

**WATER UTILITIES
ANNUAL REPORT
OF**

Parr Utilities Ltd.

(Exact Legal Name of Utility)

PO BOX 121, 170 Laurier Street Athalmer, BC V0A 1A0

(Address of Principal Business Office)

**TO THE
COMPTROLLER OF WATER RIGHTS**

For the period April 1, 2007 to December 31, 2007

LIST OF SCHEDULES

Pages which are not applicable to the reporting company should be indicated by insertion of the term "non" or "not applicable" as appropriate under "Remarks".

Title of Schedule	Page No.	Remarks
General Instructions	1	
Declaration	2	
Directors and Officers	3	
Security Holders and Voting Powers	4	
Important Changes During the Year	5	Not Applicable
Comparative Balance Sheet	6-9	
Statement of Net Income and Retained Earnings	10-11	
Unamortized Debt Discount and Expense and Unamortized Premium on Debt	12	Not Applicable
Capital Stock Expense	13	Not Applicable
Utility Plant in Service	14-16	
Accumulated Provision for Depreciation-Summary	17	
Depreciation Worksheet Format	18-20	
Standard Depreciation Rates	21	
Utility Plant Held for Future Use	22	Not Applicable
Other Plant	22	Not Applicable
Utility Plant Under Construction	23	
Water Operating Revenues	24	
Operating and Maintenance Expenses	25-29	
Key Statistics & Qualifications	30	
Construction Overheads	31-32	Not Applicable
Reserves & Trust Accounts	33	
Pipeline Footage	34	
Incidents, Service Interruptions and Property Damage	35	
System Map	36	On File

GENERAL INSTRUCTIONS

1. One copy of this report must be filed with the Comptroller of Water Rights not later than the last day of the fourth month following the end of the company's financial year.

Mailing Address:	Ministry of Environment Utility Regulation Section PO Box 9340 Stn Prov Govt Victoria, B.C. V8W 9M1
Telephone:	(250) 287-6341
Facsimile:	(250) 953-5124
E-mail:	<u>Cheryl.Lane@gov.bc.ca</u>

2. This form should be filled out so as to provide an annual report complete in itself. References to reports of previous years should not be made in lieu of required entries.
3. The schedules incorporate the most commonly used utility accounts. Other accounts and subaccounts as prescribed by the Uniform System of Accounts or the Commission should be added as appropriate.
4. Figures of a previous year reported for comparative purposes shall agree with those shown in the annual report of that previous year, or be accompanied by an explanation of the reason why they do not agree.
5. The beginning and end of the period covered by the report must be clearly stated on the front page of this form and throughout, wherever required.
6. In addition to filing two copies of this form, the utility shall also file with the Comptroller two copies of its corporate income tax filing and immediately upon publication, three copies of its latest annual report and/or audited financial statements prepared for distribution to stockholders, bondholders, or other security holders. Where differences exist between balances in accounts shown herein as compared with the aforementioned report, a statement of reconciliation shall be bound into the report to the Commission. If such report is not prepared, it should be stated below:

DECLARATION

I, Paul Partlo
of Fairmont Hot Springs, BC
_____, do hereby certify:

1. That I am Chief Financial Officer, of
(President or other chief officer)
Parr Utilities Ltd.
_____ with the head office
at PO BOX 121, 170 Laurier Street Athalmer, BC V0A 1A0

2. That I have examined the content of this report and the information set out herein is complete and accurate, to the best of my knowledge, information and belief.



Signature of Official

Name, title and address of officer or other person to whom any questions concerning this report should be addressed:

David Grocutt, Controller PO BOX 121, 170 Laurier Street Athalmer, BC V0A 1A0

DIRECTORS AND OFFICERS

Report below the name, title and business address of each director and general officer.

Name	Business Address	Office Held
Hank Swartout	#1003, 200 La Caille Place SW Calgary, Alberta T2P 5E2	President
Michelle Ewing-Chisolm	#1003, 200 La Caille Place SW Calgary, Alberta T2P 5E2	Corporate Secretary
Ron Mason	PO BOX 121, 170 Laurier St. Atahlmer, BC V0A 1A0	Vice President
Paul Partlo	PO BOX 121, 170 Laurier St. Atahlmer, BC V0A 1A0	Chief Financial Officer

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the ten (10) security holders of the utility who, at the date of the latest closing of transfer books or compilation of lists of stocks or shareholders of the utility, prior to the end of the year, had the highest voting powers in the utility, and state the number of votes which each would have had the right to cast of that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust and principal holders of beneficiary interests in the trust. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in the list of ten (10) security holders.
2. Give also the voting powers resulting from ownership of securities of the utility of each officer and director not included in the list of ten (10) largest security holders.
3. If any security other than common/ordinary shares/stock carries voting rights, explain the circumstances whereby such security became vested with voting rights.
4. Furnish particulars concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the utility or any securities or other assets owned by the utility including prices, expiration dates and other material information relating to the exercise of the options, warrants or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten (10) largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a pro rata basis.
5. If any corporation, business trust, or other entity held control over the utility at the yearend, state name of organization, manner in which control was held, and extent of control.
6. Report below the names of all corporations, business trusts or other entity controlled directly by the utility during the year, and the manner in which control was held.

