



e-FILING REPORT COVER SHEET

COMPANY NAME: OREGON WATER UTILITIES - CLINE BUTTE, 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 35

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

FOR THE CALENDAR YEAR

2017

COMPANY NAME

Oregon Water Utilities - Cline Butte, Inc

Instructions

Oregon Water Utilities - Cline Butte, 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 - Cline Butte, Inc

Complete Address of Reporting Utility

Line 1:	Oregon Water Utilities - Cline Butte, Inc
Line 2:	1230 Golden Pheasant Dr
City:	Redmond
State:	OR
Zip:	97756
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.

Information

Oregon Water Utilities - Cline Butte, 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	kdix@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 - Cline Butte, 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	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

	Common Stock	Preferred Stock
# 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 - Cline Butte, 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	\$ 355,113
Northwest Utility Systems, Inc. (NWUS)	Operational, Goods & Services	2-Jun-17	\$ 391,118
			\$ 746,231

TOTAL \$ (746,231)

Explanations or Notes

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

Revenues

for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

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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	1,559	1,540	147,446	\$ 474,815
Metered sales to COMMERCIAL customers	461.2	25	25	6,487	\$ 23,449
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	142	138	108,950	\$ 87,772
Sales for resale	466				
Water Sales to golf course/recreation revenue	467	3	3	197,698	\$ 95,185
Special contract/agreement revenue	468	1	1	401	\$ 1,259
TOTAL		1,730	1,707	460,982	\$ 682,480

Revenue other than water sales

	Act #	revenues
Forfeited discounts	470	
Miscellaneous service revenues	471	\$ 63,299
Rents from water property	472	
Interdepartmental rents	473	
Other	474	\$ 13,174
Cross Connection sales & services revenues	475	
Total		\$ 76,473

Total Operating Revenue

\$ 758,953

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	7.93	25.54
Metered sales to COMMERCIAL customers	461.2	21.62	78.16
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	64.85	52.25
Sales for resale	466		
Water Sales to golf course/recreation revenue	467	5491.61	2644.03
Special contract/agreement revenue	468	33.42	104.92

Taxes & property sales

for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

Act # TAXES OTHER THAN INCOME TAX

408.11	Property Tax	\$	9,652
408.12	Payroll Tax	\$	8,654
408.13	Other Tax Other Than Income Tax		
408.2	Nonutility Taxes Other Than Income Tax		
		TOTAL	\$ 18,306

Act # INCOME TAXES

409.1	Federal Income Tax	\$	36,382
409.11	State Income Tax	\$	7,915
409.13	Other Income Tax		
409.2	Nonutility Income Tax		
		TOTAL	\$ 44,297

Act # DEFERRED AND PROVISION FOR DEFERRED INCOME TAXES

410.1	Deferred Federal Income Taxes – Utility Operations	\$	7,021
410.11	Deferred State Income Taxes – Utility Operations	\$	848
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	\$ 7,869

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 - Cline Butte, Inc

Act #		Expense amount
601	Salaries and Wages - employees	\$ 86,007
603	Salaries and Wages – officers, directors, and majority stockholders	
604	Employee Pensions & Benefits	\$ 59,571
610	Purchased Water	
611	Telephone/Communications	\$ 3,652
615	Purchased Power	\$ 104,272
616	Fuel for Power Production	
617	Utilities - Other (garbage, natural gas)	\$ 486
618	Chemicals & testing	\$ 586
619	Office Supplies (excluding postage)	\$ 2,848
619.1	Postage	\$ 3,371
620	Materials & Supplies (O&M)	\$ 3,278
621	Repairs of Water Plant	\$ 16,061
631	Contractual Services - engineering	
632	Contractual Services - accounting	
633	Contractual Services - legal	\$ 2,116
634	Contractual Services - management	\$ 90,735
635	Contractual Services – testing / sampling	
636	Contractual Services – labor	
637	Contractual Services - billing/collections	
638	Contractual Services - meter reading	
639	Contractual Services - other	\$ 34,417
641	Rental of Building / Real Property	
642	Rental of Equipment	
643	Small Tools	\$ 1,862
648	Computer and electronic Expenses	\$ 42,833
650	Transportation Expenses	\$ 16,630
656	Insurance - Vehicle	\$ 360
657	Insurance – General Liability	\$ 796
658	Insurance – Workman’s Compensation	\$ 1,550
659	Insurance – Other	\$ 4,792
660	Public Relation / Advertising Expense	\$ 3,083
666	Amortization of Rate Case Expense	
667	Regulatory Commission Fee (Gross Rev Fee)	\$ 2,258
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	\$ 3,522
674	Consumer Confidence Report	
675	Miscellaneous Expense	\$ 20,885
	TOTAL	\$ 505,971

