



e-FILING REPORT COVER SHEET

COMPANY NAME: OREGON WATER UTILITIES - MOUNTAIN LAKES, 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: RW 37

Report is required by: OAR 860-036-2350
 Statute
 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.

2017 Annual Report of Results of Operations

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

SELECT COMPANY SIZE (based on Annual Revenue)

Class B Water Utility
(Annual Gross Revenue between \$200,000 and \$999,999)

FOR THE CALENDAR YEAR

2017

COMPANY NAME

Oregon Water Utilities - Mountain Lakes, Inc.

Instructions

Oregon Water Utilities - Mountain Lakes, 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 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 should be fully explained. If necessary, 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 ON EXCEL PROGRAM, ACCOUNTS, OR REPORTING, CONTACT GREG MILLER AT
373-7867 OR EMAIL AT GREG.MILLER@STATE.OR.US**

503-

Oath

Oregon Water Utilities - Mountain Lakes, Inc.

Complete Address of Reporting Utility

Line 1:	Oregon Water Utilities - Mountain Lakes, Inc.
Line 2:	5391 Running Y Rd.
City:	Klamath Falls
State:	OR
Zip:	97601
phone:	626-543-2590
email:	bkelly@swwc.com
fax:	626-331-4848
website:	

Name and title of person responsible for report

Name:	Bob Kelly
Title:	VP, Regulatory Affairs
Phone:	626-543-2590
Email:	bkelly@swwc.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

Oregon Water Utilities - Mountain Lakes, Inc.

Provide the following information for the contact person regarding this report

Name:	Bob Kelly
Address:	1325 N. Grand Ave., Ste 100, Covina, CA 91724
Phone:	626-543-2590
Email:	bkelly@swwc.com

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

Name:	Bob Kelly
Address:	1325 N. Grand Ave., Ste 100, Covina, CA 91724
Phone:	626-543-2590
Email:	bkelly@swwc.com

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

Name:	Pricewaterhouse Coopers LLP
Address:	1000 Louisiana Street, Suite 5800, Houston, TX 77002
Phone:	713-356-4000
Email:	

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

12/27/1996

Provide the following information for all utility officers and directors

Name	Title	Phone #	Email
Michael O. Quinn	President & CEO	626-543-2500	mquinn@swwc.com
Kirk B. Michael	CFO, VP Finance & Treasurer	626-543-2500	kmichael@swwc.com
William K. Dix	VP Gen Counsel & Secretary	626-543-2500	kdx@swwc.com

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

Name	Title	Phone #	Email
Irion Sanger	Legal Counsel	503-756-7533	irion@sanger-law.com

Organization

Oregon Water Utilities - Mountain Lakes, Inc.

Select business type	Select ownership type	Select accounting method
Private/Investor Owned	Corporation	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		Southwest Water Company
	Title		
	Address		12535 Reed Road, Sugar Land, TX 77478
	# shares owned		
2	Name of stockholder/director/officer		
	Title		
	Address		
	# shares owned		
3	Name of stockholder/director/officer		
	Title		
	Address		
	# shares owned		
4	Name of stockholder/director/officer		
	Title		
	Address		
	# shares owned		

Part C: Corporation - Shares Outstanding

	<u>Common Stock</u>	<u>Preferred Stock</u>
# shares authorized	[]	[]
# shares issued at year end	[]	[]
Par or stated value per share:	[]	[]
Dividends declared per share during the year:	[]	[]

Affiliates

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

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.

