

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2007

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 001-12995

CE CASECNAN WATER AND ENERGY COMPANY, INC.

(Exact name of registrant as specified in its charter)

Philippines (State or other jurisdiction of incorporation or organization)	Not Applicable (I.R.S. Employer Identification No.)
24 th Floor, 6750 Building, Ayala Avenue Makati, Metro Manila, Philippines (Address of principal executive offices)	Not Applicable (Zip Code)
011 63 2 892-0276 (Registrant's telephone number, including area code)	
N/A (Former name, former address and former fiscal year, if changed since last report)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

All of the shares of common equity of CE Casecnan Water and Energy Company, Inc. are privately held by a limited group of investors. As of October 22, 2007, the number of outstanding shares of \$0.038 par value common stock was 767,162.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
CE Casecnan Water and Energy Company, Inc.

We have reviewed the accompanying balance sheet of CE Casecnan Water and Energy Company, Inc. (the “Company”) as of September 30, 2007, and the related statements of operations for each of the three-month and nine-month periods ended September 30, 2007 and 2006 and of changes in shareholders’ equity and of cash flows for each of the nine-month periods ended September 30, 2007 and 2006. These interim financial statements are the responsibility of the Company’s management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical review procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with standards of the Public Company Accounting Oversight Board (United States), the balance sheet as of December 31, 2006, and the related statements of operations, of changes in shareholders’ equity and of cash flows for the year then ended (not presented herein), and in our report dated February 8, 2007, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2006, is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

/s/ Isla Lipana & Co.

ISLA LIPANA & CO.
A PricewaterhouseCoopers Member Firm
Makati City, Philippines
October 22, 2007

CE CASECNAN WATER AND ENERGY COMPANY, INC.
BALANCE SHEETS (Unaudited)
(Amounts in thousands of U.S. Dollars, except share data)

	As of	
	September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,540	\$ 31,946
Restricted cash and investments	37,627	62,659
Trade receivable, net	18,201	14,002
Prepaid insurance and other current assets	5,290	6,008
Total current assets	102,658	114,615
Property, plant and equipment, net	308,457	324,203
Deferred income taxes	5,095	5,095
Bond issue costs, net	669	1,057
Total assets	\$ 416,879	\$ 444,970
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 5,287	\$ 5,264
Dividends payable	10,825	32,475
Accrued interest	19,529	15,326
Payable to affiliates	2,461	41,011
Notes payable	51,263	-
Current portion of long-term debt	37,730	37,730
Total current liabilities	127,095	131,806
Notes payable	-	51,263
Deferred revenue	5,641	-
Long-term debt, net of current portion	49,735	68,600
Total liabilities	182,471	251,669
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Common shares - 2,148,000 shares authorized, one Philippine peso (\$0.038) par value; 767,162 shares issued and outstanding	29	29
Additional paid-in capital	123,807	123,807
Retained earnings	110,572	69,465
Total shareholders' equity	234,408	193,301
Total liabilities and shareholders' equity	\$ 416,879	\$ 444,970

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in thousands of U.S. Dollars)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Revenue:				
Lease rentals and service contracts	\$ 27,501	\$ 40,585	\$ 73,853	\$ 95,118
Operating expenses:				
Depreciation	5,483	5,515	16,290	16,260
Plant operations and other operating expenses	2,550	2,547	6,476	6,627
Total operating expenses	8,033	8,062	22,766	22,887
Operating income	19,468	32,523	51,087	72,231
Other income (expense):				
Interest expense	(4,113)	(5,247)	(13,144)	(16,371)
Interest income	609	690	2,141	2,269
Other, net	867	1,336	2,747	2,963
Total other expense, net	(2,637)	(3,221)	(8,256)	(11,139)
Income before provision for income tax	16,831	29,302	42,831	61,092
Provision for income tax	540	557	1,724	1,671
Net income	\$ 16,291	\$ 28,745	\$ 41,107	\$ 59,421

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(Amounts in thousands of U.S. Dollars)

	<u>Outstanding Common Shares</u>	<u>Common Shares</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, January 1, 2006	767,162	\$ 29	\$ 123,807	\$ 68,161	\$ 191,997
Net income	-	-	-	59,421	59,421
Dividends declared	-	-	-	(66,000)	(66,000)
Balance, September 30, 2006	<u>767,162</u>	<u>\$ 29</u>	<u>\$ 123,807</u>	<u>\$ 61,582</u>	<u>\$ 185,418</u>
Balance, January 1, 2007	767,162	\$ 29	\$ 123,807	\$ 69,465	\$ 193,301
Net income	-	-	-	41,107	41,107
Balance, September 30, 2007	<u>767,162</u>	<u>\$ 29</u>	<u>\$ 123,807</u>	<u>\$110,572</u>	<u>\$ 234,408</u>

