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SEWER UTILITIES

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2008 ANNUAL REPORT OF

INTERSTATE 5 UTILITY COMPANY, INC.

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

2000 - 18TH STREET, BAKERSFIELD, CA 93301

(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)

Sandra V. Steward

CERTIFIED PUBLIC ACCOUNTANT

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California Public Utilities Commission
Water Division
Attention: Kayode Kajopaiye
505 Van Ness Avenue, Room 3105
San Francisco, CA 94102-3298

I have compiled the accompanying balance sheets of Interstate 5 Utility Company, Inc. as of January 1, 2008 and December 31, 2008, and the related statement of sewer income for the year ended December 31, 2008, and the related supplementary information, in the accompanying prescribed forms in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

My compilation was limited to presenting in the form prescribed by the Public Utilities Commission – State of California, information that is the representation of the owner. I have not audited or reviewed the financial statements and related supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements, including related supplementary information are presented in accordance with the requirements of the Public Utilities Commission – 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.

Sandra V. Steward, CPA

Sandra V. Steward, CPA
February 7, 2009

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

INTERSTATE 5 UTILITY COMPANY, INC.

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

2000 - 18TH STREET, BAKERSFIELD, CA 93301

(Official mailing address)

INTERSTATE 5 AND HIGHWAY 58, NEAR BUTTONWILLOW, KERN COUNTY

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
(A) Date of organization 10/25/1972 incorporated in the State of CALIFORNIA
(B) Names, titles and addresses of principal officers:
JAMES P. SEARS, PRESIDENT, 2000 - 18TH STREET, BAKERSFIELD, CA 93301

- 2 If unincorporated give the name and address of owner or of each partner:
NOT APPLICABLE

- 3 Name and telephone number of:
(A) One person listed above to receive correspondence: JAMES P. SEARS (661) 325-5981
(B) Person responsible for operations and services: JAMES P. SEARS

- 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?
\$3,600 OF MANAGEMENT FEES PAID TO DARDANA, INC., CHARGED TO ACCOUNT 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:
JAMES P. SEARS, DARDANA, INC., HERBERT P. SEARS CO., INC., AND
MCKITTRICK 5 PROPERTIES

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	
X		WEEKLY
X		May-98
		N/A
		N/A

- 11 List Name, Grade, and License Number of all Licensed Operators:
LOU WOLFE, GRADE 2, 11-8337 (WASTEWATER)

SPECIAL INSTRUCTIONS (over)

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 requesting Commission approval of that service, 2) provide information regarding non-tariffed goods/services in each companies Annual Report to the Commission.

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 200 :

Apply to All Non-Tariffed Goods/Services that require Approval by Advice Letter

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
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NOT APPLICABLE

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2008)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	556,297	201	Common Stock (Corporations only)	154,453
2	103	Plant held for future use	-	211	Other paid-in capital (Corporations only)	-
3	104	Plant purchased or sold	-	215	Retained earnings	78,665
4	105	Plant construction work in progress	-	218	Proprietary capital	-
5	108	Accumulated depreciation of plant	(357,821)	224	Long term debt	-
6	114	Plant acquisition adjustments	-		Current Liabilities	2,809
7	124	Other investments	-	252	Advances for construction	-
8	131	Cash	34,486	253	Other deferred credits	-
9	141	Accounts receivable - customers	15,789	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	19,159	283	Accumulated deferred income taxes - other	-
13	180	Deferred charges	-	271	Contributions in aid of construction	239,430
14				272	Accumulated amortization of contributions	(207,447)
15		Total Assets	267,910		Total Equity and Liabilities	267,910

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	4,320				4,320
17	303	Land	-				-
18	304	Structures	86,925				86,925
19	307	Wells	20,641				20,641
20	317	Other source plant	-				-
21	311	Pumping equipment	60,257				60,257
22	320	Treatment plant	178,411				178,411
23	330	Reservoirs	13,075				13,075
24	331	Mains	3,720				3,720
25	333	Services and meter installations	-				-
26	334	Meters	-				-
27	339	Other equipment	-				-
28	340	Office furniture and equipment	-				-
29	341	Transportation equipment	-				-
30		Total Plant in service	367,349				367,349

* 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	208,945	A. Method used to compute depreciation
33	Add: Credits to reserves during year	2,148	expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	5,199	SL; 50 YEARS
35	(b) Charged to Account No. 272		
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	7,347	covered by this report \$ 8,250
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	Total debits		SL; 7 TO 25 YEARS
45	Balance in reserve at end of year	216,292	
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 154,453 @ \$1.00 par)	154,453	List persons owning more than 5% of outstanding stock
2	Preferred - (Shares , \$ par)		and number of shares owned by each:
3	Dividends - Common Rate - \$		
4	- Preferred Rate - \$		JAMES P. SEARS - 100%

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	NOT APPLICABLE							
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered revenue	112,257
11	470 Metered revenue	-
12	480 Other revenue	-
13	Total Operating Revenue	112,257
14	Operating revenue deductions	xxxxxxxxxx
15	Operating expenses	xxxxxxxxxx
16	610 Purchased water	-
17	615 Power	21,985
18	618 Other volume related expenses	-
19	630 Employee labor	-
20	640 Materials	3,724
21	650 Contract work	20,807
22	660 Transportation expenses	-
23	664 Other plant maintenance expense	8,182
24	670 Office salaries	-
25	671 Management salaries	3,600
26	674 Employee pensions and benefits	-
27	676 Uncollectible accounts expense	-
28	678 Office services and rentals	17,640
29	681 Office supplies and expense	14
30	682 Professional services	10,998
31	684 Insurance	6,964
32	688 Regulatory commission expense	-
33	689 General expenses	39
34	Total Operating Expenses	93,953
35	403 Depreciation expense	5,199
36	408 Taxes other than income taxes	5,208
37	409 State corporate income tax expense	520
38	410 Federal corporate income tax expense	
39	Total Operating Revenue Deductions	104,880
40	Utility Operating Income	7,377
41	421 Non-utility income	257
42	426 Miscellaneous non-utility expense	-
43	427 Interest expense	-
44	Net Income	7,634

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				
46	670	Office salaries				
47	671	Management salaries	1	3,600		3,600
48		Total	1	3,600		3,600

SCHEDULE H - ADVANCES FOR CONSTRUCTION

Balance beginning of year	NOT APPLICABLE
Additions during year	
Subtotal - Beginning balance plus additions during year	
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
1-in	8	
2-in	6	
3-in	6	
-in		
-in		
Total	20	

SCHEDULE J - METER-TESTING DATA

Number of meters tested during year		
1	Used, before repair...	0
2	Used, after repair	0
3	Fast, requiring refund ..	0

SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences								
Industrial								
Other (specify)								
RETAIL/COMMERCIAL		20	20					20
Total		20	20					20

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	2 1/4 to 3 1/4	4"	Other sizes (specify)		Totals
							6"	8"	
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel			Cement-asbestos			700	700	4,720	6,120
Other			Plastic						
METAL/WATER	2	80,000	Other (specify)						
COLL/REV	1	50,000	CLAY SEWER					7,000	7,000
			PVC WATER					1,880	1,880
Total	3	130,000	Total			700	700	13,600	15,000

DECLARATION

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

I, the undersigned officer of Interstate 5 Utility Co., Inc., 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.

Doris J. Aears
 Signed
 VICE President
 Title
 2/19/09
 Date