

PEASLEY, ALDINGER & O'BYMACHOW
AN ACCOUNTANCY CORPORATION

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ACCOUNTANT'S COMPILATION REPORT

April 28, 2010

Mesa Crest Water Company, Inc.
P.O. Box 257
La Canada Flintridge, CA 91012

We have compiled the balance sheets of Mesa Crest Water Company as of December 31, 2009 and 2008, and the related income statement for the year ended December 31, 2009, 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 11 (Schedule A-1) through 20 (Schedule A-17), pages 22 (Schedule B-1) through 26 (Schedule C-2), page 6 (Balance Sheet Data and Capitalization), page 7 (Income Statement and Other Related Data), page 8 (Excess Capacity and Non-Tariffed Services), and pages 31 through 32 For All Water Companies Safe Drinking Water Bond Act / State Revolving Fund 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 5 (General Information) and page 26 (Schedule C-3) through page 35 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

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GENERAL INSTRUCTIONS

1. Two completed and signed hard copies of this report and one electronic copy must be filed **NOT LATER THAN MARCH 31, 2010**, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS
ATTN: KAYODE KAJOPAIYE
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298
kok@cpuc.ca.gov**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath on Page 34, 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, 2009, through December 31, 2009. Fiscal year reports will not be accepted.

INSTRUCTIONS

FOR PREPARATION OF SELECTED FINANCIAL DATA SHEET FOR ALL 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 instructions 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.

GENERAL INFORMATION

1 Name under which utility is doing business:

Mesa Crest Water Company, Inc.

2 Official mailing address:

P. O. Box 257 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:

4533 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 Date: _____ 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:

n/a

BALANCE SHEET AND CAPITALIZATION DATA

Calendar Year 2009

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

PERSON RESPONSIBLE FOR THIS REPORT TIMOTHY FLYNN

	<u>1/1/2009</u>	<u>12/31/2009</u>	<u>Average</u>
BALANCE SHEET DATA			
1 Intangible Plant	-	-	-
2 Land and Land Rights	34,738	34,738	34,738
3 Depreciable Plant	2,028,263	2,038,673	2,033,468
4 Gross Plant in Service	2,063,001	2,073,411	2,068,206
5 Less: Accumulated Depreciation	(1,490,757)	(1,532,758)	(1,511,757)
6 Net Water Plant in Service	572,244	540,653	556,449
7 Water Plant Held for Future Use	-	-	-
8 Construction Work in Progress	17,168	21,317	19,243
9 Materials and Supplies	9,445	9,445	9,445
10 Less: Advances for Construction	-	-	-
11 Less: Contribution in Aid of Construction	(21,894)	(14,222)	(18,058)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(86,529)	(80,718)	(83,624)
13 Net Plant Investment	<u>490,434</u>	<u>476,475</u>	<u>483,455</u>
CAPITALIZATION			
14 Common Stock	355,000	355,000	355,000
15 Proprietary Capital (Individual or Partnership)	-	-	-
16 Paid-in Capital	-	-	-
17 Retained Earnings	129,522	(17,778)	55,872
18 Common Stock and Equity (Lines 14 through 17)	484,522	337,222	410,872
19 Preferred Stock	60,000	60,000	60,000
20 Long-Term Debt	155,412	140,722	148,067
21 Notes Payable	-	-	-
22 Total Capitalization (Lines 18 through 21)	<u>699,934</u>	<u>537,944</u>	<u>618,939</u>

INCOME STATEMENT AND OTHER DATA

Calendar Year 2009

NAME OF UTILITY MESA CREST WATER COMPANY, INC.

