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# CLASS C - WATER COMPANIES

APR 30 2007

## ANNUAL REPORT

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WASH. UT. & TP. COMM

W805  
Gerald L. Manuel  
President  
Southgate Water Company  
2324 Wainwright Drive  
Walla Walla WA 99362

ENTERED BY COMPUTER

APR 30 2007

Correct name and address, if different than shown



### WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION for the YEAR ENDED DECEMBER 31, 2006

Inquiries concerning this Annual Report should be addressed to:

NAME: Robert E. Marple TITLE: CPA  
ADDRESS: 100 N. Fruitland, Suite C  
CITY: Kennewick STATE: WA ZIP: 99336  
TELEPHONE: 509-586-4194 FAX: 509-582-5091 E-MAIL: \_\_\_\_\_

The company must notify the Commission, in writing, of any changes to the above information.

TYPE OF PAYMENT - DO NOT SEND CASH IN THE MAIL		For Commission Use Only	
<input checked="" type="checkbox"/> Check <input type="checkbox"/> Money Order <input type="checkbox"/> AMEX <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard		Credit Card Authorization #: _____	
Credit Card Number:		Expiration Date Month/Year	
[Grid for Credit Card Number]		[Grid for Expiration Date]	
<b>CERTIFICATION:</b> I, the undersigned, under penalty for false statement, certify that the information is true, valid and correct, that I am authorized to execute on behalf of the applicant, and that I agree to pay the above total amount according to card issuer agreement.			
Name (Printed) <u>Gerald L. Manuel</u>		Title <u>President</u>	
Signature <u>[Handwritten Signature]</u>		Date <u>4/27/07</u>	

For Commission Use Only			
Reception Number: <u>0004037</u>	001-11-02-68-160-11: _____	Reference Number: _____	
001-111-02-68-160-01: <u>54.93</u>	001-111-02-68-032-05: _____		

Original to be mailed to the Washington Utilities and Transportation Commission  
Web Site: www.wuttc.v

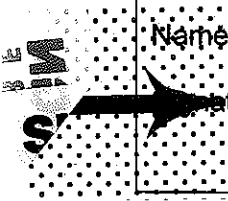
Do not remove, rearrange or deface the contents of this Report in any way. If you need copies, please contact the Records Center Staff at 4-1234.

Washington Unified Business Identifier (UBI) No.: 601-073-651  
(If you do not know your UBI No. please contact the Department of Licensing at 360-664-1400)

### CERTIFICATION

I certify that I, Gerald L. Manuel, the responsible account officer for Southgate Water Systems, Inc. have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in all attached schedules 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, 2006, to December 31, 2006, inclusive.

Name (Printed) Gerald L. Manuel Title President  
Signature \_\_\_\_\_ Date \_\_\_\_\_



**ANNUAL REPORT  
WATER UTILITY  
2006**

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TOC

**COMPANY INFORMATION**

Line No. 1 Southgate Water Systems, Inc.  
 (Exact name of utility)

2 2324 Wainwright Place  
 (Mailing Address)

3 Walla Walla WA 99362 Walla Walla  
 (City) (State) (Zip) (County)

4 601-073-651

5 "Unified Business Identifier" (UBI) Number Telephone Number 509-525-7301

6 Fax Number 509-582-5091

7 E-mail or Web Address

8 Date Utility First Organized July 18, 1983

9 Location of Books and Records Walla Walla, WA

10

11 Method Of Accounting (Cash/Accrual) Cash

12 Type of Business (Proprietorship, Partnership, C-Corp, LLC, S-Corp) S-Corp.

	Name	Title	Principal Business Address	Telephone
Person to send correspondence:				
13	<u>Robert E. Marple</u>	<u>CPA</u>	<u>100 N. Fruitland, Ste C</u>	<u>509-586-4194</u>
14			<u>Kennewick, WA 99336</u>	

Person who prepared this report:  
 15 Robert E. Marple

16

Certified Water Manager: Certificate Number:  
 17 N/A

Emergency Response Personnel:  
 18 Gary Hall

Managers, Officers & Directors:  
 20 Gerald L. Manuel

Report of person(s) owning 5 percent or more of company.

	Name	Ownership Percent	Principal Business Address	Telephone
22	<u>Gerald L. Manuel</u>	<u>100%</u>	<u>2324 Wainwright Place</u>	<u>509-525-7301</u>
			<u>Walla Walla, WA 99362</u>	

Does the company have any affiliated interest transactions as defined above (person(s) owning 5 percent or more)?  
 23 X No, Please sign this page and no further action is required.  
 24 \_\_\_\_\_ Yes, Please sign this page and request an Affiliated Interest Report.