Name and Address of Security Holder	Voting Securities			
	Number of Votes as at _____			
(a)	<i>Total Votes</i> (b)	<i>Common</i> (c)	<i>Preferred</i> (d)	<i>Other</i> (e)
1294671 Alberta Inc. #1003, 200 La Caille Place SW Calgary, AB T2P 5E2	100	100		

IMPORTANT CHANGES DURING THE YEAR

Furnish particulars concerning the matters indicated below:

1. Changes or additions to franchise rights.
 2. Acquisition or disposal of ownership in other companies; consolidation, merger or reorganization with other companies.
 3. Acquisition or disposal of an operating unit or system.
 4. Important leaseholds.
 5. Important extension or reduction in supply, treatment, transmission or distribution system. Give date operations began or ceased.
 6. State estimated annual effect and nature of important wage scale changes during the year.
 7. Important legal proceedings pending, in progress, or concluded during the year.
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Attach additional sheet(s) if required

Comparative Balance Sheet
For the 9 Months Ended December 31, 2007

Assets and Other Debits

<u>Account</u>	<u>Balance End of Year</u>	<u>Balance Beginning End of Year</u>	<u>Increase or (Decrease)</u>
Property, Plant & Equipment			
101 Utility Plant in Service	98,267	98,267	0
104 Utility Plant Leased to Others			0
105 Utility Plant Held for Future Use			0
107 Unfinished Construction (CWIP)	533,549		533,549
108 Miscellaneous Physical Property			0
109 Other Investments			0
110 Accumulated Depreciation & Amortization - Utility Plant (Cr.)	(98,267)	(14,683)	(83,584)
111 Non-Utility Property / Other Plant			0
112 Accumulated Depreciation & Amortization - Non-Utility Plant (Cr.)			0
114 Acquisition Adjustments			0
119 Disallowed Plant			0
Total Plant	533,549	83,584	449,965
Long Term Investments			
121 Sinking Funds			0
122 Insurance & Other Funds			0
123 Investment in Affiliated Companies			0
124 Other Investments			0
125 Sinking Funds			0
128 Special Funds			0
129 Allowance for Investment Losses			0
Total Long Term Investments	0	0	0
Current and Accrued Assets			
131 Cash	151,692	18,807	132,885
134 Special Deposits			0
136 Short Term Investments	87,357	85,519	1,839
141 Notes Receivable			0
142 Accounts Receivable - Customer	1,550		1,550
143 Accounts Receivable - Other			0
144 Provision for Uncollectible Accounts (Cr.)			0
146 Accounts Receivable - Affiliated Companies			0
154 Material and Supplies - Utility			0
156 Material and Supplies - Other			0
166 Prepayments & Deposits			0
166.1 Prepaid Insurance	13,318		13,318
166.2 Prepaid Interest			0
166.9 Other Prepays		(5,411)	5,411
170 Other Current & Accrued Assets			0
171 Interest & Dividends Receivable			0
174 Income Tax Recoverable	15,470		15,470
Total Current and Accrued Assets	269,388	98,914	170,473
Deferred Charges			
181 Unamortized Debt Discount & Expense			0
182 Property Abandoned & Extraordinary Losses			0
183 Preliminary Surveys & Investigations			0
184 Revenue Deficiency Deferral Account			0
186 Other Deferred Charges			0
188 Capital Stock Expense			0
189 Organization Expense			0
Total Deferred Charges	0	0	0
Total Assets and Other Debits	802,937	182,498	620,439

Comparative Balance Sheet
For the 9 Months Ended December 31, 2007

Liabilities and Other Credits

<u>Account</u>	<u>Balance End of Year</u>	<u>Balance Beginning of Year</u>	<u>Increase or (Decrease)</u>
Capital Stock and Surplus			
201 Common Stock	100	83,585	(83,485)
204 Preferred Stock			0
207 Contributed Surplus			0
208 Non-Refundable Customer Contributions in Aid of Construction	306,750		306,750
213 Premium (Discount) on Common Stock			0
214 Stock Issue Expenses			0
216 Retained Earnings	(90,346)	5,060	(95,406)
Total Capital Stock and Surplus	216,504	88,645	127,859
Long Term Debt			
221 Bonds & Debentures			0
222 Notes			0
223 Advances from Affiliates	24,837		24,837
224 Other Long Term Debt			0
Long Term Debt	24,837	0	24,837
Current and Accrued Liabilities			
231 Notes Payable			0
232 Accounts Payable	367,306		367,306
234 Accounts Payable-Affiliated Companies			0
235 Customer Deposits			0
236 Income Taxes Payable			0
236.1 Tax Liability	(21,712)		(21,712)
237 Interest Payable			0
237.1 Interest Accrued			0
238 Dividends Payable			0
239 Current Portion of Long Term Debt			0
242 Other Current Liabilities		5,307	(5,307)
242.1 Other Accrued Liabilities			0
Total Current and Accrued Liabilities	345,594	5,307	340,287
Deferred Credits			
251 Premium on Bonds & Debentures			0
252 Advances for Construction - Refundable	4,201		4,201
253 Other Deferred Credits	3,341		3,341
254 Deferred Income Taxes			0
Total Deferred Credits	7,542	0	7,542
Reserves			
215 Appropriations of Retained Earnings			0
261 Insurance			0
262 Injuries and Damages			0
263 Pension			0
265 Other			0
270 Capital Replacement Reserve (RRTF)	100,426	88,547	11,879
271 Capacity Expansion Reserve (CPRTF)	108,034		108,034
272 Maintenance Reserve (MRTF)			0
273 Operating Reserve (RDTF)			0
274 Contingency Reserve			0
Total Reserves	208,460	88,547	119,914
Total Liabilities and Other Credits	802,938	182,499	620,439

