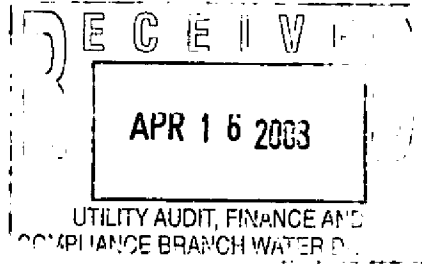


34

Received _____
Examined _____

CLASS D
WATER UTILITIES



U# _____

2007
ANNUAL REPORT
OF

PURESOURCE WATER INC.

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

P. O. Box 1958

APTOS CA 95007

(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)

Michael Mills,
P.O. Box 1958
Aptos, CA 95007

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

PURE SOURCE WATER INC.

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

P. O. Box 1958

(Official mailing address)

APTOS CA 95001

(Service area-town and county)

Telephone Number: **831-688-8947** Fax Number: **831-688-4208** Email Address: **michael@michaelmilk
constr.com**

GENERAL INFORMATION

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

1 If a corporation show:
(A) Date of organization 05/04/01 incorporated in the State of CA
(B) Names, titles and addresses of principal officers:

2 If unincorporated provide the name and address of the owner(s) or the partners:

3 Name, title, and telephone number of:
(A) One person listed above to receive correspondence: Michael Mills, Pres., 831-688-8947
(B) Person responsible for operations and services: same

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)
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?

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:

PUBLIC HEALTH STATUS

Yes	No	Latest Date
✓		06/18/07
✓		12/17/07
✓		12/17/07

- 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:
Michael Mills D2 #21442

Excess Capacity and Non-Tariffed Services

None

NOTE: In D 00-07-016, 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 filing required in D 00-07-016, D 03-04-028, and D 04-12-023, provide the following information by each individual non-tariffed good and service provided in 200 .

Applies 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 Registered Assets used in the provision of a Non-Tariffed Good/Service (by account)	Registered Asset Account Number

**CLASS A, B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) or Safe Drinking Water State Revolving Fund loan surcharge collection for the calendar year. Please use one page per loan.

1. Current Fiscal Agent:

Name: Bay Federal Credit Union
 Address: Clarks Street, Capital
 Phone Number: 831-474-6000
 Account Number: _____
 Date Hired: 04/17

2. Total surcharge collected from customers during the 12 month reporting period:

\$ _____

Meter Size	No. of Metered Customers	Monthly Surcharge Per Customer
3/4 inch		
1 inch		
1 1/2 inch		
2 inch		
3 inch		
4 inch		
6 inch		
Number of Flat Rate Customers	79	7
Total		

3. Summary of the bank account activities showing:

Balance at beginning of year
 Deposits during the year
 Interest earned for calendar year
 Withdrawals from this account
 Balance at end of year

\$2400.16
0
0
2271.69
128.47

CLASS A, B, C AND D WATER COMPANIES

SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA (cont.)

5. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures					
7	307	Wells	16,187				16,187
8	317	Other water source plant					
9	311	Pumping equipment	2,569				2,569
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes	37,247				37,247
12	331	Water mains	71,927				71,927
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service	128,400				128,400

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 20__)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service		201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant		224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	
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	
14				272	Accumulated amortization of contributions	
15		Total Assets			Total Equity and Liabilities	

see attached page 7-A

SCHEDULE B - WATER 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					
19	307	Wells	16,697				16,697
20	317	Other water source plant					
21	311	Pumping equipment	2,569				2,569
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	37,247				37,247
24	331	Water mains	71,927				71,927
25	333	Services and meter installations					
26	334	Meters					
27	335	Hydrants					
28	339	Other equipment					
29	340	Office furniture and equipment					
30	341	Transportation equipment					
31		Total water plant in service	128,440				128,440

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year			A. Method used to compute depreciation expense (Acct. 403) and rate.
33	Add: Credits to reserves during year			
34	(a) Charged to Account No. 272			
35	(b) Charged to Account No. 403			
36	(c) Charged to Account No. 407			B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
37	(d) Salvage recovered			
38	(e) All other credits			
39	Total credits			
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 depreciation.
43	(c) All other debits			
44	Total debits			
45	Balance in reserve at end of year			
46	(1) Explanation of all other credits	No net base plant available. All are completely depreciated. Only SDWBA financed plant are listed.		
47	(2) Explanation of all other debits			

