

**CLASS A & B - WATER COMPANIES  
2013  
ANNUAL REPORT**

FOR

Aquarius Utilities

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

(OFFICIAL MAILING ADDRESS)

(CITY)

(STATE)

(ZIP)

Please check if address listed above is an updated address

Report Year Ended: December 31, 2013

Inquiries concerning this Annual Report should be addressed to:

Name/Title: Gregory G. Rosts Member & Manager  
Address: P.O. Box 1085 (23411 Rhododendron Lane NW)  
City: Poulsbo  
State/Zip: WA 98370  
Telephone: 360-779-1565  
Email: mywatercompany@net.com

SUBMIT TO:

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
PO Box 47250  
Olympia, WA 98504-7250

File online: [www.utc.wa.gov](http://www.utc.wa.gov)

WASHINGTON

**UTC**

UTILITIES AND TRANSPORTATION  
COMMISSION

**REPORT MUST BE RECEIVED NO LATER THAN MAY 1, 2014**

\*\*\*Please refer to the Instructions for Completing the Annual Report on Page 2\*\*\*

RECEIVED

MAY 01 2014

WASH. UT. & TP. COMM.

ENTERED IN COMPUTER

MAY 05 2014

*ana*

## INSTRUCTIONS FOR ANNUAL REPORT COMPLETION

### ***Commission Authority***

The purpose of this form is to collect financial and operational information from water companies regulated by the Washington Utilities and Transportation Commission (UTC). The commission's authority for requiring this report is found in RCW 80.04.080. This report is a non-confidential public use form.

### ***Certification***

The Annual Report Certification must be signed by an authorized officer, partner or owner.

### ***Regulatory Fees***

Regulatory fees are set by commission order A-140166.

### ***Deadlines and Penalties***

All water companies regulated by the UTC are required to complete this form, including all schedules. Failure to complete all schedules will result in the report being considered incomplete and subject to penalties. Completed forms and regulatory fee payments must be received by the UTC no later than **May 1, 2014**. Failure to file the annual report by the above deadline will result in a financial penalty of \$100 for each business day after May 1. Failure to pay the regulatory fees by the above deadline will result in a 2 percent penalty on the amount due and a 1 percent monthly interest charge on the unpaid balance.

### ***Extension Requests***

You may file a written request for an extension to file the completed annual report; however, the commission will not extend the deadline for paying regulatory fees. Any extension request must be filed with the commission by **April 17, 2014**, and must state a valid reason for why the extension is needed and identify a specific date which the report will be filed with the commission. The commission will notify you by April 24 whether your request is approved or denied. Even if your request is approved, you will still be liable for penalties and interest payments if you fail to pay your regulatory fees by May 1. To file your extension request online visit:

<http://www.utc.wa.gov/docs/Pages/ElectronicFiling.aspx>

### ***Confidential Status***

Water companies may file annual reports as confidential. You must follow the steps for filing confidential documents in WAC 480-07-160. The regulatory fee sheet portion of your report is not a confidential document and will not be accorded confidential treatment under the rule.

To view the confidential requirements in WAC 480-07-160, please visit the following site:

[apps.leg.wa.gov/WAC/default.aspx?cite=480-07-160](http://apps.leg.wa.gov/WAC/default.aspx?cite=480-07-160)

### ***Electronic Filing and Payment***

To obtain an electronic format of the report, submit a report online or pay your regulatory fees online visit:

[www.utc.wa.gov/regulatedindustries/pages/annualreports](http://www.utc.wa.gov/regulatedindustries/pages/annualreports)

### ***Staff Contact***

Rae Lynn Carnes at (360) 664-1152 or [rcarnes@utc.wa.gov](mailto:rcarnes@utc.wa.gov)

TTY Toll-Free phone number 1-800-416-5289

# ANNUAL REPORT CERTIFICATION

(PLEASE VERIFY THAT ALL SCHEDULES ARE ACCURATE AND COMPLETE BEFORE SIGNING)

Person who prepared this report: Gregory G. Roats  
Title: Member + General Manager  
Telephone: 360 - 779 - 1565  
Principal Business Address: 23411 Rhododendron Lane NW  
City: Paulsbo State: WA Zip: 98370

I, the undersigned Gregory G. Roats  
Responsible Account Officer (Please Print)

of Aquarius Utilities LLC  
Name of Company

have examined the foregoing report; that, to the best of my knowledge and belief, all statement of fact contained in said report are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2013, to December 31, 2013, inclusive.