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
STATEMENTS OF CASH FLOWS (Unaudited)
(Amounts in thousands of U.S. Dollars)

	Nine Months Ended September 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 41,107	\$ 59,421
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation	16,290	16,260
Amortization of bond issue costs	388	516
Changes in other items:		
Trade receivable, net	(4,199)	6,821
Prepaid insurance and other current assets	718	370
Accounts payable and other accrued liabilities	23	2,118
Accrued interest	4,203	7,350
Deferred revenue	<u>5,641</u>	<u>5,641</u>
Net cash flows from operating activities	<u>64,171</u>	<u>98,497</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(544)	(1,830)
Decrease (increase) in restricted cash and investments for debt service obligations and dividends payable	<u>25,032</u>	<u>(38,240)</u>
Net cash flows from investing activities	<u>24,488</u>	<u>(40,070)</u>
Cash flows from financing activities:		
Decrease in payable to affiliates	(38,550)	(1,090)
Repayment of project financing debt	(18,865)	(18,007)
Cash dividends paid	<u>(21,650)</u>	<u>(56,100)</u>
Net cash flows from financing activities	<u>(79,065)</u>	<u>(75,197)</u>
Net change in cash and cash equivalents	9,594	(16,770)
Cash and cash equivalents at beginning of period	<u>31,946</u>	<u>42,317</u>
Cash and cash equivalents at end of period	<u>\$ 41,540</u>	<u>\$ 25,547</u>

The accompanying notes are an integral part of these financial statements.

CE CASECNAN WATER AND ENERGY COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) General

CE Casecnan Water and Energy Company, Inc. (“CE Casecnan” or the “Company”) has a contract with the Republic of the Philippines (“ROP”), through the Philippine National Irrigation Administration (“NIA”) (a ROP-owned and controlled corporation), for the development and construction of a hydroelectric power plant and related facilities under a build-own-operate-transfer agreement, as amended by the Supplemental Agreement dated September 29, 2003 (“Project Agreement”), covering a 20-year cooperation period (“Cooperation Period”) commencing December 11, 2001, with “take-or-pay” obligations for water and electricity. At the end of the Cooperation Period, the combined irrigation and 150 megawatt hydroelectric power generation project (the “Casecnan Project”) will be transferred to the ROP at no cost on an “as is” basis. The ROP also signed a Performance Undertaking, which, among others, affirms and guarantees the obligations of NIA under the Project Agreement. CE Casecnan is registered with the Philippine Board of Investments as a new operator of hydroelectric power plant with pioneer status under the Omnibus Investments Code of 1987. Under the terms of its registration, CE Casecnan is entitled to certain incentives which include an income tax holiday for six years from the start of commercial operations. The Casecnan Project Cooperation Period began upon commencement of commercial operations on December 11, 2001. The income tax holiday will expire on December 11, 2007. The Company’s taxable income from December 11, 2007 to December 31, 2008 will become subject to income tax at the Philippine statutory rate of 35% and 30% in 2009 and thereafter.

The Casecnan Project is dependent upon sufficient rainfall to generate electricity and deliver water. The seasonality of rainfall patterns and the variability of rainfall from year to year, all of which are outside the control of the Company, have a material impact on the amounts of electricity generated and water delivered by the Casecnan Project. Rainfall has historically been highest from June through December and lowest from January through May. The contractual terms for water delivery fees and variable energy fees can produce significant variability in revenue between reporting periods.

The Company’s operations are in one reportable segment, the water delivery and electricity generation industry.

The accompanying unaudited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the U.S. Securities and Exchange Commission’s rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the financial statements as of September 30, 2007 and for the three- and nine-month periods ended September 30, 2007 and 2006. The results of operations for the three- and nine-month periods ended September 30, 2007 are not necessarily indicative of the results to be expected for the full year.

The preparation of the unaudited Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Financial Statements. Management’s Discussion and Analysis and Note 2 of Notes to Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006, describe the most significant accounting estimates and policies used in the preparation of the Financial Statements. There have been no significant changes in the Company’s assumptions regarding critical accounting estimates and significant accounting policies during the first nine months of 2007.

(2) New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 109, “Accounting for Income Taxes,” and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a return. Guidance is also provided on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company adopted the provisions of FIN 48 effective January 1, 2007, and such adoption did not have a material effect on the Financial Statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115” (“SFAS No. 159”). SFAS No. 159 permits entities to elect to measure many financial instruments and certain other items at fair value. Upon adoption of SFAS No. 159, an entity may elect the fair value option for eligible items that exist at the adoption date. Subsequent to the initial adoption, the election of the fair value option should only be made at initial recognition of the asset or liability or upon a remeasurement event that gives rise to new-basis accounting. The decision about whether to elect the fair value option is applied on an instrument-by-instrument basis, is irrevocable and is applied only to an entire instrument and not only to specified risks, cash flows or portions of that instrument. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value nor does it eliminate disclosure requirements included in other accounting standards. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company does not anticipate electing the fair value option for any existing eligible items. However, the Company will continue to evaluate items on a case by case basis for consideration of the fair value option.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS No. 157 on its financial position and results of operations.

