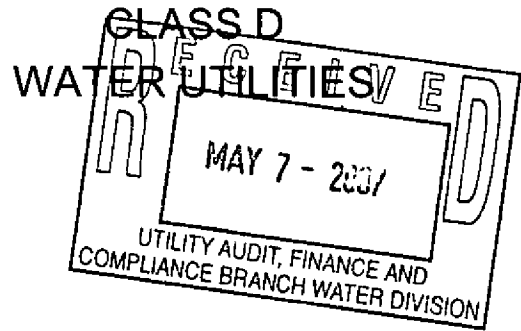


94

Received _____

Examined _____



U# _____

2006
ANNUAL REPORT
OF

DEL ORO WATER COMPANY, INC.

STIRLING BLUFFS 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	87,519
460	Unmetered	29,219
465	Irrigation	
462-480	Private Fire Protection	1,180
	Total Revenue	117,918
	Operating Expenses	
610	Purchased Water	56,554
615	Purchased Power	18,647
	Pump Taxes	0
	Purchased Chemicals	0
618	Other Vol. Related Expense	1,677
630	Employee Labor	4,942
640	Materials	1,541
650	Contract Work	0
	Water Testing	490
660	Transportation Expense	1,109
664	Other Plant Maintenance	0
670	Office Salaries	5,895
671	Management Salaries	2,658
674	Employee Pensions and Benefits	2,879
676	Uncollectables	66
678	Office Service and Rentals	1,958
681	Office Supplies and Expense	3,578
682	Professional Services	1,514
684	Insurance	5,007
688	Regulatory Expense	2,617
689	General Expense	1,588
	Subtotal	112,720
403	Depreciation Expense	5,133
	Ad Valorem Taxes	
	Payroll Taxes	0
408	Taxes other than income	0
409	State Income Tax	800
410	Federal Income Tax	
	Total Deductions	118,653
	Net Revenue	(735)
	Rate Base	
	Average Plant	148,311
	Average Depreciation Reserve	(46,810)
	Net Plant	101,501
	Less: Advances	
	Less: Contributions	
	Plus: Construction in Progress	24,091
	Plus: Working Cash	
	Plus: Material & Supplies	
	Rate Base	125,592
	ROR=Net Rev/Rate Base	-0.6%

CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

DEL ORO WATER COMPANY, INC
STIRLING BLUFFS DISTRICT

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

DRAWER 5172, CHICO, CALIFORNIA 95927-5172

(Official mailing address)

STIRLING CITY, 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		1/1/89

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., IINC PHONE 530-894-1100
STIRLING BLUFFS 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	0	7,223	3,612
2 Land and Land Rights	0	0	0
3 Depreciable Plant	137,250	141,088	139,169
4 Gross Plant in Service	137,250	148,311	142,780
5 Less: Accumulated Depreciation	(41,677)	(46,810)	(44,244)
6 Net Water Plant in Service	95,573	101,501	98,537
7 Water Plant Held for Future Use			
8 Construction Work in Progress	1,646	24,091	12,868
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	97,219	125,592	111,405
CAPITALIZATION			
14 Common Stock	35,000	0	17,500
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	148,735	32,099	90,417
17 Retained Earnings	149,185	122,446	135,816
18 Common Stock and Equity (Lines 14 through 17)	332,920	154,545	243,733
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	332,920	154,545	243,733

(Revised 2/01)

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

NAME OF UTILITY DEL ORCO WATER CO., INC PHONE 530-894-1100
STIRLING BLUFFS DISTRICT

		Annual Amount
INCOME STATEMENT		
23	Unmetered Water Revenue	30,399
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	87,519
27	Total Operating Revenue	117,918
28	<u>Operating Expenses</u>	112,720
29	Depreciation Expense (Composite Rate _____)	5,133
30	Amortization and Property Losses	_____
31	Property Taxes	0
32	Taxes Other Than Income Taxes	0
33	Total Operating Revenue Deduction Before Taxes	65
34	California Corp. Franchise Tax	800
35	Federal Corporate Income Tax	_____
36	Total Operating Revenue Deduction After Taxes	(735)
37	Net Operating Income (Loss) - California Water Operations	(735)
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	7,276
39	Income Available for Fixed Charges	_____
40	Interest Expense	0
41	Net Income (Loss) Before Dividends	6,541
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	13,495
46	Purchased Water	56,554
47	Power	18,647

		Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections	158	158	158
49	Flat Rate Service Connections	_____	_____	_____
50	Total Active Service Connections	158	158	158

**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	148,311	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	32,099
3	104	Water plant purchased or sold		215	Retained earnings	122,446
4	105	Water plant construction work in progress	24,091	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(46,810)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	8,299
7	124	Other investments		252	Advances for construction	
8	131	Cash	27,178	253	Other deferred credits	
9	141	Accounts receivable - customers	3,556	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	5,891	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	628	271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	162,844		Total Equity and Liabilities	162,844

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		7,223			7,223
17	303	Land					0
18	304	Structures					0
19	307	Wells					0
20	317	Other water source plant					0
21	311	Pumping equipment	19,267	1,481			20,748
22	320	Water treatment plant	115,990	2,357			118,347
23	330	Reservoirs tanks and sandpipes					0
24	331	Water mains					0
25	333	Services and meter installations					0
26	334	Meters	1,993				1,993
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	137,250	11,061			148,311

* Debit or credit entres 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	41,677		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	5,133		
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	5,133		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	46,810		
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
	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								
6	NONE							
7								
8	Totals			0	0			0

SCHEDULE F - INCOME STATEMENT

9		Operating revenues	xxxxxxxxxx
10	460	Unmetered water revenue	29,219
11	462	Fire protection revenue	
12	465	Irrigation revenue	
13	470	Metered water revenue	87,519
14	480	Other water revenue	1,180
15		Total Operating Revenue	117,918
16		Operating revenue deductions	xxxxxxxxxx
17		Operating expenses	xxxxxxxxxx
18	610	Purchased water	56,554
19	615	Power	18,647
20	618	Other volume related expenses	1,677
21	630	Employee labor	4,942
22	640	Materials	1,541
23	650	Contract work	490
24	660	Transportation expenses	1,109
25	664	Other plant maintenance expense	0
26	670	Office salaries	5,895
27	671	Management salaries	2,658
28	674	Employee pensions and benefits	2,879
29	676	Uncollectible accounts expense	66
30	678	Office services and rentals	1,958
31	681	Office supplies and expense	3,578
32	682	Professional services	1,514
33	684	Insurance	5,007
34	688	Regulatory commission expense	2,617
35	689	General expenses	1,588
36		Total Operating Expenses	112,720
37	403	Depreciation expense	5,133
38	407	SDWBA loan amortization expense	
39	408	Taxes other than income taxes	
40	409	State corporate income tax expense	800
41	410	Federal corporate income tax expense	
42		Total Operating Revenue Deductions	118,653
43		Utility Operating Income	(735)
44	421	Non-utility income	7,276
45	426	Miscellaneous non-utility expense	
46	427	Interest expense	
47		Net Income	6,541

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
NONE					

OTHER

Streams or springs location of diversion point	Flow in		(Unit) Diversions		Annual quantities diverted (Unit)
	Priority right		Max	Min	
Hendrick Canel	365	365			351
Purchased water (unit)	275				
Supplier: PG&E					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	Sept	Jan	18,845,112
Industrial	Sept	Feb	417,721
Public authorities	August	Jan	4,229,918
Irrigation			
Other (specify)			
Total			23,492,750

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		4,942		4,942
49	670	Office salaries		5,895		5,895
50	671	Management salaries		2,658		2,658
51		Total		13,495		13,495

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		
3/4-in	176	155
1-in	2	1
1.5'-in	1	1
3'-in	1	1
Total	180	158

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1 Used, before repair...	
2 Used, after repair	4
3 Fast, requiring refund ..	4
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	148			17			165	
Industrial	3			5			8	
Other (specify) Public Auth	7			0			7	
				0			0	
Subtotal	158			22			180	
Fire protection (Hydrants)				0			0	
Total	158			22			180	

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)

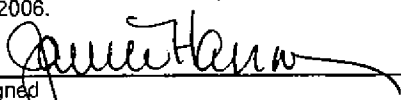
Description	No.	Combined capacity in gallons	Description	2" and under				8" Other sizes (specify)	Totals
				2"	2 1/4 to 3 1/4"	4"	8"		
Concrete			Cast Iron	11200			7270	11,650	30,120
Earth			Welded steel						0
Wood	1	168,000	Standard screw						0
Steel			Cement-asbestos						0
Other			Plastic						0
			Other (specify)	1390			3390		4780
Total	0	0	Total	12590	0	0	10660	11,650	34,900

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. Stirling Bluffs 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, 2006