

e-FILING REPORT COVER SHEET

REPORT NAME: Results of Operations Annual Report for 2011

COMPANY NAME: Roats Water System, 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
 Statute ORS 757.135, ORS 757.125
 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: Results of Operations, 2011 Annual Report Form, Roats Water

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
\$200,000 to 999,999

ANNUAL REPORT FORM B

Roats Water System, Inc.

61147 Hamilton Lane
Bend, OR 97702
541.382.3029

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

WATER UTILITY ANNUAL REPORT B **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 1/2" X 11" supplementary sheets prepared in a MS Office Suite program (Word, Excel) to provide space required for making answers full and complete.
 - If the utility has filed, or intends to file, a separate rate schedule in its tariff for noncontiguous portions 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.

378-4362

P.U.C.

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

Name: William K. Roats
 Address: 61147 Hamilton Lane, Bend, OR 97702
 Telephone: 541.382.3029
 Email Address:
 Fax Number:

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

Name:
 Address: 61147 Hamilton Lane, Bend, OR 97702
 Telephone: 541.382.3029
 Email Address:
 Fax Number:

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

Name:
 Address:
 Telephone:
 Email Address:
 Fax Number:

4. Date of original organization of the utility (month, day, year): 5/15/1963

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

NAME	TITLE	ADDRESS	PHONE #	E MAIL
William K. Roats	President	Same as above	Same as	
Shirley E. Roats	Sec./Treas.	Same as above	Same as	
William C. Roats	Vice President	Same as above	Same as	

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

NAME	TITLE	ADDRESS	PHONE #	E MAIL
Wesley B. Price	CPA	975 SW Colorado Ave,	541.382.4791	price@bendcpa.com
Neil Bryant	Attorney	591 SW Millview Way	541.382.4331	

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

The company was formed in 1962 to provide water services to the area south of Bend, Oregon. Most recently the system has been expanded to provide fire flow capacities to certain commercial customers as the need arises. In its 1990 rate case, the PUC approved a separate fire flow tariff and increased rates overall. This rate structure was affirmed in UW 63 and UX 70. Beginning in the year 2000, the system experienced increased demand for fire flow as commercial demands increased when commercial growth continued in south Bend. In addition to this growth, the Oregon Department of Transportation completed the Bend Parkway project, which bisects the company's main service area. The company anticipated the demands for larger line sizing for fire flows and lines that were required to be moved due to the Parkway.

The company successfully acquired external financing arrangements to cover the above system changes. The related capital improvements generated the need for a rate case in 2000 (UW 70.) Significant capital expenditures occurred in 2000 and 2001. The company completed substantial (\$674,471) capital improvements in 2004 and external financing to accomplish those improvements was approved by the PUC (UF 4204). Part of these funds were borrowed in 2005. Additionally, in 2005, the company added an additional \$208,000 in capital improvements. The company completed a rate case in 2005 to facilitate revenue increases to fund operations and cost of capital (UW 107).

The company added substantial plant improvements again in 2006. Total plant increased by \$466,570. The external financing approved in 2004 was taken down in 2006 in the form of a \$600,000 loan from Bank of the Cascades. Customer growth remained strong through 2006 with the addition of nearly 140 customers.

Capital improvements slowed dramatically in 2007 in response to slower residential and commercial construction activity in Bend. The company added 80 customers in 2007. The company qualified an energy saving project with ODOE and sold the tax credit to raise capital for construction.

In 2008 and 2009, the high number of commercial and residential vacancies had a large impact on operations. The company focused its efforts on system line maintenance and improvements to existing facilities. The company experienced stabilization of revenues in 2010 and 2011.