(3) Restricted Cash and Investments

Restricted cash and investments consist of the following (in thousands):

	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Debt service reserve fund	\$ 24,667	\$ 25,407
Dividend set aside account	<u>12,960</u>	<u>37,252</u>
	<u>\$ 37,627</u>	<u>\$ 62,659</u>

Refer to Note 5, shareholder litigation, for additional information concerning the movement in the dividend set aside account.

(4) Related Party Transactions

In the normal course of business, the Company transacts with its affiliates in the form of advances for operating expenses. The payable to affiliates was \$2.5 million and \$41.0 million at September 30, 2007 and December 31, 2006, respectively. Costs incurred by the Company in transactions with related parties amounted to \$0.5 million and \$1.6 million for each of the three-month periods ended September 30, 2007 and 2006, respectively, and \$2.1 million and \$5.0 million for each of the nine-month periods ended September 30, 2007 and 2006, respectively. On April 20, 2007, the Company repaid \$36.0 million of advances received from affiliates.

As of September 30, 2007 and December 31, 2006, the Company had outstanding \$51.3 million of unsecured subordinated notes payable to CE Casecnan Ltd., a shareholder. The notes mature on November 1, 2015, and bear an interest rate of LIBOR plus 5.25%; provided, however, that CE Casecnan Ltd. can demand payment of the outstanding principal amount at any time prior to the maturity date. The interest is payable each May 15 and November 15. Interest expense on the notes was \$1.4 million for each of the three-month periods ended September 30, 2007 and 2006, and \$4.1 million and \$3.9 million during the nine-month periods ended September 30, 2007 and 2006, respectively. Any overdue payment of principal or interest payable on the notes shall increase the annual interest rate by two percentage points. At September 30, 2007, the effective interest rate on the notes was 10.61%. The notes may be prepaid at any time without premium or penalty but with accrued interest, if any. The notes and any and all payments, whether of principal, interest or otherwise are subject in all respects to the terms of the Subordination Agreement dated November 15, 2001, and as amended on November 1, 2005, between CE Casecnan Ltd. and the Company in favor of the Trustee, the Collateral Agent, the co-collateral agent, the Depositary, any party that becomes a Permitted Counterparty under an Interest Rate/Currency Protection Agreement, and any party that becomes a working capital facility agent and any other Person that becomes a secured party under the Intercreditor Agreement.

On May 15, 2007, CE Casecnan Ltd. demanded payment in full of the outstanding principal amount of the notes and accrued interest. To the extent that the Company does not have available cash from distributions from the Distribution Fund under the Depositary Agreement (each, as defined in the Subordination Agreement) to pay such amount in full, the Company shall be deemed to have satisfied this demand by paying, to the extent of such available cash, first accrued but unpaid interest on the outstanding principal amount of the notes, and then the outstanding principal amount of the notes. To the extent that such available cash is insufficient to pay any accrued interest and/or outstanding principal, the Company shall not be deemed in default and such amounts shall remain outstanding and payable pursuant to the terms of the notes and the Subordination Agreement. On May 15, 2007, CE Casecnan paid \$2.0 million of accrued interest expense. CE Casecnan intends to repay the notes and accrued interest within the next twelve months. The Company expects to generate sufficient cash from operations to pay the notes and other short-term obligations.

