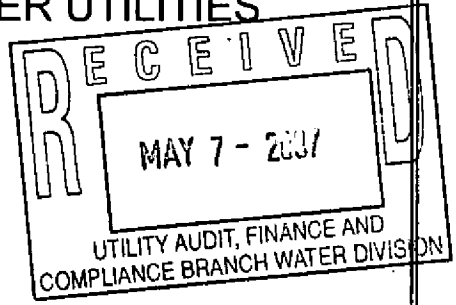


74

Received _____
Examined _____

CLASS D
WATER UTILITIES



U# _____

2006
ANNUAL REPORT
OF

DEL ORO WATER COMPANY INC.

PINE MOUNTAIN 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	4,796
460	Unmetered	16,625
465	Irrigation	
462-480	Private Fire Protection	11,767
	Total Revenue	33,188
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	8,918
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related Expense	76
630	Employee Labor	7,749
640	Materials	1,165
650	Contract Work	0
	Water Testing	670
660	Transportation Expense	3,638
664	Other Plant Maintenance	
670	Office Salaries	3,545
671	Mangement Salaries	1,598
674	Employee Pensions and Benefits	904
676	Uncollectables	29
678	Office Service and Rentals	1,145
681	Office Supplies and Expense	1,925
682	Professional Services	436
684	Insurance	2,327
688	Regulatory Expense	1,047
689	General Expense	3,183
	Subtotal	38,355
403	Depreciation Expense	995
	Ad Valorem Taxes	
	Payroll Taxes	1,171
408	Taxes other than income	477
409	State Income Tax	
410	Federal Income Tax	
	Total Deductions	40,997
	Net Revenue	(7,809)
	Rate Base	
	Average Plant	38,561
	Average Depreciation Reserve	(2,127)
	Net Plant	36,434
	Less: Advances	
	Less: Contributions	
	Plus: Construction in Progress	144,982
	Plus: Working Cash	0
	Plus: Material & Supplies	
	Rate Base	181,417
	ROR=Net Rev/Rate Base	-4.3%

CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

DEL ORO WATER COMPANY, INC.
PINE MOUNTAIN DISTRICT

(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		Dec-05
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 MOUNTAIN 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	9,552	9,552	9,552
2 Land and Land Rights	8,223	8,223	8,223
3 Depreciable Plant	21,923	20,786	21,355
4 Gross Plant in Service	39,698	38,561	39,130
5 Less: Accumulated Depreciation	(1,132)	(2,127)	(1,630)
6 Net Water Plant in Service	38,566	36,434	37,500
7 Water Plant Held for Future Use			
8 Construction Work in Progress	103,046	144,982	124,014
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	141,612	181,417	161,514
CAPITALIZATION			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	56,438	64,238	60,338
17 Retained Earnings	(21,997)	(26,787)	(24,392)
18 Common Stock and Equity (Lines 14 through 17)	34,441	37,451	35,946
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	34,441	37,451	35,946

(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	31,718
24	Fire Protection Revenue	
25	Irrigation Revenue	
26	Metered Water Revenue	4,796
27	Total Operating Revenue	36,514
28	<u>Operating Expenses</u>	38,355
29	Depreciation Expense (Composite Rate _____)	995
30	Amortization and Property Losses	
31	Property Taxes	477
32	Taxes Other Than Income Taxes	1,171
33	Total Operating Revenue Deduction Before Taxes	(4,484)
34	California Corp. Franchise Tax	
35	Federal Corporate Income Tax	
36	Total Operating Revenue Deduction After Taxes	(4,484)
37	Net Operating Income (Loss) - California Water Operations	(4,484)
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(293)
39	Income Available for Fixed Charges	
40	Interest Expense	(12)
41	Net Income (Loss) Before Dividends	(4,789)
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	12,892
46	Purchased Water	0
47	Power	8,918

	<u>Active Service Connections</u>	(Exc. Fire Protect.) _____	Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections		8	95	51.5
49	Flat Rate Service Connections		81	0	40.5
50	Total Active Service Connections		89	95	92

