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REPORT NAME: Annual Results of Operations Report-Annual Report Form A

COMPANY NAME: Avion Water Company, Inc.

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? [X]No []Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: []RE (Electric) []RG (Gas) [X]RW (Water) []RO (Other)

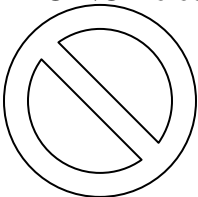
Report is required by: []OAR Enter rule number
[X]Statute ORS 757.125 and 757.135
[]Order Enter PUC Order No.
[]Other Enter reason

Is this report associated with a specific docket/case? [X]No []Yes

If yes, enter docket number:

List applicable Key Words for this report to facilitate electronic search:

DO NOT electronically file with the PUC Filing Center:



- Annual Fee Statement form and payment remittance or
• OUS or RSPF Surcharge form or surcharge remittance or
• Any other Telecommunications Reporting or
• Any daily safety or safety incident reports or
• Accident reports required by ORS 654.715

Please file the above reports according to their individual instructions.

FOR THE YEAR ENDING DECEMBER 31, 2012

ANNUAL RESULTS OF OPERATIONS REPORT

FOR WATER UTILITIES REPORTING GROSS REVENUES OF
\$1,000,000 AND GREATER

ANNUAL REPORT FORM A

Avion Water Company, Inc.

60813 Parrell Road
Bend, Oregon 97702
(541) 382-5342

OREGON PUBLIC UTILITY COMMISSION
PO BOX 2148
SALEM OR 97308-2148

1. Provide the following information for the contact person regarding this report.

Name: Avion Water Company, Inc.
 Address: 60813 Parrell Road, Bend, Oregon 97702
 Telephone: (541) 382-5342
 Email Address: rick@avionwater.com
 Fax Number: (541) 382-5390

2. List below the address where the utility's books and records are located:

Name: Avion Water Company, Inc.
 Address: 60813 Parrell Road, Bend, Oregon 97702
 Telephone: (541) 382-5342
 Email Address: rick@avionwater.com
 Fax Number: (541) 382-5390

3. List below any audit group reviewing records and operations:

Name: Harrigan Price Fronk & Co., LLP
 Address: 975 SW Colorado Ave., Bend, Oregon 97702
 Telephone: (542) 382-4791
 Email Address: price@bendcpa.com
 Fax Number: (541) 388-1124

4. Date of original organization of the utility (month, day, year): January 1, 1976

5. List the names, titles, addresses, and telephone numbers of all Company officers and directors:

NAME	TITLE	ADDRESS	PHONE #	E MAIL
Jason J. Wick	President	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	jason@avionwater.com
Jan M. Wick	Executive Vice President	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	jan@avionwater.com
Richard C. Bailey	Secretary-Treasurer	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	rick@avionwater.com
Christine M. Wick	Director	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	
Jordan Wick	Director	5335 Meadows Road, Suite 370, Lake Oswego, Oregon 97035	(503) 639-0300	
David L. Nelsen	Director	14927 NE Newport Street, Portland, Oregon 97023	(503) 704-5543	

6. List legal counsel, accountants, and others not on general payroll:

NAME	TITLE	ADDRESS	PHONE #	E MAIL
Kyle Wuepper, Ball Janik LLP	Attorney	15 SW Colorado Avenue, Suite 3, Bend, Oregon 97702	(541) 617-1309	kwuepper@balljanik.com
Wesley B. Price III, Harrigan Price Fronk & Co., LLP	CPA	975 SW Colorado Avenue, Suite 200, Bend, Oregon 97702	(541) 382-4791	price@bendcpa.com

COMPANY PROFILE

Provide a brief narrative that covers the following areas:

- a. Brief company history
- b. Public services rendered
- c. Major goals and objectives
- d. Major operating divisions and functions
- e. Current and projected growth patterns
- f. Major transactions having a material effect on operations

Avion Water Company, Inc. (Avion) was formed in 1969 and became a regulated corporate entity in 1976. Avion now serves domestic water to approximately 11,000 residential and 500 Commercial customers. Additionally, Avion delivers by separate account, approximately 800 acre feet of irrigation water to about 800 customers. Avion's service territory is located in Deschutes and Crook Counties, Oregon. Current projections anticipate little or no short term growth and long term growth of about 5%.