Member + General Manager  
Title  
(please print)

Gregory G. Roats  
Signature  
(please type if filing electronically)

360 - 779 - 1565  
Telephone Number

3/27/14  
Date

## COMPANY INFORMATION

Aquarius Utilities, LLC

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

Washington Unified Business Identifier (UBI) No.: 602-004-295  
 (If you do not know your UBI No. please contact Business Licensing Service at 1-800-451-7985 or BLS@dor.wa.gov)

**Business Structure (please check the appropriate designation):**

Individual / Sole Proprietor  Partnership  Other (LP, LLP, LLC)  Corporation  Nonprofit Corporation

Telephone Number: 360-779-1565 Fax Number: 360-779-4189

E-Mail or Web Address: mywatercompany@sol.com

Date Utility First Organized: 12/16/99

Location of Books & Records: 23411 Rhododendron Lane NW

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Method of Accounting:  Cash  Accrual

Certificate Number: \_\_\_\_\_

## PERSONNEL AND OWNERSHIP

| Title                                                                                                                                          | Name                    | % Owner | Principal Business Address                     | Phone #             |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------|------------------------------------------------|---------------------|
| Certified Water Manager                                                                                                                        | <u>Gregory G. Roats</u> |         | <u>23411 Rhododendron Lane NW, Poulsbo, WA</u> | <u>360-509-3201</u> |
| Emergency Response Personnel                                                                                                                   | <u>Korey Jones</u>      |         | <u>Same</u>                                    | <u>360-710-4338</u> |
|                                                                                                                                                | <u>Randy Stitzer</u>    |         | <u>Same</u>                                    | <u>360-865-1367</u> |
|                                                                                                                                                | <u>Sheila Jones</u>     |         | <u>Same</u>                                    | <u>360-265-4236</u> |
|                                                                                                                                                |                         |         |                                                |                     |
| Owners: Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the company. | <u>Gregory G. Roats</u> |         | <u>Same</u>                                    | <u>360-779-1565</u> |
|                                                                                                                                                |                         |         |                                                |                     |
|                                                                                                                                                |                         |         |                                                |                     |
|                                                                                                                                                |                         |         |                                                |                     |

# INCOME STATEMENT

(For the Calendar Year 2013)

| Line                               | Account # | Account Name                                          | Water | Other | Total Company       |
|------------------------------------|-----------|-------------------------------------------------------|-------|-------|---------------------|
| (L)                                | (a)       | (b)                                                   | (c)   | (d)   | (c)+(d) = (e)       |
| <b>Revenues</b>                    |           |                                                       |       |       |                     |
| 1                                  | 400       | Operating Revenue Accounts                            |       |       | 446,018.75          |
| 2                                  | 471       | Misc. Revenue Accounts                                |       |       | 369.07              |
| 3                                  | 474       | Other Revenue Accounts                                |       |       | 10,114.38           |
| 4                                  |           | <i>Utility Operating Revenue (Add L1 thru L3)</i>     |       |       | 456,502.20          |
| <b>Expenses</b>                    |           |                                                       |       |       |                     |
| 5                                  | 401       | Operating Expense Accounts                            |       |       | 451,956.42          |
| 6                                  | 403       | Depreciation Expense                                  |       |       | 185,580.96          |
| 7                                  | 406       | Amortization Expense                                  |       |       | (123,198.96)        |
| 8                                  | 408       | Other Tax & License                                   |       |       | 0                   |
| 9                                  | 409       | Federal Income Taxes                                  |       |       | 0                   |
| 10                                 |           | <i>Utility Operating Expense (Add L5 to L9)</i>       |       |       | 514,338.42          |
| 11                                 |           | <i>Utility Operating Income (Loss) (L4 minus L10)</i> |       |       | ( 57,836.22)        |
| <b>Other Income and Deductions</b> |           |                                                       |       |       |                     |
| <b>Other Income:</b>               |           |                                                       |       |       |                     |
| 12                                 | 414       | Gain (Loss) From Disposition of Plant                 |       |       | 0                   |
| 13                                 | 415-416   | Jobbing and Contract Work                             |       |       | 900.00              |
| 14                                 | 419       | Interest & Dividend Income                            |       |       | 155.17              |
| 15                                 | 421       | Nonutility Income                                     |       |       | 387.51              |
| 16                                 |           | <i>Total Other Income (Add L12 thru L15)</i>          |       |       | 1442.68             |
| <b>Other Deductions</b>            |           |                                                       |       |       |                     |
| 17                                 | 426       | Miscellaneous Nonutility Expenses                     |       |       | 34,734.95           |
| 18                                 | 427       | Interest Expense                                      |       |       | (2005.49)           |
| 19                                 | 433       | Extraordinary Income/Deduction                        |       |       |                     |
| 20                                 |           | <i>Total Other Deductions (Add L17 thru L19)</i>      |       |       | 32,729.46           |
| 21                                 |           | <b>Net Income (Loss) (Add L11 plus L16 minus L20)</b> |       |       | <b>( 89,123.00)</b> |