(5) Commitments and Contingencies

Shareholder Litigation

Pursuant to the share ownership adjustment mechanism in the CE Casecnan shareholder agreement, which is based upon proforma financial projections of the Casecnan Project prepared following commencement of commercial operations, in February 2002, MidAmerican Energy Holdings Company's ("MidAmerican") indirect wholly owned subsidiary, CE Casecnan Ltd., advised the minority shareholder of the Company, LaPrairie Group Contractors (International) Ltd. ("LPG"), that MidAmerican's indirect ownership interest in CE Casecnan had increased to 100% effective from commencement of commercial operations. On July 8, 2002, LPG filed a complaint in the Superior Court of the State of California, City and County of San Francisco, against CE Casecnan Ltd., and MidAmerican. LPG's complaint, as amended, seeks compensatory and punitive damages arising out of CE Casecnan Ltd.'s and MidAmerican's alleged improper calculation of the proforma financial projections and alleged improper settlement of the NIA arbitration. The Company is not a defendant in the action. On January 21, 2004, CE Casecnan Ltd., LPG and the Company entered into a status quo agreement pursuant to which the parties agreed to set aside certain distributions related to the shares subject to the LPG dispute and CE Casecnan agreed not to take any further actions with respect to such distributions without at least 15 days prior notice to LPG. Accordingly, 15% of the Company's dividend declarations from 2004 to 2006 was set aside in a separate bank account in the name of the Company and was shown as restricted cash and investments and dividends payable in the accompanying Balance Sheets. On January 3, 2006, the court entered a judgment in favor of LPG against CE Casecnan Ltd. Pursuant to the judgment, 15% of the distributions of the Company was deposited into escrow plus interest at 9% per annum. On February 21, 2007, the appellate court issued a decision, and as a result of the decision, CE Casecnan Ltd. determined that LPG would retain ownership of 10% of the shares of the Company, with the remaining 5% ownership being transferred to CE Casecnan Ltd. subject to certain buy-up rights under the shareholder agreement. Exercise of the buy-up rights under the shareholder agreement is a transaction between shareholders of the Company and is not expected to have any impact on the Company's financial position or results of operations. Pursuant to the appellate court decision, on May 7, 2007, the Company released \$21.7 million of

dividends and \$3.8 million of accrued interest from the dividend set aside account representing the 10% share to LPG while the remaining 5% share is still held in escrow. The parties have submitted briefs on the final calculation of the internal rate of return and whether LPG is entitled to buy-up its interest to 15% and, if so, the buy-up price. The parties have agreed to stipulate that the final calculation of the internal rate of return is 24.06%. At a hearing on October 10, 2007, the court determined that LPG was ready, willing and able to exercise its buy-up rights in 2002. Thereafter, the court scheduled hearings on October 23 and 24, 2007, regarding the issue of the buy-up price calculation and the issue of the right to a jury trial for the breach of fiduciary duty claim.

In February 2003, San Lorenzo Ruiz Builders and Developers Group, Inc. ("San Lorenzo"), an original shareholder substantially all of whose shares in the Company were purchased by MidAmerican in 1998, threatened to initiate legal action against the Company in the Philippines in connection with certain aspects of its option to repurchase such shares. The Company believes that San Lorenzo has no valid basis for any claim and, if named as a defendant in any action that may be commenced by San Lorenzo, the Company will vigorously defend such action. On July 1, 2005, MidAmerican and CE Casecnan Ltd. commenced an action against San Lorenzo in the District Court of Douglas County, Nebraska, seeking a declaratory judgment as to MidAmerican's and CE Casecnan Ltd.'s rights vis-à-vis San Lorenzo in respect of such shares. San Lorenzo filed a motion to dismiss on September 19, 2005. Subsequently, San Lorenzo purported to exercise its option to repurchase such shares. On January 30, 2006, San Lorenzo filed a counterclaim against MidAmerican and CE Casecnan Ltd. seeking declaratory relief that it has effectively exercised its option to purchase 15% of the shares of the Company, that it is the rightful owner of such shares and that it is due all dividends paid on such shares. On March 9, 2006, the court granted San Lorenzo's motion to dismiss, but has since permitted MidAmerican and CE Casecnan Ltd. to file an amended complaint incorporating the purported exercise of the option. The complaint has been amended and the action is proceeding. The impact, if any, of San Lorenzo's purported exercise of its option and the Nebraska litigation on the Company cannot be determined at this time.

Franchise Tax

CE Casecnan received franchise tax assessments for the years 2001 to 2006 totaling \$2.2 million from the Province of Nueva Vizcaya. CE Casecnan believes that franchise tax is imposed on companies which have a secondary or special franchise from the government. CE Casecnan is an independent power producer and does not have a government franchise. The Electric Power Industry Reform Act of 2001 provides that independent power generation is not a public utility operation and does not require a franchise. Therefore, the Company has not recognized a liability relating to these assessments. CE Casecnan filed appeals of the assessments with the Regional Trial Court of Nueva Vizcaya. A hearing has been scheduled for October 26, 2007.

Concentration of Risk

NIA's obligations under the Project Agreement are substantially denominated in U.S. Dollars and are the Company's sole source of operating revenue. Because of the Company's dependence on NIA, any material failure of NIA to fulfill its obligations under the Project Agreement and any material failure of the ROP to fulfill its obligations under the Performance Undertaking would significantly impair the ability of the Company to meet its existing and future obligations, including obligations pertaining to its outstanding debt. No shareholders, partners or affiliates of the Company, including MidAmerican, and no directors, officers or employees of the Company have guaranteed or will be in any way liable for payment of the Company's obligations. As a result, payment of the Company's obligations depends upon the availability of sufficient revenue from the Company's business after the payment of operating expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following is management's discussion and analysis of certain significant factors which have affected the financial condition and results of operations of CE Casecnan Water and Energy Company, Inc. ("CE Casecnan" or the "Company") during the periods included herein. This discussion should be read in conjunction with the Company's historical Financial Statements and the related notes thereto included elsewhere in this report. The Company's actual results in the future could differ significantly from the historical results.

