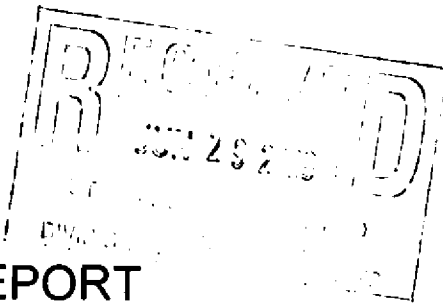


J/J 34

Received _____
Examined _____

**CLASS D
WATER UTILITIES**

U# _____



**2008
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, 2008**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2009
(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

June 18, 2009

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, 2008, and the related income statement for the year ended December 31, 2008, 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), 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 A, B, C and D Water Companies – Safe Drinking Water Bond Act/State Revolving Fund 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

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 January 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)

Telephone Number: (831) 656-9266 **Fax Number:** (831)656-9480 **Email Address:** N/A

GENERAL INFORMATION

RETURN ORIGINAL TO COMMISSION NO PHOTOCOPIES

- 1 If a corporation show: **N/A**
 (A) Date of organization _____ incorporated in the State of _____
 (B) Names, titles and addresses of principal officers
- 2 If unincorporated give the name and address of owner(s) or the partners: **(Organized as a Delaware limited liability company)**
 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
- 3 Name and telephone number of:
 (A) One person listed above to receive correspondence: **Alan Williams, Manager (831) 625-1066**
 c/o **Canada Woods Water Company 7145 Carmel Valley Road, Carmel, CA 93923**
 (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. \$1,455 a/c 105, \$13,075 a/c 618, \$198,055 a/c 630, \$192 a/c 640, \$100,741 a/c 670, \$50,384 a/c 671, \$163 a/c 681, \$3,474 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 T2 #28388, D2 #32133

**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: **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	_____	_____
	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	_____

5. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF 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, 2008)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	6,441,882	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	410,798	218	Proprietary capital	880,901
5	108	Accumulated depreciation of water plant	(724,343)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	226,900
7	124	Other investments		252	Advances for construction	
8	131	Cash	185,636	253	Other deferred credits	350,437
9	141	Accounts receivable - customers	63,160	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	721		depreciation	
12	174	Other current assets	6,608	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	10,350	271	Contributions in aid of construction	5,598,245
14				272	Accumulated amortization of contributions	(661,671)
15		Total Assets	6,394,812		Total Equity and Liabilities	6,394,812

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	2,897			558,702
22	320	Water treatment plant	542,011	3,761			545,772
23	330	Reservoirs tanks and sandpipes (1)	876,678	3,088	360	250	879,656
24	331	Water mains (1)	3,814,213	-		(250)	3,813,963
25	333	Services and meter installations	86,950	-			86,950
26	334	Meters	59,643	-			59,643
27	335	Hydrants	167,725	-			167,725
28	339	Other equipment	2,703	17,892			20,595
29	340	Office furniture and equipment	9,673	-			9,673
30	341	Transportation equipment	-	-			-
31		Total water plant in service	6,414,604	27,638	360	-	6,441,882

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

(1) Correct prior year balance between accounts.

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	564,454		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	32,304		Composite 2.49%
35	(b) Charged to Account No. 272	127,945		
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	160,249		covered by this report \$ n/a
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	360		
42	(b) Cost of removal	-		C. State method used to compute tax
43	(c) All other debits			depreciation. n/a
44	Total debits	360		
45	Balance in reserve at end of year	724,343		
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)	N/A	List persons owning more than 5% of outstanding stock and number of shares owned by each:
2	Preferred - (Shares	\$	par)	N/A	
3	Dividends - Common	Rate - \$		N/A	
4	- Preferred	Rate - \$		N/A	

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	xxxxxxxxxxx
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	145,298
13	470 Metered water revenue	380,351
14	480 Other water revenue	941
15	Total Operating Revenue	526,590
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	-
19	615 Power	121,606
20	618 Other volume related expenses	563,390
21	630 Employee labor	198,055
22	640 Materials	47,030
23	650 Contract work	736
24	660 Transportation expenses	
25	664 Other plant maintenance expense	21,815
26	670 Office salaries	100,741
27	671 Management salaries	50,384
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	1,715
31	681 Office supplies and expense	11,352
32	682 Professional services	218,402
33	684 Insurance	31,663
34	688 Regulatory commission expense	-
35	689 General expenses	20,242
36	Total Operating Expenses	1,387,131
37	403 Depreciation expense	32,304
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	(6,695)
40	409 State corporate income tax expense	3,300
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	1,416,040
43	Utility Operating Income	(889,450)
44	421 Non-utility income	-
45	426 Miscellaneous non-utility expense	1,087
46	427 Interest expense	88
47	Net Income	(890,625)

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	18,002,762
River Well	RW1	8	66	100	8,543,432
River Well	RW2	8	65	100	8,059,850

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

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	2	2
3/4-in	3	3
1-in	72	72
1.5-in	23	23
2-in	26	26
3-in		
4-in	3	3
Total	129	129

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	105		105				105	0
			0				0	0
Industrial			0				0	0
Other (specify) Commercial	19		19				19	0
Irrigation & Construction *	5		5				5	0
Subtotal	129		129				129	0
Fire protection (Hydrants)		63	63				0	63
Total	129	63	192				129	63

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	4"	6"	8"	12"	Totals
				under	3 1/4		Other sizes (specify)			
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	97421
			Other (specify)							0
Total	20	1,153,000	Total	-	3166	305	33058	54310	12230	103069

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, 2008, to and including December 31, 2008.

Signed 

Title MANAGER

Date 10-23-09

**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	_____