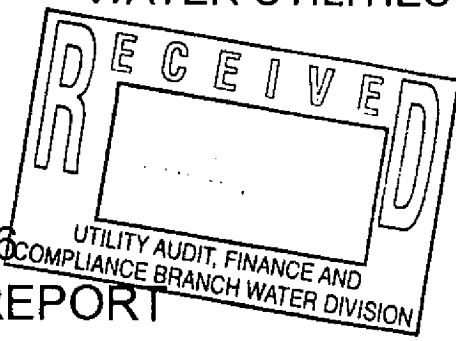


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Received _____
Examined _____

CLASS B and C  
WATER UTILITIES



U# \_\_\_\_\_

2006  
ANNUAL REPORT  
OF

MESA CREST WATER COMPANY, INC.

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

P.O. Box 117257      La Canada      California      91012  
(OFFICIAL MAILING ADDRESS)      ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2006

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2007  
(FILE TWO COPIES IF THREE RECEIVED)

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

CLASS B and C  
WATER UTILITIES

U# \_\_\_\_\_

2006  
ANNUAL REPORT  
OF

MESA CREST WATER COMPANY, INC.

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

P.O. Box 117257

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91012

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TO THE  
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STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2006

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**PEASLEY, ALDINGER & O'BYMACHOW**  
**AN ACCOUNTANCY CORPORATION**

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

2120 MAIN STREET, SUITE 265  
HUNTINGTON BEACH, CALIFORNIA 92648

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

**ACCOUNTANT'S COMPILATION REPORT**

May 18, 2007

Mesa Crest Water Company, Inc.  
P.O. Box 117257  
La Canada Flintridge, CA 91012

We have compiled the balance sheets of Mesa Crest Water Company as of December 31, 2006 and 2005, and the related income statement for the year ended December 31, 2006, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included on pages 12 (Schedule A-1) through 22 (Schedule A-17), pages 24 (Schedule B-1) through 28 (Schedule C-2), and pages 4 through 8 of Selected Financial Data – Class A, B, C, and D Water Companies 2006, and Class B, C, and D Water Companies Safe Drinking Water Bond Act Data.

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

These financial statements (including related disclosures) are presented in accordance with the requirements of the Public Utilities Commission of the State of California, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

The supplementary information contained on page 9 (General Information) and page 28 (Schedule C-3) through page 34 of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

PEASLEY, ALDINGER & O'BYMACHOW  
AN ACCOUNTANCY CORPORATION



Christian L. Aldinger  
Certified Public Accountant

## INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed NOT LATER THAN MARCH 31, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION  
WATER DIVISION  
ATTN: KAYODE KAJOPAIYE  
505 VAN NESS AVENUE, ROOM 3105  
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink 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.
9. This report must cover a calander year, from Janauary 1 through December 31. Fiscal year reports will not be accepted.

# INSTRUCTIONS

## FOR PREPARATION OF

### SELECTED FINANCIAL DATA SHEET

#### FOR CLASS A, B, C AND D, WATER UTILITIES

To prepare the attached data sheets, refer to the Balance Sheet, Income Statement and supporting detail schedules in the annual report for the required data.

Please follow the instruction below:

1. Common plant allocated to water should be indicated with water plant figures in Net Plant Investment.
2. The capitalization section for those reporting on both California Only and Total System Forms should be identical and completed with Total Company Data. Be sure that Advances for Construction include California water data only.
3. Complete the operation section with California water revenues and expenses, but if necessary, remove interdepartmental revenues and expenses.
4. All other utility and nonutility revenues and expenses are netted on Line No. 38.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES  
2006

NAME OF UTILITY MESA CREST WATER COMPANY, INC. PHONE 818-790-2071

PERSON RESPONSIBLE FOR THIS REPORT TIMOTHY FLYNN  
(Prepared from Information in the 2006 Annual Report)

	1/1/06	12/31/06	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	-	-	-
2 Land and Land Rights	34,738	34,738	34,738
3 Depreciable Plant	1,919,744	1,921,136	1,920,440
4     Gross Plant in Service	1,954,482	1,955,874	1,955,178
5 Less: Accumulated Depreciation	(1,320,553)	(1,381,227)	(1,350,890)
6     Net Water Plant in Service	633,929	574,647	604,288
7 Water Plant Held for Future Use	-	-	-
8 Construction Work in Progress <sup>1</sup>	9,700	12,032	10,866
9 Materials and Supplies	11,716	9,445	10,581
10 Less: Advances for Construction	-	-	-
11 Less: Contribution in Aid of Construction	(45,885)	(37,747)	(41,816)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(66,228)	(73,730)	(69,979)
13     Net Plant Investment	<u>543,232</u>	<u>484,647</u>	<u>513,940</u>
<b>CAPITALIZATION</b>			
14 Common Stock	355,000	355,000	355,000
15 Proprietary Capital (Individual or Partnership)	-	-	-
16 Paid-in Capital	-	-	-
17 Retained Earnings	147,519	194,283	170,901
18     Common Stock and Equity (Lines 14 through 17)	502,519	549,283	525,901
19 Preferred Stock	60,000	60,000	60,000
20 Long-Term Debt	219,434	187,569	203,502
21 Notes Payable	-	-	-
22     Total Capitalization (Lines 18 through 21)	<u>781,953</u>	<u>796,852</u>	<u>789,403</u>

