

e-FILING REPORT COVER SHEET

REPORT NAME: Annual Report

COMPANY NAME: Willamette Water Company

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 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: 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  
UP TO \$199,999

ANNUAL REPORT FORM C

## **WILLAMETTE WATER COMPANY**

P.O. BOX 876, VENETA, OR 97487

541-935-1050

OREGON PUBLIC UTILITY COMMISSION

PO BOX 2148

SALEM OR 97308-2148

## **WATER UTILITY ANNUAL REPORT C** **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 1<sup>st</sup> 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](mailto: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.
  - If the utility has filed, or intends to file, a separate rate schedule in its tariff for non-contiguous 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.
- 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.
- Please use the checklist to verify the completeness of the report before submitting your final annual 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-**

**CHECKLIST**

1	<b>Organization – Pg 1</b>
	Ensure that all items have been completed and that the names of owners, stockholders, directors and officers are correctly reported.
2	<b>Balance Sheet – Pg 12</b>
	a. <b>Balance Sheet, Total Assets and Other Debits</b> (pg 12, line 14) must agree with <b>Balance Sheet, Total Liabilities and Other Credits</b> (pg 12, line 29).
	b. <b>Balance Sheet, Utility Plant</b> (pg 12, line 1, columns 1 and 2) must agree with totals in <b>Schedule 6, Total Utility Plant, Balance Beginning of Year</b> (pg 6, line 28, column 1) and <b>Schedule 6, Balance End of Year</b> (pg 6, line 28, column 4) respectively.
	c. <b>Balance Sheet, Accumulated Depreciation and Amortization of Utility Plant</b> (pg 12, line 2, columns 1 and 2) must agree with <b>Schedule 7, Accumulated Balance in Reserve Beginning of Year</b> (pg 7, line 1) and <b>Schedule 7, Accumulated Balance in Reserve End of Year</b> (pg 7, line 9).
	d. <b>Balance Sheet, Capital Stock</b> (pg 12, line 16) should not change from last year unless the Commission authorized a new issue.
	e. <b>Balance Sheet, Proprietary Capital</b> (pg 12, line 20) shall reflect the investment of the unincorporated (individual) proprietors.
	f. <b>Balance Sheet, Long-Term Debt</b> (pg 12, line 21). The Commission's approval is necessary for issuance of this type of security.
	g. <b>Balance Sheet, Other Current and Accrued Liabilities</b> (pg 12, line 24). If this includes a demand note or the period covered by a note that extends over 12 months, the Commission's approval is necessary.
	h. <b>Balance Sheet, Advances for Construction</b> (pg 12, line 26). The total of all advances by customers and others for construction, which are to be refunded either wholly or in part.
	i. <b>Balance Sheet, Accumulated Contributions in Aid of Construction</b> (pg 12, line 27) shall include non-refundable donations from customers or others for construction purposes.
3	<b>Schedule 1 - Utility Plant and Depreciation Details – Pg 6</b>
	<b>DO NOT INCLUDE CIAC</b>
	a. <b>Schedule 6</b> , (pg 6) be sure that the <b>additions (column 2) and retirements (column 3)</b> have been properly reflected in changes to plant in on page 12.
b. <b>Schedule 6, Total Plant in Service, Annual Depreciation Expense</b> (pg 6, line 24, column 6) must agree with <b>Income Statement, Depreciation Expense</b> (pg 10, line 24, column 2).	
4	<b>Schedule 7 - Depreciation Reserve or Accumulated Depreciation – Pg 7</b>
	<b>Schedule 7, Depreciation Expense Accrual</b> (pg 7, line 2) for the current year's report should equal the amount shown in <b>Schedule 6, Utility Plant and Depreciation, Total Plant in Service, Annual Depreciation Expense</b> (pg 6, line 24, column 6) AND <b>Income Statement, Depreciation Expense</b> (pg 10, line 24, column 2). <b>Schedule 7, Amortization Expense Accrual</b> (page 7, line 3) should agree with the amount shown in <b>Income Statement, Amortization Expense</b> (page 10, line 25, column 2).
	Note: Please attach a schedule of amortization claimed, if any.

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

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

Name: Jeff Demers  
Address: P.O.Box 876 Veneta, OR 97487  
Telephone: 541-93501050  
Email Address: [Jeffd@frllc.com](mailto:Jeffd@frllc.com)  
Fax Number: 541-935-1990

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

Name: Jeff Demers  
Address: 25275 Loten Way  
Telephone: 541-935-1050  
Email Address: [jeffd@frllc.com](mailto:jeffd@frllc.com)  
Fax Number: 541-935-1990

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

Name: None  
Address:  
Telephone:  
Email Address:  
Fax Number:

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

11-Feb-64

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

NAME	TITLE	ADDRESS	PHONE #	E MAIL
Greg Demers	President	P.O.Box 876 Veneta 97487	935-1050	<a href="mailto:gd9825@aol.com">gd9825@aol.com</a>
Jeff Demers	Secretary	P.O.Box 876 Veneta 97487	935-1050	<a href="mailto:jeffd@frllc.com">jeffd@frllc.com</a>

