

e-FILING REPORT COVER SHEET

REPORT NAME: Water Utility Annual Report A

COMPANY NAME: Avion Water Company, Inc.

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

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

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

Report is required by: OAR Enter Rule number; e.g., 860-039-0070
 Statute ORS 757-125 and 757-135
 Order Enter Commission Order No.; e.g., 95-1335
 Other Enter reason; e.g., at Request of Lee Sparling

Is this report associated with a specific docket/case? No Yes
If Yes, enter docket number: Enter docket number; e.g.; UM 1484

Key words: annual report

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

PLEASE NOTE: Do NOT use this form or e-filing with the PUC Filing Center for:

- **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.**

FOR THE YEAR ENDING DECEMBER 31, 2011

RESULTS OF OPERATIONS

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

ANNUAL REPORT FORM A

Avion Water Company, Inc.

60813 Parrell Road, Bend, OR 97702

(541) 382-5342

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

WATER UTILITY ANNUAL REPORT A **PUBLIC UTILITY COMMISSION OF OREGON**

MAILING ADDRESS

PO BOX 2148
SALEM OR 97308-2148

LOCATION ADDRESS

550 CAPITOL ST. NE STE 215
SALEM OR 97301-2551

GENERAL INSTRUCTIONS

Revised Statutes (ORS) 757.125 and 757.135, is based on the utility's operations for a calendar or fiscal year and is a convenient method for the Commission's staff to monitor the utility's results of operations. It must be filed with the PUC on or before April 1st of the year following that for which the report is made. Attach the completed report and any supplementary pages to an email addressed to the following address: puc.filingcenter@state.or.us.

- Interpret all accounting words and phrases in accordance with the USOA.
- You may round off reported figures to the nearest dollar, if desired.
- Entries indicating deficits of a "minus amount" should be enclosed in parentheses ().
- Where statistical information asked for is not reported, state a reason for the omission.
- If the words "none or "not applicable" truly state the facts, they should be given as the answer. The answer "same as last year" is not acceptable. Do not omit any pages.
- Special or unusual entries and all discrepancies should be fully explained. If necessary, attach 8 ½" X 11" supplementary sheets prepared in a MS Office Suite program (Word, Excel) to provide space required for making answers full and complete.

of its water system, separate accounting for Operating Revenues, Operating Expense, Plant Investments and related Reserve for Depreciation must be maintained by the utility for each portion of the water system relating to each separate rate schedule. This annual report, however, should include the combined financial data for the utility.

- Each incorporated utility is requested to file with this report a copy of its most recent annual report to stockholders, if one is prepared.
- All schedules that call for the previous year's figures or the balance at the beginning of the year should reflect as a beginning balance the same end of the year's figures **exactly** as shown in the prior year's annual report. Any adjustments to the ending balances shown in the report for the previous year should be reflected in the current year's activity and reported along with an explanation in the annual report report to the PUC. This will facilitate our review of your report and reduce the need for future correspondence.

FOR QUESTIONS ON EXCEL PROGRAM, ACCOUNTS, OR REPORTING, CONTACT BRIAN BAHR AT 503-378-4362.

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 Avenue, Suite 200, Bend, Oregon 97702

Telephone: (541) 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
Jan M. Wick	President	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	jan@avionwater.com
Jason J. Wick	Executive Vice President	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	jason@avionwater.com
Richard C. Bailey	Secretary-Treasurer	60813 Parrell Road, Bend, Oregon 97702	(541) 382-5342	rick@avionwater.com
Christine 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 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, Bryant, Lovlien & Jarvis, PC	Attorney	591 SW Mill Way, Bend, Oregon 97702	(541) 382-4331	

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%.

Name of Company: Avion Water Company, Inc.
FOR THE YEAR ENDING DECEMBER 31, 2011

ACCOUNTING METHOD: ACCRUAL 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: Corporation