1 The balance at 1/01/2006 has been revised to include the amount in Construction Work in Progress.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES  
2006

NAME OF UTILITY MESA CREST WATER COMPANY, INC. PHONE 818-790-2071

<b>INCOME STATEMENT</b>	Annual Amount
23 Unmetered Water Revenue	-
24 Fire Protection Revenue	985
25 Irrigation Revenue	59,496
26 Metered Water Revenue	1,092,281
27 Total Operating Revenue	1,152,762
28 <u>Operating Expenses</u>	995,991
29 Depreciation Expense (Composite Rate 3.38%)	53,416
30 Amortization and Property Losses	-
31 Property Taxes	6,184
32 Taxes Other Than Income Taxes	13,173
33 Total Operating Revenue Deduction Before Taxes	1,068,764
34 California Corp. Franchise Tax	7,856
35 Federal Corporate Income Tax	12,336
36 Total Operating Revenue Deduction After Taxes	1,088,956
37 Net Operating Income (Loss) - California Water Operations	63,806
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	24
39 Income Available for Fixed Charges	63,830
40 Interest Expense	(13,239)
41 Net Income (Loss) Before Dividends	50,591
42 Preferred Stock Dividends	(3,150)
43 Net Income (Loss) Available for Common Stock	47,441

<b>OTHER DATA</b>	Annual Amount
44 Refunds of Advances for Construction	-
45 Total Payroll Charged to Operating Expenses	145,000
46 Purchased Water	440,987
47 Power	107,556

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		707	708	708
49 Flat Rate Service Connections				
50 Total Active Service Connections		707	708	708





**CLASS B, C AND D WATER COMPANIES  
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: N/A  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

2. Former Fiscal Agent:

Name: BANK OF AMERICA  
Address: 900 EIGHTH STREET, SACRAMENTO, CA 95814  
Phone Number: \_\_\_\_\_  
Date Hired: 1985

3. Total surcharge collected from customers during the 12 month reporting period:

\$ \_\_\_\_\_

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	_____

5. Account information:

Bank Name: BANK OF AMERICA  
Account Number: 1489-2-50139  
Date Opened: 1985

**CLASS B, C AND D WATER COMPANIES  
SAFE DRINKING WATER BOND ACT DATA (continued)**

6. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA 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		<b>NON-DEPRECIABLE PLANT</b>					
2	301	Intangible plant					-
3	303	Land					-
4		Total non-depreciable plant	-	-	-	-	-
5		<b>DEPRECIABLE PLANT</b>					
6	304	Structures					-
7	307	Wells					-
8	317	Other water source plant					-
9	311	Pumping equipment					-
10	320	Water treatment plant					-
11	330	Reservoirs, tanks and sandpipes	129,694				129,694
12	331	Water mains					-
13	333	Services and meter installations					-
14	334	Meters					-
15	335	Hydrants					-
16	339	Other equipment					-
17	340	Office furniture and equipment					-
18	341	Transportation equipment					-
19		Total depreciable plant	129,694	-	-	-	129,694
20		Total water plant in service	129,694	-	-	-	129,694

## GENERAL INFORMATION

1 Name under which utility is doing business:  
 \_\_\_\_\_  
 Mesa Crest Water Company, Inc.

2 Official mailing address:  
 P.O. Box 117257 La Canada California ZIP 91012

3 Name and title of person to whom correspondence should be addressed:  
 Timothy Flynn Telephone: (818) 790-2071

4 Address where accounting records are maintained:  
 4532 Rinetti Lane, Unit C, La Canada, CA 91011

5 Service Area: (Refer to district reports if applicable.)  
 La Canada, CA

6 Service Manager (if located in or near Service Area): (Refer to district reports if applicable.)  
 Name:  
 Address: same as above Telephone: (818) 790-2071

7 OWNERSHIP. Check and fill in appropriate line:  
 Individual (name of owner) \_\_\_\_\_  
 Partnership (name of partner) \_\_\_\_\_  
 Partnership (name of partner) \_\_\_\_\_  
 Partnership (name of partner) \_\_\_\_\_  
 Corporation (corporate name) \_\_\_\_\_ Mesa Crest Water Company, Inc.  
 Organized under laws of (state) \_\_\_\_\_ California 1956

Principal Officers:  

(Name) Timothy Flynn	(Title)	President
(Name) Tom Flynn	(Title)	Vice President
(Name) F. P. Flynn	(Title)	Treasurer / Secretary
(Name)	(Title)	

8 Names of associated companies:  
 n/a

9 Names of corporations, firms or individuals whose property or portion of property have been acquired during the year, together with date of each acquisition:  
 n/a Date:  
 Date:  
 Date:  
 Date:

10 Use the space below for supplementary information or explanations concerning this report:  
 n/a

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



**SCHEDULE A**  
**COMPARATIVE BALANCE SHEETS**  
**Liabilities and Other Credits**

Line No.	Acct. No.	Title of Account (a)	Schedule Page No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		<b>CORPORATE CAPITAL AND SURPLUS</b>			
2	201	Common stock	A-6	355,000	355,000
3	204	Preferred stock	A-6	60,000	60,000
4	211	Other paid-in capital	A-8	-	-
5	215	Retained earnings	A-9	194,283	147,519
6		Total corporate capital and retained earnings		609,283	562,519
7		<b>PROPRIETARY CAPITAL</b>			
8	218	Proprietary capital	A-10	-	-
9	218.1	Proprietary drawings		-	-
10		Total proprietary capital		-	-
11		<b>LONG TERM DEBT</b>			
12	224	Long term debt	A-11	187,569	219,434
13	225	Advances from associated companies	A-12	-	-
14		<b>CURRENT AND ACCRUED LIABILITIES</b>			
15	231	Accounts payable		109,368	79,297
16	232	Short term notes payable		-	-
17	233	Customer deposits		651	685
18	235	Payables to associated companies	A-13	-	-
19	236	Accrued taxes		13,534	1,224
20	237	Accrued interest		-	-
21	241	Other current liabilities	A-14	54,020	53,331
22		Total current and accrued liabilities		177,573	134,537
23		<b>DEFERRED CREDITS</b>			
24	252	Advances for construction	A-15	-	-
25	253	Other credits	A-5	-	-
26	255	Accumulated deferred investment tax credits	A-16	12,305	13,115
27	282	Accumulated deferred income taxes - ACRS depreciation	A-16	60,943	64,085
28	283	Accumulated deferred income taxes - other	A-16	482	(10,972)
29		Total deferred credits		73,730	66,228
30		<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
31	271	Contributions in aid of construction	A-17	250,495	250,495
32	272	Accumulated amortization of contributions		(212,748)	(204,610)
33		Net contributions in aid of construction		37,747	45,885
34		Total liabilities and other credits		1,085,902	1,028,603

**SCHEDULE A-1  
UTILITY PLANT**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Plt Additions During year (c)	Plt Retirements During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1	101	Water plant in service	1,954,482	2,272	880	-	1,955,874
2	103	Water plant held for future use	-	-	-	-	-
3	104	Water plant purchased or sold	-	-	-	-	-
4	105	Construction work in progress - water plant	9,700	2,332	XXXXXXXXXXXX	-	12,032
5	114	Water plant acquisition adjustments	-	-	XXXXXXXXXXXX	-	-
6		Total utility plant	1,964,182	4,604	880	-	1,967,906

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

**SCHEDULE A-1a  
Account No. 101 - Water Plant in Service**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Plt Additions During year (c)	Plt Retirements During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1		<b>NON-DEPRECIABLE PLANT</b>					
2	301	Intangible plant	-				-
3	303	Land	34,738	-			34,738
4		Total non-depreciable plant	34,738	-	-	-	34,738
5		<b>DEPRECIABLE PLANT</b>					
6	304	Structures	11,960				11,960
7	307	Wells	-				-
8	317	Other water source plant	-				-
9	311	Pumping equipment	338,797	-	-		338,797
10	320	Water treatment plant	-				-
11	330	Reservoirs, tanks and sandpipes	570,188				570,188
12	331	Water mains	567,890				567,890
13	333	Services and meter installations	74,585	-	-		74,585
14	334	Meters	84,018	2,272	880	-	85,410
15	335	Hydrants	48,667	-			48,667
16	339	Other equipment	9,945				9,945
17	340	Office furniture and equipment	40,349	-			40,349
18	341	Transportation equipment	173,345	-			173,345
19		Total depreciable plant	1,919,744	2,272	880	-	1,921,136
20		Total water plant in service	1,954,482	2,272	880	-	1,955,874

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

**SCHEDULE A-1b**  
**Account No. 103 - Water Plant Held for Future Use**

Line No.	Description and Location of Property (a)	Date of Acquisition (b)	Approximate Date When Property will be placed in Service (c)	Balance End of Year (d)
1				
2				
3	NONE			
4				
5				
6				
7				
8				
9				
10	Total			

**SCHEDULE A-2**  
**Account No. 121 - Non-utility Property and Other Assets**

Line No.	Name and Description of Property (a)	Book Value End of Year (b)
1		
2		
3	NONE	
4		
5		
6		
7		
8		
9		
10	Total	-

**SCHEDULE A-3**  
**Account Nos. 108 and 122 - Depreciation and Amortization Reserves**

Line No.	Item (a)	Account 106 Water Plant (b)	Account 106.1 SDWBA Loans (c)	Account 122 Non-utility Property (d)
1	Balance in reserves at beginning of year	1,190,859	129,694	0
2	Add: Credits to reserves during year			
3	(a) Charged to Account No. 403 (Footnote 1)	53,416	-	-
4	(b) Charged to Account No 272	8,138	-	-
5	(c) Charged to clearing accounts	-	-	-
6	(d) Salvage recovered	-	-	-
7	(e) All other credits (Footnote 2)	-	-	-
8	Total Credits	61,554	-	-
9	Deduct: Debits to reserves during year			
10	(a) Book cost of property retired	880	-	-
11	(b) Cost of removal	-	-	-
12	(c) All other debits (Footnote 3)	-	-	-
13	Total debits	880	-	-
14	Balance in reserve at end of year	1,251,533	129,694	-
15	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE			3.21%
16				
17	(2) EXPLANATION OF ALL OTHER CREDITS:			
18				
19				
20				
21				
22				
23	(3) EXPLANATION OF ALL OTHER DEBITS:			
24				
25				
26				
27				
28				
29	(4) METHOD USED TO COMPUTE INCOME TAX DEPRECIATION			
30	(a) Straight line	<input checked="" type="checkbox"/>		
31	(b) Liberalized	<input type="checkbox"/>		
32	(1) Sum of the years digits	<input type="checkbox"/>		
33	(2) Double declining balance	<input type="checkbox"/>		
34	(3) Other	<input checked="" type="checkbox"/>		
35	(c) Both straight line and liberalized	<input checked="" type="checkbox"/>		