Name of Company - AWS
FOR THE YEAR ENDING DECEMBER 31, 2011

ACCOUNTING METHOD: ACCRUAL CASH (please circle or bold one accounting method)

ORGANIZATION

NAME OF COMPANY: Roots Water System, Inc STREET ADDRESS: 61147 Hamilton Lane
CITY: Bend STATE: OR ZIP CODE: 97702 TELEPHONE NUMBER: 541.382.3029

TYPE OF ORGANIZATION
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	ADDRESS, CITY, STATE, ZIP CODE
	NUMBER OF SHARES OWNED: <u>140</u> TITLE: <u>All Officers</u>	
2	NAME OF STOCKHOLDER, DIRECTOR, OFFICER	ADDRESS, CITY, STATE, ZIP CODE
	NUMBER OF SHARES OWNED: TITLE:	
3	NAME OF STOCKHOLDER, DIRECTOR, OFFICER	ADDRESS, CITY, STATE, ZIP CODE
	NUMBER OF SHARES OWNED: TITLE:	
4	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>140</u>	COMMON STOCK	PREFERRED STOCK
PAR OR STATED VALUE PER SHARE	<u>NONE</u>	Total \$ <u>14,160</u> - \$	<u>N/A</u> -
DIVIDENDS PER SHARE DECLARED DURING THE YEAR		\$ <u>NONE</u> - \$	-

PLANT ACCOUNTS 101 - 105			
ACCT. NO.	ACCOUNT NAME		AMOUNT
	Utility Plant	+	3,894,146
	Deduct: Contributions in Aid of Construction (CIAC)	-	
	Deduct: Nonused & Nonuseful Plant	-	
101	Equals: Utility plant in Service	=	\$0
102	Add: Utility Plant Leased to Others	+	
103	Add: Property Held for Future Use	+	
104	Add: Utility Plant Purchased or sold (net) Use () to indicate a negative number	+	185,365
105	Add: Construction Work in Progress (cwip approved by Commission)	+	
	Total Utility Plant	=	4,079,511 \$0

ACCUMULATED DEPRECIATION - ACCOUNT 108			
ACCT.NO.	CREDITS		Total
	BALANCE FIRST OF YEAR		1,784,547
	Credit during year:		
	Accruals charged other accounts (specify)		
108.1	Accumulated depreciation of utility plant in service		118,378
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		1,902,925 \$0
	DEBITS		
	Debits during year:		
	Book cost of plant retired		7598
	Cost of removal		
	Other debits (specify)		
	Total Debits		7598 \$0
	BALANCE END OF YEAR		1,895,327 \$0

(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	<i>N/A</i>
	Other	
	Total Credits	\$0
	Debits during year:	
	Book cost of plant retired	
	Other debits (specify)	<i>N/A</i>
	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		
		<i>N/A</i>	
115	Accumulated amortization & Plant adjustments		
	Net Acquisition Adjustments	\$0	

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				
			N/A	
TOTAL				\$0
ACCOUNT 123 - Investment in Associated Companies				
			N/A	
TOTAL				\$0
ACCOUNT 124 - Nonassociated Company Investment used in Provision of Water, i.e., Water Supply				
			N/A	
TOTAL				\$0
ACCOUNT 125 - Nonassociated Company Investment				
			N/A	
TOTAL				\$0

SPECIAL DEPOSITS - ACCOUNT 132

Do Not Include Customer Deposits	BOOK YEAR END
Description of Special Deposits	
Landfill Deposit	500
Total Account 132	
	500 \$0

ACCOUNTS & NOTES RECEIVABLE & UNCOLLECTIBLES
ACCOUNTS 141 - 144

ACCT. NO.	DESCRIPTION	TOTAL
141	Customer Accounts Receivable	65,323
	TOTAL CUSTOMER ACCOUNTS RECEIVABLE - ACCOUNT 141	65,323 \$0
142	Other Accounts Receivable	
	<u>PAYROLL ADVANCE</u>	6,800
	TOTAL OTHER ACCOUNTS RECEIVABLE - ACCOUNT 142	6,800 \$0
143	Accumulated Provision for Uncollectible Accounts	
	TOTAL ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS - ACCOUNT 143	\$0
144	Notes Receivable	
	TOTAL NOTES RECEIVABLE - ACCOUNT 144	\$0
	TOTAL ACCOUNTS 141 - 144	72,123 \$0

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
<u>W.K. Roats</u>	3%		83,942
Total Accounts 145 - 146		\$0	83,942 \$0