Avion Water Company, Inc.
FOR THE YEAR ENDING DECEMBER 31, 2012

ACCOUNTING METHOD: <u>ACCRUAL</u> CASH (please circle or bold one accounting method)			
ORGANIZATION			
NAME OF COMPANY: Avion Water Company, Inc.		STREET ADDRESS: 60813 Parrell Road	
CITY: Bend	STATE Oregon	ZIP CODE 97702	TELEPHONE NUMBER (541) 382-5342
TYPE OF ORGANIZATION			
CIRCLE (OR BOLD) ONE: SOLE PROPRIETORSHIP PARTNERSHIP <u>CORPORATION</u>			
CIRCLE (OR BOLD) ONE: <u>PRIVATE/INVESTOR OWNED</u> ASSOCIATION MOBILE HOME PARK			
INSTRUCTIONS: IF THE COMPANY IS A SOLE PROPRIETORSHIP OR PARTNERSHIP, COMPLETE PART A AND GIVE THE NAMES AND ADDRESSES OF ALL PERSONS HAVING ANY INTEREST OR EQUITY IN THE BUSINESS AND THE AMOUNT OF SUCH EQUITY. IF THE COMPANY IS A CORPORATION, COMPLETE PART B AND GIVE THE NAMES AND ADDRESSES OF THE THREE LARGEST STOCKHOLDERS AND ALL OFFICERS AND DIRECTORS. STATE THE NUMBER OF SHARES HELD BY EACH.			
PART A: SOLE PROPRIETORSHIP OR PARTNERSHIP			
1	NAME OF OWNER OR PARTNER		ADDRESS, CITY, STATE, ZIP CODE
	PERCENT INTEREST OR EQUITY		PRINCIPAL DUTY IF EMPLOYED BY COMPANY
PART B: CORPORATION			
1	NAME OF STOCKHOLDER, DIRECTOR, OFFICER: Jan M. Wick		ADDRESS, CITY, STATE, ZIP CODE 60813 Parrell Road, Bend, OR 97702
	NUMBER OF SHARES OWNED: 20,000	TITLE: Executive Vice President/Director	
2	NAME OF STOCKHOLDER, DIRECTOR, OFFICER: Christine M. Wick		ADDRESS, CITY, STATE, ZIP CODE: 60813 Parrell Road, Bend, OR 97702
	NUMBER OF SHARES OWNED: 20,000	TITLE: Director	
3	NAME OF STOCKHOLDER, DIRECTOR, OFFICER: David Nelsen		ADDRESS, CITY, STATE, ZIP CODE 14927 NE Newport St., Portland, OR 97023
	NUMBER OF SHARES OWNED: 5,000	TITLE: Director	
4	NAME OF STOCKHOLDER, DIRECTOR, OFFICER: Jordan Wick		ADDRESS, CITY, STATE, ZIP CODE 5335 Meadows Road, Suite 370, Lake Oswego, OR 97035
	NUMBER OF SHARES OWNED: 23,500	TITLE: Director	
5	NAME OF STOCKHOLDER, DIRECTOR, OFFICER: Jason Wick		ADDRESS, CITY, STATE, ZIP CODE 60813 Parrell Road, Bend, OR 97702
	NUMBER OF SHARES OWNED: 27,900	TITLE: President/Director	
6	NAME OF STOCKHOLDER, DIRECTOR, OFFICER: Richard C. Bailey		ADDRESS, CITY, STATE, ZIP CODE 60813 Parrell Road, Bend, OR 97702
	NUMBER OF SHARES OWNED: None	TITLE: Secretary-Treasurer	
7	NAME OF STOCKHOLDER, DIRECTOR, OFFICER:		ADDRESS, CITY, STATE, ZIP CODE
	NUMBER OF SHARES OWNED:	TITLE:	
8	NAME OF STOCKHOLDER, DIRECTOR, OFFICER:		ADDRESS, CITY, STATE, ZIP CODE
	NUMBER OF SHARES OWNED:	TITLE:	
NUMBER OF SHARES OUTSTANDING AT THE END OF YEAR		<u>COMMON STOCK</u> 100,000 shares	<u>PREFERRED STOCK</u>
PAR OR STATED VALUE PER SHARE		\$ -	\$ -
DIVIDENDS PER SHARE DECLARED DURING THE YEAR		\$ 5.58	\$ -

PLANT ACCOUNTS 101 - 105			
ACCT. NO.	ACCOUNT NAME		AMOUNT
	Utility Plant	+	44,739,677
	Deduct: Contributions in Aid of Construction (CIAC)	-	22,378,000
	Deduct: Nonused & Nonuseful Plant	-	
101	Equals: Utility plant in Service	=	\$22,361,677
102	Add: Utility Plant Leased to Others	+	
103	Add: Property Held for Future Use	+	177,359
104	Add: Utility Plant Purchased or sold (net) Use () to indicate a negative number	+	
105	Add: Construction Work in Progress (cwip approved by commission)	+	23,306
	Total Utility Plant	=	\$22,562,342

ACCUMULATED DEPRECIATION - ACCOUNT 108			
ACCT.NO.	CREDITS		Total
	BALANCE FIRST OF YEAR		(10,976,485)
	Credit during year:		
	Accruals charged other accounts (specify)		
108.1	Accumulated depreciation of utility plant in service		(1,019,053)
108.2	Accumulated depreciation of utility plant leased to others		
108.3	Accumulated depreciation of property held for future use		
	Salvage		
	Other credits (specify)		
	Total Credits		(\$11,995,538)
	DEBITS		
	Debits during year:		
	Book cost of plant retired		40,408
	Cost of removal		
	Other debits (specify)		
	Total Debits		\$40,408
	BALANCE END OF YEAR		(\$11,955,130)

(Total Debits minus Total Credits)

ACCUMULATED AMORTIZATION - ACCOUNT 110		
	ACCUMULATED AMORTIZATION - ACCOUNT 110	Total
	BALANCE FIRST OF YEAR	
	Credit during year:	
	Accruals charged to Account 110	
110.1	Accumulated amortization of utility plant in service	
110.2	Accumulated amortization of utility plant leased to others	
	Other	
	Total Credits	\$0
	Debits during year:	
	Book cost of plant retired	
	Other debits (specify)	
	Total Debits	\$0
	BALANCE END OF YEAR	\$0

UTILITY PLANT ACQUISITION ADJUSTMENTS - ACCOUNTS 114 - 115			
Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.			
ACCT. NO.	ACCOUNT NAME	AMOUNT	ORDER NO.
114	Acquisition adjustments	59,090	
115	Accumulated amortization & Plant adjustments		
	Net Acquisition Adjustments	\$59,090	

NONUTILITY PROPERTY & INVESTMENT ACCOUNTS 121, 123, 124, & 125

Report separately each item of property with a book cost of \$10,000 or more. Other items may be grouped by classes of property.