**SCHEDULE A-3a**  
**Account No. 108 - Analysis of Entries in Depreciation Reserve**

Line No.	Acct No.	Depreciable Plant (a)	Balance Beginning of Year (b)	Credits to Reserve During Year Excl. Salvage (c)	Debits to Reserve During Year Excl. Cost of Removal (d)	Salvage and Cost of Removal Net (Dr.) or (Cr.) (e)	Balance End of Year (f)
1	304	Structures	11,550	80			11,630
2	307	Wells	-				-
3	317	Other water source plant	-				-
4	311	Pumping equipment	303,881	11,926			315,807
5	320	Water treatment plant	-				-
6	330	Reservoirs, tanks and sandpipes	210,552	9,162			219,714
7	331	Water mains	316,489	11,187			327,676
8	333	Services and meter installations	56,941	1,611			58,552
9	334	Meters	66,265	1,901	880		67,286
10	335	Hydrants	30,356	1,099			31,455
11	339	Other equipment	5,710	994			6,704
12	340	Office furniture and equipment	45,487	3,624			49,111
13	341	Transportation equipment	143,628	19,970			163,598
14		Total	1,190,859	61,554	880	-	1,251,533

**SCHEDULE A-4**  
**Account No. 174 - Other Current Assets**

Line No.	Item (a)	
1	Misc Receivable	23,038
2	Stockholder Receivable	64,870
3	Balancing Account - Overcollection	(6,249)
4	Prepaid Taxes	-
5	Prepaid Insurance	25,392
6	Prepaid Other	-
7	Deposits - Legal Retainer	-
8		
9		
10	Total	107,051

**SCHEDULE A-5**  
**Accounts Nos. 180 and 253 - Unamortized debt discount and expense and unamortized premium on debt**

- 1 Report under separate subheadings for Unamortized Debt Discount and Expense and Unamortized Premium on Debt, particulars of discount and expense or premium applicable to each class and series of long-term debt.
- 2 Show premium amounts in red or by enclosure in parentheses.
- 3 In column (b) show the principal amount of bonds or other long-term debt originally issued.
- 4 In column (c) show the discount and expense or premium with respect to the amount of bonds or other long-term debt originally issued.
- 5 Furnish particulars regarding the treatment of unauthorized debt discount and expense or premium, redemption premiums, and redemption expenses associated with issues redeemed during the year.
- 6 Set out separately and identify undisposed amounts applicable to issues which were redeemed in prior years.

Line No.	Designation of long-term debt (a)	Principal amount of securities to which discount and expense, or premium minus expense, relates (b)	Total discount and expense or net premium (c)	AMORTIZATION PERIOD		Balance beginning of year (f)	Debits during year (g)	Credits during year (h)	Balance end of year (i)
				From -- (d)	To -- (e)				
1									
2									
3	NONE								
4									
5									
6									
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**SCHEDULE A-6**  
**Account Nos. 201 and 204 - Capital Stock**

Line No.	Class of Stock (a)	Date of Issue (b)	Number of Shares Authorized by Articles of Incorporation (c)	Par or Stated Value (d)	Number of Shares Outstanding (e)	Amount Outstanding End of Year (f)	Dividends Declared During Year	
							Rate (g)	Amount (h)
1	Common Stock		50,000	\$10.00	35,500	355,000		\$0
2	Preferred Stock		75,000	\$10.00	6,000	60,000		\$3,150
3								
4								
5								
6					41,500	415,000	Total	\$ 3,150

**SCHEDULE A-7**  
**Record of Stockholders at End of Year**

Line No.	COMMON STOCK Name (a)	Number of Shares (b)	PREFERRED STOCK Name (c)	Number of Shares (d)
1				
2	F. Patrick Flynn	35,500	F. Patrick Flynn	6,000
3				
4				
5				
6				
7	Total number of shares	35,500	Total number of shares	6,000

**SCHEDULE A-8**  
**Account No. 211 - Other Paid in Capital (Corporations only)**

Line No.	Type of Paid in Capital (a)	Balance End of Year (b)
1		
2	NONE	
3		
4	Total	

**SCHEDULE A-9**  
**Account No. 215 - Retained Earnings**  
**(Corporations Only)**

Line No	Item (a)	Amount (b)
1	Balance beginning of year	147,519
2	<b>CREDITS</b>	
3	Net income	49,914
4	Prior period adjustments	-
5	Other credits (detail)	-
6	Total credits	49,914
7		
8	<b>DEBITS</b>	
9	Net losses	-
10	Prior period adjustments	-
11	Dividend appropriations - preferred stock	3,150
12	Dividend appropriations - common stock	-
13	Other debits (detail)	-
14	Total debits	3,150
15	Balance end of year	194,283