**BALANCE SHEET  
TOTAL COMPANY**

| Line<br>No.<br>(L)                    | Acct<br>No.<br>(a) | Account Names<br>(b)                                           | 2013<br>Current Year<br>(c) |
|---------------------------------------|--------------------|----------------------------------------------------------------|-----------------------------|
| <b>Assets:</b>                        |                    |                                                                |                             |
| 1                                     | 101                | Utility Plant                                                  | 3,920,201.65                |
| 2                                     | 104                | Utility Plant Purchased or Sold                                | -                           |
| 3                                     | 108                | Less: Accumulated Depreciation                                 | (1,385,736.76)              |
| 4                                     | 110                | Accumulated Amortization                                       | -                           |
| 5                                     | 114                | Utility Plant Acquisition Adjustment                           | 24,841.00                   |
| 6                                     |                    | <i>Net Utility Plant</i> (Add L1 thru L5)                      | <u>2,659,305.89</u>         |
| 7                                     | 124                | Utility Investments                                            | 162,775.49                  |
| 8                                     | 127                | Special Funds (Surcharges, Facility Charges)                   | -                           |
| 9                                     | 131                | Cash                                                           | 60,432.88                   |
| 10                                    | 141                | Customer Accounts Receivable                                   | 21,295.10                   |
| 11                                    | 151                | Plant Materials and Supplies                                   | -                           |
| 12                                    | 162                | Prepayments                                                    | -                           |
| 13                                    | 186                | Other Deferred Debits                                          | (15,715.29)                 |
| 14                                    |                    | Other Assets (specify)                                         | 171,795.21                  |
| 15                                    |                    | <b>Total Assets</b> (Add L6 thru L14)                          | <u><u>3,059,889.28</u></u>  |
| <b>Equity Capital and Liabilities</b> |                    |                                                                |                             |
| 16                                    | 201-204            | Capital Stock Issued                                           | -                           |
| 17                                    | 211                | Other Paid In Capital                                          | 27,966.73                   |
| 18                                    | 214-215            | Retained Earnings                                              | (577,027.00)                |
| 19                                    | 218                | Proprietary Capital                                            | 474,491.87                  |
| 20                                    |                    | <b>Total Equity Capital</b> (Add L16 thru L19)                 | <u>(74,568.40)</u>          |
| <i>Interest Rate:</i>                 |                    |                                                                |                             |
| 21                                    | 224                | Long-Term Debt                                                 | (36,342.88)                 |
| 22                                    | 231                | Accounts Payable                                               | 72,641.90                   |
| 23                                    | 232                | Notes Payable                                                  | 1,874,234.45                |
| 24                                    | 235                | Customer Deposits                                              | 16,273.63                   |
| 25                                    | 236                | Accrued Taxes                                                  | -                           |
| 26                                    | 253                | Other Deferred Credits                                         | -                           |
| 27                                    | 265                | Miscellaneous Operating Reserves                               | -                           |
| 28                                    | 271                | Contributions in Aid of Construction (CIAC)                    | 1,013,440.23                |
| 29                                    | 272                | Less: Accumulated Amortization of CIAC                         | -                           |
| 30                                    |                    | Other Liabilities (Specify) <u>Notes Contract Payable</u>      | 176,645.54                  |
| 31                                    |                    | <b>Total Liabilities</b> (Add L21 thru L30)                    | <u>3,116,892.87</u>         |
| 32                                    |                    | <b>Total Equity, Capital and Liabilities</b> (Add L20 and L31) | <u><u>3,042,324.47</u></u>  |

Note: Line 15 should equal Line 32

T

WATER UTILITY PLAN (Account 101)