CIRCLE (OR BOLD) ONE: SOLE PROPRIETORSHIP PARTNERSHIP CORPORATION

CIRCLE (OR BOLD) ONE: PRIVATE/INVESTOR OWNED 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
2	NAME OF OWNER OR PARTNER	ADDRESS, CITY, STATE, ZIP CODE
	PERCENT INTEREST OR EQUITY	PRINCIPAL DUTY IF EMPLOYED BY COMPANY
3	NAME OF OWNER OR PARTNER	ADDRESS, CITY, STATE, ZIP CODE
	PERCENT INTEREST OR EQUITY	PRINCIPAL DUTY IF EMPLOYED BY COMPANY
4	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, Oregon 97702
	NUMBER OF SHARES OWNED: 44,389 TITLE President	
2	NAME OF STOCKHOLDER, DIRECTOR, OFFICER Christine Wick	ADDRESS, CITY, STATE, ZIP CODE 60813 Parrell Road, Bend, Oregon 97702
	NUMBER OF SHARES OWNED: 43,999 TITLE Director	
3	NAME OF STOCKHOLDER, DIRECTOR, OFFICER David Nelsen	ADDRESS, CITY, STATE, ZIP CODE 14927 NE Newport Street, Portland, Oregon 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, Oregon 97035
	NUMBER OF SHARES OWNED: 1,961 TITLE Director	
5	NAME OF STOCKHOLDER, DIRECTOR, OFFICER Jason Wick	ADDRESS, CITY, STATE, ZIP CODE 60813 Parrell Road, Bend, Oregon 97702
	NUMBER OF SHARES OWNED: 2,351 TITLE Executive Vice President	

WATER UTILITY ANNUAL REPORT A - EXCEL
PUBLIC UTILITY COMMISSION OF OREGON

6	NAME OF STOCKHOLDER, DIRECTOR, OFFICER Leah Wick		ADDRESS, CITY, STATE, ZIP CODE 5335 Meadows Road, Suite 370, Lake Oswego, Oregon 97035	
	NUMBER OF SHARES OWNED: 900	TITLE Shareholder		
7	NAME OF STOCKHOLDER, DIRECTOR, OFFICER Adam Wick		ADDRESS, CITY, STATE, ZIP CODE 5335 Meadows Road, Suite 370, Lake Oswego, Oregon 97035	
	NUMBER OF SHARES OWNED: 700	TITLE Shareholder		
8	NAME OF STOCKHOLDER, DIRECTOR, OFFICER Joseph Wick		ADDRESS, CITY, STATE, ZIP CODE 60813 Parrell Road, Bend, Oregon 97702	
	NUMBER OF SHARES OWNED: 700	TITLE Shareholder		
NUMBER OF SHARES OUTSTANDING AT THE END OF YEAR			<u>COMMON STOCK</u>	<u>PREFERRED STOCK</u>
PAR OR STATED VALUE PER SHARE			\$ -	\$ -
DIVIDENDS PER SHARE DECLARED DURING THE YEAR			\$ -	\$ -

PLANT ACCOUNTS 101 - 105			
ACCT. NO.	ACCOUNT NAME		AMOUNT
	Utility Plant	+	44,247,451
	Deduct: Contributions in Aid of Construction (CIAC)	-	22,364,941
	Deduct: Nonused & Nonuseful Plant	-	
101	Equals: Utility plant in Service	=	\$21,882,510
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)	+	9,582
	Total Utility Plant	=	\$22,069,451

ACCUMULATED DEPRECIATION - ACCOUNT 108			
ACCT.NO.	CREDITS		Total
	BALANCE FIRST OF YEAR		(10,044,982)
	Credit during year:		
	Accruals charged other accounts (specify)		
108.1	Accumulated depreciation of utility plant in service		(990,455)
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		(\$11,035,437)
	DEBITS		
	Debits during year:		
	Book cost of plant retired		58,952
	Cost of removal		
	Other debits (specify)		
	Total Debits		\$58,952
	BALANCE END OF YEAR		(\$10,976,485)

(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	340,726
	TOTAL CUSTOMER ACCOUNTS RECEIVABLE - ACCOUNT 141	\$340,726
142	Other Accounts Receivable	
	TOTAL OTHER ACCOUNTS RECEIVABLE - ACCOUNT 142	\$0
143	Accumulated Provision for Uncollectible Accounts	(34,073)
	TOTAL ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS - ACCOUNT 143	(\$34,073)
144	Notes Receivable	5,413
	TOTAL NOTES RECEIVABLE - ACCOUNT 144	\$5,413
	TOTAL ACCOUNTS 141 - 144	\$312,066

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	45,724
162	Prepaid rents	2,444
162	Prepaid irrigation assessments	5,439
162	Prepaid taxes	
162	Other prepayments (specify) - Licenses, dues & fees	3,694
162		
Total Account 162		\$57,301

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	12,843
Total Account 186		\$12,843

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

CAPITAL STOCK - ACCOUNTS 201 & 204

DESCRIPTION	COMMON STOCK	PREFERRED STOCK
Par or stated value per share	0	
Shares authorized	1,000,000	
Shares issued and outstanding	100,000	
Total par value of stock issued		
Dividends declared per share for year		

