



e-FILING REPORT COVER SHEET

COMPANY NAME:

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 ILLAHE ANNUAL REPORT CLASS C WATER UTILITY, RW7
 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.

RW7 2016 ILLAHE ESTATES WATER SYSTEM, LLC

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 C Water Utility
(Annual Gross Revenue less than \$199,999)

FOR THE CALENDAR YEAR

2016

COMPANY NAME

Ilaha Estates Water System, LLC

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

REV 12/14/16

Instructions

Ilaha Estates Water System, LLC

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 503-373-7867 OR EMAIL AT GREG.MILLER@STATE.OR.US

Oath

Illahé Estates Water System, LLC

Complete Address of Reporting Utility

Line 1:	PO Box 699
Line 2:	
City:	Newberg
State:	OR
Zip:	97132
phone:	(503) 554-8333
email:	info@hilandwater.com
fax:	(503) 554-9215
website:	www.hilandwater.com

Name and title of person responsible for report

Name:	Silas Olson
Title:	General Manager
Phone:	503-554-8333
Email:	silas@hilandwater.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.
--

Information

Illaha Estates Water System, LLC

Provide the following information for the contact person regarding this report

Name:	Silas Olson
Address:	PO Box 699, Newberg, OR 97132
Phone:	503-554-8333
Email:	silas@hilandwater.com

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

Name:	Hiland Water Corp.
Address:	700 N. College St. Newberg, OR 97132
Phone:	503-554-8333
Email:	info@hilandwater.com

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

Name:	
Address:	
Phone:	
Email:	

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

10/1/1997

Provide the following information for all utility officers and directors

Name	Title	Phone #	Email
Melvin Olson	President	503-554-8333	mel@hilandwater.com
Micah Olson	Vice President	503-554-8333	micah@hilandwater.com
Silas Olson	Secretary / Treasurer	503-554-8333	silas@hilandwater.com
Marilyn Olson	Board Member	503-554-8333	marilyn@hilandwater.com
Matthew Olson	Board Member	503-554-8333	matt@hilandwater.com
Elijah Olson	Board Member	503-554-8333	elijaholson@yahoo.com
Seth Olson	Board Member	503-554-8333	sethoolson@gmail.com
Zachary Olson	Board Member	503-554-8333	zach@hilandwater.com
Aaron Olson	Board Member	503-554-8333	aaron@hilandwater.com

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

Name	Title	Phone #	Email
Want & Emery CPA's - Terry Emery	CPA	503-538-5023	terry@wantcpa.com
Greene & Markley - Gary Blacklidge	Legal Counsel	503-295-2668	garyblacklidge@greenemarkley.com
Olson, LLC - Christine Olson	Supplemental Contractor	541-948-2888	olsonllc@yahoo.com

Organization

Illaha Estates Water System, LLC

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	Melvin Olson
	Title	President
	Address	4054 N. Garden Drive, Newberg, OR 97132
	# shares owned	15.00
2	Name of stockholder/director/officer	Marilyn Olson
	Title	Board Member
	Address	4054 N. Garden Drive, Newberg, OR 97132
	# shares owned	15.00
3	Name of stockholder/director/officer	Micah Olson
	Title	Vice President
	Address	16375 NE Chehalem Drive, Newberg, OR 97132
	# shares owned	10.00
4	Name of stockholder/director/officer	Silas Olson
	Title	Secretary / Treasurer
	Address	715 E. North Street, Newberg, OR 97132
	# shares owned	10.00

Part C: Corporation - Shares Outstanding

	Common Stock	Preferred Stock
# shares authorized	100	0
# shares issued at year end	100	0
Par or stated value per share:		
Dividends declared per share during the year:		

Affiliates

Illaha Estates Water System, LLC

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
Hiland Water Corp.	Labor, Administration, Operating costs	1/1/2015	\$ 114,467
			\$ 114,467

TOTAL \$ (114,467)

Explanations or Notes

Illaha Estates Water System, LLC is wholly owned by Hiland Water Corp. As such, labor, indirect costs, and some other direct costs are channeled through Hiland Water Corp. in accordance with its affiliated interest agreement.