DESCRIPTION	BEGINNING YEAR BALANCE	ADDITIONS	RETIREMENT	YEAR END BALANCE
ACCOUNT 121 - Nonutility Property				
TOTAL				\$0
ACCOUNT 123 - Investment in Associated Companies				
TOTAL				\$0
ACCOUNT 124 - Nonassociated Company Investment used in Provision of Water, i.e., Water Supply				
TOTAL				\$0
ACCOUNT 125 - Nonassociated Company Investment				
TOTAL				\$0

SPECIAL DEPOSITS - ACCOUNT 132

Do Not Include Customer Deposits	BOOK YEAR END
Description of Special Deposits	
Total Account 132	\$0

ACCOUNTS & NOTES RECEIVABLE & UNCOLLECTIBLES
ACCOUNTS 141 - 144

ACCT. NO.	DESCRIPTION	TOTAL
141	Customer Accounts Receivable	312,066
	TOTAL CUSTOMER ACCOUNTS RECEIVABLE - ACCOUNT 141	\$312,066
142	Other Accounts Receivable	
	TOTAL OTHER ACCOUNTS RECEIVABLE - ACCOUNT 142	\$0
143	Accumulated Provision for Uncollectible Accounts	(34,327)
	TOTAL ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS - ACCOUNT 143	(\$34,327)
144	Notes Receivable	7,915
	TOTAL NOTES RECEIVABLE - ACCOUNT 144	\$7,915
	TOTAL ACCOUNTS 141 - 144	\$285,654

ACCOUNTS & NOTES RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNTS 145 - 146

Report each note and account receivable from associated companies separately.

DESCRIPTION	% INTEREST RATE	ACCOUNTS RECEIVABLE ACCOUNT 145	NOTES RECEIVABLE ACCOUNT 146
Total Accounts 145 - 146		\$0	\$0

PREPAYMENTS - ACCOUNT 162		
ACCT. NO.	DESCRIPTION	TOTAL
162	Prepaid insurance	47,928
162	Prepaid rents	2,491
162	Prepaid interest	
162	Prepaid taxes	
162	Other prepayments (specify)-Licenses, dues & fees	3,575
162		
Total Account 162		\$53,994

UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT ACCOUNTS 181 & 251			
Report the net discount & expense or premium separately for each security issue.			
ACCT. NO.	DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
181	Unamortized debt discount & expense		
181			
181			
181			
181			
Total Account 181		\$0	\$0
251	Unamortized premium on debt		
251			
251			
251			
251			
251			
Total Account 251		\$0	\$0

OTHER DEFERRED EXPENSES & DEBITS - ACCOUNT 186			
DESCRIPTION			TOTAL
186.1	Deferred rate case expense		
186.2	Other deferred debits		11,051
Total Account 186			\$11,051

ACCUMULATED DEFERRED INCOME TAXES - ACCOUNT 190			
DESCRIPTION			TOTAL
190.1	Deferred accumulated federal income taxes		
190.2	Deferred accumulated state income taxes		
Total Account 190			\$0

ACCRUED TAXES & ACCRUED INTEREST - ACCOUNTS 236 - 237

DESCRIPTION OF TAXES	FIRST OF YEAR	TAXES ACCRUED	TAXES PAID	END OF YEAR BALANCE
Property taxes (ref acct 408.11)	(141,836)	289,947	296,187	(148,076)
Payroll taxes (ref acct 408.12)		123,538	123,538	
Other taxes & licenses (ref acct 408.13)		103,224	103,224	
TOTAL ACCOUNTS 236 - 237	(\$141,836)	\$516,709	\$522,949	(\$148,076)

ACCOUNT 237.1 ACCRUED INTEREST ON LONG TERM DEBT - List each separately.	FIRST OF YEAR BALANCE	INTEREST ACCRUED		INTEREST PAID DURING YEAR	END OF YEAR BALANCE
		% INTEREST ACCRUED RATE	AMOUNT		
Bank of the Cascades #3	26,198	6.75%	424,665	427,289	23,574
Diversified Lenders	176	8.94%	2,992	3,073	95
Ally Financial (GMAC #1)	51	7.24%	817	833	35
Chase Bank	17	4.90%	436	448	5
Allen, Larry (SRH Water Co., Inc.)	185	6.00%	2,067	2,109	143
CoActive Capital	22	11.22%	674	673	23
TOTAL ACCOUNT 237.1	\$26,649	/	\$431,651	\$434,425	\$23,875

ACCOUNT 237.2 ACCRUED INTEREST ON OTHER LIABILITIES List each separately.	FIRST OF YEAR BALANCE	INTEREST ACCRUED		INTEREST PAID DURING YEAR	END OF YEAR BALANCE
		% INTEREST ACCRUED RATE	AMOUNT		
Insurance payment contract			2,329	2,329	
Misc. short term payables			515	515	
TOTAL ACCOUNT 237.2	\$0	/	\$2,844	\$2,844	\$0

MISCELLANEOUS CURRENT & ACCRUED LIABILITIES - ACCOUNT 241

DESCRIPTION	BALANCE END OF YEAR
Accrued wages & withholdings	27,237
Developer payments payable	2,200
Blue Water Payable	899
Due to/from shareholder	(26,812)
TOTAL ACCOUNT 241	\$3,524

ADVANCES FOR CONSTRUCTION - ACCOUNT 252			
NAME OF PERSON MAKING ADVANCE	AMOUNT OF ADVANCE	DEBIT ACCOUNT NO.	INTEREST ACCRUED
BALANCE FIRST OF YEAR			
Add advances during year:			
TOTAL ACCOUNT 252	\$0		\$0

CONTRIBUTIONS IN AID OF CONSTRUCTION - CIAC - ACCOUNT 271			
DESCRIPTION	WATER	OTHER THAN WATER	TOTAL
BALANCE FIRST OF YEAR			\$22,364,941
Add CIAC during year:	26,793		\$26,793
Deduct charges during the year	(13,734)		(\$13,734)
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
BALANCE END OF YEAR - ACCOUNT 271	\$13,059	\$0	\$22,378,000

DETAIL - CIAC RECEIVED DURING THE YEAR			
DESCRIPTION OF CHARGE	NUMBER OF UNITS	CHARGE PER UNIT	TOTAL AMOUNT
Capacity Charge			26,793
Main Line Extension Charges			
Customer Connection Charges			
Other			
Developer's property			
TOTAL CREDITS	\$0		\$26,793

