

Received \_\_\_\_\_  
Examined \_\_\_\_\_

CLASS D  
WATER UTILITIES

U# 158

2016  
ANNUAL REPORT  
OF

---

PureSource Water, Inc.

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

---

P.O. Box 1958, Aptos, CA  
(OFFICIAL MAILING ADDRESS)

95001  
ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE YEAR ENDED DECEMBER 31, 2016

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2017

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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 MARCH 31, 2017**, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION  
WATER DIVISION  
ATTN: BRUCE DEBERRY  
505 VAN NESS AVENUE, ROOM 3106  
SAN FRANCISCO, CALIFORNIA 94102-3298  
[bmd@cpuc.ca.gov](mailto:bmd@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 Page12, must be signed by an authorized 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. 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, 2016, through December 31, 2016. Fiscal year reports will not be accepted.

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

**PURESOURCE WATER, INC.**

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

**P.O. BOX 1958, APTOS, CA 95001**

(Official mailing address)

**APTOS - SANTA CRUZ COUNTY**

(Service Area - Town and County)

Telephone Number: 831-688-8476 Fax Number: \_\_\_\_\_

Email Address: Martin@psh2o.com

**GENERAL INFORMATION**

(Attach a supplementary statement, if necessary)  
RETURN ORIGINAL TO COMMISSION, NO PHOTOCOPIES.

1. If a corporation show:  
(A) Date of organization 5/4/2001 incorporated in the State of California  
(B) Names, titles and addresses of principal officers:  
Martin Mills, President/Secretary, PO Box 1958, Aptos, CA. Jennifer Young, Treasurer, PO Box 1958, Aptos, CA
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: Martin Mills, Owner/Operator/President 831-688-8476  
(B) Person responsible for operations and services: Martin Mills, Owner/Operator/President 831-688-8476

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?

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 |
|-----|----|-------------|
| X   |    | 7/20/16     |
| X   |    | 3/15/17     |
| X   |    | 12/31/17    |
|     |    | N/A         |
|     |    | N/A         |

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

MARTIN MILLS D2 40643  
JENNIFER YOUNG D2 40653

12. This annual report was prepared by: JENNIFER YOUNG and MARTIN MILLS
- Name of firm or consultant: N/A
- Address of firm or consultant: N/A
- Phone Number of firm or consultant: N/A

### 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 2016:

| 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) | 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 |
| <b>NONE N/A</b>   |  |                   |  |                        |  |                        |   |  |                                     |  |                                |

**FOR ALL 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 (SRF) loan surcharge collection for the calendar year. Please use one page per loan.

**NONE N/A**

1. Current Fiscal Agent:

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 |
|-------------------------------|--------------------------|--------------------------------|
| 5/8 X 3/4 inch                |                          |                                |
| 3/4 inch                      |                          |                                |
| 1 inch                        |                          |                                |
| 1 1/2 inch                    |                          |                                |
| 2 inch                        |                          |                                |
| 3 inch                        |                          |                                |
| 4 inch                        |                          |                                |
| 6 inch                        |                          |                                |
| Number of Flat Rate Customers |                          |                                |
| <b>Total</b>                  |                          |                                |

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:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**FOR ALL WATER COMPANIES  
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA (Continued)**

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      | 0                             |                                 |                                   |                                | 0                       |
| 5        |           | DEPRECIABLE PLANT                |                               |                                 |                                   |                                |                         |
| 6        | 304       | Structures                       |                               |                                 |                                   |                                |                         |
| 7        | 307       | Wells                            | 16697                         |                                 |                                   |                                | 16697                   |
| 8        | 317       | Other Water Source Plant         |                               |                                 |                                   |                                |                         |
| 9        | 311       | Pumping Equipment                | 2569                          |                                 | 2569                              |                                | 0                       |
| 10       | 320       | Water Treatment Plant            |                               |                                 |                                   |                                |                         |
| 11       | 330       | Reservoirs, Tanks and Standpipes | 31487                         |                                 |                                   |                                | 31487                   |
| 12       | 331       | Water Mains                      | 71927                         |                                 |                                   |                                | 71927                   |
| 13       | 333       | Services and Meter Installations |                               |                                 |                                   |                                | 0                       |
| 14       | 334       | Meters                           |                               |                                 |                                   |                                |                         |
| 15       | 335       | Hydrants                         |                               |                                 |                                   |                                |                         |
| 16       | 339       | Other Equipment                  |                               |                                 |                                   |                                |                         |
| 17       | 340       | Office Furniture and Equipment   |                               |                                 |                                   |                                |                         |
| 18       | 341       | Transportation Equipment         |                               |                                 |                                   |                                |                         |
| 19       |           | Total depreciable plant          | 122680                        | 0                               | 2569                              | 0                              | 120111                  |
| 20       |           | Total water plant in service     | 122680                        | 0                               | 2569                              | 0                              | 120111                  |