Revenues

Illahe Estates Water System, LLC

gal or cf

gal

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	265	268	35,767,310	\$ 187,992
Metered sales to COMMERCIAL customers	461.2	4	3	2,223,680	\$ 4,687
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	2	2	1,377,940	\$ 3,361
Sales for resale	466				
Water Sales to golf course/recreation revenue	467				
Special contract/agreement revenue	468				
TOTAL		271	273	39,368,930	\$ 196,040

Revenue other than water sales

	Act #	revenues
Forfeited discounts	470	
Miscellaneous service revenues	471	\$ 720
Rents from water property	472	
Interdepartmental rents	473	
Other	474	
Cross Connection sales & services revenues	475	
Total		\$ 720

Total Operating Revenue

\$ 196,760

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	11184.27455	58.78414009
Metered sales to COMMERCIAL customers	461.2	52944.7619	111.5969048
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	57414.16667	140.05125
Sales for resale	466		
Water Sales to golf course/recreation revenue	467		
Special contract/agreement revenue	468		

Taxes & property sales

Illahé Estates Water System, LLC

Act # TAXES OTHER THAN INCOME TAX

408.11	Property Tax	\$	4,183
408.12	Payroll Tax		
408.13	Other Tax Other Than Income Tax		
408.2	Nonutility Taxes Other Than Income Tax		
TOTAL		\$	4,183

Act # INCOME TAXES

409.1	Federal Income Tax	\$	2,564
409.11	State Income Tax	\$	984
409.13	Other Income Tax		
409.2	Nonutility Income Tax		
TOTAL		\$	3,548

Act # DEFERRED AND PROVISION FOR DEFERRED INCOME TAXES

410.1	Deferred Federal Income Taxes – Utility Operations		
410.11	Deferred State Income Taxes – Utility Operations		
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		\$	-

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

Description	Amount
Total	\$ -

Expenses

Illahe Estates Water System, LLC

Act #		Expense amount
601	Salaries and Wages - employees	\$ 61,157
603	Salaries and Wages – officers, directors, and majority stockholders	\$ -
604	Employee Pensions & Benefits	\$ 3,610
610	Purchased Water	\$ -
611	Telephone/Communications	\$ 3,019
615	Purchased Power	\$ 17,067
616	Fuel for Power Production	\$ -
617	Utilities - Other (garbage, natural gas)	\$ 240
618	Chemicals & testing	\$ -
619	Office Supplies (excluding postage)	\$ 91
619.1	Postage	\$ 1,681
620	Materials & Supplies (O&M)	\$ 25,117
621	Repairs of Water Plant	\$ -
631	Contractual Services - engineering	\$ 135
632	Contractual Services - accounting	\$ 581
633	Contractual Services - legal	\$ 63
634	Contractual Services - management	\$ 7,197
635	Contractual Services – testing / sampling	\$ 7,590
636	Contractual Services – labor	\$ 1,376
637	Contractual Services - billing/collections	\$ 1,591
638	Contractual Services - meter reading	\$ -
639	Contractual Services - other	\$ 2,584
641	Rental of Building / Real Property	\$ 5,304
642	Rental of Equipment	\$ 1,846
643	Small Tools	\$ -
648	Computer and electronic Expenses	\$ 198
650	Transportation Expenses	\$ 3,439
656	Insurance - Vehicle	\$ 1,235
657	Insurance – General Liability	\$ 2,061
658	Insurance – Workman’s Compensation	\$ -
659	Insurance – Other	\$ -
660	Public Relation / Advertising Expense	\$ 458
666	Amortization of Rate Case Expense	\$ -
667	Regulatory Commission Fee (Gross Rev Fee)	\$ 569
668	Conservation Expense	\$ -
670	Bad Debt Expense	\$ -
671.1	Cross Connection Control Program Expense	\$ -
671.2	Cross Connection Testing & Maintenance Services	\$ -
673	Training & Certification Expense	\$ 733
674	Consumer Confidence Report	\$ -
675	Miscellaneous Expense	\$ 3,290
	TOTAL	\$ 152,232

Plant

Illaha Estates Water System, LLC

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					\$ -
302	Franchises					\$ -
303	Land & land rights	\$ 8,588				\$ 8,588
304	Structures & improvements					\$ -
305	Collecting & impounding reservoirs					\$ -
306	Lake, river & other intakes					\$ -
307	Wells & springs					\$ -
308	Infiltration galleries & tunnels					\$ -
309	Supply mains	\$ 645,474				\$ 645,474
310	Power generation equipment					\$ -
311	Pumping equipment	\$ 71,902	\$ 6,222			\$ 78,124
320	Water treatment equipment	\$ 75,842				\$ 75,842
330	Distribution reservoirs & standpipes	\$ 247,519				\$ 247,519
331	Transmission & distribution mains					\$ -
333	Services					\$ -
334	Meters & meter installations		\$ 40,627			\$ 40,627
335	Hydrants	\$ 5,664				\$ 5,664
336	Backflow prevention devices (utility owned)					\$ -
339	Other plant & miscellaneous equipment	\$ 30,192				\$ 30,192
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					\$ -
348	Miscellaneous equipment	\$ 10,879				\$ 10,879
	TOTAL	\$ 1,096,060	\$ 46,849	\$ -	\$ -	\$ 1,142,909