Plant

for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

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

Act #	Jun 2, 2017		Added Jun 2 -		Retired Jun 2 -		Adjustments	End of year balance
	Balance		Dec 31, 2017	Dec 31, 2017	Dec 31, 2017			
301	Organization						\$	-
302	Franchises						\$	-
303	Land & land rights	\$ 20,101					\$	20,101
304	Structures & improvements	\$ 10,198					\$	10,198
305	Collecting & impounding reservoirs						\$	-
306	Lake, river & other intakes						\$	-
307	Wells & springs	\$ 1,011,096	\$ 4,308				\$	1,015,404
308	Infiltration galleries & tunnels						\$	-
309	Supply mains	\$ 167,836	\$ 2,474				\$	170,310
310	Power generation equipment						\$	-
311	Pumping equipment	\$ 206,472	\$ 1,174				\$	207,646
320	Water treatment equipment						\$	-
330	Distribution reservoirs & standpipes	\$ 256,208					\$	256,208
331	Transmission & distribution mains	\$ 3,769,316					\$	3,769,316
333	Services	\$ 893,464					\$	893,464
334	Meters & meter installations	\$ 11,169	\$ 929				\$	12,098
335	Hydrants	\$ 378,392					\$	378,392
336	Backflow prevention devices (utility owned)						\$	-
339	Other plant & miscellaneous equipment						\$	-
340	Office furniture & equipment		\$ 767				\$	767
341	Transportation equipment	\$ 21,695	\$ 7,194				\$	28,889
343	Tools, shop & garage equipment						\$	-
344	Laboratory equipment						\$	-
345	Power operated equipment	\$ 42,000	\$ 6,350				\$	48,350
346	Communication equipment	\$ 2,520	\$ 1,675				\$	4,195
347	Electronic & computer equipment	\$ 8,069	\$ 14,084				\$	22,153
348	Miscellaneous equipment	\$ 54,183					\$	54,183
	TOTAL	\$ 6,852,719	\$ 38,955	\$ -	\$ -	\$ -	\$	6,891,674

Explanation of unusual changes in utility plant during the year:

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for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

Advances for Construction

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

Contributions in Aid of Construction

6/2/2017 balance	\$ 458,337
Added:	
Capacity charge	
Main line extension charges	
Customer connection charges	\$ 21,448
Developer's property	
Other	
Retired	
End of year balance	\$ 479,785

Accumulated Amortization of CIAC

6/2/2017 balance	\$ 49,001
Add CIAC amortized	
Subtract effects of CIAC disposals	
+/- other adjustments*	
Change in Accumulated Amortization	\$ -
End of year balance	\$ 49,001

* Explain any adjustments:

CIAC received was cash only, not plant

Depreciation

for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

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

Act #	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	\$ 170	\$ 6,048	\$ 170			\$ 6,218
302 Franchises						
303 Land & land rights						
304 Structures & improvements						
305 Collecting & impounding reservoirs						
306 Lake, river & other intakes						
307 Wells & springs	\$ 23,578	\$ 688,038	\$ 23,578			\$ 711,616
308 Infiltration galleries & tunnels						
309 Supply mains	\$ 1,958	\$ 71,890	\$ 1,958			\$ 73,848
310 Power generation equipment						
311 Pumping equipment	\$ 3,148	\$ 131,948	\$ 3,148			\$ 135,096
320 Water treatment equipment						
330 Distribution reservoirs & standpipes	\$ 2,989	\$ 88,618	\$ 2,989			\$ 91,607
331 Transmission & distribution mains	\$ 43,980	\$ 1,183,045	\$ 43,980			\$ 1,227,025
333 Services	\$ 18,311	\$ 414,816	\$ 18,311			\$ 433,127
334 Meters & meter installations	\$ 326	\$ 9,052	\$ 326			\$ 9,378
335 Hydrants	\$ 5,519	\$ 137,229	\$ 5,519			\$ 142,748
336 Backflow prevention devices (utility owned)						
339 Other plant & miscellaneous equipment						
340 Office furniture & equipment						
341 Transportation equipment						
343 Tools, shop & garage equipment		\$ 21,695				\$ 21,695
344 Laboratory equipment						
345 Power operated equipment		\$ 42,000				\$ 42,000
346 Communication equip		\$ 2,520				\$ 2,520
347 Electronic & computer Equipment	\$ 267	\$ 7,346	\$ 267			\$ 7,613
348 Miscellaneous Equipment	\$ 1,660	\$ 49,687	\$ 1,660			\$ 51,347
TOTAL	\$ 101,906	\$ 2,853,932	\$ 101,906	\$ -	\$ -	\$ 2,955,838

*Explanation of any adjustments made:

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Retained Earnings

for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

215	Unappropriated Retained Earnings (6/2/2017 balance)	\$	-
435	Balance transferred from income	\$	80,604
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)	\$	80,604

Explanation of any adjustments made to Retained Earnings

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Other Accounts

For 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, 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	\$ 6,891,674
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	\$ 190,164
108	Accumulated Depreciation of Utility Plant in Service	\$ 2,955,838
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	\$ 355,264
132	Special Deposits	
134	Working Funds	
135	Temporary Cash Investments	
141	Customer Accounts Receivable	\$ 79,377
142	Other Accounts Receivable	\$ 23
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	\$ 180
162	Prepayments	\$ 1,129
171	Accrued Interest Receivable	
174	Miscellaneous Current and Accrued Assets	\$ 11,153

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 (201-288)

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	\$ 80,604
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	\$ 32,559
232	Notes Payable	
233	Accounts Payable to Associated Companies	\$ 3,870,938
234	Notes Payable to Associated Companies	
235	Customer Deposits	\$ 6,000
236	Accrued Taxes	\$ 120,837
237	Accrued Interest	
238	Accrued Dividends	
239	Matured Long-Term Debt	
240	Matured Interest	
241	Miscellaneous Current and Accrued Liabilities	\$ 17,535

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	\$ 479,785
272	Accumulated Amortization of CIAC	\$ 49,001

Accumulated Deferred Income Taxes		
281	Accumulated Deferred Income Taxes - Accelerated Depreciation	
282	Accumulated Deferred Income Taxes - Liberalized Depreciation	\$ 7,869
283	Accumulated Deferred Income Taxes - Other	

WATER UTILITY PLANT ACCOUNTS (301-348)		
301	Organization	\$ -
302	Franchises	\$ -
303	Land and Land Rights	\$ 20,101
304	Structures and Improvements	\$ 10,198
305	Collecting and Impounding Reservoirs	\$ -
306	Lakes, River and Other Intakes	\$ -
307	Wells and Springs	\$ 1,015,404
308	Infiltration Galleries and Tunnels	\$ -
309	Supply Mains	\$ 170,310
310	Power Generation Equipment	\$ -
311	Pumping Equipment	\$ 207,646
320	Water Treatment Equipment	\$ -
330	Distribution Reservoirs and Standpipes	\$ 256,208
331	Transmission and Distribution Mains	\$ 3,769,316
333	Services	\$ 893,464
334	Meters and Meter Installations	\$ 12,098
335	Hydrants	\$ 378,392
336	Backflow Prevention Devices	\$ -
339	Other Plant and Miscellaneous Equipment	\$ -
340	Office Furniture and Equipment	\$ 767
341	Transportation Equipment	\$ 28,889
343	Tools, Shop and Garage Equipment	\$ -
344	Laboratory Equipment	\$ -

345	Power Operated Equipment	\$ 48,250
346	Communication Equipment	\$ 4,195
347	Computer & electronic Equipment	\$ 22,153
348	Miscellaneous Equipment	\$ 54,183

INCOME ACCOUNTS (404-434)