ACCUMULATED AMORTIZATION OF CIAC - ACCOUNT 272

DESCRIPTION	WATER	OTHER THAN WATER	TOTAL
BALANCE FIRST OF YEAR	\$3,781,797		\$3,781,797
Add TOTAL AMOUNT of Amortization of CIAC during year:	486,591		\$486,591
BALANCE END OF YEAR ACCOUNT 272	\$4,268,388	\$0	\$4,268,388

ACCUMULATED DEFERRED INCOME TAX ACCOUNTS 281 - 283

281	Accumulated Deferred Income Tax - Accelerated Amortization	
282	Accumulated Deferred Income Tax - Liberalized Depreciation	375,302
283	Accumulated Deferred Income Taxes - Other	
TOTAL ACCOUNTS 281 - 283		\$375,302

AMORTIZATION EXPENSE - ACCOUNTS 406 - 407

DO NOT INCLUDE AMORTIZATION OF CIAC

ACCT. NO.	DESCRIPTION	AMOUNT
406	Amortization of Utility Plant Acquisition Adjustments	
407.1	Amortization of Limited Term Plant	
407.2	Amortization of Property Losses	
407.3	Amortization of Other Utility Plant	
407.4	Amortization of Regulatory Assets	
407.5	Amortization of Regulatory Liabilities	
	Other	
TOTAL ACCOUNTS 406 - 407		\$0

TAX EXPENSE - ACCOUNTS 408 - 409		
NO.	TAXES OTHER THAN INCOME TAX	Amount
408.11	Property Tax	289,947
408.12	Payroll Tax	123,538
408.13	Other Tax Other Than Income Tax	103,224
408.2	Nonutility Taxes Other Than Income Tax	
TOTAL TAX OTHER THAN INCOME TAXES ACCOUNT 408		\$516,709
INCOME TAXES		
409.1	Federal Income Tax	385,872
409.11	State Income Tax	81,889
409.13	Other Income Tax	
409.2	Nonutility Income Tax	
TOTAL INCOME TAX ACCOUNT 409		\$467,761
PROVISION FOR DEFERRED INCOME TAXES - ACCOUNTS 410 - 411		
	Description	Amount
410.1	Deferred Federal Income Taxes – Utility Operations	(17,369)
410.11	Deferred State Income Taxes – Utility Operations	(7,082)
411.1	Provision for Deferred Income Taxes – Credit – Utility Operations	
TOTAL DEFERRED TAXES UTILITY OPERATIONS		(\$24,451)
410.2	Provision for Deferred Income Taxes – Other Income and Deductions	
411.2	Provision for Deferred Income Taxes – Credit – Other income & Deductions	
TOTAL DEFERRED TAXES OTHER INCOME & DEDUCTIONS - ACCOUNTS 410 - 411		(\$24,451)
GAINS/LOSSES FROM UTILITY PROPERTY SALE - ACCOUNT 414		
GAINS	Description	Amount
	Scrap sold	2,470
	Service truck	500
TOTAL GAINS		\$2,970
LOSSES		
TOTAL LOSSES		\$0
TOTAL ACCOUNT 414 (NET- subtract losses from gains)		\$2,970

UTILITY EXTRAORDINARY INCOME - ACCOUNT 433	
Description	Amount
TOTAL ACCOUNT 433	\$0

UTILITY EXTRAORDINARY DEDUCTIONS – ACCOUNT 434	
Description	Amount
TOTAL ACCOUNT 434	\$0
NET UTILITY EXTRAORDINARY INCOME & DEDUCTIONS	\$0

PUBLIC RELATIONS/ADVERTISING EXPENSE - ACCOUNT 660		
Report Each Item Separately		
Item	Description/Purpose	Amount
TOTAL ACCOUNT 660		\$0

OPERATING REVENUE
WATER SALES REVENUE

LINE NO.	ACCT. NO.	ACCOUNT NAME	BEGINNING OF YEAR # OF CUSTOMERS	YEAR END # OF CUSTOMERS	AMOUNT OF WATER SOLD	CF OR GALS	OPERATING REVENUES
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	460	Unmetered water sales					
2	461.1	Metered sales to RESIDENTIAL customers	10,952	11,127	232,129,470	CF	5,586,435
3	461.2	Metered sales to COMMERCIAL customers	338	320	37,237,520	CF	676,915
4	461.3	Metered sales to INDUSTRIAL customers					
5	461.4	Other metered sales to public authorities					
6	461.5	Metered sales to multiple family dwellings					
7	462.1	Public fire protection revenue					27,171
8	462.2	Private fire protection revenue					
9	464	Other Sales to public authorities					
10	465	Sales to irrigation customers	790	787			312,613
11	466	Sales for resale					16,531
12	467	Water Sales to golf course/recreation revenue					
13	468	Special contract/agreement revenue					
14		TOTALS	12,080	12,234	269,366,990		\$6,619,665

MISCELLANEOUS & OTHER REVENUE ACCOUNTS

LINE NO.	ACCT. NO.	MISCELLANEOUS REVENUE	# OF OCCURRENCES	TOTAL YEAR REVENUE
1	471	Connection Charge for New Service Revenues		61,096
2	471	Meter Testing Revenues		
3	471	Pressure Testing Revenues		
4	471	Late Payment Charge Revenues		20,290
5	471	Return Check Charge Revenues		1,725
6	471	Trouble Call Charge Revenues		
7	471	Disconnection Charge Revenues		5,960
8	471	Reconnection Charge Revenues		3,160
9	471	Unauthorized Restoration of Service Charge Revenues		
10	471	Damage/Tampering Charge Revenues		
11	471	Disconnect Visit Charge Revenues		
12				
13				
14	471			
15	471	MISCELLANEOUS CHARGES REVENUE	Total Lines 1-12	\$92,231

