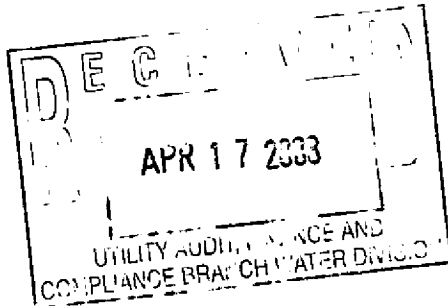


JH

Received _____
Examined _____

SEWER UTILITIES



U# _____

**2007
ANNUAL REPORT
OF**

CALIFORNIA UTILITIES SERVICE, INC.

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

P.O. Box 5100, Salinas, CA 93915

(OFFICIAL MAILING ADDRESS)

ZIP

**TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2007**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2008
(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 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.

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

California Utilities Service, Inc.
(Name under which corporation, partnership or individual is doing business)

P.O. Box 5100, Salinas, CA 93915
(Official mailing address)

Highway 68 and Coral De Tierra Areas of Monterey County
(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 (A) Date of organization 2/13/1985 incorporated in the State of California
 (B) Names, titles and addresses of principal officers: P.O. Box 5100, Salinas, CA 93915
 President: Robert T. Adcock
 Vice President: Thomas R. Adcock
 Secretary: Patricia Adcock

- 2 If unincorporated give the name and address of owner or of each partner:

- 3 Name and telephone number of:
 (A) One person listed above to receive correspondence: Thomas R. Adcock - (831) 424-0442
 (B) Person responsible for operations and services: Thomas R. Adcock - (831) 424-0442

- 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:
Alco Water Service
Toro Water Service

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	May-05
X		Dec-07
X		2006

- 11 List Name, Grade, and License Number of all Licensed Operators:
Ed Alexandre, Grade IV, License Number IV-1103

SPECIAL INSTRUCTIONS (over)

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 companies 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 :

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter

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
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N/A

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2006)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	4,494,719	201	Common Stock (Corporations only)	10,000
2	103	Plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Plant purchased or sold		215	Retained earnings	(347,233)
4	105	Plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of plant	(2,180,994)	224	Long term debt (Adv. from Shareholders)	111,663
6	114	Plant acquisition adjustments			Current Liabilities	1,226,941
7	124	Other investments		252	Advances for construction	
8	131	Cash	14,778	253	Other deferred credits	40,000
9	141	Accounts receivable - customers	17,262	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies	1,596	282	Accumulated deferred income taxes - Acrs	52,929
11	151	Materials and supplies	-		depreciation	
12	174	Other current assets	169,855	283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	3,266,001
14				272	Accumulated amortization of contributions	(1,843,085)
15		Total Assets	2,517,216		Total Equity and Liabilities	2,517,216

SCHEDULE B - SEWER 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					
18	304	Structures					
19	307	Wells					
20	317	Other source plant					
21	311	Pumping equipment					
22	320	Treatment plant	See Schedule 1				
23	330	Reservoirs					
24	331	Mains					
25	333	Services and meter installations					
26	334	Meters					
27	339	Other equipment					
28	340	Office furniture and equipment					
29	341	Transportation equipment					
30		Total Plant in service					

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Plant	
32	Balance in reserves at beginning of year	2,011,297	A. Method used to compute depreciation
33	Add: Credits to reserves during year		expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	41,440	SL 3.927%
35	(b) Charged to Account No. 272	128,256	
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	169,696	covered by this report \$
40	Deduct: Debits to reserves during year		Approximately \$ 35,165
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	-	S/L, 150 DB, 200 DB
45	Balance in reserve at end of year	2,180,993	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2007)

Line				
1	Common - (Shares 10,000	\$	par)	10,000 Estate of Robert T. Adcock, 100%
2	Preferred - (Shares	\$	par)	
3	Dividends - Common	Rate - \$		
4	- Preferred	Rate - \$		

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5							
6							
7							
8	Totals						