Utility Operating Income		
400	Operating Revenue	\$ 758,953
401	Operating Expenses	\$ 505,971
403	Depreciation Expense	\$ 101,906
406	Amortization of Utility Plant Acquisition Adjustment	
407	Amortization Expense (no CIAC)	
408	Taxes Other than Income	\$ 18,306
409	Income Taxes	\$ 44,297
410	Provision for Deferred Income Taxes - Debit	\$ 7,869
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	
439	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	\$ 80,604
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	\$ 474,815
461.2	Metered Sales to Commercial Customers	\$ 23,449
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	\$ 87,772
465	Sales to Irrigation Customers	\$ -
466	Sales for Resale	\$ 95,185
467	Interdepartmental Sales	\$ -
468	Special Contract/Agreement Revenue	\$ 1,259
470	Forfeited Discounts	\$ -
471	Miscellaneous Service Revenues	\$ 63,299
472	Rents From Water Property	\$ -
473	Interdepartmental Rents	\$ -
474	Other Water Revenues	\$ 13,174
475	Cross Connection Sales & Services Revenues	\$ -

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS (601-675)

Source of Supply and Expenses		
601	Salaries and Wages - Employees	\$ 86,007
603	Salaries and Wages - Officers, Directors and Majority Stockholders	\$ -
604	Employee Pensions and Benefits	\$ 59,571
610	Purchased Water	\$ -
611	Telephone/Communications	\$ 3,652
615	Purchased Power	\$ 104,272
616	Fuel for Power Production	\$ -
617	Utilities - Other	\$ 486
618	Chemicals & testing	\$ 586
619	Office Supplies (excluding postage)	\$ 2,848
619.1	Postage	\$ 3,371
620	Materials and Supplies	\$ 3,278
621	Repairs to Water Plant	\$ 16,061
631	Contractual Services - Engineering	\$ -
632	Contractual Services - Accounting	\$ -
633	Contractual Services - Legal	\$ 2,116
634	Contractual Services - Management Fees	\$ 90,735
635	Contractual Services - Testing/Sampling	\$ -
636	Contractual Services - Other	\$ -
637	Contractual Services - Billing/Collections	\$ -
638	Contractual Services - Meter Reading	\$ -
639	Contractual Services - Other	\$ 34,417
641	Rental of Building/Real Property	\$ -
642	Rental of Equipment	\$ -
643	Small Tools	\$ 1,862
648	Computer & Electronic Expenses	\$ 42,833
650	Transportation Expenses	\$ 16,630
656	Insurance - Vehicle	\$ 360
657	Insurance - General Liability	\$ 796
658	Insurance - Workman's Compensation	\$ 1,550
659	Insurance - Other	\$ 4,792
660	Public Relations / Advertising Expense	\$ 3,083
666	Regulatory Commission Expense - Amortization of Rate Case Expense	\$ -
667	Regulatory Commission Expense - Other	\$ 2,258
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	\$ 3,522
674	Consumer Confidence Report	\$ -
675	Miscellaneous Expenses	\$ 20,885

Notes

Oregon Water Utilities - Cline Butte, 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 \$7,869.

Income Statement

for 7 months ending 12/31/2017

Oregon Water Utilities - Cline Butte, Inc

400 Operating Revenue	\$ 758,953
401 Operating Expenses	\$ 505,971
403 Depreciation Expense	\$ 101,906
406 Amortization of Utility Plant Acquisition Adjustment	\$ -
407 Amortization Expense	\$ -
408 Taxes Other Than Income Taxes (total)	\$ 18,306
409 Income Taxes	\$ 44,297
410.1 Provision for Deferred Income Taxes - debit	\$ 7,869
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	\$ 80,604
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	\$ 80,604