LONG TERM DEBT - ACCOUNT 224

DESCRIPTION	NOMINAL DATE OF ISSUE	DATE OF MATURITY	% INTEREST RATE	FREQUENCY OF PAYMENTS	PRINCIPAL AMOUNT PER BALANCE SHEET	PRINCIPAL AMOUNT
Bank of the Cascades #3	3/11/2009	3/10/2019	6.75%	Monthly	6,439,312	6,439,312
Diversified Lenders	12/30/2009	12/30/2014	8.94%	Monthly	39,853	39,853
Ally Financial (GMAC #1)	5/21/2009	5/21/2014	7.24%	Monthly	14,344	14,344
Chase Bank	9/17/2008	9/30/2014	4.90%	Monthly	11,419	11,419
Ally Financial (GMAC #2)	12/21/2009	2/5/2016	0.00%	Monthly	20,820	20,820
Ally Financial #1	1/20/2011	2/4/2016	0.00%	Monthly	28,804	28,804
Ally Financial #2	8/31/2011	9/30/2016	0.00%	Monthly	34,775	34,775
CoActive Capital Partners	10/24/2011	11/30/2016	11.22%	Monthly	6,444	6,444
Total Account 224						\$6,595,771

ACCOUNTS PAYABLE - ACCOUNT 231

DESCRIPTION	NOMINAL DATE OF ISSUE	DATE OF MATURITY	% INTEREST RATE	FREQUENCY OF PAYMENTS	PRINCIPAL AMOUNT PER BALANCE SHEET	PRINCIPAL AMOUNT
Report each item separately						
Operating accounts payable						541,699
Total Account 231						\$541,699

NOTES PAYABLE - ACCOUNT 232

DESCRIPTION	NOMINAL DATE OF ISSUE	DATE OF MATURITY	% INTEREST RATE	FREQUENCY OF PAYMENTS	PRINCIPAL AMOUNT PER BALANCE SHEET	PRINCIPAL AMOUNT
Allen, Larry (SRH Water Co., Inc.)	12/28/2007	12/10/2017	6.00%	Monthly	37,420	37,420
Total Account 232					\$37,420	\$37,420

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES - ACCOUNT 233

DESCRIPTION	TOTAL
Total Account 233	\$0

NOTES PAYABLE TO ASSOCIATED COMPANIES - ACCOUNT 234

DESCRIPTION	NOMINAL DATE OF ISSUE	DATE OF MATURITY	% INTEREST RATE	FREQUENCY OF PAYMENTS	PRINCIPAL AMOUNT PER BALANCE SHEET	PRINCIPAL AMOUNT
Total Account 234					\$0	\$0

ACCRUED TAXES & ACCRUED INTEREST - ACCOUNTS 236 - 237

DESCRIPTION OF TAXES	FIRST OF YEAR BALANCE	TAXES ACCRUED	TAXES PAID	END OF YEAR BALANCE
Property taxes (ref acct 408.11)	(150,223)	292,238	283,851	(141,836)
Payroll Taxes (ref acct. 408.12)		131,435	131,435	
Other taxes & licenses (ref acct. 408.13)		99,797	99,797	
TOTAL ACCOUNTS 408 - 409	(150,223)	\$523,470	\$515,083	(141,836)

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	26,286	6.75%	447,264	447,352	26,198
Diversified Lenders	274	8.94%	4,007	4,105	176
Ally Financial (GMAC #1)	90	7.24%	1,237	1,276	51
Chase Bank	4	4.90%	660	647	17
Allen, Larry (SRH Water Co., Inc.)	202	6.00%	2,389	2,406	185
CoActive Capital Partners	0	11.22%	168	146	22
TOTAL ACCOUNT 237.1	\$26,856		\$455,725	\$455,932	\$26,649

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			2,412	2,412	
Customer deposits			3	3	
Misc. short term payables			296	296	
TOTAL ACCOUNT 237.2	\$0		\$2,711	\$2,711	\$0

MISCELLANEOUS CURRENT & ACCRUED LIABILITIES - ACCOUNT 241

DESCRIPTION	BALANCE END OF YEAR
Accrued wages & withholdings	31,494
Developer payments payable	2,200
Blue water payable	816
Due to/from shareholder	(30,463)
TOTAL ACCOUNT 237.2	\$4,047

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			\$22,143,560
Add CIAC during year:	264,356		\$264,356
Deduct charges during the year	(42,975)		(\$42,975)
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
BALANCE END OF YEAR - ACCOUNT 271	\$221,381	\$0	\$22,364,941

