
	Water Testing	430
660	Transportation Expense	1,938
664	Other Plant Maintenance	1,791
670	Office Salaries	10,298
671	Management Salaries	4,643
674	Employee Pensions and Benefits	5,030
676	Uncollectables	186
678	Office Service and Rentals	3,467
681	Office Supplies and Expense	5,123
682	Professional Services	1,407
684	Insurance	4,273
688	Regulatory Expense	540
689	General Expense	1,301
	Subtotal	83,864
403	Depreciation Expense	18,952
	Ad Valorem Taxes	
	Payroll Taxes	0
408	Taxes other than income	2,330
409	State Income Tax	0
410	Federal Income Tax	0
	Total Deductions	105,146
	Net Revenue	59,900
	Rate Base	
	Average Plant	1,007,701
	Average Depreciation Reserve	(470,257)
	Net Plant	537,444
	Less: Advances	(18,731)
	Less: Contributions	(114,271)
	Plus: Construction in Progress	21,648
	Plus: Working Cash	0
	Plus: Material & Supplies	0
	Rate Base	426,090
	ROR=Net Rev/Rate Base	14.1%

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		12/01/01
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
2006

NAME OF UTILITY DEL ORO IRO WATER CO., INC.
MAGALIA DISTRICT

PHONE 530-894-1100

PERSON RESPONSIBLE FOR THIS REPORT JANICE HANNA
(Prepared from Information in the 2006 Annual Report)

	01/01/06	12/31/06	Average
BALANCE SHEET DATA			
1 Intangible Plant			0
2 Land and Land Rights	20,674	20,674	20,674
3 Depreciable Plant	843,957	850,500	847,229
4 Gross Plant in Service	864,631	871,173	867,902
5 Less: Accumulated Depreciation	(379,899)	(396,809)	(388,354)
6 Net Water Plant in Service	484,732	474,364	479,548
7 Water Plant Held for Future Use	68,541	63,080	65,811
8 Construction Work in Progress	18,929	21,648	20,288
9 Materials and Supplies	745	745	745
10 Less: Advances for Construction	(18,731)	(18,731)	(18,731)
11 Less: Contribution in Aid of Construction	(117,690)	(114,271)	(115,981)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	436,526	426,835	431,681
CAPITALIZATION			
14 Common Stock			0
15 Proprietary Capital (Individual or Partnership)			0
16 Paid-in Capital			0
17 Retained Earnings	178,936	220,435	199,686
18 Common Stock and Equity (Lines 14 through 17)	178,936	220,435	199,686
19 Preferred Stock			
20 Long-Term Debt	290,796	269,793	280,295
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	469,732	490,228	479,980

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2006

(continued)

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

		Annual Amount
INCOME STATEMENT		
23	Unmetered Water Revenue	75,029
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	90,017
27	Total Operating Revenue	165,047
28	<u>Operating Expenses</u>	83,864
29	Depreciation Expense (Composite Rate _____)	18,952
30	Amortization and Property Losses	_____
31	Property Taxes	2,330
32	Taxes Other Than Income Taxes	0
33	Total Operating Revenue Deduction Before Taxes	59,900
34	California Corp. Franchise Tax	_____
35	Federal Corporate Income Tax	_____
36	Total Operating Revenue Deduction After Taxes	59,900
37	Net Operating Income (Loss) - California Water Operations	59,900
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	2,780
39	Income Available for Fixed Charges	_____
40	Interest Expense	(21,182)
41	Net Income (Loss) Before Dividends	41,498
42	Preferred Stock Dividends	_____
43	Net Income (Loss) Available for Common Stock	41,498

OTHER DATA		
44	Refunds of Advances for Construction	0
45	Total Payroll Charged to Operating Expenses	23,575
46	Purchased Water	19,922
47	Power	13,757

		Jan. 1	Dec. 31	Annual Average
<u>Active Service Connections</u> (Exc. Fire Protect.) _____				
48	Metered Service Connections	276	271	273.5
49	Flat Rate Service Connections	_____	_____	_____
50	Total Active Service Connections	276	271	273.5