**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	38,561	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	64,238
3	104	Water plant purchased or sold		215	Retained earnings	(26,787)
4	105	Water plant construction work in progress	144,982	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(2,127)	224	Long term debt	137,281
6	114	Water plant acquisition adjustments			Current Liabilities	13,674
7	124	Other investments		252	Advances for construction	
8	131	Cash	5,312	253	Other deferred credits	
9	141	Accounts receivable - customers	195	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies	32	282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies			depreciation	
12	174	Other current assets	222	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	1,227	271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	188,405		Total Equity and Liabilities	188,405

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Pit Additions During year	Pit Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	9,552				9,552
17	303	Land	8,223				8,223
18	304	Structures	8,223				8,223
19	307	Wells	8,541				8,541
20	317	Other water source plant					0
21	311	Pumping equipment		122			122
22	320	Water treatment plant					0
23	330	Reservoirs tanks and sandpipes	2,536				2,536
24	331	Water mains					0
25	333	Services and meter installations	351				351
26	334	Meters					0
27	335	Hydrants					0
28	339	Other equipment	1,013				1,013
29	340	Office furniture and equipment					0
30	341	Transportation equipment	1,259			(1,259)	0
31		Total water plant in service	39,698	122		(1,259)	38,561

* 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	1,132		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	995		
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	995		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	2,127		
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	137,679	7.75		5,160
7								
8	Totals			250,000	137,679			5,160

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx	
10	460 Unmetered water revenue		31,478
11	462 Fire protection revenue		
12	465 Irrigation revenue		
13	470 Metered water revenue		4,796
14	480 Other water revenue		240
15	Total Operating Revenue		36,514
16	Operating revenue deductions	xxxxxxxxxx	
17	Operating expenses	xxxxxxxxxx	
18	610 Purchased water		0
19	615 Power		8,918
20	618 Other volume related expenses		76
21	630 Employee labor		7,749
22	640 Materials		1,165
23	650 Contract work		670
24	660 Transportation expenses		3,638
25	664 Other plant maintenance expense		0
26	670 Office salaries		3,545
27	671 Management salaries		1,598
28	674 Employee pensions and benefits		904
29	676 Uncollectible accounts expense		29
30	678 Office services and rentals		1,145
31	681 Office supplies and expense		1,925
32	682 Professional services		436
33	684 Insurance		2,327
34	688 Regulatory commission expense		1,047
35	689 General expenses		3,183
36	Total Operating Expenses		38,355
37	403 Depreciation expense		995
38	407 SDWBA loan amortization expense		
39	408 Taxes other than income taxes		1,647
40	409 State corporate income tax expense		
41	410 Federal corporate income tax expense		
42	Total Operating Revenue Deductions		40,997
43	Utility Operating Income		(4,484)
44	421 Non-utility income		
45	426 Miscellaneous non-utility expense		(293)
46	427 Interest expense		(12)
47	Net Income		(4,789)

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
Barn					9,462,460
Meadow					11,809,500

OTHER

Streams or springs location of diversion point	Flow in (Unit)		Annual quantities diverted (Unit)	
	Priority right	Diversions		
	Claim	Capacity	Max	Min
Purchased water (unit)				
Supplier:				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	Gallons Total for year
Residential & business	Aug	Jan	43,743
Industrial	Aug	Mar	1,445
Public authorities			
Irrigation			
Other (specify)			
Total			45,188

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	7,749		7,749
49	670	Office salaries		3,545		3,545
50	671	Management salaries		1,598		1,598
51		Total		12,892		12,892

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	95	95
3/4-in		
1-in		
-in		
-in		
Total	95	95

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	94	0	94				94	0
Industrial	1		1				1	
Other (specify)								
Subtotal								
Fire protection (Hydrants)		14	14					14
Total	95	14	109				95	14

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				6" Other sizes (specify)	Totals
				2"	2 1/4 to 3 1/4"	4"	6"		
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel	1	64,000	Cement-asbestos						
Other			Plastic						
			Other (specify)						
			Transite				5900	5900	
			Transite			5900		5900	
Total	1	64,000	Total	0	0	5,900	5900	11,800	

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 Mountain 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