**SCHEDULE A-10**  
**Account No. 218 - Proprietary Capital**  
**(Sole Proprietor or Partnership)**

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	N/A
2	<b>CREDITS</b>	
3	Net income	
4	Additional investments during year	
5	Other credits (detail)	
6	Total credits	-
7	<b>DEBITS</b>	
8	Net losses	
9	Withdrawals during year	
10	Other debits (detail)	
11	Total debits	-
12	Balance end of year	-

**SCHEDULE A-11**  
**Account No. 224 - Long Term Debt**

Line No.	Class (a)	Name of Issue (b)	Date of Issue (c)	Date of Maturity (d)	Principal Amount Authorized (e)	Outstanding Per Balance Sheet (f)	Rate of Interest (g)	Interest Accrued During Year (h)	Sinking Fund (i)	Interest Paid During Year (j)
1										
2	Tank Project Loan	CDC	2003	2018	250,000	219,435	4.00%	n/a	n/a	8,379
3	Computer Lease		2005	2007	1,956	0	20.86%	n/a	n/a	349
4	Ford F250 Loan		2005	2007	55,150	0	8.32%	n/a	n/a	2,175
5										
6	Less Current Portion					(31,866)				
7										
8	Total					187,569				10,903

**SCHEDULE A-12**  
**Account No. 225 - Advances from Associated Companies**

Line No.	Nature of Obligation (a)	Amount of Obligation (b)	Interest Rate (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
1					
2	<b>NONE</b>				
3					
4	Totals				

**Schedule A-13**  
**Account No. 235 - Payables to Associated Companies**

Line No.	Nature of Obligation (a)	Balance End of Year (b)	Interest Rate (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
1					
2	<b>NONE</b>				
3					
4	Totals				

**SCHEDULE A-14**  
**Account No. 241 - Other Current Liabilities**

Line No.	Description (a)	Balance End of Year (b)
1	Current Portion of long term debt (schedule A-11)	31,866
2	PUC Fee Payable	3,977
3	Insurance Payable	18,177
4	Work Order Deposits	-
5	<b>Totals</b>	<b>54,020</b>

**SCHEDULE A-15**  
**Account No. 252 - Advances for Construction**

Line No.	(a)	(b)	Amount (c)
1	Balance beginning of year	XXXXXXXXXXXXXXXXXX	
2	Additions during year	XXXXXXXXXXXXXXXXXX	
3	Subtotal - Beginning balance plus additons during year	XXXXXXXXXXXXXXXXXX	
4	Charges during year:	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
5	Refunds	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
6	Percentage of revenue basis		XXXXXXXXXXXXXXXXXX
7	Proportionate cost basis		XXXXXXXXXXXXXXXXXX
8	Present worth basis		XXXXXXXXXXXXXXXXXX
9	Total refunds		XXXXXXXXXXXXXXXXXX
10	Transfers to Acct. 271, Contributions in aid of Construction	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
11	Due to expiration of contracts		XXXXXXXXXXXXXXXXXX
12	Due to present worth discount		XXXXXXXXXXXXXXXXXX
13	Total transfers to Acct. 271		XXXXXXXXXXXXXXXXXX
14	Securities Exchanged for Contracts (Enter detail below)		XXXXXXXXXXXXXXXXXX
15	Subtotal - charges during year		XXXXXXXXXXXXXXXXXX
16	Balance end of year	XXXXXXXXXXXXXXXXXX	

**SCHEDULE A-16**  
**Account Nos. 255, 282, and 283 - Deferred Taxes**

Line No.	Item (a)	Account 255 Investment Tax Credit (b)	Account 282 Income Tax - ACRS Depreciation (c)	Account 283 - Other (d)
1	Deferred tax - MACRS		46,673	
2	Deferred tax - ACRS		14,270	
3	Deferred tax - Balancing Acct			482
4				-
5	Deferred ITC's	12,305		
6				-
7	<b>Totals</b>	<b>12,305</b>	<b>60,943</b>	<b>482</b>

**SCHEDULE A-17**

**Account No. 271 - Contributions in Aid of Construction**

**Instructions for Preparation of Schedule of Contributions in Aid of Construction**

- 1 The credit balance in the account other than that portion of the balance relating to nondepreciable property (column d), to property retired prior to January 1, 1955 (column e), shall be written off through charges to this account and credits to Account No. 106, Accumulated depreciation of water plant, over a period equal to the estimated service life of the property involved. Upon retirement of depreciable property for which a depreciation reserve has been created through charges to this account, the cost thereof shall be credited to the appropriate plant account and concurrently charged to Account No. 106. If the property is retired prior to the service life originally estimated, the balance in this account with respect to the retired property shall be transferred to the depreciation reserve account.
  
- 2 That portion of the balance applicable to nondepreciable property shall remain unchanged until the property is sold or otherwise retired. Upon retirement, the cost of such nondepreciable property acquired by donation or through use of donated funds shall be credited to the appropriate plant account and charged to this account to clear the credit balance carried herein.
  
- 3 That portion of the balance representing donations on property retired prior to January 1, 1955 (column e), and the amount of depreciation accrued to January 1, 1955, on property in service (column f), shall not be transferred from this account or otherwise disposed of without first receiving written authorization from the Commission.

