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Examined _____

SEWER UTILITIES

U# _____

2016 ANNUAL REPORT OF

CYPRESS RIDGE SEWER CO.

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

P.O. BOX 745

GROVER BEACH, CA
(OFFICIAL MAILING ADDRESS)

93483
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**

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, 2016, through December 31, 2016. Fiscal year reports will not be accepted.

SEWER UTILITIES

CYPRESS RIDGE SEWER CO.

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

P.O. BOX 745, GROVER BEACH, CA 93483

(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 745, Grover 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) 481-1854
 (B) Person responsible for operations and services: Charles M. Baker (805) 481-1854
- 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: None

- 6 This annual report was prepared by:

Name of firm or consultant: Infinity Accountancy Group, LLP

Address of firm or consultant: P.O. Box 430
Arroyo Grande, CA 93421

Phone Number of firm or consultant: (805) 481-2280

PUBLIC HEALTH STATUS

- 7 Has state or local health department inspection been made during the year?
- 8 Are routine laboratory tests of water being made?
- 9 Has state health department water supply permit been obtained? (Indicate date)
- 10 If no permit has been obtained, state whether application has been made and when.
- 11 Show expiration date if state permit is temporary.

Yes	No	Latest Date
X		15-Dec
X		Weekly
N/A		
N/A		
N/A		

- 12 List Name, Grade, and License Number of all Licensed Operators:
Shannon Sweeney Grade 5 License #28675; Seth Hutchinson Grade 2 License #1-28592
Patrick Stebbins Grade 1 License #28920, Eric Sweeney Grade 3 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 2016: N/A

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

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

Line	Acct.	Assets	Balance
1	101	Water Plant in Service (Excluding SDWBA/SRF)	\$5,151,924
2	101.1	Water Plant in Service - SDWBA/SRF	
3	101.2	Water Plant in Service - Prop 50	
4	103	Water Plant Held for Future Use	
5	104	Water Plant Purchased or Sold	
6	105	Construction Work in Progress - Water Plant	
7	100.3	Construction Work in Progress (Prop 50)	
8	108	Accumulated Depreciation of Water Plant	(2,098,373)
9	108.1	Accumulated Amortization of SDWBA/SRF Loan	
10	114	Water Plant Acquisition Adjustments	
11	121	Non-utility Property and Other Assets	
12	122	Accumulated Depreciation of Non-water Utility Property	
13	124	Other Investments	
14	131	Cash	35,186
15	131.3	Cash - Miscellaneous Special Deposits (Prop 50)	
16	132	Special Deposits	
17	141	Accounts Receivable - Customers	(6,716)
18	142	Receivables from Associated Companies	
19	143	Accumulated Provision for Uncollectible Accounts	
20	151	Materials and Supplies	13,025
21	174	Other Current Assets	4,208
22	180	Deferred Charges	
23			
24			
25		Total Assets	\$3,099,254
Line	Acct.	Equity and Liabilities	Balance
26	201	Common Stock (for corporations only)	
27	204	Preferred Stock (for corporations only)	
28	211	Other Paid-in Capital (for corporations only)	\$591,371
29	215	Retained earnings (for corporations only)	(252,005)
30	218	Proprietary Capital (for proprietorships and partnerships only)	
31	224	Long-Term Debt	
32	231	Accounts Payable	4,441
33	232	Short-Term Notes Payable	
34	233	Customer Deposits	
35	236	Taxes Accrued	6,131
36	237	Interest Accrued	
37	241	Other Current Liabilities	10,833
38	250	Reserve for Depreciation of Utility Plant (Prop 50)	
39	252	Advances for Construction	
40	253	Other Credits	
41	255	Accumulated Deferred Investment Tax Credits	
42	266.0	Contributions - Publicly Grant-Funded Plant (Prop 50)	
43	266.1	Accumulated Amortization of Contributions - Publicly Grant-Funded Plant (Prop 50)	
44	271	Contributions in Aid of Construction	4,764,500
45	272	Accumulated Amortization of Contributions	(2,026,017)
46	282	Accumulated Deferred Income Taxes - ACRS Depreciation	
47	283	Accumulated Deferred Income Taxes - Other	
48			
49			
50		Total Equity and Liabilities	\$3,099,254

SCHEDULE B - SEWER 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	\$ 2,669				\$ 2,669
2	303	Land	-				-
3	304	Structures	-	5,251			5,251
4	307	Wells	-				-
5	311	Pumping Equipment	239,908				239,908
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	188,023				188,023
13	340	Office Furniture and Equipment	11,573				11,573
14	341	Transportation Equipment	-				-
15		Total Sewer Plant in Service	\$ 5,146,673	\$ 5,251	\$ -	\$ -	\$ 5,151,924

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

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

Line	Item	Account 108 Water Plant	Water Plant Funded by Prop 50 (For information only)	
1	Balance in reserves at beginning of year	\$ 1,941,594		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	12,703		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 \$856
8	Total credits	156,779		
9	Deduct: Debits to reserves during year			C. State method used to compute tax depreciation.
10	(a) Book cost of property retired			S/L & DDB
11	(b) Cost of removal			
12	(c) All other debits			
13	Total debits	-		
14	Balance in reserve at end of year	\$ 2,098,373		
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	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	Common Stocks			
12	Common Stocks			
13	Common Stocks			
14	Common Stocks			
15	Common Stocks			
16	Total - Common Stocks			
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	Total - Preferred Stocks			
33	Total annual dividends declared and/or paid to common stockholders			\$
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			\$ N/A
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	N/A									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11	Total									

