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UTILITY AUDIT, FINANCE AND
COMPLIANCE BRANCH WATER DIVISION
CLASS-D

WATER UTILITIES

U# 436 W

**2007
ANNUAL REPORT
OF**

THE CASMITE CORPORATION

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

P.O. BOX 1069, SAN LUIS OBISPO, CALIFORNIA 93406
(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)

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 Kajoypaiye
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 the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink, typed or computer generated.
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 flow 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 calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

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

THE CASMITE CORPORATION

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

P.O. BOX 1069, SAN LUIS OBISPO, CALIFORNIA 93406
(Official mailing address)

CASMALIA AND NEARBY AREA, SANTA BARBARA COUNTY
(Service area-town and county)

Telephone Number: 805.784.0492 Fax Number: 805.784.0493 Email Address: kaduran@chevron.com

GENERAL INFORMATION

(Attach a supplementary statement, if necessary)

RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

- 1 If a corporation show:
 (A) Date of organization 10/30/1936 incorporated in the State of Nevada
 (B) Names, titles and addresses of principal officers:
 Steven A. Berg, President, 6001 Bollinger Canyon Road, San Ramon, CA 94528
 Brian J. Kelly, Vice President, 145 State College Blvd., 4th Floor, Brea, CA 92821
 Donald Means, Vice President, 6001 Bollinger Canyon Road, San Ramon, CA 94528
 Kari H. Endries, Vice President/Secretary, 6001 Bollinger Canyon Road, San Ramon, CA 94528
 Howard B. Sheppard, Treasurer, 6001 Bollinger Canyon Road, San Ramon, CA 94528
 Kelly Duran, Assistant Secretary, 276 Tank Farm Road, P.O. Box 1069, San Luis Obispo, CA 93406

- 2 If unincorporated provide the name and address of the owner(s) or the partners n/a

- 3 Name, title, and telephone number of:
 (A) One person listed above to receive correspondence: Kelly A. Duran, 805-784-0492
 (B) Person responsible for operations and services: Kelly A. Duran, 805-784-0492

- 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
 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?

\$67,284; Contract Labor; Fluid Resource Management Inc., 225 Suburban Road, San Luis Obispo, CA 93401

- 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:
 The Casmite Corporation is, indirectly, a wholly owned subsidiary of Chevron Corporation, an entity which has over 2,000 subsidiaries.

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 | Dec-06 |
| X | | Sep-07 |
| X | | 09/07/06 |
| | | N/A |
| | | N/A |

- 11 List Name, Grade, and License Number of all Licensed Operators:
Fluid Resource Management Inc; Grade: T2; License #21850 Grade: D3; Licence #9743

Excess Capacity and Non-Tariffed Services

NOTE: In D.03-07-018, D.03-04-028, and D.04-12-023, the CPUC set forth rules and requirements regarding water utility provision of non-tariffed services using excess capacity. These decisions require water utilities to file an advice letter requesting Commission approval of that service. 2) Provide information regarding non-tariffed goods/services in each company's Annual Rep to the Commission.

Based on the information and data required in D.03-07-018, D.03-04-028, and D.04-12-023, provide the following information by each individual non-tariffed good and service provided in 200 .

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 Number |
|------------|--|-------------------|---|------------------------|---|------------------------|--|---|-------------------------------------|--|-------------------------|
| | | | | | | | | | | | |

Not Applicable

**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: **Not Applicable**

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

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 | _____ | _____ |
| 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 | _____ |

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:

Not Applicable

| 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 | | | | | |

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2007)

| Line | Acct. | Assets | Balance | Acct. | Equity and Liabilities | Balance |
|------|-------|---|----------------|-------|---|----------------|
| 1 | 101 | Water plant in service | 469,948 | 201 | Common Stock (Corporations only) | 500 |
| 2 | 103 | Water plant held for future use | | 211 | Other paid-in capital (Corporations only) | 1,323,814 |
| 3 | 104 | Water plant purchased or sold | | 215 | Retained earnings | (1,233,782) |
| 4 | 105 | Water plant construction work in progress | - | 218 | Proprietary capital | |
| 5 | 108 | Accumulated depreciation of water plant | (129,651) | 224 | Long term debt | |
| 6 | 114 | Water plant acquisition adjustments | | | Current Liabilities | 42,700 |
| 7 | 124 | Other investments | | 252 | Advances for construction | |
| 8 | 131 | Cash | | 253 | Other deferred credits | 25,180 |
| 9 | 141 | Accounts receivable - customers | 186 | 255 | Accumulated deferred investment tax credits | |
| 10 | 142 | Receivables from associated companies | | 282 | Accumulated deferred income taxes - Acrs | 190,094 |
| 11 | 151 | Materials and supplies | | | depreciation | |
| 12 | 174 | Other current assets | 8,023 | 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 | 348,506 | | Total Equity and Liabilities | 348,506 |

