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Examined _____

SEWER UTILITIES

U# _____

2012 ANNUAL REPORT OF

Monterey Sewer

California-American Water Company

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

1033 B Avenue, Suite 200, Coronado, CA 92118

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE YEAR ENDED DECEMBER 31, 2012

REPORT MUST BE FILED NOT LATER THAN APRIL 2, 2013

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INSTRUCTIONS

1. Two completed and signed hard copies of this report and one electronic copy must be filed **NOT LATER THAN April 2, 2013**, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS
ATTN: KAYODE KAJOPAIYE
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 Page 8, must be signed by an authorized 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. If inserts are needed, prepare all inserts in one separate electronic file in Microsoft Excel format and file it with the electronic file of this report.
9. This report must cover the calendar year from January 1, 2012, through December 31, 2012. Fiscal year reports will not be accepted.

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

California-American Water Company
(Name under which corporation, partnership or individual is doing business)

1033 B Avenue, Suite 200, Coronado, CA 92118
(Official mailing address)

Monterey
(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
(A) Date of organization 4/1/2003 incorporated in the State of California
(B) Names, titles and addresses of principal officers:

| | | |
|-------------------|--|--|
| Robert G Maclean | President | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Ed Simon | VP Operations | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Jeffrey Linam | VP Finance & Treasurer | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Kevin Tilden | VP External Affairs | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Richard Svindland | VP Engineering | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Lilian Wilkerson | VP Human Resources | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Anthony Cerasuolo | VP, Legal - Operations and Secretary | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Sarah Leeper | VP, Legal - Regulatory and Asst. Secretary | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Lori Girard | Assistant Secretary | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Timothy Miller | Assistant Secretary | 1033 B Avenue, Suite 200, Coronado, CA 92118 |
| Dave Stephenson | Assistant Treasurer | 1033 B Avenue, Suite 200, Coronado, CA 92118 |

- 2 If unincorporated give the name and address of owner or of each partner:
- 3 Name and telephone number of:
(A) One person listed above to receive correspondence: Dave Stephenson (916) 568-4222
(B) Person responsible for operations and services: Eric Sabolsice (831) 646-3291
- 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) **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? **N/A**
- 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:
N/A

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 |
|-----|----|-------------|
| | XX | |
| | NA | |
| | NA | |
| | NA | |
| | NA | |

- 11 List Name, Grade, and License Number of all Licensed Operators:
- | | | |
|--|--|---|
| Frank Vogl, Grade III, Cert# 5535 | Jason Clifford, Grade III, Cert# 27692 | James Bricker, Grade II, Cert#10743 |
| Charles Barr, Grade IV, Cert# 8115 | Gabriel Perez, Grade II, Cert#10156 | Brenda Chargin, Grade I, Cert#28734 |
| Mitchell Murdock, Grade III, Cert#6228 | Greg Daniels, Grade II, Cert#10191 | Ronadio Cruz Gonzales, Grade I, Cert #28727 |

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 company's 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 goods and services provided in calendar year 2011:

| Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter | | | | | | | | | |
|---|--|-------------------|--|--|---|--|--|--------------------------------|--|
| Row No. | Description of Non-Tariffed Good/Service | Active or Passive | Total Revenue Derived From Non-Tariffed Goods/ Services (by account) | Total Expenses Incurred to Provide Non-Tariffed Goods/ Services (by Account) | Advice Letter and/or Resolution Number Approving Non-Tariffed Goods/ Services | Total Income Tax Liability Incurred Because of Non-Tariffed Goods/ Services (by Account) | Gross Value of Regulated Assets Used in the Provision of a Non-Tariffed Goods/ Services (by Account) | Regulated Asset Account Number | |
| | | | | | | | | | |

