



e-FILING REPORT COVER SHEET

COMPANY NAME: Avion Water Company, Inc.

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type: RE (Electric) RG (Gas) RW (Water) RT (Telecommunications)
 RO (Other, for example, industry safety information)

Did you previously file a similar report? No Yes, report docket number:

Report is required by: OAR
 Statute 757.125 and 757.135
 Order
Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)
 Other
(For example, federal regulations, or requested by Staff)

Is this report associated with a specific docket/case? No Yes, docket number:

List Key Words for this report. We use these to improve search results.

Send the completed Cover Sheet and the Report in an email addressed to PUC.FilingCenter@state.or.us

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.



ANNUAL RESULTS OF OPERATIONS REPORT

COMPANY SIZE (based on Annual Revenue)

Class A Water Utility
(Annual Gross Revenue of \$1,000,000 or more)

FOR THE CALENDAR YEAR

2019

COMPANY NAME

Avion Water Company, Inc.

OREGON PUBLIC UTILITY COMMISSION
PO BOX 1088
SALEM OR 97308-1088

INSTRUCTIONS

Avion Water Company, Inc.

The Annual Results of Operations Report, required by the Public Utility Commission (PUC or Commission) under the authority of the Oregon 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 electronically with the PUC on or before April 1st of the year following that for which the report is made. Attach the completed report **in Excel ONLY with formulae intact** 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.
- Special or unusual entries and all discrepancies must be fully explained. Describe fully any unusual entries and discrepancies in a narrative explanation in the tab titled "Notes."
- 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.
- All schedules that call for the balance at the beginning of the year should reflect the same end of year balance **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.

**FOR QUESTIONS CONTACT RUSS BEITZEL AT 503-378-6628 OR EMAIL AT
RUSSELL.BEITZEL@STATE.OR.US**

OATH

Avion Water Company, Inc.

Complete Address of Reporting Utility

Line 1:	60813 Parrell Road
Line 2:	
City:	Bend
State:	OR
Zip:	97702
phone:	541-382-5342
email:	rick@avionwater.com
fax:	541-382-5390
website:	www.avionwater.com

Name and title of person responsible for report

Name:	Richard C. Bailey
Title:	Secretary-Treasurer
Phone:	541-382-5342
Email:	rick@avionwater.com

Oath & Signature

THIS REPORT, INCLUDING ANY ACCOMPANYING SCHEDULES AND STATEMENTS, HAS BEEN EXAMINED BY ME, AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IS TRUE, CORRECT AND COMPLETE.

<input checked="" type="checkbox"/> By clicking this box I affirm the above statement.
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INFORMATION

Avion Water Company, Inc.

Provide the following information for the contact person regarding this report

Name:	Richard C. Bailey
Address:	60813 Parrell Road, Bend, OR 97702
Phone:	541-382-5342
Email:	rick@avionwater.com

Provide the following information for where the utility's books and records are located

Name:	Richard C. Bailey
Address:	60813 Parrell Road, Bend, OR 97702
Phone:	541-382-5342
Email:	rick@avionwater.com

Provide the following information of any audit group reviewing records and/or operations

Name:	Price/Fronk & Co.
Address:	2796 NW Clearwater Drive, Bend OR 97703
Phone:	541-382-4791
Email:	price@bendcpa.com

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

1/1/1976

Provide the following information for all utility officers and directors

Name	Title	Phone #	Email
Jason J. Wick	President/Director	541-382-5342	jason@avionwater.com
Jan M. Wick	Exec. Vice President/Director	541-382-5342	jan@avionwater.com
Richard C. Bailey	Secretary-Treasurer/Director	541-382-5342	rick@avionwater.com
Christine M. Wick	Director	541-382-5342	
David L. Nelson	Director	503-704-5543	
Jordan D. Wick	Director	503-639-0300	

Provide the following information for legal counsel, accountants, and others not on utility's general payroll

Name	Title	Phone #	Email
Kyle D. Wuepper	Attorney	541-617-1309	kwuepper@brixlaw.com
Wesley B. Price III	CPA	541-382-4791	price@bendcpa.com

ORGANIZATION

Avion Water Company, Inc.

Select business type
Private/Investor Owned

Select ownership type
Corporation

Select accounting method
Accrual

INSTRUCTIONS: IF THE UTILITY IS A SOLE PROPRIETORSHIP OR PARTNERSHIP, COMPLETE PART A AND PROVIDE THE NAMES AND ADDRESSES OF ALL PERSONS HAVING ANY INTEREST OR EQUITY IN THE UTILITY AND THE AMOUNT OF SUCH EQUITY. IF THE UTILITY IS A CORPORATION, COMPLETE PARTS B AND C, AND PROVIDE 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	
	% interest or equity	
	Principal duty (if employed by company)	
2	Name of owner or partner	
	Address	
	% interest or equity	
	Principal duty (if employed by company)	
3	Name of owner or partner	
	Address	
	% interest or equity	
	Principal duty (if employed by company)	
4	Name of owner or partner	
	Address	
	% interest or equity	
	Principal duty (if employed by company)	