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 | 11,868 | | | | 11,868 |
| 17 | 303 | Land | | | | | |
| 18 | 304 | Structures | | | | | |
| 19 | 307 | Wells | | | | | |
| 20 | 317 | Other water source plant | | | | | |
| 21 | 311 | Pumping equipment | 192,892 | 106,488 | | - | 299,380 |
| 22 | 320 | Water treatment plant | | | | | |
| 23 | 330 | Reservoirs tanks and sandpipes | | | | | |
| 24 | 331 | Water mains | | | | | |
| 25 | 333 | Services and meter installations | | 158,700 | | | 158,700 |
| 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 | 204,760 | 265,188 | | | 469,948 |

* 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 | 114,015 | | A. Method used to compute depreciation |
| 33 | Add: Credits to reserves during year | | | expense (Acct. 403) and rate. |
| 34 | (a) Charged to Account No. 272 | | | |
| 35 | (b) Charged to Account No. 403 | 15,636 | | |
| 36 | (c) Charged to Account No. 407 | | | 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 | 15,636 | | 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 | - | | |
| 45 | Balance in reserve at end of year | 129,651 | | |
| 46 | (1) Explanation of all other credits | | | |
| 47 | (2) Explanation of all other debits | | | |

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2007)

| Line | | | | |
|------|-----------------------------------|-------|--|---|
| 1 | Common - (Shares 10 , \$ 50 par) | \$500 | | List persons owning more than 5% of outstanding stock |
| 2 | Preferred - (Shares n/a , \$ par) | | | and number of shares owned by each: |
| 3 | Dividends - Common Rate - \$ | | | Union Oil Company of California - 100% of shares |
| 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 | n/a | | | | | | |

SCHEDULE F - INCOME STATEMENT

| | | | |
|----|-----|------------------------------------|------------|
| 9 | | Operating revenues | xxxxxxxxxx |
| 10 | 460 | Unmetered water revenue | n/a |
| 11 | 462 | Fire protection revenue | n/a |
| 12 | 465 | Irrigation revenue | n/a |
| 13 | 470 | Metered water revenue | 61,957 |
| 14 | 480 | Other water revenue | n/a |
| 15 | | Total Operating Revenue | 61,957 |
| 16 | | Operating revenue deductions | xxxxxxxxxx |
| 17 | | Operating expenses | xxxxxxxxxx |
| 18 | 610 | Purchased water | n/a |
| 19 | 615 | Purchased power | 29,142 |
| 20 | 618 | Other volume related expenses | n/a |
| 21 | 630 | Employee labor | n/a |
| 22 | 640 | Materials | 2,429 |
| 23 | 650 | Contract work | 246,166 |
| 24 | 660 | Transportation expenses | n/a |
| 25 | 664 | Other plant maintenance expense | - |
| 26 | 670 | Office salaries | n/a |
| 27 | 671 | Management salaries | n/a |
| 28 | 674 | Employee pensions and benefits | n/a |
| 29 | 676 | Uncollectible accounts expense | n/a |
| 30 | 678 | Office services and rentals | |
| 31 | 681 | Office supplies and expense | |
| 32 | 682 | Professional services | 128,522 |
| 33 | 684 | Insurance | n/a |
| 34 | 688 | Regulatory commission expense | n/a |
| 35 | 689 | General expenses | |
| 36 | | Total Operating Expenses | 406,259 |
| 37 | 403 | Depreciation expense | 15,636 |
| 38 | 407 | SDWBA loan amortization expense | n/a |
| 39 | 408 | Taxes other than income taxes | 15 |
| 40 | 409 | State income tax expense | 1,000 |
| 41 | 410 | Federal income tax expense | (126,335) |
| 42 | | Total Operating Revenue Deductions | (109,684) |
| 43 | | Utility Operating Income | (234,618) |
| 44 | 421 | Non-utility income | n/a |
| 45 | 426 | Miscellaneous non-utility expense | n/a |
| 46 | 427 | Interest expense | n/a |
| 47 | | Net Income | (234,618) |

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 |
|------------------------|-----|------------|---------------------|---------------------------|--------------------------|
| Black Rd., Santa Maria | 1 | 12 | 160 | 200 | 14,367.41 ccf's |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

OTHER

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

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 | | | 2,950.25 ccf's |
| Commercial | | | 287.55 ccf's |
| Industrial | | | n/a |
| Fire Protection | | | n/a |
| Irrigation | | | n/a |
| Other (specify) | | | n/a |
| CSD | | | 6,167.11 ccf's |
| water troughs | | | 1,060.45 |
| Total | | | 10,465.36 ccf's |

