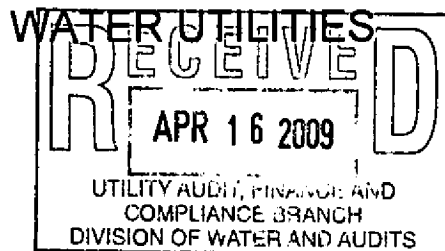


J4

Received _____

Examined _____

CLASS D



U# _____

2008
 ANNUAL REPORT
 OF

Arroyo Center Water Company, Inc.

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

47475 Arroyo Seco Road

Greenfield, CA 93927

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
 PUBLIC UTILITIES COMMISSION
 STATE OF CALIFORNIA
 FOR THE
 YEAR ENDED DECEMBER 31, 2008

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2009
 (FILE TWO COPIES IF THREE RECEIVED)

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

Arroyo Center Water Company, Inc.

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

47475 Arroyo Seco Road, Greenfield, CA 93927

(Official mailing address)

Arroyo Seco Resort, Monterey County

(Service area-town and county)

Telephone Number: (805) 801-2215

Fax Number: (831) 674-3304

Email Address: N/A

GENERAL INFORMATION

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

- 1 If a corporation show:
 - (A) Date of organization June 9, 1961 incorporated in the State of California
 - (B) Names, titles and addresses of principal officers: **See Attached**
- 2 If unincorporated provide the name and address of the owner(s) or the partners: **N/A**
- 3 Name, title, and telephone number of:
 - (A) One person listed above to receive correspondence: **Bob Land (831) 754-0489**
 - (B) Person responsible for operations and services: **Charlie Reaves (805) 801-2215**
- 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) **Yes**
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? **See Below**
- 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		Oct 08
X		Mar 09
X		Jun 08
N/A		
X		Jun 09

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

Robert Vanegas, Grade 1, License # 19085	Operators on Duty
Peter Cryer, Treatment 2, License # 24531	Central Coast Water Sampling
Peter Cryer, Distribution 3, License # 19350	Central Coast Water Sampling

Answer to Question 4.

\$700 was paid to Operators on Duty & \$1,525 was paid to Central Coast Water Sampling to perform the

Arroyo Center Water Company, Inc.Class D - Water Utility

Supplemental Information

LINE 1B - Names, titles and addresses of principal officers:

Name: Michael Courrijou
Title: President
Address: 47411 Arroyo Seco Road
Greenfield, CA 93927

Name: Kathy Radley
Title: Secretary
Address: 1180 Theresa Street
Seaside, CA 93955

Name: Charlie Reaves
Title: Vice -President
Address: PO Box 607
Arroyo Grande, CA 93421

Name: Bob Land
Title: Treasurer
Address: 723 Montecito Way
Salinas, CA 93901

Excess Capacity and Non-Tariffed Services

NOTE: In D 00-07-018, D 03-04-028, and D 04-12-023, the CRUC set forth rules and requirements regarding water utility provision of non-tariffed services using excess capacity. These decisions make water utilities to 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 for 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

N/A

**CLASS A, B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) or Safe Drinking Water State Revolving Fund loan surcharge collection for the calendar year. Please use one page per loan.

1. Current Fiscal Agent:

Not Applicable

Name: _____
 Address: _____
 Phone Number: _____
 Account Number: _____
 Date Hired: _____

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

\$ _____

Meter Size	No. of Metered Customers	Monthly Surcharge Per Customer
3/4 inch	_____	_____
1 inch	_____	_____
1 1/2 inch	_____	_____
2 inch	_____	_____
3 inch	_____	_____
4 inch	_____	_____
6 inch	_____	_____
Number of Flat Rate Customers	_____	_____
Total	_____	_____

3. Summary of the bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Interest earned for calendar year	_____
Withdrawals from this account	_____
Balance at end of year	_____

CLASS A, B, C AND D WATER COMPANIES

SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA (cont.)

5. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF funds:

Not Applicable

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, 2008)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	230,752	201	Common Stock (Corporations only)	10,000
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	103,740
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	29,578	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	99,112
7	124	Other investments		252	Advances for construction	
8	131	Cash	4,555	253	Other deferred credits	
9	141	Accounts receivable - customers	7,123	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	212,852		Total Equity and Liabilities	212,852

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					
17	303	Land	300				300
18	304	Structures					
19	307	Wells	9,822				9,822
20	317	Other water source plant	12,841				12,841
21	311	Pumping equipment	4,847				4,847
22	320	Water treatment plant	185,784	16,438			202,222
23	330	Reservoirs tanks and sandpipes					
24	331	Water mains					
25	333	Services and meter installations					
26	334	Meters	721				721
27	335	Hydrants					
28	339	Other equipment					
29	340	Office furniture and equipment					
30	341	Transportation equipment					
31		Total water plant in service	214,315	16,438			230,753

