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Examined \_\_\_\_\_

## SEWER UTILITIES

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# 2012 ANNUAL REPORT OF

CYPRESS RIDGE SEWER CO.

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

P.O. BOX 1826

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PISMO BEACH, CA 93448

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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](mailto: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)

CYPRESS RIDGE SEWER CO.

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

P.O. BOX 1826, PISMO BEACH, CA 93448

(Official mailing address)

ARROYO GRANDE, CA - SAN LUIS OBISPO COUNTY

(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

- 1 If a corporation show:  
 (A) Date of organization 4/11/2008 incorporated in the State of California  
 (B) Names, titles and addresses of principal officers: Charles M. Baker, President  
 P.O. Box 1826, Pismo Beach, CA 93448
- 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: Charles M. Baker (805) 481-8432  
 (B) Person responsible for operations and services: Charles M. Baker (805) 481-8432
- 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? See attached
- 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:  
 Rural Water Company

**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-12
X		Weekly
N/A		
N/A		
N/A		

- 11 List Name, Grade, and License Number of all Licensed Operators:  
Shannon Sweeney Grade III License #28675; Seth Hutchinson Grade II License #1-28592  
Patrick Stebbins Grade I License #28920, Eric Sweeney Grade I License #34973

## 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 2012: N/A

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

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

<b>Line</b>	<b>Acct.</b>	<b>Assets</b>	<b>Balance</b>
1	101	Water Plant In Service	5,109,391
2	101.1	SDWBA Plant	
3	103	Water Plant Held for Future Use	
4	104	Water Plant Purchased or Sold	
5	105	Water Plant Construction Work in Progress	
6	100.3	Construction Work in Progress (Prop 50)	
7	108	Accumulated Depreciation of Water Plant	(1,481,677)
8	108.1	Accumulated Amortization of SDWBA Loan	
9	114	Water Plant Acquisition Adjustments	
10	121	Non-water Utility Property and Other Assets	
11	121.3	Cash - Miscellaneous Special Deposits (Prop 50)	
12	122	Accumulated Depreciation of Non-water Utility Property	
13	124	Other Investments	
14	131	Cash	2,497
15	132	Special Deposits	
16	141	Accounts Receivable - Customers	1,495
17	142	Receivables from Associated Companies	
18	143	Accumulated Provision for Uncollectible Accounts	
19	151	Materials and Supplies	
20	174	Other Current Assets	
21	180	Deferred Charges	
22			
23			
24		<b>Total Assets</b>	<b>3,631,706</b>
<b>Line</b>	<b>Acct.</b>	<b>Equity and Liabilities</b>	<b>Balance</b>
25	201	Common Stock (for corporations only)	
26	204	Preferred Stock (for corporations only)	
27	211	Other Paid-in Capital (for corporations only)	764,249
28	215	Retained earnings (for corporations only)	(514,290)
29	218	Proprietary Capital (for proprietorships and partnerships only)	
30	224	Long-Term Debt	
31	231	Accounts Payable	33,445
32	232	Short-Term Notes Payable	
33	233	Customer Deposits	
34	236	Taxes Accrued	7,538
35	237	Interest Accrued	
36	241	Other Current Liabilities	10,833
37	250	Reserve for Depreciation of Utility Plant (Prop 50)	
38	252	Advances for Construction	
39	253	Other Credits	
40	255	Accumulated Deferred Investment Tax Credits	
41	266	Publicly Funded Grant Plant (Prop 50)	
42	271	Contributions in Aid of Construction	4,764,500
43	272	Accumulated Amortization of Contributions	(1,449,713)
44	282	Accumulated Deferred Income Taxes - ACRS Depreciation	
45	283	Accumulated Deferred Income Taxes - Other	15,144
46			
47			
48		<b>Total Equity and Liabilities</b>	<b>3,631,706</b>

**SCHEDULE B - SEWER PLANT IN SERVICE (AS OF DECEMBER 31, 2012)**

Line	Acct	Title of Account	Balance Beg of Year	Plant Additions During year	Plant Retirements During year	Other Debits or (Credits)	Balance End of year
1	301	Intangible Plant	2,669				2,669
2	303	Land	-				-
3	304	Structures	-				-
4	307	Wells	-				-
5	311	Pumping Equipment	190,468	9,338			199,806
6	317	Other Water Source Plant	-				-
7	320	Water Treatment Plant	3,200,000				3,200,000
8	330	Reservoirs, Tanks and Standpipes	-				-
9	331	Water Mains	1,504,500				1,504,500
10	333	Services and Meter Installations	-				-
11	334	Meters	-				-
12	339	Other Equipment	177,905	14,511			192,416
13	340	Office Furniture and Equipment	10,000				10,000
14	341	Transportation Equipment	-				-
15		Total Sewer Plant in Service	5,085,542	23,849	-	-	5,109,391