**SCHEDULE A - BALANCE SHEET (AS OF DECEMBER 31, 2016)**

| <b>Line</b> | <b>Acct.</b> | <b>Assets</b>   | <b>Balance</b>   |
|-------------|--------------|---|------------------|
| 1           | 101          | Water Plant in Service (Excluding SDWBA/SRF)                                      | \$69,672         |
| 2           | 101.1        | Water Plant in Service - SDWBA/SRF  | \$120,111        |
| 3           | 101.2        | Water Plant in Service - Prop 84  | \$218,710        |
| 4           | 103          | Water Plant Held for Future Use   |                  |
| 5           | 104          | Water Plant Purchased or Sold   |                  |
| 6           | 105          | Water Plant Construction Work in Progress   |                  |
| 7           | 100.3        | Construction Work in Progress (Prop 50)   |                  |
| 8           | 108          | Accumulated Depreciation of Water Plant   | (\$28,840)       |
| 9           | 108.1        | Accumulated Amortization of SDWBA/SRF Loan  | (\$120,111)      |
| 10          | 114          | Water Plant Acquisition Adjustments   |                  |
| 11          | 121          | Non-water Utility Property and Other Assets                                       |                  |
| 12          | 121.3        | Cash - Miscellaneous Special Deposits (Prop 50)                                   |                  |
| 13          | 122          | Accumulated Depreciation of Non-water Utility Property                            |                  |
| 14          | 124          | Other Investments   |                  |
| 15          | 131          | Cash  | \$3,092          |
| 16          | 131.3        | Cash - Miscellaneous Special Deposits (Prop 50)                                   |                  |
| 17          | 132          | Special Deposits  |                  |
| 18          | 141          | Accounts Receivable - Customers   | \$6,164          |
| 19          | 142          | Receivables from Associated Companies   |                  |
| 20          | 143          | Accumulated Provision for Uncollectible Accounts                                  |                  |
| 21          | 151          | Materials and Supplies  |                  |
| 22          | 174          | Other Current Assets  |                  |
| 23          | 180          | Deferred Charges  |                  |
| 24          |              |   |                  |
| 25          |              |   |                  |
| 26          |              | <b>Total Assets</b>   | <b>\$268,798</b> |
|             |              |   |                  |
| <b>Line</b> | <b>Acct.</b> | <b>Equity and Liabilities</b>   | <b>Balance</b>   |
| 27          | 201          | Common Stock (for corporations only)  |                  |
| 28          | 204          | Preferred Stock (for corporations only)   |                  |
| 29          | 211          | Other Paid-in Capital (for corporations only)                                     |                  |
| 30          | 215          | Retained earnings (for corporations only)   | \$33,490         |
| 31          | 218          | Proprietary Capital (for proprietorships and partnerships only)                   |                  |
| 32          | 224          | Long-Term Debt  |                  |
| 33          | 231          | Accounts Payable  | \$11,239         |
| 34          | 232          | Short-Term Notes Payable  |                  |
| 35          | 233          | Customer Deposits   |                  |
| 36          | 236          | Taxes Accrued   | \$2,277          |
| 37          | 237          | Interest Accrued  |                  |
| 38          | 241          | Other Current Liabilities   | \$3,082          |
| 39          | 250          | Reserve for Depreciation of Utility Plant (Prop 84)                               | \$33,014         |
| 40          | 252          | Advances for Construction   |                  |
| 41          | 253          | Other Credits   |                  |
| 42          | 255          | Accumulated Deferred Investment Tax Credits                                       |                  |
| 43          | 266.0        | Contributions - Publicly Grant-Funded Plant (Prop 50)                             |                  |
| 44          | 266.1        | Accumulated Amortization of Contributions - Publicly Grant-Funded Plant (Prop 84) | \$185,696        |
| 45          | 271          | Contributions in Aid of Construction  |                  |
| 46          | 272          | Accumulated Amortization of Contributions   |                  |
| 47          | 282          | Accumulated Deferred Income Taxes - ACRS Depreciation                             |                  |
| 48          | 283          | Accumulated Deferred Income Taxes - Other   |                  |
| 49          |              |   |                  |
| 50          |              |   |                  |
| 51          |              | <b>Total Equity and Liabilities</b>   | <b>\$268,798</b> |