Line No.	Item (a)	Total All Columns (b)	Subject to Amortization		Not Subject to Amortization	
			Property in Service After Dec. 31, 1954		Property Retired Before Jan. 1, 1955 (e)	Depreciation Accrued Through Dec. 31, 1954 on Property in Services at Dec. 31, 1954 (f)
			Depreciable (c)	Non-Depreciable (d)		
1	Balance beginning of year	45,885	45,885	-	-	-
2	Add: Credits to account during year					
3	Contributions received during year	-	-	-	-	-
4	Other credits*	-	-	-	-	-
5	Total credits	-	-	-	-	-
6	Deduct: Debits to Account during year					
7	Depreciation charges for year	8,138	8,138			
8	Nondepreciable donated property retired	-	-	-	-	-
9	Other debits*	-	-	-	-	-
10	Total debits	8,138	8,138	-	-	-
11	Balance end of year	37,747	37,747	-	-	-

\* Indicate nature of these items and show the accounts affected by the contra entries





**SCHEDULE B-1**  
**Account No. 400 - Operating Revenues**

Line No.	Acct. No.	Account (a)	Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
1		<b>WATER SERVICE REVENUES</b>			
2	460	Unmetered water revenue			
3	460.1	Single - family residential	-	-	-
4	460.2	Commercial and multi-residential	-	-	-
5	460.3	Large water users	-	-	-
6	460.5	Safe Drinking Water Bond Surcharge	-	-	-
7	460.9	Other unmetered revenue	-	-	-
8		Sub-total	-	-	-
9	462	Fire protection revenue			
10	462.1	Public fire protection	-	-	-
11	462.2	Private fire protection	985	878	107
12		Sub-total	985	878	107
13	465	Irrigation revenue	59,496	64,032	(4,536)
14	470	Metered water revenue			
15	470.1	Single-family residential	985,084	864,595	120,489
16	470.2	Commercial and multi-residential	-	-	-
17	470.3	Large water users	107,197	82,855	24,342
18	470.5	Safe Drinking Water Bond Surcharge	-	-	-
19	470.9	Other metered revenue	-	-	-
20		Sub-total	1,092,281	947,450	144,831
21		Total water service revenues	1,152,762	1,012,360	140,402
22	480	Other water revenue	-	-	-
23		Total operating revenues	1,152,762	1,012,360	140,402

**SCHEDULE B-2**  
**Account No. 401 - Operating Expenses**

Line No.	Acct. No.	Account (a)	Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
1		<b>PLANT OPERATION AND MAINTENANCE EXPENSES</b>			
2		<b>VOLUME RELATED EXPENSES</b>			
3	610	Purchased water	440,987	411,612	29,375
4	615	Power	107,556	87,720	19,836
5	616	Other volume related expenses	-	-	-
6		Total volume related expenses	548,543	499,332	49,211
7		<b>NON-VOLUME RELATED EXPENSES</b>			
8	630	Employee labor	119,000	115,000	4,000
9	640	Materials	6,151	2,580	3,571
10	650	Contract work	34,453	17,109	17,344
11	660	Transportation expenses	32,010	34,932	(2,922)
12	664	Other plant maintenance expenses	2,022	2,704	(682)
13		Total non-volume related expenses	193,636	172,325	21,311
14		Total plant operation and maintenance exp.	742,179	671,657	70,522
15		<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>			
16	670	Office salaries	-	-	-
17	671	Management salaries	26,000	26,000	-
18	674	Employee pensions and benefits	35,781	29,987	5,794
19	676	Uncollectible accounts expense	-	-	-
20	678	Office services and rentals	28,862	22,739	6,123
21	681	Office supplies and expenses	32,311	20,727	11,584
22	682	Professional services	18,282	14,986	3,296
23	684	Insurance	58,421	63,707	(5,286)
24	688	Regulatory commission expense	5,028	7,060	(2,032)
25	689	General expenses	49,127	5,183	43,944
26		Total administrative and general expenses	253,812	190,389	63,423
27	800	Expenses capitalized	-	-	-
28		Net administrative and general expense	253,812	190,389	63,423
29		Total operating expenses	995,991	862,046	133,945

**SCHEDULE B-3**  
**Account No. 408, 409, 410 - Taxes Charged During the Year**

Line No.	Type of Tax (a)	Total Taxes Charged During Year (b)	Distribution of Taxes Charged	
			Water (c)	Nonutility (d)
1	Taxes on real and personal property	6,184	6,184	
2	State corporate franchise tax	7,856	7,856	
3	State unemployment insurance tax	336	336	
4	Other state and local taxes	1,576	1,576	
5	Federal unemployment insurance tax	168	168	
6	Federal insurance contributions act	8,990	8,990	
7	Other federal taxes	2,103	2,103	
8	Federal income taxes	12,336	12,336	
9	Federal income taxes - true-up	677	677	
10				
11	Totals	40,226	40,226	-

**SCHEDULE B-4**  
**Reconciliation of Reported Net Income for Federal Income Taxes**

- Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.
- If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, inter-company amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
- Show taxable year if other than calendar year from \_\_\_\_\_ to \_\_\_\_\_.