* 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	28,231		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			Straight-Line - 25 Years
35	(b) Charged to Account No. 403	1,347		
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	1,347		covered by this report \$ 1,347
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			Straight-Line - 25 Years
45	Balance in reserve at end of year	29,578		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2008)

Line

1	Common - (Shares	\$	par)			List persons owning more than 5% of outstanding stock
2	Preferred - (Shares	\$	par)			and number of shares owned by each:
3	Dividends - Common	Rate - \$				100% of stock owned by Arroyo Seco Resort, Inc.
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								
7								
8	Totals				None			

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx
10	460 Unmetered water revenue	36,281
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	
14	480 Other water revenue	2115
15	Total Operating Revenue	38396
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	
19	615 Purchased power	1465
20	618 Other volume related expenses	
21	630 Employee labor	16800
22	640 Materials	
23	650 Contract work	4472
24	660 Transportation expenses	
25	664 Other plant maintenance expense	601
26	670 Office salaries	
27	671 Management salaries	
28	674 Employee pensions and benefits	825
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	9346
31	681 Office supplies and expense	134
32	682 Professional services	3040
33	684 Insurance	5618
34	688 Regulatory commission expense	2679
35	689 General expenses	390
36	Total Operating Expenses	45370
37	403 Depreciation expense	1347
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	1840
40	409 State income tax expense	3436
41	410 Federal income tax expense	8851
42	Total Operating Revenue Deductions	60843
43	Utility Operating Income	-22448
44	421 Non-utility income	3
45	426 Miscellaneous non-utility expense	4223
46	427 Interest expense	
47	Net Income	-26.668

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
Arroyo Seco River Bed	1	8	29	30	
Arroyo Seco River Bed	2	8	29	20	

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

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			
Commercial			
Industrial			
Fire Protection			
Irrigation			
Other (specify)			
Total			Not Available

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	16,800		16,800
49	670	Office salaries				
50	671	Management salaries				
51		Total	1	16,800		16,800

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	185784
Additions during year	16438
Subtotal - Beginning balance plus additions during year	202222
Assets placed in service	202222
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	-0-

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

Size	Meters	Services
5/8 x 3/4-in	None	
3/4-in		
1-in		
-in		
-in		
Total		

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year		
1	Used, before repair...	None
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		62	62					62
Industrial/Commercial								
Irrigation								
Fire Protection (public)								
Fire Protection (private)								
Other (specify)								
Total		62	62					62

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	Pipe Sizes				Totals
				2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)	
Concrete	1		Cast Iron					
Earth			Welded steel					
Wood			Standard screw	5000				5000
Steel			Cement-asbestos					
Other			Plastic					
			Other (specify)					
Total	1		Total	5000				5000

DECLARATION

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

I, the undersigned (officer, partner or owner) of Arroyo Center Water Company, Inc., 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, 2008 through December 31, 2008.

Bolo Land

 Signed
 Treasurer
 Title
 March 31, 2009
 Date

FACILITIES FEES DATA

Please provide the following information relating to Facilities Fees collected for the calendar year, pursuant to Resolution No. W-4110.

1. Trust Account Information:

Not Applicable

Bank Name: _____
Address: _____
Account Number: _____
Date Opened: _____

2. Facilities Fees collected for new connections during the calendar year:

A. Commercial

NAME	AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

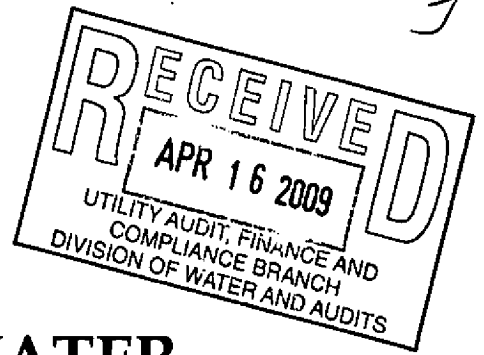
B. Residential

NAME	AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

3. Summary of the bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Interest earned for calendar year	_____
Withdrawals from this account	_____
Balance at end of year	_____

4. Reason or Purpose of Withdrawal from this bank account:



ARROYO CENTER WATER COMPANY, INC.

COMPILED FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2008 and 2007**

**GREEN'S ACCOUNTING
CERTIFIED PUBLIC ACCOUNTANT**

Green's Accounting
Certified Public Accountant

Three hundred El Camino Real
Post Office Box 698
Greenfield, California 93927

ACCOUNTANT'S COMPILATION REPORT

To the Shareholders
Arroyo Center Water Company, Inc.
Greenfield, California

I have compiled the accompanying statements of assets, liabilities, and equity - income tax basis of Arroyo Center Water Company, Inc. (a corporation) as of December 31, 2008 and 2007, and the related statements of revenues and expenses and equity - income tax basis and cash flows - income tax basis for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by management for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Arroyo Center Water Company, Inc.



