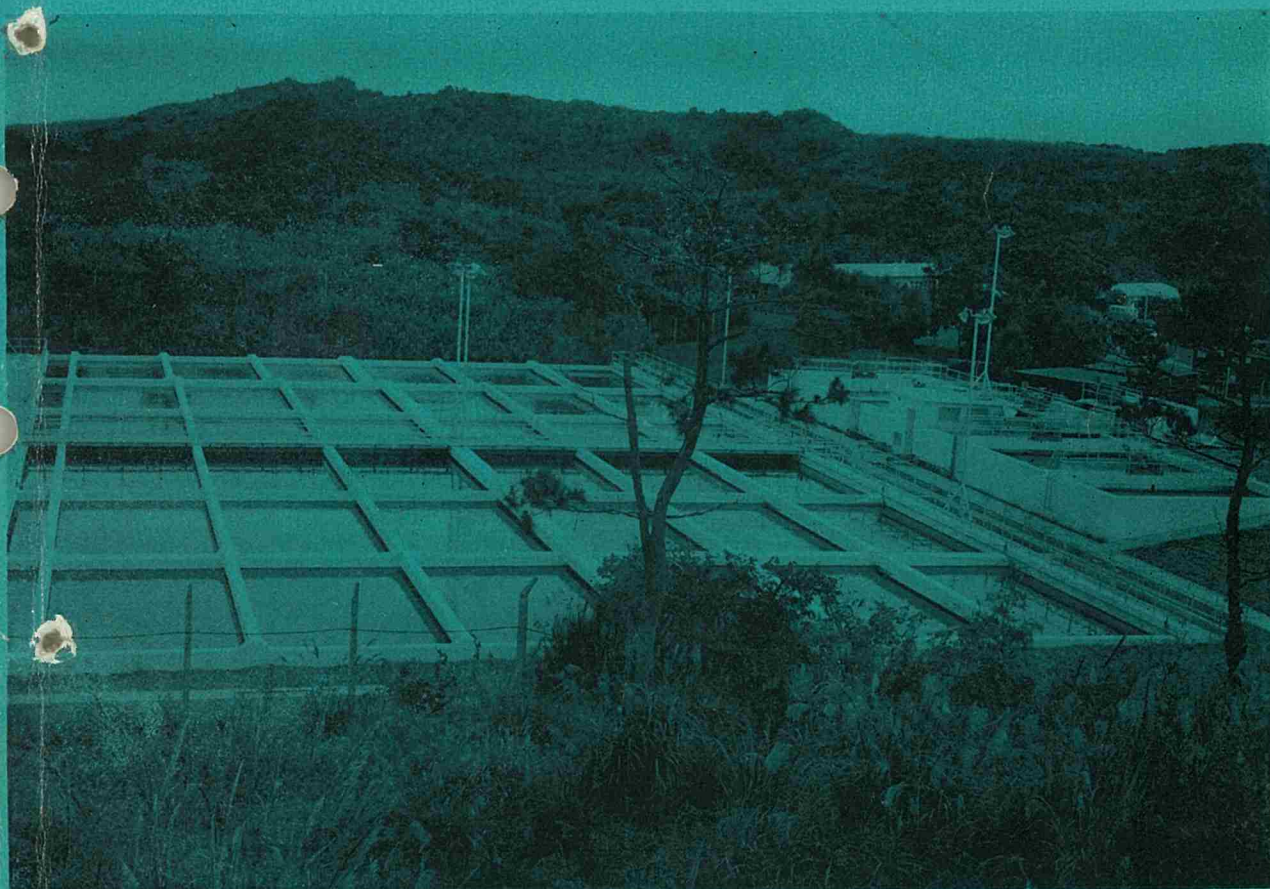


ANNUAL REPORT
OF
RYUKYU DOMESTIC WATER CORPORATION
FOR FISCAL YEAR 1963



Tybase Water Purification Plant

Located in Central Okinawa, the Tybase plant is the largest water treatment facility on the island.



ANNUAL REPORT
OF
RYUKYU DOMESTIC WATER CORPORATION
For Fiscal Year 1963

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INTRODUCTION

The Ryukyu Domestic Water Corporation (RDWC) was established by High Commissioner Ordinance No.8 on 4 September 1958 for the purpose of providing water for the use and benefit of the Ryukyuan people and for industrial development of the islands. The RDWC is an instrumentality of the United States Civil Administration of the Ryukyu Islands.

The Board of Directors of the RDWC, composed of two representatives from the Office of the High Commissioner of the Ryukyu Islands, one representative from the United States Army Ryukyu Islands, one representative from the Government of the Ryukyu Islands and one representative from the Ryukyu Development Loan Corporation, has the general management and control of the business affairs and property of the RDWC. The Board is empowered to exercise all the powers that may be exercised or performed by the RDWC under the Charter of the RDWC and applicable laws and ordinances of the Ryukyu Islands.

The Corporation has started exploration for new water sources on Okinawa in accordance with the High Commissioner's Master Water Plan. It is intended by this action to locate and develop adequate water sources and thereby minimize the need for water rationing measures currently necessary to cope with seasonal water shortages.