Gerald L. Manuel makes oath and says  
 (Name of officer)  
 that he/she is President  
 (Official title of officer)  
 of Southgate Water Systems, Inc.  
 (Exact legal title or name of company)

that he/she has examined the foregoing annual report water utility and 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, 2006, to and including December 31, 2006.

\_\_\_\_\_  
 (Signature of officer)

\_\_\_\_\_  
 Date

HERE  
SIGN

**INCOME STATEMENT**  
For the Calendar Year 2006

Line No. (L)	Account Name (a)	Water (b)	Other (c)	Total Company (d)
<b>REVENUES</b>				
1	Operating Revenue Accounts	\$ 36,143	\$ _____	\$ 36,143
2	Miscellaneous Revenue Accounts	_____	_____	_____
3	Other Revenue Accounts	16,320	_____	16,320
4	Utility Operating Revenue (Add L1 thru L3)	\$ 52,463	\$ _____	\$ 52,463
<b>EXPENSES</b>				
5	Operating Expense Accounts	39,138	_____	_____
6	Depreciation Expense	22,767	_____	22,767
7	Federal Income Taxes	0	_____	0
8	Utility Operating Expense (Add L5 thru L7)	\$ 61,905	\$ _____	\$ 61,905
9	Utility Operating Income (Loss) (L4 minus L8)	\$ -9,442	\$ _____	\$ -9,442
<b>OTHER INCOME AND DEDUCTIONS</b>				
Other Income:				
10	Interest & Dividend Income	\$ 12	\$ _____	\$ 12
11	Miscellaneous Nonutility Income	_____	_____	_____
12	Total Other Income (Add L10 thru L11)	\$ 12	\$ _____	\$ 12
Other Deductions:				
13	Interest Expense	\$ _____	\$ _____	\$ _____
14	Miscellaneous Nonutility Expenses	_____	_____	_____
15	Total Other Deductions (Add L13 thru L14)	\$ 0	\$ 0	\$ 0
16	Net Income (Loss) (Add L9 plus L12 minus L15)	\$ -9,430	\$ _____	\$ -9,430

**CUSTOMER COUNT SUMMARY**

Description (a)	Number at Begin Year (b)	New Services (c)	Number at End Year (d)	Temporary (e)
17 Total Unmetered	_____	_____	_____	_____
18 Total Metered	50	_____	47	_____
19 Total Master Metered	_____	_____	_____	_____
20 Total Customers	50	_____	47	_____

**COMPARATIVE BALANCE SHEET**

For the Calendar Year 2005 & 2006

Line No. (L)	Account Name (a)	Year 2005 (b)	Year 2006 (c)
<b>ASSETS:</b>			
1	Utility Plant	\$ 590,525	\$ 590,525
2	Less: Accumulated Depreciation	<u>356,659</u>	<u>379,426</u>
3	Accumulated Amortization	<u>          </u>	<u>          </u>
4	Utility Plant Acquisition Adjustment	<u>          </u>	<u>          </u>
5	Net Utility Plant (Add L1 thru L4)	\$ <u>233,866</u>	\$ <u>211,099</u>
6	Special funds (Surcharges, Facility Charges)	\$ <u>          </u>	<u>          </u>
7	Cash	<u>5,947</u>	<u>7,532</u>
8	Customer Accounts Receivable	<u>          </u>	<u>          </u>
9	Other Assets (Specify) _____	<u>          </u>	<u>          </u>
10	Total Assets (Add L5, plus L6 thru L9)	\$ <u>239,813</u>	\$ <u>218,631</u>
<b>EQUITY CAPITAL AND LIABILITIES:</b>			
11	Capital Stock Issued	\$ <u>90,809</u>	\$ <u>90,809</u>
12	Other Paid In Capital	<u>          </u>	<u>          </u>
13	Retained Earnings	<u>-475,753</u>	<u>-485,290</u>
14	Proprietary Capital	<u>          </u>	<u>          </u>
15	Total Equity Capital (Add L11 thru L14)	\$ <u>-384,944</u>	\$ <u>-394,481</u>
Interest Rate			
16	Long-Term Debt _____	\$ <u>624,757</u>	\$ <u>613,112</u>
17	Accounts Payable _____	<u>          </u>	<u>          </u>
18	Current Debt _____	<u>          </u>	<u>          </u>
19	Contributions In Aid Of Construction (CIAC)	<u>          </u>	<u>          </u>
20	Less: Accumulated Amortization Of CIAC	<u>          </u>	<u>          </u>
21	Other Liabilities (Specify) _____	\$ <u>          </u>	\$ <u>          </u>
22	Total Liabilities (Add L16 thru L21)	\$ <u>624,757</u>	\$ <u>613,112</u>
23	Total Equity Capital and Liabilities (Add L15 & L22)	\$ <u>239,813</u>	\$ <u>218,631</u>

