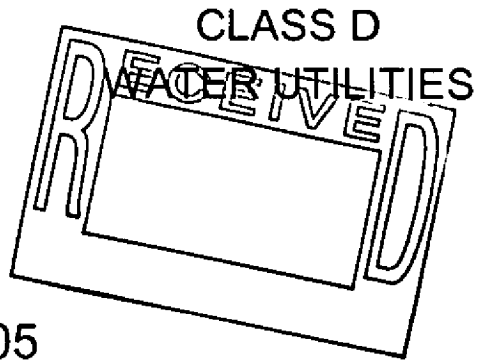


Received _____
 Examined _____



U# _____

2005
 ANNUAL REPORT
 OF

TIMBERLAND WATER COMPANY

P.O. Box [REDACTED] 1855

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

PENN VALLEY
 [REDACTED],

CA.

95946
 [REDACTED]

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
 PUBLIC UTILITIES COMMISSION
 STATE OF CALIFORNIA
 FOR THE
 YEAR ENDED DECEMBER 31, 2005

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2006
 (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
ATTENTION: KAYODE KAJOPAIYE
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 Janauary 1 through December 31. Fiscal year reports will not be accepted.

Account Number	Operating Revenue	
470	Metered	15600
460	Unmetered	52545
465	Irrigation	
462-480	Private Fire Protection	240
	Total Revenue	68386
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	1677
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	75
640	Materials	480
650	Contract Work	5680
	Water Testing	1100
660	Transportation Expense	1331
664	Other Plant Maintenance	
670	Office Salaries	3000
671	Management Salaries	19000
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	281
681	Office Supplies and Expense	3356
682	Professional Services	
684	Insurance	3084
688	Regulatory Expense	619
689	General Expense	571
	Subtotal	40254
403	Depreciation Expense	6123
	Ad Valorem Taxes	740
	Payroll taxes	
408	Taxes other than income	
409	State Income Tax	1625
410	Federal Income Tax	
	Total Deductions	48742
	Net Revenue	19644
	Rate Base	

	Average Plant	243739
	Average Depreciation Reserve	78456
	Net Plant	165284
	Less: Advances	3000
	Less: Contributions	12287
	Plus: Construction Work in Progress	
	Plus: Working Cash	
	Plus: Material & Supplies	4000
	Rate Base	
	ROR=Net Rev/Rate Base	153997

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
2005

NAME OF UTILITY Timberland Water Comapany PHONE (530) 432-9898

PERSON RESPONSIBLE FOR THIS REPORT John Ballard
(Prepared from Information in the 2005 Annual Report)

	1/1/05	12/31/05	Average
BALANCE SHEET DATA			
1 Intangible Plant			
2 Land and Land Rights	3061	3061	3061
3 Depreciable Plant	240354	241002	240678
4 Gross Plant in Service	243415	244063	243739
5 Less: Accumulated Depreciation	75202	81709	78456
6 Net Water Plant in Service	168213	162354	165284
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies			
10 Less: Advances for Construction	(3000)	(3000)	(3000)
11 Less: Contribution in Aid of Construction	(12470)	(12104)	(12287)
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	158743	147250	152997
CAPITALIZATION			
14 Common Stock	26875	26875	26875
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital	65955	65955	65995
17 Retained Earnings	71749	91393	81571
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	164579	184223	174401

(Revised 2/01)

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

20 05
(continued)

NAME OF UTILITY Timberland Water Company PHONE (530) 432-9898

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	52545
24 Fire Protection Revenue	240
25 Irrigation Revenue	15600
26 Metered Water Revenue	68386
27 Total Operating Revenue	40254
28 <u>Operating Expenses</u>	6123
29 Depreciation Expense (Composite Rate <u>2.7</u>)	740
30 Amortization and Property Losses	47117
31 Property Taxes	1625
32 Taxes Other Than Income Taxes	19644
33 Total Operating Revenue Deduction Before Taxes	19644
34 California Corp. Franchise Tax	1625
35 Federal Corporate Income Tax subchapter "S" corporation	19644
36 Total Operating Revenue Deduction After Taxes	19644
37 Net Operating Income (Loss) - California Water Operations	19644
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	19644
39 Income Available for Fixed Charges	19644
40 Interest Expense	19644
41 Net Income (Loss) Before Dividends	19644
42 Preferred Stock Dividends	19644
43 Net Income (Loss) Available for Common Stock	19644

OTHER DATA

44 Refunds of Advances for Construction	19075
45 Total Payroll Charged to Operating Expenses	19075
46 Purchased Water	1677
47 Power	1677