OTHER REVENUE

16	472	Rents from Water Property		
17		Including Income from Leased Plant		
18	474	Other Water Revenue		120,865
19	475	Cross Connection Control Revenue		237,378
20				
21				
22				
23		TOTAL OTHER REVENUE	Total Lines 16-22	\$358,243
24	400	TOTAL MISCELLANEOUS AND OTHER REVENUE	Add Lines 15 + 23	\$450,474

WATER UTILITY EXPENSE ACCOUNTS				
LINE NO.	ACCT. NO.	ITEM	REPORTING YEAR	PRECEDING YEAR
(a)	(b)	(c)	(d)	(e)
1	601	Salaries and Wages - employees	1,283,112	1,150,722
2	603	Salaries and Wages – officers, directors, and majority stockholders	451,096	415,719
3	604	Employee Pensions & Benefits	694,799	546,985
4	610	Purchased Water	177,613	177,195
5	611	Telephone/Communications	28,352	29,950
6	615	Purchased Power	706,594	682,699
7	616	Fuel for Power Production	0	0
8	617	Utilities - Other	4,319	4,277
9	618	Chemicals	0	0
10	619	Office Supplies	4,690	7,873
		(619.1 Postage)	4,301	4,825
11	620	Materials & Supplies (O&M)	168,024	151,676
12	621	Repairs to Water Plant	124,364	115,991
13	631	Contractual Services - engineering	675	6,017
14	632	Contractual Services - accounting	7,935	5,398
15	633	Contractual Services - legal	35,928	10,223
16	634	Contractual Services - management	0	0
17	635	Contractual Services – testing / sampling	33,367	40,092
18	636	Contractual Services – labor	0	603
19	637	Contractual Services - billing/collections	72,746	98,558
20	638	Contractual Services - meter reading	131,715	123,379
21	639	Contractual Services - other	70,421	72,565
22	641	Rental of Building / Real Property	22,054	25,332
23	642	Rental of Equipment	10,924	15,312
24	643	Small Tools	7,594	11,756
25	648	Computer Expenses	24,998	28,677
26	650	Transportation Expenses	158,868	150,135
27	656	Insurance - Vehicle	10,979	11,033
28	657	Insurance – General Liability	33,708	28,792
29	658	Insurance – Workman’s Compensation	17,283	23,241
30	659	Insurance – Other	54,636	54,333
31	660	Public Relation / Advertising Expense	0	8,102
32	666	Amortization of Rate Case Expense	0	0
33	667	Regulatory Commission Fee (Gross Rev Fee)	16,820	15,802
34	668	Water Resource Conservation Expense	10,117	20,600
35	670	Bad Debt Expense	37,685	36,563
36	671.1	Cross Connection Control Program Expense	0	40
37	671.2	Cross Connection Testing & Maint Services	0	0
38	672	System Capacity Development Program Exp	0	0
39	673	Training & Certification Expense	12,532	12,462
40	674	Consumer Confidence Report	6,809	800
41	675	Miscellaneous Expense	151,667	138,939
42		TOTAL OPERATING EXPENSE	\$4,576,725	\$4,226,666

UTILITY PLANT ACCOUNTS						
ACCT. NO.	ACCOUNT NAME	BALANCE @ FIRST OF YEAR	ADDITIONS	RETIREMENTS	ADJUSTMENTS	BALANCE @ END OF YEAR
(a)	(b)	(c)	(d)	(e)	(f)	(g)
301	Organization	211				211
302	Franchises	0				0
303	Land & land rights	1,824,286	76,946	6,431		1,894,801
304	Structures & improvements	1,476,643				1,476,643
305	Collecting & impounding reservoirs	4,769				4,769
306	Lake, river & other intakes	33,478				33,478
307	Wells & springs	1,476,051	9,631			1,485,682
308	Infiltration galleries & tunnels	106				106
309	Supply mains	141,009	423			141,432
310	Power generation equipment	1,203				1,203
311	Pumping equipment	1,612,687				1,612,687
320	Water treatment equipment	14,309	1,693			16,002
330	Distribution reservoirs & standpipes	3,402,058				3,402,058
331	Transmission & distribution mains	30,733,754	290,056			31,023,810
333	Services	1,207,419	9,538			1,216,957
334	Meters & meter installations	773,940	58,599	13,634		818,905
335	Hydrants	145,506	6,015			151,521
336	Backflow prevention devices (utility owned)	122,378	15,201			137,579
339	Other plant & miscellaneous equipment (SPECIFY)	210,713				210,713
340	Office furniture & equipment	150,955				150,955
341	Transportation equipment	450,981	65,201	26,775		489,407
343	Tools, shop & garage equipment	89,971	694			90,665
344	Laboratory equipment	0				0
345	Power operated equipment	105,654				105,654
346	Communication equip	93,449				93,449
347	Electronic & computer Equipment	162,346	1,215			163,561
348	Miscellaneous Equipment	13,578	3,853			17,431
	TOTAL PLANT	\$44,247,454	\$539,065	\$46,840	\$0	\$44,739,679

ANALYSIS OF ENTRIES IN WATER DEPRECIATION RESERVE (ACCUMULATED DEPRECIATION)