Statement of Net Income and Retained Earnings

	Account	Current Year	Prior Year	Increase (Decrease) from Prior Year	No. CWR Decision 20XX
Utility Income					
400	Operating Revenue	18,540	36,179	(17,640)	
	Total Utility Operating Revenue	18,540	36,179	(17,640)	0
Operating Expenses					
401	Operating	18,292	1,487	16,805	
401.1	Administration & General	94,276	17,358	76,918	
402	Maintenance	9,327	0	9,327	
990	Developer Donations - Time & Resources (Cr.)	0	0		
403	Depreciation			0	
404	Amortization			0	
408	Property & Business Taxes			0	
409.1	Income Taxes - Current	(15,470)		(15,470)	
409.3	Extraordinary Items			0	
410.1	Income Taxes - Deferred			0	
	Total Utility Operating Expenses	106,425	18,845	87,580	0
	Net Utility Income	(87,886)	17,334	(105,220)	0
Other Income and Deductions					
414	Gains (Losses) from Disposition of Utility Property			0	
415	Merchandizing & Jobbing			0	
416	Cost of Merchandizing & Jobbing			0	
417	Appliance Rentals			0	
418	Miscellaneous Rents			0	
419	Interest & Dividends			0	
419.1	Income from Investments in Affiliated Companies			0	
420	Allowance for Funds Used During Construction (AFUDC)			0	
421	Miscellaneous			0	
422	Gains (Losses) from Disposition of Property			0	
423	Gains (Losses) on Foreign Exchange			0	
424	Sinking Funds & Reserves			0	
425	Miscellaneous Rents			0	
426	Miscellaneous Amortization			0	
	Total Other Income	0	0	0	0
Interest Charges					
427	Interest on Long Term Debt			0	
428	Amortization of Debt Discount & Expense			0	
429	Amortization of Premium on Debt			0	
430	Interest on Amounts Due Affiliated Companies			0	
431	Other Interest Expense			0	
	Total Interest Expense	0	0	0	0
	Income Before Extraordinary Items	(87,886)	17,334	(105,220)	0
Extraordinary Items					
433	Extraordinary Income			0	
434	Extraordinary Deductions			0	
	Net Extraordinary Items	0	0	0	0
	Net Income	(87,886)	17,334	(105,220)	0
Retained Earnings					
216	Balance Beginning of Year	17,334		17,334	
435	Balance Trasferred from Net Income	(87,886)	17,334	(105,220)	
436	Appropriations of Retained Earnings			0	
437	Dividend Appropriations			0	
439	Adjustments to Retained Earnings			0	
216	Retained Earnings End of Year	(70,552)	17,334	(87,886)	0

Utility Plant in Service

<u>Account</u>	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Transfers</u>	<u>Balance</u> <u>End of Year</u>
Intangible Plant						
302 Franchise and Consents	0	0	0	0	0	0
303 Miscellaneous	0					0
Total Intangible Plant	0	0	0	0	0	0
Water Supply Plant						
310 Land						0
310.1 Land Rights						0
310.2 Water Rights						0
311 Structures & Improvements						0
312 Collecting & Impounding Reservoirs						0
313 Lake, River & Other Intakes						0
314 Wells & Springs						0
315 Infiltration Galleries & Tunnels						0
316 Supply Mains						0
318 Other						0
Total Water Supply Plant	0	0	0	0	0	0
Pumping Plant						
320 Land						0
320.1 Land Rights						0
321 Structures & Improvements						0
325 Pumping Equipment						0
328 Miscellaneous Pumping Equipment						0
Total Pumping Plant	0	0	0	0	0	0
Water Treatment Plant						
330 Land						0
330.1 Land Rights						0
331 Structures & Improvements						0
332 Water Treatment System						0
Total Water Treatment Plant	0	0	0	0	0	0

Utility Plant in Service

Account	Balance Beginning of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
Transmission & Distribution Plant						
Land						
Land Rights						0
Structures & Improvements						0
Distribution Reservoirs & Standpipes						0
Fire Cystems, Basins, Fountains & Troughs	98,267					98,267
Transmission Mains						0
Distribution Mains						0
Fire Mains						0
Services						0
System Meters						0
Customer Meters						0
Customer Meter Installation						0
Hydrants						0
Miscellaneous						0
Total Transmission & Distribution Plant	98,267	0	0	0	0	98,267

General Equipment

389 Land						0
389.1 Land Rights						0
390 Structures & Improvements						0
391.1 Office Furniture and Equipment						0
391.2 Computer Hardware						0
391.3 Computer Software						0
392 Transportation Equipment						0
393.1 Shop Equipment						0
393.2 Stores Equipment						0
394 Tools & Work Equipment						0
395 Laboratory Equipment						0
396 Heavy Work Equipment						0
397 Communication Equipment						0
398 Miscellaneous Equipment						0
Total General Plant	0	0	0	0	0	0

Undistributed Plant						
306 Unclassified Plant						0
307 Allowance for Funds Used During Construction (AFUDC / IDC)						0
308 Overhead Charged to Construction (ODC)						0
Total Undistributed Plant	0	0	0	0	0	0

Total Utility Plant in Service	98,267	0	0	0	0	98,267
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Accumulated Provision for Depreciation & Amortization

	<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Transfers</u>	<u>Balance End of Year</u>	<u>Dep'n Rate</u>
	Transmission & Distribution Plant							
360	Land							
360.1	Land Rights							
361	Structures & Improvements							
362	Distribution Reservoirs & Standpipes	20,225	78,042				98,267	1.50%
62.1	Fire Cystems, Basins, Fountains & Troughs							2.00%
363.1	Transmission Mains							2.00%
363.2	Distribution Mains							2.00%
364	Fire Mains							2.00%
365	Services							2.00%
366.1	System Meters							2.00%
366.2	Customer Meters							3.00%
367	Customer Meter Installation							3.00%
368	Hydrants							3.00%
369	Miscellaneous							2.00%
	Total Transmission & Distribution Plant	20,225	78,042	0	0	0	98,267	
	General Equipment							
	Land							
389	Land Rights							
389.1	Land Rights							
390	Structures & Improvements							1.50%
391.1	Office Furniture and Equipment							5.00%
391.2	Computer Hardware							14.28%
391.3	Computer Software							14.28%
392	Transportation Equipment							15.00%
393.1	Shop Equipment							6.67%
393.2	Stores Equipment							6.67%
394	Tools & Work Equipment							6.67%
395	Laboratory Equipment							10.00%
396	Heavy Work Equipment							5.00%
397	Communication Equipment							5.00%
398	Miscellaneous Equipment							5.00%
	Total General Plant	0	0	0	0	0	0	
	Undistributed Plant							
306	Unclassified Plant							2.00%
307	Allowance for Funds Used During Construction (AFUDC / IDC)							2.00%
308	Overhead Charged to Construction (ODC)							2.00%
	Total Undistributed Plant	0	0	0	0	0	0	
101	Total Utility Plant in Service	20,225	78,042	0	0	0	98,267	