SCHEDULE F - INCOME STATEMENT

9		Operating revenues	xxxxxxxxxxx
10	460	Unmetered revenue	775,478
11	470	Metered revenue	
12	480	Other revenue	
13		Total Operating Revenue	775,478
14		Operating revenue deductions	xxxxxxxxxxx
15		Operating expenses	xxxxxxxxxxx
16	610	Purchased water	
17	615	Power	46,216
18	618	Other volume related expenses	13,005
19	630	Employee labor	178,602
20	640	Materials	12,078
21	650	Contract work	25,752
22	660	Transportation expenses	113,783
23	664	Other plant maintenance expense	35,153
24	670	Office salaries	69,295
25	671	Management salaries	62,066
26	674	Employee pensions and benefits	108,398
27	676	Uncollectible accounts expense	-
28	678	Office services and rentals	2,376
29	681	Office supplies and expense	39,461
30	682	Professional services	375
31	684	Insurance	31,069
32	688	Regulatory commission expense	271
33	689	General expenses	3,951
34		Total Operating Expenses	741,851
35	403	Depreciation expense	41,440
36	408	Taxes other than income taxes	59,281
37	409	State corporate income tax expense	800
38	410	Federal corporate income tax expense	-
39		Total Operating Revenue Deductions	843,372
40		Utility Operating Income	(67,894)
41	421	Non-utility income	103,645
42	426	Miscellaneous non-utility expense	(206)
43	427	Interest expense	(30,445)
44		Net Income (Loss)	5,100

SCHEDULE G - 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
45	630	Employee Labor (see note)	4	178,602	4,085	182,687
46	670	Office salaries	1	69,295		69,295
47	671	Management salaries	2	62,066	2,921	64,987
48		Total	7	309,963	7,006	316,969

Note: Associated company employees perform work on an as needed basis. Salaries charged are on an actual basis.

SCHEDULE H - ADVANCES FOR CONSTRUCTION

Balance beginning of year	0
Additions during year	0
Subtotal - Beginning balance plus additions during year	0
Refunds	0
Transfers to Acct. 271 - Contributions in Aid of Construction	0
Balance end of year	0

SCHEDULE I - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
-in		1105
-in		
-in		
-in		
-in		
Total		

SCHEDULE J - METER-TESTING DATA

Number of meters tested during year		
1	Used, before repair...	NA
2	Used, after repair	NA
3	Fast, requiring refund ..	NA

SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		1100	1100		5	5		1105
Industrial								
Other (specify)								
Total		1100	1100		5	5		1105

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE L - STORAGE FACILITIES

SCHEDULE M - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	Other sizes (specify)				Totals
				2" and under	2 1/4 to 3 1/4	4"		
Concrete			Cast Iron					
Earth	1	14,000,000	Welded steel					
Wood			Standard screw					
Steel			Cement-asbestos					
Other			Plastic					
			Other (specify)					
Total	1	14,000,000	Total					

DECLARATION

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

I, the undersigned (officer, partner or owner) of California Utilities Service, Inc., 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

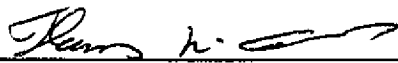
From and including January 1, 2007, to and including December 31, 2007

Signed

Vice President

Title

Date



3-31-08

**California Utilities Service, Inc.
2007 Annual Report**

SCHEDULE B - SEWER 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
	301 000	Intangible plant	53,810				53,810
	303 000	Land	99,565				99,565
	304 000	Structures	77,193	772			77,965
	305 100	Mains - Collection systems	1,342,252				1,342,252
	305 200	Manholes	93,227				93,227
	305 300	Cleanouts	4,536				4,536
	305 400	Laterals	290,992				290,992
	307 100	Transmission	257,382				257,382
	307 200	Manholes	47,450				47,450
	307 300	Laterals	1,000				1,000
	307 400	Structures	15,911				15,911
	307 500	Force mains, transmission	38,621				38,621
	307 600	Pump equipment	53,921				53,921
	311 100	Ponds - water storage	201,647				201,647
	311 200	Sumps - treatment plant	4,608				4,608
	311 300	Treatment Plant	7,112				7,112
	311 400	Mains - Treatment plant	20,287				20,287
	311 500	Structures	26,557	18,811			45,368
	311 600	Storage	147				147
	311 900	Other Assets	7,811				7,811
	312 100	Concrete - sumps and tanks	331,964				331,964
	312 200	Piping	260,086				260,086
	312 310	Treatment Plant	23,980				23,980
	312 320	Pumping and Electrical	537,793	18,055			555,848
	312 330	Standby generator	5,659				5,659
	312 340	Chlorine & Chem. Treat. Equipment	13,471				13,471
	312 350	Sludge System	146,683				146,683
	312 400	Treatment Building	123,115				123,115
	312 410	Freshwater supply	0				0
	312 420	Fire Protection system	6,000				6,000
	312 430	Roads and fencing	20,267				20,267
	312 500	Laboratory equipment	282				282
	320 100	Mains - Force mains	25,056				25,056
	320 200	Sumps - Force mains	0				0
	320 300	Pumps - Force mains	0				0
	320 400	Sprayfield improvements	179,365				179,365
	339 000	Other equipment	54,203	2,523			56,726
	340 000	Office	27,610				27,610
	341 000	Transportation Equipment	54,995				54,995
			4,454,558	40,161	0	0	4,494,719