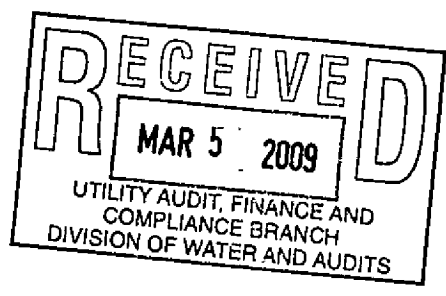


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# SEWER UTILITIES



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

## 2008 ANNUAL REPORT OF

\_\_\_\_\_  
 CYPRESS RIDGE SEWER CO.

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

\_\_\_\_\_  
 P.O. BOX 745

\_\_\_\_\_  
 GROVER BEACH, CA 93483

(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)

## 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**

**ATTN: 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 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 calander year, from January 1 through December 31. Fiscal year reports will not be accepted.





**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2008)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	4,762,669	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 SEE ATTACHED	(712,719)
4	105	Plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of plant	(873,636)	224	Long term debt	591,003
6	114	Plant acquisition adjustments			Current Liabilities	223,785
7	124	Other investments		252	Advances for construction	
8	131	Cash	237	253	Other deferred credits	
9	141	Accounts receivable - SEE ATTACHED	99,163	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	4,760,000
14				272	Accumulated amortization of contributions	(873,636)
15		<b>Total Assets</b>	<b>3,988,433</b>		<b>Total Equity and Liabilities</b>	<b>3,988,433</b>

**SCHEDULE B - SEWER PLANT IN SERVICE**

Line	Acct	Title of Account	Balance Beg of Year	Pit Additions During year	Pit Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant		2,669			2,669
17	303	Land					
18	304	Structures					
19	307	Wells					
20	317	Other source plant					
21	311	Pumping equipment	10,000				10,000
22	320	Treatment plant	3,200,000				3,200,000
23	330	Reservoirs					
24	331	Mains	1,500,000				1,500,000
25	333	Services and meter installations					
26	334	Meters					
27	339	Other equipment	40,000				40,000
28	340	Office furniture and equipment	10,000				10,000
29	341	Transportation equipment					
30		<b>Total Plant in service</b>	<b>4,760,000</b>	<b>2,669</b>			<b>4,762,669</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	729,697	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		
35	(b) Charged to Account No. 272	143,939	
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	<b>Total credits</b>	<b>143,939</b>	<b>covered by this report \$</b>
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.
44	<b>Total debits</b>		
45	<b>Balance in reserve at end of year</b>	<b>873,636</b>	
46	(1) Explanation of all other credits	N/A	
47	(2) Explanation of all other debits	N/A	

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2008)**

Line				
1	Common - (Shares	\$	par)	1,000
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: Charles M. Baker  
1,000 shares

**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	Shareholder loan	Various	Demand		498,066	5%	24,782	-
6	Shareholder loan	Various	Demand		92,937	5%	1,732	-
7								
8	Totals							

**SCHEDULE F - INCOME STATEMENT**

9		Operating revenues	xxxxxxxxxx
10	460	Unmetered revenue	304,972
11	470	Metered revenue	
12	480	Other revenue	
13		Total Operating Revenue	
14		Operating revenue deductions	xxxxxxxxxx
15		Operating expenses	xxxxxxxxxx
16	610	Purchased water	
17	615	Power	17,067
18	618	Other volume related expenses	16,649
19	630	Employee labor	80,528
20	640	Materials	
21	650	Contract work	424,632
22	660	Transportation expenses	3,851
23	664	Other plant maintenance expense	
24	670	Office salaries	500
25	671	Management salaries	7,500
26	674	Employee pensions and benefits	1,792
27	676	Uncollectible accounts expense	
28	678	Office services and rentals	1,606
29	681	Office supplies and expense	1,052
30	682	Professional services	33,933
31	684	Insurance	13,903
32	688	Regulatory commission expense	10,806
33	689	General expenses	104
34		Total Operating Expenses	613,923
35	403	Depreciation expense	
36	408	Taxes other than income taxes	8,477
37	409	State corporate income tax expense	-
38	410	Federal corporate income tax expense	-
39		Total Operating Revenue Deductions	622,400
40		Utility Operating Income	(317,428)
41	421	Non-utility income	
42	426	Miscellaneous non-utility expense	
43	427	Interest expense	(26,514)
44		Net Income	(343,942)