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

**SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT (AS OF DECEMBER 31, 2012)**

Line	Item	Account 108 Water Plant	Water Plant Funded by Prop 50 (For information only)	
1	Balance in reserves at beginning of year	1,327,286		A. Method used to compute depreciation expense
2	Add: Credits to reserves during year			(Acct. 403) and rate. S/L
3	(a) Charged to Account No. 272	144,076		
4	(b) Charged to Account No. 403	10,315		B. Amount of depreciation expense claimed or
5	(c) Charged to Account No. 407			to be claimed on utility property in your federal
6	(d) Salvage recovered			income tax return for the year covered by this
7	(e) All other credits			report \$
8	Total credits	154,391		
9	Deduct: Debits to reserves during year			C. State method used to compute tax depreciation.
10	(a) Book cost of property retired			
11	(b) Cost of removal			
12	(c) All other debits			
13	Total debits	-		
14	Balance in reserve at end of year	1,481,677		
15	(1) Explanation of all other credits	N/A		
16	(2) Explanation of all other debits	N/A		

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (AS OF DECEMBER 31, 2012)**

Line	Description	Shareholder Name	Number of Shares	Par Value
1	Common Stocks	CHARLES M. BAKER	1000	0
2	Common Stocks			
3	Common Stocks			
4	Common Stocks			
5	Common Stocks			
6	Common Stocks			
7	Common Stocks			
8	Common Stocks			
9	Common Stocks			
10	Common Stocks			
11	<b>Total - Common Stocks</b>		1000	0
12	Preferred Stocks			
13	Preferred Stocks			
14	Preferred Stocks			
15	Preferred Stocks			
16	Preferred Stocks			
17	<b>Total - Preferred Stocks</b>			
18	Total annual dividends declared and/or paid to common stockholders			\$ -
19	Percentage of total annual dividend to common stockholders as a percentage of total net income (%)			0.00%
20	Total annual dividends declared and/or paid to preferred stock shareholders			\$
21	Percentage of total annual dividend to preferred stockholders as a percentage of total net income (%)			

**SCHEDULE E - LONG-TERM DEBTS**

Line	Class	Date of Issuance	Date of Maturity	Principle Amount Authorized	Interest Rate (%)	Accrued Interest for Current Year	Interest Paid for Current Year	Outstanding Balance as of 12/31/2012
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11	<b>Total</b>							

*Note: Please use duplicate page(s) to meet your company's needs if more lines are needed.*



**SCHEDULE F - INCOME STATEMENT**

<b>Line</b>	<b>Acct.</b>	<b>Description</b>	<b>Balance</b>
1		<b>Operating Revenues:</b>	
2	460	Unmetered Water Revenue	476,659
3	462	Fire Protection Revenue	
4	465	Irrigation Revenue	
5	470	Metered Water Revenue	
6	475	Approved Total Surcharge Revenue(s)	
7	480	Other water revenue	
8		<b>Total Revenue Received</b>	476,659
9		Less: Revenue Deductions	
10		SDWBA/SRF Surcharge Revenue	
11		<b>Total Operating Revenue</b>	
12		<b>Operating Expenses:</b>	
13	610	Purchased Water	
14	615	Power	18,694
15	618	Other Volume Related Expenses	12,710
16	630	Employee Labor	129,609
17	640	Materials	
18	650	Contract Work	107,256
19	660	Transportation Expense	6,860
20	664	Other Plant Maintenance Expenses	
21	670	Office Salaries	
22	671	Management Salaries	10,000
23	674	Employee Pensions and Benefits	7,301
24	676	Uncollectible Accounts Expense	4,636
25	678	Office Services and Rentals	6,336
26	681	Office Supplies and Expense	7,308
27	682	Professional Services	19,709
28	684	Insurance	23,422
29	688	Regulatory Commission Expense	32,351
30	689	General Expense	14
31		<b>Total Operating Expenses</b>	386,206
32	403	Depreciation Expense	10,315
33	407	SDWBA/SRF Loan Amortization Expense	
34	408	Taxes Other Than Income Taxes	13,924
35	409	State Corporate Income Tax expense	5,853
36	410	Federal Corporate Income Tax Expense	10,091
37		<b>Total Operating Revenue Deductions</b>	426,389
38		<b>Utility Operating Income</b>	50,270
39	421	Non-utility Income	-
40	426	Miscellaneous Non-utility Expense	-
41	427	Interest Expense	-
42		<b>Net Income</b>	50,270

**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	4	129,609	-	129,609
2	670	Office salaries				-
3	671	Management salaries	1	10,000	-	10,000
4		Total		139,609	-	139,609

**SCHEDULE H - 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	N/A

**SCHEDULE I - TOTAL METERS AND SERVICES (active and inactive)**

Size	Meters	Services
-in		
-in		
-in		
-in		
-in		
Total		N/A

**SCHEDULE J - METER-TESTING DATA**

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

**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)								
Total								

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)		Total
							6"		
Concrete	3	66000	Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel			Cement-asbestos						
Other			Plastic				28,000		28,000
			Other (specify)						
Total	3	66000	Total				28,000		28,000

**DECLARATION**

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

I, the undersigned \_\_\_\_\_ CHARLES M. BAKER  
Officer, Partner, or Owner (Please Print)

of \_\_\_\_\_ CYPRESS RIDGE SEWER CO.  
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.