PREPAYMENTS - ACCOUNT 162		
ACCT. NO.	DESCRIPTION	TOTAL
162	Prepaid insurance	7,587
162	Prepaid rents	
162	Prepaid interest	
162	Prepaid taxes - <i>PROPERTY TAXES</i>	6,994
162	Other prepayments (specify)	
162		
Total Account 162		14,581 \$0

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	<i>N/A</i>		
181			
Total Account 181		\$0	\$0
251	Unamortized premium on debt		
251			
251			
251	<i>N/A</i>		
251			
251			
Total Account 251		\$0	\$0

OTHER DEFERRED EXPENSES & DEBITS - ACCOUNT 186		
DESCRIPTION		TOTAL
186.1	Deferred rate case expense	<i>N/A</i>
186.2	Other deferred debits	
Total Account 186		\$0

ACCUMULATED DEFERRED INCOME TAXES - ACCOUNT 190		
DESCRIPTION		TOTAL
190.1	Deferred accumulated federal income taxes	<i>N/A</i>
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	\$ 14,160	
Shares authorized	500	
Shares issued and outstanding	140	
Total par value of stock issued	\$ 14,160	
Dividends declared per share for year	NONE	

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
W.K. Roats	VARIOUS	VARIOUS	10-12%	MONTHLY	4,484	4,484
Total Account 224						4,484 \$0

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						
ACCOUNTS PAYABLE					58	58
Total Account 231						58 \$0

NOTES PAYABLE - ACCOUNT 232

DESCRIPTION	NOMINAL DATE OF ISSUE	DATE OF MATURITY	% INTEREST RATE	FREQUENCY OF PAYMENTS	PRINCIPAL AMOUNT PER BALANCE SHEET	PRINCIPAL AMOUNT
						N/A
Total Account 232					\$0	\$0

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES - ACCOUNT 233

DESCRIPTION	TOTAL
	N/A
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
						N/A
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
FEDERAL INCOME TAX		(2,466)	2,466	(2,466)
OREGON INCOME TAX		(2,404)		(2,404)
TOTAL ACCOUNTS 408 - 409	\$0	(4,870)	\$0	(4,870)

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		
VARIOUS NOTES - ALL PAID THRU 12-31-11	350	VARIOUS	880	997	233
TOTAL ACCOUNT 237.1	350 \$0		880 \$0	997 \$0	233 \$0

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		
				N/A	
TOTAL ACCOUNT 237.2	\$0		\$0	\$0	\$0

MISCELLANEOUS CURRENT & ACCRUED LIABILITIES - ACCOUNT 241

DESCRIPTION	BALANCE END OF YEAR
ACCRAED PAYROLL LIABILITIES	74,346
TOTAL ACCOUNT 237.2	74,346 \$0

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:			
			N/A
TOTAL ACCOUNT 252	\$0		\$0

CONTRIBUTIONS IN AID OF CONSTRUCTION - CIAC - ACCOUNT 271			
DESCRIPTION	WATER	OTHER THAN WATER	TOTAL
BALANCE FIRST OF YEAR	1,808,481	7,292	1,815,773 \$0
Add CIAC during year:	8,215	-	8,215 \$0
Deduct charges during the year	(8411)	(2226)	(10,637) \$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
BALANCE END OF YEAR - ACCOUNT 271	1,808,285 \$0	5,066 \$0	1,813,351 \$0

DETAIL - CIAC RECEIVED DURING THE YEAR			
DESCRIPTION OF CHARGE	NUMBER OF UNITS	CHARGE PER UNIT	TOTAL AMOUNT
Capacity Charge			
Main Line Extension Charges			
Customer Connection Charges			8,215
Other			
Developer's property			
TOTAL CREDITS		\$0	8,215 \$0

ACCUMULATED AMORTIZATION OF CIAC - ACCOUNT 272

DESCRIPTION	WATER	OTHER THAN WATER	TOTAL
BALANCE FIRST OF YEAR	40,119	308,915	349,034 \$0
Add TOTAL AMOUNT of Amortization of CIAC during year:	8,411	2,226	10,637 \$0
BALANCE END OF YEAR ACCOUNT 272	48,530 \$0	311,141 \$0	359,671 \$0