**SCHEDULE G - 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
45	630	Employee Labor	2	80,528	-	80,528
46	670	Office salaries	1	500	-	500
47	671	Management salaries	1	7,500	-	7,500
48		Total	2	88,528	-	88,528

**SCHEDULE H - ADVANCES FOR CONSTRUCTION**

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

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

Size	Meters	Services
-in		
-in		
-in		
-in		
-in		
<b>Total</b>		N/A

**SCHEDULE J - METER-TESTING DATA**

Number of meters tested during year	N/A
1 Used, before repair...	
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		367	367		23	23		390
Industrial								
Other (specify)								
Commercial		8	8					8
<b>Total</b>		375	375		23	23		398

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	Other sizes (specify)				Totals
				2" and under	2 1/4 to 3 1/4	4"	6"	
Concrete	3	66,000	Cast Iron					
Earth			Welded steel					
Wood			Standard screw					
Steel			Cement-asbestos					
Other			Plastic				28000	28000
			Other (specify)					
<b>Total</b>	3	66,000	<b>Total</b>				28000	28000

**DECLARATION**

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

I, the undersigned (officer, partner or owner) of CYPRESS RIDGE SEWER CO.  
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  
PRESIDENT  
 Title  
3-1-09  
 Date

ATTACHMENT TO ANNUAL REPORT OF CYPRESS RIDGE SEWER OPERATIONS

PAGE 5, SCHEDULE B - SEWER PLANT IN SERVICE

RURAL WATER COMPANY WAS INCORPORATED IN 1982 AND HAS OPERATED A WATER UTILITY PLANT SINCE THAT TIME. IN JUNE, 2002, RURAL WATER COMPANY WAS GRANTED A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE SEWER SERVICE TO THE CYPRESS RIDGE SUBDIVISION IN SAN LUIS OBISPO COUNTY, AND AS A RESULT, TOOK OVER THE OPERATION OF THE CYPRESS RIDGE SEWER PLANT IN JANUARY, 2003.

RURAL WATER COMPANY OPERATED BOTH THE WATER UTILITY AND SEWER UTILITY PLANT UNTIL MAY, 2008, WHEN THE SEWER OPERATION WAS TRANSFERRED TO A NEW CORPORATION, CYPRESS RIDGE SEWER COMPANY. THE SHARES OF THE NEW CORPORATION ARE OWNED BY SAME SHAREHOLDER AS RURAL WATER COMPANY.

UNDER DECISION 02-06-005, THE SEWER COMPANY WAS AUTHORIZED TO ESTABLISH A MEMORANDUM ACCOUNT FOR OPERATING EXPENSES FOR ITS PUBLIC UTILITY SEWER SERVICE. THE MEMORANDUM ACCOUNT REMAINS IN EFFECT.

GENERAL INFORMATION - PAGE 1, QUESTION 4

CONTRACTS IN EFFECT DURING THE YEAR

<u>NAME</u>	<u>NATURE OF PAYMENTS</u>	<u>AMOUNT</u>	<u>ACCOUNT CHARGED</u>
ECO RESOURCES, INC.	CONTRACT MAINTENANCE	66,093	650
MULTI-TASK BUSINESS SYS.	BOOKKEEPING SERVICES	6,128	682
FRED H. SCHOTT & ASSOCIATES	ENGINEERING SERVICES	39,830	650
KENNEDY/JENKS CONSULTANTS	ENGINEERING SERVICES	22,880	650
SOUTHWEST WATER COMPANY	PLANT MAINTENANCE	60,893	650
RURAL SPECIAL DISTRICTS INSURANCE	INSURANCE	13,766	684
DAVID MONEY LAW FIRM	ORGANIZATION EXP	2,669	301
FRANK B & ASSOCIATES	CPUC CONSULTING	11,861	682