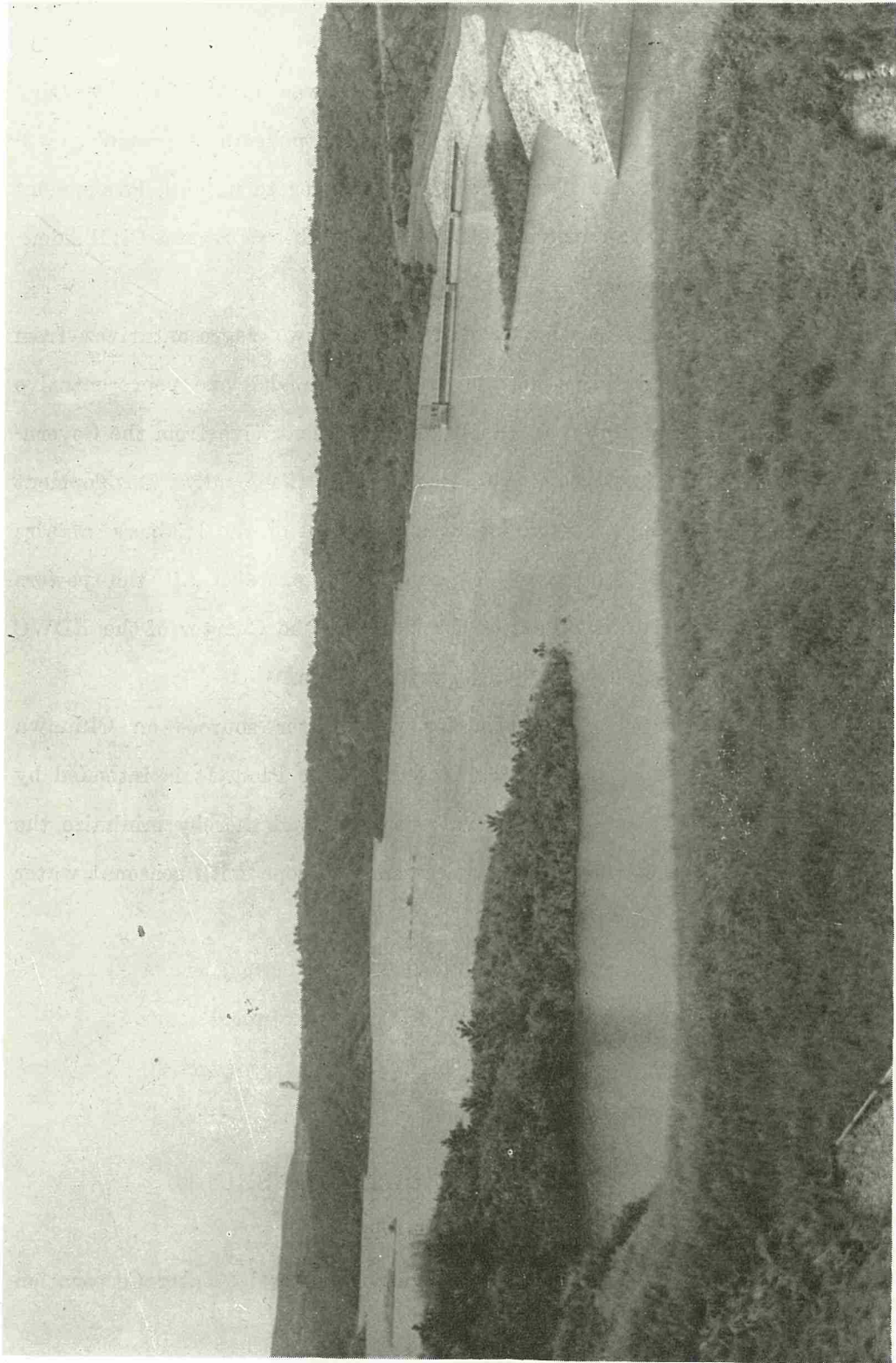
EDWARD K. SHULTZ

President

Ryukyu Domestic Water Corporation

30 June 1963

Naha, Okinawa



Zukeyama Dam, north-central Okinawa, when full, is the largest reservoir on the island and a major source of water for the Integrated Island Water System.

SECTION 1

ACTIVITIES DURING FISCAL YEAR 1963

ACTIVITIES DURING FISCAL YEAR 1963

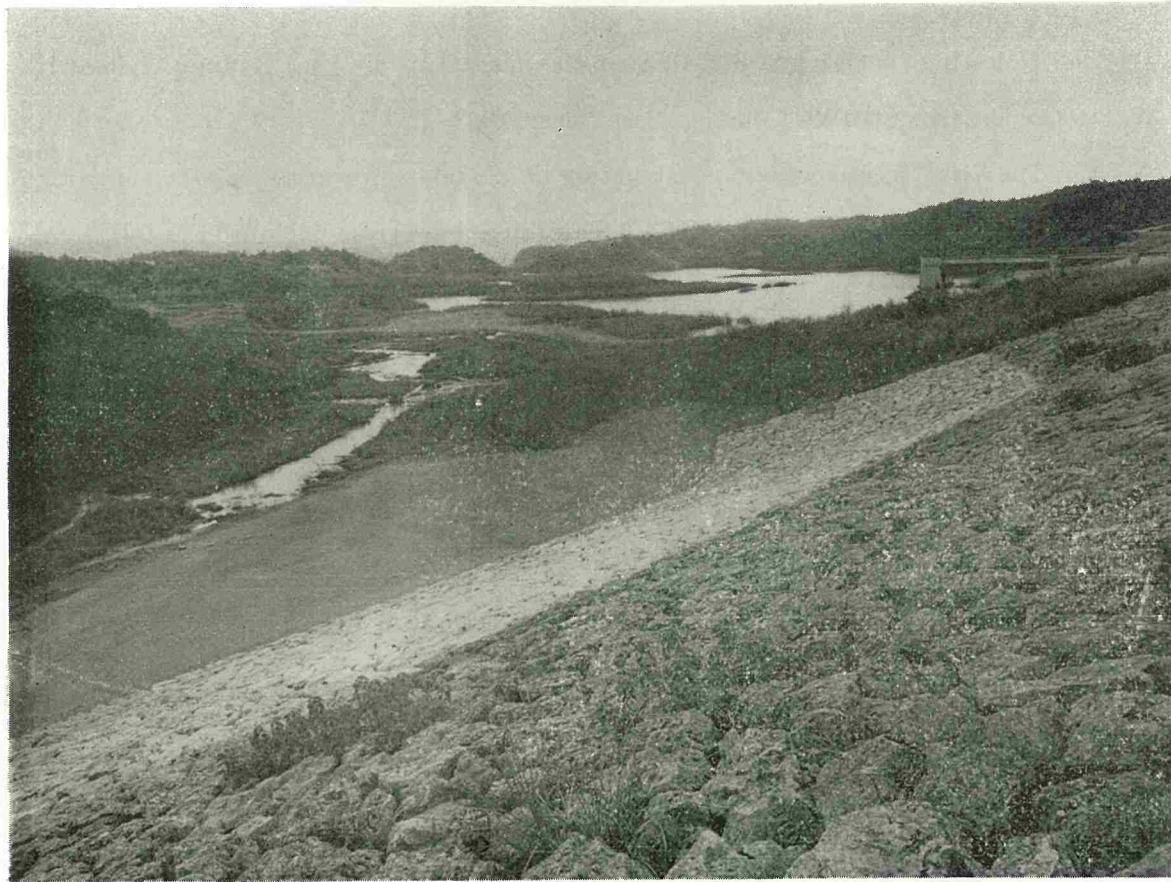
The following activities highlighted the operation of the Ryukyu Domestic Water Corporation (RDWC) during fiscal year 1963:

1. The first increments of construction of a series of water projects totalling \$2,256,000 was completed in FY 1963. This initial program included the following major projects: Construction of a reservoir (600 million gallons) at Zukeyama on the headwaters of the Bishi river; enlargement of the Tybase Plant; development of the Kadena well field; and installation of additional water distribution lines. These now provide the Integrated Island Water System with a capacity of supplying an additional 8 million gallons per day of treated water.

2. In conjunction with the exploration of new potential sources of water available from streams in the northern part of Okinawa, a project was initiated to perform a quantitative evaluation of streams in other areas of Okinawa and to conduct site explorations for dams and a water treatment plant. This project will be carried on for two or more years at a cost of \$175,000.

3. Based on a master water plan for the Integrated Island Water System, the following projects were begun in FY 1963:

- a. The exploration and design of water development facilities in northern Okinawa, \$385,000.
- b. The design of an east side water transmission system, \$130,000.
- c. The design and installation of reinforcements to the west side water transmission system, \$185,000.



General view of Zukeyama Reservoir during summer 1963, showing depleted water supply as a result of drought.

d. The exploration of the feasibility of constructing a reservoir on the Tengan river, the design of this reservoir, and the design of a well field at Tengan, \$140,000.

e. The design and construction of additional well field facilities at Kadena, \$220,000.

