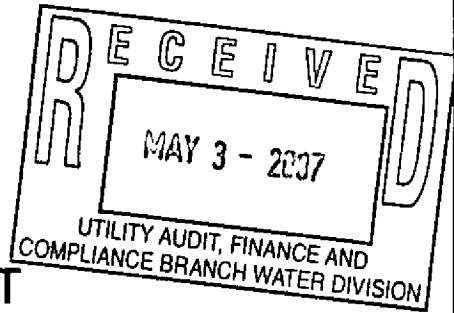


194

Received _____
Examined _____

**CLASS D
WATER UTILITIES**

U# _____



**2006
ANNUAL REPORT
OF
Mountain Mesa Water Company**

Mountain Mesa Water Co.

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

2775 Shadow Mountain Dr. Lake Isabella, CA. 93240
(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)

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
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 calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

Account Number	Operating Revenue	
470	Metered	\$ 124,967
460	Interest	\$ 5,904
465	Irrigation	
462-480	Private Fire Protection	
	Total Revenue	\$ 130,871
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	\$ 45,324
	Pump Taxes	
	Purchased Chemicals	\$ 7,644
618	Other Vol. Related exp.	
630	Employee Labor	
640	Materials	\$ 725
650	Contract Work	\$ 18,953
	Water Testing	\$ 5,481
660	Transportation Expense	\$ 6,642
664	Other Plant Maintenance	\$ 446
670	Office Salaries	
671	Management Salaries	\$ 4,000
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	\$ 5,169
681	Office Supplies and Expense	\$ 125
682	Professional Services	\$ 1,000
684	Insurance	\$ 2,255
688	Regulatory Expense	\$ 2,027
689	General Expense	\$ 2,489
	Subtotal	\$ 102,279
403	Depreciation Expense	\$ 10,839
	Ad Valorem Taxes	\$ 3,106
	Interest	\$ 5,905
408	Taxes other than income	
409	State Income Tax	\$ 833
410	Federal Income Tax	\$ 1,215
	Total Deductions	\$ 124,177
	Net Revenue	\$ 6,694
	Rate Base	
	Average Plant	\$ 520,908
	Average Depreciation Reserve	\$ 259,943
	Net Plant	\$ 260,965
	Less: Advances	\$ (13,860)
	Less: Contributions	\$ (18,182)
	Plus: Construction Work in Progress	\$ 28,625
	Plus: Working Cash	\$ 10,348
	Plus: Material & Supplies	\$ -
	Rate Base	\$ 267,896
	ROR=Net Rev/Rate Base	2.50%

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

Mountain Mesa Water Company

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

2775 Shadow Mountain Dr. Lake Isabella, CA 93240

(Official mailing address)

Mountain Mesa, Kern County

(Service area-town and county)

GENERAL INFORMATION

**RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES**

- 1 If a corporation show:
 - (A) Date of organization 12-Aug-57 incorporated in the State of California
 - (B) Names, titles and addresses of principal officers:
7908 Calle Torcido, Bakersfield, CA 93309
- 2 If unincorporated give the name and address of owner or of each partner:
- 3 Name and telephone number of:
 - (A) One person listed above to receive correspondence: **Scott Kissack 661-340-4096**
 - (B) Person responsible for operations and services: **Cal Water**
- 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)
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent: **NONE**

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.
County Health Permitted on July 1988, awaiting DHS Permit

Yes	No	Latest Date
X		2/Mo.
X		2/2/1996
	X	

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year.
Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Water Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

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

NAME OF UTILITY Mountain Mesa Water Company

PHONE 760-379-5113

PERSON RESPONSIBLE FOR THIS REPORT William Scott Kissack

(Prepared from Information in the 2005 Annual Report)