ACCUMULATED DEFERRED INCOME TAX ACCOUNTS 281 - 283

281	Accumulated Deferred Income Tax - Accelerated Amortization	
282	Accumulated Deferred Income Tax - Liberalized Depreciation	128,033
283	Accumulated Deferred Income Taxes - Other	
TOTAL ACCOUNTS 281 - 283		128,033 \$0

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	N/A
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	14,482
408.12	Payroll Tax	31,493
408.13	Other Tax Other Than Income Tax	
408.2	Nonutility Taxes Other Than Income Tax	
TOTAL TAX OTHER THAN INCOME TAXES ACCOUNT 408		45,975 \$0
INCOME TAXES		
409.1	Federal Income Tax	3,934
409.11	State Income Tax	1,716
409.13	Other Income Tax	
409.2	Nonutility Income Tax	
TOTAL INCOME TAX ACCOUNT 409		5,650 \$0

PROVISION FOR DEFERRED INCOME TAXES - ACCOUNTS 410 - 411		
	Description	Amount
410.1	Deferred Federal Income Taxes – Utility Operations	
410.11	Deferred State Income Taxes – Utility Operations	
411.1	Provision for Deferred Income Taxes – Credit – Utility Operations	(7473)
TOTAL DEFERRED TAXES UTILITY OPERATIONS		(7473) \$0
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		NONE \$0

GAINS/LOSSES FROM UTILITY PROPERTY SALE - ACCOUNT 414		
GAINS	Description	Amount
	Net gain on sale of truck	50
TOTAL GAINS		50 \$0
LOSSES		
TOTAL LOSSES		\$0
TOTAL ACCOUNT 414 (NET- subtract losses from gains)		50 \$0

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

UTILITY EXTRAORDINARY DEDUCTIONS - ACCOUNT 434	
Description	Amount
	N/A
TOTAL ACCOUNT 434	\$0
NET UTILITY EXTRAORDINARY INCOME & DEDUCTIONS	\$0

PUBLIC RELATIONS/ADVERTISING EXPENSE - ACCOUNT 660		
Report Each Item Separately		
Item	Description/Purpose	Amount
NEWSPAPER AD		17
TOTAL ACCOUNT 660		17 \$0

AMORTIZATION OF RATE CASE EXPENSE - ACCOUNT 666				
DESCRIPTION OF CASE & DOCKET #	EXPENSE INCURRED DURING YEAR	AMOUNT TRANSFERRED TO ACCOUNT # 186.1	CHARGED OFF DURING YEAR	
			ACCT. #	AMOUNT
				N/A
Total Account 666	\$0	\$0		\$0

MISCELLANEOUS EXPENSE - ACCOUNT 675	
ITEM	AMOUNT
WHEELING FEES	10,362
BANK CHARGES	8,451
OFFICE RELATED COSTS	10,748
Total Account 675	29,561 \$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	1435	1442	29,528,452	CF	690,055
3	461.2	Metered sales to COMMERCIAL customers	166	166	9,756,063	CF	213,220
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					
8	462.2	Private fire protection revenue					
9	464	Other Sales to public authorities	1	1	2550	CF	19
10	465	Sales to irrigation customers					
11	466	Sales for resale					
12	467	Water Sales to golf course/recreation revenue					
13	468	Special contract/agreement revenue					
14		TOTALS	16020	16090	39,287,065		903,294 \$0

MISCELLANEOUS & OTHER REVENUE ACCOUNTS				
LINE NO.	ACCT. NO.	MISCELLANEOUS REVENUE	# OF OCCURRENCES	TOTAL YEAR REVENUE
1	471	Connection Charge for New Service Revenues		
2	471	Meter Testing Revenues		
3	471	Pressure Testing Revenues		
4	471	Late Payment Charge Revenues		
5	471	Return Check Charge Revenues		424
6	471	Trouble Call Charge Revenues		
7	471	Disconnection Charge Revenues		
8	471	Reconnection Charge Revenues		3,115
9	471	Unauthorized Restoration of Service Charge Revenues		
10	471	Damage/Tampering Charge Revenues		
11	471	Disconnect Visit Charge Revenues		
12				
13				
14	471	<u>OTHER MISC CHARGES</u>		2,738
15	471	MISCELLANEOUS CHARGES REVENUE	Total Lines 1-12	6277 \$0

