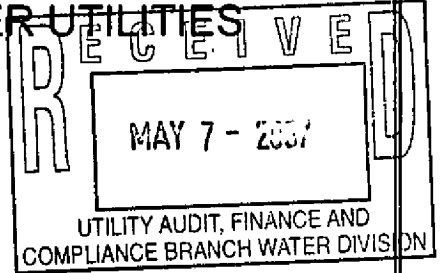


J4

Received _____
Examined _____

CLASS D  
WATER UTILITIES



U# \_\_\_\_\_

2006  
ANNUAL REPORT  
OF

DEL ORO WATER COMPANY INC.

---

STRAWBERRY 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.

<b>Summary of Earnings</b>		
<b>Test Year 2006</b>		
<b>Account Number</b>	<b>Operating Revenue</b>	
470	Metered	7,795
460	Unmetered	130,612
465	Irrigation	0
462-480	Private Fire Protection/Other	5,142
	<b>Total Revenue</b>	<b>143,549</b>
	<b>Operating Expenses</b>	
610	Purchased Water	0
615	Purchased Power	5,980
	Pump Taxes	0
	Purchased Chemicals	0
618	Other Vol. Related Expense	6,447
630	Employee Labor	51,989
640	Materials	5,976
650	Contract Work	5,495
	Water Testing	3,455
660	Transportation Expense	6,834
664	Other Plant Maintenance	215
670	Office Salaries	14,141
671	Management Salaries	6,376
674	Employee Pensions and Benefits	3,613
676	Uncollectables	479
678	Office Service and Rentals	3,898
681	Office Supplies and Expense	13,458
682	Professional Services	1,071
684	Insurance	7,097
688	Regulatory Expense	0
689	General Expense	1,936
	<b>Subtotal</b>	<b>138,461</b>
403	Depreciation Expense	2,100
	Ad Valorem Taxes	0
	Payroll Taxes	4,751
408	Taxes other than income	379
409	State Income Tax	0
410	Federal Income Tax	0
	<b>Total Deductions</b>	<b>145,691</b>
	<b>Net Revenue</b>	<b>(2,142)</b>
	<b>Rate Base</b>	
	Average Plant	123,243
	Average Depreciation Reserve	(2,100)
	Net Plant	121,143
	Less: Advances	0
	Less: Contributions	0
	Plus: Construction in Progress	17,193
	Plus: Working Cash	0
	Plus: Material & Supplies	0
	Rate Base	138,336
	ROR=Net Rev/Rate Base	-1.5%

# CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

DEL ORO WATER CO., INC.

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

DRAWER 5172, CHICO, CALIFORNIA 95927-5172

(Official mailing address)

STRAWBERRY, TUOLUMNE 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    Drawr 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)                    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		12/01/06

**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 209-965-4106  
STRAWBERRY DISTRICT  
PERSON RESPONSIBLE FOR THIS REPORT Janice Hanna  
(Prepared from information in the 2006 Annual Report)

	06/01/06	12/31/06	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	3,464	3,464	3,464
2 Land and Land Rights	1,072	1,072	1,072
3 Depreciable Plant	108,928	118,707	113,818
4 Gross Plant in Service	113,464	123,243	118,353
5 Less: Accumulated Depreciation 2005=8248	0	(2,100)	(1,050)
6 Net Water Plant in Service	113,464	121,143	117,303
7 Water Plant Held for Future Use	67,480	67,480	67,480
8 Construction Work in Progress	0	17,193	8,596
9 Materials and Supplies			
10 Less: Advances for Construction	0	0	0
11 Less: Contribution in Aid of Construction	0	0	0
12 Less: Accumulated Deferred Income and Investment Tax Credits	0	(31,351)	(15,676)
13 Net Plant Investment	<u>180,944</u>	<u>174,464</u>	<u>177,704</u>
<b>CAPITALIZATION</b>			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	113,464	142,937	128,200
17 Retained Earnings	0	5,591	2,796
18 Common Stock and Equity (Lines 14 through 17)	113,464	148,528	130,996
19 Preferred Stock			
20 Long-Term Debt	78,160	62,198	70,179
21 Notes Payable	0	2,725	1,363
22 Total Capitalization (Lines 18 through 21)	<u>191,624</u>	<u>213,451</u>	<u>202,537</u>