Forward-Looking Statements

From time to time, CE Casecnan may make forward-looking statements within the meaning of the federal securities laws that involve judgments, assumptions and other uncertainties beyond the control of the Company. These forward-looking statements may include, among others, statements concerning revenue and cost trends, cost recovery, cost reduction strategies and anticipated outcomes, collections, pricing strategies, changes in the electric generation industry, financing needs and availability, statements of the Company's expectations, beliefs, future plans and strategies, anticipated events or trends and similar comments concerning matters that are not historical facts. These types of forward-looking statements are based on current expectations and involve a number of known and unknown risks and uncertainties that could cause the actual results and performance of the Company to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statements. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company has identified important factors that could cause actual results to differ materially from those expectations, including weather effects on revenues and other operating uncertainties, uncertainties relating to economic and political conditions and uncertainties regarding the impact of regulations, changes in government policy and competition. The Company does not assume any responsibility to update forward-looking information contained herein.

Business

The Company has a contract with the Republic of the Philippines ("ROP"), through the Philippine National Irrigation Administration ("NIA") (a ROP-owned and controlled corporation), for the development and construction of a hydroelectric power plant and related facilities under a build-own-operate-transfer agreement ("Project Agreement"), as amended by the Supplemental Agreement dated September 29, 2003 (the "Supplemental Agreement"), covering a 20-year cooperation period ("Cooperation Period") commencing December 11, 2001, with "take-or-pay" obligations for water and electricity. At the end of the Cooperation Period, the combined irrigation and 150 megawatt hydroelectric power generation project (the "Casecnan Project") will be transferred to the ROP at no cost on an "as is" basis. The ROP also signed a Performance Undertaking, which, among others, affirms and guarantees the obligations of NIA under the Project Agreement. CE Casecnan is registered with the Philippine Board of Investments as a new operator of hydroelectric power plant with pioneer status under the Omnibus Investments Code of 1987. Under the terms of its registration, CE Casecnan is entitled to certain incentives which include an income tax holiday for six years from the start of commercial operations. The Casecnan Project Cooperation Period began upon commencement of commercial operations on December 11, 2001. The income tax holiday will expire on December 11, 2007. The Company's taxable income from December 11, 2007 to December 31, 2008 will become subject to income tax at the Philippine statutory rate of 35% and 30% in 2009 and thereafter. The Company will therefore begin to pay income taxes on its registered activity taxable income commencing December 11, 2007. The Company does not believe that there is a material difference between taxable income and pre-tax income.

Seasonality

The Casecnan Project is dependent upon sufficient rainfall to generate electricity and deliver water. The seasonality of rainfall patterns and the variability of rainfall from year to year, all of which are outside the control of the Company, have a material impact on the amounts of electricity generated and water delivered by the Casecnan Project. Rainfall has historically been highest from June through December and lowest from January through May. The contractual terms for water delivery fees and variable energy fees (described below) can produce significant variability in revenue between reporting periods.

Under the Supplemental Agreement, the water delivery fee is payable in a fixed monthly payment based upon an average annual water delivery of 801.9 million cubic meters, pro-rated to approximately 66.8 million cubic meters per month, multiplied by the applicable per cubic meter rate through December 25, 2008. The per cubic meter water delivery fee rate is \$0.029 per cubic meter as of January 1, 1994, and escalated at 7.5% per annum, pro-rated on a monthly basis, through the end of the fifth year of the Cooperation Period and then kept flat at that level for the last 15 years of the Cooperation Period. For each contract year starting from December 25, 2003 and ending on December 25, 2008, a water delivery fee credit (deferred revenue) is computed equal to 801.9 million cubic meters minus the greater of actual water deliveries or 700.0 million cubic meters - the minimum threshold. The water delivery fee credit at the end of the contract year is available to be earned in the succeeding contract year through December 25, 2008. The cumulative water delivery fee credit at December 25, 2008, if any, shall be amortized from December 25, 2008 through December 25, 2013. Accordingly, in recognizing revenue, the water delivery fees are recorded each month pro-rated to approximately 58.3 million cubic meters per month until the minimum threshold has been reached for the contract year. Subsequent water delivery fees within the current contract year are based on actual water delivered.