OTHER REVENUE				
16	472	Rents from Water Property		
17		Including Income from Leased Plant		
18	474	Other Water Revenue - <u>FIRE PROTECTION</u>		15,478
19	475	Cross Connection Control Revenue		44,277
20				
21				
22				
23		TOTAL OTHER REVENUE	Total Lines 16-22	59,755 \$0
24	400	TOTAL MISCELLANEOUS AND OTHER REVENUE	Add Lines 15 + 23	66,032 \$0

WATER UTILITY EXPENSE ACCOUNTS				
LINE NO.	ACCT. NO.	ITEM	REPORTING YEAR	PRECEDING YEAR
(a)	(b)	(c)	(d)	(e)
1	601	Salaries and Wages - employees	152,902	102,263
2	603	Salaries and Wages - officers, directors, and majority stockholders	230,980	219,329
3	604	Employee Pensions & Benefits	103,546	81,873
4	610	Purchased Water		
5	611	Telephone/Communications	14,405	12,823
6	615	Purchased Power	80,891	64,916
8	616	Fuel for Power Production		
8	617	Utilities - Other		
9	618	Chemicals		
10	619	Office Supplies (619.1 Postage)	11,756	7,422
11	620	Materials & Supplies (O&M)	36,750	35,928
12	621	Repairs to Water Plant	9,611	61,258
13	631	Contractual Services - engineering	-	4,810
14	632	Contractual Services - accounting	7,172	7,410
15	633	Contractual Services - legal	324	8,080
16	634	Contractual Services - management		
17	635	Contractual Services - testing / sampling	2,245	6,915
18	636	Contractual Services - labor	4,428	2,789
19	637	Contractual Services - billing/collections	22,157	18,873
20	638	Contractual Services - meter reading		
21	639	Contractual Services - other		
22	641	Rental of Building / Real Property	20,800	20,400
23	642	Rental of Equipment		
24	643	Small Tools		
25	648	Computer Expenses		
26	650	Transportation Expenses	40,763	35,486
27	656	Insurance - Vehicle	8,405	8,134
28	657	Insurance - General Liability	10,732	10,807
29	658	Insurance - Workman's Compensation	4,504	4,430
30	659	Insurance - Other	685	
31	660	Public Relation / Advertising Expense	17	251
32	666	Amortization of Rate Case Expense		
33	667	Regulatory Commission Fee (Gross Rev Fee)	2,330	2,500
34	668	Water Resource Conservation Expense		
35	670	Bad Debt Expense		
36	671.1	Cross Connection Control Program Expense	5,217	4,432
37	671.2	Cross Connection Testing & Maint Services		
38	672	System Capacity Development Program Exp	11,767	-
39	673	Training & Certification Expense	615	2,395
40	674	Consumer Confidence Report		
41	675	Miscellaneous Expense	29,561	24,328
42		TOTAL OPERATING EXPENSE	812,563 \$0	744,852 \$0

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	-				-
302	Franchises	-				-
303	Land & land rights	1201				1201
304	Structures & improvements	383,654	37,048			420,664
305	Collecting & impounding reservoirs	-				-
306	Lake, river & other intakes	-				-
307	Wells & springs	202,308				202,308
308	Infiltration galleries & tunnels	-				-
309	Supply mains	-				-
310	Power generation equipment	-				-
311	Pumping equipment	209,554				209,554
320	Water treatment equipment	400				400
330	Distribution reservoirs & standpipes	376,311				376,311
331	Transmission & distribution mains	1,758,080	75,250		6,240	1,839,570
333	Services	65,458				65,458
334	Meters & meter installations	64,357	59,363			123,720
335	Hydrants	2,500				2,500
336	Backflow prevention devices (utility owned)	-				-
339	Other plant & miscellaneous equipment (SPECIFY)	63,201				63,201
340	Office furniture & equipment	36,507				36,507
341	Transportation equipment	263,793	7,500	7,598		263,695
343	Tools, shop & garage equipment	7,744				7,744
344	Laboratory equipment	-				-
345	Power operated equipment	344,153				344,153
346	Communication equip	3,574				3,574
347	Electronic & computer Equipment	53,030	7,600			60,630
348	Miscellaneous Equipment	58,321				58,321
TOTAL PLANT		3,894,146	186,723	7,598	6,240	4,079,511