DETAIL - CIAC RECEIVED DURING THE YEAR			
DESCRIPTION OF CHARGE	NUMBER OF UNITS	CHARGE PER UNIT	TOTAL AMOUNT
Capacity Charge			13,000
Main Line Extension Charges			
Customer Connection Charges			
Other			
Developer's property			251,356
TOTAL CREDITS			\$264,356

ACCUMULATED AMORTIZATION OF CIAC - ACCOUNT 272

DESCRIPTION	WATER	OTHER THAN WATER	TOTAL
BALANCE FIRST OF YEAR	\$3,324,958		\$3,324,958
Add TOTAL AMOUNT of Amortization of CIAC during year:	456,839		\$456,839
BALANCE END OF YEAR ACCOUNT 272	\$3,781,797	\$0	\$3,781,797

ACCUMULATED DEFERRED INCOME TAX ACCOUNTS 281 - 283

281	Accumulated Deferred Income Tax - Accelerated Amortization	
282	Accumulated Deferred Income Tax - Liberalized Depreciation	399,753
283	Accumulated Deferred Income Taxes - Other	
TOTAL ACCOUNTS 281 - 283		\$399,753

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	292,238
408.12	Payroll Tax	131,435
408.13	Other Tax Other Than Income Tax	99,797
408.2	Nonutility Taxes Other Than Income Tax	
TOTAL TAX OTHER THAN INCOME TAXES ACCOUNT 408		\$523,470
INCOME TAXES		
409.1	Federal Income Tax	51,482
409.11	State Income Tax	9,680
409.13	Other Income Tax	
409.2	Nonutility Income Tax	
TOTAL INCOME TAX ACCOUNT 409		\$61,162
PROVISION FOR DEFERRED INCOME TAXES - ACCOUNTS 410 - 411		
	Description	Amount
410.1	Deferred Federal Income Taxes – Utility Operations	280,836
410.11	Deferred State Income Taxes – Utility Operations	73,490
411.1	Provision for Deferred Income Taxes – Credit – Utility Operations	
TOTAL DEFERRED TAXES UTILITY OPERATIONS		\$354,326
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		\$354,326
GAINS/LOSSES FROM UTILITY PROPERTY SALE - ACCOUNT 414		
GAINS	Description	Amount
	Scrap sold	2,601
	Two (2) service trucks	1,000
TOTAL GAINS		\$3,601
LOSSES	Description	Amount
	abandoned main	340
TOTAL LOSSES		\$340
TOTAL ACCOUNT 414 (NET- subtract losses from gains)		\$3,261

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
	Hexavalent Chromium response	8,102
TOTAL ACCOUNT 660		\$8,102

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	10,834	10952	256892603	CF	5,279,393
3	461.2	Metered sales to COMMERCIAL customers	333	338	42949741	CF	695,465
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					26,791
8	462.2	Private fire protection revenue					
9	464	Other Sales to public authorities					
10	465	Sales to irrigation customers	798	790			297,402
11	466	Sales for resale					19,473
12	467	Water Sales to golf course/recreation revenue					
13	468	Special contract/agreement revenue					
14		TOTALS	11,965	12,080	299,842,344		\$6,318,524

MISCELLANEOUS & OTHER REVENUE ACCOUNTS

LINE NO.	ACCT. NO.	MISCELLANEOUS REVENUE	# OF OCCURRENCES	TOTAL YEAR REVENUE
1	471	Connection Charge for New Service Revenues		33,744
2	471	Meter Testing Revenues		
3	471	Pressure Testing Revenues		
4	471	Late Payment Charge Revenues		16,175
5	471	Return Check Charge Revenues		2,450
6	471	Trouble Call Charge Revenues		
7	471	Disconnection Charge Revenues		10,680
8	471	Reconnection Charge Revenues		6,710
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	\$69,759

OTHER REVENUE

16	472	Rents from Water Property		
17		Including Income from Leased Plant		
18	474	Other Water Revenue		112,242
19	475	Cross Connection Control Revenue		227,570
20				
21				
22				
23		TOTAL OTHER REVENUE	Total Lines 16-22	\$339,812
24	400	TOTAL MISCELLANEOUS AND OTHER REVENUE	Add Lines 15 + 23	\$409,571