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

NAME	TITLE	ADDRESS	PHONE #	E MAIL
Larry Gildea	Counsel	324 E 12 Eug OR 97401	3421771	
Lavern Wilson	CPA	43 Ocean Dunes Florence	915-2999	

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2**

**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

Established in 1964, Willamette Water Company currently serves domestic, commercial, industrial and public water customers in the greater Goshen area south of the Cities of Eugene and Springfield. The water distribution system is composed of approximately 40,000' of ductile iron main pipelines. The current service territory is heavily commercial and industrial. Top customers include the BPA Alvey substation, EPUD, JCI Fabricators and Cone Lumber. The Goshen area is the subject of a Lane County initiative to expand industrial development and create employment opportunities in Lane County, also the City of Springfield is targeting the Seavey Loop area of Willamette's territory for inclusion into its UGB to meet demand for additional commercial and industrial land inventory. These initiatives combined with documented restrictions on water quality and quantity in the area, will lead to further demand for the clean , treated water that Willamette Water Company is positioned to provide. Willamette Water Company currently has existing water rights on the McKenzie River and has an application in with OWRD for additional water rights to meet future demand.

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>ACCOUNTING METHOD:</b> ACCRUAL CASH (please circle or bold one accounting method)			
<b>ORGANIZATION</b>			
NAME OF COMPANY: WILLAMETTE WATER COMPANY		STREET ADDRESS: 25275 LOTEN WAY / PO BOX 876	
CITY: VENETA		STATE OR	ZIP CODE 97487
		TELEPHONE NUMBER 541-935-1050	
TYPE OF ORGANIZATION			
<p><b>CIRCLE (OR BOLD) ONE:</b> SOLE PROPRIETORSHIP      PARTNERSHIP      <b>CORPORATION</b></p> <p><b>CIRCLE (OR BOLD) ONE:</b> PRIVATE/INVESTOR OWNED      ASSOCIATION      MOBILE HOME PARK</p>			
<p><b>INSTRUCTIONS:</b> 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.</p>			
<b>PART A: SOLE PROPRIETORSHIP OR PARTNERSHIP</b>			
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
<b>PART B: CORPORATION</b>			
1	NAME OF STOCKHOLDER, DIRECTOR, OFFICER GREGORY DEMERS		ADDRESS, CITY, STATE, ZIP CODE 25275 LOTEN WAY
	NUMBER OF SHARES OWNED: 2070.5	TITLE PRESIDENT	VENETA, OR 97487
2	NAME OF STOCKHOLDER, DIRECTOR, OFFICER MELVIN M. MCDUGAL		ADDRESS, CITY, STATE, ZIP CODE PO BOX 670
	NUMBER OF SHARES OWNED: 2070.5	TITLE	CRESWELL, OR 97426
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 4141		<u>COMMON STOCK</u>	<u>PREFERRED STOCK</u>
PAR OR STATED VALUE PER SHARE		\$ 1.00	NA
DIVIDENDS PER SHARE DECLARED DURING THE YEAR		N/A	\$ -

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>OFFICERS AND EMPLOYEES</b>			
<b>NAME OF PERSON</b>	<b>NUMBER OF HOURS WORKED PER MONTH</b>	<b>WAGE PER HOUR OR SALARY</b>	<b>TOTAL OFFICER AND EMPLOYEE SALARY AND WAGES</b>
Officer: Gregory Demers, President	AI Agreement	W/Frontier Resources	
Officer: Jeff Demers, Sec DOO	AI Agreement	W/Frontier Resources	
Officer:			
Officer:			
Operator:Kevin Hunt, Cert Operator	Ravin Group	Agreement	
Manager:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
Employee:			
<b>TOTAL</b>	<b>0</b>		<b>\$</b>



**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>SCHEDULE 1</b>						
<b>ANNUAL WATER OPERATING REVENUE (WATER SALES ONLY)</b>						
(include all revenue received from the sale of water, including base and usage rates revenue)						
	Account	Account Name (Water Sales Only)	Customer Count		Amount of Water Sold Indicate cubic feet (hcf) or gallons (g)	Revenues
			Year Beginning	Year Ending		
		<b>Flat Rate Customers</b>				
1	460	Flat Rate Residential Revenues (separated)				
2	460	Flat Rate Other Revenues (separated)				
3		<b>Metered Customers</b>				
4	461.1	Metered Sales - Residential Customers	97	97	12,172	\$ 69,262.00
5	461.2	Metered Sales - Commercial Customers	51	54	9,845	\$ 57,168.00
6	461.3	Metered Sales - Industrial Customers	9	9	9,942	\$ 75,831.00
7	461.4	Metered Sales - Public Authorities				
8	461.5	Metered Sales - Multiple Family Units				
9	461.6	Metered Sales - Multiple Commercial Units				
10	465.1	Sales to Irrigation Customers				
11	465.2	Sales to Golf Courses - Irrigation				
12		<b>TOTAL</b> (add lines 1,2,4,5,6,7,8,9,10,11)	157	160	31,959	\$ 202,261.00
13		<b>Fire Protection</b>				
14	462.1	Public Fire Protection	1	1	73	\$ 236.00
15	462.2	Private Fire Protection	8	8	1,119	\$ 2,786.00
16		<b>TOTAL FIRE PROTECTION</b> (add lines 14, 15)	9	9	1,192	\$ 3,022.00
17		<b>Other Customers</b>				
18	464	Special Contracts to Public Authorities				
19	466	Sales for Resale				
20	467	Sales to Recreational Use				
21	468	Special Contracts - Other				
22		<b>TOTAL OTHER CUSTOMERS</b> (Add lines 18, 19, 20 & 21 above)	0	0	0	\$ -
23		<b>TOTALS (Add lines 12, 16 &amp; 22 above)</b>	166	169	33,151	\$ 205,283.00