Balance Sheet

Oregon Water Utilit

101 Utility Plant in Service (excluding CIAC plant)	\$	6,891,674
108-110 Accumulated Depreciation & Amortization	\$	2,955,838
Subtotal	\$	3,935,836
102-104 Other Utility Plant	\$	-
105 Commission Approved Construction Work in Progress (CWIP)	\$	190,164
114 Commission Approved Utility Plant Acquisition Adjustments	\$	-
115 Accumulated Amortization of Commission Approved Acquisition Adjustments	\$	-
190 Accumulated Deferred Income Taxes (asset)	\$	-
Subtotal	\$	190,164
Net Utility Plant	\$	4,126,000
131 Cash	\$	355,264
132 Special Deposits	\$	-
141-142 Accounts Receivable	\$	73,400
143 Accumulated Provision for Uncollectible Accounts	\$	-
144 Notes Receivable	\$	-
145-146 Accounts & Notes Receivable from Associated Companies	\$	-
151 Materials & Supplies Inventory	\$	180
133-135 & 162-174 Miscellaneous Current & Accrued Assets & Prepayments	\$	12,282
Net Current & Accrued Assets	\$	441,126
181-186 Deferred Debits	\$	-
Total Assets	\$	4,567,126
252 Advances for Construction	\$	-
271 CIAC	\$	479,785
272 Accumulated Amortization of CIAC	\$	49,001
Net CIAC & Advances for Construction	\$	430,784
121 Nonutility Property	\$	-
122 Accumulated Depreciation & Amortization (Nonutility)	\$	-
123-127 Miscellaneous Nonutility Investments	\$	-
Nonutility Plant & Investment	\$	-
221-224 Long-Term Debt	\$	-
231 Accounts Payable	\$	32,559
232 Notes Payable	\$	-
233 Accounts Payable to Affiliated Companies	\$	3,870,938
234 Notes Payable to Affiliated companies	\$	-
235 Customer Deposits	\$	6,000
236 Accrued Taxes	\$	120,837
237 Accrued Interest	\$	-
238-241 Miscellaneous Current and Accrued Liabilities	\$	17,535
Liabilities	\$	4,047,869
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	\$	7,869
283 Accumulated Deferred Income Taxes-Other	\$	-
Total Liabilities	\$	4,055,738
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	\$	80,604
216 Reacquired Capital Stock	\$	-
218 Proprietary Capital (Proprietorships & Partnerships Only)	\$	-
Total Equity	\$	80,604
Total Liabilities and Equity	\$	4,567,126

Stats

Oregon Water Utilities - Cline Butte, Inc

Operating Revenues

Flat Rate	\$	-
Metered - Residential	\$	474,815
Metered - Commercial	\$	23,449
Irrigation (including golf courses)	\$	182,957
Fire Protection	\$	-
Other Sales of Water	\$	1,259
Other Operating Revenue	\$	76,473
Total Operating Revenues	\$	<u>758,953</u>

Operating Expenses

Purchased Water	\$	-
Purchased Power	\$	104,272
Water Treatment	\$	586
Supplies and Expenses	\$	112,206
Repairs of Plant	\$	16,061
Administrative & General	\$	272,846
Total Operating Expenses	\$	<u>505,971</u>

Other Revenue Deductions

Depreciation & Amortization	\$	101,906
Operating Income Taxes	\$	52,166
Other Operating Taxes	\$	18,306
Uncollectible Revenue/Bad Debt Expense	\$	-
Total Revenue Deductions	\$	<u>172,378</u>

Total Expenses and Deductions

Total Expenses and Deductions	\$	<u>678,349</u>
Other Income	\$	-
Interest on Long-Term Debt	\$	-
Other Interest Charges	\$	-
Other Income Deductions	\$	(7,869)
Net Operating Income (or Loss)	\$	<u>88,473</u>

Assets & Other Debits

Utility Plant	\$	7,371,459
Less: Depreciation & Amortization Reserve	\$	3,004,839
Other Property & Investments	\$	355,264
Materials and Supplies	\$	180
Other Current & Accrued Assets	\$	275,846
Deferred Debits	\$	-
Total Assets & Other Debits	\$	<u>4,997,910</u>

Liabilities & Other Credits

Capital/Common Stock	\$	-
Retained Earnings	\$	80,604
Long-Term Debt	\$	-
Customer Deposits	\$	6,000
Other Current & Accrued Liabilities	\$	4,041,869
Advances for Construction	\$	-
Other Deferred Credits	\$	-
Contributions in Aid of Construction	\$	430,784
Accumulated Deferred Income Taxes	\$	7,869
Total Liabilities & Other Credits	\$	<u>4,567,126</u>

Average Number of Customers

Flat Rate	-
Metered - Residential	1,540
Metered - Commercial	25
Irrigation (including golf courses)	141
Fire Protection	-
Other	1
Total Customers	<u>1,707</u>