Green's Accounting
Certified Public Accountants

March 11, 2009

ARROYO CENTER WATER COMPANY, INC.
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - INCOME TAX BASIS
 DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash in Bank - Checking	\$ 3,157	\$ 5,617
Cash in Bank - Savings	1,007	1,004
Cash in Bank - Improvement Account	391	21,020
Accounts Receivable	<u>7,123</u>	<u>7,943</u>
TOTAL CURRENT ASSETS	<u>11,678</u>	<u>35,584</u>
PLANT AND EQUIPMENT - at cost		
Land	300	300
Equipment	230,452	28,231
Construction in Progress	<u>-0-</u>	<u>185,784</u>
	230,752	214,315
Less: Accumulated Depreciation	<u>(29,578)</u>	<u>(28,231)</u>
	<u>201,174</u>	<u>186,084</u>
TOTAL ASSETS	<u>\$ 212,852</u>	<u>\$ 221,668</u>
<u>LIABILITIES AND CAPITAL</u>		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 1,166	\$ 1,673
Deposits	1,900	1,520
Shareholder Loans - Arroyo Seco Resort	96,046	77,687
Deferred Revenue - Accounts Receivable	<u>7,123</u>	<u>7,943</u>
TOTAL CURRENT LIABILITIES	<u>106,235</u>	<u>88,823</u>
EQUITY:		
Common Stock	10,000	10,000
Retained Earnings	<u>96,617</u>	<u>122,845</u>
TOTAL EQUITY	<u>106,617</u>	<u>132,845</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 212,852</u>	<u>\$ 221,668</u>

See Accountant's Compilation Report.

ARROYO CENTER WATER COMPANY, INC.
 STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS
 INCOME TAX BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Water Assessments	\$ 35,852	\$ 33,979
Special Assessment	2,100	43,400
Miscellaneous Income	884	416
	<u>38,836</u>	<u>80,812</u>
OPERATING EXPENSES:		
Wages	16,800	16,800
Rent	8,400	8,400
Insurance	5,618	8,081
Outside Services	4,472	2,747
Penalties	4,223	-0-
Legal and Accounting	3,040	4,095
Licenses and Permits	2,679	3,077
Payroll Taxes	1,691	1,191
Utilities	1,465	1,412
Depreciation	1,347	4,847
Fuel Allowance / Travel	1,100	1,105
Telephone	946	747
Supplies	601	-0-
Taxes	149	149
Office Expense	134	306
Bank Charges	115	219
Repairs and Maintenance	-0-	5,175
Miscellaneous	-0-	52
	<u>52,780</u>	<u>58,403</u>
OPERATING INCOME <LOSS>	(13,944)	19,392
INTEREST INCOME	3	19
INCOME TAXES - Net	<u>(12,287)</u>	<u>(1,446)</u>
NET INCOME <LOSS>	(26,228)	17,965
RETAINED EARNINGS - BEGINNING OF YEAR	<u>122,845</u>	<u>104,880</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 96,617</u>	<u>\$ 122,845</u>

See Accountant's Compilation Report.

ARROYO CENTER WATER COMPANY, INC.
 STATEMENT OF CASH FLOWS - INCOME TAX BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income <Loss>	\$ (26,228)	\$ 17,965
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	1,347	4,847
Increase (Decrease)		
Deposits	380	-0-
Accrued Payroll Taxes	<u>(507)</u>	<u>898</u>
Net Cash Provided by Operating Activities	<u>(25,008)</u>	<u>23,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Plant and Equipment	(16,437)	(4,847)
Construction in Progress	<u>-0-</u>	<u>(29,923)</u>
Net Cash Used in Investing Activities	<u>(16,437)</u>	<u>(34,770)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Stockholder Loans	<u>18,359</u>	<u>8,508</u>
Net Cash Provided by Financing Activities	<u>18,359</u>	<u>8,508</u>
NET INCREASE <DECREASE> CASH	(23,086)	(2,552)
CASH, BEGINNING OF YEAR	<u>27,641</u>	<u>30,193</u>
CASH, END OF YEAR	\$ <u><u>4,555</u></u>	\$ <u><u>27,641</u></u>
SUPPLEMENTAL DISCLOSURE:		
Income Taxes Paid	\$ <u><u>12,287</u></u>	\$ <u><u>1,446</u></u>

See Accountant's Compilation Report.