**SCHEDULE B - WATER PLANT IN SERVICE (AS OF DECEMBER 31, 2016)**

| 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                 | \$0                 |                             |                               |                           | \$0                 |
| 2    | 303  | Land                             | \$11,880            |                             |                               |                           | \$11,880            |
| 3    | 304  | Structures                       | \$8,175             |                             |                               |                           | \$8,175             |
| 4    | 307  | Wells                            | \$16,697            |                             |                               |                           | \$16,697            |
| 5    | 311  | Pumping Equipment <sup>1</sup>   | \$9,327             | \$4,343                     | \$2,569                       |                           | \$11,101            |
| 6    | 317  | Other Water Source Plant         | \$32,892            |                             |                               |                           | \$32,892            |
| 7    | 320  | Water Treatment Plant            | \$0                 |                             |                               |                           | \$0                 |
| 8    | 330  | Reservoirs, Tanks and Standpipes | \$242,500           |                             |                               |                           | \$242,500           |
| 9    | 331  | Water Mains                      | \$71,927            |                             |                               |                           | \$71,927            |
| 10   | 333  | Services and Meter Installations | \$238               |                             |                               |                           | \$238               |
| 11   | 334  | Meters                           | \$464               |                             |                               |                           | \$464               |
| 12   | 335  | Hydrants                         | \$0                 |                             |                               |                           | \$0                 |
| 13   | 339  | Other Equipment                  | \$10,945            |                             |                               |                           | \$10,945            |
| 14   | 340  | Office Furniture and Equipment   | \$1,674             |                             |                               |                           | \$1,674             |
| 15   | 341  | Transportation Equipment         | \$0                 |                             |                               |                           | \$0                 |
| 16   |      | Total water plant in service     | \$406,719           | \$4,343                     | \$2,569                       | \$0                       | \$408,493           |

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

<sup>1</sup> 311 Booster Pump failed, so it was retired. New pump and associated equipment installed.

**SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT (AS OF DECEMBER 31, 2016)**

| Line | Item                                     | Account 108 Water Plant | Account 108.1 SDWBA/SRF Loans | Water Plant Funded by Prop 84 (For information only) |                                      |
|------|--|-------------------------|-------------------------------|--|--------------------------------------|
| 1    | Balance in reserves at beginning of year | \$27,347                | \$122,680                     | \$28,124   | A. Method used to compute            |
| 2    | Add: Credits to reserves during year     |                         |                               |  | depreciation expense                 |
| 3    | (a) Charged to Account No. 272           |                         |                               |  | (Acct. 403) and rate.                |
| 4    | (b) Charged to Account No. 403           | \$1,493                 |                               |  | Straight-Line                        |
| 5    | (c) Charged to Account No. 407           |                         |                               |  | B. Amount of depreciation expense    |
| 6    | (d) Salvage recovered                    |                         |                               |  | or to be claimed on utility property |
| 7    | (e) All other credits                    |                         |                               | \$4,890  | in your federal income tax return    |
| 8    | Total credits                            | \$1,493                 | \$0                           | \$4,890  | for the year covered by this         |
| 9    | Deduct: Debits to reserves during year   |                         |                               |  | report \$ \$1,493                    |
| 10   | (a) Book cost of property retired        |                         | \$2,569                       |  |                                      |
| 11   | (b) Cost of removal                      |                         |                               |  | C. State method used to compute      |
| 12   | (c) All other debits                     |                         |                               |  | tax depreciation.                    |
| 13   | Total debits                             | \$0                     | \$2,569                       | \$0  | Straight-Line                        |
| 14   | Balance in reserve at end of year        | \$28,840                | \$120,111                     | \$33,014   |                                      |
| 15   | (1) Explanation of all other credits     |                         |                               |  |                                      |
| 16   | (2) Explanation of all other debits      |                         |                               |  |                                      |