PHONE (818) 790-2071

	Annual Amount
INCOME STATEMENT	
23 Unmetered Water Revenue	-
24 Fire Protection Revenue	985
25 Irrigation Revenue	70,835
26 Metered Water Revenue	1,133,375
27 Total Operating Revenue	1,205,195
28 <u>Operating Expenses</u>	1,297,878
29 Depreciation Expense (Composite Rate 2.01%)	33,261
30 Amortization and Property Losses	-
31 Property Taxes	9,026
32 Taxes Other Than Income Taxes	18,987
33 Total Operating Revenue Deduction Before Taxes	1,359,152
34 California Corp. Franchise Tax	825
35 Federal Corporate Income Tax	(2,677)
36 Total Operating Revenue Deduction After Taxes	1,357,300
37 Net Operating Income (Loss) - California Water Operations	(152,105)
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	11,572
39 Income Available for Fixed Charges	(140,533)
40 Interest Expense	(6,767)
41 Net Income (Loss) Before Dividends	(147,300)
42 Preferred Stock Dividends	-
43 Net Income (Loss) Available for Common Stock	(147,300)

OTHER DATA

44 Refunds of Advances for Construction	-
45 Total Payroll Charged to Operating Expenses	188,440
46 Purchased Water	646,543
47 Power	103,455

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

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 companies 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 good and service provided in 2009:

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter											
Row Number	Description of Non-Tariffed Goods/Services	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
COMPARATIVE BALANCE SHEET
Assets and Other Debits

Line No.	Acct. No.	Title of Account (a)	Schedule Number (b)	Balance End of Year (c)	Balance Beginning of Year (d)
		UTILITY PLANT			
1	101	Water plant in service	A-1	2,073,411	2,063,001
2	103	Water plant held for future use	A-1 & A-1b	-	-
3	104	Water plant purchased or sold	A-1	-	-
4	105	Water plant construction work in progress	A-1	21,317	17,168
5		Total utility plant		2,094,728	2,080,169
6	106	Accumulated depreciation of water plant	A-3	(1,532,758)	(1,490,757)
7	114	Water plant acquisition adjustments	A-1	-	-
8		Total amortization and adjustments		(1,532,758)	(1,490,757)
9		Net utility plant		561,970	589,412
		INVESTMENTS			
10	121	Non-utility property and other assets		-	-
11	122	Accumulated depreciation of non-utility property	A-3	-	-
12		Net non-utility property		-	-
13	123	Investments in associated companies		-	-
14	124	Other investments		-	-
15		Total investments		-	-
		CURRENT AND ACCRUED ASSETS			
16	131	Cash		50,748	35,539
17	132	Special accounts		-	-
18	141	Accounts receivable - customers		61,504	109,362
19	142	Receivables from associated companies		-	-
20	143	Accumulated provision for uncollectible accounts		-	-
21	151	Materials and supplies		9,445	9,445
22	174	Other current assets		246,519	201,241
23		Total current and accrued assets		368,216	355,587
24	180	Deferred charges	A-5	-	-
25		Total assets and deferred charges		930,186	944,999

SCHEDULE A
COMPARATIVE BALANCE SHEET
Liabilities and Other Credits

Line No.	Acct. No.	Title of Account (a)	Schedule Number (b)	Balance End of Year (c)	Balance Beginning of Year (d)
		CORPORATE CAPITAL AND SURPLUS			
1	201	Common stock	A-6	355,000	355,000
2	204	Preferred stock	A-6	60,000	60,000
3	211	Other paid-in capital	A-8	-	-
4	215	Retained earnings	A-9	(17,778)	129,522
5		Total corporate capital and retained earnings		397,222	544,522
		PROPRIETARY CAPITAL			
6	218	Proprietary capital	A-10	-	-
7	218.1	Proprietary drawings		-	-
8		Total proprietary capital		-	-
		LONG TERM DEBT			
9	224	Long term debt	A-11	140,722	155,412
10	225	Advances from associated companies	A-12	-	-
		CURRENT AND ACCRUED LIABILITIES			
11	231	Accounts payable		252,871	99,844
12	232	Short term notes payable		-	-
13	233	Customer deposits		151	151
14	235	Payables to associated companies	A-13	-	-
15	236	Accrued taxes		-	-
16	237	Accrued interest		-	-
17	241	Other current liabilities	A-14	44,280	36,647
18		Total current and accrued liabilities		297,302	136,642
		DEFERRED CREDITS			
19	252	Advances for construction	A-15	-	-
20	253	Other credits		-	-
21	255	Accumulated deferred investment tax credits	A-16	9,873	10,684
22	282	Accumulated deferred income taxes - ACRS depreciation	A-16	70,363	75,363
23	283	Accumulated deferred income taxes - other	A-16	482	482
24		Total deferred credits		80,718	86,529
		CONTRIBUTIONS IN AID OF CONSTRUCTION			
25	271	Contributions in aid of construction	A-17	250,495	250,495
26	272	Accumulated amortization of contributions		(236,273)	(228,601)
27		Net contributions in aid of construction		14,222	21,894
28		Total liabilities and other credits		930,186	944,999