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 | n/a | 0 | 0 | 0 |
| 49 | 670 | Office salaries | n/a | 0 | 0 | 0 |
| 50 | 671 | Management salaries | n/a | 0 | 0 | 0 |
| 51 | | Total | n/a | 0 | 0 | 0 |

SCHEDULE J - ADVANCES FOR CONSTRUCTION

| | |
|---|-----|
| Balance beginning of year | n/a |
| Additions during year | |
| Subtotal - Beginning balance plus additions during year | |
| Refunds | n/a |
| 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 | 12 | |
| 3/4-in | | |
| 1-in | 1 | 13 |
| 1.5-in | 1 | 1 |
| 2-in | 1 | 1 |
| Total | 15 | 15 |

SCHEDULE L - METER-TESTING DATA

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

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

| Classification | Active | | | Inactive | | | Total connections | |
|------------------------------|-----------|------|-----------|----------|------|-------|-------------------|----------|
| | Metered | Flat | Total | Metered | Flat | Total | Metered | Flat |
| Residences | 5 | n/a | 5 | | | | 5 | 0 |
| Industrial/Commercial | 1 | n/a | 1 | | | | 1 | 0 |
| Irrigation | n/a | n/a | n/a | | | | n/a | 0 |
| Fire Protection (public) | n/a | n/a | n/a | | | | n/a | 0 |
| Fire Protection (private) | n/a | n/a | n/a | | | | n/a | 0 |
| Other (specify) Casmalia CSD | 1 | n/a | 1 | | | | 1 | 0 |
| Water Toughs | 8 | n/a | 8 | | | | 8 | 0 |
| Total | 15 | | 15 | | | | 15 | 0 |

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 | |
|--------------|-----|------------------------------|-----------------|--------------|----------------|---------------|-----------------------|--------|---------------|
| | | | | | | | | | |
| Concrete | n/a | n/a | Cast Iron | n/a | 7,400 | n/a | | | 7,400 |
| Earth | n/a | n/a | Welded steel | n/a | n/a | n/a | | | n/a |
| Wood | n/a | n/a | Standard screw | n/a | n/a | n/a | | | n/a |
| Steel | 1 | 84,000 | Cement-asbestos | n/a | n/a | n/a | | | n/a |
| Other | | | Plastic | n/a | n/a | 15,300 | | | 15,300 |
| Black Poly | 2 | 21,000 | Other (specify) | n/a | n/a | n/a | | | n/a |
| Total | | 105,000 | Total | n/a | 7,400 | 15,300 | | | 22,700 |

DECLARATION

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

I, the undersigned (officer, partner or owner) of THE CASMITE CORPORATION, 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 _____
 Assistant Secretary
 Title _____
 Date 5-9-2008

FACILITIES FEES DATA

N/A

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

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 | _____ |

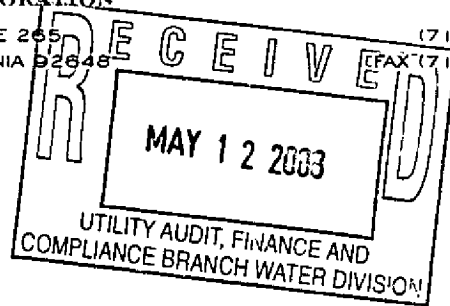
4. Reason or Purpose of Withdrawal from this bank account:

PEASLEY, ALDINGER & O'BYMACHOW
AN ACCOUNTANCY CORPORATION

MATT A. PEASLEY, CPA
CHRISTIAN L. ALDINGER, CPA

2120 MAIN STREET, SUITE 205
HUNTINGTON BEACH, CALIFORNIA 92648

(714) 536-4418
FAX (714) 536-2039



ACCOUNTANT'S COMPILATION REPORT

May 9, 2008

The Casmite Corporation
P O Box 1069
San Luis Obispo CA 93406

We have compiled the balance sheet of The Casmite Corporation as of December 31, 2007, and the related income statement for the year ended December 31, 2007, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included on page 7 (Schedules B & C), page 8 (Schedules D, E, & F), page 9 (Schedule I), page 10 (Schedule J), page 4 of Excess Capacity, page 11 for Facilities Fee Data, and pages 5 and 6 of Class B, C and D Water Companies – Safe Drinking Water Bond Act Data.

Our compilation was limited to presenting, in the form prescribed by the Public Utilities Commission of the State of California, information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and, accordingly, do not express an opinion or any other form of assurance on them.

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 generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

The supplementary information contained on page 3 (General Information) and page 9 (Schedules G & H) and page 10 (Schedules K, L, M, N & O) of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

PEASLEY, ALDINGER & O'BYMACHOW
AN ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "Christian L. Aldinger".

Christian L. Aldinger
Certified Public Accountant