Part B: Corporation

1	Name of stockholder/director/officer	Jan M. Wick
	Title	Stockholder/Director/ Exec. Vice President
	Address	60813 Parrell Road, Bend OR 97702
	# shares owned	16,155.00
2	Name of stockholder/director/officer	Christine M. Wick
	Title	Director
	Address	60813 Parrell Road, Bend OR 97702
	# shares owned	16,495.00
3	Name of stockholder/director/officer	David L. Nelson
	Title	Stockholder/Director
	Address	365 SE Gabbert Rd, Gresham, OR 97080
	# shares owned	4,150.00
4	Name of stockholder/director/officer	Jordan D. Wick
	Title	Stockholder/Director
	Address	5335 Meadows Road, Suite 370, Lake Oswego, OR 97035
	# shares owned	23,500.00

Part C: Corporation - Shares Outstanding

	Common Stock	Preferred Stock
# shares authorized	100000	
# shares issued at year end	91650	
Par or stated value per share:	\$ 0.4767	
Dividends declared per share during the year:	\$ (5)	

Part B: Corporations - Continued

5	Name of stockholder/director/officer		Jason J. Wick
	Title	Stockholder/Director/President	
	Address	60813 Parrell Road, Bend, OR 97702	
	# of shares owned	27,750	
6	Name of stockholder/director/officer		Leah E. Wick
	Title	Stockholder	
	Address	5335 Meadows Road, Suite 370, Lake Oswego, OR 97035	
	# of shares owned	1,200	
7	Name of stockholder/director/officer		Adam D. Wick
	Title	Stockholder	
	Address	5335 Meadows Road, Suite 370, Lake Oswego, OR 97035	
	# of shares owned	1,200	
8	Name of stockholder/director/officer		Joseph J. Wick
	Title	Stockholder	
	Address	60813 Parrell Road, Bend, OR 97702	
	# of shares owned	1,200	
9	Name of stockholder/director/officer		Richard C. Bailey
	Title	Director/Secretary-Treasurer	
	Address	60813 Parrell Road, Bend, OR 97702	
	# of shares owned	-	

REVENUES

Avion Water Company, Inc.

gal or cf

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Consumption and Revenue

	Act #	# customers at year beginning	# customers at year end	Total Quantity water sold	revenues
Unmetered (flat rate) water sales	460				
Metered sales to RESIDENTIAL customers	461.1	13,415	13,648	263,452,045	\$ 7,035,725
Metered sales to COMMERCIAL customers	461.2	306	337	65,070,117	\$ 960,672
Metered sales to INDUSTRIAL customers	461.3				
Other metered sales to public authorities	461.4				
Metered sales to multiple family dwellings	461.5				
Public fire protection revenue	462.1				\$ 31,777
Private fire protection revenue	462.2				
Other Sales to public authorities	464				
Sales to irrigation customers	465	789	781		\$ 464,950
Sales for resale	466				\$ 30,621
Water Sales to golf course/recreation revenue	467				
Special contract/agreement revenue	468				
TOTAL		14,510	14,766	328,522,162	\$ 8,523,744

Revenue other than water sales

	Act #	revenues
Forfeited discounts	470	
Miscellaneous service revenues	471	\$ 144,791
Rents from water property	472	
Interdepartmental rents	473	
Other	474	\$ 869,149
Cross Connection sales & services revenues	475	\$ 245,463
Total		\$ 1,259,404

Total Operating Revenue

\$ 9,783,148

Average Monthly Consumption and Bill

	Act #	Average Monthly Consumption per customer	Average Monthly Revenue per customer
Unmetered (flat rate) water sales	460		
Metered sales to RESIDENTIAL customers	461.1	1622.461448	43.32929984
Metered sales to COMMERCIAL customers	461.2	16866.28227	249.0076931
Metered sales to INDUSTRIAL customers	461.3		
Other metered sales to public authorities	461.4		
Metered sales to multiple family dwellings	461.5		
Public fire protection revenue	462.1		
Private fire protection revenue	462.2		
Other Sales to public authorities	464		
Sales to irrigation customers	465		49.35769639
Sales for resale	466		
Water Sales to golf course/recreation revenue	467		
Special contract/agreement revenue	468		

TAXES AND PROPERTY SALES

Act # TAXES OTHER THAN INCOME TAX

408.11	Property Tax	\$	316,543
408.12	Payroll Tax	\$	194,272
408.13	Other Tax Other Than Income Tax	\$	208,800
408.2	Nonutility Taxes Other Than Income Tax		
		TOTAL	\$ 719,615

Act # INCOME TAXES

409.1	Federal Income Tax	\$	608,393
409.11	State Income Tax	\$	228,036
409.13	Other Income Tax		
409.2	Nonutility Income Tax		
		TOTAL	\$ 836,429

Act # DEFERRED AND PROVISION FOR DEFERRED INCOME TAXES

410.1	Deferred Federal Income Taxes – Utility Operations	\$	2,277,382
410.11	Deferred State Income Taxes – Utility Operations	\$	573,172
410.2	Provision for Deferred Income Taxes – Other Income and Deductions		
411.1	Provision for Deferred Income Taxes – Credit – Utility Operations		
411.2	Provision for Deferred Income Taxes – Credit – Other income & Deductions		
		TOTAL	\$ 2,850,554

GAINS AND LOSSES FROM UTILITY PROPERTY SALE - ACCOUNT 414 (enter losses as negative amounts)

