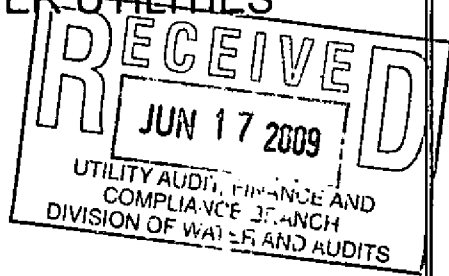


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Received _____
Examined _____

CLASS D
WATER UTILITIES



U# _____

2008
ANNUAL REPORT
OF

Spreckels Water Company, Inc.

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

P.O. Box 7187 Spreckels, CA 93962
(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)

Crookings
760-379-8309
Debbie ^{Indis. Electric}
Frank ^{hard copy}
Apples

CLASS D WATER UTILITIES

(HAVING LESS THAN 500 SERVICE CONNECTIONS)

Spreckels Water Company, Inc.

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

P.O. Box 7187 Spreckels, CA 93962

(Official mailing address)

Spreckels, County of Monterey

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
(A) Date of organization 9/2/1986 incorporated in the State of Delaware
(B) Names, titles and addresses of principal officers: Bob Antle, President; Gary Tanimura, Vice President
Kerry L. Varney, Vice President, CFO, & Secretary P.O. Box 4070 Salinas, CA 93912
- 2 If unincorporated give the name and address of owner or of each partner: N/A
- 3 Name and telephone number of:
(A) One person listed above to receive correspondence: Kerry L Varney 831-455-4005
(B) Person responsible for operations and services: Russell Hatch, MCSI 831-659-5360
- 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?
Payments to MCSI - Administration - \$25,975 System \$24,857 Operations - \$37,325
- 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:
Tanimura & Antle Supply Company, Inc. controls 100%

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		Dec-08
X		
		N/A
		N/A

- 11 List Name, Grade, and License Number of all Licensed Operators:

Ross Hatch D2 #15001

Autumn Knight D2 #25936

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2008)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	\$ 197,661	201	Common Stock (Corps only)	\$ 250,000
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	\$ (75,021)
4	105	Water plant construction work in progress		218	Proprietary capital	
5	108	Accumulated depreciation of water plant	\$ (13,150)	224	Long term debt	
6	114	Water plant acquisition adjustments			Current Liabilities	\$ 75,630
7	124	Other investments		252	Advances for construction	
8	131	Cash	\$ 63,754	253	Other deferred credits	
9	141	Accounts receivable - customers	\$ 2,344	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 (Interest)		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	
14		Accrued Interest		272	Accumulated amortization of contributions	
15		Total Assets	\$ 250,609		Total Equity and Liabilities	\$ 250,609

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	\$ 50,000		\$ (40,000)		\$ 10,000
20	317	Other water source plant					\$ -
21	311	Pumping equipment	\$ 5,000				\$ 5,000
22	320	Water treatment plant					\$ -
23	330	Reservoirs tanks and sandpipes	\$ 12,000				\$ 12,000
24	331	Water mains	\$ 138,000				\$ 138,000
25	333	Services and meter installations					\$ -
26	334	Meters					\$ -
27	335	Hydrants					\$ -
28	339	Other equipment	\$ 6,100	\$ 8,934		\$ 17,627	\$ 32,661
29	340	Office furniture and equipment					\$ -
30	341	Transportation equipment					\$ -
31		Total water plant in service	\$ 211,100	\$ 8,934	\$ (40,000)		\$ 197,661

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

**\$17,627 is for Construction in Progress at Year End

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 '95	\$ -		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	\$ 13,150		6.7%
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 (1996 to 2005)			your federal income tax return for the year
39	Total credits	\$ 13,150		covered by this report \$
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			S/L
45	Balance in reserve at end of year	\$ 13,150	\$ -	
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 1,000)	\$ 250,000	List persons owning more than 5% of outstanding stock
2	Common - (Shares)		and number of shares owned by each:
3	Dividends - Common Rate - \$		1,000 shares owned by Tanimura & Antle Supply Company, Inc.
4	- Preferred Rate - \$ Total	\$ 250,000	

