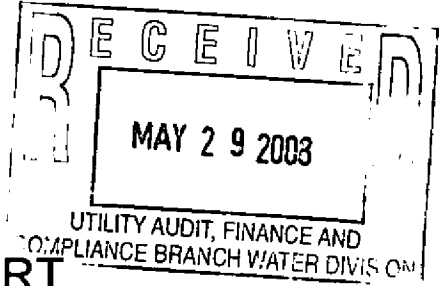


8 / J4

Received _____
Examined _____

**CLASS D  
WATER UTILITIES**

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



**2007  
ANNUAL REPORT  
OF**

---

**Canada Woods Water Company**  
(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

---

**P.O. Box 221850, Carmel, CA 93922**  
(OFFICIAL MAILING ADDRESS) ZIP

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

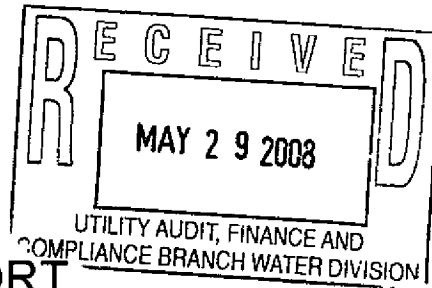
REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2008  
(FILE TWO COPIES IF THREE RECEIVED)

8 / J4

Received _____
Examined _____

**CLASS D  
WATER UTILITIES**

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



**2007  
ANNUAL REPORT  
OF**

\_\_\_\_\_  
 \_\_\_\_\_  
**Canada Woods Water Company**  
 (NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

\_\_\_\_\_  
 \_\_\_\_\_  
**P.O. Box 221850, Carmel, CA 93922**  
 (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)**

**PEASLEY, ALDINGER & O'BYMACHOW**  
**AN ACCOUNTANCY CORPORATION**

MATT A. PEASLEY, CPA  
CHRISTIAN L. ALDINGER, CPA

2120 MAIN STREET, SUITE 265  
HUNTINGTON BEACH, CALIFORNIA 92648

(714) 536-4418  
FAX (714) 536-2039

**ACCOUNTANT'S COMPILATION REPORT**

May 13, 2008

Canada Woods Water Company  
7145 Carmel Valley Road  
Carmel, CA 93923


We have compiled the balance sheet of Canada Woods Water Company, LLC (Water system) as of December 31, 2007, and the related income statement for the year ended December 31, 2007, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included on page 7 (Schedules B & C), page 8 (Schedules D, E, & F), page 9 (Schedule I), page 10 (Schedule J), page 4 of Excess Capacity, page 11 for Facilities Fee Data, and pages 5 and 6 of Class B, C and D Water Companies – Safe Drinking Water Bond Act Data.

Our compilation was limited to presenting, in the form prescribed by the Public Utilities Commission of the State of California, information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements (including related disclosures) are presented in accordance with the requirements of the Public Utilities Commission of the State of California, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

The supplementary information contained on page 3 (General Information) and page 9 (Schedules G & H) and page 10 (Schedules K, L, M, N & O) of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

PEASLEY, ALDINGER & O'BYMACHOW  
AN ACCOUNTANCY CORPORATION



Matt A. Peasley  
Certified Public Accountant

## 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  
ATTENTION: KAYODE KAJOPAIYE  
505 VAN NESS AVENUE, ROOM 3105  
SAN FRANCISCO, CALIFORNIA 94102-3298  
[kok@cpuc.ca.gov](mailto:kok@cpuc.ca.gov)**

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 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 WATER UTILITIES  
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

**Canada Woods Water Company, LLC**

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

**P.O. Box 221850, Carmel, California 93922**

(Official mailing address)

**Carmel, Monterey County**

(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL TO COMMISSION NO PHOTOCOPIES