\_\_\_\_\_  
Title (Please Print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date

ATTACHMENT TO ANNUAL REPORT OF CYPRESS RIDGE SEWER OPERATIONS

PAGE 5, SCHEDULE B - SEWER PLANT IN SERVICE

RURAL WATER COMPANY WAS INCORPORATED IN 1982 AND HAS OPERATED A WATER UTILITY PLANT SINCE THAT TIME. IN JUNE, 2002, RURAL WATER COMPANY WAS GRANTED A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE SEWER SERVICE TO THE CYPRESS RIDGE SUBDIVISION IN SAN LUIS OBISPO COUNTY, AND AS A RESULT, TOOK OVER THE OPERATION OF THE CYPRESS RIDGE SEWER PLANT IN JANUARY, 2003.

RURAL WATER COMPANY OPERATED BOTH THE WATER UTILITY AND SEWER UTILITY PLANT UNTIL MAY, 2008, WHEN THE SEWER OPERATION WAS TRANSFERRED TO A NEW CORPORATION, CYPRESS RIDGE SEWER COMPANY. THE SHARES OF THE NEW CORPORATION ARE OWNED BY THE SAME SHAREHOLDER AS RURAL WATER COMPANY.

UNDER DECISION 02-06-005, THE SEWER COMPANY WAS AUTHORIZED TO ESTABLISH A MEMORANDUM ACCOUNT FOR OPERATING EXPENSES FOR ITS PUBLIC UTILITY SEWER SERVICE. THE MEMORANDUM ACCOUNT REMAINS IN EFFECT.

GENERAL INFORMATION - PAGE 1, QUESTION 4

CONTRACTS IN EFFECT DURING THE YEAR

<u>NAME</u>	<u>NATURE OF PAYMENTS</u>	<u>AMOUNT</u>	<u>ACCOUNT CHARGED</u>
ENGEL & GREY, INC.	WASTEWATER DISPOSAL	9,944	650
MULTI-TASK BUSINESS SYS.	BOOKKEEPING/CUST. SERV.	8,340	682
STATE FUND	WORKMANS COMP INS	15,075	684
FRANK B & ASSOCIATES	CPUC CONSULTING	8,479	682
GLATFELDER PUBLIC PRACTICE	INSURANCE	6,812	684

ATTACHMENT TO ANNUAL REPORT OF CYPRESS RIDGE SEWER OPERATIONS (continued)

SCHEDULE A - BALANCE SHEET DETAIL

THE AMOUNT ON SCHEDULE A, BALANCE SHEET, LINE 9, ACCOUNT 141 - ACCOUNTS RECEIVABLE INCLUDES CURRENT ACCOUNTS RECEIVABLE OF \$5,566 AS WELL THE REMAINING BALANCE OF COMMISSION APPROVED SURCHARGES FOR 2007. THE SURCHARGE RECEIVABLES INCLUDE INTEREST AT THE 90-DAY COMMERCIAL RATE CALCULATED MONTHLY.

ACCOUNTS RECEIVABLE	\$	5,566
2004 SURCHARGE APPROVED 10/1/05		75,867
SURCHARGE COLLECTED IN 2005 - 2008		(82,367)
INTEREST ACCRUED ON BALANCE THROUGH 12/31/08		5,288
BALANCE 12/31/12		<u>(1,212)</u>
2005 SURCHARGE APPROVED 10/1/06		69,756
SURCHARGE COLLECTED IN 2006 - 2009		(75,863)
INTEREST ACCRUED ON BALANCE THROUGH 12/31/09		4,641
BALANCE 12/31/12		<u>(1,466)</u>
2006 SURCHARGE APPROVED 1/10/08		107,413
SURCHARGE COLLECTED IN 2008 - 2012		(111,181)
INTEREST ACCRUED ON BALANCE THROUGH 1/1/11		3,208
BALANCE 12/31/12		<u>(560)</u>
2007 SURCHARGE APPROVED 12/1/09		50,957
SURCHARGE COLLECTED IN 2009		(1,391)
SURCHARGE COLLECTED IN 2010		(16,681)
SURCHARGE COLLECTED IN 2011		(16,804)
SURCHARGE COLLECTED IN 2012		(15,353)
INTEREST ACCRUED ON BALANCE THROUGH 12/31/12		191
BALANCE 12/31/12		<u>919</u>
2008 SURCHARGE APPROVED 3/2010		163,191
SURCHARGE COLLECTED IN 2010 - 2011		(165,194)
INTEREST ACCRUED ON BALANCE THROUGH 4/1/11		250
BALANCE 12/31/12		<u>(1,753)</u>
TOTAL ACCOUNTS RECEIVABLE	<u>\$</u>	<u>1,494</u>

SCHEDULE A, BALANCE SHEET, LINE 3, ACCOUNT 215 - RETAINED EARNINGS RECONCILIATION:

BALANCE 12/31/11	\$	(564,575)
2012 NET INCOME		50,270
INTEREST ON SURCHARGE BALANCING ACCOUNT - 2007		15
BALANCE 12/31/12	<u>\$</u>	<u>(514,290)</u>