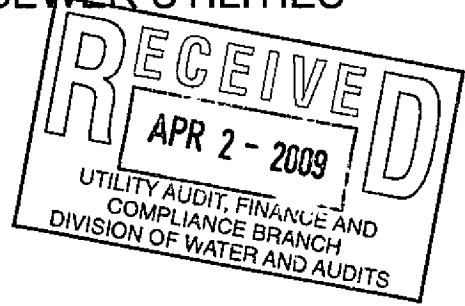


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SEWER UTILITIES



U# SWR 418

2008
 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, 2008

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2009
 (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 calendar year, from January 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 Corral 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: Thomas R. Adcock
 Secretary: Patricia Adcock
 Chief Finanacial Officer: Marino A. Rodriguez

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-08
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.00-07-016, D.03-04-026, 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.00-07-016, D.03-04-026, 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, 2008)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	4,515,509	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	(441,894)
4	105	Plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of plant	(2,351,886)	224	Long term debt (Adv. from Shareholders)	111,663
6	114	Plant acquisition adjustments			Current Liabilities	1,303,888
7	124	Other investments		252	Advances for construction	
8	131	Cash	12,368	253	Other deferred credits	40,430
9	141	Accounts receivable - customers	12,569	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies	1,596	282	Accumulated deferred income taxes - Acrs	52,929
11	143	Accumulated Provision for Uncollectible	(3,954)		depreciation	
12	151	Materials and supplies	-	283	Accumulated deferred income taxes - other	
13	174	Other current assets	185,827	271	Contributions in aid of construction	3,266,361
14	180	Deferred charges		272	Accumulated amortization of contributions	(1,971,348)
15		Total Assets	2,372,029		Total Equity and Liabilities	2,372,029

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
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 108 Plant	
32	Balance in reserves at beginning of year	2,180,993	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	42,630	SL 3.927%
35	(b) Charged to Account No. 272	128,263	
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	170,893	covered by this report \$
40	Deduct: Debits to reserves during year		Approximately \$ 35,562
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	2,351,886	
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 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	xxxxxxxxxx
10	460 Unmetered revenue	805,347
11	470 Metered revenue	
12	480 Other revenue	
13	Total Operating Revenue	805,347
14	Operating revenue deductions	xxxxxxxxxx
15	Operating expenses	xxxxxxxxxx
16	610 Purchased water	
17	615 Power	55,421
18	618 Other volume related expenses	5,330
19	630 Employee labor	197,861
20	640 Materials	10,012
21	650 Contract work	31,229
22	660 Transportation expenses	91,596
23	664 Other plant maintenance expense	35,153
24	670 Office salaries	83,104
25	671 Management salaries	60,888
26	674 Employee pensions and benefits	103,828
27	676 Uncollectible accounts expense	1,291
28	678 Office services and rentals	2,902
29	681 Office supplies and expense	34,385
30	682 Professional services	450
31	684 Insurance	32,629
32	688 Regulatory commission expense	-
33	689 General expenses	4,897
34	Total Operating Expenses	750,976
35	403 Depreciation expense	42,630
36	408 Taxes other than income taxes	58,671
37	409 State corporate income tax expense	800
38	410 Federal corporate income tax expense	-
39	Total Operating Revenue Deductions	853,077
40	Utility Operating Income	(47,730)
41	421 Non-utility income	(19,162)
42	426 Miscellaneous non-utility expense	-
43	427 Interest expense	(27,768)
44	Net Income (Loss)	(94,660)

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	197,861	249	198,110
46	670	Office salaries	1	83,104	-	83,104
47	671	Management salaries	2	60,888	-	60,888
48		Total	7	341,853	249	342,102

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		1,105
-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		1,100	1,100		5	5		1,105
Industrial								
Other (specify)								
Total		1,100	1,100		5	5		1,105

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)

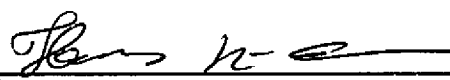
Description	No.	Combined capacity in gallons	Description	Other sizes (specify)				Totals
				2" and under	2 1/4 to 3 1/4	4"	6" 8" 12"	
Concrete			Cast Iron					
Earth	1	14,000,000	Welded steel					
Wood			Standard screw					
Steel			Cement-asbestos					
Other			Plastic					
			Other (specify)					
Total	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, 2008, to and including December 31, 2008


 Signed _____
 President
 Title _____
 Date 3-30-09

**California Utilities Service, Inc.
2008 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	99,566				99,566
304	000	Structures	77,965				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	360			291,352
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	6,730			22,641
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	45,368				45,368
311	600	Storage	147				147
311	900	Other Assets	7,811	4,529			12,340
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	555,847	8,089			563,936
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	56,726	582			57,308
340	000	Office	27,610	500			28,110
341	000	Transportation Equipment	54,995				54,995
			4,494,719	20,790	0	0	4,515,509