Products or Services SOLD to Affiliated Interests

Name of Affiliate	Description of product or service	Contract or Agreement effective date	Revenue
			\$ -

Products or Services PURCHASED from Affiliated Interests

Name of Affiliate	Description of product or service	Contract or Agreement effective date	Cost
Southwest Water Company (excludes NWUS)	Administrative, Goods & Services	2-Jun-17	\$ 123,559
Northwest Utility Systems, Inc. (NWUS)	Operational, Goods & Services	2-Jun-17	\$ 254,141
			\$ 377,700

TOTAL \$ (377,700)

Explanations or Notes

Note that costs on this page are not representative of expected annual costs going forward

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Revenues

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

gal or cf

gal

Consumption and Revenue

	Act #	# customers as of Jun 2, 2017	# customers at year end	Total Quantity water sold	revenues
Unmetered (flat rate) water sales	460				
Metered sales to RESIDENTIAL customers	461.1	533	530	41,921,943	\$ 189,875
Metered sales to COMMERCIAL customers	461.2	23	34	5,342,251	\$ 37,446
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	49	29,311,202	\$ 45,578
Sales for resale	466				
Water Sales to golf course/recreation revenue	467	1	1	86,118,000	\$ 38,878
Special contract/agreement revenue	468				
TOTAL		606	614	162,693,396	\$ 311,777

Revenue other than water sales

	Act #	revenues
Forfeited discounts	470	
Miscellaneous service revenues	471	\$ 18,268
Rents from water property	472	
Interdepartmental rents	473	
Other	474	\$ 5,522
Cross Connection sales & services revenues	475	
Total		\$ 23,790

Total Operating Revenue

\$ 335,567

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	6572.90	29.77
Metered sales to COMMERCIAL customers	461.2	15620.62	109.49
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	49848.98	77.51
Sales for resale	466		
Water Sales to golf course/recreation revenue	467	7176500.00	3239.83
Special contract/agreement revenue	468		

Taxes & property sales

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

Act # TAXES OTHER THAN INCOME TAX

408.11	Property Tax	\$	423
408.12	Payroll Tax	\$	3,115
408.13	Other Tax Other Than Income Tax		
408.2	Nonutility Taxes Other Than Income Tax		
TOTAL		\$	3,538

Act # INCOME TAXES

409.1	Federal Income Tax	\$	(15,178)
409.11	State Income Tax	\$	(2,483)
409.13	Other Income Tax		
409.2	Nonutility Income Tax		
TOTAL		\$	(17,661)

Act # DEFERRED AND PROVISION FOR DEFERRED INCOME TAXES

410.1	Deferred Federal Income Taxes – Utility Operations	\$	7,168
410.11	Deferred State Income Taxes – Utility Operations	\$	866
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		\$	8,034

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

Description	Amount
Total	\$ -

Expenses

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

Act #		Expense amount
601	Salaries and Wages - employees	\$ 29,174
603	Salaries and Wages – officers, directors, and majority stockholders	
604	Employee Pensions & Benefits	\$ 28,876
610	Purchased Water	
611	Telephone/Communications	\$ 339
615	Purchased Power	\$ 42,832
616	Fuel for Power Production	
617	Utilities - Other (garbage, natural gas)	
618	Chemicals & testing	\$ 666
619	Office Supplies (excluding postage)	\$ 769
619.1	Postage	\$ 1,168
620	Materials & Supplies (O&M)	\$ 1,391
621	Repairs of Water Plant	\$ 445
631	Contractual Services - engineering	
632	Contractual Services - accounting	
633	Contractual Services - legal	\$ 1,345
634	Contractual Services - management	\$ 30,245
635	Contractual Services – testing / sampling	
636	Contractual Services – labor	
637	Contractual Services - billing/collections	
638	Contractual Services - meter reading	
639	Contractual Services - other	\$ 3,862
641	Rental of Building / Real Property	\$ 1,400
642	Rental of Equipment	
643	Small Tools	\$ 265
648	Computer and electronic Expenses	\$ 14,011
650	Transportation Expenses	\$ 4,989
656	Insurance - Vehicle	\$ 158
657	Insurance – General Liability	\$ 265
658	Insurance – Workman’s Compensation	\$ 344
659	Insurance – Other	\$ 1,598
660	Public Relation / Advertising Expense	\$ 668
666	Amortization of Rate Case Expense	
667	Regulatory Commission Fee (Gross Rev Fee)	\$ 991
668	Conservation Expense	
670	Bad Debt Expense	\$ 132
671.1	Cross Connection Control Program Expense	
671.2	Cross Connection Testing & Maintenance Services	
673	Training & Certification Expense	\$ 203
674	Consumer Confidence Report	
675	Miscellaneous Expense	\$ 6,249
	TOTAL	\$ 172,385