**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, 2006)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	871,173	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	220,435
4	105	Water plant construction work in progress	21,648	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(396,809)	224	Long term debt	290,160
6	114	Water plant acquisition adjustments	63,080		Current Liabilities	11,571
7	124	Other investments		252	Advances for construction	18,731
8	131	Cash	97,871	253	Other deferred credits	
9	141	Accounts receivable - customers	13,645	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	2,500	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	(18,685)	271	Contributions in aid of construction	138,204
14				272	Accumulated amortization of contributions	(23,933)
15		Total Assets	655,168		Total Equity and Liabilities	655,168

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	486,882	5,909			492,791
22	320	Water treatment plant	2,714				2,714
23	330	Reservoirs tanks and sandpipes	97,520				97,520
24	331	Water mains	208,338				208,338
25	333	Services and meter installations	784				784
26	334	Meters	6,589	633			7,222
27	335	Hydrants	1,100				1,100
28	339	Other equipment					
29	340	Office furniture and equipment					0
30	341	Transportation equipment					0
31		Total water plant in service	864,631	6,542			871,173

* 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	379,899		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	20,212		
35	(b) Charged to Account No. 272	3,419		
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	(4,679)		your federal income tax return for the year
39	Total credits	18,952		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	398,851		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2004)

Line				
1	Common - (Shares	, \$	par)	List persons owning more than 5% of outstanding stock and number of shares owned by each:
2	Preferred - (Shares	, \$	par)	
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	Oct-02	Oct-17	344,887	282,964	7.25		21,182
6	North Valley Bank	Feb-03	Feb-09	17,500	7,196	7.5		
7								
8	Totals			362,387	290,160			21,182

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx
10	460 Unmetered water revenue	73,640
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	90,017
14	480 Other water revenue	1,389
15	Total Operating Revenue	165,047
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	19,922
19	615 Power	13,757
20	618 Other volume related expenses	0
21	630 Employee labor	8,634
22	640 Materials	723
23	650 Contract work	830
24	660 Transportation expenses	1,938
25	664 Other plant maintenance expense	1,791
26	670 Office salaries	10,298
27	671 Management salaries	4,643
28	674 Employee pensions and benefits	5,030
29	676 Uncollectible accounts expense	186
30	678 Office services and rentals	3,467
31	681 Office supplies and expense	5,123
32	682 Professional services	1,407
33	684 Insurance	4,273
34	688 Regulatory commission expense	540
35	689 General expenses	1,301
36	Total Operating Expenses	83,864
37	403 Depreciation expense	18,952
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	2,330
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	105,146
43	Utility Operating Income	59,901
44	421 Non-utility income	2,780
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	(21,182)
47	Net Income	41,499

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					6,416,360
Indian					10,099,300
Balder Mine					

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted
	Priority right		Diversions		
	Claim	Capacity	Max	Min	(Unit)
Paradise Pines Dist					19,413,592
Purchased water (unit)					
Supplier: Paradise Pines District					Annual quantity

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	Mar	24,967,228
Industrial	July	Mar	2,048,300
Public authorities	Aug	Dec	2,260,390
Irrigation			
Other (specify)			
Total			29,275,918

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		8,634		8,634
49	670	Office salaries		10,298		10,298
50	671	Management salaries		4,643		4,643
51		Total		23,575		23,575

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	18731
Additions during year	
Subtotal - Beginning balance plus additions during year	18731
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	18731

**SCHEDULE K - TOTAL METERS
AND SERVICES (active and inactive)**

Size	Meters	Services
5/8 x 3/4-in	279	266
3/4-in	1	1
1-in	1	1
2-in	2	2
3-in	1	1
Total	284	271

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	259			12			271	
Industrial	9			1			10	
Other (specify) Public Auth	3						3	
Subtotal	271			13			284	
Fire protection (Hydrants)								
Total	271			13			284	

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	2 1/4 to	4"	8"	Totals
				under	3 1/4		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, 2006, to and including December 31, 2006.


 Signed _____
 Janice Hanna
 Title
 Director of Corporate Accounting
 Date: March 31, 2007