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

SCHEDULE F - INCOME STATEMENT			
Line	Acct.	Description	Balance
1		Operating Revenues:	
2	460	Unmetered Water Revenue	\$ 472,971
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		Total Revenue Received	472,971
9		Less: Revenue Deductions	
10		SDWBA/SRF Surcharge Revenue	
11		Total Operating Revenue	
12		Operating Expenses:	
13	610	Purchased Water	-
14	615	Power	31,282
15	618	Other Volume Related Expenses	9,259
16	630	Employee Labor	184,066
17	640	Materials	19,608
18	650	Contract Work	43,354
19	660	Transportation Expense	3,167
20	664	Other Plant Maintenance Expenses	1,369
21	670	Office Salaries	-
22	671	Management Salaries	10,000
23	674	Employee Pensions and Benefits	21,206
24	676	Uncollectible Accounts Expense	491
25	678	Office Services and Rentals	4,687
26	681	Office Supplies and Expense	2,959
27	682	Professional Services	131,459
28	684	Insurance	25,408
29	688	Regulatory Commission Expense	-
30	689	General Expense*	16,830
31		Total Operating Expenses	505,145
32	403	Depreciation Expense	12,703
33	407	SDWBA/SRF Loan Amortization Expense	-
34	408	Taxes Other Than Income Taxes	17,875
35	409	State Corporate Income Tax expense	803
36	410	Federal Corporate Income Tax Expense	-
37		Total Operating Revenue Deductions	536,526
38		Utility Operating Income	(63,555)
39	421	Non-utility Income	
40	426	Miscellaneous Non-utility Expense	
41	427	Interest Expense	
42		Net Income (Loss)	\$ (63,555)

*General expense includes:

Regional Water Quality Control fees \$14,929

Air Pollution control District fees \$1,901

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	184,066		184,066
2	670	Office salaries				
3	671	Management salaries	1	10,000		10,000
4		Total	5	194,066		194,066

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	66,000	Cast Iron							
Earth			Welded steel							
Wood			Standard screw							
Steel			Cement-asbestos							
Other			Plastic				28000			28000
			Other (specify)							
Total	3	66,000	Total				28000			28000

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, 2016, through December 31, 2016.

President
Title (Please Print)

Signature

(805) 481-1854
Telephone Number

Date

Attachment to 2016 Annual Report of Cypress Ridge Sewer Operations

General information - Page 3, Question 4

Contracts or agreements in effect during the year:

Name	Nature of payments	Amount	Account charged
Scott Construction	Contract work	5,251	304
Abalone Coast Analytical Inc.	Testing & analysis	17,761	650
San Luis Powerhouse, Inc.	Testing & analysis	5,039	650
Oilfield Environmental & Compliance, Inc.	Testing & analysis	260	650
Eric's Welding	Contract work	1,150	650
Xylem Water Solutions USA Inc.	Contract work	4,150	650
Engel & Gray Inc.	Wastewater disposal	6,515	650
Clay's Septic & Jetting Inc.	Wastewater disposal	4,395	650
Gator Crushing & Recycling	Contract work	40	650
Cleath Harris Associates, Inc.	Groundwater monitoring	4,044	650
Infinity Accountancy Group LLP	Accounting services	9,581	682
Alvina Business Services	Bookkeeping services	16,665	682
Golden State Water	Billing services	4,619	682
Frank B. & Associates	CPUC consulting	30,903	682
Toews & Murphy Inc.	Legal services	960	682
Guzman Law Offices	Legal services	68,731	682

Schedule A - Balance Sheet Detail

The amount on Schedule A, Balance Sheet, Line 17, Account 141 - Accounts receivable includes the remaining balance of commission approved surcharges. Interest has been included in the balances at the 90-day commercial rate calculated monthly.

2009/2010 Surcharge approved 2/2013	\$ 119,749
Surcharge collected in 2013 through 2015	(107,818)
Interest accrued through 12/31/15	230
Surcharge collected in 2016	(10,235)
Balance 12/31/16	<u>1,926</u>
2011/2012 Surcharge approved 12/2013	58,007
Surcharge collected in 2014 through 2015	(59,047)
Interest accrued through 12/31/15	73
Surcharge collected in 2016	(7,675)
Balance 12/31/16	<u>(8,642)</u>
Total accounts receivable	<u>\$ (6,716)</u>

Schedule A, Balance Sheet, Line 29, Account 215 - Retained Earnings Reconciliation:

Balance 12/31/15	\$ (200,254)
2016 Net income (loss)	(63,555)
Prior period adjustment	11,804
Balance 12/31/16	<u>\$ (252,005)</u>

Schedule F - Income Statement detail

The company maintains memorandum accounts for professional fees, power and employee labor. The memorandum accounts had the following balances as of 12/31/16: Professional fees \$96,872, Power \$14,215, and Employee Labor \$64,066.