Reconciliation

Oregon Water Utilities - Cline Butte, Inc

Act #	PLANT - 5 MONTHS ENDING 6/1/2017				Correction of prior owner accounting	Jun 2, 2017 Plant Balance
	a	b	c	d		
	Plant - EOY 2016 per PY Annual Report filed by prior owner	additions	retirements	owner accounting		
301	Organization					
302	Franchises					
303	Land & land rights	\$ 20,101			\$ 20,101	
304	Structures & improvements	\$ 2,713		\$ 7,485	\$ 10,198	
305	Collecting & impounding reservoirs					
306	Lake, river & other intakes					
307	Wells & springs	\$ 505,254		\$ 505,842	\$ 1,011,096	
308	Infiltration galleries & tunnels					
309	Supply mains	\$ 33,567		\$ 134,269	\$ 167,836	
310	Power generation equipment					
311	Pumping equipment	\$ 102,196		\$ 104,276	\$ 206,472	
320	Water treatment equipment					
330	Distribution reservoirs & standpipes	\$ 105,880		\$ 150,328	\$ 256,208	
331	Transmission & distribution mains	\$ 1,851,387		\$ 1,917,929	\$ 3,769,316	
333	Services	\$ 451,723		\$ 441,741	\$ 893,464	
334	Meters & meter installations	\$ 1,617		\$ 9,552	\$ 11,169	
335	Hydrants	\$ 159,948		\$ 218,444	\$ 378,392	
336	Backflow prevention devices (utility owned)					
339	Other plant & miscellaneous equipment	\$ 66,544		\$ (66,544)		
340	Office furniture & equipment					
341	Transportation equipment	\$ 10,534		\$ 11,161	\$ 21,695	
343	Tools, shop & garage equipment					
344	Laboratory equipment					
345	Power operated equipment	\$ 6,400		\$ 35,600	\$ 42,000	
346	Communication equipment			\$ 2,520	\$ 2,520	
347	Electronic & computer equipment	\$ 3,438		\$ 4,631	\$ 8,069	
348	Miscellaneous equipment	\$ 54,572		\$ (389)	\$ 54,183	
	TOTAL	\$ 3,375,874		\$ 3,476,845	\$ 6,852,719	

CIAC - 5 MONTHS ENDING 6/1/2017				
a	b	c	d	e = a + b + c + d
CIAC - EOY 2016 per PY Annual Report filed by prior owner	additions	retirements	owner accounting	Jun 2, 2017 CIAC Balance
\$ -			\$ 458,337	\$ 458,337

CIAC

ACCUMULATED DEPRECIATION - 5 MONTHS ENDING 6/1/2017				
f	g = a + .0662 * 5 / 12	h	i = f + g + h	
Acc Dep - EOY 2016 per PY Annual Report filed by prior owner	Jan 1 - Jun 1, 2017 estimated depreciation expense per PY report	Correction of prior owner accounting	Jun 2, 2017 Acc Dep	Balance
\$ 707	\$ 77	\$ 5,264	\$ 6,048	
\$ 202,335	\$ 14,358	\$ 471,345	\$ 688,038	
\$ 20,700	\$ 954	\$ 50,236	\$ 71,890	
\$ 37,072	\$ 2,904	\$ 91,972	\$ 131,948	
\$ 43,529	\$ 3,009	\$ 42,080	\$ 88,618	
\$ 774,804	\$ 52,610	\$ 355,631	\$ 1,183,045	
\$ 188,381	\$ 12,836	\$ 213,599	\$ 414,816	
\$ 997	\$ 46	\$ 8,009	\$ 9,052	
\$ 68,617	\$ 4,545	\$ 64,067	\$ 137,229	
\$ -	\$ 1,891	\$ (1,891)	\$ -	
\$ 3,439	\$ 299	\$ 17,957	\$ 21,695	
\$ 6,400	\$ 182	\$ 35,418	\$ 42,000	
\$ 2,324	\$ 98	\$ 4,924	\$ 7,346	
\$ 7,948	\$ 1,551	\$ 40,188	\$ 49,687	
\$ 1,357,253	\$ 95,360	\$ 1,401,319	\$ 2,853,932	