None

SCHEDULE A - BALANCE SHEET (AS OF DECEMBER 31, 2012)

| Line | Acct. | Assets | Balance | Acct. | Equity and Liabilities | Balance |
|------|-------|---------------------------------------|------------------|-------|---|------------------|
| 1 | 101 | Plant in service | 16,514,553 | 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 | 3,330,955 |
| 4 | 105 | Plant construction work in progress | 414,531 | 218 | Proprietary capital | |
| 5 | 108 | Accumulated depreciation of plant | (7,841,434) | 224 | Long term debt | |
| 6 | 114 | Plant acquisition adjustments | 365,652 | | Current Liabilities | 133,786 |
| 7 | 124 | Other investments | | 252 | Advances for construction | |
| 8 | 131 | Cash | | 253 | Other deferred credits | 27,504 |
| 9 | 141 | Accounts receivable - customers | 111,176 | 255 | Accumulated deferred investment tax credits | |
| 10 | 142 | Receivables from associated companies | | 282 | Accumulated deferred income taxes - ACRS | |
| 11 | 151 | Materials and supplies | 60,802 | | Depreciation | |
| 12 | 174 | Other current assets | | 283 | Accumulated deferred income taxes - other | |
| 13 | 180 | Deferred charges | 252,526 | 271 | Contributions in aid of construction | 8,547,009 |
| 14 | | | | 272 | Accumulated amortization of contributions | (2,161,446) |
| 15 | | Total Assets | 9,877,807 | | Total Equity and Liabilities | 9,877,807 |

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 |
|------|------|----------------------------------|---------------------|---------------------------|-----------------------------|---------------------------|---------------------|
| 1 | 301 | Intangible plant | 231 | | | | 231 |
| 2 | 303 | Land | 83,299 | | | | 83,299 |
| 3 | 304 | Structures | 1,980,930 | (504,927) | | | 1,476,003 |
| 4 | 307 | Wells | 19,455 | | | | 19,455 |
| 5 | 316 | Supply mains | 24,965 | | | | 24,965 |
| 6 | 317 | Other source plant | 0 | | | | 0 |
| 7 | 311 | Pumping equipment | 1,318,392 | 56,466 | (31,605) | | 1,343,253 |
| 8 | 320 | Treatment plant | 7,548,727 | 552,241 | (3,554) | | 8,097,414 |
| 9 | 323 | Other power production equipment | 24,255 | | | | 24,255 |
| 10 | 330 | Reservoirs | 0 | | | | 0 |
| 11 | 331 | Mains | 3,940,388 | 8,953 | (3,932) | | 3,945,409 |
| 12 | 333 | Services and meter installations | 12,597 | | | | 12,597 |
| 13 | 334 | Meters | 0 | | | | 0 |
| 14 | 339 | Other equipment | 1,206,738 | 713 | (312) | | 1,207,139 |
| 15 | 340 | Office furniture and equipment | 140,490 | 140,072 | (10,920) | | 269,642 |
| 16 | 341 | Transportation equipment | 10,891 | | | | 10,891 |
| 17 | | Total Plant in service | 16,311,358 | 253,518 | (50,323) | 0 | 16,514,553 |

* 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 | |
|------|--|-------------------|---|
| 1 | Balance in reserves at beginning of year | 7,592,056 | A. Method used to compute depreciation expense (Acct. 403) and rate. |
| 2 | Add: Credits to reserves during year | | |
| 3 | (a) Charged to Account No. 403 | 212,715 | See consolidated water report |
| 4 | (b) Charged to Account No. 272 | 96,079 | |
| 5 | (c) Charged to clearing accounts | | 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 \$ |
| 6 | (d) Salvage recovered | | |
| 7 | (e) All other credits | | |
| 8 | Total credits | 308,794 | See Form 7004 with consolidated water report |
| 9 | Deduct: Debits to reserves during year | | |
| 10 | (a) Book cost of property retired | 50,323 | |
| 11 | (b) Cost of removal | 9,093 | C. State method used to compute tax depreciation. |
| 12 | (c) All other debits | | See consolidated water report |
| 13 | Total debits | 59,416 | |
| 14 | Balance in reserve at end of year | 7,841,434 | |
| 15 | (1) Explanation of all other credits | | |
| 16 | (2) Explanation of all other debits | | |
| 17 | | | |
| 18 | | | |

| SCHEDULE D - CAPITAL STOCK OUTSTANDING (AS OF DECEMBER 31, 2012) | | | |
|--|---------------------|-------------|--|
| Line | | | |
| 1 | Common - (Shares | \$ 0 | par) List persons owning more than 5% of outstanding stock |
| 2 | Preferred - (Shares | \$ 0 | par) and number of shares owned by each: |
| 3 | Dividends - Common | Rate - \$ 0 | |
| 4 | - Preferred | Rate - \$ 0 | |

