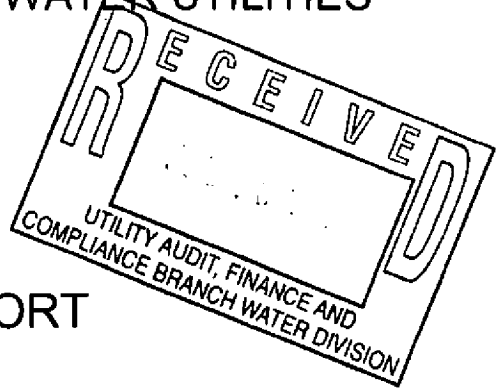


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Received \_\_\_\_\_  
 Examined \_\_\_\_\_

CLASS D  
 WATER UTILITIES

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



2006  
 ANNUAL REPORT  
 OF

TWIN VALLEY INC.

P.O. BOX 433

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

MORGAN HILL, CA 95038

(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)

TWIN VALLEY, INC.

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

P.O. Box 433

(Official mailing address)

MORGAN Hill, CA 95038

(Service area-town and county)

Telephone Number:

Fax Number:

Email Address:

**GENERAL INFORMATION**

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

- 1 If a corporation show: 1974 incorporated in the State of CALIF.  
 (A) Date of organization  
 (B) Names, titles and addresses of principal officers:  
Steve Havens, 14295 Spumore Dr Morgan Hill, CA 95037

2 If unincorporated provide the name and address of the owner(s) or the partners:

3 Name, title, and telephone number of: Steve Havens, (408) 776-0511

(A) One person listed above to receive correspondence:

(B) Person responsible for operations and services: Steve Havens

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
6	X		
7	X		
8	X		
9	N/A		
10	N/A		

11 List Name, Grade, and License Number of all Licensed Operators:  
Steve Havens WATER DISTRIBUTION D1 Certificate  
4300573



**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: BANK OF AMERICA  
Address: 777 N. 1ST, SAN JOSE, CA 95128  
Phone Number: 408-983-0587  
Date Hired: 4-1-95

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

\$ 13725

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

\$	7065
	<u>13725</u>
	<u>12820</u>
	<u>216</u>
	<u>10754</u>

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

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

4.

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		<b>NON-DEPRECIABLE PLANT</b>					
2	301	Intangible plant					
3	303	Land					
4		Total non-depreciable plant					
5		<b>DEPRECIABLE PLANT</b>					
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<sup>06</sup>)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	343578	201	Common Stock (Corporations only)	250000
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	338823
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	(104164)	224	Long term debt	354300
6	114	Water plant acquisition adjustments			Current Liabilities	2710
7	124	Other investments	37005	252	Advances for construction	135000
8	131	Cash	2751	253	Other deferred credits	50231
9	141	Accounts receivable - customers	10932	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	11450		deprecaation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	87536
14				272	Accumulated amortization of contributions	
15		<b>Total Assets</b>	<b>295352</b>		<b>Total Equity and Liabilities</b>	<b>295352</b>

**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	985				985
17	303	Land	5294				5294
18	304	Structures	21604				21604
19	307	Wells	94508				94508
20	317	Other water source plant	33				33
21	311	Pumping equipment	66059	2550	1500		67109
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	15267				15267
24	331	Water mains	97814				97814
25	333	Services and meter installations	15617				15617
26	334	Meters	45976				45976
27	335	Hydrants	2076				2076
28	339	Other equipment					
29	340	Office furniture and equipment	3406				3406
30	341	Transportation equipment	7751				7751
31		<b>Total water plant in service</b>	<b>342322</b>				<b>342322</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	95599		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			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	8765		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	(1) Explanation of all other credits			
47	(2) Explanation of all other debits	104164		

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 20\_\_)**

Line

1	Common - (Shares	25000	.000	par)	25000	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	BANK OF AMERICA	4/99	OPEN	50000	29550	10	5000	5000
6	State HAVEN	2/02	OPEN	80000	65000	8	3340	<del>3340</del>
7		5/78	2038	250000	232500	2.9	6500	6500
8	SDWBA	Totals						

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	174291
14	480 Other water revenue	
15	Total Operating Revenue	174291
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	18365
19	615 Purchased power	30785
20	618 Other volume related expenses	
21	630 Employee labor	18501
22	640 Materials	13250
23	650 Contract work	1510
24	660 Transportation expenses	7650
25	664 Other plant maintenance expense	11250
26	670 Office salaries	6000
27	671 Management salaries	415
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	15000
31	681 Office supplies and expense	850
32	682 Professional services	650
33	684 Insurance	1450
34	688 Regulatory commission expense	1713
35	689 General expenses	
36	Total Operating Expenses	121889
37	403 Depreciation expense	8515
38	407 SDWBA loan amortization expense	325
39	408 Taxes other than income taxes	7500
40	409 State income tax expense	800
41	410 Federal income tax expense	
42	Total Operating Revenue Deductions	144039
43	Utility Operating Income	
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	4650
47	Net Income	24466



**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
Uptonville	4	10	40	50	
Scyama	3	10	60	35	
Chaparral	5	10	40	25	
Kelly	6	8	40	25	

**OTHER**

Streams or springs location of diversion point	Flow in Priority right		(Unit) Diversions		Annual Quantities Diverted Unit
	Claim	Capacity	Max	Min	
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	12	12	12
Industrial/Commercial			
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	18365		18365
49	670	Office salaries	1	6000		6000
50	671	Management salaries	1	415		415
51		Total				24780

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	135000
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	135000

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

Size	Meters	Services
5/8 x 3/4-in		
3/4-in	51	
1-in	32	
-in	6	
-in		
Total	90	

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	8
1 Used, before repair...	
2 Used, after repair .....	6
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	90		90					
Industrial/Commercial								
Irrigation								
Fire Protection (public)								
Fire Protection (private)	9		9					
Other (specify)								
Total	99		99					

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			Other sizes (specify)	Totals
				2 1/4 to 3 1/4	4"			
Concrete			Cast Iron					
Earth			Welded steel					
Wood	1	33000	Standard screw					
Steel	1	66000	Cement-asbestos			25000 6"	25000	
Other			Plastic			3500 6"	3500	
			Other (specify)					
Total			Total					

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Stem 2. Harnas (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

Title

Date

*Stem 2. Harnas*  
- President  
03/31/07