Plant

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

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

Act #	Jun 2, 2017		Retired Jun 2 -		Adjusted		End of year balance
	Balance	Dec 31, 2017	Dec 31, 2017	Adjustments			
301	Organization						\$ -
302	Franchises						\$ -
303	Land & land rights	\$ 5,000					\$ 5,000
304	Structures & improvements	\$ 148,685					\$ 148,685
305	Collecting & impounding reservoirs						\$ -
306	Lake, river & other intakes						\$ -
307	Wells & springs	\$ 1,017,067					\$ 1,017,067
308	Infiltration galleries & tunnels						\$ -
309	Supply mains	\$ 1,181,191					\$ 1,181,191
310	Power generation equipment						\$ -
311	Pumping equipment	\$ 823,294					\$ 823,294
320	Water treatment equipment						\$ -
330	Distribution reservoirs & standpipes	\$ 611,823					\$ 611,823
331	Transmission & distribution mains	\$ 7,453,738					\$ 7,453,738
333	Services	\$ 863,626					\$ 863,626
334	Meters & meter installations	\$ 159,808	\$ 2,218				\$ 162,026
335	Hydrants	\$ 327,220					\$ 327,220
336	Backflow prevention devices (utility owned)						\$ -
339	Other plant & miscellaneous equipment						\$ -
340	Office furniture & equipment		\$ 377				\$ 377
341	Transportation equipment		\$ 604				\$ 604
343	Tools, shop & garage equipment						\$ -
344	Laboratory equipment						\$ -
345	Power operated equipment						\$ -
346	Communication equipment						\$ -
347	Electronic & computer equipment	\$ 5,853	\$ 3,668				\$ 9,521
348	Miscellaneous equipment						\$ -
	TOTAL	\$ 12,597,305	\$ 6,867	\$ -	\$ -		\$ 12,604,172

Explanation of unusual changes in utility plant during the year:

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for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

Advances for Construction

6/2/2017 balance	
Additions	
Subtractions	
End of year balance	\$ -

Contributions in Aid of Construction

6/2/2017 balance	\$ 34,000
Added:	
Capacity charge	
Main line extension charges	
Customer connection charges	\$ 5,625
Developer's property	
Other	
Retired	
End of year balance	\$ 39,625

Accumulated Amortization of CIAC

6/2/2017 balance	\$ 3,075
Add CIAC amortized	
Subtract effects of CIAC disposals	
+/- other adjustments*	
Change in Accumulated Amortization	\$ -
End of year balance	\$ 3,075

* Explain any adjustments:

CIAC received was cash only, not plant

Depreciation

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

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

Act #	Organization	Jun 2 - Dec 31, 2017 depreciation expense	acc dep balance Jun 2, 2017	accruals booked to acc dep	plant retired charged to acc dep	Adjustments*	acc dep balance end of year
301	Organization		\$ 52,361	\$ 2,392			\$ 54,753
302	Franchises						
303	Land & land rights						
304	Structures & improvements	\$ 2,392					
305	Collecting & impounding reservoirs						
306	Lake, river & other intakes						
307	Wells & springs	\$ 23,742	\$ 628,377	\$ 23,742			\$ 652,119
308	Infiltration galleries & tunnels						
309	Supply mains	\$ 13,782	\$ 466,209	\$ 13,782			\$ 479,991
310	Power generation equipment						
311	Pumping equipment	\$ 24,033	\$ 461,427	\$ 24,033			\$ 485,460
320	Water treatment equipment						
330	Distribution reservoirs & standpipes	\$ 7,139	\$ 156,930	\$ 7,139			\$ 164,069
331	Transmission & distribution mains	\$ 86,968	\$ 1,959,373	\$ 86,968			\$ 2,046,341
333	Services	\$ 16,856	\$ 393,478	\$ 16,856			\$ 410,334
334	Meters & meter installations	\$ 4,461	\$ 115,777	\$ 4,461			\$ 120,238
335	Hydrants	\$ 4,773	\$ 94,264	\$ 4,773			\$ 99,037
336	Backflow prevention devices (utility owned)						
339	Other plant & miscellaneous equipment						
340	Office furniture & equipment						
341	Transportation equipment						
343	Tools, shop & garage equipment						
344	Laboratory equipment						
345	Power operated equipment						
346	Communication equip						
347	Electronic & computer Equipment		\$ 5,853				\$ 5,853
348	Miscellaneous Equipment						
	TOTAL	\$ 184,146	\$ 4,334,049	\$ 184,146	\$ -	\$ -	\$ 4,518,195