Description	Amount
Well abandonment	\$ (19,103)
Replaced meters	\$ (1,992)
Office equipment	\$ (3,786)
Transportation Equipment	\$ 8,027
Tools, Shop and Garage equipment	\$ (1,052)
Pumps & generator	\$ (331)
Computers and miscellaneous equipment	\$ (4,622)
Total	\$ (22,859)

EXPENSES

Act #		Expense amount
601	Salaries and Wages - employees	\$ 1,868,546
603	Salaries and Wages – officers, directors, and majority stockholders	\$ 510,353
604	Employee Pensions & Benefits	\$ 906,384
610	Purchased Water	\$ 227,065
611	Telephone/Communications	\$ 81,669
615	Purchased Power	\$ 913,946
616	Fuel for Power Production	\$ -
617	Utilities - Other (garbage, natural gas)	\$ 10,981
618	Chemicals & testing	\$ -
619	Office Supplies (excluding postage)	\$ 9,391
619.1	Postage	\$ 3,771
620	Materials & Supplies (O&M)	\$ 254,031
621	Repairs of Water Plant	\$ 335,049
631	Contractual Services - engineering	\$ -
632	Contractual Services - accounting	\$ 15,436
633	Contractual Services - legal	\$ 27,580
634	Contractual Services - management	\$ -
635	Contractual Services – testing / sampling	\$ 50,903
636	Contractual Services – labor	\$ 1,419
637	Contractual Services - billing/collections	\$ 109,855
638	Contractual Services - meter reading	\$ 130,918
639	Contractual Services - other	\$ 61,968
641	Rental of Building / Real Property	\$ 26,406
642	Rental of Equipment	\$ 30,559
643	Small Tools	\$ 14,084
648	Computer and electronic Expenses	\$ 52,833
650	Transportation Expenses	\$ 288,767
656	Insurance - Vehicle	\$ 19,214
657	Insurance – General Liability	\$ 45,019
658	Insurance – Workman’s Compensation	\$ 35,336
659	Insurance – Other	\$ 11,450
660	Public Relation / Advertising Expense	\$ 1,176
666	Amortization of Rate Case Expense	\$ -
667	Regulatory Commission Fee (Gross Rev Fee)	\$ 28,640
668	Conservation Expense	\$ 19,210
670	Bad Debt Expense	\$ 25,465
671.1	Cross Connection Control Program Expense	\$ -
671.2	Cross Connection Testing & Maintenance Services	\$ -
673	Training & Certification Expense	\$ 25,472
674	Consumer Confidence Report	\$ 1,350
675	Miscellaneous Expense	\$ 240,670
	TOTAL	\$ 6,384,916

PLANT

Avion Water Company, Inc.

NOTE: Do **NOT** include any donated capital or contributions in aid of construction (CIAC) on this page.

Act #		Beg Year Balance	Added during year	Retired during year	Adjustments	End of year balance
301	Organization	\$ 211	\$ -	\$ -	\$ -	\$ 211
302	Franchises	\$ -				\$ -
303	Land & land rights	\$ 2,224,870	\$ 55,383			\$ 2,280,253
304	Structures & improvements	\$ 1,665,750	\$ 11,704			\$ 1,677,454
305	Collecting & impounding reservoirs	\$ 4,769				\$ 4,769
306	Lake, river & other intakes	\$ 34,925				\$ 34,925
307	Wells & springs	\$ 2,098,239	\$ 148,726	\$ 15,000		\$ 2,231,965
308	Infiltration galleries & tunnels	\$ 106				\$ 106
309	Supply mains	\$ 433,707				\$ 433,707
310	Power generation equipment	\$ 1,203				\$ 1,203
311	Pumping equipment	\$ 1,628,430				\$ 1,628,430
320	Water treatment equipment	\$ 21,100				\$ 21,100
330	Distribution reservoirs & standpipes	\$ 3,669,297				\$ 3,669,297
331	Transmission & distribution mains	\$ 39,038,471	\$ 3,066,403			\$ 42,104,874
333	Services	\$ 1,337,992	\$ 628			\$ 1,338,620
334	Meters & meter installations	\$ 1,516,719	\$ 140,996	\$ 12,241		\$ 1,645,474
335	Hydrants	\$ 169,620				\$ 169,620
336	Backflow prevention devices (utility owned)	\$ 304,534	\$ 31,882			\$ 336,416
339	Other plant & miscellaneous equipment	\$ 210,713				\$ 210,713
340	Office furniture & equipment	\$ 163,808	\$ 2,004	\$ 40,327		\$ 125,485
341	Transportation equipment	\$ 733,941	\$ 12,080	\$ 80,260		\$ 665,762
343	Tools, shop & garage equipment	\$ 145,857	\$ 2,943	\$ 34,923	\$ 2,190	\$ 116,067
344	Laboratory equipment	\$ 2,190			\$ (2,190)	\$ -
345	Power operated equipment	\$ 173,354		\$ 3,162		\$ 170,192
346	Communication equipment	\$ 166,020	\$ 8,693			\$ 174,713
347	Electronic & computer equipment	\$ 320,824	\$ 14,296	\$ 50,931		\$ 284,190
348	Miscellaneous equipment	\$ 17,431		\$ 3,269		\$ 14,162
	TOTAL	\$ 56,084,081	\$ 3,495,739	\$ 240,112	\$ -	\$ 59,339,708

Explanation of unusual changes in utility plant during the year:

The Laboratory equipment should have been classified as Tools, shop & garage equipment. That mis-classification is corrected in 2019.