Accumulated Provision for Depreciation & Amortization

	<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Transfers</u>	<u>Balance End of Year</u>	<u>Dep'n Rate</u>
	Summary (Schedule 17)							
500	Intangible Plant	0	0	0	0	0	0	0
510	Water Supply Plant	0	0	0	0	0	0	0
520	Pumping Plant	0	0	0	0	0	0	0
530	Water Treatment Plant	0	0	0	0	0	0	0
550/560	Transmission & Distribution Plant	20,225	78,042	0	0	0	98,267	0
580	General Equipment	0	0	0	0	0	0	0
590	Undistributed Plant	0	0	0	0	0	0	0
	Total	20,225	78,042	0	0	0	98,267	

STANDARD DEPRECIATION RATES

Account	% Rate
Franchises & Consents	1.0
Land	-
Land Rights, Water Rights	-
Structures & Improvements	1.5
Supply Plant - Reservoirs, Intakes, Wells, Tunnels, Mains	2.0
Pumping Equipment	5.0
Water Treatment Equipment	5.0
Distribution Reservoirs	2.0
Mains	2.0
Hydrants	2.0
Services	2.0
Meters & Installations	3.0
Other Distribution Equipment	5.0
Office Furniture and Equipment	5.0
Computer Hardware	15.0
Computer Software	10.0
Transportation Equipment	15.0
Shop Equipment	5.0
Stores Equipment	5.0
Tools and Work Equipment	5.0
Laboratory Equipment	5.0
Heavy Work Equipment	5.0
Communication Structures and Equipment	5.0
Other General Equipment	5.0
Unclassified Plant	2.0
Allowance for Funds Used During Construction	2.0
Overhead During Construction	2.0

UTILITY PLANT UNDER CONSTRUCTION

Construction costs reported should include appropriate Interest during Construction and proportionate Overheads.

Description of Project	Balance - End of Year	Estimated Total Cost
<u>Water Treatment Plant, 940 Reservoir and connecting pipelines</u>	\$533,549	\$6,764,000

WATER OPERATING REVENUES

<u>Account</u>	<u>Water Produced & Sold (l or m3)</u>	<u>Revenue From Water Sold</u>	<u>Number of Customers Beginning of Year</u>	<u>Number of Customers End of Year</u>	<u>CWR Decision No. 20XX</u>
Sales of Water					
460.1 Residential Sales - Metered					
460.2 Residential Sales - Flat Rate		16,295	102	102	
461.1 Commercial Sales - Metered					
461.2 Commercial Sales - Flat Rate		2,147	53	53	
462 Industrial Sales					
464.1 Other Water Revenues					
464.12 Fire Protection					
463 Irrigation Sales					
464.2 Wholesaler/Resale Sales					
465 Interdepartmental Sales					
469 Fixed/Rent Charges					
Total Sales of Water	90	18,531	158	158	0
Other Operating Revenue					
470.1 Discounts					
470.2 Late Payment Penalties & Interest		8			
451 Revenue from Service Work					
454 Rent from Utility Plant					
456 Other Operating Revenue					
Total Other Operating Revenue		8			
Total Water Operating Revenues	0	18,540	158	158	0

Operating and Maintenance Expenses by Function

<u>Account</u>		<u>Current Year</u>	<u>Prior Year</u>	<u>Increase (Decrease) from Prior Year</u>	<u>No. CWR Decision 20XX</u>
Water Production - Operating					
602	Water Purchased for ReSale			0	
610	Supervision, Engineering & Operations			0	
Pumping - Operation					
620	Supervision, Engineering & Operations	15,776	1,487	14,289	
Treatment - Operating					
630	Supervision, Engineering & Operations	2,516		2,516	
Transmission & Distribution - Operating					
660	Supervision & Engineering			0	
661	Storage Facilities			0	
662.1	Transmission Mains			0	
662.2	Distribution Mains			0	
663	Meters			0	
664	Inspecting Customer Installations			0	
General - Operating					
685	Communications System Operations & Engineering			0	
688	Communications - Other			0	
689	Communications Transferred (Cr.)			0	
Total Expenses - Operating		18,292	1,487	16,805	0
Customer Accounting					
710	Supervision			0	
711	Customer Contracts & Orders			0	
712	Meter Reading & Bill Delivery			0	
713	Customer Billing & Accounting			0	
714	Credit & Collection			0	
718	Uncollectible Accounts			0	
719	Other			0	
Total Expenses - Customer Accounting		0	0	0	0
Water Supply - Maintenance					
810	Supervision & Engineering - Maintenance			0	
811	Maintenance of Buildings & Fixtures			0	
812	Maintenance of Reservoirs			0	
813	Maintenance of Surface Source Facilities			0	
814	Maintenance of Ground Source Facilities			0	
Pumping - Maintenance					
820	Supervision & Engineering - Maintenance			0	
821	Maintenance of Buildings & Fixtures			0	
825	Maintenance of Pumping Equipment	9,327		9,327	
828	Maintenance of Miscellaneous Equipment			0	
Treatment - Maintenance					
830	Supervision & Engineering - Maintenance			0	
831	Maintenance of Buildings & Fixtures			0	
832	Maintenance of Equipment			0	