**SCHEDULE A-1
UTILITY PLANT**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Pit Additions During year (c)	Pit Retirements During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1	101	Water plant in service	2,063,001	11,110	700	-	2,073,411
2	103	Water plant held for future use	-	-	-	-	-
3	104	Water plant purchased or sold	-	-	-	-	-
4	105	Construction work in progress - water plant	17,168	4,149		-	21,317
5	114	Water plant acquisition adjustments	-	-		-	-
6		Total utility plant	2,080,169	15,259	700	-	2,094,728

* 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)	Pit Additions During year (c)	Pit Retirements During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
		NON-DEPRECIABLE PLANT					
1	301	Intangible plant	-				-
2	303	Land	34,738				34,738
3		Total non-depreciable plant	34,738	-	-	-	34,738
		DEPRECIABLE PLANT					
4	304	Structures	11,960				11,960
5	307	Wells	-				-
6	317	Other water source plant	-				-
7	311	Pumping equipment	415,557				415,557
8	320	Water treatment plant	-				-
9	330	Reservoirs, tanks and sandpipes	570,188				570,188
10	331	Water mains	567,890				567,890
11	333	Services and meter installations	74,585	7,348	700		81,233
12	334	Meters	109,377	3,762			113,139
13	335	Hydrants	52,184				52,184
14	339	Other equipment	9,945				9,945
15	340	Office furniture and equipment	43,232				43,232
16	341	Transportation equipment	173,345				173,345
17		Total depreciable plant	2,028,263	11,110	700	-	2,038,673
18		Total water plant in service	2,063,001	11,110	700	-	2,073,411

* 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	NONE			
2				
3				
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	NONE	
2		
3		
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	1,361,063	129,694	-
2	Add: Credits to reserves during year			
3	(a) Charged to Account No. 403 (Footnote 1)	33,261	-	-
4	(b) Charged to Account No 272	7,672	-	-
5	(c) Charged to clearing accounts	-	-	-
6	(d) Salvage recovered	1,768	-	-
7	(e) All other credits (Footnote 2)	-	-	-
8	Total Credits	42,701	-	-
9	Deduct: Debits to reserves during year			
10	(a) Book cost of property retired	700	-	-
11	(b) Cost of removal	-	-	-
12	(c) All other debits (Footnote 3)	-	-	-
13	Total debits	700	-	-
14	Balance in reserve at end of year	1,403,064	129,694	-
15	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE			2.01%
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		X	
31	(b) Liberalized	[]		
32	(1) Sum of the years digits	[]		
33	(2) Double declining balance	[]		
34	(3) Other		X	
35	(c) Both straight line and liberalized		X	

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 Excluding Costs of Removal (d)	Salvage and Cost of Removal Net (Dr.) or (Cr.) (e)	Balance End of Year (f)
1	304	Structures	11,791	81			11,872
2	307	Wells	-				-
3	317	Other water source plant	-				-
4	311	Pumping equipment	343,711	14,628			358,339
5	320	Water treatment plant	-				-
6	330	Reservoirs, tanks and sandpipes	238,038	9,162			247,200
7	331	Water mains	350,050	11,186			361,236
8	333	Services and meter installations	61,774	1,698	700		62,772
9	334	Meters	77,222	2,470		1768	81,460
10	335	Hydrants	33,351	713			34,064
11	339	Other equipment	8,694	995			9,689
12	340	Office furniture and equipment	52,864	-			52,864
13	341	Transportation equipment	183,568	-			183,568
14		Total	1,361,063	40,933	700	1,768	1,403,064

