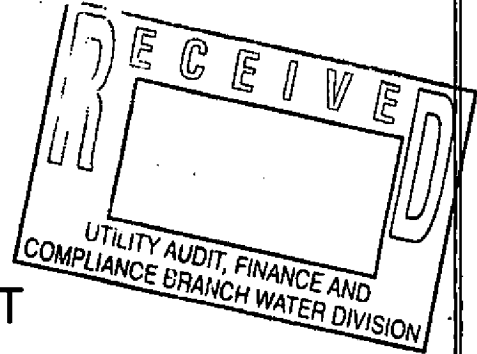


Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____

2006
ANNUAL REPORT
OF



SERENO DEL MAR WATER COMPANY

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

P O BOX 457

FORESTVILLE, CA 95436-0457

(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
ATTN: Kayode Kajoypaiye
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, typed or computer generated.
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 flow 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.

CLASS D WATER UTILITIES
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

SERENO DEL MAR WATER COMPANY

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

P O BOX 457, FORESTVILLE, CA 95436-0457

(Official mailing address)

SERENO DEL MAR & GLEASON BEACH SUBDIVISION/SONOMA COUNTY

(Service area-town and county)

Telephone Number: 707-887-7735 Fax Number: 707-887-9445 Email Address: rruwater@sonic.net

GENERAL INFORMATION

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

- 1 If a corporation show: PUC C.P.C.&N. (1/21/69)
 (A) Date of organization 1969 incorporated in the State of California
 (B) Names, titles and addresses of principal officers:
 Hal Wood, President; James Dunton, Vice President/Secretary
- 2 If unincorporated provide the name and address of the owner(s) or the partners:
 Russian River Utility, P O Box 730, Forestville, CA 95436-0730
- 3 Name, title, and telephone number of:
 (A) One person listed above to receive correspondence: Hal Wood, President 707-887-7735
 (B) Person responsible for operations and services: Jamie Dunton, Vice President 707-887-7735
- 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? Contract Operator
 To Russian River Utility, Total \$43,881 acct 650, 678, 681, 682.2
- 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:
 Russian River Utility

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		9/3/02

- 11 List Name, Grade, and License Number of all Licensed Operators:

<u>Hal Wood</u>	<u>III 10693</u>
<u>Jamie Dunton</u>	<u>II 13417</u>
<u>Matt Peyer</u>	<u>II 19331</u>

Excess Capacity and Non-Tariffed Services

NOTE: In D.00-07-018, D.03-04-028, and D. 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to: 1) file an advice letter requesting Commission approval of that service, 2) provide information regarding non-tariffed goods/services in each companies Annual Report to the Commission.

Based on the information and filings required in D.00-07-018, D.03-04-028, and D.04-12-023, provide the following information by each individual non-tariffed good and service provided in 200 . . .

Row Number	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue derived from Non-Tariffed Good/Service (by account)	Revenue Account Number	Total Expenses incurred to provide Non-Tariffed Good/Service (by Account)	Expense Account Number	Advice Letter and/or Resolution Number approving Non-Tariffed Good/Service	Total Income Tax Liability incurred because of non-Tariffed Good/Service (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets used in the provision of a Non-Tariffed Good/Service (by account).	Regulated Asset Account Number

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please COMPLETE 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: California Bank & Trust
Address: 1331 Broadway, Sacramento, CA 95818
Phone Number: 916-443-5761 800-400-6080
Date Hired: 4-12-2001

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

\$ 18,981.90

3. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ 36,788.17
Deposits during the year (2006)	<u>19,255.52</u>
Withdrawals made for loan payments	<u>15,980.32</u>
Other withdrawals from this account (Bank Service Chg)	<u>180.00</u>
Balance at end of year	<u>39,883.37</u>

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

4. Plant amounts which were funded using SDWBA funds should also be included in Schedule A, Account No. 101—Water Plant in Service

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	20,000				20,000
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures	50,000				50,000
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment	5,000				5,000
10	320	Water treatment plant	150,000				150,000
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains	25,000				25,000
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	250,000				250,000

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2006)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	650,603	201	Common Stock (Corporations only)	29,450
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	78,757
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	105,175	224	Long term debt	187,621
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Other deferred credits	
9	141	Accounts receivable - customers		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		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	249,600
14				272	Accumulated amortization of contributions	
15		Total Assets	545,548		Total Equity and Liabilities	545,428

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	54,604				54,604
17	303	Land					
18	304	Structures	52,871				52,871
19	307	Wells	32,029				32,029
20	317	Other water source plant	4,020				4,020
21	311	Pumping equipment	17,153				17,153
22	320	Water treatment plant	158,900				158,900
23	330	Reservoirs tanks and sandpipes	184,157				184,157
24	331	Water mains	90,473				90,473
25	333	Services and meter installations	15,566				15,566
26	334	Meters	9,167	3,786			12,953
27	335	Hydrants	18,025				18,025
28	339	Other equipment	9,852				9,852
29	340	Office furniture and equipment					
30	341	Transportation equipment					
31		Total water plant in service	646,817				650,603