Explanation of unusual changes in utility plant during the year:

Illaha Estates Water System, LLC

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	\$ 388,222
Added during the year:	
Capacity charge	
Main line extension charges	
Customer connection charges	
Developer's property	
Other	
Retired during the year	
End of year balance	\$ 388,222

Accumulated Amortization of CIAC

Beg of year balance	\$ 87,480
Add CIAC amortized during year	\$ 7,765
Subtract effects of CIAC disposals	
+/- other adjustments*	
Change in Accumulated Amortization during the year	\$ 7,765
End of year balance	\$ 95,245

* Explain any adjustments:

Depreciation

Illaha Estates Water System, LLC

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		\$ -			\$ -
305	Collecting & impounding reservoirs		\$ -			\$ -
306	Lake, river & other intakes		\$ -			\$ -
307	Wells & springs		\$ -			\$ -
308	Infiltration galleries & tunnels		\$ -			\$ -
309	Supply mains	\$ 10,027	\$ 475,909	\$ 10,027		\$ 485,936
310	Power generation equipment		\$ -			\$ -
311	Pumping equipment	\$ 1,737	\$ 40,136	\$ 1,737		\$ 41,873
320	Water treatment equipment	\$ 2,243	\$ 37,257	\$ 2,243		\$ 39,500
330	Distribution reservoirs & standpipes	\$ 5,500	\$ 77,491	\$ 5,500		\$ 82,991
331	Transmission & distribution mains		\$ -			\$ -
333	Services		\$ -			\$ -
334	Meters & meter installations	\$ 2,031	\$ -	\$ 2,031		\$ 2,031
335	Hydrants	\$ 113	\$ 1,401	\$ 113		\$ 1,514
336	Backflow prevention devices (utility owned)		\$ -			\$ -
339	Other plant & miscellaneous equipment	\$ 1,273	\$ 11,366	\$ 1,273		\$ 12,639
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		\$ -			\$ -
348	Miscellaneous Equipment	\$ 322	\$ 7,600	\$ 322		\$ 7,922
	TOTAL	\$ 23,246	\$ 651,160	\$ 23,246	\$ -	\$ 674,406

*Explanation of any adjustments made:

Retained Earnings

Illahé Estates Water System, LLC

215	Unappropriated Retained Earnings (beginning of year balance)	\$	149,679
435	Balance transferred from income	\$	21,317
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)	\$	170,996

Explanation of any adjustments made to Retained Earnings

*CIAC cannot be factored into the balance sheet if figures are to balance.

Other Accounts

Illah Estate Water System, LLC

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	\$	1,142,909
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		
108	Accumulated Depreciation of Utility Plant in Service	\$	674,406
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		
132	Special Deposits		
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
142	Other Accounts Receivable		
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	\$	21,715
162	Prepayments		
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		
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	\$	319,221
212	Discount on Capital Stock		
213	Capital Stock Expense		
214	Appropriated Retained Earnings		
215	Unappropriated Retained Earnings	\$	170,996
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		
232	Notes Payable		
233	Accounts Payable to Associated Companies		
234	Notes Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
238	Accrued Dividends		
239	Matured Long-Term Debt		
240	Matured Interest		
241	Miscellaneous Current and Accrued Liabilities		

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	\$	388,222
272	Accumulated Amortization of CIAC	\$	95,245

Accumulated Deferred Income Taxes

281	Accumulated Deferred Income Taxes - Accelerated Depreciation		
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		
283	Accumulated Deferred Income Taxes - Other		

WATER UTILITY PLANT ACCOUNTS (301-348)