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

AVERAGE MONTHLY BILL AND CONSUMPTION PER CUSTOMER			
1	<b>FLAT RATE CUSTOMERS</b>	<b>CUSTOMER AVERAGE MONTHLY CONSUMPTION (Annual consumption divided by number of customers divided by 12 months)</b>	<b>AVERAGE CUSTOMER MONTHLY BILL (Revenue/No. of customers/12)</b>
2	Residential Flat - Master Meter		Circle (or Bold) One: hcf or gals
3	<b>METERED CUSTOMERS</b>	<b>CUSTOMER AVERAGE MONTHLY CONSUMPTION (Annual consumption divided by number of customers divided by 12 months)</b>	<b>AVERAGE CUSTOMER MONTHLY BILL (Revenue/No. of customers/12)</b>
4	Metered Sales - Residential Customers	10	Circle (or Bold) One: hcf or gals \$ 59.50
5	Metered Sales - Commercial Customers	15	Circle (or Bold) One: hcf or gals \$ 88.22
6	Metered Sales - Industrial Customers	92	Circle (or Bold) One: hcf or gals \$ 702.13
7	Metered Sales - Public Authorities		Circle (or Bold) One: cf or gals
8	Metered Sales - Multiple Family Units		Circle (or Bold) One: cf or gals
9	Sales to Irrigation Customers		Circle (or Bold) One: cf or gals
10	Sales to Golf Courses - Irrigation		Circle (or Bold) One: cf or gals
11	Special Contracts to Public Authorities		Circle (or Bold) One: cf or gals
12	Sales for Resale		Circle (or Bold) One: cf or gals
13	Special Contracts - Recreational		Circle (or Bold) One: cf or gals
14	Special Contracts - Other		Circle (or Bold) One: cf or gals

SCHEDULE 2 - REVENUE OTHER THAN WATER SALES (IF ANY)			
15	470	Forfeited discounts	
16	471	Miscellaneous service revenues	\$ 1,168.00
17	472	Rents from water property	
18	473	Interdepartmental rents	
19	475	Cross Connection sales & services revenues	
20		Other	
21		<b>TOTAL OTHER REVENUE</b>	\$ 1,168.00

SCHEDULE 3 - TAXES - Federal, State & Utility Property			
22	TO WHOM PAID	KIND OF TAX	AMOUNT
23	FEDERAL GOVERNMENT	INCOME TAX	
24	STATE GOVERNMENT	INCOME TAX	
25	CITY	FRANCHISE FEE	
26	COUNTY	PROPERTY TAX	\$1,675.00
27	DEFERRED TAXES	DEFERRED TAX	
28	OTHER - SPECIFY		\$150.00
29		<b>TOTAL</b>	\$ 1,825.00

WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011

Pg. 5

SCHEDULE 4 – CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) OR DONATED							
#	CLASSES OF FIXED DONATED OR CIAC CAPITAL (Please specify)	BALANCE AT BEGINNING OF YEAR (1)	ADDITIONS DURING YEAR (2)	RETIRED DURING YEAR (3)	BALANCE AT END OF YEAR (4)	SERVICE LIFE (5)	ANNUAL DEPRECIATION EXPENSES (6)
1	Water Mains	\$ 625,538.00			\$ 625,538.00	50	\$ 12,511.00
2	Hydrants	\$ 11,939.00			\$ 11,939.00	50	\$ 239.00
3	Meters	\$ 21,791.00	\$ 350.00		\$ 22,141.00	25	\$ 843.00
4					\$ -		
5					\$ -		
6					\$ -		
7					\$ -		
8					\$ -		
9					\$ -		
10	TOTAL CIAC UTILITY PLANT (Total of Lines 1-9)	\$ 659,268.00	\$ 350.00	\$ -	\$ 659,618.00		\$ 13,593.00
11	Less CIAC Accumulated Depreciation	\$ 378,567.00			\$ 392,159.00		
12	NET CIAC UTILITY PLANT	\$ 280,701.00	\$ 350.00	\$ -	\$ 267,459.00		\$ 13,593.00