*Explanation of any adjustments made:

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Retained Earnings

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

215	Unappropriated Retained Earnings (beginning of year balance)	\$	-
435	Balance transferred from income	\$	(14,875)
436	Appropriations of Retained Earnings	\$	-
437	Preferred Stock dividends declared	\$	-
438	Common Stock dividends declared	\$	-
439	Adjustments to Retained Earnings*		
215	Unappropriated Retained Earnings (as of year end)	\$	(14,875)

Explanation of any adjustments made to Retained Earnings

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Other Accounts

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, 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	\$ 12,604,172
102	Utility Plant Leased to Others	
103	Property Held for Future Use	
104	Utility Plant Purchased or Sold	
105	Construction Work in Progress - Commission Approved	\$ 55,337
108	Accumulated Depreciation of Utility Plant in Service	\$ 4,518,195
110	Accumulated Amortization of Utility Plant in Service	
114	Utility Plant Acquisition Adjustments	
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	\$ 205,997
132	Special Deposits	
134	Working Funds	
135	Temporary Cash Investments	
141	Customer Accounts Receivable	\$ 31,858
142	Other Accounts Receivable	\$ 8
143	Allowance for Uncollectible Accounts (Enter positive)	
144	Notes Receivable	
145	Accounts Receivable from Associated Companies	
146	Notes Receivable from Associated Companies	
151	Plant Materials and Supplies	\$ 361
162	Prepayments	\$ 239
171	Accrued Interest Receivable	
174	Miscellaneous Current and Accrued Assets	\$ 2,943

Deferred Debits

181	Unamortized Debt Discount and Expense	
182	Extraordinary Property Losses	
186	Miscellaneous Deferred Debits	
190	Accumulated Deferred Income Taxes	

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

Equity

201	Common Stock Issued	\$ -
204	Preferred Stock Issued	\$ -
207	Premium on Capital Stock	
211	Paid in Capital	
212	Discount on Capital Stock	
213	Capital Stock Expense	
214	Appropriated Retained Earnings	
215	Unappropriated Retained Earnings	\$ (14,875)
216	Reacquired Capital Stock	
218	Proprietary Capital	

Long Term Debt

221	Bonds	
223	Advances from Associated Companies	
224	Other Long-Term Debt	

Current and Accrued Liabilities

231	Accounts Payable	\$ 10,295
232	Notes Payable	
233	Accounts Payable to Associated Companies	\$ 8,312,724
234	Notes Payable to Associated Companies	
235	Customer Deposits	
236	Accrued Taxes	\$ 25,288
237	Accrued Interest	
238	Accrued Dividends	
239	Matured Long-Term Debt	
240	Matured Interest	
241	Miscellaneous Current and Accrued Liabilities	\$ 4,704

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	\$ 39,625
272	Accumulated Amortization of CIAC	\$ 3,075

Accumulated Deferred Income Taxes

281	Accumulated Deferred Income Taxes - Accelerated Depreciation	
282	Accumulated Deferred Income Taxes - Liberalized Depreciation	\$ 8,034
283	Accumulated Deferred Income Taxes - Other	