301	Organization	\$	-
302	Franchises	\$	-
303	Land and Land Rights	\$	8,588
304	Structures and Improvements	\$	-
305	Collecting and Impounding Reservoirs	\$	-
306	Lakes, River and Other Intakes	\$	-
307	Wells and Springs	\$	-
308	Infiltration Galleries and Tunnels	\$	-
309	Supply Mains	\$	645,474
310	Power Generation Equipment	\$	-
311	Pumping Equipment	\$	78,124
320	Water Treatment Equipment	\$	75,842
330	Distribution Reservoirs and Standpipes	\$	247,519
331	Transmission and Distribution Mains	\$	-
333	Services	\$	-
334	Meters and Meter Installations	\$	40,627
335	Hydrants	\$	5,664
336	Backflow Prevention Devices	\$	-
339	Other Plant and Miscellaneous Equipment	\$	30,192
340	Office Furniture and Equipment	\$	-
341	Transportation Equipment	\$	-
343	Tools, Shop and Garage Equipment	\$	-
344	Laboratory Equipment	\$	-

345	Power Operated Equipment	\$	-
346	Communication Equipment	\$	-
347	Computer & electronic Equipment	\$	-
348	Miscellaneous Equipment	\$	10,879

INCOME ACCOUNTS (404-434)

Utility Operating Income

400	Operating Revenue	\$	196,760
401	Operating Expenses	\$	152,232
403	Depreciation Expense	\$	23,246
406	Amortization of Utility Plant Acquisition Adjustment		
407	Amortization Expense (no CIAC)		
408	Taxes Other than Income	\$	4,183
409	Income Taxes	\$	3,548
410	Provision for Deferred Income Taxes - Debit	\$	-
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	\$	21,317
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	\$	187,992
461.2	Metered Sales to Commercial Customers	\$	4,687
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	\$	3,361
466	Sales for Resale	\$	-
467	Interdepartmental Sales	\$	-
468	Special Contract/Agreement Revenue	\$	-
470	Forfeited Discounts	\$	-
471	Miscellaneous Service Revenues	\$	720
472	Rents From Water Property	\$	-
473	Interdepartmental Rents	\$	-
474	Other Water Revenues	\$	-
475	Cross Connection Sales & Services Revenues	\$	-

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS (601-675)