Line No.	Particulars (a)	Amount (b)
1	Net income for the year per Schedule B, page 4	49,914
2	Reconciling amounts (list first additional income and unallowable deductions,	
3	followed by additional deductions and non-taxable income):	
4	Non-Deductible Items	677
5	Federal Income Tax per Books	12,336
6	Accrual to Cash Adjustment	(2,145)
7	2006 State Tax	7,856
8		-
9	Book vs Tax Depreciation Difference	31,566
10	2005 State Tax	(3,594)
11	Penalties	160
12		
13	Subtotal	96,770
14	NOL Carryfwd	(27,425)
15	Federal tax net income	69,345
16	Computation of tax: ( 50,000 @ 15% + 19,345 @ 25%)	12,336
17		

**SCHEDULE B-5**  
**Account No. 421 and 426 - Income from Nonutility Operations**

Line No.	Description (a)	Revenues Acct. 421 (b)	Expenses Acct. 426 (c)
1	Interest Income	184	
2	Misc. income	-	
3	Penalties		(160)
4	Prior Year Expense		-
5	Total	184	(160)

**SCHEDULE B-6**  
**Account No. 427 - Interest Expense**

Line No.	Description (a)	Amount (b)
1	Computer loan	349
2	Insurance loan	2,336
3	Ford Credit - Auto Loan	2,175
4	Tank Project Loan - CDC	8,379
5		
6		
7		
8		
9		
10	Total	13,239

**SCHEDULE C-1**  
**Compensation of Individual Proprietor, Partners and Employees Included in Expenses**

Line No.	Acct. No.	Account (a)	Number at End of Year (b)	Salaries Charged to Expense (c)	Salaries Charged to Plant Accounts (d)	Total Salaries and Wages Paid (e)
1	630	Employee Labor	2	119,000		119,000
2	670	Office salaries	0	-		-
3	671	Management salaries	1	26,000		26,000
4						
5						
6		Total	3	145,000	-	145,000

**SCHEDULE C-2**  
**Loans to Directors, Officers, or Shareholders**

Line No.	Name (a)	Title (b)	Amount (c)	Interest Rate (d)	Maturity Date (e)	Security Given (f)	Date of Shareholder Authorization (g)	Other Information (h)
1	F.P. Flynn	Shareholder	64,870	n/a	n/a	none	none	s/t receivable
2								
3								
4								
5								
6								
7	Total		64,870					

**SCHEDULE C-3**  
**Engineering and Management Fees and Expenses, Etc., During Year**

Line No.	Give the required particulars of all contracts or other agreements in effect in the course of the year between the respondent and any corporation, association, partnership, or person covering supervision and/or management of any department of the respondent's affairs, such as accounting, engineering, financing, construction or operation, and show the payments under such agreements and also the payments for advice and services to a corporation or corporations which directly or indirectly control respondent through stock ownership.	
1	1. Did the respondent have a contract or other agreement with any organization or person covering supervision and/or management of its own affairs during the year? Answer: (Yes or No) <b>NO</b>	
3	(If the answer is in the affirmative, make appropriate replies to the following questions)*	
4	2. Name of each organization or person that was a party to such a contract or agreement.	
5		
6	3. Date of original contract or agreement.	
7	4. Date of each supplement or agreement.	
8	5. Amount of compensation paid during the year for supervision or management . . . . \$	
9	6. To whom paid	
10	7. Nature of payment (salary, traveling expenses, etc.).	
11	8. Amounts paid for each class of service.	
12		
13	9. Basis for determination of such amounts	
14		
15	10. Distribution of payments: <span style="float: right;">Amount</span>	
16	(a) Charged to operating expenses	\$
17	(b) Charged to capital amounts	\$
18	(c) Charged to other account	\$
19	Total	\$
20	11. Distribution of charges to operating expenses by primary accounts	
21	Number and Title of Account	Amount
22		\$
23		\$
24		\$
25	Total	\$
26	12. What relationship, if any, exists between respondent and supervisory and/or managing concerns?	
27		
* File with this report a copy of every contract, agreement, supplement or amendment mentioned above unless a copy of the instrument in due form has been furnished, in which case a definite reference to the report of the respondent relative to which it was furnished will suffice.		

**SCHEDULE D-1  
Sources of Supply and Water Developed**

STREAMS					FLOW IN ..... (Unit) 2			Annual Quantities Diverted .....(Unit) 2	Remarks
Line No.	Diverted Into *	From Stream or Creek (Name)	Location of Diversion Point	Priority Right		Diversions			
				Claim	Capacity	Max.	Min.		
1									
2									
3	N/A								
4									
5									
WELLS						Pumping Capacity ..... (Unit) 2	Annual Quantities Pumped .....(Unit) 2	Remarks	
Line No.	At Plant (Name or Number)	Location	Number	Dimensions	1 Depth to Water				
6									
7									
8	N/A								
9									
10									
TUNNELS AND SPRINGS				FLOW IN ..... (Unit) 2			Annual Quantities Pumped .....(Unit) 2	Remarks	
Line No.	Designation	Location	Number	Maximum	Minimum				
11									
12	N/A								
13									
14									
15									
Purchased Water for Resale									
16	Purchased from		Foothill Municipal Water District						
17	Annual Quantities purchased		306,405		(Unit chosen) 1		ccf		
18									
19									
<p>* State ditch pipeline reservoir, etc., with name, if any.            1 Average depth to water surface below ground surface            2 The quantity unit in established use for experiencing water stored and used in large amounts is the acre foot, which equals 43,560 cubic feet; in domestic use the thousand gallon or the hundred cubic feet. The rate of flow or discharge in larger amounts is expressed in cubic feet per second. In gallons per minute, in gallons per day, or in the miner's inch. Please be careful to state the unit used.</p>									

