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CLASS D
WATER UTILITIES VER

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MAY 7 - 2007
UTILITY AUDIT, FINANCE AND
COMPLIANCE BRANCH WATER DIV.

U# _____

2006
ANNUAL REPORT
OF

DEL ORO WATER COMPANY INC.

PINE FLAT 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 calander 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	6,173
460	Unmetered	61,111
465	Irrigation	
462-480	Private Fire Protection	464
	Total Revenue	67,748
	Operating Expenses	
610	Purchased Water	11,627
615	Purchased Power	4,381
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related Expense	177
630	Employee Labor	16,709
640	Materials	1,951
650	Contract Work	0
	Water Testing	612
660	Transportation Expense	8,385
664	Other Plant Maintenance	
670	Office Salaries	7,723
671	Mangement Salaries	3,482
674	Employee Pensions and Benefits	1,969
676	Uncollectables	408
678	Office Service and Rentals	2,456
681	Office Supplies and Expense	3,976
682	Professional Services	752
684	Insurance	4,852
688	Regulatory Expense	753
689	General Expense	681
	Subtotal	70,893
403	Depreciation Expense	1,857
	Ad Valorem Taxes	
	Payroll Taxes	2,683
408	Taxes other than income	507
409	State Income Tax	
410	Federal Income Tax	
	Total Deductions	75,940
	Net Revenue	(8,192)
	Rate Base	
	Average Plant	49,754
	Average Depreciation Reserve	(3,995)
	Net Plant	45,759
	Less: Advances	
	Less: Contributions	
	Plus: Construction in Progress	159,037
	Plus: Working Cash	
	Plus: Material & Supplies	
	Rate Base	204,796
	ROR=Net Rev/Rate Base	-4.0%

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		

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 WATER CO., INC. PHONE 530-894-1100
PINE FLAT DISTRICT
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	10,489	10,489	10,489
2 Land and Land Rights	822	822	822
3 Depreciable Plant	39,559 #	38,443	39,001
4 Gross Plant in Service	50,870	49,754	50,312
5 Less: Accumulated Depreciation	(2,138)	(3,995)	(3,067)
6 Net Water Plant in Service	48,732	45,759	47,245
7 Water Plant Held for Future Use			
8 Construction Work in Progress	94,023	159,037	126,530
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	142,755	204,796	173,775
CAPITALIZATION			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	72,553	99,817	86,185
17 Retained Earnings	(36,589)	(45,472)	(41,031)
18 Common Stock and Equity (Lines 14 through 17)	35,964	54,344	45,154
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	35,964	54,344	45,154

(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
PINE FLAT DISTRICT

	Annual Amount
INCOME STATEMENT	
23 Unmetered Water Revenue	61,575
24 Fire Protection Revenue	
25 Irrigation Revenue	
26 Metered Water Revenue	6,173
27 Total Operating Revenue	67,748
28 <u>Operating Expenses</u>	70,893
29 Depreciation Expense (Composite Rate _____)	1,857
30 Amortization and Property Losses	667
31 Property Taxes	507
32 Taxes Other Than Income Taxes	2,683
33 Total Operating Revenue Deduction Before Taxes	(8,859)
34 California Corp. Franchise Tax	
35 Federal Corporate Income Tax	
36 Total Operating Revenue Deduction After Taxes	(8,859)
37 Net Operating Income (Loss) - California Water Operations	(8,859)
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	4
39 Income Available for Fixed Charges	
40 Interest Expense	(29)
41 Net Income (Loss) Before Dividends	(8,884)
42 Preferred Stock Dividends	
43 Net Income (Loss) Available for Common Stock	

OTHER DATA		Annual
44 Refunds of Advances for Construction		0
45 Total Payroll Charged to Operating Expenses		27,914
46 Purchased Water		11,627
47 Power		4,381

<u>Active Service Connections</u>	<u>(Exc. Fire Protect.)</u>	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		21	203	112
49 Flat Rate Service Connections		174	0	87
50 Total Active Service Connections		195	203	199

**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	49,754	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	99,817
3	104	Water plant purchased or sold		215	Retained earnings	(45,472)
4	105	Water plant construction work in progress	159,037	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(3,995)	224	Long term debt	144,898
6	114	Water plant acquisition adjustments			Current Liabilities	25,771
7	124	Other investments		252	Advances for construction	
8	131	Cash	13,420	253	Other deferred credits	
9	141	Accounts receivable - customers	4,121	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	664	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	2,013	271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	225,013		Total Equity and Liabilities	225,013

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	10,489				10,489
17	303	Land	822				822
18	304	Structures					0
19	307	Wells	8,003				8,003
20	317	Other water source plant					0
21	311	Pumping equipment	3,586	286			3,872
22	320	Water treatment plant	448				448
23	330	Reservoirs tanks and sandpipes	11,452				11,452
24	331	Water mains	11,630				11,630
25	333	Services and meter installations	730				730
26	334	Meters	344				344
27	335	Hydrants	147				147
28	339	Other equipment	317				317
29	340	Office furniture and equipment					0
30	341	Transportation equipment	2,902		(1,402)		1,500
31		Total water plant in service	50,870	286	(1,402)		49,754

* 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	2,138		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	1,857		
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	1,857		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	3,995		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2006)

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								
6	North Valley Bank	04/01/05	04/11/06	250,000	144,898	7.75		12,039
7								
8	Totals			250,000	144,898			12,039

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx
10	460 Unmetered water revenue	61,111
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	6,173
14	480 Other water revenue	464
15	Total Operating Revenue	67,748
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	11,627
19	615 Power	4,381
20	618 Other volume related expenses	177
21	630 Employee labor	16,709
22	640 Materials	1,951
23	650 Contract work	612
24	660 Transportation expenses	8,385
25	664 Other plant maintenance expense	0
26	670 Office salaries	7,723
27	671 Management salaries	3,482
28	674 Employee pensions and benefits	1,969
29	676 Uncollectible accounts expense	408
30	678 Office services and rentals	2,456
31	681 Office supplies and expense	3,976
32	682 Professional services	752
33	684 Insurance	4,852
34	688 Regulatory commission expense	754
35	689 General expenses	681
36	Total Operating Expenses	70,893
37	403 Depreciation expense	1,857
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	3,190
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	75,940
43	Utility Operating Income	(8,192)
44	421 Non-utility income	4
45	426 Miscellaneous non-utility expense	(667)
46	427 Interest expense	(29)
47	Net Income	(8,884)

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
Pierson					1,515,060
Sprague					500,760
Cold Springs					1,666,000

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)	Gallons				Annual quantity
Supplier:					
Pine Mountain District					9,194,044

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	Gallons Total for year
Residential & business	Aug	Jan	514,666
Industrial	Dec	Oct	4136
Public authorities			
Irrigation			
Other (specify)			
Total			518,802

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	16,709		16,709
49	670	Office salaries		7,723		7,723
50	671	Management salaries		3,482		3,482
51		Total		27,914		27,914

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	201	
3/4-in		
1-in	2	
-in		
-in		
Total	203	

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	201						201	
Industrial	2						2	
Other (specify)								
Subtotal								
Fire protection (Hydrants)		10						10
Total	203	10					203	10

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	Pipe Sizes				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	5	84,374	Cement-asbestos	27200				
Other			Plastic					
			Other (specify)					
Total	5	84,374	Total	27200	0	0		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. Pine Flat 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