WATER UTILITY PLANT ACCOUNTS (301-348)

301	Organization	\$ -
302	Franchises	\$ -
303	Land and Land Rights	\$ 5,000
304	Structures and Improvements	\$ 148,685
305	Collecting and Impounding Reservoirs	\$ -
306	Lakes, River and Other Intakes	\$ -
307	Wells and Springs	\$ 1,017,067
308	Infiltration Galleries and Tunnels	\$ -
309	Supply Mains	\$ 1,181,191
310	Power Generation Equipment	\$ -
311	Pumping Equipment	\$ 823,294
320	Water Treatment Equipment	\$ -
330	Distribution Reservoirs and Standpipes	\$ 611,823
331	Transmission and Distribution Mains	\$ 7,453,738
333	Services	\$ 863,626
334	Meters and Meter Installations	\$ 162,026
335	Hydrants	\$ 327,220
336	Backflow Prevention Devices	\$ -
339	Other Plant and Miscellaneous Equipment	\$ -
340	Office Furniture and Equipment	\$ 377
341	Transportation Equipment	\$ 604
343	Tools, Shop and Garage Equipment	\$ -
344	Laboratory Equipment	\$ -

345	Power Operated Equipment	\$ -
346	Communication Equipment	\$ -
347	Computer & electronic Equipment	\$ 9,521
348	Miscellaneous Equipment	\$ -

INCOME ACCOUNTS (404-434)

Utility Operating Income

400	Operating Revenue	\$ 395,567
401	Operating Expenses	\$ 172,385
403	Depreciation Expense	\$ 184,146
406	Amortization of Utility Plant Acquisition Adjustment	
407	Amortization Expense (no CIAC)	
408	Taxes Other than Income	\$ 3,538
409	Income Taxes	\$ (17,661)
410	Provision for Deferred Income Taxes - Debit	\$ 8,034
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	\$ -
415	Revenues from Merchandising, Jobbing, and Contract Work	
416	Cost and Expenses of Merchandising, Jobbing, and Contract Work	
419	Interest and Dividend Income	
421	Nonutility Income	
426	Nonutility Expenses	
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	
428	Amortization of Debt Discount and Expense	
429	Amortization of Premium on Debt	

Retained Earnings Account (435-439)

435	Balance Transferred from Income	\$ (14,875)
436	Appropriations of Retained Earnings	
437	Preferred Stock Dividends Declared	\$ -
438	Common Stock Dividends Declared	\$ -
439	Adjustment to Retained Earnings	\$ -

OPERATING REVENUE ACCOUNTS (460-475)

460	Unmetered Water Revenue	\$ -
461	1 Metered Sales to Residential Customers	\$ 189,875
461	2 Metered Sales to Commercial Customers	\$ 37,446
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	\$ -
462.2	2 Private Fire Protection	\$ -
464	Other Sales to Public Authorities	\$ -
465	Sales to Irrigation Customers	\$ 45,578
466	Sales for Resale	\$ -
467	Interdepartmental Sales	\$ 38,878
468	Special Contract/Agreement Revenue	\$ -
470	Forfeited Discounts	\$ -
471	Miscellaneous Service Revenues	\$ 18,268
472	Rents From Water Property	\$ -
473	Interdepartmental Rents	\$ -
474	Other Water Revenues	\$ 5,522
475	Cross Connection Sales & Services Revenues	\$ -

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS (601-675)