| Line No. (L) | Acct No. (a) | Account Name (b)                     | Balance Begin Year (c) | Additions (d) | Retirements (e) | Balance End Year (f) |
|--------------|--------------|--------------------------------------|------------------------|---------------|-----------------|----------------------|
| 1            | 301          | Organization                         | \$ 4690                | 0             | 0               | \$ 4690              |
| 2            | 302          | Franchises                           | 6395                   | 0             | 0               | 6395                 |
| 3            | 303          | Land and Water Rights                | 162,877                | 0             | 0               | 162,877              |
| 4            | 304          | Structures & Improvements            | 570,053                | 20,000*       | 0               | 590,053              |
| 5            | 305          | Collecting & Impounding Reservoir    | 0                      | 0             | 0               | 0                    |
| 6            | 306          | Lake, River, and other intakes       | 0                      | 0             | 0               | 0                    |
| 7            | 307          | Wells and Springs                    | 246,119                | 0             | 0               | 246,119              |
| 8            | 309          | Supply Mains                         | 42,572                 | 502           | 0               | 43,074               |
| 9            | 310          | Power Generation Equipment           | 50,189                 | 0             | 0               | 50,189               |
| 10           | 311          | Pumping Equipment                    | 422,568                | 20,000*       | 0               | 446,086              |
| 11           | 320          | Water Treatment Equipment            | 0                      | + 3518        | 0               | 0                    |
| 12           | 330          | Distribution Reservoirs & Tanks      | 954,888                | 50,000*       | 0               | 1,004,888            |
| 13           | 331          | Transmission & Distribution Mains    | 856,217                | 50,000*       | 0               | 906,217              |
| 14           | 333          | Service Connections                  | 165,416                | 1320          | 0               | 166,736              |
| 15           | 334          | Meters and Meter Installation        | 23,600                 | 676           | 0               | 24,276               |
| 16           | 335          | Hydrants                             | 0                      | 0             | 0               | 0                    |
| 17           | 339          | Other Plant & Misc. Equipment        | 463,848                | 20,000*       | 0               | 486,032              |
| 18           | 340          | Office Furniture & Equipment         | 38,208                 | + 2184        | 0               | 38,208               |
| 19           | 341          | Transportation Equipment             | 67,816                 | 0             | 0               | 67,816               |
| 20           | 343          | Tools, Shop and Garage Equipment     | 4383                   | 0             | 0               | 4383                 |
| 21           | 345          | Power Operated Equipment             | 613                    | 0             | 0               | 613                  |
| 22           | 346          | Communication Equipment              | 19,130                 | 0             | 0               | 19,130               |
| 23           | 348          | Other Tangible Plant                 | 52,418                 | 0             | 0               | 52,418               |
| 24           |              | Water System Plan                    | \$ 119,192             | 0             | 0               | 119,192              |
| 25           | 101          | Utility Plant Total (Add L1 thru 24) | \$ 4,271,192           | \$ 168,200    | 0               | \$ 4,439,392         |

SOURCES OF CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

Report below all plant, equipment, and monies (connection charges, facilities charges, and surcharges) received during the year for capital plant

|    | Description of Charges (a)                     | # of Connections (b) | Cost or Charge per Connection (c) | CIAC Amount Received (d) |
|----|------------------------------------------------|----------------------|-----------------------------------|--------------------------|
| 26 | Service Connection Fees                        | 4                    | \$ 950 -                          | \$ 3800 -                |
| 27 |                                                |                      |                                   |                          |
| 28 | Facilities Charge Fees                         | 4                    | 2950 -                            | 11,800 -                 |
| 29 |                                                |                      |                                   |                          |
| 30 | DWSRF loan repayment surcharge                 | N/A                  | \$ 8.70/mo.                       | 84,575 -                 |
| 31 |                                                |                      |                                   |                          |
| 32 | CIAC: Water mains                              | N/A                  | \$ 2500                           | 2500 -                   |
| 33 | Annual Total CIAC Collected (add L26 thru L32) |                      |                                   | \$ 102,675               |

\* Allocation of \$160,000 in equity funds provided by company owner.

**CUSTOMER COUNT SUMMARY**

| Line No. (L) | Description (a)                          | Number at Beginning of Year (b) | New Services (c) | Number at End of Year (d) | Temporary (e) |
|--------------|------------------------------------------|---------------------------------|------------------|---------------------------|---------------|
| 1            | Total Unmetered                          |                                 |                  |                           |               |
| 2            | Total Metered                            | 878                             | 7                | 885                       |               |
| 3            | Master Meter - Single Customer Billed    |                                 |                  |                           |               |
| 4            | Master Meter - Multiple Customers Billed |                                 |                  |                           |               |
| 5            | Other Services (Ready to Serve, etc.)    | 31                              |                  | 31                        |               |
| 6            | Total Customers (Add L1 thru L5)         | 909                             |                  | 916                       |               |