- 1 If a corporation show: **N/A**
- 2 If unincorporated give the name and address of owner or of each partner: **(Organized as a Delaware limited liability company)**
  - (i) Date of organization **09/05/97** organized in the State of **DELAWARE**
  - (ii) Date of foreign registration **09/22/97** registered in the State of **CALIFORNIA**
  - (iii) Partners (LLC Members) **Canada Woods, LLC, Member**  
**c/o Howard M. Bernstein and/or Roy D. Kaufman, Managers, Kaufman, Bernstein, Oberman et al. 2049 Century Park East, Suite 2500 Los Angeles, CA 90067-3127**  
**Monterra Ranch Properties, LLC, Member**  
**c/o Roger E. Mills, Manager P.O. Box 3070 Salinas, CA 93912-3070**
- (B) Names, titles and addresses of principal officers **Michael Waxer, Manager**  
**Alan Williams, Manager c/o Canada Woods Water Company 7145 Carmel Valley Road, Carmel, CA 93923**
- 3 Name and telephone number of:
  - (A) One person listed above to receive correspondence: **Alan Williams, Manager (831) 625-1066**  
**Courtesy copy to:**  
**Derinda L. Messenger & Associates**  
**450 Lincoln Ave. Suite 103, Salinas, CA 93901**  
**Phone: (831) 754-4911**
  - (B) Person responsible for operations and services: **Pete Garneau (831)656-9266**  
**Carmel Lahaina Utility Services**
- 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?  
**Operation of water system: Carmel Lahaina Utility Services, Inc. \$1,629 a/c 105, \$15,286 a/c 618, \$163,222 a/c 630, \$1,304 a/c 640, \$92,327 a/c 670, \$26,460 a/c 671, \$638 a/c 681, \$33 a/c 689.**
- 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:
  - (i) **Canada Woods, LLC, a Delaware limited liability company;**
  - (ii) **Clinton Eastwood, Trustee of the 1988 Clinton Eastwood Trust (1997 Restatement) U/D/T dated 05/23/97;**
  - (iii) **Margaret Eastwood, Trustee of the Margaret Eastwood Trust U/D/T dated 08/21/90;**
  - (iv) **Monterra Ranch Properties, LLC, a California limited liability company;**
  - (v) **Basil E. Mills, Trustee of the Mills Family Trust, the Non-Exempt Marital Trust, Trust B, dated 05/02/80; and**
  - (vi) **Roger E. Mills, Trustee of the Roger E. Mills Living Trust dated 02/12/87**

**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		07/07
X		Monthly
	X	DHS working on
X		Application made May 2006
		n/a

- 11 List Name, Grade, and License Number of all Licensed Operators:  
**Peter Garneau T2 #04713, D2 #14367, Ed Waggoner T3 #07156, D2 #6871, Greg Garneau T2 #18384, D2 #15047**  
**Brian Garneau T1 #26285, D1 #31809, Eric Furtado T1 #28388, D1 #32133**



**CLASS B, C AND D WATER COMPANIES  
SAFE DRINKING WATER BOND ACT 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: **N/A**

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone 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	_____	_____
# of flat rate customers	_____	_____
<b>Total</b>	_____	_____

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	_____

6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds: **N/A**

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, 2007)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	6,414,604	201	Common Stock (Corporations only)	
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	
4	105	Water plant construction work in progress	409,510	218	Proprietary capital	732,124
5	108	Accumulated depreciation of water plant	(564,454)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	204,062
7	124	Other investments		252	Advances for construction	
8	131	Cash	48,150	253	Other deferred credits	350,437
9	141	Accounts receivable - customers	17,743	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	17,893		depreciation	
12	174	Other current assets	6,608	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	1,087	271	Contributions in aid of construction	5,598,604
14				272	Accumulated amortization of contributions	(534,086)
15		<b>Total Assets</b>	<b>6,351,141</b>		<b>Total Equity and Liabilities</b>	<b>6,351,141</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	-	-			-
17	303	Land	-	-			-
18	304	Structures	118,000	-			118,000
19	307	Wells	181,203	-			181,203
20	317	Other water source plant	-	-			-
21	311	Pumping equipment	555,805	-			555,805
22	320	Water treatment plant	523,950	18,061			542,011
23	330	Reservoirs tanks and sandpipes	874,814	1,864			876,678
24	331	Water mains	3,814,213	-			3,814,213
25	333	Services and meter installations	86,950	-			86,950
26	334	Meters	56,128	3,515			59,643
27	335	Hydrants	167,725	-			167,725
28	339	Other equipment	2,703	-			2,703
29	340	Office furniture and equipment	9,673	-			9,673
30	341	Transportation equipment	-	-			-
31		<b>Total water plant in service</b>	<b>6,391,164</b>	<b>23,440</b>	<b>-</b>	<b>-</b>	<b>6,414,604</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	405,826		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	24,153		Composite 2.48%
35	(b) Charged to Account No. 272	134,475		
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	158,628		covered by this report \$ n/a
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. n/a
44	Total debits	-		
45	Balance in reserve at end of year	564,454		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2005)**

