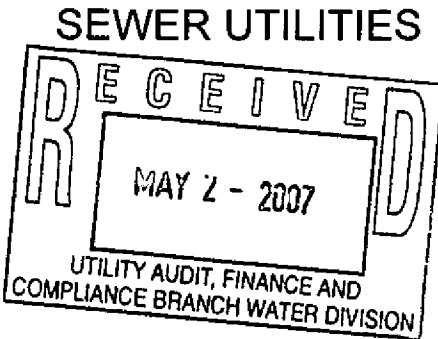


54

Received _____
Examined _____



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

2006  
ANNUAL REPORT  
OF

Canada Woods Water Company

---

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

---

7145 Carmel Valley Road, Carmel CA 93923  
(OFFICIAL MAILING ADDRESS) ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2006

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2007  
(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  
ATTENTION: 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.

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

2120 MAIN STREET, SUITE 265

HUNTINGTON BEACH, CALIFORNIA 92648

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

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

**ACCOUNTANT'S COMPILATION REPORT**

April 25, 2007

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

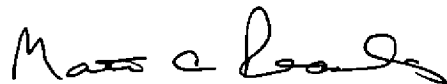
We have compiled the balance sheet of Canada Woods Water Company, LLC (Sewer system) as of December 31, 2006, and the related income statement for the year ended December 31, 2006, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included on page 5 (Schedules B & C), page 6 (Schedules D, E, & G), page 7 (Schedule H), and pages 3 and 4 of Selected Financial Data - Class D Sewer Companies 2006.

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 1 (General Information) and page 7 (Schedules I, J, K, L & M) 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

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

**Canada Woods Water Company, LLC**

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

**7145 Carmel Valley Road, Carmel, California 93923**

(Official mailing address)

**Carmel Valley, 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, Manager, 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, Esq., Lombardo & Gilles**  
**318 Cayuga Street, Salinas, CA 93901**  
**Phone: (831) 754-2444**
  - (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 sewer system: Carmel Lahaina Utility Services, Inc. \$47,296 a/c 105, \$22,634 a/c 618, \$27,345 a/c 630, \$1,293 a/c 640, \$28,098 a/c 670, \$45,423 a/c 671, \$129 a/c 681.**
- 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
		n/a
		n/a
		n/a
		n/a
		n/a

**SPECIAL INSTRUCTIONS (over)**

## **SPECIAL INSTRUCTIONS**

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year. Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Sewer Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D SEWER COMPANIES  
2006

NAME OF UTILITY Canada Woods Water Company PHONE (831) 625-1066

PERSON RESPONSIBLE FOR THIS REPORT Alan Williams, Manager  
(Prepared from Information in the 2006 Annual Report)

BALANCE SHEET DATA	1/1/06	12/31/06	Average
1 Intangible Plant	-	-	-
2 Land and Land Rights	-	-	-
3 Depreciable Plant	3,483,364	3,811,866	3,647,615
4     Gross Plant in Service	3,483,364	3,811,866	3,647,615
5     Less: Accumulated Depreciation	(544,220)	(653,879)	(599,050)
6     Net Water Plant in Service	2,939,144	3,157,987	3,048,566
7 Water Plant Held for Future Use	-	-	-
8 Construction Work in Progress	331,723	325,094	328,409
9 Materials and Supplies	-	-	-
10 Less: Advances for Construction	-	-	-
11 Less: Contribution in Aid of Construction (1)	(2,888,770)	(2,797,082)	(2,842,926)
12 Less: Accumulated Deferred Income and Investment Tax Credits	-	-	-
13 Net Plant Investment	<u>382,097</u>	<u>685,999</u>	<u>534,049</u>

(1) Includes Deferred Credits related to CIAC

CAPITALIZATION	1/1/06	12/31/06	Average
14 Common Stock	-	-	-
15 Proprietary Capital (Individual or Partnership)	380,027	664,342	522,185
16 Paid-in Capital	-	-	-
17 Retained Earnings	-	-	-
18     Common Stock and Equity (Lines 14 through 17)	380,027	664,342	522,185
19 Preferred Stock	-	-	-
20 Long-Term Debt	-	-	-
21 Notes Payable	-	-	-
22 Total Capitalization (Lines 18 through 21)	<u>380,027</u>	<u>664,342</u>	<u>522,185</u>

(Revised 2/01)

SELECTED FINANCIAL STATE - CLASS A, B, C AND D WATER COMPANIES  
2006  
(continued)

NAME OF UTILITY Canada Woods Water Company      PHONE (831)625-1066

	Annual Amount
<b>INCOME STATEMENT</b>	
23 Unmetered Revenue	59,277
24 Metered Revenue	-
25 Total Operating Revenue	59,277
26 <u>Operating Expenses</u>	192,064
27 Depreciation Expense (Composite Rate 3.03%)	18,896
28 Amortization and Property Losses	-
29 Property Taxes	-
30 Taxes Other Than Income Taxes	-
31 Total Operating Revenue Deduction Before Taxes	210,960
32 California Corp. Franchise Tax	-
33 Federal Corporate Income Tax	-
34 Total Operating Revenue Deduction After Taxes	210,960
35 Net Operating Income (Loss) - California Water Operations	(151,683)
36 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	-
37 Income Available for Fixed Charges	(151,683)
38 Interest Expense	-
39 Net Income (Loss) Before Dividends	(151,683)
40 Preferred Stock Dividends	-
41 Net Income (Loss) Available for Common Stock	(151,683)