SCHEDULE 5 - CIAC DEPRECIATION RESERVE OR ACCUMULATED		
#	ITEMS	AMOUNT
13	ACCUMULATED CIAC DEPRECIATION BALANCE IN RESERVE AT BEGINNING OF YEAR (Schedule 4, line 11, Column 1)	\$ 378,567.00
14	ADD: CIAC DEPRECIATION EXPENSE ACCRUAL (Schedule 4, line 10, Column 6)	\$ 13,593.00
15	CIAC UTILITY PLANT SALVAGE	
16	CIAC OTHER (SPECIFY)	
17	MINUS BOOK COST OF CIAC UTILITY PLANT RETIRED	
18	COST OF REMOVING RETIRED CIAC PLANT	
19	OTHER (SPECIFY)	
20	ACCUMULATED DEPRECIATION CIAC BALANCE IN RESERVE AT END OF YEAR	\$ 392,160.00
EXPLANATION OF UNUSUAL CHANGES IN CIAC DEPRECIATION RESERVE:		

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

SCHEDULE 6 - UTILITY PLANT AND DEPRECIATION DETAILS							
	CLASSES OF FIXED CAPITAL	TOTAL UTILITY PLANT IN SERVICE (1)	ADDED DURING YEAR (2)	RETIRED DURING YEAR (3)	END OF YEAR BALANCE (4)	SERVICE LIFE (5)	ANNUAL DEPRECIATION EXPENSE (6)
1	INTANGIBLE CAPITAL				\$ -		
2	SOURCE OF SUPPLY LAND				\$ -		
3	WATER RIGHTS, EASEMENTS	\$ 170,780.00	\$ 168,952.00		\$ 339,732.00		
4	OTHER LAND						
5	WATER SUPPLY STRUCTURES (INC WELLS)				\$ -		
6	OTHER STRUCTURES				\$ -		
7	PUMPING EQUIP				\$ -		
8	PURIFICATION SYSTEM				\$ -		
9	RESERVOIRS & STANDPIPES				\$ -		
10	WATER MAINS & CANALS	\$ 121,784.00	\$ 350.00		\$ 122,134.00		\$ 2,435.00
11	SERVICES				\$ -		
12	CONSUMERS' METERS	\$ 9,137.00	\$ 224.00		\$ 9,361.00		\$ 365.00
13	HYDRANTS	\$ 3,857.00			\$ 3,857.00		\$ 77.00
14	TRANSPORTATION EQUIP						
15	OFFICE FURNITURE						
16	TOOLS & SHOP EQUIP						
17	ELECTRONIC EQUIP						
18	COMMUNICATION EQUIP						
19	GENERAL EQUIP				\$ -		
20	OTHER PLANT (SPECIFY)				\$ -		
21	UNDISTRIBUTED FIXED CAPITAL				\$ -		
22	PLANT ACQUISITION ADJUSTMENTS				\$ -		
23	<b>TOTAL PLANT IN SERVICE (Add Lines 1 - 23)</b>	\$ 305,558.00	\$ 169,526.00	\$ -	\$ 475,084.00		\$ 2,877.00
24	UTILITY PLANT LEASED TO OTHERS						
25	ALL OTHER UTILITY PLANT INCREASE ADJUSTMENTS						
26	<b>TOTAL PLANT (Add lines 23, 24, 25 above)</b>	\$ 305,558.00	\$ 169,526.00	\$ -	\$ 475,084.00		
<b>EXPLANATION OF UNUSUAL CHANGES IN UTILITY PLANT DURING THE YEAR:</b>							

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>SCHEDULE 7 - DEPRECIATION RESERVE OR ACCUMULATED DEPRECIATION</b>		
<b>#</b>	<b>ITEMS</b>	<b>AMOUNT</b>
1	ACCUMULATED BALANCE IN RESERVE AT BEGINNING OF YEAR	\$ 72,504.00
2	ADD : DEPRECIATION EXPENSE	\$ 2,877.00
3	AMORTIZATION EXPENSE	\$ 11,246.00
4	UTILITY PLANT SALVAGE	
5	OTHER (SPECIFY)	
6	MINUS: BOOK COST OF UTILITY PLANT RETIRED	
7	COST OF REMOVING RETIRED PLANT	
8	OTHER (SPECIFY)	
9	ACCUMULATED BALANCE IN RESERVE AT END OF YEAR	\$ 86,627.00
EXPLANATION OF UNUSUAL CHANGES IN DEPRECIATION RESERVE:		