CIAC AND ADVANCES

NOTE: Include ALL donated capital or contributions in aid of construction (CIAC) on this page.

Advances for Construction

Beg of year balance	
Additions during year	
Subtractions during year	
End of year balance	\$ -

Contributions in Aid of Construction

Beg of year balance	\$ 26,433,120
Added during the year:	
Capacity charge	\$ 184,935
Main line extension charges	
Customer connection charges	
Developer's property	\$ 1,437,056
Other	
Retired during the year	\$ (2,048)
End of year balance	\$ 28,053,064

Accumulated Amortization of CIAC

Beg of year balance	\$ 7,418,263
Add CIAC amortized during year	\$ 603,403
Subtract effects of CIAC disposals	\$ (2,048)
+/- other adjustments*	
Change in Accumulated Amortization during the year	\$ 601,356
End of year balance	\$ 8,019,619

* Explain any adjustments:

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DEPRECIATION

Avion Water Company, Inc.

NOTE: Do **NOT** include any contributions in aid of construction (CIAC) on this page.

<u>Act #</u>		<u>annual depreciation expense</u>	<u>acc dep balance beg of year</u>	<u>accruals booked to acc dep</u>	<u>plant retired charged to acc dep</u>	<u>Adjustments*</u>	<u>acc dep balance end of year</u>
301	Organization						
302	Franchises						
303	Land & land rights						
304	Structures & improvements	\$ 37,936	\$ 693,282	\$ 37,936			\$ 731,218
305	Collecting & impounding reservoirs	\$ 104	\$ 3,409	\$ 104			\$ 3,513
306	Lake, river & other intakes	\$ 711	\$ 21,038	\$ 711			\$ 21,749
307	Wells & springs	\$ 73,600	\$ 687,640	\$ 73,600	\$ 2,617		\$ 758,624
308	Infiltration galleries & tunnels	\$ 2	\$ 90	\$ 2			\$ 92
309	Supply mains	\$ 8,673	\$ 42,311	\$ 8,673			\$ 50,984
310	Power generation equipment	\$ 22	\$ 1,050	\$ 22			\$ 1,072
311	Pumping equipment	\$ 34,425	\$ 1,361,859	\$ 34,425			\$ 1,396,284
320	Water treatment equipment	\$ 1,055	\$ 6,062	\$ 1,055			\$ 7,117
330	Distribution reservoirs & standpipes	\$ 99,949	\$ 1,600,886	\$ 99,949			\$ 1,700,835
331	Transmission & distribution mains	\$ 807,540	\$ 11,238,508	\$ 807,540			\$ 12,046,048
333	Services	\$ 32,577	\$ 710,963	\$ 32,577			\$ 743,540
334	Meters & meter installations	\$ 70,641	\$ 606,821	\$ 70,641	\$ 10,250		\$ 667,213
335	Hydrants	\$ 3,478	\$ 74,766	\$ 3,478			\$ 78,244
336	Backflow prevention devices (utility owned)	\$ 21,365	\$ 118,943	\$ 21,365			\$ 140,308
339	Other plant & miscellaneous equipment	\$ 5,297	\$ 126,631	\$ 5,297			\$ 131,928
340	Office furniture & equipment	\$ 1,355	\$ 146,140	\$ 1,355	\$ 36,541		\$ 110,954
341	Transportation equipment	\$ 64,250	\$ 494,791	\$ 64,250	\$ 79,832		\$ 479,209
343	Tools, shop & garage equipment	\$ 4,637	\$ 98,853	\$ 4,637	\$ 33,871		\$ 69,619
344	Laboratory equipment	\$ -	\$ 6,830	\$ -		\$ (6,830)	\$ -
345	Power operated equipment	\$ 6,795	\$ 130,721	\$ 6,795	\$ 2,831	\$ (913)	\$ 133,772
346	Communication equip	\$ 8,127	\$ 126,456	\$ 8,127		\$ (19,101)	\$ 115,482
347	Electronic & computer Equipment	\$ 31,830	\$ 185,943	\$ 31,830	\$ 46,526	\$ 25,545	\$ 196,792
348	Miscellaneous Equipment	\$ 1,056	\$ 12,992	\$ 1,056	\$ 3,052	\$ 1,300	\$ 12,296
	TOTAL	\$ 1,315,427	\$ 18,496,985	\$ 1,315,427	\$ 215,518	\$ -	\$ 19,596,894

*Explanation of any adjustments made:

2018 depreciation expense was posted one line to high for Power operated equipment, Communication equipment, Electronic & Computer Equipment and Miscellaneous equipment. The adjustment

RETAINED EARNINGS

Avion Water Company, Inc.

215	Unappropriated Retained Earnings (beginning of year balance)	\$	12,062,763
435	Balance transferred from income	\$	(2,075,380)
436	Appropriations of Retained Earnings	\$	-
437	Preferred Stock dividends declared	\$	-
438	Common Stock dividends declared	\$	(420,000)
439	Adjustments to Retained Earnings*	\$	(313,325)
215	Unappropriated Retained Earnings (as of year end)	\$	9,254,058

* Explanation of any adjustments made to Retained Earnings

2019 stock redemptions

OTHER ACCOUNTS

Avion Water Company, Inc.

For account information not already entered, please enter amounts below, if applicable.