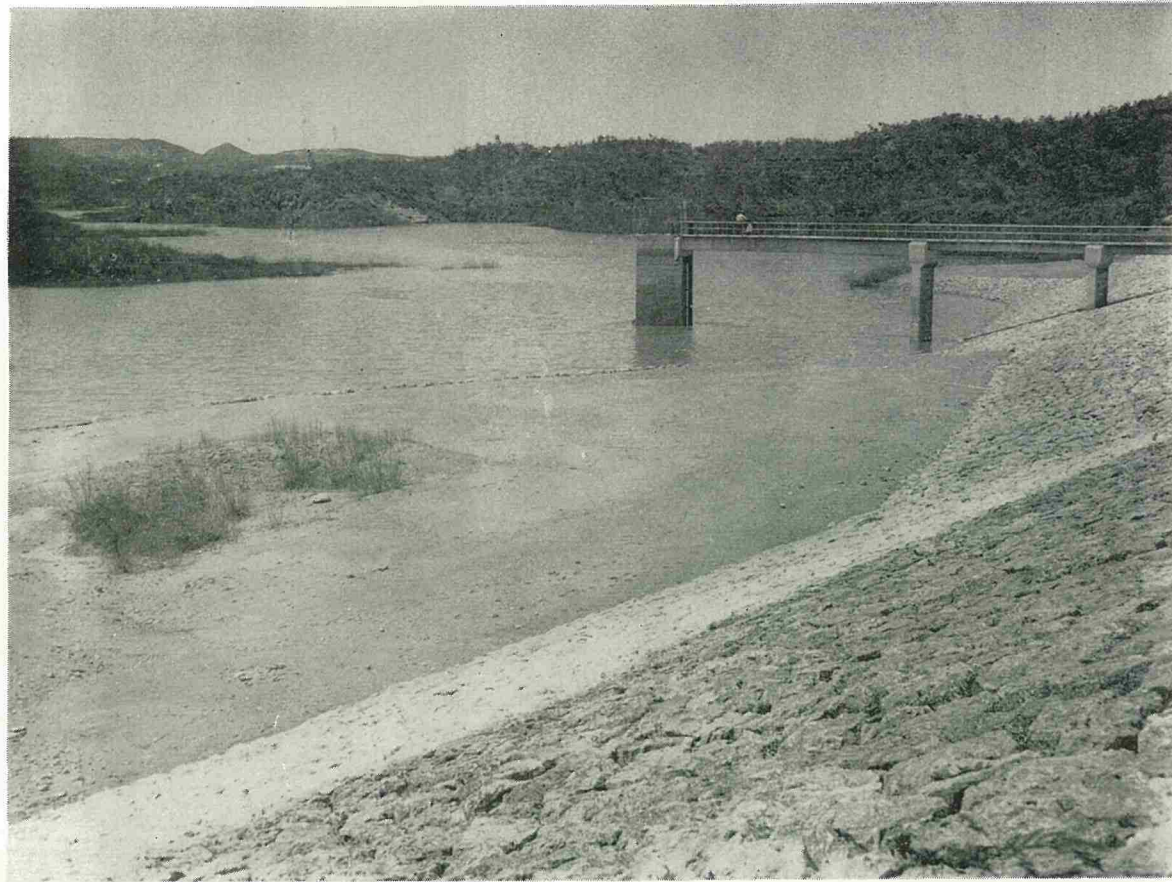
The implementation of the above projects will increase the water supply by 13 million gallons per day.

4. By virtue of a Memorandum of Understanding executed in Fiscal Year 1963, the Chief of Engineers, U.S. Army or his designated representative, will be the agent for the RDWC for implementing the design and construction of the Master Water Plan projects (See Appendix No.4) .

5. New metered water rates went into effect on 1 April 1963, followed by final installation of meters for all flat-rate customers in May 1963. The new rates provide for a minimum charge of \$2.00 for the first 5,000 gallons per month and excess charges of \$0.38 per additional 1,000 gallons for next 95,000 gallons; \$0.36 per additional 1,000 gallons for next 400,000 gallons; and \$0.30 per additional 1,000 gallons over and above 500,000 gallons.

6. Treated water totalling 2,714 million gallons was sold for domestic consumption and industrial use during fiscal year 1963. In addition, 680 million gallons of raw water were sold to Naha City for household and business use.

7. As of 30 June 1963, the RDWC provided water to Naha, Koza, Ginowan, Misato, Gushikawa, Chatan, Urasoe and Yomitan, all of which have municipally-owned water distribution systems. The RDWC also provided water to 20 housing companies and directly served 2,128 retail customers.



The Zukeyama Dam showing the effects of the drought of fiscal year 1963. The water level, one of the lowest ever recorded, was 15.13 feet, or approximately 115 million gallons of water in storage.

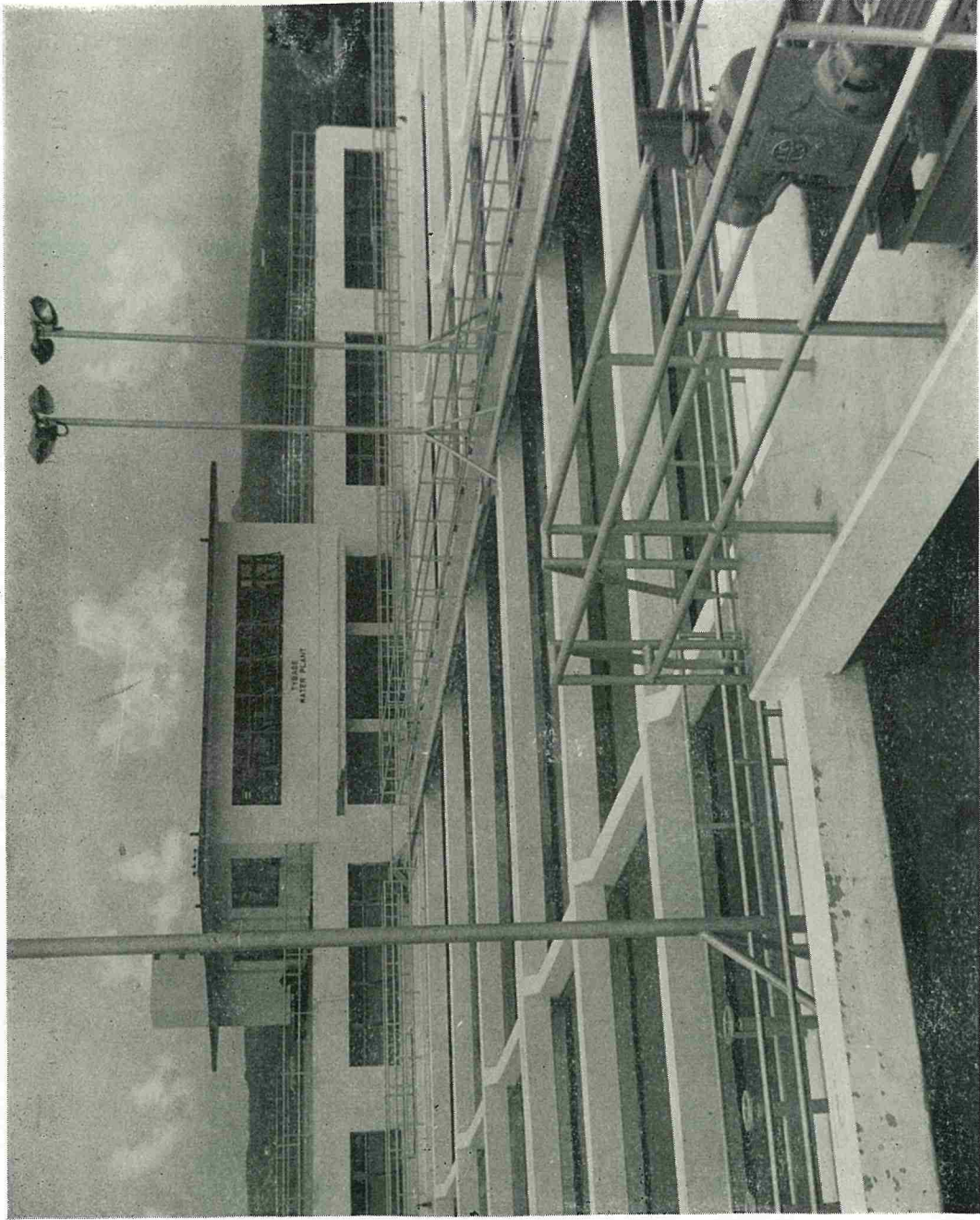
SECTION II
PROGRAM FOR EXPANSION
AND IMPROVEMENT
OF
THE INTEGRATED ISLAND WATER SYSTEM