**WATER CATEGORY SUMMARY**

| Month (a)                  | PURCHASED or SURFACE WATER<br>Cubic Feet (b) | GROUND WATER (Wells)<br>Cubic Feet (c) | TOTAL FROM ALL CATEGORIES<br>Cubic Feet (b)+(c)=(d) | LOSS or WASTAGE<br>Cubic Feet (e) | WATER SOLD TO CUSTOMERS<br>Cubic Feet (f) |
|----------------------------|----------------------------------------------|----------------------------------------|-----------------------------------------------------|-----------------------------------|-------------------------------------------|
| 7 January                  | 0                                            | 462944                                 | 462944                                              | 55675                             | 407269                                    |
| 8 February                 |                                              | 360812                                 | 360812                                              | 40962                             | 319850                                    |
| 9 March                    |                                              | 371188                                 | 371188                                              | 42281                             | 328907                                    |
| 10 April                   |                                              | 467762                                 | 467762                                              | 58994                             | 408768                                    |
| 11 May                     |                                              | 442006                                 | 442006                                              | 33267                             | 408739                                    |
| 12 June                    |                                              | 468980                                 | 468980                                              | 52808                             | 416172                                    |
| 13 July                    |                                              | 700150                                 | 700150                                              | 43649                             | 656501                                    |
| 14 August                  |                                              | 668437                                 | 668437                                              | 42938                             | 625499                                    |
| 15 September               |                                              | 599041                                 | 599041                                              | 40016                             | 559025                                    |
| 16 October                 |                                              | 395993                                 | 395993                                              | 37028                             | 358965                                    |
| 17 November                |                                              | 389711                                 | 389711                                              | 27977                             | 361734                                    |
| 18 December                | v                                            | 472600                                 | 472600                                              | 74379                             | 398221                                    |
| 19 Total (Add L7 thru L18) | 0                                            | 5,799,624                              | 5,799,624                                           | 549,974                           | 5,249,650                                 |

- (d) - Category Master Meters Records
- (e) - Category Leakage or Wastage of Water
- (f) - Individual Customer Meter Records

CONVERSION: 1 cubic foot = 7.48 gallons

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| Line No (L)                 | Acct No (a) | (b)                                                      | 2013 Current Year (d) |
|-----------------------------|-------------|----------------------------------------------------------|-----------------------|
| <b>OPERATING ACTIVITIES</b> |             |                                                          |                       |
| 1                           | 400         | Cash Operating Revenues                                  | 446,018.75            |
| 2                           | 414         | Gain (Loss) Disposition Of Utility Property              | 0                     |
| 3                           | 419         | Interest & Dividend Income                               | 155.17                |
| 4                           |             | Other Cash Revenues                                      | 11,770.96             |
| 5                           |             | <i>Total Operating Cash Inflows (Add L1 thru L4)</i>     | <u>457,944.88</u>     |
| 6                           | 601         | Salaries and Wages - Employees                           | 234,639.92            |
| 7                           | 603         | Salaries and Wages - Officers                            | 0                     |
| 8                           | 604         | Employee Pensions and Benefits                           | 12,510.66             |
| 9                           | 615         | Purchased Power                                          | 14,794.59             |
| 10                          | 618         | Chemicals                                                | 0                     |
| 11                          | 620         | Materials and Supplies                                   | 3,785.59              |
| 12                          | 631         | Contractual Engineer                                     |                       |
| 13                          | 632         | Contractual Accounting                                   | 3,326.50              |
| 14                          | 633         | Contractual Legal                                        |                       |
| 15                          | 634         | Contractual Management/SMA                               | 4,975.68              |
| 16                          | 635         | Testing                                                  | 6,157.36              |
| 17                          | 641         | Rental of Building/Real Property                         | 30,718.42             |
| 18                          | 650         | Transportation Expense                                   | 14,165.60             |
| 19                          | 655         | Insurance Expense                                        | 28,865.39             |
| 20                          | 665         | WUTC Regulatory, Fees                                    | 931.78                |
| 21                          | 666         | WUTC Regulatory, Rate Case Expense                       | 0                     |
| 22                          | 670         | Bad Debt Expense                                         | 0                     |
| 23                          | 675         | Travel/ Education/ Bank/ CCR                             | 6,255.44              |
| 24                          | 675         | Office/ Postage / Phone                                  | 16,757.69             |
| 25                          | 675         | Repairs & Maintenance                                    | 4,876.77              |
| 26                          | 401         | <i>Utility Operating Expenses (Add L6 thru L25)</i>      | <u>388,761.39</u>     |
| 27                          | 408         | Utility Excise Tax                                       | 22,916.30             |
| 28                          | 408         | Property Tax                                             | 14,343.48             |
| 29                          | 408         | Payroll Tax                                              | 21,372.33             |
| 30                          | 408         | Other Tax, License & Regulatory Fees                     | 4,565.36              |
| 31                          | 409         | Federal Income Taxes                                     | 0                     |
| 32                          |             | <i>Total Operating Cash Outflows (Add L26 thru L31)</i>  | <u>63,197.47</u>      |
| 33                          |             | <b>Net Cash, Operating Activities (L5 minus L32)</b>     | <u>394,747.41</u>     |
| <b>INVESTING ACTIVITIES</b> |             |                                                          |                       |
| 34                          | 101         | Additions to Property, Plant and Equipment               | 31,799.34             |
| 35                          |             | Sale/(Purchase) of Short-term Investments                | 0                     |
| 36                          |             | Service Connection/Facilities Charge/Contribution        | 23,400.00             |
| 37                          |             | Cash/Other                                               | 1,867.66              |
| 38                          |             | <b>Net Cash, Investing Activities (Add L34 thru L37)</b> | <u>57,067.00</u>      |
| <b>FINANCING ACTIVITIES</b> |             |                                                          |                       |
| 39                          |             | Principal Payments on Current Debt                       | -                     |
| 40                          |             | Proceeds From Issuance of Current Debt                   | -                     |
| 41                          |             | Principal Payments on Long-term Debt                     | 1,917,774.23          |
| 42                          |             | Proceeds From Issuance of Long-term Debt                 | -                     |
| 43                          |             | Interest Paid on Debt                                    | 32,729.46             |
| 44                          |             | <i>Net Cash, Financing Activities (Add L39 thru L43)</i> | <u>1,951,508.69</u>   |
| 45                          |             | <b>NET CHANGE IN CASH (Add L33, L38 &amp; L44)</b>       | <u>2,403,323.10</u>   |
| 46                          |             | <b>CASH BALANCE BEGINNING OF YEAR</b>                    | 123,175.11            |
| 47                          |             | <b>CASH BALANCE END OF YEAR (Add L45 &amp; L46)</b>      | <u>60,432.89</u>      |