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

DETAILED CALCULATION OF ACHIEVED RATE OF RETURN WORKSHEET				
Revenues				
	REVENUES AND EXPENSES (whole \$'s only)			AMOUNT (List each expense separately)
#	ACCT		SHOULD BE THE SAME AS OR EMBEDDED IN:	
		TOTAL WATER SALES ONLY REVENUE	Pg 3, Line 23	\$ 205,283.00
<b>WATER UTILITY EXPENSE DETAIL (separate costs by account)</b>				
1	601	Employee salaries and wages	Pg 10, Line 21	
2	603	Officer salaries & wages	Pg 10, Line 21	
3	604	Employee pension & benefit	Pg 10, Line 21	
4	610	Purchased water	Pg 10, Line 12	\$ 73,917.00
5	611	Telephone & communications	Pg 10, Line 22	\$ 1,588.00
6	615	Power purchased	Pg 10, Line 13	
7	616	Fuel for power production	Pg 10, Line 22	
8	617	Other Utilities (garbage, natural gas)	Pg 10, Line 22	
9	618/ 635	Chemicals/testing & contract test services	Pg 10, Line 14	\$ 1,691.00
10	619	Offices supplies (619.1 postage)	Pg 10, Line 15	\$ 1,054.00
11	620	Materials & supplies (operation & maint)	Pg 10, Line 16	\$ 458.00
12	621	Repairs of water plant	Pg 10, Line 17	\$ 229.00
13	631	Contract services – Engineering	Pg 10, Line 18	
14	632	Contract services – Accounting	Pg 10, Line 18	\$ 650.00
15	633	Contract services – Legal	Pg 10, Line 18	\$ 3,124.00
16	634	Contract services – Management	Pg 10, Line 18	\$ 86,313.00
17	636	Contract services – Labor	Pg 10, Line 18	\$ 15,875.00
18	637	Contract services – Billing/Collection	Pg 10, Line 18	
19	638	Contract services – Meter Reading	Pg 10, Line 18	\$ 720.00
20	639	Contract services – Other	Pg 10, Line 18	
21	641/ 642	Rental-building (real property) & equipment	Pg 10, Line 19	
22	643	Small tools	Pg 10, Line 22	\$ 80.00
23	648	Computer/electronic expense	Pg 10, Line 22	\$ 1,379.00
24	650/ 656	Transportation expenses & vehicle insurance	Pg 10, Line 20	
25	657	Insurance - general liability	Pg 10, Line 22	\$ 2,020.00
26	658	Insurance – worker's compensation	Pg 10, Line 22	
27	659	Insurance - other	Pg 10, Line 22	
28	660	Public relations/advertising expense	Pg 10, Line 22	
29	666	Amortization of rate case expense	Pg 10, Line 22	\$ 5,174.00
30	667	PUC Gross Revenue Fee	Pg 10, Line 22	\$ 537.00
31	668	Water resource conservation expense	Pg 10, Line 22	
32	670	Bad debt expense	Pg 10, Line 29	\$ 13.00
33	671.1	Cross connection control program expense	Pg 10, Line 22	
34	671.2	Cross connection testing & maint services	Pg 10, Line 22	
35	672	Other Utilities (garbage, natural gas)	Pg 10, Line 22	
36	673	Training & certification expense	Pg 10, Line 22	
37	674	Consumer confidence report expense	Pg 10, Line 22	\$ 250.00
38	675	Miscellaneous expense	Pg 10, Line 22	\$ 930.00
39	401	<b>TOTAL OPERATING EXPENSE</b>		\$ 196,002.00

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>CALCULATION OF ACHIEVED RATE OF RETURN WORKSHEET - CONTINUED</b>				
<b>OTHER DEDUCTIONS</b>				
40	403	Depreciation expense	Pg 10, Line 24	\$ 2,877.00
41	407	Amortization expense	Pg 10, Line 25	\$ 11,246.00
42	408	Taxes other than income expenses(1)	Pg 10, Line 26	\$ 1,825.00
43	409	Income Taxes (add state & federal taxes together)(1)	Pg 10, Line 27	\$ -
44	410	Provision for Deferred Income Taxes (add state & federal taxes together)(1)	Pg 10, Line 28	
45	411	Provision for Deferred Income Taxes - Credit (add state & federal taxes together)(1)	Pg 10, Line 28	
46		Total Deductions (pg 8, line 39 plus Lines 40 through 45)	Pg 10, Line 30	\$ 211,950.00
47		UTILITY OPERATING INCOME (Revenue pg 3, line 23, minus Deductions line 46 above)	Pg 11, Line 31	\$ (6,667.00)
<b>UTILITY PLANT</b>				
48	101	Utility plant in service (NO CIAC)	Schedule 6, Line 26 Column 4	\$ 475,084.00
49	108/ 110	Minus accumulated depreciation and/or amortization	Schedule 7, Line 9	\$ 86,627.00
50	252	Minus advances for construction	Pg 12, Line 26, Column 2	
51		<b>Subtotal</b>		\$ 388,457.00
52	105	Add construction work in progress (CWIP)(2)		
53	103	Add plant held for future use		
54	151	Add inventory - materials & supplies	Pg 12, Line 11, Column 2	\$ 443.00
55		<b>Subtotal</b>		\$ 443.00
56	114	Add acquisition adjustments (2)	Schedule 6, Line 23, Column 2	\$ -
57	115	Minus accumulated amortization of acquisition adj. (2)		
58	190	Minus accumulated deferred income tax		
59				
60		<b>TOTAL RATE BASE</b> (Utility plant in service +/- adjustments)		\$ 388,900.00
61	400	UTILITY OPERATING INCOME	Line 47 Above (should match Income Statement, Pg 10, line 30, Column 2)	\$ (6,667.00)
62		<b>ACHIEVED RATE OF RETURN (percentage)</b> (Line 47 divided by line 60)		-1.71%

