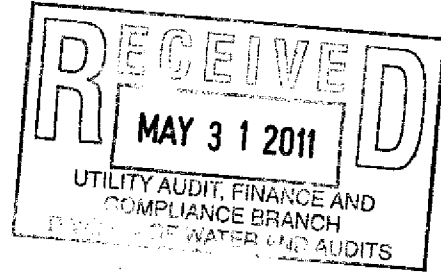


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Received _____
Examined _____

SEWER UTILITIES



U# _____

**2010
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, 2010**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2011

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 20, 2011

Canada Woods Water Company
P.O. Box 221850
Carmel, CA 93922

We have compiled the balance sheet of Canada Woods Water Company, LLC (Sewer system) as of December 31, 2010, and the related income statement for the year ended December 31, 2010, included in the accompanying prescribed form. 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 page 4 Excess Capacity. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with the form prescribed by the Public Utilities Commission of the State of California.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Public Utilities Commission of the State of California and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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 accounting principles generally accepted in the United States of America.

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.

We are not independent with respect to Canada Woods Water Company, LLC.

PEASLEY, ALDINGER & O'BYMACHOW
AN ACCOUNTANCY CORPORATION



Matt A. Peasley
Certified Public Accountant

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INSTRUCTIONS

1. Two completed and signed hard copies of this report and one electronic copy must be filed **NOT LATER THAN MARCH 31, 2011**, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS
ATTN: 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 Page 8, must be signed by an authorized 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. If inserts are needed, prepare all inserts in one separate electronic file in Microsoft Excel format and file it with the electronic file of this report.
9. This report must cover the calendar year from January 1, 2010, through December 31, 2010. 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**
 (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, et al. 2049 Century Park East, Suite 2500
Los Angeles, CA 90067-3127
- 3 Name and telephone number of:
 (A) One person listed above to receive correspondence: **Alan Williams, Manager CWWC (831) 625-1066**
c/o Canada Woods Water Company 7145 Carmel Valley Road, Carmel, CA 93923
 (B) Person responsible for operations and services: **Brian Garneau (831)656-9266**
Carmel Lahaina Utility Services, Inc.
- 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. \$873 a/c 105, \$18,819 a/c 618, \$91,010 a/c 630, \$1,273 a/c 640, \$35,906 a/c 670, \$10,584 a/c 671.
Management of sewer system: Carmel Development Company \$20,040 a/c 671.
- 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;**

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

n/a

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2010)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	4,394,924	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	758,226
5	108	Accumulated depreciation of plant	(1,200,482)	224	Long term debt	
6	114	Plant acquisition adjustments			Current Liabilities	19,172
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	3,329,523
14				272	Accumulated amortization of contributions	(912,479)
15		Total Assets	3,194,442		Total Equity and Liabilities	3,194,442

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	196,271				196,271
19	307	Wells					-
20	317	Other source plant					-
21	311	Pumping equipment	582,301	3,640	1,684		584,257
22	320	Treatment plant	1,480,252	6,261			1,486,513
23	330	Reservoirs	185,031				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	4,386,707	9,901	1,684	-	4,394,924

* 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	1,058,853	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	48,377	Composite 3.26%
35	(b) Charged to Account No. 272	94,936	
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	143,313	covered by this report \$ n/a
40	Deduct: Debits to reserves during year		
41	(a) Book cost of property retired	1,684	
42	(b) Cost of removal		C. State method used to compute tax
43	(c) All other debits		depreciation. n/a
44	Total debits	1,684	
45	Balance in reserve at end of year	1,200,482	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2010)

Line

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	95,229
11	470 Metered revenue	
12	480 Other revenue	
13	Total Operating Revenue	95,229
14	Operating revenue deductions	xxxxxx
15	Operating expenses	xxxxxx
16	610 Purchased water	
17	615 Power	28,691
18	618 Other volume related expenses	83,411
19	630 Employee labor	91,010
20	640 Materials	13,049
21	650 Contract work	11,410
22	660 Transportation expenses	
23	664 Other plant maintenance expense	5,071
24	670 Office salaries	35,906
25	671 Management salaries	30,624
26	674 Employee pensions and benefits	
27	676 Uncollectible accounts expense	
28	678 Office services and rentals	
29	681 Office supplies and expense	
30	682 Professional services	8,769
31	684 Insurance	
32	688 Regulatory commission expense	
33	689 General expenses	458
34	Total Operating Expenses	308,399
35	403 Depreciation expense	48,377
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	356,776
40	Utility Operating Income	(261,547)
41	421 Non-utility income	
42	426 Miscellaneous non-utility expense	
43	427 Interest expense	
44	Net Income	(261,547)

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	and Carmel Development Company.		
48		Total	Canada Woods Water Company has no direct employees		

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		121
-in		
-in		
-in		
-in		
Total		121

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		108	108				0	108
			0				0	0
Industrial			0				0	0
Other (specify) Commercial		13	13				0	13
			0				0	0
Total		121	121				0	121

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	2 1/4 to	4"	6"	Other sizes (specify)	Totals
				under	3 1/4				
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)						
Total	8	166,000	Total		13200	78020	10186		101406

DECLARATION

(PLEASE VERIFY THAT ALL SCHEDULES ARE ACCURATE AND COMPLETE BEFORE SIGNING)

I, the undersigned ALAN WILLIAMS
Authorized Officer, Partner or Owner

of Canada Woods Water Company - Sewer
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 of January 1, 2010, through December 31, 2010.

MANAGER

Title (Please Print)

831-624-3179

Telephone Number

[Signature]
(Date)

Signature

5-25-2011

Date