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

Line No.	Item (a)	Amount (b)
1	Misc Receivable	9,838
2	Stockholder Receivable	182,255
3	Balancing Account - Overcollection	(6,249)
4	Prepaid Taxes	30,114
5	Prepaid Insurance	30,561
6		
7		
8		
9		
10		246,519

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 debt discount and expense or premium, redemption premiums, and redemption expenses associated with issues redeemed during the year, also, date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Set out separately and identify undisposed amounts applicable to issues which were redeemed in prior years.

Line No.	Designation of Long-Term Debts (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	NONE								
2									
3									
4									
5									
6									
7									
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11									
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27									
28									

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		\$ -
2	Preferred Stock		75,000	\$ 10.00	6,000	60,000		\$ -
3								
4								
5								
6								
7								
8					41,500	415,000	Total	\$ -

SCHEDULE A-7
Record of Stockholders at End of Year

Line No.	COMMON STOCK		PREFERRED STOCK	
	Name (a)	Number of Shares (b)	Name (c)	Number of Shares (d)
1	F. Patrick Flynn	355,000	F. Patrick Flynn	6,000
2				
3				
4				
5				
6				
7				
8				
9				
10	Total number of shares	355,000	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	NONE	
2		
3		
4		
5		
6		
7		
8	Total	

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

Line No	Item (a)	Amount (b)
1	Balance beginning of year	129,522
2	CREDITS	
3	Net income	(147,300)
4	Prior period adjustments	-
5	Other credits (detail)	-
6	Total Credits	(147,300)
7		
8	DEBITS	
9	Net losses	-
10	Prior period adjustments	-
11	Dividend appropriations - preferred stock	-
12	Dividend appropriations - common stock	-
13	Other debits (detail)	-
14	Total Debits	-
15	Balance end of year	(17,778)

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	CREDITS	
3	Net income	
4	Additional investments during year	
5	Other credits (detail)	
6	Total Credits	-
7	DEBITS	
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)	Interest Rate (g)	Interest Accrued During Year (h)	Sinking Fund (i)	Interest Paid During Year (j)
1	Tank Project Loan	CDC	2003	2018	250,000	156,928	4.00%	n/a	n/a	6,039
2										
3										
4	Less Current Portion					(16,206)				
5										
6	Total					140,722				6,039

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	NONE				
2					
3					
4					
5					
6	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	NONE				
2					
3					
4					
5					
6	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)	16,206
2	PUC Fee Payable	14,458
3	Insurance Payable	13,616
4	Work Order Deposits	-
5	Total	44,280

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

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

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		59,409	
2	Deferred tax - ACRS		10,954	
3	Deferred tax - NOL			-
4	Deferred tax - Balancing Acct			482
5	Deferred ITC's	9,873		
6	Total	9,873	70,363	482

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 non-depreciable 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 non-depreciable property shall remain unchanged until the property is sold or otherwise retired. Upon retirement, the cost of such non-depreciable 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.		Total All Columns (b)	Subject to Amortization		Not Subject to Amortization	
			Property in Service After Dec. 31, 1954		Property Retired Before Jan. 1, 1955 ² (e)	Depreciation Accrued Through Dec. 31, 1954 on Property in Services at Dec. 31, 1954 ¹ (f)
			Depreciable (c)	Non-Depreciable ¹ (d)		
1	Balance beginning of year	21,894	21,894	-	-	-
2	Add: Credits to account during year					
3	Contributions revived during year	-	-	-	-	-
4	Other credits*	-	-	-	-	-
5	Total credits	-	-	-	-	-
6	Deduct: Debits to Account during year					
7	Depreciation charges for year	7,672	7,672			
8	Non-depreciable donated property retired	-	-	-	-	-
9	Other debits*	-	-	-	-	-
10	Total debits	7,672	7,672	-	-	-
11	Balance end of year	14,222	14,222	-	-	-