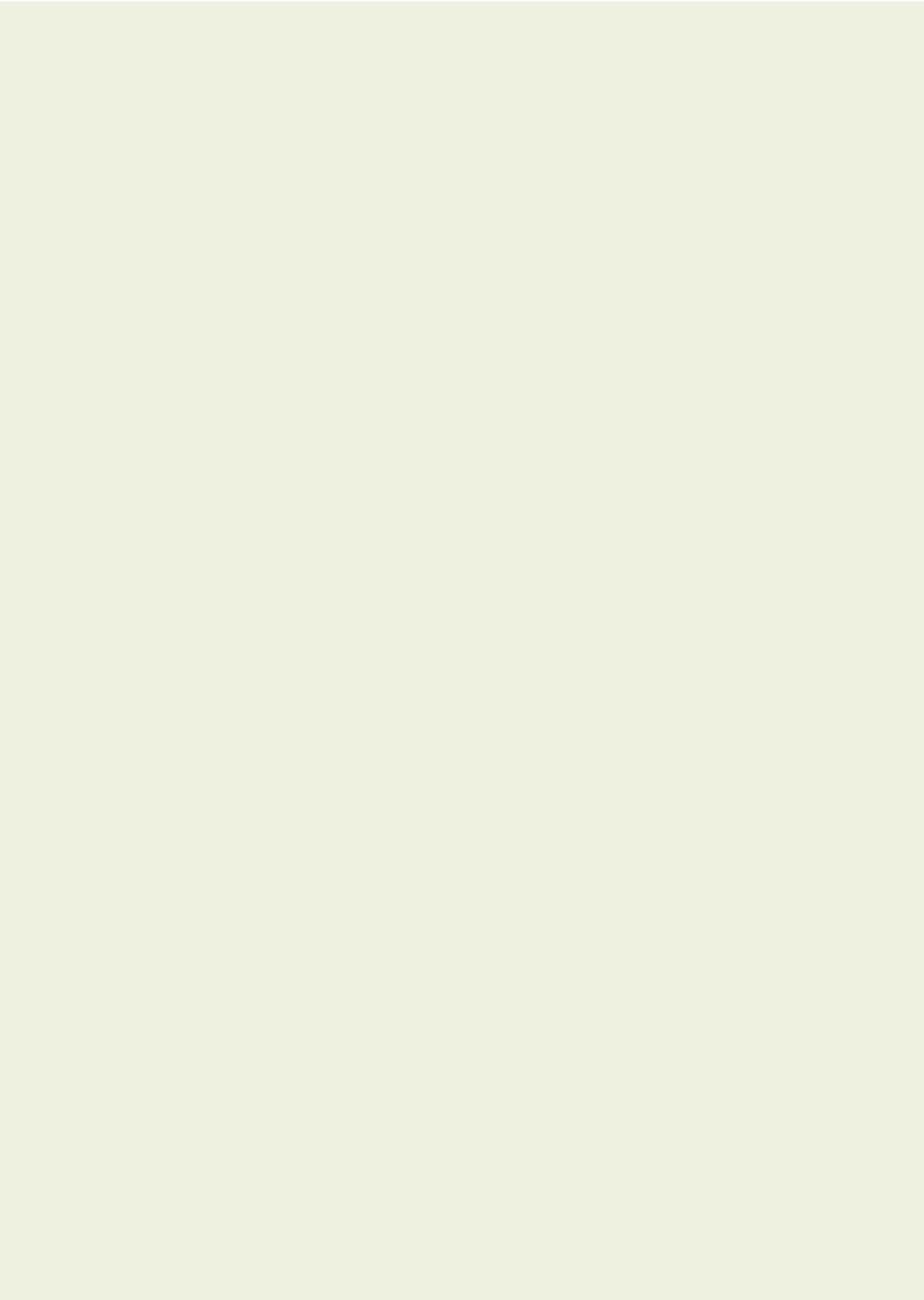
Source of Supply and Expenses

601	Salaries and Wages - Employees	\$	61,157
603	Salaries and Wages - Officers, Directors and Majority Stockholders	\$	-
604	Employee Pensions and Benefits	\$	3,610
610	Purchased Water	\$	-
611	Telephone/Communications	\$	3,019
615	Purchased Power	\$	17,067
616	Fuel for Power Production	\$	-
617	Utilities - Other	\$	240
618	Chemicals & testing	\$	-
619	Office Supplies (excluding postage)	\$	91
619.1	Postage	\$	1,681
620	Materials and Supplies	\$	25,117
621	Repairs to Water Plant	\$	-
631	Contractual Services - Engineering	\$	135
632	Contractual Services - Accounting	\$	581
633	Contractual Services - Legal	\$	63
634	Contractual Services - Management Fees	\$	7,197
635	Contractual Services - Testing/Sampling	\$	7,590
636	Contractual Services - Other	\$	1,376
637	Contractual Services - Billing/Collections	\$	1,591
638	Contractual Services - Meter Reading	\$	-
639	Contractual Services - Other	\$	2,584
641	Rental of Building/Real Property	\$	5,304
642	Rental of Equipment	\$	1,846
643	Small Tools	\$	-
648	Computer & Electronic Expenses	\$	198
650	Transportation Expenses	\$	3,439
656	Insurance - Vehicle	\$	1,235
657	Insurance - General Liability	\$	2,061
658	Insurance - Workman's Compensation	\$	-
659	Insurance - Other	\$	-
660	Public Relations / Advertising Expense	\$	458
666	Regulatory Commission Expense - Amortization of Rate Case Expense	\$	-
667	Regulatory Commission Expense - Other	\$	569
668	Water Resource Conservation Expense	\$	-
670	Bad Debt Expense	\$	-
671.1	Cross Connection Control Program Expense	\$	-
671.2	Cross Connection Testin & Maintenance Services	\$	-
672	System Capacity Development Program Expense	\$	-
673	Training & Certification Expense	\$	733
674	Consumer Confidence Report	\$	-
675	Miscellaneous Expenses	\$	3,290

Notes

Illahé Estates Water System, LLC

Notes and explanations:



Income Statement

Illaha Estates Water System, LLC

400 Operating Revenue	\$ 196,760
401 Operating Expenses	\$ 152,232
403 Depreciation Expense	\$ 15,481
406 Amortization of Utility Plant Acquisition Adjustment	\$ -
407 Amortization Expense	\$ -
408 Taxes Other Than Income Taxes (total)	\$ 4,183
409 Income Taxes	\$ 3,548
410.1 Provision for Deferred Income Taxes - debit	\$ -
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	\$ 21,317
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	\$ 21,317