WATER UTILITY EXPENSE ACCOUNTS				
LINE NO.	ACCT. NO.	ITEM	REPORTING YEAR	PRECEDING YEAR
(a)	(b)	(c)	(d)	(e)
1	601	Salaries and Wages - employees	1,150,722	1,099,135
2	603	Salaries and Wages – officers, directors, and majority stockholders	415,719	387,461
3	604	Employee Pensions & Benefits	546,985	512,116
4	610	Purchased Water	177,195	171,893
5	611	Telephone/Communications	29,950	25,327
6	615	Purchased Power	682,699	633,483
7	616	Fuel for Power Production	0	0
8	617	Utilities - Other	4,277	3,692
9	618	Chemicals	0	0
10	619	Office Supplies	7,873	6,305
		(619.1 Postage)	4,825	4,240
11	620	Materials & Supplies (O&M)	151,676	237,802
12	621	Repairs to Water Plant	115,991	208,533
13	631	Contractual Services - engineering	6,017	0
14	632	Contractual Services - accounting	5,398	10,613
15	633	Contractual Services - legal	10,223	7,610
16	634	Contractual Services - management	0	0
17	635	Contractual Services – testing / sampling	40,092	29,949
18	636	Contractual Services – labor	603	0
19	637	Contractual Services - billing/collections	98,558	79,947
20	638	Contractual Services - meter reading	123,379	122,883
21	639	Contractual Services - other	72,565	67,907
22	641	Rental of Building / Real Property	25,332	28,137
23	642	Rental of Equipment	15,312	16,373
24	643	Small Tools	11,756	3,841
25	648	Computer Expenses	28,677	26,370
26	650	Transportation Expenses	150,135	120,738
27	656	Insurance - Vehicle	11,033	14,471
28	657	Insurance – General Liability	28,792	40,262
29	658	Insurance – Workman's Compensation	23,241	37,625
30	659	Insurance – Other	54,333	50,326
31	660	Public Relation / Advertising Expense	8,102	459
32	666	Amortization of Rate Case Expense	0	0
33	667	Regulatory Commission Fee (Gross Rev Fee)	15,802	9,532
34	668	Water Resource Conservation Expense	20,600	27,596
35	670	Bad Debt Expense	36,563	138,085
36	671.1	Cross Connection Control Program Expense	40	0
37	671.2	Cross Connection Testing & Maint Services	0	430
38	672	System Capacity Development Program Exp	0	0
39	673	Training & Certification Expense	12,462	12,934
40	674	Consumer Confidence Report	800	6,316
41	675	Miscellaneous Expense	138,939	140,267
42		TOTAL OPERATING EXPENSE	\$4,226,666	\$4,282,658

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	1,739,570	84,716			1,824,286
304	Structures & improvements	1,473,694	2,949			1,476,643
305	Collecting & impounding reservoirs	4,769				4,769
306	Lake, river & other intakes	33,478				33,478
307	Wells & springs	1,473,818	2,233			1,476,051
308	Infiltration galleries & tunnels	106				106
309	Supply mains	22,456	118,553			141,009
310	Power generation equipment	1,203				1,203
311	Pumping equipment	1,612,687				1,612,687
320	Water treatment equipment	0	14,309			14,309
330	Distribution reservoirs & standpipes	3,402,058				3,402,058
331	Transmission & distribution mains	29,568,318	1,173,940	8,504		30,733,754
333	Services	1,167,524	39,895			1,207,419
334	Meters & meter installations	727,612	48,929	2,601		773,940
335	Hydrants	112,062	33,444			145,506
336	Backflow prevention devices (utility owned)	105,705	16,673			122,378
339	Other plant & miscellaneous equipment (SPECIFY)	210,713				210,713
340	Office furniture & equipment	148,384	2,571			150,955
341	Transportation equipment	419,056	80,179	48,254		450,981
343	Tools, shop & garage equipment	85,671	4,300			89,971
344	Laboratory equipment	0				0
345	Power operated equipment	105,654				105,654
346	Communication equip	92,511	938			93,449
347	Electronic & computer Equipment	127,865	34,481			162,346
348	Miscellaneous Equipment	6,455	7,123			13,578
TOTAL PLANT		\$42,641,580	\$1,665,233	\$59,359	\$0	\$44,247,454

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	408,679	33,436		442,115
2	305	Collecting & impounding reservoirs	2,577	104		2,681
3	306	Lake, river, & other intakes	15,612	669		16,281
4	307	Wells and & springs	267,023	46,701		313,724
5	308	Infiltration galleries & tunnels	73	2		75
6	309	Supply mains	1,322	794		2,116
7	310	Power generation equipment	875	21		896
8	311	Pumping equipment	1,013,315	62,081		1,075,396
9	320	Water treatment equipment	0	60		60
10	330	Distribution reservoirs & standpipes	828,525	91,041		919,566
11	331	Transmission & distribution mains	5,850,713	594,463	8,504	6,436,672
12	333	Services	474,096	28,092		502,188
13	334	Meters & meter installations	319,699	29,644	2,601	346,742
14	335	Hydrants	50,669	2,917		53,586
15	336	Cross connection prevention devices (utility-owned)	25,014	7,603		32,617
16	339	Other	84,241	5,300		89,541
17	340	Office furniture & equipment	123,715	6,599		130,314
18	341	Transportation equipment	298,404	45,016	47,847	295,573
19	343	Tools, shop & garage equipment	68,408	3,570		71,978
20	344	Laboratory equipment	0	0		0
21	345	Power operated equipment	103,397	291		103,688
22	346	Communication equipment	72,096	6,206		78,302
23	347	Electronic/computer equipment	32,758	25,129		57,887
24	348	Miscellaneous Equipment*	3,771	716		4,487
25	Total Accumulated Depreciation		\$10,044,982	\$990,455	\$58,952	\$10,976,485

