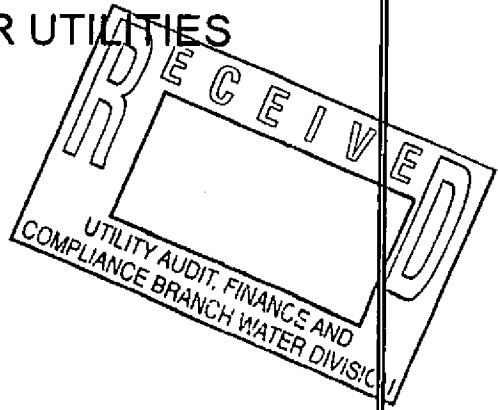


Received _____
 Examined _____

CLASS D
 WATER UTILITIES



U# _____

2006
 ANNUAL REPORT
 OF

VERMO WATER COMPANY, INC.

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

1275 SPRING GARDEN RANCH RD.

DELEON SPRINGS, FL 32130

(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 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)

YERMO WATER COMPANY, INC

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

1275 SPRING GARDEN RANCH RD

(Official mailing address)

DELEDN SPRINGS, FL 32130

(Service area-town and county)

Telephone Number: 386-985-0475 Fax Number: 386-985-6476 Email Address:

GENERAL INFORMATION

1ardona1sop@aol.com

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

- 1 If a corporation show:
 - (A) Date of organization 1/1/06 incorporated in the State of FLORIDA
 - (B) Names, titles and addresses of principal officers:
 - 2 DONALD R. WALKER, PRESIDENT, 1275 SPRING GARDEN RANCH RD
 - If unincorporated provide the name and address of the owner(s) or the partners: DELEDN SPRINGS, FL
- 3 Name, title, and telephone number of:
 - (A) One person listed above to receive correspondence: DONALD R. WALKER, PRESIDENT
 - (B) Person responsible for operations and services: N/A (386) 985-0475
- 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 No DONNA C. ALSOP, CPA
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?
HOURLY CHARGE \$ 30.00 CHARGED TO PROFESSIONAL SERVICES
- 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
<input checked="" type="checkbox"/>		<u>1/23/07</u>
<input checked="" type="checkbox"/>		<u>8/9/07</u>
<input checked="" type="checkbox"/>		
	<u>N/A</u>	
	<u>N/A</u>	

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

**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	2300				2300
3	303	Land	19730				19730
4		Total non-depreciable plant	22030				22030
5		DEPRECIABLE PLANT					
6	304	Structures	2900				2900
7	307	Wells	26200				26200
8	317	Other water source plant					
9	311	Pumping equipment	8000				8000
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes	1000				1000
12	331	Water mains	10000				10000
13	333	Services and meter installations	19800				19800
14	334	Meters	1680				1680
15	335	Hydrants	7600				7600
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant	99210				99210
20		Total water plant in service	99210				99210

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 20__)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	99,210	201	Common Stock (Corporations only)	10,000
2	103	Water plant held for future use	—	211	Other paid-in capital (Corporations only)	65,000
3	104	Water plant purchased or sold	—	215	Retained earnings	(110,519)
4	105	Water plant construction work in progress	—	218	Proprietary capital	—
5	108	Accumulated depreciation of water plant	77,780	224	Long term debt	—
6	114	Water plant acquisition adjustments	—		Current Liabilities	64,668
7	124	Other investments	—	252	Advances for construction	—
8	131	Cash	6909	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	1250	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	29,589		Total Equity and Liabilities	29,589

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	2,300				2300
17	303	Land	19,730				19730
18	304	Structures	2,900				2,900
19	307	Wells	26,200				26,200
20	317	Other water source plant	—				—
21	311	Pumping equipment	8,000				8000
22	320	Water treatment plant	—				—
23	330	Reservoirs tanks and sandpipes	1,000				1,000
24	331	Water mains	10,000				10,000
25	333	Services and meter installations	19,800				19,800
26	334	Meters	11,680				11,680
27	335	Hydrants	7,600				7,600
28	339	Other equipment	—				—
29	340	Office furniture and equipment	—				—
30	341	Transportation equipment	—				—
31		Total water plant in service	99,210				99,210

* 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	76,740		
33	Add: Credits to reserves during year			A. Method used to compute depreciation expense (Acct. 403) and rate.
34	(a) Charged to Account No. 272			
35	(b) Charged to Account No. 403	1040		FEDERAL TAX REQUIREMENTS
36	(c) Charged to Account No. 407			
37	(d) Salvage recovered			B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$ 1040
38	(e) All other credits			
39	Total credits			
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			
43	(c) All other debits			C. State method used to compute tax depreciation.
44	Total debits			N/A
45	Balance in reserve at end of year	77780		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

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

Line	Common - (Shares	100	\$ 100	par)	10000	00	List persons owning more than 5% of outstanding stock
1	Common - (Shares	100	\$ 100	par)	10000	00	and number of shares owned by each:
2	Preferred - (Shares		\$	par)			
3	Dividends - Common	Rate - \$					DONALD R WALKER - 51 SHARES
4	- Preferred	Rate - \$					JEFF BENTONS 40 SHARES

SCHEDULE E - LONG TERM DEBT MARVIN HAROY - 9 SHARES

	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	NIA							
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	56,795
14	480 Other water revenue	—
15	Total Operating Revenue	56,793
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	—
19	615 Purchased power	20,151
20	618 Other volume related expenses	—
21	630 Employee labor	—
22	640 Materials	2,600
23	650 Contract work	9,977
24	660 Transportation expenses	6,365
25	664 Other plant maintenance expense	25,811
26	670 Office salaries	22,822
27	671 Management salaries	17,500
28	674 Employee pensions and benefits	—
29	676 Uncollectible accounts expense	—
30	678 Office services and rentals	1103
31	681 Office supplies and expense	6,942
32	682 Professional services	4,031
33	684 Insurance	—
34	688 Regulatory commission expense	1,392
35	689 General expenses	14,146
36	Total Operating Expenses	130,608
37	403 Depreciation expense	1,040
38	407 SDWBA loan amortization expense	—
39	408 Taxes other than income taxes	35,234
40	409 State income tax expense	—
41	410 Federal income tax expense	—
42	Total Operating Revenue Deductions	166,874
43	Utility Operating Income	
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	110,019

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
HELBED	1		300	90	
MARINE	1		300	225	
MARINE	2		300	135	

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) *N/A*

Classification of service	Max mo. Mo. of	Min. Mo. Mo. Of	Total for year
Residential & business			
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				
49	670	Office salaries	1.5	22,123		22,123
50	671	Management salaries	1	17,500		17,500
51		Total		39,623		39,623

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	N/A
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	306	WATER
3/4-in		
1-in	3	WATER
-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	269		269	40		40	309	
Industrial/Commercial								
Irrigation								
Fire Protection (public)								
Fire Protection (private)								
Other (specify)								
Total	269		269	40		40	309	

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	N/A		Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel			Cement-asbestos						
Other			Plastic						
			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 DONALD R. WALKER (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, 20 06.

Signed NR Walker
PRESIDENT

Title
Date 9/21/07