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		13	15	14
49 Flat Rate Service Connections		119	119	119
50 Total Active Service Connections		132	134	133

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

NONE

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: _____
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: _____

NONE

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					
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, 2005)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	244063	201	Common Stock (Corporations only)	26875
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	65955
3	104	Water plant purchased or sold		215	Retained earnings	91393
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	81709	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments		252	Advances for construction	
8	131	Cash	34156	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	12287
14				272	Accumulated amortization of contributions	
15		Total Assets	196510		Total Equity and Liabilities	196510

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					
17	303	Land	3061				3061
18	304	Structures	3255				3255
19	307	Wells	5473				5473
20	317	Other water source plant		648			648
21	311	Pumping equipment	32624				32624
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	92042				92042
24	331	Water mains	60287				60287
25	333	Services and meter installations	2028				2028
26	334	Meters	8117				8117
27	335	Hydrants	3000				3000
28	339	Other equipment	4482				4482
29	340	Office furniture and equipment	9732				9732
30	341	Transportation equipment	19294				19294
31		Total water plant in service	243415				244063

* 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	75202		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate. 2.7%
34	(a) Charged to Account No. 403	6141		
35	(b) Charged to Account No. 272	366		
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	6507		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			various
45	Balance in reserve at end of year	81709		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2005)

Line	1	Common - (Shares , \$ no par)	26875	List persons owning more than 5% of outstanding stock
	2	Preferred - (Shares , \$ par)		and number of shares owned by each:
	3	Dividends - Common Rate - \$		John Ballard 100%
	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							
6	O							
7	N							
8	F	Totals						

SCHEDULE F - INCOME STATEMENT

9		Operating revenues	xxxxxxxxxx
10	460	Unmetered water revenue	52545
11	462	Fire protection revenue	240
12	465	Irrigation revenue	
13	470	Metered water revenue	15600
14	480	Other water revenue	
15		Total Operating Revenue	68386
16		Operating revenue deductions	xxxxxxxxxx
17		Operating expenses	xxxxxxxxxx
18	610	Purchased water	
19	615	Power	1677
20	618	Other volume related expenses	1100
21	630	Employee labor	75
22	640	Materials	480
23	650	Contract work	5680
24	660	Transportation expenses	1331
25	664	Other plant maintenance expense	
26	670	Office salaries	3000
27	671	Management salaries	19000
28	674	Employee pensions and benefits	
29	676	Uncollectible accounts expense	
30	678	Office services and rentals	281
31	681	Office supplies and expense	3356
32	682	Professional services	619
33	684	Insurance	3084
34	688	Regulatory commission expense	
35	689	General expenses	571
36		Total Operating Expenses	40254
37	403	Depreciation expense	6123
38	407	SDWBA loan amortization expense	
39	408	Taxes other than income taxes	740
40	409	State corporate income tax expense	1625
41	410	Federal corporate income tax expense	
42		Total Operating Revenue Deductions	48742
43		Utility Operating Income	
44	421	Non-utility income	
45	426	Miscellaneous non-utility expense	
46	427	Interest expense	
47		Net Income	19644

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
860 Sugar Pine	1	4"	220	240	

OTHER

Streams or springs location of diversion point	Flow in		(Unit) Diversions		Annual quantities diverted (Unit)
	Priority right	Claim	Capacity	Max	
Purchased water (unit)					Annual quantity
Supplier:					

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			
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			

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	1	75		75
49	670	Office salaries	1	3000		3000
50	671	Management salaries	1	19000		19000
51		Total				22075

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	N
Additions during year	O
Subtotal - Beginning balance plus additions during year	N
Refunds	E
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	

SCHEDULE K - TOTAL METERS AND SERVICES (active and inactive) Flat Rate

Size	Meters	Services
5/8 x 3/4-in		
3/4-in		
1-in		
-in		
-in		
Total		

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								
Industrial								
Other (specify)								
Subtotal								
Fire protection (Hydrants)								
Total								

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	2 1/4 to 3 1/4	4"	6" Other sizes (specify)	Totals
				Concrete			Cast Iron	
Earth			Welded steel			7000	1437	8437
Wood			Standard screw	5758	500			6258
Steel	1	30000	Cement-asbestos					
Other			Plastic					
			Other (specify)			1000	75	1075
			PVC					
Total			Total	5758	500	8000	1512	15770

DECLARATION

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

I, the undersigned (officer, partner or owner) of _____ (Name of utility), 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, 2005, to and including December 31, 2005

Signed

[Signature]

Title

President

Date

4-24-06