LINE NO.	ACCT. NO.	ACCOUNT NAME	ACCUMULATED DEPRECIATION BEGINNING OF YEAR	ACCRUALS BOOKED TO ACCUMULATED DEPRECIATION	PLANT RETIRED CHARGED TO ACCUMULATED DEPRECIATION	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	304	Structures & improvements	442,115	33,144		475,259
2	305	Collecting & impounding reservoirs	2,681	104		2,785
3	306	Lake, river, & other intakes	16,281	670		16,951
4	307	Wells and & springs	313,724	46,998		360,722
5	308	Infiltration galleries & tunnels	75	2		77
6	309	Supply mains	2,116	2,828		4,944
7	310	Power generation equipment	896	22		918
8	311	Pumping equipment	1,075,396	59,539		1,134,935
9	320	Water treatment equipment	60	800		860
10	330	Distribution reservoirs & standpipes	919,566	91,041		1,010,607
11	331	Transmission & distribution mains	6,436,672	614,213		7,050,885
12	333	Services	502,188	28,752		530,940
13	334	Meters & meter installations	346,742	39,693	13,634	372,801
14	335	Hydrants	53,586	3,580		57,166
15	336	Cross connection prevention devices (utility-owned)	32,617	8,665		41,282
16	339	Other	89,541	5,300		94,841
17	340	Office furniture & equipment	130,314	5,551		135,865
18	341	Transportation equipment	295,573	40,940	26,775	309,738
19	343	Tools, shop & garage equipment	71,978	2,547		74,525
20	344	Laboratory equipment	0			0
21	345	Power operated equipment	103,688	291		103,979
22	346	Communication equipment	78,302	4,649		82,951
23	347	Electronic/computer equipment	57,887	28,320		86,207
24	348	Miscellaneous Equipment*	4,487	1,405		5,892
25	Total Accumulated Depreciation		\$10,976,485	\$1,019,054	\$40,409	\$11,955,130

Use () to denote reversal entries.

*Specify nature of transaction.

26	Miscellaneous Equipment DETAIL					0
27						0
28						0
29						0
30						0
31						0
32						0
33						0
34						0
35						0
36						0
37						0
38	TOTAL MISCELLANEOUS EQUIPMENT		\$0	\$0	\$0	\$0

BASIS FOR WATER DEPRECIATION CHARGES						
LINE NO.	ACCT. NO.	ACCOUNT NAME	AVERAGE SERVICE LIFE IN YEARS	AVERAGE NET SALVAGE PERCENTAGE	DEPRECIATION RATE APPLIED	ANNUAL DEPRECIATION EXPENSE
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	304	Structures & Improvements	35	0%	2.9%	33,144
2	305	Collecting & Impounding Reservoirs	50	0%	2.0%	104
3	306	Lake, River & Other Intakes	35	0%	2.9%	670
4	307	Wells & Springs	25	0%	4.0%	46,998
5	308	Infiltration Galleries & Tunnels	25	0%	4.0%	2
6	309	Supply Mains	50	0%	2.0%	2,828
7	310	Power Generation Equipment	30	0%	3.3%	22
8	311	Pumping Equipment	20	0%	5.0%	59,539
9	320	Water Treatment Equipment	20	0%	5.0%	800
10	330	Distribution Reservoirs & Standpipes	30	0%	3.3%	91,041
11	331	Transmission & Distribution Mains	50	0%	2.0%	614,213
12	333	Services	30	0%	3.3%	28,752
13	334	Meters & Meter Installations	20	0%	5.0%	39,693
14	335	Hydrants	40	0%	2.5%	3,580
15	336	Backflow Prevention Devices (utility-owned)	15	0%	6.7%	8,665
16	339	Other Plant	15	0%	6.7%	5,300
17	340	Office Furniture & Equipment	20	0%	5.0%	5,551
18	341	Transportation Equipment	7	0%	14.3%	40,940
19	343	Tools, Shop & Garage Equipment	15	0%	5.0%	2,547
20	344	Laboratory Equipment	15	0%	5.0%	0
21	345	Power Operated Equipment	10	0%	10.0%	291
22	346	Communication Equipment	10	0%	10.0%	4,649
23	347	Electronic/Computer Equipment	5	0%	20.0%	28,320
24	348	Miscellaneous Equipment	10	0%	10.0%	1,405
25						
26						
27		*Water Plant Composite Depreciation Rate				
28	403	TOTAL PLANT DEPRECIATION				\$1,019,054

* If depreciation rates prescribed by this Commission are on a total composite basis, entries should be made on this line only.

OFFICERS COMPENSATION

For each officer, list the time spent as an officer compared to time spent on total business activities and the compensation received as an officer from the company for the reporting year.

NAME	TITLE	% OF TIME SPENT AS OFFICER OF UTILITY	OFFICER'S ANNUAL SALARY	OFFICER'S BONUSES
Jan M. Wick	Executive Vice President	100%	154,500	
Jason J. Wick	President	100%	160,240	
Richard C. Bailey	Secretary-Treasurer	100%	92,794	3,000
TOTAL OFFICERS' COMPENSATION			\$407,534	\$3,000

DIRECTORS COMPENSATION

For each director, list the number of director meetings attended by each director and the compensation received as a director from the company for the reporting year.

NAME	TITLE	NUMBER OF DIRECTORS' MEETINGS ATTENDED ANNUALLY	DIRECTOR'S YEARLY SALARY	DIRECTOR'S YEARLY BONUS
Jan M. Wick	Chairman/Director	2		
Christine M. Wick	Director	2		
Jason J. Wick	Director	2		
David Nelsen	Director	2	40,562	
Jordan Wick	Director	2		
TOTAL DIRECTORS' COMPENSATION			\$40,562	\$0

INCOME SUMMARY				
LINE NO.	ACCT. NO.	ACCOUNT NAME		AMOUNT FOR REPORTING YEAR
(a)	(b)	(c)		(e)
1	400	Total Gross Operating Revenue		7,070,139
2	401	Total Operating Expense		4,576,725
	403	Depreciation Expense		518,828
	406	Amortization of plant acquisition adjustments		
3	407	Amortization expenses		
4	408	Taxes Other Than Income (property tax, payroll tax, other)		516,709
	409.1	Tax Expense (federal income tax)		385,872
	409.11	Tax Expense (state income tax)		81,889
5	409.2	Other income taxes and deductions		
	410	Provision for Deferred Income Taxes		
6	411	Provision for Deferred Income Taxes - credit		24,451
	413	Income from Utility Plant Leased To Others		
7	414	Gains & Losses from Property Disposition		2,970
	433	Extraordinary Income		
8	434	Extraordinary Deductions		
9		Net Income		\$1,017,537