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				0
2	305	Collecting & impounding reservoirs				0
3	306	Lake, river, & other intakes				0
4	307	Wells and & springs				0
5	308	Infiltration galleries & tunnels				0
6	309	Supply mains				0
7	310	Power generation equipment				0
8	311	Pumping equipment				0
9	320	Water treatment equipment				0
10	330	Distribution reservoirs & standpipes				0
11	331	Transmission & distribution mains				0
12	333	Services				0
13	334	Meters & meter installations				0
14	335	Hydrants				0
15	336	Cross connection prevention devices (utility-owned)	<i>Detail available upon request</i>			0
16	339	Other				0
17	340	Office furniture & equipment				0
18	341	Transportation equipment				0
19	343	Tools, shop & garage equipment				0
20	344	Laboratory equipment				0
21	345	Power operated equipment				0
22	346	Communication equipment				0
23	347	Electronic/computer equipment				0
24	348	Miscellaneous Equipment*				0
25	Total Accumulated Depreciation		1,784,547 \$0	118,378 \$0	7,598 \$0	1,895,327 \$0

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%	
2	305	Collecting & Impounding Reservoirs	50	0%	2.0%	
3	306	Lake, River & Other Intakes	35	0%	2.9%	
4	307	Wells & Springs	25	0%	4.0%	
5	308	Infiltration Galleries & Tunnels	25	0%	4.0%	
6	309	Supply Mains	50	0%	2.0%	
7	310	Power Generation Equipment	30	0%	3.3%	
8	311	Pumping Equipment	20	0%	5.0%	
9	320	Water Treatment Equipment	20	0%	5.0%	
10	330	Distribution Reservoirs & Standpipes	30	0%	3.3%	
11	331	Transmission & Distribution Mains	50	0%	2.0%	
12	333	Services	30	0%	3.3%	
13	334	Meters & Meter Installations	20	0%	5.0%	
14	335	Hydrants	40	0%	2.5%	
15	336	Backflow Prevention Devices (utility-owned)	15	0%	6.7%	
16	339	Other Plant	15	0%	6.7%	
17	340	Office Furniture & Equipment	20	0%	5.0%	
18	341	Transportation Equipment	7	0%	14.3%	
19	343	Tools, Shop & Garage Equipment	15	0%	5.0%	
20	344	Laboratory Equipment	15	0%	5.0%	
21	345	Power Operated Equipment	10	0%	10.0%	
22	346	Communication Equipment	10	0%	10.0%	
23	347	Electronic/Computer Equipment	5	0%	20.0%	
24	348	Miscellaneous Equipment	10	0%	10.0%	
25						
26						
27		*Water Plant Composite Depreciation Rate				
28	403	TOTAL PLANT DEPRECIATION				118378 \$0

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

LESS UW 107 CIAC
DEPRECIATION (8,411)
\$ 109,967

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
William K. Roats	President	100%	101,694	-
Shirley E. Roats	Sec. / Treas	100%	58,677	-
William C. Roats	U. Pres - Ops	100%	70,609	-
TOTAL OFFICERS' COMPENSATION			230,980 \$0	- \$0

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
		None		
TOTAL DIRECTORS' COMPENSATION			\$0	\$0