The Company earns guaranteed energy fees based upon an assumed delivery of 19.0 gigawatt-hours (“GWh”) per month, at a rate of \$0.1596 per kilowatt-hour (“kWh”). The Company earns variable energy fees based upon actual energy delivered in each month in excess of 19.0 GWh, payable at a rate of \$0.1509 per kWh. On December 25, 2008, the kWh rate for energy deliveries in excess of 19.0 GWh per month is reduced to \$0.1132, escalating at 1% per annum thereafter. Any deliveries of energy in excess of 490.0 GWh, but less than 550.0 GWh per year are paid at a rate of 1.3 Philippine pesos per kWh, reduced to 0.98 Philippine pesos starting in 2009 and escalated at 1% per annum thereafter. Deliveries in excess of 550.0 GWh per year are at no cost to NIA. Within each contract year, no variable energy fees are payable until energy in excess of the cumulative 19.0 GWh per month for the contract year to date has been delivered.

Results of Operations

The following table provides certain operating data of the Casecnan Project:

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Electricity produced (GWh)	135.3	190.7	234.4	369.4
Water delivered (million cubic meters)	224.3	358.4	392.3	676.9

For accounting purposes, the Project Agreement with NIA contains both an operating lease and a service contract, which the Company accounted for pursuant to the provisions of Statement of Financial Accounting Standards No. 13, “Accounting for Leases.” Pursuant to the provisions of the Project Agreement, the Company earned water and energy fees as follows (in millions):

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Water delivery fees	\$ 14.7	\$ 14.4	\$ 44.4	\$ 42.6
Guaranteed energy fees	9.1	9.1	27.3	27.3
Variable energy fees	5.5	19.0	7.8	30.8
Deferred water delivery fees	<u>(1.8)</u>	<u>(1.9)</u>	<u>(5.6)</u>	<u>(5.6)</u>
	<u>\$ 27.5</u>	<u>\$ 40.6</u>	<u>\$ 73.9</u>	<u>\$ 95.1</u>

The increase in water delivery fees was mainly due to the contractual 7.5% annual escalation factor. The water delivery fee rate stopped escalating on December 11, 2006. The decrease in variable energy fees was due to lower rainfall in 2007 compared to higher than normal water flows in 2006 which resulted in lower water deliveries and

related energy production. The deferred water delivery fees represent the difference between the actual water delivery fees earned and water delivery fees invoiced pursuant to the Supplemental Agreement.

Interest expense for the third quarter and the first nine months of 2007 decreased to \$4.1 million and \$13.1 million, respectively, compared to \$5.2 million and \$16.4 million, respectively, for the same periods in 2006, due to lower outstanding debt balances resulting from the scheduled repayment of debt.

Liquidity and Capital Resources

CE Casecnan constructed and operates the Casecnan Project, which was developed as an unsolicited proposal under the Philippine build-own-operate-transfer law, pursuant to the terms of the Project Agreement. CE Casecnan is registered with the Philippine Board of Investments as a new operator of hydroelectric power plant with pioneer status under the Omnibus Investments Code of 1987 (Executive Order No. 226). Under the terms of its registration, CE Casecnan is entitled to certain incentives which include an income tax holiday for six years from the start of commercial operations, tax and duty-free importation of capital equipment, tax credits on domestic capital equipment, and exemption from customs duties and national internal revenue taxes for the importation and unrestricted use of the consigned equipment for the development, construction, start-up, testing and operation of the power plant. CE Casecnan developed, financed and constructed the Casecnan Project over the construction period, and owns and operates the Casecnan Project for the term of the Cooperation Period, which commenced on December 11, 2001. During the Cooperation Period, NIA is obligated to accept all deliveries of water and energy, and so long as the Casecnan Project is physically capable of operating and delivering in accordance with agreed levels set forth in the Project Agreement, NIA is obligated to pay CE Casecnan a fixed fee for the delivery of a threshold volume of water and a fixed fee for the delivery of a threshold amount of electricity. In addition, NIA is obligated to pay a fee for all electricity delivered in excess of the threshold amount up to a specified amount and will be obligated to pay a fee for all water delivered in excess of the threshold amount up to a specified amount beginning after December 25, 2008.

The ROP has provided a Performance Undertaking under which NIA's obligations under the Project Agreement are guaranteed by the full faith and credit of the ROP. The Project Agreement and the Performance Undertaking provide for the resolution of disputes by binding arbitration in Singapore under international arbitration rules.

NIA's obligations under the Project Agreement are substantially denominated in U.S. Dollars and are the Company's sole source of operating revenue. Because of the Company's dependence on NIA, any material failure of NIA to fulfill its obligations under the Project Agreement and any material failure of the ROP to fulfill its obligations under the Performance Undertaking would significantly impair the ability of the Company to meet its existing and future obligations, including obligations pertaining to its outstanding debt. No shareholders, partners or affiliates of the Company, including MidAmerican Energy Holdings Company's ("MidAmerican"), and no directors, officers or employees of the Company have guaranteed or will be in any way liable for payment of the Company's obligations. As a result, payment of the Company's obligations depends upon the availability of sufficient revenue from the Company's business after the payment of operating expenses.