Source of Supply and Expenses

601	Salaries and Wages - Employees	\$ 29,174
603	Salaries and Wages - Officers, Directors and Majority Stockholders	\$ -
604	Employee Pensions and Benefits	\$ 28,876
610	Purchased Water	\$ -
611	Telephone/Communications	\$ 339
615	Purchased Power	\$ 42,832
616	Fuel for Power Production	\$ -
617	Utilities - Other	\$ -
618	Chemicals & testing	\$ 666
619	Office Supplies (excluding postage)	\$ 769
619.1	Postage	\$ 1,168
620	Materials and Supplies	\$ 1,391
621	Repairs to Water Plant	\$ 445
631	Contractual Services - Engineering	\$ -
632	Contractual Services - Accounting	\$ -
633	Contractual Services - Legal	\$ 1,345
634	Contractual Services - Management Fees	\$ 30,245
635	Contractual Services - Testing/Sampling	\$ -
636	Contractual Services - Other	\$ -
637	Contractual Services - Billing/Collections	\$ -
638	Contractual Services - Meter Reading	\$ -
639	Contractual Services - Other	\$ 3,862
641	Rental of Building/Real Property	\$ 1,400
642	Rental of Equipment	\$ -
643	Small Tools	\$ 265
648	Computer & Electronic Expenses	\$ 14,011
650	Transportation Expenses	\$ 4,989
656	Insurance - Vehicle	\$ 158
657	Insurance - General Liability	\$ 265
658	Insurance - Workman's Compensation	\$ 344
659	Insurance - Other	\$ 1,598
660	Public Relations / Advertising Expense	\$ 668
666	Regulatory Commission Expense - Amortization of Rate Case Expense	\$ -
667	Regulatory Commission Expense - Other	\$ 991
668	Water Resource Conservation Expense	\$ -
670	Bad Debt Expense	\$ 132
671.1	Cross Connection Control Program Expense	\$ -
671.2	Cross Connection Testin & Maintenance Services	\$ -
672	System Capacity Development Program Expense	\$ -
673	Training & Certification Expense	\$ 203
674	Consumer Confidence Report	\$ -
675	Miscellaneous Expenses	\$ 6,249

Notes

Oregon Water Utilities - Mountain Lakes, Inc.

Notes and explanations:

- 1) Southwest Water Company purchased the utility assets on June 2, 2017.
- 2) Will request the CWIP in the utility's next general rate case.
- 3) Income Statement includes amounts from June 2, 2017 - Dec 31, 2017 only.
- 4) Deferred Income Tax is incorrectly included as Other Income Deductions on the Stats page, incorrectly increasing Net Income by \$8,034.

Income Statement

for 7 months ending 12/31/2017

Oregon Water Utilities - Mountain Lakes, Inc.

400 Operating Revenue	\$ 335,567
401 Operating Expenses	\$ 172,385
403 Depreciation Expense	\$ 184,146
406 Amortization of Utility Plant Acquisition Adjustment	\$ -
407 Amortization Expense	\$ -
408 Taxes Other Than Income Taxes (total)	\$ 3,538
409 Income Taxes	\$ (17,661)
410.1 Provision for Deferred Income Taxes - debit	\$ 8,034
411.1 Provision for Deferred Income Taxes - credit	\$ -
412 Investment Tax Credit	\$ -
413 Income From Utility Plant Leased to Others	\$ -
419 Interest & Dividend Income	\$ -
427 Interest Expense	\$ -
428-429 Amortization of Premium/Discount on Debt	\$ -
414 Gains/Losses From Utility Property Disposition (net)	\$ -
433-434 Extraordinary Income/deductions (net)	\$ -
NET UTILITY OPERATING INCOME	\$ (14,875)
421 Nonutility Income	\$ -
415 Revenue From Merchandising, Jobbing, & Contracts	\$ -
426 Nonutility Expense	\$ -
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	\$ -
Net Income	\$ (14,875)