INCOME SUMMARY

LINE NO.	ACCT. NO.	ACCOUNT NAME	AMOUNT FOR REPORTING YEAR
(a)	(b)	(c)	(e)
1	400	Total Gross Operating Revenue	969,326
2	401	Total Operating Expense	812,563
	403	Depreciation Expense <u>118,378 - 8411</u>	109,967
	406	Amortization of plant acquisition adjustments	
3	407	Amortization expenses	
4	408	Taxes Other Than Income (property tax, payroll tax, other)	45,975
	409.1	Tax Expense (federal income tax)	3,934
	409.11	Tax Expense (state income tax)	1,716
5	409.2	Other income taxes and deductions	
	410	Provision for Deferred Income Taxes	
6	411	Provision for Deferred Income Taxes - credit	7,473
	413	Income from Utility Plant Leased To Others	
7	414	Gains & Losses from Property Disposition	50
	433	Extraordinary Income <u>INT & DIV INCOME</u>	15,885
8	434	Extraordinary Deductions <u>INT EXPENSE</u>	880
9		Net Income	17,399 \$0

UTILITY PLANT SUMMARY

10	101	Utility Plant in Service	4,079,511
11	108	Deduct Accumulated Depreciation	1,895,327
12	110	Deduct Accumulated Amortization	
13	271	Deduct Contributions In Aid of Construction (CIAC) <u>(NET)</u>	1,813,351
14	252	Deduct Advances for Construction	
15		Subtotal	370,833 \$0
16	105	Add: Construction Work In Progress (CWIP) Commission Approved	
17	103	Add Plant Held for Future Use	1,201
18	272	Add Accumulated Amortization of CIAC	
19	151	Add Materials and Supplies in Inventory	19,750
21	114	Add Utility Plant Acquisition Adjustments (2)	
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)	128,033
25		Net Utility Plant	263,751 \$0
26		Working Capital Allowance (1/12 of total operating expense)	67,714 0

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

(2) Include only those acquisition adjustments that have been approved by the Commission.

RATE BASE 331,465

ROR 5.25%

**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
<i>See Affiliate interest letter</i>				
TOTAL				\$0

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)	1,383,760
2		Credits:	
3		Debits	
4	435	Balance transferred from income	17,399
5	436	Appropriations of retained earnings	
6		SUBTOTAL (add lines 1-5)	1,401,159 \$0
7		Dividends declared: <i>DEFERRED TAX CREDIT</i>	7,473
8	437	Preferred stock dividends declared	
9	438	Common stock dividends declared	
10	439	Changes to account: Adjustments to retained earnings	
11		TOTAL DIVIDENDS DECLARED (add lines 7, 8, 9, & 10)	7,473 \$0
12		BALANCE @ END OF YEAR (line 6 minus line 12)	1,393,686 \$0

APPROPRIATED RETAINED EARNINGS

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

13	214		
14	214		
15	214		
16	214	<i>N/A</i>	
17	214		
18	214		
19	214		
20	214		
21		TOTAL APPROPRIATED RETAINED EARNINGS	\$0
22		TOTAL RETAINED EARNINGS (total lines 12 & 22)	\$0

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	969,326.00	
2	401	Total Operating Expenses	812,563	
3	403	Annual Depreciation Expense	109,967	
4	406	Amortization of Utility Plant Acquisition Adjustment		
5	407	Amortization Expense		
6	408	Taxes Other Than Income Taxes (total)	45,975	
7	409	Income Taxes	5,650	
8	410.1	Provision for Deferred Income Taxes (utility operations)		
9	411.1	Provision for Deferred Income Taxes (utility credit)	7,473	
10		TOTAL OPERATING EXPENSES	966,682 \$0	\$0
11	413	Income From Utility Plant Leased to Others		
12	419	Interest & Dividend Income	15,585	
13		TOTAL OTHER INCOME	15,585 \$0	\$0
14	427	Interest Expense	880	
15	414	Gains/Losses From Utility Property Disposition (net)	50	
16	433 & 434	Extraordinary Income/deductions (net)	0	
17		TOTAL OTHER DEDUCTIONS	830 \$0	\$0
18		TOTAL NET UTILITY OPERATING INCOME	17,399 \$0	\$0
NONUTILITY INCOME, TAXES & DEDUCTIONS				
19	421	Nonutility Income		
20	415	Revenue From Merchandising, Jobbing, & Contracts		
21		Nonutility Extraordinary Income		
22		TOTAL NONUTILITY INCOME	\$0	\$0
23	426	Nonutility Expense		
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		
30		Nonutility Extraordinary Deductions		
31		TOTAL NONUTILITY DEDUCTIONS	\$0	\$0
32		TOTAL NET NONUTILITY INCOME	\$0	\$0