MANAGEMENT DISCUSSION

Management discussion and analysis of Financial Condition and Results of Operation for the calendar year ending December 31, 2013. Include any new system(s) added or removed from the company, DOH WFI number, and the date of purchase or sale.

The Company suffered an \$89,000 loss in CY 2013 due to several factors acting in concert: (1) Reduced customer usage after the last (2009) rate increase, resulting in significantly lower annual revenue than UTC staff projected; (2) the economic recession, which further lowered customer water use.

The Company's financial status is stressed and as a result the Company has filed on 4/18/14 a general rate filing to: (1) correct the rate structure to capture the required revenue; (2) to recover the cost of \$200,000 in Company-financed DWSRF improvements and \$60,000 in direct Owner equity contributions to the SRF projects; and (3) to recover cost of rising operating expenses.

CERTIFICATION

I, Gregory G. Roate makes oath and says that he/she is (Name of Officer)

Member and General Manager of (Official Title of Officer)

Aquarius Utilities LLC (Exact Legal Title or Name of Company)

that he/she has examined the foregoing report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the report are true and the report is a correct statement of the business affairs of the above named company in respect to each and every matter set forth therein during the period from and including January 1, 2013, to and including December 31, 2013.

Gregory G. Roate (Signature of officer)

4/21/14 Date

State of Washington

County of Kitsap

**AFFILIATED INTEREST TRANSACTIONS 2013**

WAC 480-110-575 Reporting of affiliated interest transactions.

(1) Each Class A water company must file an annual report summarizing all transactions, except for transactions provided at tariff rates, that occurred between the company and its affiliated interests, and the company and its subsidiaries. The report is due one hundred twenty days from the end of the company's reporting period, whether a fiscal or calendar year. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

(2) When total transactions with an affiliated interest or a subsidiary are less than twenty-five thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed twenty-five thousand dollars for the reporting period, the company must provide:

(a) A balance sheet and income statement for such affiliated interest;  
*Not a business; no such statements exist for private party.*

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;  
*Rent of building by Company from Company owner.*

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;  
*Set equal to rental rates for local commercial office space.*

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;  
*None.*

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;  
*See attached lease copy.*

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and  
*Owner of Company owns bldg & leases it to Company as office.*

(g) A list of all common officers and directors between the water company and each such affiliated interest or subsidiary, along with their titles in each organization.  
*Water Co. - Gregory G. Roats, gen. mgr.  
Private Party - Gregory G. Roats, bldg. owner.*

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-110-545 (Affiliated interests - Contracts and arrangements).  
*Was done by letter of 9/11/09 (encl.)*

**CERTIFICATION**

Gregory G. Roats makes oath and says  
(Name of officer)

that he/she is Member & General Manager  
(Official title of officer)

of Aquarius Utilities, LLC  
(Exact legal title or name of company)

that he/she has examined the foregoing affiliated interest report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the report are true and the report is a correct statement during the period from and including January 1, 2013, to and including December 31, 2013.