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

**SCHEDULE B
INCOME STATEMENT**

Line No.	Acct. No.	Account (a)	Schedule Number (b)	Amount (c)
		UTILITY OPERATING INCOME		
1	400	Operating Revenues	B-1	1,205,195
		OPERATING REVENUE DEDUCTIONS		
2	401	Operating expenses	B-2	1,297,878
3	403	Depreciation expense	A-3	33,261
4	407	SDWBA loan amortization expense	pages 7 & 8	-
5	408	Taxes other than income taxes	B-3	28,013
6	409	State corporate income tax expense	B-3	825
7	410	Federal corporate income tax expense	B-3	(2,677)
8		Total operating revenue deductions		1,357,300
9		Total utility operating income		(152,105)
		OTHER INCOME AND DEDUCTIONS		
10	421	Non-utility income	B-5	11,942
11	426	Miscellaneous non-utility expense	B-5	(370)
12	427	Interest expense	B-6	(6,767)
13		Total other income and deductions		4,805
14		Net income		(147,300)

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 (Parenthesis) (d)
WATER SERVICE REVENUES					
1	460	Unmetered water revenue			
2		460.1 Single - family residential	-	-	-
3		460.2 Commercial and multi-residential	-	-	-
4		460.3 Large water users	-	-	-
5		460.5 Safe Drinking Water Bond Surcharge	-	-	-
6		460.9 Other unmetered revenue	-	-	-
7		Sub-total	-	-	-
8	462	Fire protection revenue			
9		462.1 Public fire protection	-	-	-
10		462.2 Private fire protection	985	985	-
11		Sub-total	985	985	-
12	465	Irrigation revenue	70,835	75,410	(4,575)
13	470	Metered water revenue			
14		470.1 Single-family residential	1,023,733	935,613	88,120
15		470.2 Commercial and multi-residential	-	-	-
16		470.3 Large water users	109,642	155,524	(45,882)
17		470.5 Safe Drinking Water Bond Surcharge	-	-	-
18		470.9 Other metered revenue	-	-	-
19		Sub-total	1,133,375	1,091,137	42,238
20		Total water service revenues	1,205,195	1,167,532	37,663
21	480	Other water revenue	-	-	-
22		Total operating revenues	1,205,195	1,167,532	37,663

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 (Parenthesis) (d)
		PLANT OPERATION AND MAINTENANCE EXPENSES			
		VOLUME RELATED EXPENSES			
1	610	Purchased water	646,543	572,347	74,196
2	615	Power	103,455	113,306	(9,851)
3	616	Other volume related expenses	-	-	-
4		Total volume related expenses	749,998	685,653	64,345
		NON-VOLUME RELATED EXPENSES			
5	630	Employee labor *	91,690	101,160	(9,470)
6	640	Materials	9,451	8,202	1,249
7	650	Contract work	24,274	17,551	6,723
8	660	Transportation expenses	52,076	40,910	11,166
9	664	Other plant maintenance expenses	34,385	26,383	8,002
10		Total non-volume related expenses	211,876	194,206	17,670
11		Total plant operation and maintenance exp.	961,874	879,859	82,015
		ADMINISTRATIVE AND GENERAL EXPENSES			
12	670	Office salaries	-	-	-
13	671	Management salaries *	96,750	83,750	13,000
14	674	Employee pensions and benefits	74,208	65,433	8,775
15	676	Uncollectible accounts expense	-	-	-
16	678	Office services and rentals	32,283	34,795	(2,512)
17	681	Office supplies and expenses	39,924	36,314	3,610
18	682	Professional services	6,425	13,587	(7,162)
19	684	Insurance	61,695	58,138	3,557
20	688	Regulatory commission expense	-	3,248	(3,248)
21	689	General expenses	24,719	29,117	(4,398)
22		Total administrative and general expenses	336,004	324,382	11,622
23	800	Expenses capitalized	-	-	-
24		Net administrative and general expense	336,004	324,382	11,622
25		Total operating expenses	1,297,878	1,204,241	93,637

* The preceding year employee labor and the management salaries classifications have been corrected.