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	2,109,599	2,184,184 \$0
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)	N/A	N/A
7	125	Other Investments in Nonassociated Companies		
8		TOTAL NONUTILITY PROPERTY & INVESTMENT	\$0	\$0

CURRENT & ACCRUED ASSETS

9	131	Cash	979,046	924,096
10	132	Special Deposits	500	500
11	141	Customer Account Receivables	57,869	65,323
12	142	Other Accounts Receivable	6,500	6,800
13	143	Accumulated Provisions for Uncollectible Accounts		
14	144	Notes Receivable	81,497	83,942
15	145 & 146	Accounts & Notes Receivable From Associated Companies		
16	151	Inventory: Plant Material & Supplies	19,750	19,750
17	162	Prepayments	17,783	19,451
18	171	Accrued Interest & Dividends Receivable		
19	172	Rents Receivable & Accrued		
20	174	Miscellaneous Current & Accrued Assets		639
21		TOTAL CURRENT AND ACCRUED ASSETS	1,162,945 \$0	1,120,501 \$0

DEFERRED DEBITS

22	181	Unamortized Debt Discount & Expense		
23	182	Extraordinary Property Losses		
24	186	Miscellaneous Deferred Debits		
25	190	Accumulated Deferred Income Taxes (asset)		
26		Total Deferred Debits	\$0	\$0
27		TOTAL ASSETS AND OTHER DEBITS	3,272,544 \$0	3,304,685 \$0

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	14,160	14,160
2	204	Preferred stock issued		
3	207	Premium on capital stock		
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	1,383,760	1,393,686
9	216	Reacquired capital stock		
10	218	Proprietary capital (proprietorship & partnership only)		
11		Total equity capital	1,397,920 \$0	1,407,846 \$0
CURRENT AND ACCRUED LIABILITIES				
12	224	Long-term debt	18,732	4,484
13	231	Accounts payable	6113	58
14	232	Notes payable		
15	233	Accounts payable to associated companies		
16	234	Notes payable to associated companies		
17	235	Customer deposits	1,646	983
18	236	Accrued taxes		
19	237	Accrued interest	350	233
20	238	Accrued dividends		
21	241	Miscellaneous current and accrued liabilities	32,010	77,730
22		Total current and accrued liabilities	58,851 \$0	83,488 \$0
DEFERRED CREDITS				
23	251	Premium on unamortized debt		
24	252	Advances for construction	N/A	N/A
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)	2,164,807	2,173,022
28	272	Deduct: accumulated amortization of CIAC	349,034	359,671
29		Total net CIAC	1,815,773 \$0	1,813,351 \$0
ACCUMULATED DEFERRED INCOME TAXES				
30	281	Accumulated deferred income taxes-accelerated amortization		
31	282	Accumulated deferred income taxes-Liberalized Depreciation	135,506	128,033
32	283	Accumulated deferred income taxes-other		
33		Total accumulated deferred income taxes	135,506 \$0	128,033 \$0
34		TOTAL EQUITY CAPITAL AND LIABILITIES	3,272,544 \$0	3,304,685 \$0


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:		17,399
Reconciling items for the year		
Taxable income not reported on books:		
Hook WAS - CASH		6240
Deductions recorded on books not deducted for return: FEDERAL TAXES		3934
Interest expense - tax effect	BOOK	
Difference in book/tax depreciation	TAX IN EXCESS OF BOOK TAX	19,359
Difference in book/tax loss on disposal		
Current year tax accruals		
Income recorded on books not included in return:		
CIAC write off per UW 79 AMORTIZATION		10,637
Deferred tax adjustment		7473
Deduction on return not charged against book income:		
DOMESTIC PRODUCTION DEDUCTION		2594
Federal tax net income		26,228 \$0

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 OPERATIONS

SIGNATURE: 	TITLE: Vice President
PRINT NAME: William Casey Roats	DATE: 4-2-12
FULL NAME OF REPORTING UTILITY: Roats Water System, Inc.	TELEPHONE NUMBER: 541-382-3029