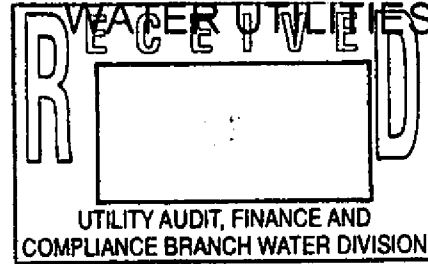


3/4

Received _____
Examined _____

CLASS D



U# _____

2006
ANNUAL REPORT
OF

TIMBERLAND WATER COMPANY

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

P.O. Box ¹⁸⁵⁵ ~~725~~

Penny Valley
~~Penny Valley~~

CA

95946
~~95946~~

(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)

L

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 calander year, from January 1 through December 31. Fiscal year reports will not be accepted.

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

TIMBERLAND WATER COMPANY

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

P.O. Box ~~783~~ 1855
(Official mailing address)
Penny Valley 95946
~~Felton~~, CA ~~95505~~

(Service area-town and county)

Telephone Number:
(530) 432-9898

Fax Number:
GENERAL INFORMATION

Email Address:

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

Subchapter "S" Corporation

- 1 If a corporation show:
 - (A) Date of organization 1993 incorporated in the State of California
 - (B) Names, titles and addresses of principal officers: 1855 Penny Valley
John Ballard, President, P.O. Box ~~783~~ Felton City, CA ~~95505~~
- 2 If unincorporated provide the name and address of the owner(s) or the partners: 95946
- 3 Name, title, and telephone number of: John Ballard (530) 432-9898
 - (A) One person listed above to receive correspondence: 530 583-3478
 - (B) Person responsible for operations and services: As Above
- 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	
X		
X		

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

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 company's 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
	None										

**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: _____

Address: _____

Phone Number: _____

Date Hired: _____

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

\$ _____

3. 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	_____

**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					
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, 20 06)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	260725	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	84769
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	88199	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments		252	Advances for construction	
8	131	Cash	5073	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	
14				272	Accumulated amortization of contributions	
15		Total Assets	177599		Total Equity and Liabilities	177599

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additons 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	5493				5493
20	317	Other water source plant					
21	311	Pumping equipment	32624	17310			49934
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	17310			260725

* 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	81709		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			2.7%
35	(b) Charged to Account No. 403	6490		
36	(c) Charged to Account No. 407			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			covered by this report §
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			not complete
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	88199		
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	. \$ 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								
6	None							
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	52309
12	465 Irrigation revenue	
13	470 Metered water revenue	20933
14	480 Other water revenue	
15	Total Operating Revenue	73242
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	
19	615 Purchased power	2334
20	618 Other volume related expenses	555
21	630 Employee labor	15252
22	640 Materials	959
23	650 Contract work	
24	660 Transportation expenses	2399
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	1717
31	681 Office supplies and expense	2023
32	682 Professional services	200
33	684 Insurance	2725
34	688 Regulatory commission expense	
35	689 General expenses	589
36	Total Operating Expenses	50753
37	403 Depreciation expense	6490
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	2179
40	409 State income tax expense	800
41	410 Federal income tax expense	
42	Total Operating Revenue Deductions	60222
43	Utility Operating Income	
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	13020

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	No Record

OTHER

Streams or springs location of diversion point	Flow in Priority right		(Unit) Diversions		Annual Quantities Diverted Unit
	Claim	Capacity	Max	Min	
None					
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	No		
Industrial/Commercial	Record		
Fire Protection			
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	3000		3000
49	670	Office salaries				
50	671	Management salaries	1	17000		17000
51		Total	2	20000		20000

SCHEDULE J - ADVANCES FOR CONSTRUCTION

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

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

Size	Meters	Services
5/8 x 3/4-in	8	
3/4-in		
1-in	5	
2-in	2	
3-in	1	
Total	16	

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	15	113	128				15	113
Industrial/Commercial								
Irrigation								
Fire Protection (public)								
Fire Protection (private)								
Other (specify) <u>school</u>	1		1				1	
Total	16	113	129				16	113

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			6550	1437	7987	
Wood			Standard screw	5758	500			6258	
Steel	1	30000	Cement-asbestos						
Other			Plastic			450		450	
			Other (specify)			1000	75	1075	
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 TIMBERLAND 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, 2006 through December 31, 2006.

Signed

John Beaman
President

Title

3/17/07

Date