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%	33,436
2	305	Collecting & Impounding Reservoirs	50	0%	2.0%	104
3	306	Lake, River & Other Intakes	35	0%	2.9%	669
4	307	Wells & Springs	25	0%	4.0%	46,701
5	308	Infiltration Galleries & Tunnels	25	0%	4.0%	2
6	309	Supply Mains	50	0%	2.0%	794
7	310	Power Generation Equipment	30	0%	3.3%	21
8	311	Pumping Equipment	20	0%	5.0%	62,081
9	320	Water Treatment Equipment	20	0%	5.0%	60
10	330	Distribution Reservoirs & Standpipes	30	0%	3.3%	91,041
11	331	Transmission & Distribution Mains	50	0%	2.0%	594,463
12	333	Services	30	0%	3.3%	28,092
13	334	Meters & Meter Installations	20	0%	5.0%	29,644
14	335	Hydrants	40	0%	2.5%	2,917
15	336	Backflow Prevention Devices (utility-owned)	15	0%	6.7%	7,603
16	339	Other Plant	15	0%	6.7%	5,300
17	340	Office Furniture & Equipment	20	0%	5.0%	6,599
18	341	Transportation Equipment	7	0%	14.3%	45,016
19	343	Tools, Shop & Garage Equipment	15	0%	5.0%	3,570
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%	6,206
23	347	Electronic/Computer Equipment	5	0%	20.0%	25,129
24	348	Miscellaneous Equipment	10	0%	10.0%	716
25						
26						
27		*Water Plant Composite Depreciation Rate				
28	403	TOTAL PLANT DEPRECIATION				\$990,455

* 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	President	100%	153,375	
Jason J. Wick	Executive Vice President	100%	122,679	3,914
Richard C. Bailey	Secretary-Treasurer	100%	89,450	6,035
TOTAL OFFICERS' COMPENSATION			\$365,504	\$9,949

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	President	1		
Christine M. Wick	Director	1		
Jason J. Wick	Executive Vice President	1		
David Nelsen	Director	1	40,266	
Jordan Wick	Director	1		
TOTAL DIRECTORS' COMPENSATION			\$40,266	\$0

INCOME SUMMARY				
LINE NO.	ACCT. NO.	ACCOUNT NAME		AMOUNT FOR REPORTING YEAR
(a)	(b)	(c)		(e)
1	400	Total Gross Operating Revenue		6,728,095
2	401	Total Operating Expense		4,226,666
	403	Depreciation Expense		498,543
	406	Amortization of plant acquisition adjustments		
3	407	Amortization expenses		
4	408	Taxes Other Than Income (property tax, payroll tax, other)		523,470
	409.1	Tax Expense (federal income tax)		51,482
	409.11	Tax Expense (state income tax)		9,680
5	409.2	Other income taxes and deductions		
	410	Provision for Deferred Income Taxes		(354,326)
6	411	Provision for Deferred Income Taxes - credit		
	413	Income from Utility Plant Leased To Others		
7	414	Gains & Losses from Property Disposition		3,261
	433	Extraordinary Income		
8	434	Extraordinary Deductions		
9		Net Income		\$1,067,189

UTILITY PLANT SUMMARY				
10	101	Utility Plant in Service		44,247,451
11	108	Deduct: Accumulated Depreciation		10,976,485
12	110	Deduct: Accumulated Amortization		
13	271	Deduct: Contributions In Aid of Construction (CIAC)		22,364,941
14	252	Deduct: Advances for Construction		
15		Subtotal		\$10,906,025
16	105	Add: Construction Work In Progress (CWIP) Commission Approved		
17	103	Add: Plant Held for Future Use		177,359
18	272	Add: Accumulated Amortization of CIAC		3,781,797
19	151	Add: Materials and Supplies in Inventory		202,151
21	114	Add: Utility Plant Acquisition Adjustments (2)		59,090
22	115	Deduct: Accumulated Amortization of Acquisition Adjustments (2)		
23	190	Add: Accumulated Deferred Income Taxes (asset)		
24	281-283	Deduct: Accumulated Deferred Income Taxes (liability)		399,753
25		Net Utility Plant		\$14,726,669
26		Add: Working Capital Allowance (1/12 of total operating expense)		352,222