G. Roats  
(Signature of officer)

4/21/14  
Date

**WAC 480-110-575 Reporting of affiliated interest transactions. 2013**

(1) Each Class A water company must file an annual report summarizing all transactions, except for transactions provided at tariff rates, that occurred between the company and its affiliated interests, and the company and its subsidiaries. The report is due one hundred twenty days from the end of the company's reporting period, whether a fiscal or calendar year. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

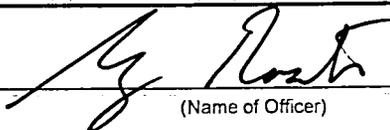
(2) When total transactions with an affiliated interest or a subsidiary are less than twenty-five thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total transactions with an affiliated interest or subsidiary equal or exceed twenty-five thousand dollars for the reporting period, the company must provide:

- (a) A balance sheet and income statement for such affiliated interest;
- (b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;
- (c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year;
- (d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;
- (e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;
- (f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions; and
- (g) A list of all common officers and directors between the water company and each such affiliated interest or subsidiary, along with their titles in each organization.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-110-545 (Affiliated interests – Contracts and arrangements).

**CERTIFICATION**

I,  makes oath and says that he/she is  
(Name of Officer)

**Typical Average Service Lives  
Salvage Rates, and Depreciation Rates  
Water Utilities**

| NARUC<br>(1996)<br>Account<br>Numbers<br>Class<br>A B C | <u>Class of Plant</u><br><br>Source of Supply Plant | Average        | Net     | Depreciation |        |
|---------------------------------------------------------|-----------------------------------------------------|----------------|---------|--------------|--------|
|                                                         |                                                     | Service        | Salvage | Rate         |        |
|                                                         |                                                     | Lives<br>Years | Percent | Range        |        |
|                                                         |                                                     | **             | %       | Short        | Long   |
| 301                                                     | Organization                                        | XXX            |         | XXX          | XXX    |
| 302                                                     | Franchises                                          | XXX            |         | XXX          | XXX    |
| 303                                                     | Land and Water Rights                               | XXX            |         | XXX          | XXX    |
| 304                                                     | Structures and Improvements                         | 35-40          |         | 2.86%        | 2.50%  |
| 305                                                     | Collect. and Impounding Res.                        | 50-75          |         | 2.00%        | 1.33%  |
| 306                                                     | Lake, River and Other Intakes                       | 35-45          |         | 2.76%        | 2.22%  |
| 307                                                     | Wells and Springs                                   | 25-35          |         | 4.00%        | 2.86%  |
| 308                                                     | Infiltration Galleries and Tunnels                  | 25-50          |         | 4.00%        | 2.00%  |
| 309                                                     | Supply Mains                                        | 50-75          |         | 2.00%        | 1.33%  |
| 310                                                     | Power Generation Equipment                          | 10-15          |         | 10.00%       | 6.67%  |
|                                                         | <u>Pumping Plant</u>                                |                |         |              |        |
| 304                                                     | Structures and Improvements                         | 35-40          |         | 2.86%        | 2.50%  |
| 311                                                     | Pumping Equipment                                   | 20             |         |              | 5.00%  |
| 311                                                     | Other Pumping Plant                                 | 25             |         |              | 4.00%  |
|                                                         | <u>Water Treatment Plant</u>                        |                |         |              |        |
| 304                                                     | Structures and Improvements                         | 35-40          |         | 2.86%        | 2.50%  |
| 320                                                     | Water Treatment Equipment                           | 20-35          |         | 5.00%        | 2.86%  |
|                                                         | <u>Transmission and Distribution Plant</u>          |                |         |              |        |
| 304                                                     | Structures and Improvements                         | 35-40          |         | 2.86%        | 2.50%  |
| 330                                                     | Distribution Reservoirs and Tanks                   | 30-60          |         | 3.33%        | 1.67%  |
| 331                                                     | Trans. and Dist. Mains                              | 50-75          |         | 2.00%        | 1.33%  |
| 331                                                     | Fire Mains                                          | 50-75          |         | 2.00%        | 1.33%  |
| 333                                                     | Service Connections                                 | 30-50          |         | 3.33%        | 2.00%  |
| 334                                                     | Meters                                              | 20-25          | 10      | 5.00%        | 4.00%  |
| 334                                                     | Meter Installations                                 | 40-60          |         | 2.50%        | 1.67%  |
| 335                                                     | Hydrants                                            | 40-60          | 5       | 2.50%        | 1.67%  |
|                                                         | <u>General Plant</u>                                |                |         |              |        |
| 304                                                     | Structures and Improvements                         | 35-40          |         | 2.86%        | 2.50%  |
| 339                                                     | Other Plant                                         | 40-60          |         | 2.50%        | 1.67%  |
| 340                                                     | Office Furniture and Equipment                      | 20-25          | 5       | 5.00%        | 4.00%  |
| 341                                                     | Transportation Equipment                            | 7              | 10      |              | 14.30% |
| 342                                                     | Stores and Equipment                                | 20             |         |              | 5.00%  |
| 343                                                     | Tools, Shop and Garage Equip.                       | 15-20          | 5       | 6.67%        | 5.00%  |
| 344                                                     | Laboratory Equipment                                | 15-20          |         | 6.67%        | 5.00%  |
| 345                                                     | Power Operated Equipment                            | 10-15          | 10      | 10.00%       | 6.67%  |
| 346                                                     | Communication Equipment                             | 10             | 10      |              | 10.00% |
| 347                                                     | Miscellaneous Equipment                             | 10             | 10      |              | 10.00% |
| 348                                                     | Other Plant Assets                                  | 10             | 10      |              | 10.00% |
| 348                                                     | Water System Plan                                   | 6              | 10      |              | 16.67% |

\*\* These lives are intended as a guide; longer or shorter lives should be used if experience shows it is warranted.