UTILITY PLANT SUMMARY				
10	101	Utility Plant in Service		44,739,679
11	108	Deduct: Accumulated Depreciation		11,955,130
12	110	Deduct: Accumulated Amortization		0
13	271	Deduct: Contributions In Aid of Construction (CIAC)		22,378,000
14	252	Deduct: Advances for Construction		
15		Subtotal		\$10,406,549
		Add: Construction Work In Progress (CWIP) Commission Approved		23,306
16	105			23,306
17	103	Add: Plant Held for Future Use		177,359
18	272	Add: Accumulated Amortization of CIAC		4,268,388
19	151	Add: Materials and Supplies in Inventory		176,517
21	114	Add: Utility Plant Acquisition Adjustments (2)		59,090
		Deduct: Accumulated Amortization of Acquisition Adjustments (2)		0
22	115			0
23	190	Add: Accumulated Deferred Income Taxes (asset)		
	281-			
24	283	Deduct: Accumulated Deferred Income Taxes (liability)		375,302
25		Net Utility Plant		\$14,712,601
		Add: Working Capital Allowance (1/12 of total operating expense)		381,394
26				381,394

Note: (1) Estimate if not known. Indicate if estimated.
(2) Include only those acquisition adjustments that have been approved by the Commission.

STATEMENT OF RETAINED EARNINGS

Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share. Show separately the state and federal income tax effect of items shown in Account 439.

LINE NO. (a)	ACCT. NO. (b)	ACCOUNT NAME (c)	AMOUNTS (d)
1	215	Unappropriated retained earnings (balance @ beginning of year)	8,525,185
2		Credits:	467,610
3		Debits	
4	435	Balance transferred from income (line 12, page 7)	624,541
5	436	Appropriations of retained earnings	
6		SUBTOTAL (add lines 1-5)	\$9,617,336
7		Dividends declared:	
8	437	Preferred stock dividends declared	
9	438	Common stock dividends declared	558,000
10	439	Changes to account: Adjustments to retained earnings	
11		TOTAL DIVIDENDS DECLARED (add lines 7, 8, 9, & 10)	\$558,000
12		BALANCE @ END OF YEAR (line 6 minus line 12)	\$9,059,336

APPROPRIATED RETAINED EARNINGS

(state balance & purpose of each appropriated amount at year end)

13	214		
14	214		
15	214		
16	214		
17	214		
18	214		
19	214		
20	214		
21		TOTAL APPROPRIATED RETAINED EARNINGS	\$0
22		TOTAL RETAINED EARNINGS (total lines 12 & 22)	\$9,059,336

COMPARATIVE OPERATING STATEMENT

ACCOUNTING METHOD:			ACCRUAL BASIS <input checked="" type="checkbox"/> Check Box 1	CASH BASIS <input type="checkbox"/> Check Box 2
UTILITY OPERATING INCOME & DEDUCTIONS				
LINE NO.	ACCT. NO.	ACCOUNT NAME	REPORTING YEAR	PREVIOUS YEAR
(a)	(b)	(c)	(e)	(f)
1	400	TOTAL OPERATING UTILITY REVENUE	7,070,139	6,728,095
2	401	Total Operating Expenses	4,576,725	4,226,666
3	403	Annual Depreciation Expense	518,828	498,543
4	406	Amortization of Utility Plant Acquisition Adjustment	0	
5	407	Amortization Expense	0	
6	408	Taxes Other Than Income Taxes (total)	516,709	523,470
7	409	Income Taxes	467,761	61,162
8	410.1	Provision for Deferred Income Taxes (utility operations)	(24,451)	
9	411.1	Provision for Deferred Income Taxes (utility credit)	0	354,326
10		TOTAL OPERATING EXPENSES	\$6,055,572	\$5,664,167
11	413	Income From Utility Plant Leased to Others		
12	419	Interest & Dividend Income	1,438	1,630
13		TOTAL OTHER INCOME	\$1,438	\$1,630
14	427	Interest Expense	434,495	458,437
15	414	Gains/Losses From Utility Property Disposition (net)	2,970	(3,261)
16	433 & 434	Extraordinary Income/deductions (net)	0	
17		TOTAL OTHER DEDUCTIONS	\$431,525	\$455,176
18		TOTAL NET UTILITY OPERATING INCOME	\$584,480.00	\$610,382
NONUTILITY INCOME, TAXES & DEDUCTIONS				
19	421	Nonutility Income		
20	415	Revenue From Merchandising, Jobbing, & Contracts	76,232	79,798
21		Nonutility Extraordinary Income		
22		TOTAL NONUTILITY INCOME	\$76,232	\$79,798
23	426	Nonutility Expense	14,177	14,505
24	408.2	Nonutility Taxes Other Than Income Tax	0	
25	409.2	Nonutility Income Taxes	0	
26	410.2	Nonutility Deferred Income Taxes (nonutility)	0	
27	411.2	Nonutility Provision for Deferred Income Taxes (nonutility) Credit	0	
28		Nonutility Interest Expense		
29	416	Cost & Expense of Merchandising, Jobbing, Contracts	21,994	41,492
30		Nonutility Extraordinary Deductions		
31		TOTAL NONUTILITY DEDUCTIONS	\$36,171	\$55,997
32		TOTAL NET NONUTILITY INCOME	\$40,061	\$23,801