	1/1/2006	12/31/2006	Average
BALANCE SHEET DATA			
1 Intangible Plant	\$ 1,252	\$ 1,252	\$ 1,252
2 Land and Land Rights	\$ 1,500	\$ 1,500	\$ 1,500
3 Depreciable Plant	\$ 313,953	\$ 518,183	\$ 416,068
4 Gross Plant in Service	\$ 316,705	\$ 520,935	\$ 418,820
5 Less: Accumulated Depreciation	\$ 164,784	\$ 259,943	\$ 212,364
6 Net Water Plant in Service	\$ 151,921	\$ 260,992	\$ 206,457
7 Water Plant Held for Future Use			\$ -
8 Construction Work in Progress		\$ 28,625	\$ 14,313
9 Materials and Supplies			\$ -
10 Less: Advances for Construction	\$ (14,490)	\$ (13,860)	\$ (14,175)
11 Less: Contribution in Aid of Construction	\$ (18,610)	\$ (18,182)	\$ (18,396)
12 Less: Accumulated Deferred Income and Investment Tax Credits			\$ -
13 Net Plant Investment	<u>\$ 118,821</u>	<u>\$ 257,575</u>	<u>\$ 188,198</u>
 CAPITALIZATION			
14 Common Stock	<u>\$ 31,190</u>	<u>\$ 31,190</u>	<u>\$ 31,190</u>
15 Proprietary Capital (Individual or Partnership)			\$ -
16 Paid-in Capital	<u>\$ 21,705</u>	<u>\$ 79,277</u>	<u>\$ 50,491</u>
17 Retained Earnings	<u>\$ 128,609</u>	<u>\$ 135,303</u>	<u>\$ 131,956</u>
18 Common Stock and Equity (Lines 14 through 17)			\$ -
19 Preferred Stock			\$ -
20 Long-Term Debt	<u>\$ 103,955</u>	<u>\$ 171,667</u>	<u>\$ 137,811</u>
21 Notes Payable			\$ -
22 Total Capitalization (Lines 18 through 21)	<u>\$ 285,459</u>	<u>\$ 417,437</u>	<u>\$ 351,448</u>

(Revised 2/01)

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

NAME OF UTILITY Mountain Mesa Water Company PHONE 760-379-5113

		Annual Amount
23	Unmetered Water Revenue	\$ 130,871
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	_____
27	Total Operating Revenue	\$ 130,871
28	<u>Operating Expenses</u>	\$ 102,279
29	Depreciation Expense (Composite Rate 1.24%)	\$ 10,839
30	Amortization and Property Losses	_____
31	Property Taxes	\$ 3,106
32	Taxes Other Than Income Taxes	_____
33	Total Operating Revenue Deduction Before Taxes	\$ 116,224
34	California Corp. Franchise Tax	\$ 833
35	Federal Corporate Income Tax	\$ 1,215
36	Total Operating Revenue Deduction After Taxes	_____
37	Net Operating Income (Loss) - California Water Operations	\$ 12,599
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	_____
39	Income Available for Fixed Charges	_____
40	Interest Expense	\$ 5,905
41	Net Income (Loss) Before Dividends	_____
42	Preferred Stock Dividends	_____
43	Net Income (Loss) Available for Common Stock	\$ 6,694

OTHER DATA

44	Refunds of Advances for Construction	_____
45	Total Payroll Charged to Operating Expenses	_____
46	Purchased Water	_____
47	Power	_____

		Jan. 1	Dec. 31	Annual Average
48	Metered Service Connections	372	375	373.5
49	Flat Rate Service Connections	_____	_____	0
50	Total Active Service Connections	372	375	373.5

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2006)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	\$ 520,908	201	Common Stock (Corporations only)	\$ 31,190
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	\$ 79,277
3	104	Water plant purchased or sold		215	Retained earnings	\$ 135,303
4	105	Water plant construction work in progress	\$ 28,625	218	Proprietary capital	
5	108	Accumulated depreciation of water plant	\$ (259,943)	224	Long term debt (Internal)	\$ 171,667
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments		252	Advances for construction	\$ 13,860
8	131	Cash	\$ 83,045	253	Other deferred credits	
9	141	Accounts receivable - customers	\$ 14,250	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies	\$ 62,594	282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies			depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	\$ 19,497
14				272	Accumulated amortization of contributions	\$ (1,315)
15		Total Assets	\$ 449,479		Total Equity and Liabilities	\$ 449,479