The Company's cash and cash equivalents were \$41.5 million and \$31.9 million at September 30, 2007, and December 31, 2006, respectively.

Cash flows from operations were \$64.2 million and \$98.5 million for the nine-month periods ended September 30, 2007 and 2006, respectively. The decrease in cash from operations in 2007 was primarily due to lower variable energy revenue resulting from lower water flow and related energy generation in 2007 and higher collections of trade receivables in the first nine months of 2006.

Cash flows from investing activities were \$24.5 million and (\$40.1) million for the nine-month periods ended September 30, 2007 and 2006, respectively. The Company decreased its restricted cash and investments for debt service obligations and dividends payable in 2007 in connection with the payment of \$25.5 million of dividends and accrued interest held in escrow. The Company increased its restricted cash and investments for debt service obligations and dividends payable in 2006 by \$38.2 million, of which \$25.0 million relates to the timing of debt service payments and \$13.2 million relates to additional deposits to the debt service account.

Cash flows from financing activities were (\$79.1) million and (\$75.2) million for the nine-month periods ended September 30, 2007 and 2006, respectively. During the nine-month period ended September 30, 2007, the Company repaid \$38.6 million of advances received from its affiliates and released \$21.7 million of dividends held in the escrow account. The Company declared dividends totaling \$66.0 million during the nine-month period ended September 30, 2006 (of which \$9.9 million was set aside in a separate bank account in the name of the Company and shown as restricted cash and investments and dividends payable in the accompanying Balance Sheets). Additionally, the Company repaid \$18.9 million and \$18.0 million on the balance of its outstanding project financing debt during the nine-month periods ended September 30, 2007 and 2006, respectively.

On May 15, 2007, CE Casecnan Ltd. demanded payment in full of the outstanding principal amount of the notes of \$51.3 million and related accrued interest (the "Notes"). In the next twelve months, the Company expects to generate sufficient cash from operations, after considering income taxes, to pay the Notes and other short term obligations. For a discussion of the contractual provisions of the Notes relating to the payment demand from CE Casecnan Ltd., refer to Note 4 of Notes to Financial Statements included in Item 1.

Shareholder Litigation

Pursuant to the share ownership adjustment mechanism in the CE Casecnan shareholder agreement, which is based upon proforma financial projections of the Casecnan Project prepared following commencement of commercial operations, in February 2002, MidAmerican's indirect wholly owned subsidiary, CE Casecnan Ltd., advised the minority shareholder of the Company, LaPrairie Group Contractors (International) Ltd. ("LPG") that MidAmerican's indirect ownership interest in CE Casecnan had increased to 100% effective from commencement of commercial operations. On July 8, 2002, LPG filed a complaint in the Superior Court of the State of California, City and County of San Francisco, against CE Casecnan Ltd. and MidAmerican. LPG's complaint, as amended, seeks compensatory and punitive damages arising out of CE Casecnan Ltd.'s and MidAmerican's alleged improper calculation of the proforma financial projections and alleged improper settlement of the NIA arbitration. The Company is not a defendant in the action. On January 21, 2004, CE Casecnan Ltd., LPG and the Company entered into a status quo agreement pursuant to which the parties agreed to set aside certain distributions related to the shares subject to the LPG dispute and CE Casecnan agreed not to take any further actions with respect to such distributions without at least 15 days prior notice to LPG. Accordingly, 15% of the Company's dividend declarations from 2004 to 2006 was set aside in a separate bank account in the name of the Company and was shown as restricted cash and investments and dividends payable in the accompanying Balance Sheets. On January 3, 2006, the court entered a judgment in favor of LPG against CE Casecnan Ltd. Pursuant to the judgment, 15% of the distributions of the Company was deposited into escrow plus interest at 9% per annum. On February 21, 2007, the appellate court issued a decision, and as a result of the decision, CE Casecnan Ltd. determined that LPG would retain ownership of 10% of the shares of the Company, with the remaining 5% ownership being transferred to CE Casecnan Ltd. subject to certain buy-up rights under the shareholder agreement. Exercise of the buy-up rights under the shareholder agreement is a transaction between shareholders of the Company and is not expected to have any impact on the Company's financial position or results of operations. Pursuant to the appellate court decision, on May 7, 2007, the Company released \$21.7 million of dividends and \$3.8 million of accrued interest from the dividend set aside account representing the 10% share to LPG while the remaining 5% share is still held in escrow. The parties have submitted briefs on the final calculation of the internal rate of return and whether LPG is entitled to buy-up its interest to 15% and, if so, the buy-up price. The parties have agreed to stipulate that the final calculation of the internal rate of return is 24.06%. At a hearing on October 10, 2007, the court determined that LPG was ready, willing and able to exercise its buy-up rights in 2002. Thereafter, the court scheduled hearings on October 23 and 24, 2007, regarding the issue of the buy-up price calculation and the issue of the right to a jury trial for the breach of fiduciary duty claim.