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS					
LINE NO.	ACCT. NO.	ACCOUNT NAME		BEGINNING OF YEAR BALANCE	ENDING YEAR BALANCE
(a)	(b)	(c)		(e)	(f)
1		NET UTILITY PLANT		\$33,516,997	\$33,044,307
NONUTILITY PROPERTY & INVESTMENT					
2	121	Nonutility Property			
3	122	Less: Accumulated Depreciation & Amortization of Nonutility Plant			
4		Net Nonutility Property		\$0	\$0
5	123	Investment in Associated Companies			
6	124	Investment in Nonassociated Companies (in providing water service, i.e. water supply)			
7	125	Other Investments in Nonassociated Companies			
8		TOTAL NONUTILITY PROPERTY & INVESTMENT		\$0	\$0
CURRENT & ACCRUED ASSETS					
9	131	Cash		634,812	580,065
10	132	Special Deposits			
11	141	Customer Account Receivables		340,726	312,066
12	142	Other Accounts Receivable			0
13	143	Accumulated Provisions for Uncollectible Accounts		34,073	34,327
14	144	Notes Receivable		5,413	7,915
15	145 & 146	Accounts & Notes Receivable From Associated Companies			
16	151	Inventory: Plant Material & Supplies		202,151	176,517
17	162	Prepayments		57,301	53,994
18	171	Accrued Interest & Dividends Receivable			
19	172	Rents Receivable & Accrued			
20	174	Miscellaneous Current & Accrued Assets			
21		TOTAL CURRENT AND ACCRUED ASSETS		\$1,206,330	\$1,096,230
DEFERRED DEBITS					
22	181	Unamortized Debt Discount & Expense			0
23	182	Extraordinary Property Losses			
24	186	Miscellaneous Deferred Debits		12,843	11,051
25	190	Accumulated Deferred Income Taxes (asset)			0
26		Total Deferred Debits		\$12,843	\$11,051
27		TOTAL ASSETS AND OTHER DEBITS		\$34,736,170	\$34,151,588

Note: (1) Estimate if not known. Indicate if estimated.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

LINE NO.	ACCT. NO.	ACCOUNT NAME	BEGINNING YEAR BALANCE	ENDING YEAR BALANCE
(a)	(b)	(c)	(e)	(f)
EQUITY CAPITAL				
1	201	Common stock issued	47,668	47,668
2	204	Preferred stock issued		0
3	207	Premium on capital stock	191,670	191,670
4	211	Other paid-in capital		
5	212	Discount on capital stock		
6	213	Capital stock expense		
7	214	Appropriated retained earnings		
8	215	Unappropriated retained earnings	8,525,185	9,059,336
9	216	Reacquired capital stock	75,000	75,000
10	218	Proprietary Capital (proprietorship & Partnership only)		
11		Total equity capital	\$8,689,523	\$9,223,674
CURRENT AND ACCRUED LIABILITIES				
12	224	Long-term debt	6,595,771	6,183,339
13	231	Accounts payable	541,699	347,637
14	232	Notes payable	37,420	32,201
15	233	Accounts payable to associated companies		0
16	234	Notes payable to associated companies		0
17	235	Customer deposits		500
18	236	Accrued taxes	(141,836)	(148,076)
19	237	Accrued interest	26,649	23,875
20	238	Accrued dividends		
21	241	Miscellaneous current and accrued liabilities	4,047	3,524
22		Total current and accrued liabilities	\$7,063,750	\$6,443,000
DEFERRED CREDITS				
23	251	Premium on unamortized debt		
24	252	Advances for construction		0
25	253	Other deferred credit		
26		Total deferred credits	\$0	\$0
CONTRIBUTIONS IN AID OF CONSTRUCTION - CIAC				
27	271	Contributions in aid of construction (ciac)	22,364,941	22,378,000
28	272	Deduct accumulated amortization of CIAC	3,781,797	4,268,388
29		Total net CIAC	\$18,583,144	\$18,109,612
ACCUMULATED DEFERRED INCOME TAXES				
30	281	Accumulated deferred income taxes-accelerated amortization		0
31	282	Accumulated deferred income taxes-Liberalized Depreciation	399,753	375,302
32	283	Accumulated deferred income taxes-other		0
33		Total accumulated deferred income taxes	\$399,753	\$375,302
34		TOTAL EQUITY CAPITAL AND LIABILITIES	\$34,736,170	\$34,151,588

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (UTILITY OPERATIONS)

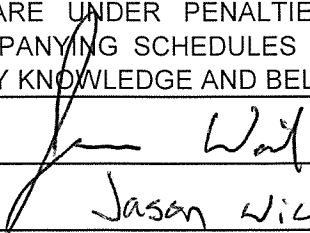
The reconciliation should include the same detail as furnished on Schedule M-1 of the federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.

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 intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

DESCRIPTION	REFERENCE	AMOUNT
Net income for the year:		624,541
Reconciling items for the year		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		
Interest expense - tax effect		434,495
Difference in book/tax depreciation		97,898
Difference in book/tax loss on disposal		2,470
Current year tax accruals		467,760
Income recorded on books not included in return:		
CIAC write off kper UW 79		(500,225)
Deferred tax adjustment		(24,451)
Deduction on return not charged against book income:		
Federal tax net income		\$1,102,488

Federal tax at 35% = \$385,872; Oregon taxable income = \$1,075,512. tax at 7.6%= \$81,889.

VERIFICATION: I DECLARE UNDER PENALTIES OF FALSE SWEARING THAT THIS REPORT, INCLUDING ANY ACCOMPANYING SCHEDULES AND STATEMENTS, HAS BEEN EXAMINED BY ME AND, TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS A TRUE, CORRECT AND COMPLETE

SIGNATURE:	TITLE:
	President
PRINT NAME:	DATE
Jason Wick	3/25/13
FULL NAME OF REPORTING UTILITY	TELEPHONE NUMBER
Avion Water Company, Inc.	541-382-5342