SCHEDULE B - WATER PLANT IN SERVICE - Other Credits reverse '05 retirements not retired

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	\$ 1,225				\$ 1,225
17	303	Land	\$ 1,500				\$ 1,500
18	304	Structures					\$ -
19	307	Wells	\$ 68,742			\$ 41,151	\$ 109,893
20	317	Other water source plant					\$ -
21	311	Pumping equipment	\$ 32,056			\$ 37,284	\$ 69,340
22	320	Water treatment plant	\$ 4,653	\$ 955			\$ 5,608
23	330	Reservoirs tanks and sandpipes	\$ 98,604			\$ 26,483	\$ 125,087
24	331	Water mains	\$ 47,664	\$ 3,419		\$ 65,028	\$ 116,111
25	333	Services and meter installations	\$ 4,470			\$ 18,984	\$ 23,454
26	334	Meters	\$ 20,818			\$ 10,926	\$ 31,744
27	335	Hydrants	\$ 10,027				\$ 10,027
28	339	Other equipment	\$ 25,000				\$ 25,000
29	340	Office furniture and equipment	\$ 1,919				\$ 1,919
30	341	Transportation equipment					\$ -
31		Total water plant in service	\$316,678	\$ 4,374	\$ -	\$ 199,856	\$ 520,908

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

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	\$164,784		A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	\$ 10,839		Depreciation Rate = 2.3%
35	(b) Charged to Account No. 272	\$ 448		Amort Rate for Contrib = 2.3%
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed
37	(d) Salvage recovered			or to be claimed on utility property in
38	(e) All other credits	\$ 84,320		your federal income tax return for the year
39	Total credits	\$ 95,607		covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	\$ -		
42	(b) Cost of removal			C. State method used to compute tax
43	(c) All other debits			depreciation.
44	Total debits			
45	Balance in reserve at end of year	\$259,943		
46	(1) Explanation of all other credits: To bring Accumulated depreciation into balance with Res. 4413			
47	(2) Explanation of all other debits			

Mountain Mesa Water Company, Inc.
 Plant in Service and Accumulated Depreciation
 4/29/2007

Rate Base	GRC Results											
	2003	2003 Additions	2003	2004 Additions	2004	2005 Additions	2005	2006 Additions	2006			
Average Plant	\$ 403,358	\$ 2,478	\$ 405,836	\$ -	\$ 405,836	\$ -	\$ 405,836	\$ 4,374	\$ 410,210			
Depreciation Reserve	\$ 231,288	\$ 231,345	\$ 174,491	\$ 239,588	\$ 166,248	\$ 158,005	\$ 247,831	\$ 256,124				
Net Plant	\$ 172,070	\$ 174,491	\$ 9,557	\$ 166,248	\$ 8,906	\$ 9,824	\$ 9,824	\$ 154,088				
Plus Working Cash	\$ 8,600							\$ 8,600				
Plus Materials and Supplies	\$ -											
Less Advances	\$ 16,042		\$ 15,641		\$ 15,250		\$ 14,859	\$ 14,497				
Less Contributions	\$ 19,497		\$ 19,049		\$ 18,610		\$ 18,182	\$ 17,764				
Rate Base	\$ 145,131		\$ 149,359		\$ 141,294		\$ 134,789	\$ 130,425				
Rate of Return:	12.90%											

Authorized Depreciation Rate is 2.3%
 In 2005 retirement entries were made in error
 Recalculation of Depreciated Plant since last GRC

	2003	2003	2004	2004	2005	2006
Depreciable Plant	\$ 355,909	\$ 358,387	\$ 358,387	\$ 358,387	\$ 358,387	\$ 362,761
Depreciation at 2.3%	\$ 8,214	\$ 8,214	\$ 8,243	\$ 8,243	\$ 8,243	\$ 8,293
Depreciation Reserve	\$ 231,345	\$ 231,345	\$ 239,588	\$ 239,588	\$ 247,831	\$ 256,124
Land & Intangibles	\$ 2,752					
Contributions	\$ 19,497					
Advances	\$ 25,200					
	\$ 403,358					

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2006)