Balance Sheet

Oregon Water Utilit

101 Utility Plant in Service (excluding CIAC plant)	\$	12,604,172
108-110 Accumulated Depreciation & Amortization	\$	4,518,195
Subtotal	\$	8,085,977
102-104 Other Utility Plant	\$	-
105 Commission Approved Construction Work in Progress (CWIP)	\$	55,337
114 Commission Approved Utility Plant Acquisition Adjustments	\$	-
115 Accumulated Amortization of Commission Approved Acquisition Adjustments	\$	-
190 Accumulated Deferred Income Taxes (asset)	\$	-
Subtotal	\$	55,337
Net Utility Plant	\$	8,141,314
131 Cash	\$	205,997
132 Special Deposits	\$	-
141-142 Accounts Receivable	\$	31,866
143 Accumulated Provision for Uncollectible Accounts	\$	-
144 Notes Receivable	\$	-
145-146 Accounts & Notes Receivable from Associated Companies	\$	-
151 Materials & Supplies Inventory	\$	361
133-135 & 162-174 Miscellaneous Current & Accrued Assets & Prepayments	\$	3,182
Net Current & Accrued Assets	\$	241,406
181-186 Deferred Debits	\$	-
Total Assets	\$	8,382,720
252 Advances for Construction	\$	-
271 CIAC	\$	39,625
272 Accumulated Amortization of CIAC	\$	3,075
Net CIAC & Advances for Construction	\$	36,550
121 Nonutility Property	\$	-
122 Accumulated Depreciation & Amortization (Nonutility)	\$	-
123-127 Miscellaneous Nonutility Investments	\$	-
Nonutility Plant & Investment	\$	-
221-224 Long-Term Debt	\$	-
231 Accounts Payable	\$	10,295
232 Notes Payable	\$	-
233 Accounts Payable to Affiliated Companies	\$	8,312,724
234 Notes Payable to Affiliated companies	\$	-
235 Customer Deposits	\$	-
236 Accrued Taxes	\$	25,288
237 Accrued Interest	\$	-
238-241 Miscellaneous Current and Accrued Liabilities	\$	4,704
Liabilities	\$	8,353,011
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	\$	8,034
283 Accumulated Deferred Income Taxes-Other	\$	-
Total Liabilities	\$	8,361,045
201 Common Stock Issued	\$	-
204 Preferred Stock Issued	\$	-
207 Premium on Capital Stock	\$	-
211 Other Paid in Capital	\$	-
212 Discount on Capital Stock	\$	-
213 Capital Stock Expense	\$	-
214 Appropriated Retained Earnings	\$	-
215 Unappropriated Retained Earnings	\$	(14,875)
216 Reacquired Capital Stock	\$	-
218 Proprietary Capital (Proprietorships & Partnerships Only)	\$	-
Total Equity	\$	(14,875)
Total Liabilities and Equity	\$	8,382,720

Stats

Oregon Water Utilities - Mountain Lakes, Inc.

Operating Revenues

Flat Rate	\$	-
Metered - Residential	\$	189,875
Metered - Commercial	\$	37,446
Irrigation (including golf courses)	\$	84,456
Fire Protection	\$	-
Other Sales of Water	\$	-
Other Operating Revenue	\$	23,790
Total Operating Revenues	\$	335,567

Operating Expenses

Purchased Water	\$	-
Purchased Power	\$	42,832
Water Treatment	\$	666
Supplies and Expenses	\$	34,808
Repairs of Plant	\$	445
Administrative & General	\$	93,634
Total Operating Expenses	\$	172,385

Other Revenue Deductions

Depreciation & Amortization	\$	184,146
Operating Income Taxes	\$	(9,627)
Other Operating Taxes	\$	3,538
Uncollectible Revenue/Bad Debt Expense	\$	132
Total Revenue Deductions	\$	178,189
Total Expenses and Deductions	\$	350,574

Other Income	\$	-
Interest on Long-Term Debt		
Other Interest Charges	\$	-
Other Income Deductions	\$	(8,034)
Net Operating Income (or Loss)	\$	(6,973)

Assets & Other Debits

Utility Plant	\$	12,643,797
Less: Depreciation & Amortization Reserve	\$	4,521,270
Other Property & Investments	\$	205,997
Materials and Supplies	\$	361
Other Current & Accrued Assets	\$	90,385
Deferred Debits	\$	-
Total Assets & Other Debits	\$	8,419,270