PureSource Water, Inc.
Balance Sheet 12/31/07

ASSETS			
Current Assets			
Checking/Savings			
	100 - CCB Checking	0.00	
	102 - BFCU Checking	590.52	
	103 - BFCU Money Market	10,018.90	
	Total Checking/Savings	10,609.42	
TOTAL ASSETS			10,609.42
LIABILITIES & EQUITY			
Current Liabilities			
	202 - DWR Surcharge (overcollected/refunded)	11,725.97	
	204 - PUC Surcharge	656.87	
	206 - Special Fund	5,760.91	
	211 - Intertie Grant	-972.86	
	Total Current Liabilities	17,170.89	
EQUITY			
	Opening Balance Equity	524.57	
	Net Income	-7,086.04	
	Total Equity	-6,561.47	
TOTAL LIABILITIES & EQUITY			10,609.42

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 20__)

Line				
1	Common - (Shares	\$	par)	List persons owning more than 5% of outstanding stock and number of shares owned by each:
2	Preferred - (Shares	\$	par)	
3	Dividends - Common	Rate - \$		
4	- Preferred	Rate - \$		

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								
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9		Operating revenues	XXXXXXXXXX
10	460	Unmetered water revenue	45,401
11	462	Fire protection revenue	
12	465	Irrigation revenue	
13	470	Metered water revenue	
14	480	Other water revenue	733
15		Total Operating Revenue	46,134
16		Operating revenue deductions	XXXXXXXXXX
17		Operating expenses	XXXXXXXXXX
18	610	Purchased water	7,965
19	615	Purchased power	
20	618	Other volume related expenses	
21	630	Employee labor	
22	640	Materials	3,675
23	650	Contract work / Water Testing	503
24	660	Transportation expenses	441
25	664	Other plant maintenance expense	8,499
26	670	Office salaries	4,800
27	671	Management salaries	16,406
28	674	Employee pensions and benefits	
29	676	Uncollectible accounts expense	
30	678	Office services and rentals	
31	681	Office supplies and expense	3,667
32	682	Professional services	3,135
33	684	Insurance	
34	688	Regulatory commission expense	1,339
35	689	General expenses	803
36		Total Operating Expenses	48,132
37	403	Depreciation expense	
38	407	SDWBA loan amortization expense	
39	408	Taxes other than income taxes	1,124
40	409	State income tax expense	3,963
41	410	Federal income tax expense	
42		Total Operating Revenue Deductions	5,088
43		Utility Operating Income	
44	421	Non-utility income	
45	426	Miscellaneous non-utility expense	
46	427	Interest expense	
47		Net Income	(7,086)

(2003-2006 txs)

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location		No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
2270	Redwood Dr	2	6	250	50	
3263	✓	3	6	250	25	

OTHER

Streams or springs location of diversion point	Flow in Priority right		(Unit) Diversions		Annual Quantities Diverted Unit
	Claim	Capacity	Max	Min	
Purchased water (unit)				Annual Quantity	
Supplier:					

SCHEDULE H WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max mo. Mo. of	Min. Mo. Mo. Of	Total for year
Residential			
Commercial			
Industrial			
Fire Protection			
Irrigation			
Other (specify)			
Total			

SCHEDULE I - 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
48	630	Employee Labor				
49	670	Office salaries	1	4,800-		4,800
50	671	Management salaries	1	16,406		16,406
51		Total	2	21,206		21,206

SCHEDULE J - 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	

SCHEDULE K - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
5/8 x 3/4-in		
3/4-in		
1-in		
1 1/2-in		
2-in		
Total		

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair
2	Used, after repair
3	Fast, requiring refund
Numbers of meters in service requiring test per General Order No. 103	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		75			4			79
Industrial/Commercial								
Irrigation								
Fire Protection (public)								
Fire Protection (private)								
Other (specify)								
Total			75			4		79

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	2" and under			4"	Other sizes (specify)	Totals
				2 1/4 to 3 1/4					
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel	2	99,000	Cement-asbestos						
Other			Plastic				8"	10,000	
			Other (specify)						
Total			Total				8"	10,000	

DECLARATION

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

I, the undersigned (officer, partner or owner) of _____ (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, documents, 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 calendar year.

January 1, 2007 through December 31, 2007.

Signed

Title

Date

Michael P. [Signature]
 President
 03/31/08

FACILITIES FEES DATA

Please provide the following information relating to Facilities Fees collected for the calendar year, pursuant to Resolution No. W-4110.

NONE

1. Trust Account Information:

Bank Name: _____
Address: _____
Account Number: _____
Date Opened: _____

2. Facilities Fees collected for new connections during the calendar year:

A. Commercial

NAME	AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

B. Residential

NAME	AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

3. Summary of the bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Interest earned for calendar year	_____
Withdrawals from this account	_____
Balance at end of year	_____

4. Reason or Purpose of Withdrawal from this bank account:

