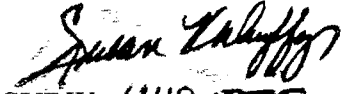


BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DEC 21 2010



In the Matter of the Application of Suburban Water,)
Inc., d/b/a Suburban Water Company, for an Order)
Increasing its Rates in Leavenworth County, Kansas)

Docket No. 11-SUBW- 448 - **RTS**

APPLICATION

COMES NOW Suburban Water, Inc., d/b/a Suburban Water Company ("Applicant" or "Suburban Water"), and pursuant to K.S.A. 66-117 and K.A.R. 82-1-231b, requests that the Kansas Corporation Commission ("Commission") issue an Order increasing its rates for water service. In support thereof, Applicant states:

1. The Applicant, a Kansas corporation, doing business in Leavenworth County, Kansas, is a water public utility, distributing and selling water to approximately 1,500 residential and small commercial customers in Leavenworth County, Kansas. The Applicant's principal offices are located at 1216 N. 155th Street, Basehor, Kansas 66007.

2. Pursuant to K.A.R. 82-1-231b(b)(2)(A), Applicant provided the Commission written notice of Applicant's intent to file this application on November 12, 2010.

3. In accordance with K.A.R. 82-1-231b(b)(2)(B), and the instructions provided by the Commission in its Order dated November 3, 2010, in Docket No. 10-SUBW-602-TAR, the Applicant met with the technical staff of the Commission and Citizens' Utility Ratepayer Board ("CURB") on November 12, 2010, prior to the filing of this Application to develop an appropriate abbreviated rate case process under K.A.R. 82-1-231b. **Order dated November 3, 2010, page 21, paragraph 41, Docket No. 10-SUBW-602-TAR.** As a result of the November 12, 2010, meeting with Staff and CURB, the parties were able to agree upon the process to be used by Applicant in this case. That

process was summarized by Staff in a letter dated November 23, 2010, to Applicant. Said letter was submitted to the Commission for its review and comment at its open meeting held on December 3, 2010. The Commission instructed the Staff to proceed with the process outlined in the letter. The Commission also determined it would be appropriate for the Applicant to hold a public meeting with its customers, and to provide notice of said public meeting, with respect to its application.

4. In accordance with K.A.R. 82-1-231b(b)(2)(C), the Applicant has scheduled a public meeting for January 26, 2011, for which adequate notice shall be given, to inform its customers of the contents of its application and to allow its customers to comment. The Applicant's public meeting notice, which was reviewed and approved by the Commission Staff, contains a statement of the Applicant's requested revenue requirement, any proposed changes in the apportionment of the revenue requirement among rate classes and any proposed rate design changes. Applicant will report back to the Commission Staff after the public meeting is held as to the comments received from the customers and will file any changes to the application that might result from comments received during the public meeting. A copy of the notice that will be mailed to each customer at least ten (10) days before the meeting is attached hereto as Exhibit A and incorporated herein by reference. An Affidavit of Mailing of the notice will be filed as a late-filed exhibit to this Application.

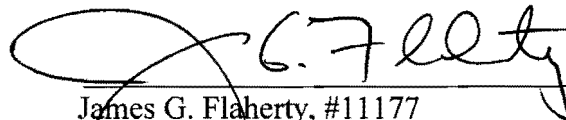
5. In accordance with K.A.R. 82-1-231b(b)(1)(B) and the rate filing process agreed to by the parties and set forth in the above-mentioned November 23, 2010, letter, Applicant is providing an income statement based upon the cost of service approved by the Commission in Docket No. 07-SUBW-1352-RTS, as adjusted for the following components: (1) the new cost of water from the Kansas City, Kansas Board of Public Utilities ("BPU") effective January 1, 2011; the current retail rate being charged by Suburban Water; the most recent sales volumes recorded by Suburban Water; and

rate case expense (Exhibit B to Application). Applicant is also providing a copy of its most recent audited financial statements (Exhibit C to Application). In accordance with the process agreed to by Applicant, Staff and CURB in this case, Suburban Water is also providing testimony addressing the issues (identified in the November 23, 2010, letter) relating to the prudence of Suburban Water's purchasing practices as it relates to obtaining the most reliable and reasonable cost water supply for its customers (Exhibit D to Application).

6. In accordance with K.A.R. 82-1-231b(b)(1)(C), a copy of the most recent tariffs with penciled-in proposed changes is attached hereto as Exhibit E and incorporated herein by reference.

7. As shown in the income statement attached hereto as Exhibit B, Applicant is seeking additional revenues in the amount of \$44,913.00. This results in an increase in the commodity charge of \$0.53 per 1,000 gallons.

WHEREFORE, Applicant respectfully requests that the Commission enter an Order allowing Applicant to increase its rates for water service charged to its customers.

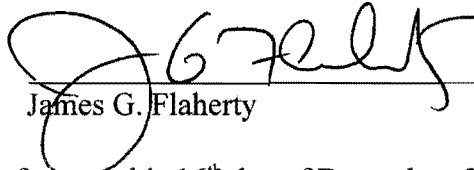


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Attorneys for Applicant

VERIFICATION

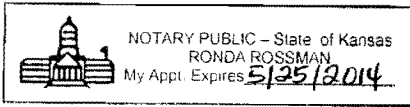
STATE OF KANSAS)
)ss:
FRANKLIN COUNTY)

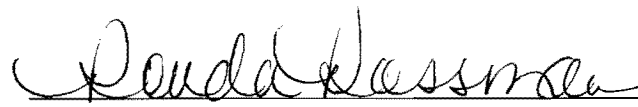
James G. Flaherty, of lawful age, being first duly sworn on oath, states: That he is an attorney for Suburban Water, Inc., d/b/a Suburban Water Company; that he has read the above and foregoing Application; knows the contents thereof; and that the statements contained therein are true.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 16th day of December, 2010.



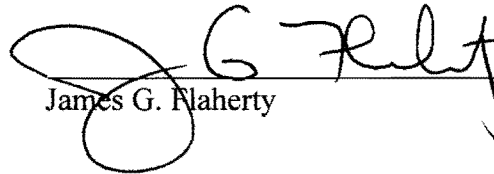


Notary Public

My Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was mailed, postage prepaid, this 20 day of December, 2010, addressed to: Colleen Harrell, Kansas Corporation Commission, 1500 S. W. Arrowhead Road, Topeka, Kansas 66604 and Niki Christopher, Citizens' Utility Ratepayer Board, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604.



James G. Flaherty

Exhibit A

NOTICE OF PUBLIC MEETING CONCERNING SUBURBAN WATER'S APPLICATION TO INCREASE RATES

PUBLIC MEETING

Suburban Water, Inc., d/b/a Suburban Water Company ("Suburban Water") has filed an application with the Kansas Corporation Commission ("KCC") requesting an increase in its rates to recover from its customers the increase in the cost of the water supplies it purchases from the Kansas City, Kansas Board of Public Utilities ("BPU") and the cost of filing this application. Suburban Water has scheduled a public meeting to inform its customers of its filing with the KCC.

Wednesday, January 26, 2011, at 7:00 p.m.
Suburban Water Company's Offices
1216 N. 155th Street
Basehor, Kansas 66007

PROPOSED INCREASE

Suburban Water is seeking an increase in revenues of \$44,913.00, which will result in an increase of \$0.53 per 1,000 gallons. The average residential customer using 5,000 gallons per month will be charged an increase of \$2.65 per month if the application is approved. A copy of Suburban Water's application can be obtained at www.suburbanwaterinc.com.

KCC DENIAL OF SUBURBAN WATER'S REQUEST FOR A PURCHASED WATER ADJUSTMENT

On March 19, 2010, Suburban Water filed an application asking the KCC to approve a Purchased Water Adjustment ("PWA"). Suburban Water was seeking to establish the PWA so it could pass along to its customers the increase in the cost of water supplies it purchases from BPU. On November 3, 2010, the KCC issued an order denying Suburban Water's request. Instead, the KCC concluded that a PWA was not an appropriate method for allowing Suburban Water to recover from its customers increased water charges by BPU. The KCC determined in order to include the increased cost of water in its rates, Suburban Water must use the rate case process. The KCC directed its Staff to work with Suburban Water to develop an appropriate abbreviated rate process. A copy of the KCC's order in Suburban Water's PWA case can be found at www.kcc.state.ks.us/scan/201011/20101103140930.pdf, along with the application and testimony filed therein.

ABBREVIATED RATE CASE PROCEDURE

Based upon the KCC's order denying the PWA, Suburban Water made the current application to use an abbreviated rate case process. The KCC Staff plans to conduct a field audit to verify the information the KCC Staff considers essential to the rate proceeding. Once the KCC Staff completes

the audit of the application, it will forward a written recommendation to the KCC. The recommendation will be considered and ruled on by the KCC. If the KCC approves the application, an interim order seeking comments will be issued. The interim order shall be subject to a comment period of 90 days. Suburban Water will notify its customers of the interim rates and the comment period. If at the close of the 90-day comment period, substantial comments have not been received, a final order making the temporary rates permanent may be issued by the KCC. If substantial comments have been received, further investigation and a hearing may be ordered by the KCC. This rate case proceeding is the first of a total of three rate case proceedings that will be used by Suburban Water to recover from its customers increased costs from BPU.

In addition to contacting Suburban Water at 913-724-1800 to obtain additional information concerning the public meeting and application, you may contact the KCC Office of Public Affairs and Consumer Protection, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604; or email publicaffairs@kcc.ks.gov; or you may call 1-800-662-0027.

Exhibit B

**Suburban Water Company
Jurisdictional Income Statement
Operating Margin Approach
Test Year Ending March 31, 2007**

**Suburban Water Company
Jurisdictional Income Statement
Operating Margin Approach
For the Year Ending December 31, 2009**

Line No	Description	A Jurisdictional Per Books	B Applicant Test Year Adjustments	C Applicant Adjusted Income Statement	D Staff Adjusted Income Statement	E Applicant Pro-forma Adjustments	F Applicant Adjusted Income Statement	G Applicant FY 2006 Per Books
1	Operating and Maintenance Expenses:							
2	Repair and Maintenance	\$ 74,786	\$ -	\$ 74,786	\$ 74,786		\$ 74,786	\$ 87,050
3	Purchased Water Cost	\$ 109,967	\$ 10,855	\$ 120,822	\$ 114,397	\$ 75,233	\$ 189,630	\$ 189,630
4	Outside Services	\$ 70,603	\$ -	\$ 70,603	\$ 70,603		\$ 70,603	\$ 45,066
5	Salaries, Wages & Benefits	\$ 213,592	\$ -	\$ 213,592	\$ 235,610		\$ 235,610	\$ 280,024
6	Meter Setting Cost	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
7	Meter Reading Expense	\$ 5,877	\$ -	\$ 5,877	\$ 3,877		\$ 3,877	\$ -
8	Fire Hydrant Setting Cost	\$ 3,409	\$ -	\$ 3,409	\$ 3,409		\$ 3,409	\$ -
9	Office Lease	\$ 31,000	\$ -	\$ 31,000	\$ 36,000		\$ 36,000	\$ 48,000
10	Admin. & General	\$ 51,621	\$ -	\$ 51,621	\$ 45,431		\$ 45,431	\$ 37,953
11	Production Electric Cost	\$ 17,131	\$ -	\$ 17,131	\$ 17,131		\$ 17,131	\$ 17,286
12	Materials & Supplies	\$ 44,015	\$ -	\$ 44,015	\$ 44,015		\$ 44,015	\$ 37,321
13	Transportation Expenses	\$ 28,369	\$ -	\$ 28,369	\$ 28,369		\$ 28,369	\$ 23,230
14	Insurances	\$ 20,249	\$ -	\$ 20,249	\$ 20,249		\$ 20,249	\$ 10,925
15	Regulatory Costs	\$ 883	\$ -	\$ 883	\$ 883		\$ 883	\$ -
16	Rate case Expenses	\$ -	\$ 17,333	\$ 17,333	\$ 9,201	\$ 7,500	\$ 16,701	\$ 16,701
17	Utility Property Taxes	\$ 34,446	\$ -	\$ 34,446	\$ 63,485		\$ 63,465	\$ 39,315
18	Misc. Corp. Fees	\$ 3,598	\$ -	\$ 3,598	\$ 3,598		\$ 3,598	\$ 5,698
19	Clean Drinking Water Fee	\$ 3,415	\$ -	\$ 3,415	\$ 3,415		\$ 3,415	\$ 3,029
20	Interest Expense	\$ 96,254	\$ 13,741	\$ 109,995	\$ 109,995		\$ 109,995	\$ 88,875
21	Payroll Tax Expenses	\$ 29,522	\$ -	\$ 29,522	\$ 31,206		\$ 31,206	\$ 23,337
22	Depreciation Expense	\$ 262,452	\$ (195,098)	\$ 67,354	\$ 123,042	\$ -	\$ 123,042	\$ 123,042
24	Total Operating & Maintenance Expense:	\$ 1,101,188	\$ (153,169)	\$ 948,019	\$ 1,038,682	\$ 82,733	\$ 1,121,415	\$1,076,502
25	Below the line corporate expenses	\$ -	\$ (5,823)	\$ (5,823)	\$ (5,823)		\$ -	\$ -
26	Net Operating and Maintenance Expenses	\$ 1,101,188	\$ (158,992)	\$ 942,196	\$ 1,032,859	\$ 82,733	\$ 1,121,415	\$1,076,502
27	O&M Margin Percentage	6.0%	6.0%	6.0%				
28	Margin Required	\$ 66,071	\$ (9,540)	\$ 56,532				
29	Tax Factor (Divided)	0.6022	0.6022	0.6022				
30	Tax Expense	\$ 43,645	\$ (6,302)	\$ 37,344	\$ 13,553		\$ 13,553	\$ 13,553
31	Revenue Requirement	\$ 1,210,905	\$ (174,833)	\$ 1,036,072	\$ 1,046,412		\$ 1,134,968	\$1,090,055
32	Current Operating Revenues	\$ 730,064	\$ 27,026	\$ 757,069	\$ 757,089	\$ 211,121	\$ 968,210	\$ 966,210
33	Operating Revenue Deficiency	\$ (480,841)	\$ 201,859	\$ (278,983)	\$ (289,323)	\$ 128,388	\$ (166,758)	\$ (121,845)
34	Additional Revenue Requirement							\$ 44,913

Pro-forma Adjustments:

Purchased Water:	\$ 189,630	Based on actual 2010 water sales and purchased water percentage
Less:	\$ 114,397	Staff adjusted purchased water amount in Docket 07-SUBW-1352-RTS
Adjustment No. 1	\$ 75,233	Increase in cost of purchased water
Rate Case Expense	\$ 22,500	Rate Case Expense increase
Adjustment No. 2	\$ 7,500	Three year incremental increase in rate case expenses

**Suburban Water Company
Rate Design
Operating Margin Approach**

Additional Revenue Requirement:	\$	44,913	
Net Retail Water Sales - 2010:		84,810,451	Gallons
Adjustment Required:	\$	0.53	per 1,000 gallons
Existing Rate per 1,000:	\$	7.33	Gallons
Proposed Rate per 1,000:	\$	7.86	Gallons
Retail Water Sales Revenues:	\$	666,574	
Customer Charge Revenues:	\$	370,080	
Wholesale Revenues:	\$	108,265	
Total Revenues:	\$	1,144,918	
Pro-forma Expenses	\$	1,076,502	
Sub-total	\$	68,416	
Tax Expense	\$	(13,553)	
Net Margin	\$	54,863	
O&M Margin %:		5%	

Number of Customers:	1,542
Months	12
Annual Number of Customers:	18,504
Gallons in Customer Charge:	1,000
Annual gallons in Customer Chg.:	18,504,000

Cost for a customer using 5,000 gallons;	
Increase per 1,000 gallons:	\$ 0.53
Gallons Sold: 5,000	\$ 2.65

2010 Water Sales:	
Total Water Sales:	137,384,453 gallons
Less: Wholesale Water Sales:	<u>34,070,002</u> gallons
Retail Water Sales:	103,314,451 gallons
Less: Customer Charge Gallons:	<u>18,504,000</u>
Net Retail Water Sales:	84,810,451

**Suburban Water Company (SWC)
Estimated Purchased Water Cost**

Month	Projected Water Sales	Projected Purchased Water	Monthly Customer Charge	Projected Cost of Purchased Water	PILOT Adder Percentage 11.9%	Projected Monthly Cost
Jan-11	10,466,172	7,064,617	\$ 160.00	\$ 14,450.40	\$ 1,738.64	\$ 16,349.04
Feb-11	9,497,559	5,749,366	\$ 160.00	\$ 11,760.10	\$ 1,418.49	\$ 13,338.59
Mar-11	9,416,745	4,687,635	\$ 160.00	\$ 9,588.30	\$ 1,160.05	\$ 10,908.35
Apr-11	10,764,206	5,732,552	\$ 160.00	\$ 11,725.70	\$ 1,414.40	\$ 13,300.10
May-11	11,533,697	5,655,803	\$ 160.00	\$ 11,568.70	\$ 1,395.72	\$ 13,124.42
Jun-11	13,667,452	6,759,081	\$ 160.00	\$ 13,825.40	\$ 1,664.26	\$ 15,649.66
Jul-11	14,539,916	8,840,036	\$ 160.00	\$ 18,081.90	\$ 2,170.79	\$ 20,412.69
Aug-11	16,101,421	10,596,875	\$ 160.00	\$ 21,675.40	\$ 2,598.41	\$ 24,433.81
Sep-11	11,341,388	7,264,908	\$ 160.00	\$ 14,860.00	\$ 1,787.38	\$ 16,807.38
Oct-11	12,280,706	9,016,997	\$ 160.00	\$ 18,443.90	\$ 2,213.86	\$ 20,817.76
Nov-11	8,893,080	5,394,576	\$ 160.00	\$ 11,034.40	\$ 1,332.13	\$ 12,526.53
Dec-11	8,882,011	5,147,736	\$ 160.00	\$ 10,529.50	\$ 1,272.05	\$ 11,961.55
Totals	137,384,353	81,910,183	\$ 1,920.00	\$ 167,543.70	\$ 20,166.18	\$ 189,629.88

Notes:

2011 Projected cost of water per KCKBPU announcement da 10/1/2010 \$ 2.05 per 1,000 gallons
 Projected purchased water is based on 2009 actual purchased water as a percentage of water sales.

**Suburban Water Company
Wholesale Water Sales
New Contract Rates**

RWD # 10 Margin

Year	Contract Rate	Cost of BPU Water	Diff.	Margin %
2009	\$ 2.32	\$ 1.97	\$ 0.35	15%
2010	\$ 2.53	\$ 2.14	\$ 0.39	15%
2011	\$ 2.70	\$ 2.29	\$ 0.41	15%
2012	\$ 2.86	\$ 2.43	\$ 0.43	15%
2013	\$ 3.05	\$ 2.60	\$ 0.45	15%

RWD # 6 Margin

Year	Contract Rate	Cost of BPU Water	Diff.	Margin %
2009	\$ 2.68	\$ 1.97	\$ 0.71	26%
2010	\$ 2.88	\$ 2.14	\$ 0.74	26%
2011	\$ 3.08	\$ 2.29	\$ 0.79	26%
2012	\$ 3.28	\$ 2.43	\$ 0.85	26%
2013	\$ 3.52	\$ 2.60	\$ 0.92	26%

Suburban Water Company									
Wholesale Cost of Service Analysis									
Purchased Water %:	59%	BPU	Well	Total					
		20,101,301	13,968,701	34,070,002					
		59%	41%						
		\$ 0.71 per 1,000 gallons produced in 2009							
Cost of Water:								Blended Cost	
	Year	per 1,000	Purchased	Year	per 1,000	Produced	Total	per 1,000 Gal	
	2009	\$ 1.97	\$ 39,800	2009	\$ 0.71	\$ 9,974	\$ 49,573	\$	1.46
	2010	\$ 2.14	\$ 43,017	2010	\$ 0.79	\$ 10,971	\$ 53,988	\$	1.58
	2011	\$ 2.29	\$ 46,009	2011	\$ 0.86	\$ 11,968	\$ 57,977	\$	1.70
	2012	\$ 2.43	\$ 48,876	2012	\$ 0.93	\$ 12,966	\$ 61,842	\$	1.82
	2013	\$ 2.60	\$ 52,275	2013	\$ 1.00	\$ 13,963	\$ 66,238	\$	1.94
Wholesale Revenues		RWD # 10	RWD # 6	Year	Revenues	Margin	Percentage	Avg. per 1,000	
	2009	\$ 2.87	\$ 2.68	2009	\$ 95,538	\$ 45,965	48%	\$	2.80
	2010	\$ 2.87	\$ 2.68	2010	\$ 95,538	\$ 41,550	43%	\$	2.80
	2011	\$ 3.25	\$ 3.08	2011	\$ 108,265	\$ 50,287	46%	\$	3.18
	2012	\$ 3.41	\$ 3.28	2012	\$ 113,996	\$ 52,154	46%	\$	3.35
	2013	\$ 3.60	\$ 3.52	2013	\$ 120,832	\$ 54,594	45%	\$	3.55

Suburban Estimated Wholesale Water Rates

BPU Rate	CCF	per 1,000	PILOT	Rate	Purchased %
2010	1.42	\$	1.90	12.9%	\$ 2.14 59.0%
2011	1.53	\$	2.05	11.9%	\$ 2.29 59.0%
2012	1.64	\$	2.19	10.9%	\$ 2.43 59.0%
2013	1.77	\$	2.37	9.9%	\$ 2.60 59.0%
Produced R	per 1,000				Produced %
2010	\$ 0.79			\$ 0.79	41.0%
2011	\$ 0.86			\$ 0.86	41.0%
2012	\$ 0.93			\$ 0.93	41.0%
2013	\$ 1.00			\$ 1.00	41.0%
Total Cost of Water				Non-blended	Blended
2009				\$ 2.80	\$ 1.34
2010				\$ 2.93	\$ 1.59
2011				\$ 3.15	\$ 1.70
2012				\$ 3.36	\$ 1.82
2013				\$ 3.60	\$ 1.94

Suburban Wholesale Revenues							
District 10				District 6			
Rate per Contract				Rate per Contract			
Min:		\$ 232.00	100,000	Min:		500,000 gallons per month average over 12 months	
Greater than 100,000	\$	2.32	per 1,000	Rate:	\$	2.68	per 1,000
Transmission	\$	0.55	per 1,000				
				Total Wholesale			
11/30/2009	Combined	1,147,700		11/30/2009	Combined	276,650	1,424,350
		\$ 3,294				\$ 741	\$ 4,035
12/30/2009	Combined	1,189,900		12/30/2009	Combined	280,500	1,470,400
		\$ 3,415				\$ 752	\$ 4,167
1/30/2010	Combined	1,748,700		1/30/2010	Combined	788,650	2,537,350
		\$ 5,019				\$ 2,114	\$ 7,132
2/28/2010	Combined	1,384,650		2/28/2010	Combined	1,095,600	2,480,250
		\$ 3,974				\$ 2,936	\$ 6,910
3/30/2010	Combined	1,472,250		3/30/2010	Combined	1,117,950	2,590,200
		\$ 4,225				\$ 2,996	\$ 7,221
4/30/2010	Combined	1,908,500		4/30/2010	Combined	1,086,650	2,995,150
		\$ 5,477				\$ 2,912	\$ 8,390
5/30/2010	Combined	1,949,700		5/30/2010	Combined	1,173,450	3,123,150
		\$ 5,596				\$ 3,145	\$ 8,740
6/30/2010	Combined	2,184,900		6/30/2010	Combined	1,158,850	3,343,750
		\$ 6,271				\$ 3,106	\$ 9,376
7/30/2010	Combined	3,008,850		7/30/2010	Combined	1,160,000	4,168,850
		\$ 8,635				\$ 3,109	\$ 11,744
8/30/2010	Combined	2,201,602		8/30/2010	Combined	1,465,950	3,667,552
		\$ 6,319				\$ 3,929	\$ 10,247
9/30/2010	Combined	2,424,250		9/30/2010	Combined	1,121,800	3,546,050
		\$ 6,958				\$ 3,006	\$ 9,964
10/30/2010	Combined	1,643,200		10/30/2010	Combined	1,079,750	2,722,950
		\$ 4,716				\$ 2,894	\$ 7,610
	Revenues	\$ 63,898			Revenues	\$ 31,640	\$ 95,538
	Per 1,000	\$ 2.87			Per 1,000	\$ 2.68	2.80

BURNSIDE WATER, INC.
SUMMARY OF GALLONS SOLD AND WATER REVENUES BY MONTH

2009	Total Gallons (gallons)	Total Gallons (cubic)	Water Revenue (\$)	Revenue per 1,000	District 10	District 5	Total Gallons	Total Wholesale 2009	Percent of Retail
Jan	8,406,618	8,473,079	67,333	7.97	1800L and 1600B	1800L	0	1,462,050	80.7%
Feb	8,288,625	8,236,782	72,441	7.43			0	2,293,700	34.2%
Mar	8,774,986	8,813,286	74,441	7.47			0	2,889,300	37.8%
Apr	8,618,323	8,667,936	74,832	7.36			0	2,434,188	28.3%
May	10,770,193	10,883,028	78,232	7.26			0	2,889,300	37.8%
June	13,900,651	13,971,297	84,232	7.26			0	2,434,188	28.3%
July	12,883,329	12,903,329	84,232	7.26			0	2,434,188	28.3%
Aug	11,463,278	11,478,508	84,232	7.37			0	2,434,188	28.3%
Sept	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Oct	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Nov	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Dec	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Yearly Total	123,526,238	123,526,238	842,445	7.22			0	2,434,188	28.3%

2010	Total Gallons (gallons)	Total Gallons (cubic)	Water Revenue (\$)	Revenue per 1,000	District 10	District 5	Total Gallons	Total Wholesale 2010	Percent of Retail
Jan	10,000,000	10,000,000	78,712	7.87	1800L	1800L	0	2,434,188	28.3%
Feb	8,406,618	8,473,079	72,441	7.43			0	2,434,188	28.3%
Mar	8,418,748	8,468,322	74,818	7.46			0	2,434,188	28.3%
Apr	10,768,200	10,800,419	81,078	7.44			0	2,434,188	28.3%
May	11,851,897	11,879,844	81,333	7.44			0	2,434,188	28.3%
June	13,907,422	13,971,292	103,332	7.41			0	2,434,188	28.3%
July	14,839,918	14,920,829	107,142	7.41			0	2,434,188	28.3%
Aug	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Sept	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Oct	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Nov	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Dec	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Yearly Total	118,000,382	118,000,382	920,318	7.77			0	2,434,188	28.3%

Note: Gallons are from Monthly Reports compiled by Travis per CBS. Revenue are net sales including adjustments recorded in QuickBooks.

A) Net Billing Gallons per CBS
 Residential connecting gal
 Dist 10 gal who due to leak
 Corrected Aug Amounts

B) Net Billing Gallons
 Assumed Water Sales - Gallons
 137,364,483

2009	Total Gallons (gallons)	Total Gallons (cubic)	Water Revenue (\$)	Revenue per 1,000	District 10	District 5	Total Gallons	Total Wholesale 2009	Percent of Retail
Jan	8,406,618	8,473,079	67,333	7.97	1800L and 1600B	1800L	0	1,462,050	80.7%
Feb	8,288,625	8,236,782	72,441	7.43			0	2,293,700	34.2%
Mar	8,774,986	8,813,286	74,441	7.47			0	2,889,300	37.8%
Apr	8,618,323	8,667,936	74,832	7.36			0	2,434,188	28.3%
May	10,770,193	10,883,028	78,232	7.26			0	2,889,300	37.8%
June	13,900,651	13,971,297	84,232	7.26			0	2,434,188	28.3%
July	12,883,329	12,903,329	84,232	7.26			0	2,434,188	28.3%
Aug	11,463,278	11,478,508	84,232	7.37			0	2,434,188	28.3%
Sept	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Oct	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Nov	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Dec	8,158,118	8,161,431	84,415	7.47			0	2,434,188	28.3%
Yearly Total	123,526,238	123,526,238	842,445	7.22			0	2,434,188	28.3%

2010	Total Gallons (gallons)	Total Gallons (cubic)	Water Revenue (\$)	Revenue per 1,000	District 10	District 5	Total Gallons	Total Wholesale 2010	Percent of Retail
Jan	10,000,000	10,000,000	78,712	7.87	1800L	1800L	0	2,434,188	28.3%
Feb	8,406,618	8,473,079	72,441	7.43			0	2,434,188	28.3%
Mar	8,418,748	8,468,322	74,818	7.46			0	2,434,188	28.3%
Apr	10,768,200	10,800,419	81,078	7.44			0	2,434,188	28.3%
May	11,851,897	11,879,844	81,333	7.44			0	2,434,188	28.3%
June	13,907,422	13,971,292	103,332	7.41			0	2,434,188	28.3%
July	14,839,918	14,920,829	107,142	7.41			0	2,434,188	28.3%
Aug	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Sept	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Oct	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Nov	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Dec	14,014,421	14,042,928	104,422	7.44			0	2,434,188	28.3%
Yearly Total	118,000,382	118,000,382	920,318	7.77			0	2,434,188	28.3%

Suburban Water Wholesale Sales

District 10		District 6		Combined	Wholesale	
11/30/2009	Combined	1,147,700	11/30/2009 Combined	276,650	1,424,350	16.0%
12/30/2009	Combined	1,189,900	12/30/2009 Combined	280,500	1,470,400	16.6%
1/30/2010	Combined	1,748,700	1/30/2010 Combined	788,650	2,537,350	24.2%
2/28/2010	Combined	1,384,650	2/28/2010 Combined	1,095,600	2,480,250	26.1%
3/30/2010	Combined	1,472,250	3/30/2010 Combined	1,117,950	2,590,200	27.5%
4/30/2010	Combined	1,908,500	4/30/2010 Combined	1,086,650	2,995,150	27.8%
5/30/2010	Combined	1,949,700	5/30/2010 Combined	1,173,450	3,123,150	27.1%
6/30/2010	Combined	2,184,900	6/30/2010 Combined	1,158,850	3,343,750	24.5%
7/30/2010	Combined	3,008,850	7/30/2010 Combined	1,160,000	4,168,850	28.7%
8/30/2010	Combined	2,201,602	8/30/2010 Combined	1,465,950	3,667,552	22.8%
9/30/2010	Combined	2,424,250	9/30/2010 Combined	1,121,800	3,546,050	31.3%
10/30/2010	Combined	<u>1,643,200</u>	10/30/2010 Combined	<u>1,079,750</u>	<u>2,722,950</u>	<u>22.2%</u>
	Totals	<u>22,264,202</u>	Totals	<u>11,805,800</u>	<u>Totals 34,070,002</u>	<u>24.8%</u>

Exhibit C

SUBURBAN WATER, INC.,
Baschor, Kansas

FINANCIAL STATEMENTS

Year ended December 31, 2009
with Independent Auditors' Report



KENNEDY AND COLE, LLC

1000 West 10th Street, Suite 200 • Topeka, Kansas 66604
Phone: 785.343.9200 • Fax: 785.343.9201

SUBURBAN WATER, INC.
Basehor, Kansas

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KENNEDY AND COE, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Suburban Water, Inc.

We have audited the accompanying balance sheet of Suburban Water, Inc. as of December 31, 2009, and the related statements of operations, stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suburban Water, Inc. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Kennedy and Coe, LLC

Kennedy and Coe, LLC

Topeka, Kansas
March 23, 2010

SUBURBAN WATER, INC.
Basehor, Kansas

BALANCE SHEET

		December 31, 2009
ASSETS		
<i>Account Number:</i>		
	Current assets	
131	Cash	\$ 343,596
141	Accounts receivable - trade	97,731
151	Inventory	60,582
162	Prepaid expenses	13,698
	Total current assets	<u>515,607</u>
101	Property, plant, and equipment, at cost	7,185,956
115	Deduct accumulated depreciation and amortization	(2,674,929)
105	Construction work in process	2,071
	Total property, plant, and equipment	<u>4,513,098</u>
	Other assets	
144	Note receivable - shareholder	80,656
190	Deferred income taxes	218,828
162	Loan origination fees, net of amortization	1,375
	Total other assets	<u>300,859</u>
	Totals	<u>\$ 5,329,564</u>

		December 31, 2009
LIABILITIES AND STOCKHOLDER'S EQUITY		
<i>Account Number:</i>		
	Current Liabilities	
231	Accounts payable	\$ 42,631
235	Customer deposits	11,756
241	Payroll liabilities	5,089
252	Advances for construction	702,482
237	Accrued interest	3,013
224	Current maturities of long-term obligations	62,661
	Total current liabilities	<u>827,632</u>
	Long-term liabilities	
232	Long-term obligations, less current maturities	1,639,076
283	Deferred income taxes	42,916
	Total long-term liabilities	<u>1,681,992</u>
	Total liabilities	<u>2,509,624</u>
	Stockholder's equity (Exhibit C)	
201	Common stock, par value \$1 per share	19,600
	Authorized - 150,000 shares, issued - 19,600 shares, outstanding - 19,600 shares	
211	Additional paid in capital	415,118
271	Contributions in aid of construction, net of accumulated amortization of \$172,682	2,862,452
215	Retained earnings (deficit)	(477,230)
	Total stockholder's equity	<u>2,819,940</u>
	Totals	<u>\$ 5,329,564</u>

SUBURBAN WATER, INC.
Basehor, Kansas

Exhibit B

STATEMENT OF OPERATIONS

<i>Account Number.</i>		Year Ended December 31, 2009	
		Amount	Percent of Sales
	Sales		
460	Unmetered water revenue	\$ 719	0.1 %
461	Metered water revenue	943,482	97.4
471	Consulting and engineering services	7,956	0.8
471	Miscellaneous service revenues	16,053	1.7
	Total sales	968,210	100.0
	Cost of sales		
610	Purchased water	146,628	15.1
	Total cost of sales	146,628	15.1
	Gross profit on sales	821,582	84.9
	Operating expenses		
601	Personnel costs	303,361	31.3
401	Other operating expenses	363,193	37.5
	Total operating expenses	666,554	68.8
	Net operating income before depreciation and amortization	155,028	16.0
403	Depreciation expense	394,431	40.7
	Net operating income (loss)	(239,403)	(24.7)
	Other income (expense)		
419	Interest and dividend income	6,322	0.7
427	Interest expense	(88,729)	(9.2)
428	Amortization of debt expense	(3,000)	(0.3)
	Total other income (expense)	(85,407)	(8.8)
	Net income before taxes	(324,810)	(33.5)
675	Deferred tax benefit	57,172	5.9
	Net income (loss)	\$ (267,638)	(27.6) %

The accompanying notes are an integral part of these financial statements.

SUBURBAN WATER, INC.
Basehor, Kansas

Exhibit C

STATEMENT OF STOCKHOLDER'S EQUITY
Year Ended December 31, 2009

	<i>Account Number:</i>				Total
	<u>201</u>	<u>211</u>	<u>271</u>	<u>215</u>	
	Common Stock	Additional paid-in capital	Contributions in aid of construction	Retained earnings (deficit)	
Balance, January 1, 2009	\$ 19,600	\$ 415,118	\$ 2,212,589	\$ (209,592)	\$ 2,437,715
Contributions in aid of construction	-	-	760,586	-	760,586
Deduct current year amortization of contributions in aid of construction	-	-	(110,723)	-	(110,723)
Add net income (loss) for the period	-	-	-	(267,638)	(267,638)
Balance, December 31, 2009	<u>\$ 19,600</u>	<u>\$ 415,118</u>	<u>\$ 2,862,452</u>	<u>\$ (477,230)</u>	<u>\$ 2,819,940</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN WATER, INC.
Basehor, Kansas

Exhibit D

STATEMENT OF CASH FLOWS

	Year Ended December 31, 2009
Cash flows from operating activities	
Net income (loss) (Exhibit B)	\$ (267,638)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation expense	394,431
Amortization of loan costs	3,000
Changes in	
Accounts receivable - trade	3,110
Inventory	(20,754)
Prepaid expenses	1,268
Accounts payable and accrued liabilities	(134,094)
Customer deposits	(1,065)
Payroll liabilities	(5,740)
Deferred income taxes	(57,172)
Net cash provided by operating activities	(84,654)
Cash flows from investing activities	
Change in note receivable - shareholder	(18,442)
Expenditures for property, plant, and equipment	(369,061)
Net cash (used in) investing activities	(387,503)
Cash flows from financing activities	
Decrease in advances for construction, net	(529,535)
Increase in contributions in aid of construction, net	760,586
Principal payments on long-term obligations	(58,679)
Net cash provided by financing activities	172,372
Net increase in cash	(299,785)
Cash at beginning of period	643,381
Cash at end of period	\$ 343,596

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	\$ 88,875
--	-----------

Suburban Water, Inc.
Basehor, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

1. Summary of Significant Accounting Policies

The following is a summary of the Company's significant accounting policies:

- a. Organization: The Company was organized on February 1, 1976 under the laws of the State of Kansas. On August 31, 2006, the board of directors and stockholders authorized the merger of the Company with Breuer, Inc. Previously, the Company was a wholly owned subsidiary of Breuer, Inc. Effective September 1, 2006, Breuer, Inc. was merged into the Company and the stock of the Company was re-issued to the former owner of Breuer, Inc.

The company's primary line of business consists of water sales to commercial and residential customers in and around Leavenworth County, Kansas. The Company is subject to the rules and regulations of the National Association of Regulatory Utility Commissioners (NARUC) as a Class B Water Utility and to the Kansas Corporation Commission (KCC) as a Class C Water Utility

- b. Uniform System of Accounts: The 1996 Water and Wastewater Uniform Systems of Accounts approved by NARUC requires Class B Water Utilities to present their financial statements in a manner that reflects a prescribed uniform numbered chart of accounts system.
- c. Accounts Receivable - Trade: The Company presents trade accounts receivable at face value. Accounts receivable are written off when they are determined to be uncollectible. Based on the ability to terminate service to customers with slow paying history, and the minimal amount of historical losses on the Company's accounts receivable, management has determined that the allowance for doubtful accounts at December 31, 2009 is zero. As of December 31, 2009, the balance of accounts receivable - trade was \$97,731. Accounts receivable payments are due on the 20th of each month. A 2% late fee is applied to payments received after the 20th.
- d. Inventory: Inventory is stated at lower of cost or market. Cost is determined on the "first-in, first-out" (FIFO) method. Inventory consisted of materials in the amount of \$60,582 at December 31, 2009.
- e. Depreciation and Amortization: Depreciation of property and equipment is computed using accelerated methods over the estimated useful lives of the assets. Estimated useful lives generally used in computing depreciation are:

Building and improvements	5 to 40 years
Equipment and furnishings	5 to 20 years
Vehicles	5 years
Water delivery equipment	15 years

Accelerated methods and lives are used for income tax purposes. Depreciation expense for the year ended December 31, 2009 was \$394,431.

- f. Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Suburban Water, Inc.
Basehor, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

g. Income Taxes: It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. At December 31, 2009, the Company believes it has appropriately accounted for any unrecognized tax benefits. To the extent the Company prevails in matters for which a liability for unrecognized tax benefit is established or is required to pay amounts in excess of the liability, the Company's effective tax rate in a given financial statement period may be affected.

2. Significant Group Concentration of Credit Risk

The Company maintains all of its cash deposits in a local financial institution, and is insured by the FDIC for up to \$250,000. The amount on deposit at that institution exceeded the federally insured limited by \$126,024 as of December 31, 2009.

Due to the nature of the Company's operations and the fixed locations of its water distribution systems, there is no ability to diversify its customer base geographically. It is limited to customers in its service area. Thus, the Company's trade receivables are concentrated geographically.

3. Construction Work in Process

The Company constructs or oversees the construction of its water delivery system. Costs of projects are accumulated in a work in process account until the constructed item is placed in service. As of December 31, 2009, the balance of construction work in process was \$2,071.

4. Customer Deposits

The Company has a policy to collect customer deposits from customers who are leasing properties. The Company has determined that the projected average of two months bills for their rental customer base is \$150 and, accordingly, charges each rental customer a \$150 deposit before service is made available. Under the regulations of the KCC, the Company is required to maintain a record of all deposits received from customers. As of December 31, 2009, the balance of customer deposits was \$11,756.

5. Loans and Obligations

Loans and obligations at December 31, 2009, consist of the following:

Note payable in monthly installments of principal and interest of \$609, with an interest rate of 7.1%. The note was initiated for and is collateralized by an excavator.

	\$	9,822
Deduct current portion		6,831
Long-term portion	<u>\$</u>	<u>2,991</u>

\$1.8 million construction note payable to Community National Bank with a variable interest rate of no less than 5.0% with all business assets pledged as collateral and subject to a debt service coverage ratio of at least 1.1 times and a requirement that total equity be no less than 35% of total assets. On December 31, 2009 total equity was 52.91% of total assets and the debt service coverage ratio was 1.45. The note is also personally guaranteed by the shareholder. The interest rate may change daily and is based on the New York Prime Rate as published in the Wall Street Journal. The interest rate is the Prime Rate plus 1.00 percent.

Suburban Water, Inc.
Basehor, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

5. Loans and Obligations (continued)

Note is payable in 36 payments, with 35 monthly payments of \$11,608 and a single "balloon payment" on the entire unpaid balance of principal and interest due November 19, 2011.

	\$ 1,691,915
Deduct current portion	55,830
Long-term portion	<u>\$ 1,636,085</u>

When the construction line of credit was initiated, the bank required a \$7,500 loan origination fee. This fee is being amortized over the life of the loan.

When the construction line of credit was restructured on November 19, 2008, the bank required a \$1,500 loan restructuring fee. This fee is being amortized over the life of the loan.

Approximate maturities of all long-term obligations for the years following December 31, 2009 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2010	\$ 62,661
2011	1,639,076
Total	<u>\$ 1,701,737</u>

6. Related Party Transactions

During the year ended December 31, 2009, the Company entered into various transactions with related parties:

The Company leases office space from the shareholder. This is a month to month operating lease that provides for a monthly lease of \$4,000. Lease expense under this lease was \$48,000 for the year ended December 31, 2009, including \$720 that was payable to the shareholder at December 31, 2009. The monthly lease amount is \$5,000 for 2010.

The Company has made loans to the shareholder totaling \$80,656. A promissory note with the shareholder calls for interest to be charged at the Applicable Federal Rate. That rate was 5% at the time the loan was originated.

7. Commitments and Contingencies

The Company purchases water from the Kansas City, Kansas Board of Public Utilities to assist the Company in meeting peak water demands. The Company is committed to purchasing 2,160,224 gallons of water per month through June 30, 2020.

The estimated future minimum water purchases are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Total Purchase</u> <u>Commitment</u>
2010	\$ 52,724
2011	58,188
2012	62,220
2013	66,996
2014	66,996
Thereafter	346,146
Total Remaining Purchase Commitment	<u>\$ 653,270</u>

Suburban Water, Inc.
Basehor, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

8. Income Taxes

Income tax benefit (expense) is as follows:

	December 31, 2009
Current	\$ -
Deferred	57,172
	\$ 57,172

Income tax expense includes federal and state taxes currently payable and deferred taxes arising from timing differences between income for financial reporting purposes and income tax reporting purposes. Income tax benefits are estimated using the lowest federal and state rates based on the timing of the expected utilization of the NOL carryforwards.

The deferred tax asset results from accounts payable to the 100% shareholder of the company and a net operating loss carryforward. The deferred tax liability results from using accelerated depreciation methods for tax purposes. The net deferred tax asset at December 31, 2009 was \$175,912.

The federal net operating loss carryforward is as follows:

	NOL Carryforward	Expires
\$	23,372	08/31/2023
\$	186,939	08/31/2024
\$	207,816	08/31/2026
\$	110,501	08/31/2027
\$	99,380	12/31/2027
\$	244,667	12/31/2028

The Company adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 740-10 on January 1, 2009. The cumulative effect of adopting FASB ASC Section 740-10 did not have a material impact on the Company's financial position or results of operations.

The Company files income tax returns in the U.S. Federal jurisdiction and the State of Kansas jurisdiction. The Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years before 2005.

9. Advances for Construction

Advances for construction include advances by or on behalf of developers for construction which are to be refunded either wholly or in part. The contract agreements with the developers call for the developer to advance funds to the Company based on the estimated cost of materials and installation of the main service to the development. Final purchasers of the properties in the developments apply for connection and pay for the installation of the meter. The Company refunds portions of the original advance to the developers as meters are purchased. Any advances not refunded prior to the expiration of the refund period are reclassified as contributions in aid of construction. During the year ended December 31, 2009, there was \$444,321 of expired advance reclassifications.

Suburban Water, Inc.
Basehor, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

9. Advances for Construction (continued)

Date of Development	Developer	Total Development Contract Advance	Refunds through December 31, 2009	Net Advances Remaining at December 31, 2009
04/08/2005	Sierra Ridge	\$ 105,000	\$ (42,000)	\$ 63,000
04/27/2005	Aspen Estates	71,398	(52,358)	19,040
01/20/2006	South Glen	71,500	(61,965)	9,535
02/20/2006	Prairie Lake Estates Phase 3	162,771	(33,157)	129,614
09/05/2006	Hidden Ridge	224,018	(49,360)	174,658
05/15/2007	Cedar Falls	393,770	(104,502)	289,268
07/11/2007	Estates of Cedar Lakes	17,367	-	17,367
		<u>\$ 1,045,824</u>	<u>\$ (343,342)</u>	<u>\$ 702,482</u>

10. Contributions in Aid of Construction

In accordance with NARUC guidelines, any amount of money or other property contributed to the Company which represents an addition or transfer to the capital of the Company, and which is utilized to offset the acquisition, improvement or construction costs of the Company's property, facilities, or equipment used to provide utility services to the public is classified as contributions in aid of construction.

Contributions that have been utilized to place in service depreciable property, plant, and equipment are amortized over a period equal to the estimated service life of the related contributed asset. A concurrent credit for the amortization is made against depreciation expense. Amortization of contributions in aid of construction for the year ended December 31, 2009 was \$110,723.

11. Subsequent Events

Management has evaluated subsequent events through March 23, 2010, the date which the financial statements were available for issue. There have been no events which require disclosure.

Supplemental Information

SUBURBAN WATER, INC.
Basehor, Kansas

Schedule 1

SCHEDULE OF OPERATING EXPENSES

Account Number:		Year Ended December 31, 2009	
		Amount	Percent of Sales
	Operating expenses		
601	Personnel costs		
601	Salaries and wages - employees	\$ 133,110	13.7 %
603	Salaries and wages - officers	94,257	9.7
601	Payroll expenses	23,337	2.4
604	Employee benefits	52,657	5.4
601	Total personnel costs	303,361	25.8
401	Other operating expenses		
615	Purchase power	17,286	1.8
620	Materials and supplies	37,321	3.9
631	Engineering	6,708	0.7
632	Accounting	27,000	2.8
633	Legal	9,128	0.9
634	Management fee	2,250	0.2
635	Lab testing	4,631	0.5
636	Contractual services - other	75,996	7.8
641	Lease expense	48,000	5.0
642	Rental equipment	1,633	0.2
650	Transportation	23,230	2.4
657	Business insurance	10,925	1.1
660	Advertising	92	-
667	Regulatory commission	8,300	0.9
668	Water resource conservation	3,029	0.3
670	Bad debt	179	-
675	Donations	1,765	0.2
675	Fees	5,698	0.6
675	Office expense	12,166	1.3
675	Repairs	4,790	0.5
675	Taxes - other	39,315	4.1
675	Utilities and telephone	13,496	1.4
675	Postage & delivery	7,978	0.8
675	Miscellaneous	2,277	0.2
401	Total other operating expenses	363,193	35.2
	Total operating expenses	\$ 666,554	61.0 %

Exhibit D