**REGULATORY FEE CALCULATION SCHEDULE**

Due May 1, 2014

Annual Report Year  
2013

Company Name : Aquarius Utilities, LLC

In accordance with RCW 80.24.010 "Regulatory Fees", the Commission requires Water companies to file reports of gross intrastate operating revenue and pay fees on that revenue. Every company subject to regulation shall file with the Commission a statement under oath showing its gross intrastate revenue for the preceding year and pay to the Commission a fee as instructed below.

**Regulatory Fee Calculations**

|                                                                                         |                           |                   |
|-----------------------------------------------------------------------------------------|---------------------------|-------------------|
| 1 Total Gross Intrastate Operating Revenue**                                            |                           | <u>456,502.20</u> |
| 2 Less Non Fee-Paying Revenue (Include details on separate page for non-paying revenue) |                           |                   |
| 3 Balance-Adjusted Gross Intrastate Operating Revenue (Line 1 minus Line 2)             |                           | <u>456,502.20</u> |
| 4a If Line 3 is UNDER \$50,000, enter amount from Line 3 and proceed to Line 5          | x 0.001                   |                   |
| 4b If Line 3 is OVER \$50,000 enter amount from Line 3                                  | <u>456,502.20</u>         |                   |
| 4c First \$50,000 is subject to .1% regulatory fee                                      | 50,000 x 0.001            | <u>50.00</u>      |
| 4d Remainder of gross intrastate revenue subject to .2% (Line 4b minus Line 4c)         | <u>406,502.20</u> x 0.002 | <u>813.00</u>     |
| 5 Total Regulatory Fees owed (enter Line 4a, or add 4c and 4d)                          |                           | <u>863.00</u>     |

*Agency Use Only* : 001-111-0268-160-01

**Penalty & Interest Calculations**

|                                                                            |          |          |
|----------------------------------------------------------------------------|----------|----------|
| 6 Penalties on Regulatory Fees being paid after May 1                      |          |          |
| 6a Total Penalties on Regulatory Fees owed (enter amount from Line 5 x 2%) | x 0.02   |          |
| 7 Interest on Regulatory Fees being paid after May 31                      |          |          |
| 7a Amount from Line 5 x Number of months past May 31 x 1%                  | x x 0.01 |          |
| 8 Total Penalties and Interest owed (Line 6a plus Line 7a)                 |          |          |
| 9 Total Regulatory, Penalties and Interest Fees Due (Line 5 plus Line 8)   |          | <u>0</u> |

*Agency Use Only* : 001-111-0268-160-11

**\*\*Note:** Gross Washington intrastate operating revenue is defined as all revenue collected for the year from rates under tariffs, and contracts on file at the Washington Utilities and Transportation Commission. The revenues subject to the commission's regulatory fees are gross Washington intrastate operating revenues before deductions for uncollectibles, unbillables or the payment of state and federal taxes, i.e. "Gross Revenues" means before any deductions from Revenue Receipts.

**COMMISSION USE ONLY**

|              |               |                     |               |
|--------------|---------------|---------------------|---------------|
| Reception #: | <u>050229</u> | 001-111-0268-160-01 | <u>863.00</u> |
| Reference:   | <u>AR2013</u> | 001-111-0268-160-11 |               |
| Payment ID:  | <u>16407</u>  | 001-111-0268-032-20 |               |
|              |               | Total Paid:         | <u>863.00</u> |





# Aquarius Utilities, LLC

*"At Your Service"*

Diamond Point • Island Lake • Lynch Cove • Agate West

April 28, 2014

Records Center  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Aquarius Utilities, LLC  
Annual Report for 2013

To Whom It May Concern:

Enclosed is our annual report for CY 2013 and check for the required fee. If staff has any questions about this report, please contact the undersigned.

Very truly yours,

Gregory G. Roats, P.E.  
General Manager

RECEIVED  
MAY 01 2014  
WASH. UT. & TP. COMM

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Fax 360-779-4189  
MyWaterCompany@AOL.com

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Poulsbo, WA 98370