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (AS OF DECEMBER 31, 2016)**

| Line | Description   | Shareholder Name | Number of Shares | Par Value |
|------|---|------------------|------------------|-----------|
| 1    | Common Stocks   | Michael Mills    | 750              | 75        |
| 2    | Common Stocks   | Martin Mills     | 125              | 12.5      |
| 3    | Common Stocks   | Jennifer Young   | 125              | 12.5      |
| 4    | Common Stocks   |                  |                  |           |
| 5    | Common Stocks   |                  |                  |           |
| 6    | Common Stocks   |                  |                  |           |
| 7    | Common Stocks   |                  |                  |           |
| 8    | Common Stocks   |                  |                  |           |
| 9    | Common Stocks   |                  |                  |           |
| 10   | Common Stocks   |                  |                  |           |
| 11   | Common Stocks   |                  |                  |           |
| 12   | Common Stocks   |                  |                  |           |
| 13   | Common Stocks   |                  |                  |           |
| 14   | Common Stocks   |                  |                  |           |
| 15   | Common Stocks   |                  |                  |           |
| 16   | <b>Total - Common Stocks</b>  |                  |                  |           |
| 17   | Preferred Stocks  |                  |                  |           |
| 18   | Preferred Stocks  |                  |                  |           |
| 19   | Preferred Stocks  |                  |                  |           |
| 20   | Preferred Stocks  |                  |                  |           |
| 21   | Preferred Stocks  |                  |                  |           |
| 22   | Preferred Stocks  |                  |                  |           |
| 23   | Preferred Stocks  |                  |                  |           |
| 24   | Preferred Stocks  |                  |                  |           |
| 25   | Preferred Stocks  |                  |                  |           |
| 26   | Preferred Stocks  |                  |                  |           |
| 27   | Preferred Stocks  |                  |                  |           |
| 28   | Preferred Stocks  |                  |                  |           |
| 29   | Preferred Stocks  |                  |                  |           |
| 30   | Preferred Stocks  |                  |                  |           |
| 31   | Preferred Stocks  |                  |                  |           |
| 32   | <b>Total - Preferred Stocks</b>   |                  |                  |           |
| 33   | Total annual dividends declared and/or paid to common stockholders                                    |                  | \$               | 0         |
| 34   | Percentage of total annual dividend to common stockholders as a percentage of total net income (%)    |                  |                  |           |
| 35   | Total annual dividends declared and/or paid to preferred stock shareholders                           |                  | \$               |           |
| 36   | Percentage of total annual dividend to preferred stockholders as a percentage of total net income (%) |                  |                  |           |