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

PARENT/AFFILIATE ORGANIZATION DESCRIPTION BUSINESS TRANSACTIONS WITH RELATED PARTIES

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any one year, entered into between the company and an affiliated business or financial organization, firm, partnership, or individual. For a definition of affiliated, see ORS 757.015.

Part 1. Specific instructions: Services and Products Received or Provided

1. Enter in this part all transactions involving services and products received or provided.
2. Some types of transactions to include are: management, legal and accounting services; computer services; engineering and construction services; repairing and servicing of equipment; material and supplies furnished; leasing of structures, land and equipment; all rental transactions; sale, purchase or transfer of various products.

NAME OF COMPANY OR RELATED PARTY	DESCRIPTION OF SERVICE AND NAME OF PRODUCT	CONTRACT OR AGREEMENT EFFECTIVE DATE	(P) Purchase (S) Sold	ANNUAL CHARGE
Jan M . Wick, 44.389% shareholder	Salary and benefits	Order #07-081		184,727
Jan and Christine Wick, 88.388% shareholders	Guarantee fee	Order #07-417		106,795
David Nelsen, 5.000% shareholder	Salary and benefits	Order #07-296		60,267
TOTAL				\$351,789

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.	ACCT. NO.	ACCOUNT NAME	AMOUNTS
(a)	(b)	(c)	(d)
1	215	Unappropriated retained earnings (balance @ beginning of year)	8,019,990
2		Credits:	61,012
3		Debits	
4	435	Balance transferred from income (line 12, page 7)	634,183
5	436	Appropriations of retained earnings	
6		SUBTOTAL (add lines 1-5)	\$8,715,185
7		Dividends declared:	
8	437	Preferred stock dividends declared	
9	438	Common stock dividends declared	190,000
10	439	Changes to account: Adjustments to retained earnings	
11		TOTAL DIVIDENDS DECLARED (add lines 7, 8, 9, & 10)	\$190,000
12		BALANCE @ END OF YEAR (line 6 minus line 12)	\$8,525,185
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)	\$8,525,185

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	6,728,095	6,316,114
2	401	Total Operating Expenses	4,226,666	4,282,658
3	403	Annual Depreciation Expense	498,543	472,821
4	406	Amortization of Utility Plant Acquisition Adjustment		
5	407	Amortization Expense		
6	408	Taxes Other Than Income Taxes (total)	523,470	516,889
7	409	Income Taxes	61,162	284,407
8	410.1	Provision for Deferred Income Taxes (utility operations)		
9	411.1	Provision for Deferred Income Taxes (utility credit)	354,326	(26,659)
10		TOTAL OPERATING EXPENSES	\$5,664,167	\$5,530,116
11	413	Income From Utility Plant Leased to Others		
12	419	Interest & Dividend Income	1,630	4,910
13		TOTAL OTHER INCOME	\$1,630	\$4,910
14	427	Interest Expense	458,437	496,872
15	414	Gains/Losses From Utility Property Disposition (net)	3,261	(7,315)
16	433 & 434	Extraordinary Income/deductions (net)	0	
17		TOTAL OTHER DEDUCTIONS	\$455,176	\$489,557
18		TOTAL NET UTILITY OPERATING INCOME	\$610,382	\$301,351
NONUTILITY INCOME, TAXES & DEDUCTIONS				
19	421	Nonutility Income		
20	415	Revenue From Merchandising, Jobbing, & Contracts	79,798	17,987
21		Nonutility Extraordinary Income		
22		TOTAL NONUTILITY INCOME	\$79,798	\$17,987
23	426	Nonutility Expense	14,505	4,790
24	408.2	Nonutility Taxes Other Than Income Tax		
25	409.2	Nonutility Income Taxes		
26	410.2	Nonutility Deferred Income Taxes (nonutility)		
27	411.2	Nonutility Provision for Deferred Income Taxes (nonutility) Credit		
28		Nonutility Interest Expense		
29	416	Cost & Expense of Merchandising, Jobbing, Contracts	41,492	7,964
30		Nonutility Extraordinary Deductions		
31		TOTAL NONUTILITY DEDUCTIONS	\$55,997	\$12,754
32		TOTAL NET NONUTILITY INCOME	\$23,801	\$5,233