Operating and Maintenance Expenses by Function

<u>Account</u>	<u>Current Year</u>	<u>Prior Year</u>	<u>Increase (Decrease) from Prior Year</u>	<u>No. CWR Decision 20XX</u>
Transmission & Distribution - Maintenance				
861 Maintenance of Buildings & Fixtures			0	
862 Maintenance of Storage, Reservoirs, Tanks & Standpipes			0	
863.1 Maintenance of Transmission Mains			0	
863.2 Maintenance of Distribution Mains			0	
864 Maintenance of Fountains & Troughs			0	
865 Maintenance of Services			0	
866 Maintenance of Meters			0	
868 Maintenance of Hydrants			0	
Total Expenses - Maintenance	9,327	0	9,327	0
721 Administration & General	94,276	17,358	76,918	
911 Regulatory Expenses			0	
915 Donations - Charitable			0	
990 Developer Donations - Time & Resources (Cr.)			0	
995 Transportation Equipment Expense Clearing				
996 Heavy Work Equipment Expense Clearing				
997 Warehouse Expense Clearing				
998 Shop Expense Clearing				
999 Laboratory Expense Clearing				
Total Operating & Maintenance Expenses	121,895	18,845	103,050	0
Summary of Expenses				
	Operating	Maintenance	Total	
Water Supply	0	0	0	
Pumping	15,776	9,327	25,103	
Treatment	2,516	0	2,516	
Transmission & Distribution	0	0	0	
Customer Accounts	0		0	
Administrative & General	94,276		94,276	
Regulatory	0		0	
Donations - Charitable	0		0	
Developer Donations - Time & Resources (Cr.)	0		0	
Total Operating & Maintenance Expenses	112,568	9,327	121,895	
Cost per Customer				
	Operating	Maintenance	Total	
Water Supply	0.000	0.000	0.000	
Pumping	99.848	59.032	158.880	
Treatment	15.924	0.000	15.924	
Transmission & Distribution	0.000	0.000	0.000	
Customer Accounts	0.000	0.000	0.000	
Administrative & General	596.684	0.000	596.684	
Regulatory	0.000	0.000	0.000	
Donations - Charitable	0.000	0.000	0.000	
Developer Donations - Time & Resources (Cr.)	0.000	0.000	0.000	
Total Operating & Maintenance Expenses	712.456	59.032	771.487	
Cost per Litre/m3				
	Operating	Maintenance	Total	
Water Supply	#DIV/0!	#DIV/0!	#DIV/0!	
Pumping	#DIV/0!	#DIV/0!	#DIV/0!	
Treatment	#DIV/0!	#DIV/0!	#DIV/0!	
Transmission & Distribution	#DIV/0!	#DIV/0!	#DIV/0!	
Customer Accounts	#DIV/0!	#DIV/0!	#DIV/0!	
Administrative & General	#DIV/0!	#DIV/0!	#DIV/0!	
Regulatory	#DIV/0!	#DIV/0!	#DIV/0!	
Donations - Charitable	#DIV/0!	#DIV/0!	#DIV/0!	
Developer Donations - Time & Resources (Cr.)	#DIV/0!	#DIV/0!	#DIV/0!	
Total Operating & Maintenance Expenses	#DIV/0!	#DIV/0!	#DIV/0!	

Operating and Maintenance Expenses by Type

<u>Account</u>	<u>Current Year</u>	<u>Prior Year</u>	<u>Increase (Decrease) from Prior Year</u>	<u>CWR Decision No. 20XX</u>
Salaries & Wages				
1 Regular	27,333		27,333	
2 Overtime				
3 Bonuses				
4 Stock Options & Bonuses				
Employee Benefits				
10 Employment Insurance	740		740	
11 Canada Pension Plan	1,405		1,405	
12 Workers Compensation	786		786	
13 Provincial Health Insurance				
14 Supplemental Health Insurance	260		260	
15 Dental Insurance				
16 Life Insurance				
17 Employee Training	990	670	320	
Outside Services				
20 Legal Services				
21 Accounting Services	4,143	5,845	(1,702)	
22 Engineering Services				
23 Consulting Services	40,000		40,000	
24 Contractor Charges	15,776		15,776	
25 Security Services				
26 Charges From Affiliates / Developer				
Insurance				
30 Insurance - Property & Liability	10,932		10,932	
Vehicle Expenses				
40 Mileage				
41 Fuel				
42 Maintenance & Repairs	508	2,658	(2,150)	
43 Insurance & Licensing				
44 Leases & Rentals				
Rentals				
46 Office				
47 Office Equipment				
48 Other Tools & Equipment	725		725	
Utilities				
50 Communications	475	532	(57)	
51 Water & Sewer				
52 Heating				
53 Electricity	3,964	3,966	(2)	
Supplies				
60 Office Supplies	448	3,322	(2,874)	
61 Chemicals		1,487	(1,487)	
62 Materials & Supplies	2,516		2,516	
63 Advertising & Promotion	70		70	
64 Dues & Subscriptions				
Equipment Repairs & Maintenance				
65 Office Equipment				
66 Computers				
67 Other Equipment	8,709		8,709	
Travel & Entertainment				
70 Travel & Accommodation	1,175		1,175	
71 Meals - In Town				
72 Meals - Out of Town				
Taxes				
80 Property & Business Taxes				
Other				
90 Donations - Charitable				
92 Regulatory Fees	410	365	45	
93 Miscellaneous	529		529	
Gross Expenses	121,895	18,845	103,050	0
Developer Donations - Time & Resources (Cr.)				
Net Expenses	121,895	18,845	103,050	0
Interest Expenses				
85 Bank Charges	107	146	(39)	
86 Short Term Debt				
87 Long Term Debt				
	107	146	(39)	0