<b>OTHER DATA</b>		Annual Average
42 Refunds of Advances for Construction	-	-
43 Total Payroll Charged to Operating Expenses	-	-
44 Purchased Water	-	-
45 Power	13,732	13,732

	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
46 Metered Service Connections	0	0	0	0
47 Flat Rate Service Connections	91	88	89.5	89.5
48 Total Active Service Connections	91	88	89.5	89.5

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2005)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	3,811,866	201	Common Stock (Corporations only)	
2	103	Plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Plant purchased or sold		215	Retained earnings	
4	105	Plant construction work in progress	325,094	218	Proprietary capital	664,342
5	108	Accumulated depreciation of plant	(653,879)	224	Long term debt	
6	114	Plant acquisition adjustments			Current Liabilities	21,657
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Other deferred credits	
9	141	Accounts receivable - customers		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	3,334,856
14				272	Accumulated amortization of contributions	(537,774)
15		<b>Total Assets</b>	<b>3,483,081</b>		<b>Total Equity and Liabilities</b>	<b>3,483,081</b>

**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	195,000				195,000
19	307	Wells					-
20	317	Other source plant					-
21	311	Pumping equipment	488,371	89,875	(675)		577,571
22	320	Treatment plant	916,443				916,443
23	330	Reservoirs	180,000				180,000
24	331	Mains	1,613,050	239,552	(250)		1,852,352
25	333	Services and meter installations	90,500				90,500
26	334	Meters					-
27	339	Other equipment					-
28	340	Office furniture and equipment					-
29	341	Transportation equipment					-
30		<b>Total Plant in service</b>	<b>3,483,364</b>	<b>329,427</b>	<b>(925)</b>	<b>-</b>	<b>3,811,866</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 Plant	
32	Balance in reserves at beginning of year	544,220	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	18,896	Composite 3.03%
35	(b) Charged to Account No. 272	91,688	
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	110,584	covered by this report \$ n/a
40	Deduct: Debits to reserves during year		
41	(a) Book cost of property retired	925	
42	(b) Cost of removal		C. State method used to compute tax
43	(c) All other debits		depreciation. n/a
44	Total debits	925	
45	Balance in reserve at end of year	653,879	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		



Line

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

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 - \$	NA
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	N/A						
7							
8	Totals						

**SCHEDULE F - INCOME STATEMENT**

9	Operating revenues	xxxxxx
10	460 Unmetered revenue	59,277
11	470 Metered revenue	
12	480 Other revenue	
13	Total Operating Revenue	59,277
14	Operating revenue deductions	xxxxxx
15	Operating expenses	xxxxxx
16	610 Purchased water	
17	615 Power	13,732
18	618 Other volume related expenses	42,467
19	630 Employee labor	50,124
20	640 Materials	6,013
21	650 Contract work	-
22	660 Transportation expenses	
23	664 Other plant maintenance expense	12,374
24	670 Office salaries	28,098
25	671 Management salaries	45,653
26	674 Employee pensions and benefits	
27	676 Uncollectible accounts expense	
28	678 Office services and rentals	-
29	681 Office supplies and expense	129
30	682 Professional services	7,411
31	684 Insurance	
32	688 Regulatory commission expense	
33	689 General expenses	(13,937)
34	Total Operating Expenses	192,064
35	403 Depreciation expense	18,896
36	408 Taxes other than income taxes	
37	409 State corporate income tax expense	
38	410 Federal corporate income tax expense	
39	Total Operating Revenue Deductions	210,960
40	Utility Operating Income	(151,683)
41	421 Non-utility income	
42	426 Miscellaneous non-utility expense	
43	427 Interest expense	
44	Net Income	(151,683)

**SCHEDULE G - EMPLOYEES AND THEIR COMPENSATION**

Line	Acct	Account	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
45	630	Employee Labor			
46	670	Office salaries	N/A		
47	671	Management salaries			
48		Total			

**SCHEDULE H - ADVANCES FOR CONSTRUCTION**

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

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

Size	Meters	Services
-in		88
-in		
-in		
-in		
-in		
<b>Total</b>		<b>88</b>

**SCHEDULE J - METER-TESTING DATA**

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

**SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR**

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		77	77				0	77
			0				0	0
Industrial			0				0	0
Other (specify) Commercial		11	11				0	11
			0				0	0
<b>Total</b>		<b>88</b>	<b>88</b>				<b>0</b>	<b>88</b>

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)**

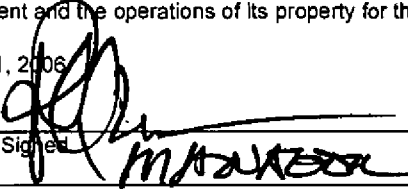
Description	No.	Combined capacity in gallons	Description	2" and under			6" Other sizes (specify)	Totals
				2 1/4 to 3 1/4	4"			
Concrete	6	30,000	Cast Iron					
Earth			Welded steel					
Wood			Standard screw					
Steel	2	136,000	Cement-asbestos					
Other			Plastic	13200	78020	10186	101406	
			Other (specify)					
<b>Total</b>		<b>166,000</b>	<b>Total</b>	<b>13200</b>	<b>78020</b>	<b>10186</b>	<b>101406</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 LLC (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, 2006, to and including December 31, 2006

  
 \_\_\_\_\_  
 Signature  
 \_\_\_\_\_  
 Title  
 \_\_\_\_\_  
 Date **27 APRIL 2007**