| SCHEDULE E - LONG-TERM DEBTS | | | | | | | | |
|------------------------------|--------|---------------|------------------|-----------------------------|-------------------------------|------------------|------------------------------|---------------------------|
| Line | 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 |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| SCHEDULE F - INCOME STATEMENT | | | |
|-------------------------------|------|--------------------------------------|-----------|
| Line | Acct | | |
| | | Operating revenues | |
| 1 | 460 | Unmetered revenue | 3,309,649 |
| 2 | 470 | Metered revenue | |
| 3 | 480 | Other revenue | |
| 4 | | Total Operating Revenue | 3,309,649 |
| | | Operating revenue deductions | |
| | | Operating expenses | |
| 5 | 610 | Purchased water | - |
| 6 | 615 | Power | 116,939 |
| 7 | 618 | Other volume related expenses | 387,846 |
| 8 | 630 | Employee labor | 804,964 |
| 9 | 640 | Materials | 97,255 |
| 10 | 650 | Contract work | 109,648 |
| 11 | 660 | Transportation expenses | 56,796 |
| 12 | 664 | Other plant maintenance expense | 29,861 |
| 13 | 670 | Office salaries | |
| 14 | 671 | Management salaries | |
| 15 | 674 | Employee pensions and benefits | 269,134 |
| 16 | 676 | Uncollectible accounts expense | 5,099 |
| 17 | 678 | Office services and rentals | - |
| 18 | 681 | Office supplies and expense | 881 |
| 19 | 682 | Professional services | - |
| 20 | 684 | Insurance | 5,661 |
| 21 | 688 | Regulatory commission expense | - |
| 22 | 689 | General expenses | 549,093 |
| 23 | | Total Operating Expenses | 2,433,178 |
| 24 | 403 | Depreciation expense | 201,379 |
| 25 | 408 | Taxes other than income taxes | 95,871 |
| 26 | 409 | State corporate income tax expense | 53,116 |
| 27 | 410 | Federal corporate income tax expense | 190,322 |
| 28 | | Total Operating Revenue Deductions | 540,689 |
| 29 | | Utility Operating Income | |
| 30 | 421 | Non-utility income | 390 |
| 31 | 426 | Miscellaneous non-utility expense | |
| 32 | 427 | Interest expense | |
| 33 | | Net Income (Loss) | 336,173 |

| 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 |
| 1 | 630 | Employee Labor | | 804,964 | 1,722 | 806,686 |
| 2 | 670 | Office salaries | | - | - | - |
| 3 | 671 | Management salaries | | - | - | - |
| 4 | | Total | 9 | 804,964 | 1,722 | 806,686 |

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

| SCHEDULE I - TOTAL METERS AND SERVICES (active and inactive) | | | |
|--|--------|----------|-------|
| Size | Meters | Services | |
| 2 -in | 5 | | 0 |
| 4 -in | 2 | | 2,563 |
| 6 -in | 4 | | 43 |
| -in | | | |
| -in | | | |
| Total | 11 | | 2,606 |

| SCHEDULE J - 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 |

| SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR | | | | | | | | | |
|---|---------|-------|-------|----------|------|-------|-------------------|------|-------|
| Classification | Active | | | Inactive | | | Total connections | | |
| | Metered | Flat | Total | Metered | Flat | Total | Metered | Flat | |
| Residences | 0 | 2,553 | 2,553 | 0 | 0 | 0 | 0 | 0 | 2,553 |
| Commercial | 0 | 44 | 44 | 0 | 0 | 0 | 0 | 0 | 44 |
| Industrial | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Other (Public Authority) | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Other (Misc) | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Total | 0 | 2,606 | 2,606 | 0 | 0 | 0 | 0 | 0 | 2,606 |

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 | 3 | 14,000,000 | Welded steel | | | | | | |
| Wood | | | Standard screw | | | | | | |
| Steel | | | Cement-asbestos | | | | | | |
| Other | | | Plastic | | | 98,000 | 94,456 | 37,752 | 230,208 |
| | | | Other (specify) | | | | | | |
| Total | 3 | 14,000,000 | Total | | | 98,000 | 94,456 | 37,752 | 230,208 |

DECLARATION

(PLEASE VERIFY THAT ALL SCHEDULES ARE ACCURATE AND COMPLETE BEFORE SIGNING)

I, the undersigned (authorized officer, partner or owner) of California-American Water Company (Name of utility), 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 of January 1, 2012, through December 31, 2012.



Signature

Robert MacLean - President

Title

May 31, 2013

Date