(1) Estimated if not known. (2) Include only those acquisition adjustments that have been approved by the Commission

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>INCOME STATEMENT</b>			
#	OPERATING REVENUES	PREVIOUS YEAR (1)	YEAR REPORTED (2)
1	FLAT RATE (UNMETERED) RESIDENTIAL WATER REVENUE (ACCT 460, Pg 3, Line 1)		\$ -
2	FLAT RATE (UNMETERED) OTHER THAN RESIDENTIAL SALES (ACCT 460 Pg 3, Line 2)		\$ -
3	RESIDENTIAL ( METERED) WATER SALES (ACCT 461.1, Pg 3, Line 4)	\$ 71,481.00	\$ 69,262.00
4	COMMERCIAL/INDUSTRIAL (METERED) WATER SALES (ACCT 461.2 & 461.3, Pg 3, Lines 5 & 6)	\$ 134,925.00	\$ 132,999.00
5	METERED SALES TO PUBLIC AUTHORITIES (ACCT 461.4, Pg 3, Line 7)		\$ -
6	MULTIPLE FAMILY & COMMERCIAL UNITS (METERED) WATER SALES (ACCT 461.5 & 461.6, Pg 3, Lines 8 & 9)		\$ -
7	FIRE PROTECTION (PUBLIC & PRIVATE) (ACCT 462.1 & 462.2, Pg 3, Line 16)	\$ 3,068.00	\$ 3,022.00
8	IRRIGATION WATER SALES INC GOLF COURSES (ACCT 465.1 & 465.2, Pg 3, Lines 10 & 11)		\$ -
9	OTHER WATER SALES (ACCT's 464, 466, 467 & 468, Pg 3, Line 22, sales for resale, other public authorities, or other)		\$ -
10	<b>TOTAL OPERATING REVENUES (Add lines 1 - 9)</b>	<b>\$ 209,474.00</b>	<b>\$ 205,283.00</b>
<b>OPERATING EXPENSES AND DEDUCTIONS</b>			
12	PURCHASED WATER (ACCT 610, Pg 8, Line 4)	\$ 79,665.00	\$ 73,917.00
13	POWER EXPENSE (ACCT 615, Pg 8, Line 6)		\$ -
14	TREATMENT, PURIFICATION, TESTING EXPENSE (ACCTS 618 & 635, Pg 8, Line 9)	\$ 956.00	\$ 1,691.00
15	OFFICE EXPENSE, Including POSTAGE) (ACCT 619, Pg 8, Line 10)	\$ 955.00	\$ 1,054.00
16	O & M - MATERIAL & SUPPLIES EXPENSE (ACCT 620, Pg 8, Line 11)	\$ 192.00	\$ 458.00
17	REPAIRS TO PLANT (ACCT 621, Pg 8, Line 12)	\$ 5,889.00	\$ 229.00
18	CONTRACT SERVICES (Engineering, accounting, legal, management, labor, meter reading, billing/collection) (ACCTS 631- 634 & 636- 639, Pg 8, Lines 13 to 20)	\$ 111,476.00	\$ 106,682.00
19	RENTAL OF BUILDING OR EQUIPMENT (ACCTS 641 & 642, Pg 8, Line 21)		\$ -
20	TRANSPORTATION EXPENSES (ACCTS 650 & 656, Pg 8, Line 24)		\$ -
21	SALARIES, WAGES, & BENEFITS - EMPLOYEES & OFFICERS (ACCT 601, 603 & 604, Pg 8, Lines 1, 2 & 3)		\$ -
22	TOTAL - REMAINING EXPENSES (found on Pg. 8) Line/Acct #: Line 5( 611), 7(616), 8(617), 22(643), 23(648), 25(657), 26(658), 27(659), 28(660), 29(666), 30(667), 31(668), 33(671.1), 34(671.2), 35(672), 36(673), 37(674), 38(675)	\$ 10,846.00	\$ 11,958.00
23	<b>TOTAL OPERATING &amp; MAINTENANCE EXPENSE (Add lines 12-22)</b>	<b>\$ 209,979.00</b>	<b>\$ 195,989.00</b>
24	DEPRECIATION EXPENSE (ACCT 403, Pg 9, Line 40)	\$ 2,804.00	\$ 2,877.00
25	AMORTIZATION EXPENSE (ACCT 407, Pg 9, Line 41)	\$ 5,857.00	\$ 11,246.00
26	NON-INCOME TAXES (ACCT 408, Pg 9, Line 42)	\$ 1,721.00	\$ 1,825.00
27	INCOME TAXES (ACCT 409, Pg 9, Line 43)		\$ -
28	DEFERRED INCOME TAX (ACCT 410 & 411, Pg 9, Lines 44 & 45)		\$ -
29	UNCOLLECTIBLE OPERATING REVENUE (BAD DEBT EXP) (ACCT 670, pg 8, line 32)	\$ 104.00	\$ 13.00
30	<b>TOTAL REVENUE DEDUCTIONS (Should equal pg 9, line 46). Add lines 23-29 above</b>	<b>\$ 220,465.00</b>	<b>\$ 211,950.00</b>