Key Statistics

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>	<u>CWR Decision No. 20XX</u>
Customers				
Actual	158	158		0
Potential	177	177		0
% Saturation	89.27%	89.27%	#DIV/0!	#DIV/0!
Capacity (l/day)				
Water Licence	2,200,000	2,200,000	-	
Supply	2,200,000	2,200,000	-	
Treatment	2,200,000	2,200,000	-	
Demand (l/day)				
Actual	N/A		#VALUE!	
Forecast (Build-out)	N/A		#VALUE!	
% Capacity vs. Forecast	N/A			
Water License	#VALUE!	0.00%		#DIV/0!
Supply	#VALUE!	0.00%		#DIV/0!
Treatment	#VALUE!	0.00%		#DIV/0!
Leak Incidents	0	0		0
Damage Incidents	0	0		0
Service Interruptions				
Number	0	0		0
Duration (hrs)	0.00	0.00		0.00
Avg Duration	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Provide a list of key contractors and employees with their relevant qualifications for operation of a water utility.

George Greenside - Small Water System Operator

Provide a list of technical training programs completed during the year.

George Greenside - Small Water System Operators Course

PIPELINE FOOTAGE

Report below the footage of pipe according to function, such as transmission, distribution, service lines, etc., classified according to size groupings normally used by utility.

Designation of Line	Feet of Pipe of Specific Diameter					Total Footage of Pipe			
	20"	16"	14"	12"	10"		8"	6"	Under 6"
							4,900ft	1,600ft	6,500ft

INCIDENTS, SERVICE INTERRUPTIONS AND PROPERTY DAMAGE

1. Report below any important interruptions of service due to failure of utility's distribution facilities or failure of utility's water supply or treatment. State for each case the action taken to maintain service, the duration of interruption, the restrictions imposed, and the number and classes of customers affected.
2. State particulars of any important property damage sustained during the year, including information as to cause, personal injuries or loss of life to employees or others, approximate cost of repairs, and length of time damaged facilities were out of service.
3. Threats to drinking water
 - Intrusions of supply facilities, reservoirs, treatment facilities, damage to mains.
4. Quality below water quality standards
 - Information on date, duration, action taken.
5. List orders by Drinking Water Officer
 - Provide copies

No Incidents or Service Interruptions during the year.

FAX

To: Ron Simmons **From:** David Grocutt
Fax: 250-953-5124 **Pages:** 23
Phone: **Date:** 4.24.2009
Re: Parr Utilities 2007 Annual Report **CC:**

Urgent For Review Please Comment Please Reply Please Recycle

Comments:

Hi Ron,

Please find attached the Annual Reports for Parr Utilities for the period of April 1, 2007 – December 31, 2007 and for January 1, 2008 – December 31, 2008.

I have not received the corrected bank confirmation for 2008 as of yet but I will forward it as soon as it is prepared by the bank. Also, the first page of the reports have not been signed because Paul needs to sign them and he is there. Therefore, either he can sign them while he is there or I can get him to sign them on Monday and forward the signed forms then if you want.

I will forward the financial statements from the auditing firm for 2008 as soon as we receive them. I have included the unaudited statements that we have currently in with the 2008 forms.

If you need any more information about any of this, please just let me know.

Thanks,

David Grocutt, CGA
Controller
Parr Utilities Ltd.
Ph: 250-342-6999
dgrocutt@windmerewater.com

4.24.2009

WATER UTILITY ANNUAL REPORT

To the COMPTROLLER of WATER RIGHTS, Water Utility Act
For the fiscal year end period: April 1, 2007 to December 31, 2007

File: 0321093

Name: PARR UTILITIES LTD
Address: PO BOX 121
170 LAURIER STREET
ATHALMER BC V0A 1A0

(please correct if address is wrong)

Contact Name: David Grocutt Title: Controller

Phone No: 250-342-6999 Fax No: 250-342-6998 Email Address: dgrocutt@windermerewater.com

Geographical location of works: Windermere, BC

Local Operator's Name: Mathew Macala Phone No: 250-341-5763

Accountants Name: Smith Cageorge Perry LLP Phone No: 403-261-9933

A. CORPORATE DATA:

Question: Has there been a change of more than 20% of the common shares of the utility company? Yes No

List names and addresses of all persons or corporations holding over 10% of any class of shares of the company.

Shareholder	Address	% Interest	Phone Number
1294671	#1003, 200 La Caille Place S.W Calgary, AB T2P-5E2	100	403-265-7037

B. SERVICE AREA:

Number of lots (units) authorized for service: 147 Number of lots (units) connected: 147

C. WATER CONSUMPTION:

If source(s) of water is metered, state the total input (l. gal., U.S. gal., cu. ft., cu. m.) to the system for the year:

N/A

D. DESCRIPTION OF SYSTEM ASSETS ACQUISITIONS & DISPOSALS:

COST: _____

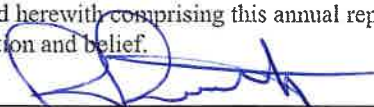
N/A

E. ADDITIONAL QUESTIONS:

- 1) Did you have any boil advisories during the past year?
- 2) Is your water system adequate to meet consumption needs?
- 3) Do you foresee any major repairs or replacements required in the next 5 years?

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>

DECLARATION: The information filed herewith comprising this annual report is complete and accurate, to the best of my knowledge, information and belief.