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	None						\$ -	\$ -
6							\$ -	\$ -
7							\$ -	\$ -
8	Totals				\$ -		\$ -	\$ -

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered water revenue	\$ 59,679
11	462 Fire protection revenue	\$ 1,278
12	465 CPUC Fee	
13	470 Metered water revenue	\$ 29,235
14	480 Other water revenue	
15	Total Operating Revenue	\$ 90,192
16	Operating revenue deductions	xxxxxxxxxx
17	Operating expenses (DHS Fees)	
18	610 Purchased water	
19	615 Power	\$ 5,635
20	618 Other volume related expenses	\$ 37,538
21	630 Employee labor	\$ -
22	640 Materials	\$ 3,137
23	650 Contract work (Return on Service Provided)	\$ 63,300
24	660 Transportation expenses	\$ 116
25	664 Other plant maintenance expense	\$ 24,857
26	670 Office salaries	
27	671 Management salaries	
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	\$ 405
30	678 Office services and rentals	
31	681 Office supplies and expense	\$ 2,165
32	682 Professional services	\$ 2,022
33	684 Insurance	
34	688 Regulatory commission expense	
35	689 General expenses	\$ 3,396
36	Total Operating Expenses	\$ 142,571
37	403 Depreciation expense	\$ 14,553
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	\$ 409
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deduction	\$ 157,533
43	Utility Operating Income	\$ (67,341)
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	\$ -
47	Net Income	\$ (67,341)

**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
Spreckels Boulevard	1	12	80	700	19,602,000
Spreckels Boulevard	2	16	96	850	44,340,000
Spreckels Boulevard	3				31,213,000
					Gallons

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted
	Priority right		Diversions		
	Claim	Capacity	Max	Min	(Unit)
N/A					N/A
Purchased water (unit)				Annual quantity	
Supplier:					

**SCHEDULE H - OPTIONAL
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			6,758,360
Commercial			11,425,759
Industrial			1,461,293
Fire Protection			
Irrigation			
Other (specify)			
Total		Gallons	19,645,412

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	0			\$ -
49	670	Office salaries	0			\$ -
50	671	Management salaries	0			\$ -
51		Total	0			\$ -

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

Size	Meters	Services
5/8 x 3/4-in	6	6
3/4-in		14
1-in	41	196
1.5-in		
2-in	2	10
3-in	2	26
Total	51	252

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 CONNECTS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	29	201	230			0	29	201
Industrial/Commercial	9	6	15	1		1	10	6
Other (specify) Public & Farm		0	0			0		0
			0			0		
Subtotal	38	207	245	1		1	39	207
Fire protection (Public)								
Fire protection (Private)		30	30	4		4	4	30
Other (specify)		10	10			0		10
Total	38	247	285	5		5	43	247

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	2 1/4 to 3 1/4	4"	Other sizes (specify)		Totals
							6"	8"	
Concrete			Cast Iron		2,614	4,299	3,807	90	10,810
Earth			Welded steel						-
Wood			Standard screw	1,825	526				2,351
Steel	3	30,000	Cement-asbestos		540	254			794
Other			Plastic	13,650		205	520		14,755
			Other (specify)						-
			Other (specify)						-
			Copper						-
Total	3	30,000	Total	15,475	3,680	4,758	90		28,710

DECLARATION

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

I, the undersigned (officer, partner or owner) of **Kerry L Varney** (Name of utility), **Spreckels Water Company, 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**

Signed 

Title CFO

Date 6/13/09

NAME OF UTILITY Spreckels Water Company, Inc.

