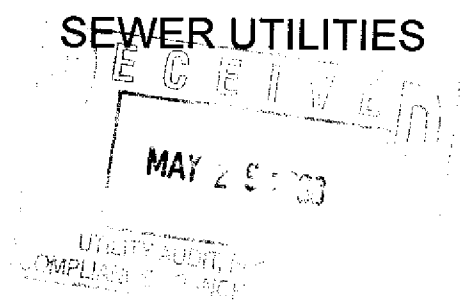


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Received	_____
Examined	_____



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 285
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

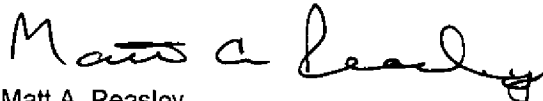
We have compiled the balance sheet of Canada Woods Water Company, LLC (Sewer system) as of December 31, 2007, and the related income statement for the year ended December 31, 2007, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included on page 5 (Schedules B & C), page 6 (Schedules D, E, & G) and page 7 (Schedule H), and page 4 Excess Capacity.

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 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

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 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)

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 Roy D. Kaufman, Managers, Kaufman, Bernstein, Oberman et al. 2049 Century Park East, Suite 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 sewer system: Carmel Lahaina Utility Services, Inc. \$61,987 a/c 105, \$16,249 a/c 618, \$67,788 a/c 630, \$532 a/c 640, \$30,776 a/c 670.
- 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.
- 11 List Name, Grade and License Number of All Licensed Operators:

Yes	No	Latest Date
		n/a
		n/a
		n/a
		n/a
		n/a

na

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 request

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 2006:

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
	N/A										

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2007)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	4,372,541	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	-	218	Proprietary capital	855,741
5	108	Accumulated depreciation of plant	(779,737)	224	Long term debt	
6	114	Plant acquisition adjustments			Current Liabilities	28,149
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	3,332,891
14				272	Accumulated amortization of contributions	(623,977)
15		Total Assets	3,592,804		Total Equity and Liabilities	3,592,804

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	577,571	1,684	(520)		578,735
22	320	Treatment plant	916,443	556,580	(2,100)		1,470,923
23	330	Reservoirs	180,000	5,031			185,031
24	331	Mains	1,852,352				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		Total Plant in service	3,811,866	563,295	(2,620)	-	4,372,541

* 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	653,879	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	40,310	Composite 3.14%
35	(b) Charged to Account No. 272	88,168	
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	128,478	covered by this report \$ n/a
40	Deduct: Debits to reserves during year		
41	(a) Book cost of property retired	2,620	
42	(b) Cost of removal		C. State method used to compute tax
43	(c) All other debits		depreciation. n/a
44	Total debits	2,620	
45	Balance in reserve at end of year	779,737	
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	, \$	par)
2	Preferred - (Shares	, \$	par)
3	Dividends - Common	Rate - \$	
4	- Preferred	Rate - \$	

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	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	71,985
11	470	Metered revenue	
12	480	Other revenue	
13		Total Operating Revenue	71,985
14		Operating revenue deductions	xxxxxx
15		Operating expenses	xxxxxx
16	610	Purchased water	
17	615	Power	14,509
18	618	Other volume related expenses	43,737
19	630	Employee labor	67,788
20	640	Materials	6,446
21	650	Contract work	-
22	660	Transportation expenses	
23	664	Other plant maintenance expense	2,283
24	670	Office salaries	30,776
25	671	Management salaries	-
26	674	Employee pensions and benefits	
27	676	Uncollectible accounts expense	
28	678	Office services and rentals	-
29	681	Office supplies and expense	499
30	682	Professional services	11,338
31	684	Insurance	
32	688	Regulatory commission expense	
33	689	General expenses	(8,700)
34		Total Operating Expenses	168,676
35	403	Depreciation expense	40,310
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	208,986
40		Utility Operating Income	(137,001)
41	421	Non-utility income	
42	426	Miscellaneous non-utility expense	
43	427	Interest expense	
44		Net Income	(137,001)

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 - Employee labor expense is for contract workers of Carmel Lahaina Utility Services		
47	671	Management salaries	Canada Woods Water Company has no direct employees		
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		100
-in		
-in		
-in		
-in		
Total		100

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		89	89				0	89
			0				0	0
Industrial			0				0	0
Other (specify) Commercial		11	11				0	11
			0				0	0
Total		100	100				0	100

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"		Totals
				2 1/4 to 3 1/4	4"	Other sizes (specify)			
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)						
Total	8	166,000	Total		13200	78020	10186	101406	

DECLARATION

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

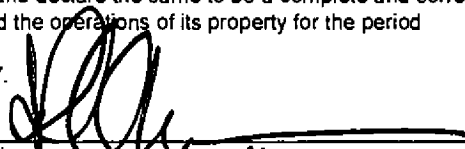
I, the undersigned (officer, partner or owner) of Canada Woods Water Company LLC (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare 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, 2007, to and including December 31, 2007.

Signed

Title

Date


 MANAGER
 5-27-08