In February 2003, San Lorenzo Ruiz Builders and Developers Group, Inc. ("San Lorenzo"), an original shareholder substantially all of whose shares in the Company were purchased by MidAmerican in 1998, threatened to initiate legal action against the Company in the Philippines in connection with certain aspects of its option to repurchase such shares. The Company believes that San Lorenzo has no valid basis for any claim and, if named as a defendant in any action that may be commenced by San Lorenzo, the Company will vigorously defend such action. On July 1, 2005, MidAmerican and CE Casecnan Ltd. commenced an action against San Lorenzo in the District Court of

Douglas County, Nebraska, seeking a declaratory judgment as to MidAmerican's and CE Casecnan Ltd.'s rights vis-à-vis San Lorenzo in respect of such shares. San Lorenzo filed a motion to dismiss on September 19, 2005. Subsequently, San Lorenzo purported to exercise its option to repurchase such shares. On January 30, 2006, San Lorenzo filed a counterclaim against MidAmerican and CE Casecnan Ltd. seeking declaratory relief that it has effectively exercised its option to purchase 15% of the shares of the Company, that it is the rightful owner of such shares and that it is due all dividends paid on such shares. On March 9, 2006, the court granted San Lorenzo's motion to dismiss, but has since permitted MidAmerican and CE Casecnan Ltd. to file an amended complaint incorporating the purported exercise of the option. The complaint has been amended and the action is proceeding. The impact, if any, of San Lorenzo's purported exercise of its option and the Nebraska litigation on the Company cannot be determined at this time.

Franchise Tax

CE Casecnan received franchise tax assessments for the years 2001 to 2006 totaling \$2.2 million from the Province of Nueva Vizcaya. CE Casecnan believes that franchise tax is imposed on companies which have a secondary or special franchise from the government. CE Casecnan is an independent power producer and does not have a government franchise. The Electric Power Industry Reform Act of 2001 provides that independent power generation is not a public utility operation and does not require a franchise. Therefore, the Company has not recognized a liability relating to these assessments. CE Casecnan filed appeals of the assessments with the Regional Trial Court of Nueva Vizcaya. A hearing has been scheduled for October 26, 2007.

Contractual Obligations and Commercial Commitments

During the nine months ended September 30, 2007, there were no material changes in the contractual obligations and commercial commitments from the information provided in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Financial Statements included in Item 1.

Critical Accounting Policies

Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled in the future. Amounts recognized in the financial statements from such estimates are necessarily based on numerous assumptions involving varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in the financial statements will likely increase or decrease in the future as additional information becomes available. Estimates are used for, but not limited to, the allowance for doubtful accounts and concentration of risk.

For additional discussion of the Company's critical accounting policies, see Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006. The Company's critical accounting policies have not changed materially since December 31, 2006.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For quantitative and qualitative disclosures about market risk affecting CE Casecnan, see Item 7A of CE Casecnan's Annual Report on Form 10-K for the year ended December 31, 2006. CE Casecnan's exposure to market risk has not changed materially since December 31, 2006.

Item 4. Controls and Procedures.

An evaluation was performed under the supervision and with the participation of the Company's management, including the chief executive officer and chief financial officer, regarding the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of September 30, 2007. Based on that evaluation, the Company's management, including the chief executive officer and chief financial officer, concluded that the Company's disclosure controls and procedures were effective. There have been no changes during the quarter covered by this report in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

For a description of certain legal proceedings affecting the Company, refer to Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006. Material developments to these proceedings during the nine-month period ended September 30, 2007, are included in Note 5 of Notes to Financial Statements included in Item 1.

Item 1A. Risk Factors.

There has been no material change to the Company's risk factors from those disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The exhibits listed on the accompanying Exhibit Index are filed as part of this Quarterly Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CE CASECNAN WATER AND ENERGY COMPANY, INC.

(Registrant)

Date: October 22, 2007

/s/ Patrick J. Goodman

Patrick J. Goodman

Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

31.1	Chief Executive Officer's Certificate Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer's Certificate Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer's Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer's Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Joseph L. Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CE Casecan Water and Energy Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 22, 2007

/s/ Joseph L. Sullivan
Joseph L. Sullivan
President
(chief executive officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Goodman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CE Casecan Water and Energy Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 22, 2007

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(chief financial officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Joseph L. Sullivan, President of CE Casecan Water and Energy Company, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 22, 2007

/s/ Joseph L. Sullivan
Joseph L. Sullivan
President
(chief executive officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Goodman, Senior Vice President and Chief Financial Officer of CE Casecan Water and Energy Company, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 22, 2007

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(chief financial officer)