(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  
STRAWBERRY DISTRICT

	Annual Amount
<b>INCOME STATEMENT</b>	
23 Unmetered Water Revenue	135,754
24 SDWA Surcharge	43,889
25 Irrigation Revenue	0
26 Metered Water Revenue	7,795
27 Total Operating Revenue	187,438
28 <u>Operating Expenses</u>	138,461
29 Depreciation Expense	2,100
30 Amortization and Property Losses	31,351
31 Property Taxes	379
32 Taxes Other Than Income Taxes	4,751
33 Total Operating Revenue Deduction Before Taxes	10,396
34 California Corp. Franchise Tax	0
35 Federal Corporate Income Tax	0
36 Total Operating Revenue Deduction After Taxes	10,396
37 Net Operating Income (Loss) - California Water Operations	10,396
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(95)
39 Income Available for Fixed Charges	10,301
40 Interest Expense	(4,710)
41 Net Income (Loss) Before Dividends	5,591
42 Preferred Stock Dividends	0
43 Net Income (Loss) Available for Common Stock	5,591

**OTHER DATA**

44 Refunds of Advances for Construction	0
45 Total Payroll Charged to Operating Expenses	72,506
46 Purchased Water	0
47 Power	5,980

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		143	155	149
49 Flat Rate Service Connections		231	224	227.5
50 Total Active Service Connections		374	379	376.5

**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:

Name: Butte Community Bank \_\_\_\_\_  
Address: South Chico Office 2041 Forest Avenue, Chico, California 95928 \_\_\_\_\_  
Phone Number: 530-891-3494 \_\_\_\_\_  
Date Hired: 11/01/06 \_\_\_\_\_

2. Former Fiscal Agent:

Name: Central California Bank \_\_\_\_\_  
Address: 18711 Tiffini Drive, P. O. Box 1342, Twain Harte, CA 95383 \_\_\_\_\_  
Phone Number: 209-586-2733 \_\_\_\_\_  
Date Hired: 5/17/97 \_\_\_\_\_

3. Total surcharge collected from customers during the 12 month reporting period:

\$43,889.30

4. Summary of the trust bank account activities showing:

Balance at beginning of year	<u>2,018</u>
Deposits during the year	<u>47,653</u>
Withdrawals made for loan payments	<u>(20,482)</u>
Other withdrawals from this account    Bk Chgs	<u>(195)</u>
Balance at end of year	<u>28,994</u>

5. Account information:

Bank Name: Butte Community Bank \_\_\_\_\_  
Account Number: 400019246 \_\_\_\_\_  
Date Opened: November 1, 2006 \_\_\_\_\_



6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds:

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	5600.19				5600.19
4		Total non-depreciable plant	5600.19				5600.19
5		DEPRECIABLE PLANT					
6	304	Structures	8519.03				8519.03
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant	14393.34				14393.34
11	330	Reservoirs, tanks and sandpipes	6294.2				6294.2
12	331	Water mains	32672.75				32672.75
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	61879.32				61879.32
20		Total water plant in service	67479.51				67479.51

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2006)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	123,243	201	Common Stock (Corporations only)	
2	103	Water plant held for future use	67,480	211	Other paid-in capital (Corporations only)	142,937
3	104	Water plant purchased or sold		215	Retained earnings	5,591
4	105	Water plant construction work in progress	17,193	218	Proprietary capital/Shareholder Adv	
5	108	Accumulated depreciation of water plant	(2,100)	224	Long term debt/DWR Loan	63,080
6	114	Water plant acquisition adjustments	(31,351)		Current Liabilities	21,467
7	124	Other investments		252	Advances for construction	
8	131	Cash	(458)	253	Other deferred credits	
9	141	Accounts receivable - customers	18,936	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	2,798	283	Accumulated deferred Income taxes - other	
13	180	Deferred charges	8,341	271	Contributions in aid of construction	
14		DWR Trust Account	28,994	272	Accumulated amortization of contributions	
15		<b>Total Assets</b>	<b>233,075</b>		<b>Total Equity and Liabilities</b>	<b>233,075</b>

