

TRI-STATES UTILITY, INC.  
 WATER AND SEWER ANNUAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**DETAILED EXPLANATION FOR PAGE 4**

OTHER ASSETS:	\$	38,230.00	Accounts Receivable
		180,528.00	Due from J & J Equities
		3,436.00	Amortized Loan Costs
		1,000.00	Deposit - Down Payment
		200.00	Deposit - Surety Bond
		8,000.00	Deposit - Rent
		8,333.00	Due from Infinity Metering
	\$	<u>239,727.00</u>	

**DETAILED EXPLANATION FOR PAGE 5**

CAPITAL STOCK	\$	30,000.00	Common Stock
		274,959.00	Additional Paid-In Capital
	\$	<u>304,959.00</u>	

OTHER LIABILITIES:	\$	16,255.00	Accounts Payable
		402.00	Accrued SWH Payable
		196.00	Accrued Unemployment Payable
		3,868.00	Accrued Salaries
		99.00	Garnishments
		859.00	Accrued Primacy
		1,346.00	Accrued Sales tax
		4,000.00	Accrued rent
		(1,723.00)	Accrued other
		64,983.00	Interest Accrued
	\$	<u>90,285.00</u>	

TRI-STATES UTILITY, INC.  
 WATER AND SEWER ANNUAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**DETAILED EXPLANATION FOR PAGE W-1**

RENT EXPENSE:	\$ 4,700	Rent Expense paid to Highway 165 Investments LLC for Topeka office
	\$ 100,000	Rent Expense paid to Highway 165 Investments LLC
	<u>\$ 104,700</u>	for Plant Building
OTHER EXPENSES:	\$ 35,991.45	Misc Expenses - Other Rents
	-	Misc Expenses - Refunds
	1,808.20	Misc Expenses - Uniforms
	(14.25)	Misc Expenses - short/long
	1,088.36	Misc Expenses - Penalties
	10.00	Misc Expenses - Sec of State fees
	1,029.18	Misc Expenses - Travel
	1,443.79	Misc Expenses - Other
	17,757.14	Maintenance of General Plant
	13,804.67	Postage
	7,941.64	Misc Expenses - Telephone
	1,143.32	Misc Expenses - Lunch/Meals
	-	Misc Expenses - Dues & Subscriptions
	812.30	Misreads
	745.00	cost - 1/2007 Rate Case Expenses
	383.40	Payroll processing fee
	6,618.96	Utilities for office
	2,984.46	Finance charges
	<u>\$ 93,547.62</u>	

**DETAILED EXPLANATION FOR PAGE W-2**

OTHER REVENUE:	28,426.42	Miscellaneous Income
	6,135.00	Connection Fees
	999.75	Parts on Damages Only
	850.00	Disconnect
	525.00	ISF check fees
	230.36	Call out - Reg Hrs
	556.12	Call out - After Hrs
	1,600.00	Labor Collected - Damages
	(28,099.00)	Loss on sales of assets
	50,000.00	Damages from Infinity
	<u>\$ 61,223.65</u>	

**DETAILED EXPLANATION FOR PAGE W-3**

REPAIRS OF WATER PLANT - OTHER:	\$ 1,954.62	Maintenance Supervision - Engineering
	3,115.10	Maintenance of Services
	571.80	Maintenance of Meters
	1,299.57	Trans/Distr Expenses
	3,123.53	Small Tools
	<u>\$ 10,064.62</u>	

TRI-STATES UTILITY INC.  
PSC REPORT  
2010  
EXPLANATION FOR W-5 & W-6

The beginning balances of the "Water Utility Plant in Service" and "Depreciation Reserve-Water Utility Plant" do not match last year's ending balances because of an adjustment made by the PSC during a rate case adjustment.