* 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	101,880		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate.
34	(a) Charged to Account No. 272			
35	(b) Charged to Account No. 403			
36	(c) Charged to Account No. 407			
37	(d) Salvage recovered			B. Amount of depreciation expense claimed
38	(e) All other credits			or to be claimed on utility property in
39	Total credits	3,295		your federal income tax return for the year
40	Deduct: Debits to reserves during year			covered by this report \$
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	70,352		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

Line **SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 20__)**

1	Common - (Shares 29,450, \$ 10 par)	29,450	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	N/A							
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	79,638
14	480 Other water revenue	
15	Total Operating Revenue	79,638
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	600
19	615 Purchased power	4,418
20	618 Other volume related expenses	
21	630 Employee labor	
22	640 Materials	403
23	650 Contract work	31,596
24	660 Transportation expenses	
25	664 Other plant maintenance expense	6,061
26	670 Office salaries	
27	671 Management salaries	
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	5,740
31	681 Office supplies and expense	3,182
32	682 Professional services	3,363
33	684 Insurance	4,748
34	688 Regulatory commission expense	546
35	689 General expenses	
36	Total Operating Expenses	60,657
37	403 Depreciation expense	3,295
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	6,511
40	409 State income tax expense	
41	410 Federal income tax expense	
42	Total Operating Revenue Deductions	70,463
43	Utility Operating Income	
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	9,175

13.02%

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
Wells	1	6	70	5	0
	4B	6	30	3	0
	5	6	30	2	0
	6	6	30	5	0
	7	6	30	5	0
	8	6	30	5	0
	9	6	84	6	0

OTHER

Streams or springs location of diversion point	Flow in Priority right		(Unit) Diversions		Annual Quantities Diverted Unit
	Claim	Capacity	Max	Min	
Sidehill well #3	1	7	7	1	1.1
#3	1	20	20	1	1.0
#4	1	20	20	1	0.7
Purchased water (unit)				Annual Quantity	
Supplier: Carmet by the Sea					
Spring				4.4	

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	54	0.22	4.06
Industrial/Commercial			
Fire Protection			
Irrigation			
Other (specify)			
Total	54	0.22	4.06

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	N/A			
49	670	Office salaries				
50	671	Management salaries				
51		Total				

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	109	109
3/4-in	47	47
1-in	10	10
-in		
-in		
Total	166	166

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year		
1	Used, before repair...	0
2	Used, after repair	0
3	Fast, requiring refund ..	0
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	119			47			166	
Industrial/Commercial								
Irrigation								
Fire Protection (public)		23						23
Fire Protection (private)								
Other (specify) (inactive)								47
Total	119	23		47			166	70

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)

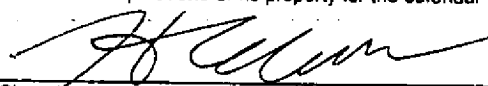
Description	No.	Combined capacity in gallons	Description	Footages				Totals
				2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)	
Concrete			Cast Iron					
Earth			Welded steel					
Wood	2	90,000	Standard screw					
Steel	1	212,000	Cement-asbestos			450	16100	16,550
Other			Plastic	5000	2000			7,000
Plastic	2	15,000	Other (specify)					
Stainless		4,800						
Total		321,800	Total	5000	2000	450	16100	23,550

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of Sereno Del Mar Water Company (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, documents, 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 calendar year.

January 1, 20 06 through December 31, 2006.

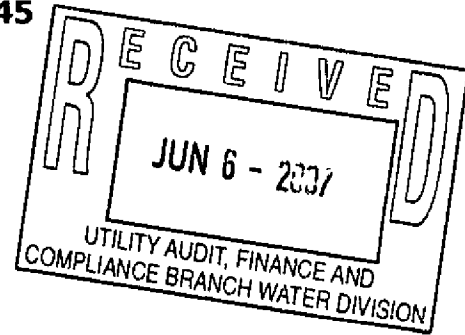


Signed President (Hal Wood)

Title 6-3-2007

Date

SERENO DEL MAR WATER COMPANY
P O Box 457
Forestville, CA 95436-0457
Phone (770) 887-7735, Fax (707) 887-9445



May 30, 2006

Kayode Kajopaiye
California Public Utilities Commission
505 Van Ness Avenue, Room 3105
San Francisco, CA 94102-3298

re: Annual Report 2006

Dear Mr. Kajopaiye:

The attached Annual Report includes payments for the SRF loan # SRF 1997C307.

Yours very truly,

A handwritten signature in black ink, appearing to be "Hal Wood", written over a horizontal line.

Hal Wood

enc.

An Rep to PUC