PROGRAM FOR EXPANSION AND IMPROVEMENT OF
THE INTEGRATED ISLAND WATER SYSTEM

In accordance with the High Commissioner's Master Water Plan, the RDWC intends to explore and develop existing water sources and systems and to launch the expansion of a water supply system in northern Okinawa.

By this, the Integrated Island Water System is expected to meet current and projected requirements for water in the populous central area of Okinawa through FY 1967.

The Master Plan is primarily based on a study completed in May 1962 by Metcalf & Eddy consulting engineers for RDWC. The first phase of the plan, covering the period FY 1963 through FY 1967, consists of modifying existing facilities, exploiting nearby well fields and constructing the first stage of water projects for development of a northern water supply system. This portion of the long range program will cost an estimated \$17 million.



Details of the Tybase Water Purification Plant located at Kadena Air Base, Central Okinawa. This Plant is capable of producing 15 million gallons of treated water per day.

SECTION III
FINANCIAL STATEMENTS

EXHIBIT A

RYUKYU DOMESTIC WATER CORPORATION
(A Corporation wholly Owned by USCAR)
COMPARATIVE BALANCE SHEET

As At June 30, 1963 and 1962

ASSETS	- - JUNE 30, - -	
	1963	1962
Current Assets:		
Cash in banks and on hand (Note 1)	\$ 1,663,800.78	\$ 750,218.55
Accounts receivable	59,398.93	52,295.97
Accrued interest receivable	41,433.14	18,353.43
Total current assets	1,764,632.85	820,867.95
Fixed Assets:		
Fixed assets, at cost	2,456,200.76	914,689.16
Less allowance for depreciation	73,911.57	25,501.70
Fixed assets - net	2,382,289.19	889,187.46
Other Assets:		
Deposits	200.00	200.00
Prepaid land rent	1,092.30	1,010.86
Construction in progress, including advances for construction projects	396,637.78	1,503,339.64
Total other assets	397,980.08	1,504,550.50
TOTAL ASSETS	\$ 4,544,902.12	\$ 3,214,605.91
LIABILITIES AND CAPITAL		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 90,437.97	\$ 51,362.44
Accumulated annual leave payable	1,026.65	889.36
Total current liabilities	91,464.62	52,251.80
Other Liabilities:		
Deposits from customers	27,635.00	35,459.00
Total liabilities	119,099.62	87,710.80
Capital:		
Investment by the U.S. Government (Note 2)	3,731,434.80	2,686,297.52
Retained earnings (EXHIBIT B)	694,367.70	440,597.59
Total capital	4,425,802.50	3,126,895.11
TOTAL LIABILITIES AND CAPITAL	\$ 4,544,902.12	\$ 3,214,605.91

See notes to financial statements

ARTHUR J. DELLINGER & ASSOCIATES-CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT B

RYUKYU DOMESTIC WATER CORPORATION
(A Corporation Wholly Owned by USCAR)

COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS

For Years Ended June 30, 1963 and 1962

	Year Ended June 30,	
	1963	1962
Revenues:		
Sale of water	\$ 667,391.44	\$ 481,935.41
Repair and service charges	8,545.90	4,670.00
Total revenues	<u>675,937.34</u>	<u>486,605.41</u>
Cost of sales:		
Water	389,615.58	263,090.28
Repair and service charges	7,768.99	4,294.53
Total cost of sales	<u>397,384.57</u>	<u>267,384.81</u>
Gross profit on sales	<u>278,552.77</u>	<u>219,220.60</u>
Expenses:		
Administrative:		
Salaries and wages	19,412.28	13,283.85
Audit fee	700.00	700.00
Advertising and public notice	69.28	161.76
Insurance	557.78	523.18
Office and general supplies and expense	1,340.29	1,108.23
Postage	863.25	611.56
Publications	740.00	200.00
Repairs and maintenance - office equipment	100.15	41.21
Repairs and maintenance - vehicles	1,374.04	690.45
Rent - office	1,800.00	1,225.00
Telephone	587.79	295.39
Utilities	440.67	196.70
Provision for annual leave	308.95	889.36
Books and periodicals	2.62	2.22
Total administrative expenses	<u>28,297.10</u>	<u>19,928.91</u>
Field maintenance expense	1,685.30	624.67
Land rent	561.52	616.96
Bad debt expense		673.57
Depreciation	48,661.98	19,642.92
Total expenses	<u>79,205.90</u>	<u>41,487.03</u>
Net operating income	<u>199,346.87</u>	<u>177,733.57</u>
Other income and (expenses):		
Connections, seal openings and inspection fees	2,165.00	2,594.00
Interest on time deposit	49,474.43	36,863.29
Interest on delinquent accounts	2,953.43	2,330.86
Loss on sale of assets	(169.62)	
Other income - net	<u>54,423.24</u>	<u>41,788.15</u>
Net income for the year (Note 3)	253,770.11	219,521.72
Retained earnings, beginning of year	440,597.59	221,075.87
Retained earnings, end of year (EXHIBIT A)	<u>\$ 694,367.70</u>	<u>\$ 440,597.59</u>

See notes to financial statements.

ARTHUR J. DELLINGER & ASSOCIATES-CERTIFIED PUBLIC ACCOUNTANTS

RYUKYU DOMESTIC WATER CORPORATION

(A Corporation Wholly Owned by USCAR)

NOTES TO FINANCIAL STATEMENTS

June 30, 1963

- Cash in banks and on hand at June 30, 1963, \$ 1,663,800.78, consists of \$ 637,784.11 of general funds and \$ 1,026,016.67 of construction funds of which \$ 637,400.00 and \$ 1,025,900.00 are in the form of interest bearing time certificates of deposits.
- Capital investment at July 1, 1962 \$2,686,297.52
 Capital contributions:
 General fund of HICOM 1,015,000.00
 Raw water facilities from U.S. appropriated funds 30,137.28
 Capital investment at June 30, 1963 \$3,731,434.80
- The Corporation is exempt from all income taxes.