**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

31	<b>OPERATING INCOME</b> (Should equal Pg 9, Line 47) Line 10 (Revenues) minus line 30 (Revenue Deductions) above	\$ (10,991.00)	\$ (6,667.00)
32	<b>INCOME OTHER THAN WATER SALES</b> (TOTAL OTHER REVENUE, Pg 4, Line 21)	\$ 1,267.00	\$ 1,168.00
33	<b>INTEREST CHARGES PAID</b> (ACCT 427)	\$ 6,163.00	\$ 9,042.00
34	<b>ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION</b>		
35	<b>OTHER INCOME DEDUCTIONS</b>		
36	<b>NET INCOME</b> Add Lines 31 & 32 minus Lines 33 - 35 above	\$ (15,887.00)	\$ (14,541.00)

<b>STATEMENT OF RETAINED EARNINGS</b>			
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.			
1	ACCT NO	ACCOUNT NAME	AMOUNT
2	215	UNAPPROPRIATED RETAINED EARNINGS (Balance at the beginning of year)	\$ (40,047.00)
3		CREDITS:	
4		DEBITS:	
5	435	BALANCE TRANSFER FROM INCOME (Net Income)	\$ (14,541.00)
6	436	APPROPRIATIONS OF RETAINED EARNINGS	
7		<b>SUBTOTAL (Add lines 2, 3 &amp; 5 Subtract lines 4 &amp; 6)</b>	\$ (54,588.00)
8		DIVIDENDS DECLARED:	
9	437	PREFERRED STOCK DIVIDENDS DECLARED	
10	438	COMMON STOCK DIVIDENDS DECLARED	
11	439	CHANGES TO ACCOUNT: ADJUSTMENTS TO RETAINED EARNINGS	
12		<b>TOTAL DIVIDENDS DECLARED (Add lines 8-11)</b>	\$
13		<b>BALANCE AT END OF YEAR (Line 7 minus Line 12)</b>	\$ (54,588.00)

<b>APPROPRIATED RETAINED EARNINGS</b>			AMOUNT
14	214	STATE BALANCE & PURPOSE OF EACH APPROPRIATED AMOUNT AT YEAR END	
15			
16			
18			
19			
21			
22		<b>TOTAL APPROPRIATED RETAINED EARNINGS</b>	\$

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

<b>BALANCE SHEET</b>			
#	ASSETS & OTHER DEBITS	BALANCE AT BEGINNING OF YEAR (Col 1)	BALANCE AT END OF YEAR (Col 2)
1	UTILITY PLANT (SCHEDULE 6, LINE 26, COLUMNS 1 & 4)	\$ 305,558.00	\$ 475,084.00
2	ACCUM DEPRECIATION & AMORTIZATION OF UTILITY PLANT (SCHEDULE 7, LINES 1 & 9)	\$ (72,504.00)	\$ (86,627.00)
3	DONATED/CONTRIBUTED (CIAC) UTILITY PLANT (SCHEDULE 4, LINE 12, COLUMNS 1 & 4)	\$ 659,268.00	\$ 659,618.00
4	ACCUMULATED DEPRECIATION AND AMORTIZATION OF DONATED OR CONTRIBUTED (CIAC) UTILITY PLANT (SCHEDULE 5, Lines 13 & 20)	\$ (378,568.00)	\$ (392,160.00)
5	NONUTILITY PROPERTY (ACCT 121)		
6	INVESTMENT IN ASSOCIATED COMPANIES (ACCT 123)		
7	UTILITY INVESTMENTS NONASSOCIATED COMPANIES USED IN WTR SERV (ACCT 124)		
8	OTHER INVESTMENTS NONASSOCIATED COMPANIES (ACCT 125)		
9	CASH (ACCT 131)	\$ 9,022.00	\$ 12,236.00
10	ACCOUNTS & NOTES RECEIVABLE (ACCTS 141 & 144)	\$ 17,996.00	\$ 14,160.00
11	MATERIALS & SUPPLIES INVENTORY (ACCT 151, Pg 5, Line 57)	\$ 520.00	\$ 443.00
12	CURRENT & ACCRUED ASSETS & PREPAYMENTS (ACCTS 131-135, 145-146, & 162-174)	\$ 1,010.00	\$ 1,010.00
13	DEFERRED DEBITS INC. ACCUMULATED DEFERRED INCOME TAXES (ACCTS 181 - 190)	\$ 18,803.00	\$ 13,629.00
14	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 561,105.00</b>	<b>\$ 697,393.00</b>
15	<b>LIABILITIES AND OTHER CREDITS</b>		
16	CAPITAL STOCK (ACCTS 201 & 204)	\$ 51,712.00	\$ 51,712.00
17	OTHER PAID-IN CAPITAL (ACCT 211)		
18	DISCOUNT & EXPENSE ON CAPITAL STOCK (ACCTS 212 & 213)		
19	RETAINED EARNINGS (ACCT 214)	\$ (37,389.00)	\$ (51,581.00)
20	PROPRIETARY CAPITAL (ACCT 218)		
21	LONG-TERM DEBT (ACCT 224)		
22	CUSTOMER DEPOSITS (ACCT 235)	\$ 2,036.00	\$ 2,039.00
23	ACCOUNTS & NOTES PAYABLE (ACCTS 231 & 232)	\$ 259,564.00	\$ 422,417.00
24	OTHER CURRENT & ACCRUED LIABILITIES (ACCTS 233-234, 236-238 & 241)	\$ 3,081.00	\$ 3,947.00
25	OTHER DEFERRED CREDITS INCLUDING DEFERRED TAXES (ACCT 253 & 410)	\$ 1,400.00	\$ 1,400.00
26	ADVANCES FOR CONSTRUCTION (ACCT 252 TO BE PAID BACK IN PART OR IN FULL)		
27	ACCUMULATED CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) (ACCT 271)	\$ 280,701.00	\$ 267,459.00
28	ACCUMULATED DEFERRED INCOME TAXES (ACCT 280)		
29	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>\$ 561,105.00</b>	<b>\$ 697,393.00</b>