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

**SCHEDULE E - LONG-TERM DEBTS**

| Line | Lender Name  | CPUC Order No. | Class | Date of Issuance | Date of Maturity | Principal Amount Authorized | Interest Rate (%) | Accrued Interest for Current Year | Interest Paid for Current Year | Outstanding Balance as of 12/31/2016 |
|------|--------------|----------------|-------|------------------|------------------|-----------------------------|-------------------|-----------------------------------|--------------------------------|--------------------------------------|
| 1    | NONE N/A     |                |       |                  |                  |                             |                   |                                   |                                |                                      |
| 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 additional 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                   | \$69,007          |
| 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                       | \$1,512           |
| 8           |              | <b>Total Revenue Received</b>             | <b>\$70,519</b>   |
| 9           |              | Less: Revenue Deductions                  |                   |
| 10          |              | SDWBA/SRF Surcharge Revenue               |                   |
| 11          |              | <b>Total Operating Revenue</b>            | <b>\$70,519</b>   |
| 12          |              | <b>Operating Expenses:</b>                |                   |
| 13          | 610          | Purchased Water                           | \$13,273          |
| 14          | 615          | Power                                     | \$6,969           |
| 15          | 618          | Other Volume Related Expenses             |                   |
| 16          | 630          | Employee Labor                            |                   |
| 17          | 640          | Materials                                 | \$2,346           |
| 18          | 650          | Contract Work                             | \$14,191          |
| 19          | 660          | Transportation Expense                    | \$5,992           |
| 20          | 664          | Other Plant Maintenance Expenses          |                   |
| 21          | 670          | Office Salaries                           |                   |
| 22          | 671          | Management Salaries                       | \$32,400          |
| 23          | 674          | Employee Pensions and Benefits            |                   |
| 24          | 676          | Uncollectible Accounts Expense            |                   |
| 25          | 678          | Office Services and Rentals               | \$991             |
| 26          | 681          | Office Supplies and Expense               | \$2,204           |
| 27          | 682          | Professional Services                     | \$1,070           |
| 28          | 684          | Insurance                                 |                   |
| 29          | 688          | Regulatory Commission Expense             | \$1,025           |
| 30          | 689          | General Expense                           | \$791             |
| 31          |              | <b>Total Operating Expenses</b>           | <b>\$81,252</b>   |
| 32          | 403          | Depreciation Expense                      | \$1,493           |
| 33          | 407          | SDWBA/SRF Loan Amortization Expense       |                   |
| 34          | 408          | Taxes Other Than Income Taxes             | \$4,417           |
| 35          | 409          | State Corporate Income Tax Expense        | \$800             |
| 36          | 410          | Federal Corporate Income Tax Expense      |                   |
| 37          |              | <b>Total Operating Revenue Deductions</b> | <b>\$6,710</b>    |
| 38          |              | <b>Utility Operating Income</b>           | <b>(\$17,443)</b> |
| 39          | 421          | Non-utility Income                        | \$1               |
| 40          | 426          | Miscellaneous Non-utility Expense         |                   |
| 41          | 427          | Interest Expense                          |                   |
| 42          |              | <b>Net Income</b>                         | <b>(\$17,442)</b> |

| <b>SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS</b> |                           |            |                      |                           |                                  |
|---|---------------------------|------------|----------------------|---------------------------|----------------------------------|
| Location  | No.                       | Diam. Inch | Depth to Water Feet  | Pumping Capacity (g.p.m.) | Annual Quantities Pumped         |
| <b>2770 REDWOOD DR.</b>   | <b>2</b>                  | <b>6</b>   | <b>265</b>           | <b>13</b>                 | <b>1,724,629</b>                 |
| <b>3263 REDWOOD DR.</b>   | <b>3</b>                  | <b>5</b>   | <b>350</b>           | <b>7</b>                  | <b>2,186,855</b>                 |
|   |                           |            |                      |                           |                                  |
|   |                           |            |                      |                           |                                  |
|   |                           |            |                      |                           |                                  |
|   |                           |            |                      |                           |                                  |
| <b>OTHER</b>  |                           |            |                      |                           |                                  |
| Streams or Springs<br>Location of Diversion<br>Point            | Flow in<br>Priority Right |            | (Unit)<br>Diversions |                           | Annual<br>Quantities<br>Diverted |
|   | Claim                     | Capacity   | Max                  | Min                       | Unit                             |
| <b>NONE</b>   |                           |            |                      |                           |                                  |
|   |                           |            |                      |                           |                                  |
|   |                           |            |                      |                           |                                  |
| Purchased water (unit) <b>Gallons</b>                           |                           |            | Annual Quantity      |                           |                                  |
| Supplier:   |                           |            |                      |                           |                                  |
| <b>Soquel Creek Water District</b>                              |                           |            | <b>1,349,067</b>     |                           |                                  |
|   |                           |            |                      |                           |                                  |

| <b>SCHEDULE H - WATER DELIVERED TO METERED CUSTOMERS</b> |               |            |                             |
|--|---------------|------------|-----------------------------|
| (If figures are available) (specify unit)                |               |            |                             |
| Classification of Service                                | Month of Year |            | Total for Year              |
|  | Maximum       | Minimum    |                             |
| Residential  |               |            |                             |
| Commercial   |               |            |                             |
| Industrial   |               |            |                             |
| Fire Protection  |               |            |                             |
| Irrigation   |               |            |                             |
| Other (specify)  |               |            |                             |
|  |               |            |                             |
| <b>Total</b>   |               | <b>N/A</b> | <b>NO METERED CUSTOMERS</b> |