Category Act # Act Name

ASSETS AND OTHER DEBITS (101-190)

Utility Plant

101	Utility Plant in Service	\$	59,339,708
102	Utility Plant Leased to Others		
103	Property Held for Future Use	\$	177,359
104	Utility Plant Purchased or Sold		
105	Construction Work in Progress - Commission Approved	\$	833,080
108	Accumulated Depreciation of Utility Plant in Service	\$	19,596,894
110	Accumulated Amortization of Utility Plant in Service		
114	Utility Plant Acquisition Adjustments	\$	99,090
115	Accumulated Amortization of Utility Plant Acquisition Adjustments		

Other Property & Investments

121	Nonutility Property		
122	Accumulated Depreciation and Amortization of Nonutility Property		
123	Investment in Associated Companies		
124	Utility Investments		
125	Other Investments		
127	Other Special Funds		

Current & Accrued Assets

131	Cash	\$	753,802
132	Special Deposits		
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	\$	295,605
142	Other Accounts Receivable	\$	10,523
143	Allowance for Uncollectible Accounts (Enter positive)	\$	17,496
144	Notes Receivable	\$	1,582
145	Accounts Receivable from Associated Companies		
146	Notes Receivable from Associated Companies		
151	Plant Materials and Supplies	\$	302,209
162	Prepayments	\$	286,121
171	Accrued Interest Receivable		
174	Miscellaneous Current and Accrued Assets		

Deferred Debits

181	Unamortized Debt Discount and Expense		
182	Extraordinary Property Losses		
186	Miscellaneous Deferred Debits	\$	41,630
190	Accumulated Deferred Income Taxes		

EQUITY, LIABILITIES, AND OTHER CREDITS (201-283)

Equity

201	Common Stock Issued	\$	43,690
204	Preferred Stock Issued	\$	-
207	Premium on Capital Stock	\$	175,665
211	Paid in Capital		
212	Discount on Capital Stock		
213	Capital Stock Expense		
214	Appropriated Retained Earnings		
215	Unappropriated Retained Earnings	\$	9,254,058
216	Reacquired Capital Stock	\$	75,000
218	Proprietary Capital		

Long Term Debt

221	Bonds		
223	Advances from Associated Companies		
224	Other Long-Term Debt	\$	9,155,220

Current and Accrued Liabilities

231	Accounts Payable	\$	170,674
232	Notes Payable		
233	Accounts Payable to Associated Companies		
234	Notes Payable to Associated Companies		
235	Customer Deposits	\$	1,500
236	Accrued Taxes	\$	77,928
237	Accrued Interest	\$	20,604
238	Accrued Dividends		
239	Matured Long-Term Debt		
240	Matured Interest		
241	Miscellaneous Current and Accrued Liabilities	\$	528,993

Deferred Credits

251	Unamortized Premium on Debt		
252	Advances for Construction	\$	-
253	Other Deferred Credits		

Operating Reserves

261	Property Insurance Reserve		
262	Injuries and Damages Reserve		
263	Pensions and Benefits Reserve		
265	Miscellaneous Operating Reserves		

Contributions in Aid of Construction

271	Contributions in Aid of Construction	\$	28,053,064
272	Accumulated Amortization of CIAC	\$	8,019,619

Accumulated Deferred Income Taxes

281	Accumulated Deferred Income Taxes - Accelerated Depreciation		
282	Accumulated Deferred Income Taxes - Liberalized Depreciation	\$	3,099,541
283	Accumulated Deferred Income Taxes - Other		

WATER UTILITY PLANT ACCOUNTS (301-348)

301	Organization	\$	211
302	Franchises	\$	-
303	Land and Land Rights	\$	2,280,253
304	Structures and Improvements	\$	1,677,454
305	Collecting and Impounding Reservoirs	\$	4,769
306	Lakes, River and Other Intakes	\$	34,925
307	Wells and Springs	\$	2,231,965
308	Infiltration Galleries and Tunnels	\$	106
309	Supply Mains	\$	433,707
310	Power Generation Equipment	\$	1,203
311	Pumping Equipment	\$	1,628,430
320	Water Treatment Equipment	\$	21,100
330	Distribution Reservoirs and Standpipes	\$	3,669,297
331	Transmission and Distribution Mains	\$	42,104,874
333	Services	\$	1,338,620
334	Meters and Meter Installations	\$	1,645,474
335	Hydrants	\$	169,620
336	Backflow Prevention Devices	\$	336,416
339	Other Plant and Miscellaneous Equipment	\$	210,713
340	Office Furniture and Equipment	\$	125,485
341	Transportation Equipment	\$	665,762
343	Tools, Shop and Garage Equipment	\$	116,067
344	Laboratory Equipment	\$	-

345	Power Operated Equipment	\$	170,192
346	Communication Equipment	\$	174,713
347	Computer & electronic Equipment	\$	284,190
348	Miscellaneous Equipment	\$	14,162

INCOME ACCOUNTS (404-434)