ARTHUR J. DELLINGER & ASSOCIATES-CERTIFIED PUBLIC ACCOUNTANTS

OFFICES:

SANTA MONICA, CALIFORNIA
SAN FRANCISCO, CALIFORNIA
SAN REFAEL, CALIFORNIA
AGANA, GUAM
NAHA, OKINAWA

C.P.O. BOX 429

NAHA, OKINAWA

099-2319

CABLE ADDRESS

PACAUDIT

ARTHUR J. DELLINGER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' OPINION

Board of Directors,

Ryukyu Domestic Water Corporation,

Naha, Okinawa.

Gentlemen:

We have examined the balance sheet of Ryukyu Domestic Water Corporation as of June 30, 1963 and the related statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and retained earnings present fairly the financial position of the corporation at June 30, 1963, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur J. Dellinger & Associates

/s/ Arthur J. Dellinger & Associates

Naha, Okinawa

September 17, 1963

A FINANCIAL SUMMARY FOR FISCAL YEAR 1963

During the fiscal year ending 30 June 1963, the Corporation realized revenue of \$ 675,937 from sale of treated water and untreated water and from fees earned for installing meters and repairing and connecting pipelines of the RDWC customers. The Corporation sold a total of 3,394,835,000 gallons of water; 2,714,304,000 gallons of treated and 680,531,000 gallons of untreated water. Municipalities purchased 63.2 percent or 1,714,711,000 gallons of the treated water and all of the untreated water. Housing companies accounted for 1 percent or 27,221,000 gallons while individual households and business establishments required 35.8 percent or 972,372,000 gallons of the treated water sold.

Other income of the Corporation totalled \$ 54,593 of which:

1. \$ 2,165 represents fees received from water customers for use of RDWC owned taps and for inspection and repair of water connections, and income from sale of publications.
2. \$ 49,475 was realized as interest on bank deposits;
3. \$ 2,953 represents interest collected on delinquent accounts of the water customers.

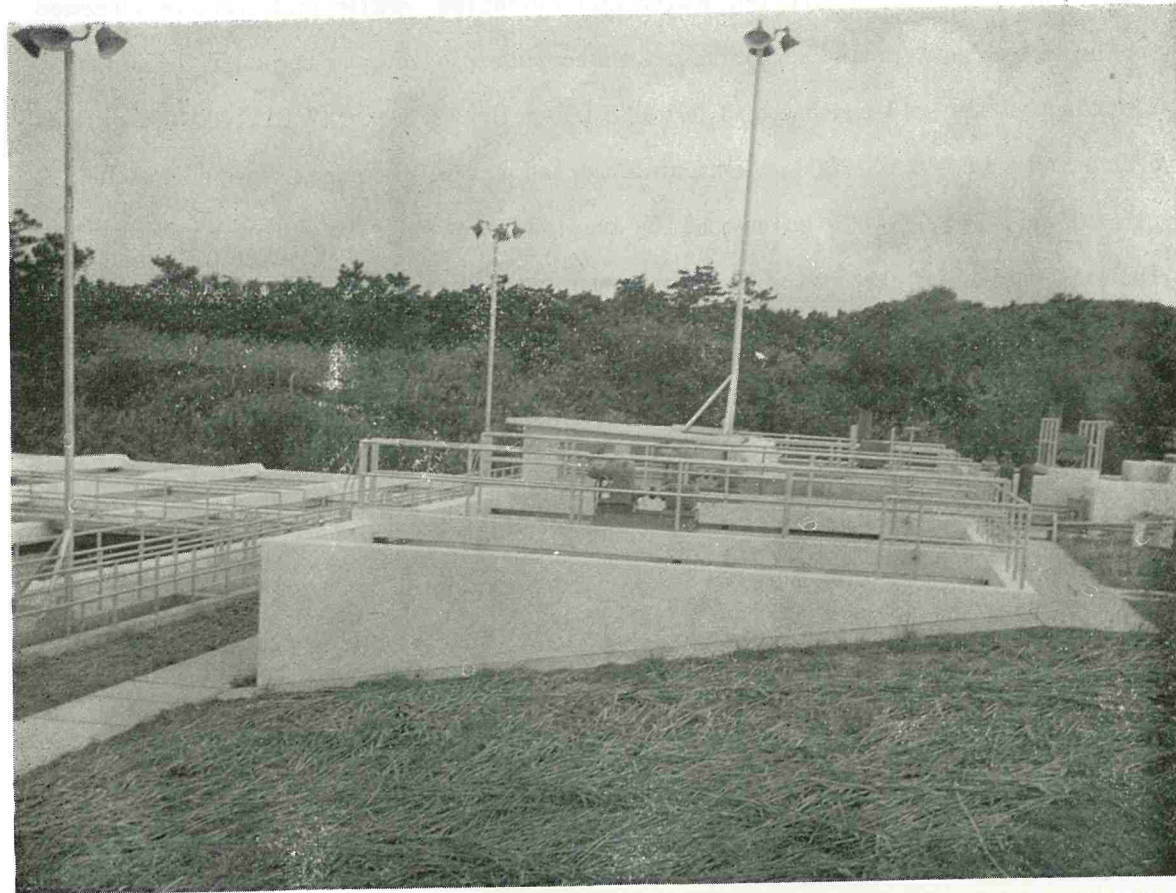
The total earnings from sales and all other sources of income of the Corporation for fiscal year 1963 was \$ 730,530.

The Corporation's expenses totalled \$ 476,760 of which:

1. \$ 373,217 represents the cost of treated water supplied to the Corporation by the U.S. Army;
2. \$ 16,399 represents the cost of raw water supplied to the Corporation by the U.S. Army;
3. \$ 7,769 was incurred for service rendered by the U.S. Army for installing meters and repairing and connecting pipe lines of the water customers;
4. \$ 30,544 represents the total administrative and operating expenses of the Corporation;
5. \$ 48,662 represents annual depreciation on the Corporation properties;

6. \$ 159 represents other expenses of the Corporation.

The net income of the Corporation for the fiscal year 1963 was \$ 253,770.



A view of Tybase Water Purification Plant looking west.

APPENDIX NO. 1

BOARD OF DIRECTORS

BOARD OF DIRECTORS

NAME OF DIRECTORS AND STATUS

PRINCIPAL BUSINESS

William A. Kelley

Chairman

(Term: I July 1962 - II December 1962)

Assistant Civil Administrator

(Finance, EDD, Labor and
Comptroller activities),

U.S. Civil Administration of
the Ryukyu Islands

Edward K. Shultz

Chairman

(Term: 12 December 1962 - 30 June 1963)