Line				
1	Common - (Shares	, \$	par)	N/A
2	Preferred - (Shares	, \$	par)	N/A
3	Dividends - Common	Rate - \$		N/A
4	- Preferred	Rate - \$		N/A

List persons owning more than 5% of outstanding stock and number of shares owned by each:

**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	N/A							
7								
8	Totals							

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	143,599
13	470 Metered water revenue	283,844
14	480 Other water revenue	1,961
15	Total Operating Revenue	429,404
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses	xxxxxxxxxx
18	610 Purchased water	-
19	615 Power	131,607
20	618 Other volume related expenses	386,322
21	630 Employee labor	169,991
22	640 Materials	10,697
23	650 Contract work	379
24	660 Transportation expenses	
25	664 Other plant maintenance expense	4,788
26	670 Office salaries	92,327
27	671 Management salaries	26,460
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	924
31	681 Office supplies and expense	13,234
32	682 Professional services	109,235
33	684 Insurance	31,229
34	688 Regulatory commission expense	-
35	689 General expenses	53,527
36	Total Operating Expenses	1,030,720
37	403 Depreciation expense	24,153
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	5,626
40	409 State corporate income tax expense	1,700
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	1,062,199
43	Utility Operating Income	(632,795)
44	421 Non-utility income	2,582
45	426 Miscellaneous non-utility expense	2,360
46	427 Interest expense	
47	Net Income	(632,573)

**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 (gals)
Via Malpaso	HW2	10	567	300	23,899,722
River Well	RW1	8	66	100	4,834,399
River Well	RW2	8	65	100	3,057,300

**OTHER**

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right		Diversion		
	Claim	Capacity	Max	Min	
n/a					
Purchased water (unit)					Annual quantity
Supplier:					
n/a					

**SCHEDULE H - OPTIONAL  
WATER DELIVERED TO METERED CUSTOMERS**  
(If figures are available) (specify unit) gallons

Classification of service	Max. mo. Mo. Of Aug	Min. mo. Mo. Of Jan	Total for year
Residential & business			
Industrial			
Public authorities			
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				
50	671	Management salaries				
51		Total				

**N/A - Employee labor expense is for contract workers of Carmel Lahaina Utility Services  
Canada Woods Water Company has no direct employees**

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	
Additions during year	N/A
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	3	3
3/4-in	3	3
1-in	69	69
1 5/8-in	22	22
2-in	25	25
3-in		
4-in		
<b>Total</b>	<b>122</b>	<b>122</b>

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year		
1	Used, before repair...	n/a
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
Residential	100		100				100	0
			0				0	0
Industrial			0				0	0
Other (specify) Commercial	18		18				18	0
Irrigation & Construction *	4		4				4	0
Subtotal	122		122				122	0
Fire protection (Hydrants)		69	69				0	69
<b>Total</b>	<b>122</b>	<b>69</b>	<b>191</b>				<b>122</b>	<b>69</b>

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

**SCHEDULE N - STORAGE FACILITIES**

**SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)**

Description	No.	Combined capacity in gallons	Description	2" and 2 1/4 to 12"					Totals
				2" and under	2 1/4 to 3 1/4	4"	6"	8"	
Concrete	1	79,000	Cast Iron (ductile)				5648		5648
Earth			Welded steel						0
Wood			Standard screw						0
Steel	19	1,074,000	Cement-asbestos						0
Other			Plastic		3166	305	27410	54310	12230
			Other (specify)						0
									0
<b>Total</b>	<b>20</b>	<b>1,153,000</b>	<b>Total</b>	<b>-</b>	<b>3166</b>	<b>305</b>	<b>33058</b>	<b>54310</b>	<b>12230</b>

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of Canada Woods Water Company (Name of utility) 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

Title

Date

*[Handwritten Signature]*  
*[Handwritten Title: MANAGER]*  
*[Handwritten Date: 3-7-08]*

**CLASS B, C AND D WATER COMPANIES  
FACILITIES FEE 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: **N/A**

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	_____