Utility Operating Income

400	Operating Revenue	\$	9,783,148
401	Operating Expenses	\$	6,384,916
403	Depreciation Expense	\$	1,315,427
406	Amortization of Utility Plant Acquisition Adjustment		
407	Amortization Expense (no CIAC)		
408	Taxes Other than Income	\$	719,615
409	Income Taxes	\$	836,429
410	Provision for Deferred Income Taxes - Debit	\$	2,850,554
411	Provision for Deferred Income Taxes - Credit	\$	-
412	Investment Tax Credit		
413	Income from Utility Plant Leased to Others		
414	Gain/Loss from Utility Property Sales	\$	(22,859)
415	Revenues from Merchandising, Jobbing, and Contract Work	\$	39,254
416	Cost and Expenses of Merchandising, Jobbing, and Contract Work	\$	5,043
419	Interest and Dividend Income	\$	1,896
421	Nonutility Income	\$	4
426	Nonutility Expenses	\$	25,210
433	Extraordinary Income		
434	Extraordinary Deductions		

Taxes Applicable to Nonutility Income and Deductions

408.2	Taxes Other than Income - Nonutility	\$	-
409.2	Income Taxes - Nonutility	\$	-
410.2	Provision for Deferred Income Taxes - Debit - Nonutility	\$	-
411.2	Provision for Deferred Income Taxes - Credit - Nonutility	\$	-

Interest Expense

427	Interest Expense	\$	343,034
428	Amortization of Debt Discount and Expense		
429	Amortization of Premium on Debt		

Retained Earnings Account (435-439)

435	Balance Transferred from Income	\$	(2,075,380)
436	Appropriations of Retained Earnings		
437	Preferred Stock Dividends Declared	\$	-
438	Common Stock Dividends Declared	\$	(420,000)
439	Adjustment to Retained Earnings	\$	(313,325)

OPERATING REVENUE ACCOUNTS (460-475)

460	Unmetered Water Revenue	\$	-
461.1	Metered Sales to Residential Customers	\$	7,035,725
461.2	Metered Sales to Commercial Customers	\$	960,672
461.3	Metered Sales to Industrial Customers	\$	-
461.4	Metered Sales to Public Authorities	\$	-
461.5	Metered Sales to Multiple Family Dwellings	\$	-
462.1	1 Public Fire Protection	\$	31,777
462.2	2 Private Fire Protection	\$	-
464	Other Sales to Public Authorities	\$	-
465	Sales to Irrigation Customers	\$	464,950
466	Sales for Resale	\$	30,621
467	Interdepartmental Sales	\$	-
468	Special Contract/Agreement Revenue	\$	-
470	Forfeited Discounts	\$	-
471	Miscellaneous Service Revenues	\$	144,791
472	Rents From Water Property	\$	-
473	Interdepartmental Rents	\$	-
474	Other Water Revenues	\$	869,149
475	Cross Connection Sales & Services Revenues	\$	245,463

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS (601-675)