ATTACHMENT TO ANNUAL REPORT OF CYPRESS RIDGE SEWER OPERATIONS (continued)

SCHEDULE A - BALANCE SHEET DETAIL

THE AMOUNT ON SCHEDULE A, BALANCE SHEET, LINE 9, ACCOUNT 141 - ACCOUNTS RECEIVABLE INCLUDES CURRENT ACCOUNTS RECEIVABLE OF \$1,177 AS WELL THE REMAINING BALANCE OF COMMISSION APPROVED SURCHARGES FOR 2004, 2005 AND 2006. THE SURCHARGE RECEIVABLES INCLUDE INTEREST AT THE 90-DAY COMMERCIAL RATE CALCULATED MONTHLY.

ACCOUNTS RECEIVABLE	\$	1,177
2004 SURCHARGE APPROVED 10/1/05		75,867
SURCHARGE COLLECTED IN 2005		(6,496)
SURCHARGE COLLECTED IN 2006		(26,700)
SURCHARGE COLLECTED IN 2007		(27,940)
SURCHARGE COLLECTED IN 2008		(21,231)
INTEREST ACCRUED ON BALANCE THROUGH 12/31/08		5,288
BALANCE 12/31/08		<u>(1,212)</u>
2005 SURCHARGE APPROVED 10/1/06		69,756
SURCHARGE COLLECTED IN 2006		(5,713)
SURCHARGE COLLECTED IN 2007		(22,994)
SURCHARGE COLLECTED IN 2008		(23,391)
INTEREST ACCRUED ON BALANCE THROUGH 12/31/08		4,605
BALANCE 12/31/08		<u>22,263</u>
2006 SURCHARGE APPROVED 1/10/08		107,413
SURCHARGE COLLECTED IN 2008		(33,389)
INTEREST ACCRUED ON BALANCE THROUGH 12/31/08		2,911
BALANCE 12/31/08		<u>76,935</u>
TOTAL ACCOUNTS RECEIVABLE	\$	<u>99,163</u>

SCHEDULE A, BALANCE SHEET, LINE 3, ACCOUNT 215 - RETAINED EARNINGS RECONCILIATION:

BALANCE 12/31/07	\$	(372,576)
2008 NET LOSS		(343,942)
INTEREST ON SURCHARGE BALANCING ACCOUNT - 2004		100
INTEREST ON SURCHARGE BALANCING ACCOUNT - 2005		788
INTEREST ON SURCHARGE BALANCING ACCOUNT - 2006		2,911
BALANCE 12/31/08	\$	<u>(712,719)</u>

2/26/2009  
12:28

**RURAL WATER COMPANY SEWER OPERATIONS**  
Federal ID #: 95-3752939  
Asset Summary - Book Basis  
Period Ended 12/31/08

Company: 259  
Page: 1

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>I79 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 1												
1	I	PUMPING EQUIPMEN	01/01/03	N	SL	33	10,000.00	0.00	0.00	1,515.15	303.03	1,818.18
2	I	TREATMENT PLANT	01/01/03	N	SL	33	3,200,000.00	0.00	0.00	484,848.50	96,969.70	581,818.20
3	I	MAINS	01/01/03	N	SL	33	1,500,000.00	0.00	0.00	227,272.75	45,454.55	272,727.30
4	I	EMERGENCY GENERA	01/01/03	N	SL	33	40,000.00	0.00	0.00	6,060.60	1,212.12	7,272.72
5	I	OFFICE COMPUTER &	01/01/03	N	SL	5	10,000.00	0.00	0.00	10,000.00	0.00	10,000.00
Group # 1 Total							<u>4,760,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>729,697.00</u>	<u>143,939.40</u>	<u>873,636.40</u>
Group # 2												
1	I	ORGANIZATION COST	05/31/08	N			2,669.00	0.00	0.00	0.00	0.00	0.00
Group # 2 Total							<u>2,669.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Grand Total							<u>4,762,669.00</u>	<u>0.00</u>	<u>0.00</u>	<u>729,697.00</u>	<u>143,939.40</u>	<u>873,636.40</u>