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

SERVICE & PUMPING DATA			
#	SOURCE/PUMP	# IN SERVICE AT YEAR END	COMMENTS
1	NUMBER OF WELLS		
2	NUMBER OF SPRINGS		
3	NUMBER OF SURFACE SOURCES		
4	PURCHASES		
5	OTHER SOURCES		
6	EMERGENCY SOURCES		
7	NUMBER OF PUMPS IN SERVICE		
8	TOTAL PUMPING CAPACITY (GPM)		
9	PURIFICATION? YES _____ NO _____ IF YES, WHAT TYPE?		

SERVICE CONNECTIONS							
#	CLASSIFICATION	NO. OF CONNECTIONS AT BEGINNING OF REPORTING YEAR		NO. OF NEW CONNECTIONS AT THE END OF REPORTING YEAR		NUMBER OF INACTIVE CONNECTIONS AT THE END OF THE REPORTING YEAR	
		Metered	Flat	Metered	Flat	Metered	Flat
1	RESIDENTIAL	100				3	
2	COMMERCIAL	55		1		4	
3	INDUSTRIAL	9					
4	IRRIGATION						
5	MULTI-FAMILY						
6	FIRE PROTECTION (HYDRANTS)	47					
7	OTHER - SPECIFY						
8							
9							
10	<b>TOTAL</b>	211	0	1	0	7	0

**WILLAMETTE WATER COMPANY**  
**FOR THE YEAR ENDING DECEMBER 31, 2011**

STORAGE FACILITIES			
#	TYPE & DESCRIPTION	HOW MANY	COMBINED CAPACITY IN GALLONS
1	RESERVOIRS/TANKS		
2	CONCRETE		
3	EARTH		
4	STEEL		
5	WOOD		
6	PRESSURE TANKS		
7	OTHER		
8	<b>TOTAL CAPACITY IN GALLONS</b>		0

TRANSMISSION AND DISTRIBUTION PIPE (do not include customer service pipes)								
#	DESCRIPTION	3/4 TO 1 INCH LINEAR FEET	1 1/4 TO 1 1/2 INCH LINEAR FEET	2 TO 2 1/2 INCHES LINEAR FEET	3 TO 3 1/2 INCHES LINEAR FEET	4 INCHES LINEAR FEET	OTHER SIZES (SPECIFY)	TOTAL LINEAR FEET
1	CAST IRON							0
2	WELDED STEEL							0
3	STANDARD SCREW							0
4	DUCTILE IRON PIPE 6"						7,820	7,820
5	DUCTILE IRON PIPE 8"						7,560	7,560
6	DUCTILE IRON PIPE 10"						8,881	8,881
7	DUCTILE IRON PIPE 12"						4,995	4,995
8	DUCTILE IRON PIPE 16"						8,196	8,196
9	DUCTILE IRON PIPE 20"						2,205	2,205
10	PRESSURE RANGE: MAXIMUM <u>90</u> PSI MINIMUM <u>22</u> PSI							
EXPLANATION OF UNUSUAL CHANGES IN DEPRECIATION RESERVE:								

**WILLAMETTE WATER COMPANY  
FOR THE YEAR ENDING DECEMBER 31, 2011**

**Pg. 15**

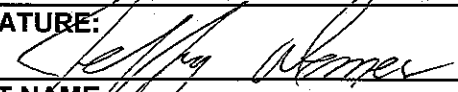
**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR  
FEDERAL INCOME TAXES**

**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 (1)	REFERENCE (2)	AMOUNT (3)
Net Income for the year		\$ (14,541.00)
Reconciling items for the year		
Taxable income not reported on books:		
Deductions recorded on books not deducted for return:		\$ 1,236.19
Income recorded on books not included in return:		
Deduction on return not charged against book income:		
Federal tax net income:		\$ (13,305.00)
Computation of tax:		

**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: Secretary
PRINT NAME: JEFFREY DEMERS	DATE 4-1-12
FULL NAME OF REPORTING UTILITY Willamette Water Company Inc	TELEPHONE NUMBER 541 935 1050