| <b>SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION</b> |      |                     |                       |                             |                                    |                               |
|--|------|---------------------|-----------------------|-----------------------------|------------------------------------|-------------------------------|
| 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      | 0                     | \$0                         | \$0                                | \$0                           |
| 2  | 670  | Office salaries     | 0                     | \$0                         | \$0                                | \$0                           |
| 3  | 671  | Management salaries | 2                     | \$32,400                    | \$0                                | \$32,400                      |
| 4  |      | Total               | 2                     | \$32,400                    | \$0                                | \$32,400                      |

| <b>SCHEDULE J - ADVANCES FOR CONSTRUCTION</b>                 |     |
|---|-----|
| Balance beginning of year                                     | \$0 |
| Additions during year   | \$0 |
| Subtotal - Beginning balance plus additions during year       | \$0 |
| Refunds   | \$0 |
| Transfers to Acct. 271 - Contributions in Aid of Construction | \$0 |
| Balance end of year   | \$0 |

| <b>SCHEDULE K - TOTAL METERS AND SERVICES (Active and Inactive)</b> |        |          |
|---|--------|----------|
| Size  | Meters | Services |
| 5/8 x 3/4-in  |        |          |
| 3/4-in  |        | 80       |
| 1-in  |        |          |
| -in   |        |          |
| -in   |        |          |
| Total   |        | 80       |

| <b>SCHEDULE L - METER-TESTING DATA</b>                                |           |
|---|-----------|
| Number of meters tested during year                                   | No Meters |
| 1 Used, before repair   |           |
| 2 Used, after repair  |           |
| 3 Fast, requiring refund  |           |
| Numbers of meters in service requiring test per General Order No. 103 |           |

| <b>SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR</b> |         |      |       |          |      |       |                   |      |
|--|---------|------|-------|----------|------|-------|-------------------|------|
| Classification   | Active  |      |       | Inactive |      |       | Total connections |      |
|  | Metered | Flat | Total | Metered  | Flat | Total | Metered           | Flat |
| Residences   |         | 77   | 77    |          | 3    | 3     |                   | 80   |
| Industrial/Commercial                                  |         |      |       |          |      |       |                   |      |
| Irrigation   |         |      |       |          |      |       |                   |      |
| Fire Protection (public)                               |         |      |       |          |      |       |                   |      |
| Fire Protection (private)                              |         |      |       |          |      |       |                   |      |
| Other (specify)  |         |      |       |          |      |       |                   |      |
| Total  |         |      | 77    |          |      | 3     |                   | 80   |

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

| <b>SCHEDULE N - STORAGE FACILITIES</b> |     |                              | <b>SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)</b> |              |                |    |                       |        |
|--|-----|------------------------------|--|--------------|----------------|----|-----------------------|--------|
| Description                            | No. | Combined capacity in gallons | Description  | 2" and under | 2 1/4 to 3 1/4 | 4" | Other sizes (specify) | Totals |
| Concrete                               |     |                              | Cast Iron  |              |                |    |                       |        |
| Earth                                  |     |                              | Welded steel   |              |                |    |                       |        |
| Wood                                   |     |                              | Standard screw   |              |                |    |                       |        |
| Steel                                  | 2   | 160,000                      | Cement-asbestos  |              |                |    |                       |        |
| Other                                  |     |                              | Plastic  |              |                |    | 8"                    | 10,000 |
|  |     |                              | Other (specify)  |              |                |    |                       |        |
| Total                                  | 2   | 160,000                      | Total  |              |                |    |                       | 10,000 |

**FACILITY FEES DATA**

Please provide the following information relating to Facility Fees collected for the calendar year 2016, pursuant to Resolution No. W-4110.

1. Trust Account Information: **NONE N/A**

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:

|                                   | AMOUNT   |
|-----------------------------------|----------|
| 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:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**DECLARATION**

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

I, the undersigned \_\_\_\_\_ Martin Mills  
Officer, Partner, or Owner (Please Print)

of \_\_\_\_\_ PureSource Water, Inc.  
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, 2016, through December 31, 2016.

\_\_\_\_\_  
Owner/President/Secretary  
Title (Please Print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
831-688-8476  
Telephone Number

\_\_\_\_\_  
March 31st, 2017  
Date