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	9,026	9,026	
2	State corporate franchise tax	825	825	
3	State unemployment insurance tax	336	336	
4	Other state and local taxes	4,067	4,067	
5	Federal unemployment insurance tax	168	168	
6	Federal insurance contributions act	11,683	11,683	
7	Other federal taxes	2,733	2,733	
8	Federal income taxes	(2,677)	(2,677)	
9	Total	26,161	26,161	-

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

- 1 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.
- 2 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 amount the group members.
- 3 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	(147,300)
2	Reconciling amounts (list first additional income and unallowable deductions,	
3	followed by additional deductions and non-taxable income):	
4	Non-Deductible Items	9,309
5	Federal Income Tax per Books	(2,677)
6	Accrual to Cash Adjustment	211,036
7	2009 State Tax	825
8		-
9	Book vs Tax Depreciation Difference	(20,592)
10	2008 State Tax	(885)
11	Penalties	370
12		
13	Subtotal	50,086
14	NOL Carryfwd	(50,086)
15	Federal tax net income	0
16	Computation of tax: (@ 15%)	
17		

SCHEDULE B-5			
Accounts No. 421 and 426 - Income from Nonutility Operations			
Line No.	Description (a)	Revenue Acct. 421 (b)	Expense Acct. 426 (c)
1	Interest Income	24	
2	Misc. Income	11,918	
3	Penalties		(370)
4			
5	Total	11,942	(370)

SCHEDULE B-6		
Account No. 427 - Interest Expense		
Line No.	Description (a)	Amount (b)
1	Insurance Loan	728
2	Tank Project Loan - CDC	6,039
3		
4		
5		
6		
7		
8		
9		
10	Total	6,767

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	91,690		91,690
2	670	Office salaries	0	-		-
3	671	Management salaries	1	96,750		96,750
4						
5						
6		Total	3	188,440	-	188,440

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	93,362	n/a	n/a	none	none	s/t receivable
2	Tim Flynn	President	88,893	n/a	n/a	none	none	s/t receivable
3								
4								
5								
6								
7	Total		182,255					

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) NO	
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:	Amount
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	N/A								
2									
3									
4									
5									
WELLS						Pumping Capacity (Unit) ²	Annual Quantities Pumped (Unit) ²	Remarks	
Line No.	At Plant (Name or Number)	Location	No.	Dimensions	Depth to Water ¹				
6	N/A								
7									
8									
9									
10									
TUNNELS AND SPRINGS				FLOW IN (Unit) ²		Annual Quantities Pumped (Unit) ²	Remarks		
Line No.	Designation	Location	Number	Maximum	Minimum				
11	N/A								
12									
13									
14									
15									
Purchased Water for Resale									
16	Purchased from Foothill Municipal Water District								
17	Annual Quantities purchased	296,287					(Unit chosen) ¹	ccf	
18									
19									
<p>* State ditch pipeline reservoir, etc., with name, if any.</p> <p>1 Average depth to water surface below ground surface</p> <p>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	No.	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	Total	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.	Description	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	Total								

A. LENGTH OF DITCHES, FLUMES AND LINKED CONDUITS IN MILES FOR VARIOUS CAPACITIES (Continued)									
Capacities in Cubic Feet Per Second or Miner's Inches (state which) _____									
Line No.	Description	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	Lined conduit								
9									
10	Total								

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING										
Line No.	Description	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	Total	-	-	-	-	-	3,835	-	16,526	7,805

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING - (Continued)									
Line No.	Description	10	12	14	16	18	20	Other Sizes (Specify)	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	Total	4,570	22,851	-	-	-	-	-	55,587