**SCHEDULE D-2  
Description of Storage Facilities**

Line No	Type	Number	Combined Capacity (Gallons or Acre Feet)	Remarks
1	A. Collecting reservoirs			
2	Concrete			
3	Earth			
4	Wood			
5	B. Distribution reservoirs			
6	Concrete			
7	Earth			
8	Wood			
9	C. Tanks			
10	Wood			
11	Metal	6	3,440,000	Gallons
12	Concrete			
13	Totals	6	3,440,000	

**SCHEDULE D-3**  
**Description of Transmission and Distribution Facilities**

**A. LENGTH OF DITCHES, FLUMES AND LINKED CONDUITS IN MILES FOR VARIOUS CAPACITIES**

Capacities in Cubic Feet Per Second or Miner's Inches (state which) \_\_\_\_\_

Line No.		0 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 75	76 to 100
1	Ditch	N/A							
2	Flume								
3	Lined conduit								
4									
5	Totals								

**A. LENGTH OF DITCHES, FLUMES AND LINKED CONDUITS IN MILES FOR VARIOUS CAPACITIES - Concluded**

Capacities in Cubic Feet Per Second or Miner's Inches (state which) \_\_\_\_\_

Line No.		101 to 200	201 to 300	301 to 400	401 to 500	501 to 750	751 to 1000	Over 1000	Total All Lengths
6	Ditch	N/A							
7	Flume								
8	Lines conduit								
9									
10	Totals								

**B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING**

Line No.		1	1 1/2	2	2 1/2	3	4	5	6	8
11	Cast Iron									
12	Cast iron (cement lined)									
13	Concrete									
14	Copper									
15	Riveted steel									
16	Standard screw									
17	Screw or welded casing									
18	Cement - asbestos						3,410		14,966	7,580
19	Welded steel						425		1,560	225
20	Wood									
21	Other (specify)									
22	Totals	-	-	-	-	-	3,835	-	16,526	7,805

**B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING - Concluded**

Line No.		10	12	14	16	18	20	Other Sizes (Specify Sizes)	Total All Sizes
23	Cast Iron								-
24	Cast iron (cement lined)		100						100
25	Concrete								-
26	Copper								-
27	Riveted steel								-
28	Standard screw								-
29	Screw or welded casing								-
30	Cement - asbestos	4,570	20,376						50,902
31	Welded steel		2,375						4,585
32	Wood								-
33	Other (specify)								-
34	Totals	4,570	22,851	-	-	-	-	-	55,587



**SCHEDULE D-4  
Number of Active Service Connections**

Classification	Flat Rate - Dec 31	
	Prior Year	Current Year
Single family residential	670	670
Commercial and Multi-residential		
Large water users	8	8
Public authorities	2	2
Irrigation	27	28
Other (specify)		
Subtotal	707	708
Private fire connections	3	3
Public fire hydrants		
Total	710	711

**SCHEDULE D-5  
Number of Meters and Services on  
Pipe Systems at End of Year**

Size	Meters	Services
5/8 x 3/4 - in	134	xxxxxxxxxxxx
3/4 - in	1	135
1 - in	548	548
1 1/2 - in	13	13
2 - in	10	10
3 - in	2	2
4 - in	0	0
- in		
Other	3	3
Total	711	711

**SCHEDULE D-6  
Meter Testing Data**

A. Number of Meters Tested During Year as Prescribed In Section VI of General Order No. 103:	
1. New, after being received . . .	-
2. Used, before repair . . . . .	-
3. Used, after repair . . . . .	-
4. Found fast, requiring billing adjustment . . . . .	-
B. Number of Meters in Service Since Last Test	
1. Ten years or less . . . . .	-
2. More than 10, but less than 15 years . . . . .	-
3. More than 15 years . . . . .	-

**SCHEDULE D-7  
Water delivered to Metered Customers by Months and Years in Ccf (Unit Chosen)<sup>1</sup> - ccf's**

Classification of Service	During Current Year							Subtotal
	January	February	March	April	May	June	July	
Single-family residential	13,296	15,360	10,726	8,964	17,114	23,319	27,731	116,510
Commercial and Multi-residential								-
Large water users	344	496	283	460	2,122	4,968	8,614	17,287
Public authorities								-
Irrigation	1,473	1,467	367	285	1,200	3,200	2,249	10,241
Other (specify) - LA Co. Sewer								-
Total	15,113	17,323	11,376	9,709	20,436	31,487	38,594	144,038

Classification of Service	During Current Year						Subtotal	Total	Prior Year Total
	August	September	October	November	December				
Single-family residential	26,329	27,521	20,910	23,206	14,850	112,816	229,326	223,706	
Commercial and Multi-residential						-	-	-	
Large water users	6,756	7,472	2,499	3,469	429	20,625	37,912	29,813	
Public authorities						-	-	-	
Irrigation	2,629	3,115	2,105	2,354	1,310	11,513	21,754	23,551	
Other (specify) - LA Co. Sewer				1		1	1	5	
Total	35,714	38,108	25,514	29,030	16,589	144,955	288,993	277,075	

<sup>1</sup> Quantity units to be in hundreds of cubic feet, thousands of gallons, acre-feet, or minor's inch-days.

Total acres irrigated           0                                Total population served           0



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