(Signature of President or Secretary of the Company)

REVENUE ANALYSIS REPORT

File: 0321093

Name of Utility: PARR UTILITIES LTD

For the year end period: April 1, 2007 to December 31, 2007

	RESIDENTIAL	COMMERCIAL	TOTAL
NO. OF CUSTOMERS (UNITS)			
- unmetered full time	<u>106 + 3 rent charges</u>	<u> </u>	<u> </u>
- unmetered seasonal	<u> </u>	<u>38</u>	<u> </u>
- metered full time	<u> </u>	<u> </u>	<u> </u>
- metered seasonal	<u> </u>	<u> </u>	<u> </u>
 REVENUE FOR YEAR			
Rates - unmetered full time	<u>\$ 25 500.42</u>	<u>\$</u>	<u>\$</u>
- unmetered seasonal	<u> </u>	<u>1 534.44</u>	<u> </u>
- metered full time	<u> </u>	<u> </u>	<u> </u>
- metered seasonal	<u> </u>	<u> </u>	<u> </u>
Rent Charges	<u>360.86</u>	<u> </u>	<u> </u>
Connection Fees	<u> </u>	<u> </u>	<u> </u>
Fire Protection	<u> </u>	<u> </u>	<u> </u>
Irrigation Sales	<u> </u>	<u> </u>	<u> </u>
Bulk Sales	<u> </u>	<u> </u>	<u> </u>
Other Water Revenue (Specify)	<u> </u>	<u> </u>	<u> </u>
 TOTAL REVENUE BEFORE INTEREST			
(To agree with Income Statement)	<u>\$ 25 861.28</u>	<u>\$ 1 534.44</u>	<u>\$ 27 395.72</u>
 REPLACEMENT RESERVE TRUST FUND			
-Amount Per Unit	<u>\$ 6.69/month</u>	<u>\$ 2.23/month for 6 months</u>	<u> </u>
-Total For Year	<u>* \$ 6472.58</u>	<u>\$ 508.44</u>	<u>\$ 6981.02</u>

WUA-RAR-07/92

*Total includes 3 rent charges at \$40.10/lot x 9/12 for a total of \$90.32

RESERVE/TRUST FUND ANNUAL REPORT
(TO THE COMPTROLLER OF WATER RIGHTS, Water Utility Act)

Name of Utility: PARR UTILITIES LTD

File: 0321093

Fiscal Year End Period: April 1, 2007 to December 31, 2007

	Balance, beginning of year		*Deferred Capacity Fund	Maintenance Fund	Construction Reserve Fund	Other Fund
	Replacement Reserve Fund	Revenue Deficit Fund				
Add	\$ 42,048.75	\$	\$ 0	\$	\$	\$
Interest Earned	1,833.58		34.45			
Contributions			108,000.00			
Replacement Reserve						
from Customer Rates	6,840.70					
from Rent Charges	40.32					
from Other						
Deduct						
Interest Withdrawn						
Authorized Releases						
Balance, end of fiscal year	100,913.35		108,034.45			
Balance, end of fiscal year per bank confirmation attached	100,913.35					
Difference (attach explanation if more than \$100)	\$ 0		\$ 0			\$

* Attach a list of names and lot descriptions for any new Deferred Capacity Trust Fund contributions.

David Grewitt - Controller - Parr Utilities
Independent Signing Authority, Title and Name of Firm (Please Print)

Signature DA Grewitt Date April 24, 2009
Telephone number 250-342-6999 Fax Number 250-342-6998

Deferred Capacity Fund Contributions
April 1, 2007 - December 31, 2007

<u>Customer</u>	<u>Amount</u>	<u>CPCN #</u>
Pedley Heights - Phase 1 & 2	108,000.00	1293
Total	<u>108,000.00</u>	

Please note that the total revenue calculated on the Revenue Analysis Report is not the same as the amount reported on the financial statements. This is due to the fact that the previous owner of Parr Utilities was reporting income on a cash basis and not an accrual basis. Therefore in his financials attached to the Annual Report for the period ending March 31, 2007 he had reported revenue that was actually for the period of April – December, 2007. Thus the revenue shown on our financials does not include this previously reported revenue, but the contribution to the Replacement Reserve Fund was made based on the calculated contribution requirements for the year.



Smith Cageorge Perry^{LLP}
Chartered Accountants

PARR UTILITIES LTD.
Financial Statements
Ten Month Period Ended December 31, 2007
(Unaudited)

PARR UTILITIES LTD.
Index to Financial Statements
Ten Month Period Ended December 31, 2007
(Unaudited)

	Page
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Loss and Deficit	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7



Smith Cageorge Perry^{LLP}
Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Shareholders of Parr Utilities Ltd.

We have reviewed the balance sheet of Parr Utilities Ltd. as at December 31, 2007 and the statements of loss and deficit and cash flows for the ten month period then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANTS

Calgary, Alberta
September 1, 2008

PARR UTILITIES LTD.

Balance Sheet

December 31, 2007

(Unaudited)

ASSETS	
Current	
Cash	\$ 26,388
Restricted cash and cash equivalents (Note 3)	212,661
Accounts receivable	22,672
Prepaid expenses	13,318
Taxes receivable	591
	<u>275,630</u>
CONSTRUCTION IN PROGRESS (Note 4)	226,799
FUTURE TAX ASSET	15,470
	<u>\$ 517,899</u>
LIABILITIES	
Current	
Accounts payable and accrued liabilities	\$ 367,307
Deferred revenue	3,341
Due to related party (Note 5)	19,529
Due to shareholder (Note 6)	5,307
	<u>395,484</u>
REFUNDABLE CONSTRUCTION ADVANCES	4,201
EXISTING FACILITY CAPITAL EXPANSION RESERVE (Note 7)	100,426
FUTURE FACILITY CAPITAL EXPANSION RESERVE (Note 8)	108,034
	<u>608,145</u>
SHAREHOLDER'S DEFICIENCY	
Share capital (Note 9)	100
Deficit	<u>(90,346)</u>
	<u>(90,246)</u>
	<u>\$ 517,899</u>

ON BEHALF OF THE BOARD

Director

Director



See notes to financial statements

PARR UTILITIES LTD.
Statement of Loss and Deficit
Ten Month Period Ended December 31, 2007
(Unaudited)