SCHEDULE D-4 Number of Active Service Connections				
Classification	Metered - Dec 31		Flat Rate - Dec 31	
	Prior	Current	Prior	Current
	Year	Year	Year	Year
Single family residential	671	671		
Commercial and Multi-residential				
Large water users	8	8		
Public authorities	2	2		
Industrial				
Irrigation	26	26		
Other (specify)				
Subtotal	707	707	-	-
Private fire connections	3	3	3	3
Public fire hydrants			76	76
Total	710	710	79	79

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	
3/4 - in	1	135
1 - in	548	548
1 1/2 - in	12	12
2 - in	10	10
3 - in	2	2
4 - in	-	-
- in		
Other	3	3
Total	710	710

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's _____ (Unit Chosen) ¹									
	During Current Year							Subtotal	Total Prior Year
	January	February	March	April	May	June	July		
Single-family residential	15,241	9,829	14,331	18,638	19,996	18,251	22,980	119,266	
Commercial and Multi-residential								-	
Large water users	382	138	473	2,616	4,921	3,021	7,538	19,089	
Public authorities								-	
Irrigation	1,564	708	1,806	1,972	2,130	1,791	2,308	12,279	
Other (specify)								-	
Total	17,187	10,675	16,610	23,226	27,047	23,063	32,826	150,634	
	During Current Year						Subtotal	Total	Total Prior Year
	August	September	October	November	December				
Single-family residential	23,723	25,656	17,280	17,547	14,276	98,482	217,748	236,504	
Commercial and Multi-residential						-	-	-	
Large water users	7,523	5,819	2,437	1,272	300	17,351	36,440	53,766	
Public authorities						-	-	-	
Irrigation	2,020	2,308	2,058	2,199	1,191	9,776	22,055	26,119	
Other (specify) LA Co. Sewer						-	-	57	
Total	33,266	33,783	21,775	21,018	15,767	125,609	276,243	316,446	

¹ Quantity units to be in hundreds of cubic feet, thousands of gallons, acre-feet, or miner's inch-days.

Total acres irrigated _____ 0 Total population served _____ 2,500

SCHEDULE D-8
Status With State Board of Public Health

1. Has the State or Local Health Department reviewed the sanitary condition of your water system during the past year?	No
2. Are you having routine laboratory tests made of water served to your consumers?	Yes
3. Do you have a permit from the State Board of Public Health for operation of your water system?	Yes
4. Date of permit:	7/1/1995
5. If permit is "temporary", what is the expiration date?	n/a
6. If you do not hold a permit, has an application been made for such permit?	n/a
7. If so, on what date?	n/a

SCHEDULE D-9
Statement of Material Financial Interest

Use this space to report the information required by Section 2 of General Order No. 104-A. If no material financial interest existed during the year or contemplated at the end of the year, such fact shall be so stated. If additional space is required, attach a supplementary statement with reference made thereto.

Mesa Crest Water Company, Inc. has no financial interest in any other company.

**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 loan surcharge collection for the calendar year. Please use one page per loan.

1. Current Fiscal Agent:

Name: N/A
 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
	3/4 inch		
	1 inch		
	1 1/2 inch		
	2 inch		
	3 inch		
	4 inch		
	6 inch		
	Number of Flat Rate Customers		
	Total	-	-

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	-	-	-	-	-
5		DEPRECIABLE PLANT					
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

FACILITIES FEES DATA

Class B: Please provide the following information relating to Facilities Fees for districts or subsidiaries serving 2,000 or fewer customers for the calendar year (per D.91-04-068).

Class C: Please provide the following information relating to Facilities Fees collected for the calendar year, pursuant to Resolution No. W-4110.

1. Trust Account Information: **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:

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 Timothy J. Flynn

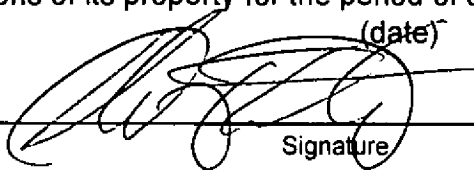
Authorized Officer, Partner or Owner

of Mesa Crest Water Company, 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, 2009, through December 31, 2009.

(date)



Signature

President

Title

4/30/10

Date

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