Line

1	Common - (Shares 31,190	\$1.00 par	\$ 31,190	List persons owning more than 5% of outstanding stock
2	Preferred - (Shares	\$ par)		and number of shares owned by each:
3	Dividends - Common	Rate - \$		William W. Kissack Residential Trust 58%
4	- Preferred	Rate - \$		South Fork Development Company 42%

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5	Kissack Ranch				\$ 97,200	3.4%	\$ 3,343.68	
6	Kissack Ranch				\$ 29,683	3.4%	\$ 1,021.09	
7	Grace L. Kissack				\$ 44,784	3.4%	\$ 1,540.58	
8	Totals				\$ 171,667		\$ 5,905.35	

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxxx
10	460 Interest Revenue	\$ 5,904
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	\$ 124,967
14	480 Other water revenue	
15	Total Operating Revenue	\$ 130,871
16	Operating revenue deductions	xxxxxxxxxxx
17	Operating expenses	xxxxxxxxxxx
18	610 Purchased water	
19	615 Power	\$ 45,324
20	618 Other volume related expenses	\$ 7,644
21	630 Employee labor	\$ -
22	640 Materials	\$ 725
23	650 Contract work	\$ 24,434
24	660 Transportation expenses	\$ 6,642
25	664 Other plant maintenance expense	\$ 446
26	670 Office salaries	\$ -
27	671 Management salaries	\$ 4,000
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	\$ -
30	678 Office services and rentals	\$ 5,169
31	681 Office supplies and expense	\$ 125
32	682 Professional services	\$ 1,000
33	684 Insurance	\$ 2,255
34	688 Regulatory commission expense	\$ 2,027
35	689 General expenses	\$ 2,489
36	Total Operating Expenses	\$ 102,279
37	403 Depreciation expense	\$ 10,839
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	\$ 3,106
40	409 State corporate income tax expense	\$ 833
41	410 Federal corporate income tax expense	\$ 1,215
42	Total Operating Revenue Deductions	\$ 118,272
43	Utility Operating Income	\$ 12,599
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	\$ (5,905)
47	Net Income	\$ 6,694

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped hcf
Ranch Well	1	10	140	650	8,000,000
Ranch Well	3	16	180	180	63,000,000
McCray Road	4	6	200	50	-
Totals					71,000,000

OTHER

Streams or springs location of diversion point	Flow in (Unit)		Annual quantities diverted (Unit)	
	Priority right	Diversions		
	Claim	Capacity	Max	Min
Purchased water (unit)				Annual quantity
Supplier:	None in 2006			

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business			
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			

SCHEDULE I - 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
48	630	Employee Labor				\$ -
49	670	Office salaries				\$ -
50	671	Management salaries				\$ 4,000
51		Total				\$ 4,000

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	\$ 14,490
Additions during year	
Subtotal - Beginning balance plus additions during year	\$ 14,490
Refunds	\$ (630)
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	\$ 13,860

SCHEDULE K - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
5/8 x 3/4-in	389	389
3/4-in	1	1
1-in	2	2
1.5'-in	2	2
2'-in - 4"	5	5
Total	399	399

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair.....
2	Used, after repair
3	Fast, requiring refund
Numbers of meters in service requiring test per General Order No. 103	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	346		346	24		24		370
Industrial								0
Other (specify) Commercial	29		29					29
Subtotal								0
Fire protection (Hydrants)		34	34					34
Total	375	34	409	24	0	24		433

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

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	2" and	2 1/4 to	4"	6"	8"	Totals
				under	3 1/4		Other sizes (specify)		
Concrete			Cast Iron						
Earth			Welded steel						
Wood			Standard screw						
Steel	3	432,000	Cement-asbestos	8,784			24,180	5,923	38,867
Other			Plastic				1,320		1,320
			Other (specify)						-
Total	3	432,000	Total	8,784		-	25,480	-	40,187

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) **William Scott Kissack** (Name of utility), **Mountain Mesa Water Company** 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

From and including January 1, 2006, to and including December 31, 2006

William Scott Kissack
Signed: William Scott Kissack

Title Vice-President

Date

4-30-07