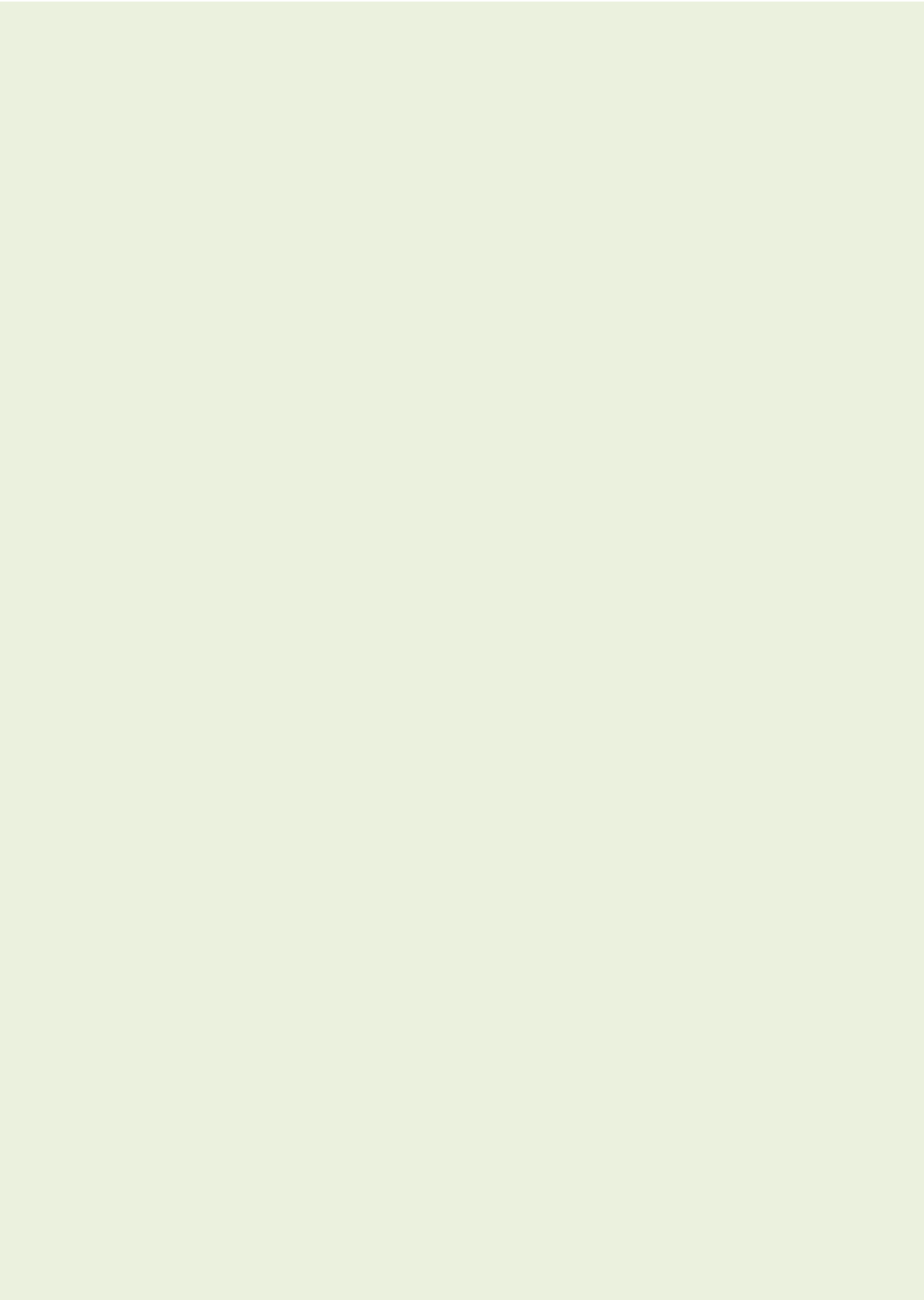
Source of Supply and Expenses

601	Salaries and Wages - Employees	\$	1,868,546
603	Salaries and Wages - Officers, Directors and Majority Stockholders	\$	510,353
604	Employee Pensions and Benefits	\$	906,384
610	Purchased Water	\$	227,065
611	Telephone/Communications	\$	81,669
615	Purchased Power	\$	913,946
616	Fuel For Power Production	\$	-
617	Utilities - Other	\$	10,981
618	Chemicals & testing	\$	-
619	Office Supplies (excluding postage)	\$	9,391
619.1	Postage	\$	3,771
620	Materials and Supplies	\$	254,031
621	Repairs to Water Plant	\$	335,049
631	Contractual Services - Engineering	\$	-
632	Contractual Services - Accounting	\$	15,436
633	Contractual Services - Legal	\$	27,580
634	Contractual Services - Management Fees	\$	-
635	Contractual Services - Testing/Sampling	\$	50,903
636	Contractual Services - Other	\$	1,419
637	Contractual Services - Billing/Collections	\$	109,855
638	Contractual Services - Meter Reading	\$	130,918
639	Contractual Services - Other	\$	61,968
641	Rental of Building/Real Property	\$	26,406
642	Rental of Equipment	\$	30,559
643	Small Tools	\$	14,084
648	Computer & Electronic Expenses	\$	52,833
650	Transportation Expenses	\$	288,767
656	Insurance - Vehicle	\$	19,214
657	Insurance - General Liability	\$	45,019
658	Insurance - Workman's Compensation	\$	35,336
659	Insurance - Other	\$	11,450
660	Public Relations / Advertising Expense	\$	1,176
666	Regulatory Commission Expense - Amortization of Rate Case Expense	\$	-
667	Regulatory Commission Expense - Other	\$	28,640
668	Water Resource Conservation Expense	\$	19,210
670	Bad Debt Expense	\$	25,465
671.1	Cross Connection Control Program Expense	\$	-
671.2	Cross Connection Testin & Maintenance Services	\$	-
672	System Capacity Development Program Expense		
673	Training & Certification Expense	\$	25,472
674	Consumer Confidence Report	\$	1,350
675	Miscellaneous Expenses	\$	240,670

NOTES

Avion Water Company, Inc.

Notes and explanations:



INCOME STATEMENT

Avion Water Company, Inc.

400 Operating Revenue	\$ 9,783,148
401 Operating Expenses	\$ 6,384,916
403 Depreciation Expense	\$ 712,023
406 Amortization of Utility Plant Acquisition Adjustment	\$ -
407 Amortization Expense	\$ -
408 Taxes Other Than Income Taxes (total)	\$ 719,615
409 Income Taxes	\$ 836,429
410.1 Provision for Deferred Income Taxes - debit	\$ 2,850,554
411.1 Provision for Deferred Income Taxes - credit	\$ -
412 Investment Tax Credit	\$ -
413 Income From Utility Plant Leased to Others	\$ -
419 Interest & Dividend Income	\$ 1,896
427 Interest Expense	\$ 343,034
428-429 Amortization of Premium/Discount on Debt	\$ -
414 Gains/Losses From Utility Property Disposition (net)	\$ (22,859)
433-434 Extraordinary Income/deductions (net)	\$ -
NET UTILITY OPERATING INCOME	\$ (2,084,385)
421 Nonutility Income	\$ 4
415 Revenue From Merchandising, Jobbing, & Contracts	\$ 39,254
426 Nonutility Expense	\$ 25,210
408.2 Nonutility Taxes Other Than Income Tax	\$ -
409.2 Nonutility Income Taxes	\$ -
410.2 Nonutility Deferred Income Taxes	\$ -
411.2 Nonutility Provision for Deferred Income Taxes Credit	\$ -
416 Cost & Expense of Merchandising, Jobbing, Contracts	\$ 5,043
Net Income	\$ (2,075,380)

BALANCE SHEET

Avion Water Compa

Please do not submit to PUC until figures are balanced.