PHONE 831-455-4005

PERSON RESPONSIBLE FOR THIS REPORT Kerry L. Varney

	12/31/2007	12/31/2008	Average
BALANCE SHEET DATA			
1 Intangible Plant			\$ -
2 Land and Land Rights			\$ -
3 Depreciable Plant	\$ 211,100	\$ 197,661	\$ 204,381
4 Gross Plant in Service	\$ 211,100	\$ 197,661	\$ 204,381
5 Less: Accumulated Depreciation	\$ -	\$ 13,150	\$ 6,575
6 Net Water Plant in Service	\$ 211,100	\$ 184,511	\$ 197,806
7 Water Plant Held for Future Use			\$ -
8 Construction Work in Progress			\$ -
9 Materials and Supplies			\$ -
10 Less: Advances for Construction			\$ -
11 Less: Contribution in Aid of Construction			\$ -
12 Less: Accumulated Deferred Income and Investment Tax Credits			\$ -
13 Net Plant Investment	\$ 211,100	\$ 184,511	\$ 197,806

CAPITALIZATION			
14 Common Stock	\$ 235,000	\$ 250,000	\$ 242,500
15 Proprietary Capital (Individual or Partnership)			\$ -
16 Paid-in Capital		\$ -	\$ -
17 Retained Earnings	\$ (7,680)	\$ (75,021)	\$ (41,351)
18 Common Stock and Equity (Lines 14 through 17)	\$ 227,320	\$ 174,979	\$ 201,150
19 Preferred Stock			\$ -
20 Long-Term Debt		\$ -	\$ -
21 Notes Payable		\$ 75,631	\$ 37,816
22 Total Capitalization (Lines 16 through 21)	\$ 227,320	\$ 250,610	\$ 238,965

(Revised 10/97)

NAME OF UTILITY Spreckels Water Company, Inc.

PHONE 831-455-4005

	Annual Amount
INCOME STATEMENT	
23 Unmetered Water Revenue	\$ 59,879
24 Fire Protection Revenue	\$ -
25 Other Water Revenue	\$ -
26 Metered Water Revenue	\$ 29,235
27 Total Operating Revenue	\$ 88,914
28 <u>Operating Expenses</u> (Under contract with MCSI)	\$ 142,571
29 Depreciation Expense (Composite Rate 1.7%)	\$ 13,150
30 Amortization and Property Losses	\$ -
31 Property Taxes	\$ -
32 Taxes Other Than Income Taxes	\$ 409
33 Total Operating Revenue Deduction Before Taxes	\$ 156,130
34 California Corp. Franchise Tax	\$ -
35 Federal Corporate Income Tax	\$ -
36 Total Operating Revenue Deduction After Taxes	\$ 156,130
37 Net Operating Income (Loss) - California Water Operations	\$ (67,218)
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	Non Ud Income
39 Income Available for Fixed Charges	
40 Interest Expense	\$ -
41 Net Income (Loss) Before Dividends	\$ (67,218)
42 Preferred Stock Dividends	\$ -
43 Net Income (Loss) Available for Common Stock	\$ (67,218)

OTHER DATA	
44 Refunds of Advances for Construction	\$ -
45 Total Payroll Charged to Operating Expenses	\$ -
46 Purchased Water	\$ -
47 Power	\$ 5,835

	Active Service Connections	(Exc Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections					-
49 Flat Rate Service Connections					-
50 Total Active Service Connections					-

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent: N/A

Name:
Address:
Phone Number:
Date Hired:

2. Former Fiscal Agent:

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

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

4. Summary of the trust bank account activities showing:

Balance at beginning of year	_____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	<u>\$ -</u>

5. Account information:

Bank Name:
Account Number:
Date Opened:

6. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA 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					\$ -
8	317	Other water source plant					\$ -
9	311	Pumping equipment					\$ -
10	320	Water treatment plant					\$ -
11	330	Reservoirs, tanks and sandpipes					\$ -
12	331	Water mains					\$ -
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	\$ -				\$ -