Balance Sheet

Illaha Estates Water

101 Utility Plant in Service (excluding CIAC)	\$	1,142,909
108-110 Accumulated Depreciation & Amortization	\$	674,406
Subtotal	\$	468,502
102-104 Other Utility Plant	\$	-
105 Commission Approved Construction Work in Progress (CWIP)	\$	-
114 Commission Approved Utility Plant Acquisition Adjustments	\$	-
115 Accumulated Amortization of Commission Approved Acquisition Adjustments	\$	-
190 Accumulated Deferred Income Taxes (asset)	\$	-
Subtotal	\$	-
Net Utility Plant	\$	468,502
131 Cash	\$	-
132 Special Deposits	\$	-
141-142 Accounts Receivable	\$	-
143 Accumulated Provision for Uncollectible Accounts	\$	-
144 Notes Receivable	\$	-
145-146 Accounts & Notes Receivable from Associated Companies	\$	-
151 Materials & Supplies Inventory	\$	21,715
133-135 & 162-174 Miscellaneous Current & Accrued Assets & Prepayments	\$	-
Net Current & Accrued Assets	\$	21,715
181-186 Deferred Debits	\$	-
Total Assets	\$	490,217
252 Advances for Construction	\$	-
271 CIAC	\$	388,222
272 Accumulated Amortization of CIAC	\$	95,245
Net CIAC & Advances for Construction	\$	292,977
121 Nonutility Property	\$	-
122 Accumulated Depreciation & Amortization (Nonutility)	\$	-
123-127 Miscellaneous Nonutility Investments	\$	-
Nonutility Plant & Investment	\$	-
221-224 Long-Term Debt	\$	-
231 Accounts Payable	\$	-
232 Notes Payable	\$	-
233 Accounts Payable to Affiliated Companies	\$	-
234 Notes Payable to Affiliated companies	\$	-
235 Customer Deposits	\$	-
236 Accrued Taxes	\$	-
237 Accrued Interest	\$	-
238-241 Miscellaneous Current and Accrued Liabilities	\$	-
Liabilities	\$	-
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	\$	-
283 Accumulated Deferred Income Taxes-Other	\$	-
Total Liabilities	\$	-
201 Common Stock Issued	\$	-
204 Preferred Stock Issued	\$	-
207 Premium on Capital Stock	\$	-
211 Other Paid in Capital	\$	319,221
212 Discount on Capital Stock	\$	-
213 Capital Stock Expense	\$	-
214 Appropriated Retained Earnings	\$	-
215 Unappropriated Retained Earnings	\$	170,996
216 Reacquired Capital Stock	\$	-
218 Proprietary Capital (Proprietorships & Partnerships Only)	\$	-
Total Equity	\$	490,217
Total Liabilities and Equity	\$	490,217

Stats

Illahe Estates Water System, LLC

Operating Revenues

Flat Rate	\$	-
Metered - Residential	\$	187,992
Metered - Commercial	\$	4,687
Irrigation (including golf courses)	\$	3,361
Fire Protection	\$	-
Other Sales of Water	\$	-
Other Operating Revenue	\$	720
Total Operating Revenues	\$	196,760

Operating Expenses

Purchased Water	\$	-
Purchased Power	\$	17,067
Water Treatment	\$	7,590
Supplies and Expenses	\$	49,281
Repairs of Plant	\$	-
Administrative & General	\$	78,294
Total Operating Expenses	\$	152,232

Other Revenue Deductions

Depreciation & Amortization	\$	15,481
Operating Income Taxes	\$	3,548
Other Operating Taxes	\$	4,183
Uncollectible Revenue/Bad Debt Expense	\$	-
Total Revenue Deductions	\$	23,212

Total Expenses and Deductions

	\$	175,444
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Other Income	\$	-
Interest on Long-Term Debt		
Other Interest Charges	\$	-
Other Income Deductions	\$	-
Net Operating Income (or Loss)	\$	21,317

Assets & Other Debits

Utility Plant	\$	1,142,909
Less: Depreciation & Amortization Reserve	\$	674,406
Other Property & Investments	\$	-
Materials and Supplies	\$	21,715
Other Current & Accrued Assets	\$	-
Deferred Debits	\$	-
Total Assets & Other Debits	\$	490,217

Liabilities & Other Credits

Capital/Common Stock	\$	319,221
Retained Earnings	\$	170,996
Long-Term Debt	\$	-
Customer Deposits	\$	-
Other Current & Accrued Liabilities	\$	-
Advances for Construction	\$	-
Other Deferred Credits	\$	-
Contributions in Aid of Construction	\$	292,977
Accumulated Deferred Income Taxes	\$	-
Total Liabilities & Other Credits	\$	783,194

Average Number of Customers

Flat Rate	-
Metered - Residential	268
Metered - Commercial	3
Irrigation (including golf courses)	2
Fire Protection	-
Other	-
Total Customers	273