Liabilities & Other Credits

Capital/Common Stock	\$	-
Retained Earnings	\$	(14,875)
Long-Term Debt	\$	-
Customer Deposits	\$	-
Other Current & Accrued Liabilities	\$	8,353,011
Advances for Construction	\$	-
Other Deferred Credits	\$	-
Contributions in Aid of Construction	\$	36,550
Accumulated Deferred Income Taxes	\$	8,034
Total Liabilities & Other Credits	\$	8,382,720

Average Number of Customers

Flat Rate	-
Metered - Residential	530
Metered - Commercial	34
Irrigation (including golf courses)	50
Fire Protection	-
Other	-
Total Customers	614

Reconciliation

Oregon Water Utilities - Mountain Lakes, Inc.

Act #	PLANT - 5 MONTHS ENDING 6/1/2017					Jun 2, 2017 Plant Balance	
	a prior owner	b additions	c retirements	d Correction of prior owner accounting	e a+b+c+d		
301	Organization						
302	Franchises						
303	Land & land rights	\$ 5,000				\$ 5,000	
304	Structures & improvements	\$ 15,384			\$ 133,301	\$ 148,685	
305	Collecting & impounding reservoirs						
306	Lake, river & other intakes						
307	Wells & springs	\$ 109,299			\$ 907,768	\$ 1,017,067	
308	Infiltration galleries & tunnels						
309	Supply mains	\$ 113,668			\$ 1,067,523	\$ 1,181,191	
310	Power generation equipment						
311	Pumping equipment	\$ 122,843			\$ 700,451	\$ 823,294	
320	Water treatment equipment						
330	Distribution reservoirs & standpipes	\$ 60,459			\$ 551,364	\$ 611,823	
331	Transmission & distribution mains	\$ 1,481,897			\$ 5,974,841	\$ 7,453,738	
333	Services	\$ 94,965			\$ 768,661	\$ 863,626	
334	Meters & meter installations				\$ 159,808	\$ 159,808	
335	Hydrants	\$ 32,485			\$ 294,735	\$ 327,220	
336	Backflow prevention devices (utility owned)						
339	Other plant & miscellaneous equipment						
340	Office furniture & equipment						
341	Transportation equipment						
343	Tools, shop & garage equipment						
344	Laboratory equipment						
345	Power operated equipment						
346	Communication equipment						
347	Electronic & computer equipment					\$ 5,853	
348	Miscellaneous equipment						
TOTAL						\$ 2,036,000	\$ 12,597,305

CIAC - 5 MONTHS ENDING 6/1/2017					Jun 2, 2017 CIAC Balance
a prior owner	b additions	c retirements	d Correction of prior owner accounting	e a+b+c+d	
\$				\$ 34,000	\$ 34,000

ACCUMULATED DEPRECIATION - 5 MONTHS ENDING 6/1/2017						
f Acc Dep - EOY 2016 per PY Annual Report filed by prior owner	g=a* .0695*5/12	h Jan 1 - Jun 1, 2017 estimated depreciation expense per PY report	i Jun 2, 2017 estimated depreciation expense per PY report	j Correction of prior owner accounting	k Jun 2, 2017 Acc Dep prior owner accounting	l Balance
\$ 55,156	\$ 3,165	\$ 570,056	\$ 570,056	\$	\$ 628,377	
\$ 68,444	\$ 3,292	\$ 394,473	\$ 394,473	\$	\$ 466,209	
\$ 27,462	\$ 3,557	\$ 430,408	\$ 430,408	\$	\$ 461,427	
\$ 27,762	\$ 1,751	\$ 127,417	\$ 127,417	\$	\$ 156,930	
\$ 609,224	\$ 42,913	\$ 1,307,236	\$ 1,307,236	\$	\$ 1,959,373	
\$ 44,800	\$ 2,750	\$ 345,928	\$ 345,928	\$	\$ 393,478	
\$ 14,120	\$ 941	\$ 79,203	\$ 79,203	\$	\$ 94,264	
\$ 850,029	\$ 58,814	\$ 3,425,206	\$ 3,425,206	\$	\$ 4,334,049	