101 Utility Plant in Service (excluding CIAC)	\$	59,339,708
108-110 Accumulated Depreciation & Amortization	\$	19,596,894
Subtotal	\$	39,742,813
102-104 Other Utility Plant	\$	177,359
105 Commission Approved Construction Work in Progress (CWIP)	\$	833,080
114 Commission Approved Utility Plant Acquisition Adjustments	\$	59,090
115 Accumulated Amortization of Commission Approved Acquisition Adjustments	\$	-
190 Accumulated Deferred Income Taxes (asset)	\$	-
Subtotal	\$	1,069,529
Net Utility Plant	\$	40,812,342
131 Cash	\$	753,802
132 Special Deposits	\$	-
141-142 Accounts Receivable	\$	306,128
143 Accumulated Provision for Uncollectible Accounts	\$	17,496
144 Notes Receivable	\$	1,582
145-146 Accounts & Notes Receivable from Associated Companies	\$	-
151 Materials & Supplies Inventory	\$	302,209
133-135 & 162-174 Miscellaneous Current & Accrued Assets & Prepayments	\$	286,121
Net Current & Accrued Assets	\$	1,632,346
181-186 Deferred Debits	\$	41,630
Total Assets	\$	42,486,318
252 Advances for Construction	\$	-
271 CIAC	\$	28,053,064
272 Accumulated Amortization of CIAC	\$	8,019,619
Net CIAC & Advances for Construction	\$	20,033,445
121 Nonutility Property	\$	-
122 Accumulated Depreciation & Amortization (Nonutility)	\$	-
123-127 Miscellaneous Nonutility Investments	\$	-
Nonutility Plant & Investment	\$	-
221-224 Long-Term Debt	\$	9,155,220
231 Accounts Payable	\$	170,674
232 Notes Payable	\$	-
233 Accounts Payable to Affiliated Companies	\$	-
234 Notes Payable to Affiliated companies	\$	-
235 Customer Deposits	\$	1,500
236 Accrued Taxes	\$	77,928
237 Accrued Interest	\$	20,604
238-241 Miscellaneous Current and Accrued Liabilities	\$	528,993
Liabilities	\$	9,954,919
251 Premium on Unamortized Debt	\$	-
253 Other Deferred Credit	\$	-
261-265 Reserves	\$	-
Other	\$	-
281 Accumulated Deferred Income Taxes-Accelerated Amortization	\$	-
282 Accumulated Deferred Income Taxes-Liberalized Depreciation	\$	3,099,541
283 Accumulated Deferred Income Taxes-Other	\$	-
Total Liabilities	\$	13,054,460
201 Common Stock Issued	\$	43,690
204 Preferred Stock Issued	\$	-
207 Premium on Capital Stock	\$	175,665
211 Other Paid in Capital	\$	-
212 Discount on Capital Stock	\$	-
213 Capital Stock Expense	\$	-
214 Appropriated Retained Earnings	\$	-
215 Unappropriated Retained Earnings	\$	9,254,058
216 Reacquired Capital Stock	\$	75,000
218 Proprietary Capital (Proprietorships & Partnerships Only)	\$	-
Total Equity	\$	9,398,413
Total Liabilities and Equity	\$	42,486,318

STATS

Avion Water Company, Inc.

Operating Revenues

Flat Rate	\$	-
Metered - Residential	\$	7,035,725
Metered - Commercial	\$	960,672
Irrigation (including golf courses)	\$	464,950
Fire Protection	\$	31,777
Other Sales of Water	\$	30,621
Other Operating Revenue	\$	1,259,404
Total Operating Revenues	\$	9,783,148

Operating Expenses

Purchased Water	\$	227,065
Purchased Power	\$	913,946
Water Treatment	\$	50,903
Supplies and Expenses	\$	1,200,029
Repairs of Plant	\$	335,049
Administrative & General	\$	3,657,924
Total Operating Expenses	\$	6,384,916

Other Revenue Deductions

Depreciation & Amortization	\$	712,023
Operating Income Taxes	\$	3,686,983
Other Operating Taxes	\$	719,615
Uncollectible Revenue/Bad Debt Expense	\$	25,465
Total Revenue Deductions	\$	5,144,086

Total Expenses and Deductions

	\$	11,529,002
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Other Income	\$	1,896
Interest on Long-Term Debt		
Other Interest Charges	\$	343,034
Other Income Deductions	\$	(2,850,554)
Net Operating Income (or Loss)	\$	763,562

Assets & Other Debits

Utility Plant	\$	59,339,708
Less: Depreciation & Amortization Reserve	\$	19,596,894
Other Property & Investments	\$	753,802
Materials and Supplies	\$	302,209
Other Current & Accrued Assets	\$	1,645,864
Deferred Debits	\$	41,630
Total Assets & Other Debits	\$	42,486,318

Liabilities & Other Credits

Capital/Common Stock	\$	144,355
Retained Earnings	\$	9,254,058
Long-Term Debt	\$	9,155,220
Customer Deposits	\$	1,500
Other Current & Accrued Liabilities	\$	798,199
Advances for Construction	\$	-
Other Deferred Credits	\$	-
Contributions in Aid of Construction	\$	20,033,445
Accumulated Deferred Income Taxes	\$	3,099,541
Total Liabilities & Other Credits	\$	42,486,318

Average Number of Customers

Flat Rate	-
Metered - Residential	13,648
Metered - Commercial	337
Irrigation (including golf courses)	781
Fire Protection	-
Other	-
Total Customers	14,766