Deputy Civil Administrator,

U.S. Civil Administration of
the Ryukyu Islands

Leonard H. Dicke

Member

Utility Engineer, Economic
Development Department,

U.S. Civil Administration of
the Ryukyu Islands

Omer E. Roller

Member

Water Director, Engineer Group

U.S. Army Ryukyu Islands

Seiko Kohagura

Member

Director, Planning Department,

Government of the Ryukyu

Islands

Kiyoteru Kinjo

Member

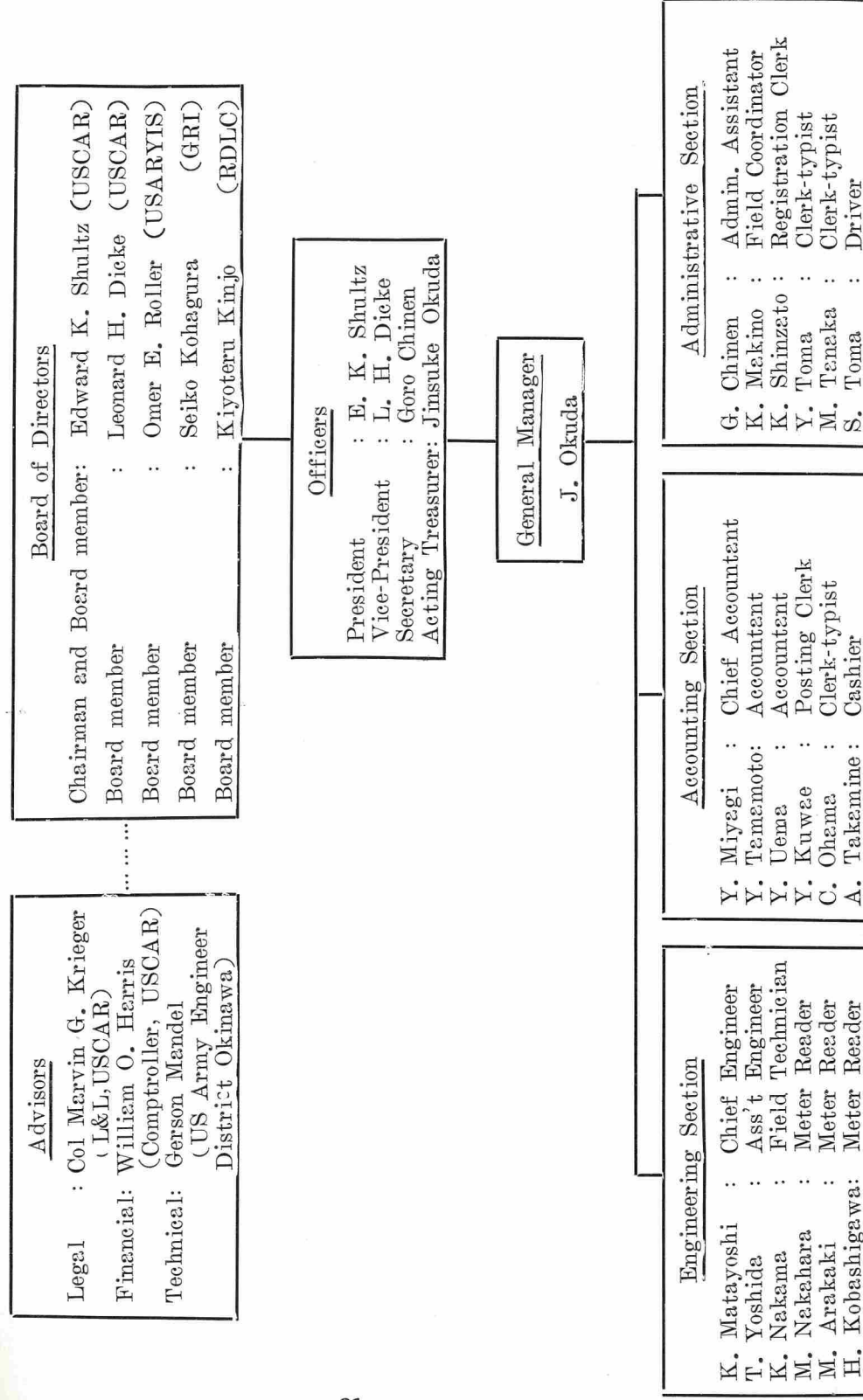
Vice President,

Ryukyu Development Loan
Corporation

Members of the Board of Directors serve without compensation from the
Corporation.

APPENDIX NO. 2
ORGANIZATION OF
RYUKYU DOMESTIC WATER CORPORATION

ORGANIZATION
OF
THE RYUKYU DOMESTIC WATER CORPORATION
As of June 30, 1963



Year	Capital	Reserves	Total
1951	10,000,000	5,000,000	15,000,000
1952	12,000,000	6,000,000	18,000,000
1953	15,000,000	7,500,000	22,500,000
1954	18,000,000	9,000,000	27,000,000
1955	22,000,000	11,000,000	33,000,000
1956	28,000,000	14,000,000	42,000,000
1957	35,000,000	17,500,000	52,500,000
1958	45,000,000	22,500,000	67,500,000
1959	55,000,000	27,500,000	82,500,000
1960	65,000,000	32,500,000	97,500,000
1961	80,000,000	40,000,000	120,000,000
1962	100,000,000	50,000,000	150,000,000
1963	120,000,000	60,000,000	180,000,000
1964	150,000,000	75,000,000	225,000,000
1965	180,000,000	90,000,000	270,000,000
1966	220,000,000	110,000,000	330,000,000
1967	280,000,000	140,000,000	420,000,000
1968	350,000,000	175,000,000	525,000,000
1969	450,000,000	225,000,000	675,000,000
1970	550,000,000	275,000,000	825,000,000
1971	650,000,000	325,000,000	975,000,000
1972	800,000,000	400,000,000	1,200,000,000
1973	1,000,000,000	500,000,000	1,500,000,000
1974	1,200,000,000	600,000,000	1,800,000,000
1975	1,500,000,000	750,000,000	2,250,000,000
1976	1,800,000,000	900,000,000	2,700,000,000
1977	2,200,000,000	1,100,000,000	3,300,000,000
1978	2,800,000,000	1,400,000,000	4,200,000,000
1979	3,500,000,000	1,750,000,000	5,250,000,000
1980	4,500,000,000	2,250,000,000	6,750,000,000
1981	5,500,000,000	2,750,000,000	8,250,000,000
1982	6,500,000,000	3,250,000,000	9,750,000,000
1983	8,000,000,000	4,000,000,000	12,000,000,000
1984	10,000,000,000	5,000,000,000	15,000,000,000
1985	12,000,000,000	6,000,000,000	18,000,000,000
1986	15,000,000,000	7,500,000,000	22,500,000,000
1987	18,000,000,000	9,000,000,000	27,000,000,000
1988	22,000,000,000	11,000,000,000	33,000,000,000
1989	28,000,000,000	14,000,000,000	42,000,000,000
1990	35,000,000,000	17,500,000,000	52,500,000,000
1991	45,000,000,000	22,500,000,000	67,500,000,000
1992	55,000,000,000	27,500,000,000	82,500,000,000
1993	65,000,000,000	32,500,000,000	97,500,000,000
1994	80,000,000,000	40,000,000,000	120,000,000,000
1995	100,000,000,000	50,000,000,000	150,000,000,000
1996	120,000,000,000	60,000,000,000	180,000,000,000
1997	150,000,000,000	75,000,000,000	225,000,000,000
1998	180,000,000,000	90,000,000,000	270,000,000,000
1999	220,000,000,000	110,000,000,000	330,000,000,000
2000	280,000,000,000	140,000,000,000	420,000,000,000
2001	350,000,000,000	175,000,000,000	525,000,000,000
2002	450,000,000,000	225,000,000,000	675,000,000,000
2003	550,000,000,000	275,000,000,000	825,000,000,000
2004	650,000,000,000	325,000,000,000	975,000,000,000
2005	800,000,000,000	400,000,000,000	1,200,000,000,000
2006	1,000,000,000,000	500,000,000,000	1,500,000,000,000
2007	1,200,000,000,000	600,000,000,000	1,800,000,000,000
2008	1,500,000,000,000	750,000,000,000	2,250,000,000,000
2009	1,800,000,000,000	900,000,000,000	2,700,000,000,000
2010	2,200,000,000,000	1,100,000,000,000	3,300,000,000,000
2011	2,800,000,000,000	1,400,000,000,000	4,200,000,000,000
2012	3,500,000,000,000	1,750,000,000,000	5,250,000,000,000
2013	4,500,000,000,000	2,250,000,000,000	6,750,000,000,000
2014	5,500,000,000,000	2,750,000,000,000	8,250,000,000,000
2015	6,500,000,000,000	3,250,000,000,000	9,750,000,000,000
2016	8,000,000,000,000	4,000,000,000,000	12,000,000,000,000
2017	10,000,000,000,000	5,000,000,000,000	15,000,000,000,000
2018	12,000,000,000,000	6,000,000,000,000	18,000,000,000,000
2019	15,000,000,000,000	7,500,000,000,000	22,500,000,000,000
2020	18,000,000,000,000	9,000,000,000,000	27,000,000,000,000
2021	22,000,000,000,000	11,000,000,000,000	33,000,000,000,000
2022	28,000,000,000,000	14,000,000,000,000	42,000,000,000,000
2023	35,000,000,000,000	17,500,000,000,000	52,500,000,000,000
2024	45,000,000,000,000	22,500,000,000,000	67,500,000,000,000
2025	55,000,000,000,000	27,500,000,000,000	82,500,000,000,000
2026	65,000,000,000,000	32,500,000,000,000	97,500,000,000,000
2027	80,000,000,000,000	40,000,000,000,000	120,000,000,000,000
2028	100,000,000,000,000	50,000,000,000,000	150,000,000,000,000
2029	120,000,000,000,000	60,000,000,000,000	180,000,000,000,000
2030	150,000,000,000,000	75,000,000,000,000	225,000,000,000,000