**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	3,464				3,464
17	303	Land	1,072				1,072
18	304	Structures	3,454				3,454
19	307	Wells	0				0
20	317	Other water source plant	1,809				1,809
21	311	Pumping equipment	7,315	634			7,949
22	320	Water treatment plant	21,005				21,005
23	330	Reservoirs tanks and sandpipes	21,207				21,207
24	331	Water mains	47,176				47,176
25	333	Services and meter installations	2,659				2,659
26	334	Meters	3,212				3,212
27	335	Hydrants	1,090				1,090
28	339	Other equipment	0	4,073			4,073
29	340	Office furniture and equipment	0	1,005			1,005
30	341	Transportation equipment	0	4,067			4,067
31		<b>Total water plant in service</b>	<b>113,463</b>	<b>9,779</b>			<b>123,243</b>

\* 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	0	0	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	2,100	31,351	
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	2,100	31,351	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	2,100	31,351	
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			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	DWR Loan	05/01/84	07/01/08	462,700	62,198	7.4%		4,036
6								
7								
8	Totals							

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	130,612
11	462 Fire protection revenue/SDWBA	43,889
12	465 Irrigation revenue	
13	470 Metered water revenue	7,795
14	480 Other water revenue	5,142
15	Total Operating Revenue	187,438
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	0
19	615 Power	5,980
20	618 Other volume related expenses	6,447
21	630 Employee labor	51,989
22	640 Materials	5,976
23	650 Contract work	8,950
24	660 Transportation expenses	6,834
25	664 Other plant maintenance expense	215
26	670 Office salaries	14,141
27	671 Management salaries	6,376
28	674 Employee pensions and benefits	3,613
29	676 Uncollectible accounts expense	479
30	678 Office services and rentals	3,898
31	681 Office supplies and expense	13,458
32	682 Professional services	1,071
33	684 Insurance	7,097
34	688 Regulatory commission expense	0
35	689 General expenses	1,936
36	Total Operating Expenses	138,461
37	403 Depreciation expense	2,100
38	407 SDWBA loan amortization expense	31,351
39	408 Taxes other than income taxes	5,130
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	177,042
43	Utility Operating Income	10,396
44	421 Non-utility income	23
45	426 Miscellaneous non-utility expense	(118)
46	427 Interest expense	(4,710)
47	Net Income	5,591

**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

**OTHER**

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted Gallons
	Priority right		Diversions		
	Claim	Capacity	Max	Min	
Herring Creek	150	150	150		51,717,065
Purchased water (unit)					Annual quantity
Supplier:					

**SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS**

(If figures are available) (specify unit) Gallons

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
	Aug	Jan	
Residential & business			5,765,320
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			5,765,320

**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	51,989		51,989
49	670	Office salaries		14,141		14,141
50	671	Management salaries		6,376		6,376
51		Total		72,506		72,506

**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	152	
3/4-in		
1-in	3	
1.5-in		
Total	155	

**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	155	224	379				155	224
							0	0
Industrial								
Other (specify) Fire Dept.								
School								
Subtotal	155	224	379				155	224
Fire protection (Hydrants)								
Total	155	224	379				155	224

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)**

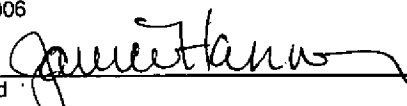
Description	No.	Combined capacity in gallons	Description	2" and	2 1/4 to	4"	6"	10"	12"	Totals
				under	3 1/4		Other sizes (specify)			
Concrete		9000	Cast Iron							
Earth			Welded steel			4890	2600	5000		12490
Wood		124000	Standard screw	12350			120		19	12489
Steel		670000	Cement-asbestos			1,670	16426	1175	390	19661
Other			Plastic			760	350			1110
			Other (specify)							
Total		803000	Total	12350	0	7320	19496	6175	409	45750

**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. Strawberry 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 Corporate Accounting  
 Date: March 31, 2007