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		\$32,833,050	\$33,516,997
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		591,195	634,812
10	132	Special Deposits			
11	141	Customer Account Receivables		403,809	340,726
12	142	Other Accounts Receivable			
13	143	Accumulated Provisions for Uncollectible Accounts		40,526	34,073
14	144	Notes Receivable		3,685	5,413
15	145 & 146	Accounts & Notes Receivable From Associated Companies			
16	151	Inventory: Plant Material & Supplies		369,424	202,151
17	162	Prepayments		81,598	57,301
18	171	Accrued Interest & Dividends Receivable			
19	172	Rents Receivable & Accrued			
20	174	Miscellaneous Current & Accrued Assets			
21		TOTAL CURRENT AND ACCRUED ASSETS		\$1,409,185	\$1,206,330
DEFERRED DEBITS					
22	181	Unamortized Debt Discount & Expense			
23	182	Extraordinary Property Losses			
24	186	Miscellaneous Deferred Debits		14,635	12,843
25	190	Accumulated Deferred Income Taxes (asset)			
26		Total Deferred Debits		\$14,635	\$12,843
27		TOTAL ASSETS AND OTHER DEBITS		\$34,256,870	\$34,736,170

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		
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	8,019,990	8,525,185
9	216	Reacquired capital stock	75,000	75,000
10	218	Proprietary Capital (proprietorship & Partnership only)		
11		Total equity capital	\$8,184,328	\$8,689,523
CURRENT AND ACCRUED LIABILITIES				
12	224	Long-term debt	6,880,907	6,595,771
13	231	Accounts payable	404,720	541,699
14	232	Notes payable	42,341	37,420
15	233	Accounts payable to associated companies		
16	234	Notes payable to associated companies		
17	235	Customer deposits	500	0
18	236	Accrued taxes	(150,223)	(141,836)
19	237	Accrued interest	26,856	26,649
20	238	Accrued dividends		
21	241	Miscellaneous current and accrued liabilities	3,412	4,047
22		Total current and accrued liabilities	\$7,208,513	\$7,063,750
DEFERRED CREDITS				
23	251	Premium on unamortized debt		
24	252	Advances for construction		
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)	22,143,560	22,364,941
28	272	Deduct accumulated amortization of CIAC	3,324,958	3,781,797
29		Total net CIAC	\$18,818,602	\$18,583,144
ACCUMULATED DEFERRED INCOME TAXES				
30	281	Accumulated deferred income taxes-accelerated amortization		
31	282	Accumulated deferred income taxes-Liberalized Depreciation	45,427	399,753
32	283	Accumulated deferred income taxes-other		
33		Total accumulated deferred income taxes	\$45,427	\$399,753
34		TOTAL EQUITY CAPITAL AND LIABILITIES	\$34,256,870	\$34,736,170

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.

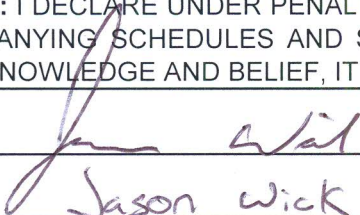
If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned 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:		634,183
Reconciling items for the year		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		
Interest expense - tax effect		458,437
Deferred tax adjustment		354,326
Current year tax accruals		61,162
Income recorded on books not included in return:		
CIAC write off		(492,283)
Deduction on return not charged against book income:		
Difference in book/tax depreciation		(864,406)
Federal tax net income		\$151,419
Federal tax at 34% = \$51,482; Oregon taxable income = \$120,638, tax at 7.9% = \$9,530		
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 REPORT OF		
SIGNATURE:		TITLE:
PRINT NAME:		DATE
FULL NAME OF REPORTING UTILITY Avion Water Company, Inc.		TELEPHONE NUMBER (541) 382-5342

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:		634,183
Reconciling items for the year		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		
Interest expense - tax effect		458,437
Deferred tax adjustment		354,326
Current year tax accruals		61,162
Income recorded on books not included in return:		
CIAC write off		(492,283)
Deduction on return not charged against book income:		
Difference in book/tax depreciation		(864,406)
Federal tax net income		\$151,419
Federal tax at 34% = \$51,482; Oregon taxable income = \$120,638, tax at 7.9% = \$9,530		
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 REPORT OF		
SIGNATURE:		TITLE:
		Exec. Vice Pres.
PRINT NAME:		DATE
Jason Wick		2/29/12
FULL NAME OF REPORTING UTILITY		TELEPHONE NUMBER
Avion Water Company, Inc.		(541) 382-5342