APPENDIX NO. 3
CAPITAL GROWTH OF THE
RYUKYU DOMESTIC WATER CORPORATION

CAPITAL GROWTH OF THE RYUKYU DOMESTIC WATER CORPORATION
FISCAL YEAR 1959 THROUGH FISCAL YEAR 1963

<u>Fiscal Year</u>	<u>Capital Contribution From</u>		<u>Total</u>	<u>Retained Earnings</u>		<u>Net Worth</u>
	<u>U.S. Appropriated Funds</u>	<u>High Commissioner's General Fund</u>		<u>Accumulated</u>	<u>Accumulated</u>	
30 June 1959	\$ -0-	\$ 138,577☆	\$ 138,577	\$ 37,409	\$ 37,409	\$ 175,986
30 June 1960	255,051	626,429	1,020,057	60,309	97,718	1,117,775
30 June 1961	(40,579)	1,492,571	2,472,049	123,358	221,076	2,693,125
30 June 1962	205,449	8,800	2,686,298	219,522	440,598	3,126,896
30 June 1963	30,137	1,015,000	3,731,435	253,770	694,368	4,425,803
Total	\$ 450,058	\$ 3,281,377	\$ 3,731,435	\$ 694,368	\$ 694,368	\$ 4,425,803

☆ Includes contributions from U.S. Army Ryukyu Islands in the amount of \$1,577.

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75. 2024

APPENDIX NO. 4
MEMORANDUM OF UNDERSTANDING
CONCERNING THE CONSTRUCTION INCIDENT
TO THE STRENGTHENING AND EXPANSION OF
THE INTEGRATED WATER SYSTEM, OKINAWA

MEMORANDUM OF UNDERSTANDING
CONCERNING THE CONSTRUCTION INCIDENT
TO THE STRENGTHENING AND EXPANSION OF
THE INTEGRATED WATER SYSTEM, OKINAWA

I - GENERAL PROVISIONS

1. It is planned to strengthen the existing integrated water system on Okinawa, by improving and expanding certain of the existing facilities, and to develop new resources for an expanded water supply. The master plan for this development and expansion was incorporated in a study by Metcalf and Eddy, Engineers, Boston, Massachusetts. The principal segments of this plan, hereinafter termed the construction program, its construction time phasing, and the proposed funding arrangements for its implementation are set forth in the estimate, Appendix A.

2. The facilities of the integrated water system consist of assets of the Ryukyu Domestic Water Corporation (RDWC) an instrumentality of the United States Civil Administration of the Ryukyu Islands (USCAR) and assets of the U. S. Army, Ryukyu Islands (USARYIS). The present functions of RDWC are confined to advance planning and current water supply in the indigenous sector of the economy, funding future programs and billing and collecting current accounts. Operation of the system is performed by USARYIS under the general and technical supervision of its Engineer.

3. It is planned that funds for the construction program will be supplied from:
- a. The General Fund, U.S. Civil Administration, Ryukyu Islands, for transfer to the RDWC.
 - b. The Army Civil Functions appropriation, "Administration Ryukyu Islands Army", for transfer to the RDWC.
 - c. The retained earnings of the corporation.
 - d. The appropriation "Military Construction, Army (MCA) ."

4. In view of the limited technical and advisory staff of the RDWC organization, the Chief of Engineers, United States Army, or his designated representative, will

be the agent of the Ryukyu Domestic Water Corporation for implementation of the design and construction of water projects. Agency functions will include, but will not be limited to, designation of an Architect Engineer, selection of design, solicitation and examination of bids, recommendations for contract awards and contract modifications, and supervision and acceptance of construction work from contractor. Review and approval of design will be by the RDWC.

5. The Ryukyu Domestic Water Corporation will, on the recommendations of the Chief of Engineers, United States Army, or his designated representative, execute all contracts for the design and construction to be undertaken, except contracts funded by the MCA appropriation; and will pay all design and construction costs, including all contract costs and all direct and overhead costs of the District Engineer, Okinawa in connection with such design and construction.

6. The vital interests of the Commanding General, USARYIS, in the integrated water system of Okinawa, including interest in any plans for extension or modification, is recognized and both parties to this agreement will insure that such interests are properly safeguarded under such procedures as are locally agreed upon.

II - EXCLUSIONS

There are excluded from the provisions of this memorandum:

a. Those projects in the construction program which will be funded by the MCA appropriation.

b. Those projects in the construction program which the High Commissioner of the Ryukyu Islands shall designate in writing to the Chief of Engineers or his designated representative.

III - PURPOSE

It is the purpose of this memorandum to set forth the authority, responsibility, and duties of the respective parties under the above stated general provisions and to specify the working-level arrangements under which such authority, responsibility and duties shall be exercised, discharged and performed.

III - DELEGATION OF AUTHORITY AND RESPONSIBILITY

1. There will be delegated by the Chief of Engineers, U.S. Army to the District Engineer, United States Army Engineer District, Okinawa, APO 331, San Francisco, California, hereinafter called the District Engineer, all of the authority and responsibilities of the Chief of Engineers, as set forth in Sec I, paragraph 4 above. Such authority and responsibility may be redelegated by the said District Engineer to the extent necessary for the orderly and proper execution of the construction program.

2. The District Engineer will be designated, by resolution of the Board of Directors of the RDWC, as the Contracting Officer of the Corporation in connection with the implementation of the design and construction of water projects except those projects excluded under the provisions of paragraph b, Section II of this memorandum.