Revenue		\$ 25,334
Expenses		
Sub-contracts		55,776
Salaries and employee benefits		30,524
Insurance		10,932
Equipment costs		9,942
Capital replacement reserve funding		6,794
Telephone and utilities		4,439
Accounting fees		4,143
Supplies		2,516
Office expenses		2,038
Travel		1,175
Business fees and licenses		410
Interest and bank charges		107
		128,796
Loss before income taxes		(103,462)
Future income taxes (recovered)		(15,470)
Net loss		(87,992)
Deficit - beginning of period		(2,354)
Deficit - end of period		\$ (90,346)

PARR UTILITIES LTD.
Statement of Cash Flows
Ten Month Period Ended December 31, 2007
(Unaudited)

Operating activities	
Cash receipts from customers	\$ (7,114)
Cash paid to suppliers and employees	<u>225,299</u>
	<u>218,185</u>
Investing activities	
Additions to construction in progress net of capital contributions in aid of construction	(220,032)
Funding received for future capital replacement	<u>108,034</u>
	<u>(111,998)</u>
Financing activities	
Advances from related party	19,529
Increase in reserve funds	<u>9,978</u>
	<u>29,507</u>
Increase in cash	135,694
Cash - beginning of period	<u>103,355</u>
Cash - end of period	<u>\$ 239,049</u>
Cash consists of:	
Cash	\$ 26,388
Restricted cash and cash equivalents	<u>212,661</u>
	<u>\$ 239,049</u>

PARR UTILITIES LTD.
Notes to Financial Statements
Ten Month Period Ended December 31, 2007
(Unaudited)

1. Description of operations

The business is a utility provider incorporated under the British Columbia Corporation's Act which is in the process of developing a water treatment facility in Invermere, British Columbia.

2. Summary of significant accounting policies

Future changes in significant accounting policies

The following accounting standards have been issued by the CICA but are not yet effective. The Company is currently evaluating the effect of adopting these standards on their financial statements.

Sections 1530-Comprehensive income, 3250-Equity, 3855-Financial instruments – measurement and disclosure, 3861-Financial instruments – presentation and disclosure and 3865-Hedges which apply to years beginning on or after October 1, 2007 provide requirements for the recognition, measurement, presentation and disclosure of financial instruments. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but are excluded from net income calculated in accordance with generally accepted accounting principles.

Section 1400-General standards of financial statement presentation, which is effective for years, beginning on or after January 1, 2008. This section now includes requirements to assess and disclose an entity's ability to continue as a going concern.

Section 3862-Financial instrument-disclosure and 3863-Financial instruments-presentation, which is effective for years beginning on or after October 1, 2007. These sections replace 3861-Financial instruments-disclosures and presentations. These sections establish the standards for presentation of financial instruments and non-financial derivatives and identifies information that should be disclosed. Amendments issued in June 2008, exempt non-publicly accountable entities from specific complex disclosure requirements.

Cash and short term investments

Cash and cash equivalents consist primarily of term deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Construction in progress

Construction in progress is composed of costs directly associated with the construction of a water treatment facility which are recorded at the lower of cost and net realizable value. Costs include all expenditures incurred in connection with the acquisition, development and construction of the water treatment facility. Contracts with developers to develop the facility require capital contributions in aid of construction which are not refundable to the developers, these contributions are netted against the construction in progress balance and will ultimately be netted against the property and plant upon completion of the facility. The Company will provide for write-downs where the carrying value exceeds its net realizable value. Construction in progress is not amortized.

(continues)

PARR UTILITIES LTD.
Notes to Financial Statements
Ten Month Period Ended December 31, 2007
(Unaudited)

2. Summary of significant accounting policies *(continued)*

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Future capital expansion reserves

Amounts received for future capital expansion of the existing water treatment facility and the water treatment facility being constructed will be netted against the capital cost of such expansions when the costs are incurred. These amounts are not refundable.

Revenue Recognition

Revenues is recognized when services are rendered. Any amounts received in advance of services being rendered are deferred and taken into income when earned.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of property, plant and equipment and goodwill. Actual results could differ from these estimates.

3. Restricted cash and cash equivalents

The balances that compose the restricted cash and cash equivalent balances are for the purposes of funding future capital expansion projects as well as certain current projects.

4. Construction in progress

Construction costs	\$ 533,549
Less capital contributions in aid of construction	<u>(306,750)</u>
	<u>\$ 226,799</u>

5. Due to related party

Amounts due to a company related by virtue of common ownership, are non-interest bearing, have no set repayment terms and are unsecured.

6. Due to shareholder

The amounts due to shareholder are non-interest bearing, have no set repayment terms and are unsecured.

PARR UTILITIES LTD.
Notes to Financial Statements
Ten Month Period Ended December 31, 2007
(Unaudited)

7. Existing capital replacement reserve

A portion of revenues from the existing water treatment facility are to be held in trust to accommodate future expansion and replacement of facilities and equipment as mandated by the utilities regulators. There are no plans currently to upgrade or repair the current facility and these amounts are not refundable.

8. Future capital expansion reserve

Certain amounts received from developers are being held in trust for the purpose of funding future capital expansion costs of the new facility currently being constructed as mandated by the utilities regulators. These amounts are not refundable.

9. Share capital

Authorized:

20000 Class "A" Common voting shares

Issued:

4 Share capital

\$ 100

10. Related party transactions

Included in Employment sub-contracts are fees in the amount of \$40,000 paid to a company controlled by the Company's president. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Terms and conditions are consistent with those of unrelated third parties.

11. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, due to related parties and due to shareholder.

Fair Value

The fair value of financial instruments that are included on the balance sheet approximate their carrying amount due to the short term maturity of these instruments.

The fair value of the due to related parties and due to shareholder balances are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

Credit Risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience difficulty and be unable to fulfil their obligations. The Company is exposed to financial risk that arises from the credit quality of the entities to which it provides services.