**WATER SUMMARY**

**EMPLOYEE SUMMARY**

	Annual Water	Cubic Feet	Year 2005	Year 2006
24	Purchased or Ground Water	<u>0</u>	<u>0</u>	<u>0</u>
			Full Time Count	Full Time Count
25	Loss or Wastage	<u>UNKNOWN</u>	<u>0</u>	<u>0</u>
			Part Time Count	Part Time Count
26	Sold to Customers	<u>1,754,127</u>		

CONVERSION: 1 cubic foot = 7.48 gallons

**Contributions in Aid of Construction  
(CIAC)**

Report below all plant, equipment, and monies received during the year.  
Please report for each type of charge the company has.  
If needed, use additional sheets.

Line No.	(a)	(b)	(c)	(d)
<b>Surcharge</b>				
1	Docket Number	_____		
2	Date Authorized	_____	Monthly Rate	\$ _____
3	Date Expires	_____	Loan Paid	\$ _____
4	Current Year Collected \$	_____	Remaining Loan	\$ _____
5	Current Year Collection Amount	\$ _____		
<b>Facilities Charge</b>				
6	Docket Number	_____		
7	Date Authorized	_____	Rate	\$ _____
8	Date Expires	_____	Loan Paid	\$ _____
9	Current Year Collected \$	_____	Remaining Loan	\$ _____
10	Current Year Collection Amount	\$ _____		
<b>Service Connection</b>				
11	Docket Number	_____		
12	Date Authorized	_____	Rate	\$ _____
13	Date Expires	_____	Loan Paid	\$ _____
14	Current Year Collected \$	_____	Remaining Loan	\$ _____
15	Current Year Collection Amount	\$ _____		
16	Other Current Year Collection Amounts	\$ _____		
<b>Annual Total CIAC Collected</b>				
17	(Add L5 , L10, L15 & L16)	\$ _____		

**REGULATORY FEE CALCULATION SCHEDULE**

Company Name Southgate Water Systems, Inc. Annual Report Year 2006

In accordance with RCW 80.24.010 "Regulatory Fees", the Commission requires Water companies (Class C) 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 operating revenue from operations for the preceding year and pay to the Commission a fee as instructed below.

1	Total Gross Intrastate Operating Revenue **				1	\$ 52,463
2	Less Non Fee-Paying Revenue				2	\$
3	Balance-Adjusted Gross Intrastate Operating Revenue (subtract line 2 from 1)				3	\$ 52,463
4	Regulatory Fee Calculations:				4	
4a	If line 3 is <b>UNDER</b> \$20,000, Enter <b>ZERO</b> (Filing <b>ZERO</b> indicates schedule is complete)				4a	\$
4b	If line 3 is <b>BETWEEN</b> \$20,000 and \$50,000-enter amount from line 3 (Filing <b>BETWEEN</b> \$20,000 and \$50,000 indicates schedule is complete. If filing after May 1st go to Line 6)	4b	\$	x .001 (.1%) =	\$	
4c	If line 3 is <b>OVER</b> \$50,000-enter amount from line 3	4c	\$ 52,463			
4d	<b>First</b> \$50,000 is subject to .1% regulatory fee	4d	\$ 50,000.00	x .001 (.1%) =	\$	50.00
4e	Adjustment of Gross Intrastate Operating Revenue (subtract Line 4d from 4c)	4e	\$ 2,463	x .002 (.2%) =	\$	4.93
5	Total Regulatory Fees owed (enter line 4b, or add 4d and 4e)				5	\$ 54.93
						Agency Use Only 001-111-02-68-160-01
<b>Complete Lines 6 through 9 if filing after May 1</b>						
6	Penalties on Regulatory Fees filed after May 1				6	
6a	Total Penalties on Regulatory Fees owed - enter amount from line 5	6a	\$	x .02 (2%) =	\$	
7	Interest on Regulatory Fees filed after May 1				7	
7a	Amount from line 5 _____ x Number of months past May _____ x .01 (1%) =	7a	\$		\$	
8	Total Penalties and Interest owed (add lines 6a and 7a)				8	\$
						Agency Use Only 001-111-02-68-160-11
9	Total Regulatory, Penalty and Interest Fees Due (add lines 5 and 8)				9	\$ 54.93

\*\* 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 uncollectables, unbillables or the payment of state and federal taxes, i.e. "Gross Revenues" means before any deductions from Revenue Receipts.