V - AUTHORITY, RESPONSIBILITIES AND DUTIES OF CONTRACTING OFFICER

1. The authority, responsibility and duties of the District Engineer, as the Contracting Officer of the Corporation, shall be, in general, the authority, duties and responsibilities of a Contracting Officer as prescribed in Armed Services Procurement Regulations relating to construction contracts. Specifically, but not by way of limitation, the Contracting Officer shall:

a. Designate Architect-Engineers to implement the technical aspects, including design, in accordance with guidance issued by the Board of Directors, RDWC, for the construction program.

b. Take all pre-award actions, including selection of design, as approved by RDWC, solicitation and examination of bids.

c. Award contracts, issue change orders and execute supplemental agreements, conducting such negotiations with contractors as may be necessary.

d. Take or cause to be taken such administrative actions as are required by the Corporation under its construction contracts, such actions to be timely to insure satisfactory performance of the contracts.

e. Exercise surveillance over the Contractor's activities with respect to contract compliance, to assure fulfillment of the contract terms.

f. Make decisions involving questions of fact under the contract "Dispute" clauses; and pursue or cause to be pursued the course of action, appropriate to such decisions. Appeals from the decisions made by the Contracting Officer will be addressed to the Secretary of the Army or his duly authorized representative for the determination of such appeals, processed pursuant to established procedures for Civil Works Claims and Appeals.

g. Take any and all required actions under the contract "Default" or "Termination for Convenience of the Ryukyu Domestic Water Corporation" clauses.

h. Render a final decision regarding liability of a contractor for loss, damage, destruction and/or unreasonable use or consumption of property furnished by the Ryukyu Domestic Water Corporation.

i. Prepare vouchers to cover all design and construction cost payments, including costs incurred by the Contracting Officer in connection with the design and construction of water projects to be made by the Ryukyu Domestic Water Corporation. Vouchers will contain the Contracting Officer's certification to the effect that the work, including supplies furnished, covered by the vouchers has been performed satisfactorily and in accordance with contract terms, and will be supported by appropriate documentation.

j. Furnish projected and actual monthly design and construction progress reports to the RDWC, which reflect work and fund status of individual projects.

2. In the execution of the contracts, change orders and supplemental agreements as provided in paragraph 1c above, the Contracting Officer will insure that such execution is accomplished within the available funds of the Corporation. To this end, all actions which will obligate the Corporation will first be coordinated and cleared with the Treasurer of the Corporation.

3. In the exercise of all functions under this section, the Contracting Officer will consult and advise with RDWC corporate officers, to insure a smooth and harm

onious working relationship.

VI-REIMBURSEMENT

All costs incurred by the Corps of Engineers in performance of the work prescribed in Sec V above shall be reimbursed by the RDWC to the Okinawa Engineer District as "Government Costs".

VII-CANCELLATION

Upon the giving of 30-day written notice by either party of an intention to terminate this agreement in whole or in part, the parties hereto agree to negotiate the terms of such termination within a reasonable period of time.

DATE: 24 May 1963

/s/ W. K. Wilson, Jr.

/t/ W. K. WILSON, JR.

Lieutenant General, USA

Chief of Engineers

For The Ryukyu Domestic Water Corporation:

DATE: 6 June 1963

/s/ Edward K. Shultz

/t/ EDWARD K. SHULTZ

President

APPENDIX NO. 5
BREAKDOWN OF WATER SALES
BY THE
RYUKYU DOMESTIC WATER CORPORATION

BREAKDOWN OF WATER SALES
BY THE
RYUKYU DOMESTIC WATER CORPORATION

1. Breakdown of sale of treated and raw water:

	<u>In thousands of gallons</u>		<u>Percentage of Increase</u>
	<u>FY 1962</u>	<u>FY 1963</u>	
Treated water	1,817,246	2,714,304	49%
Raw water☆	<u>500,807</u>	<u>680,531</u>	<u>36%</u>
Total	<u>2,318,053</u>	<u>3,394,835</u>	<u>46%</u>

2. Breakdown of sale of water by type of customers:

	<u>In thousands of gallons</u>		<u>Percentage of Increase</u>
	<u>FY 1962</u>	<u>FY 1963</u>	
Municipalities	1,566,187	2,395,242	53%
Housing Companies	-0-	27,221	-
Commercial and Residential Customers	<u>751,866</u>	<u>972,372</u>	<u>29%</u>
Total	<u>2,318,053</u>	<u>3,394,835</u>	<u>46%</u>

3. Breakdown of sale of water to municipalities:

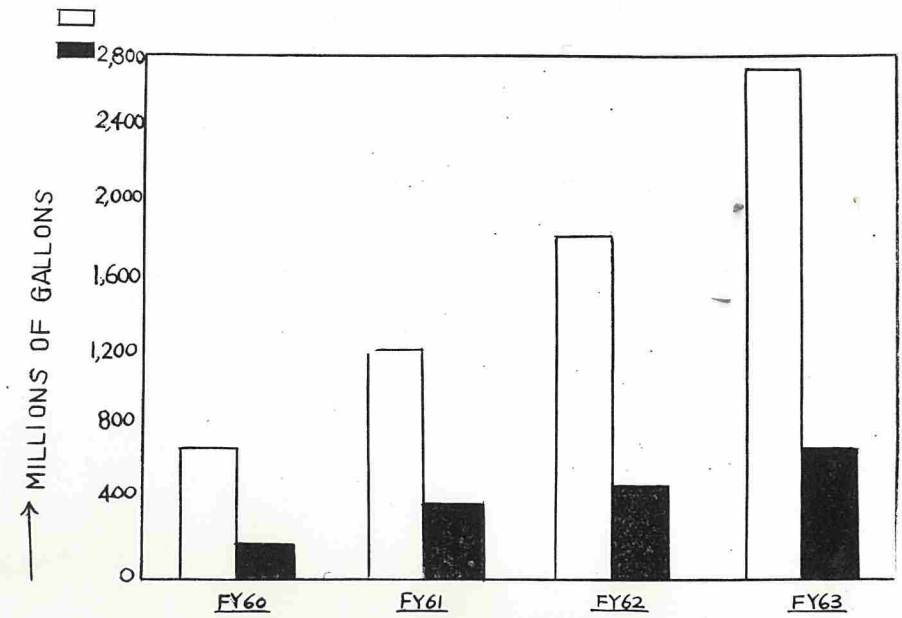
	<u>In thousands of gallons</u>		<u>Percentage of Increase</u>
	<u>FY 1962</u>	<u>FY 1963</u>	
Naha	1,040,471	1,559,191	50%
Koza	319,877	353,514	11%
Ginowan	138,560	232,416	68%
Chatan	23,631	39,888	69%
Gushikawa	16,917	83,257	392%
Misato	15,483	26,187	69%
Yomitan	11,248	30,234	169%
Urasoe	-0-	66,009	-
Kitanakagusuku	<u>-0-</u>	<u>4,546</u>	-
Total	<u>1,566,187</u>	<u>2,395,242</u>	<u>53%</u>

Note: ☆All sales for raw water are made to Naha City only.

ANNUAL WATER SALES
 BY THE
 RYUKYU DOMESTIC WATER CORPORATION

Treated water

Raw water



Treated water

Raw water

