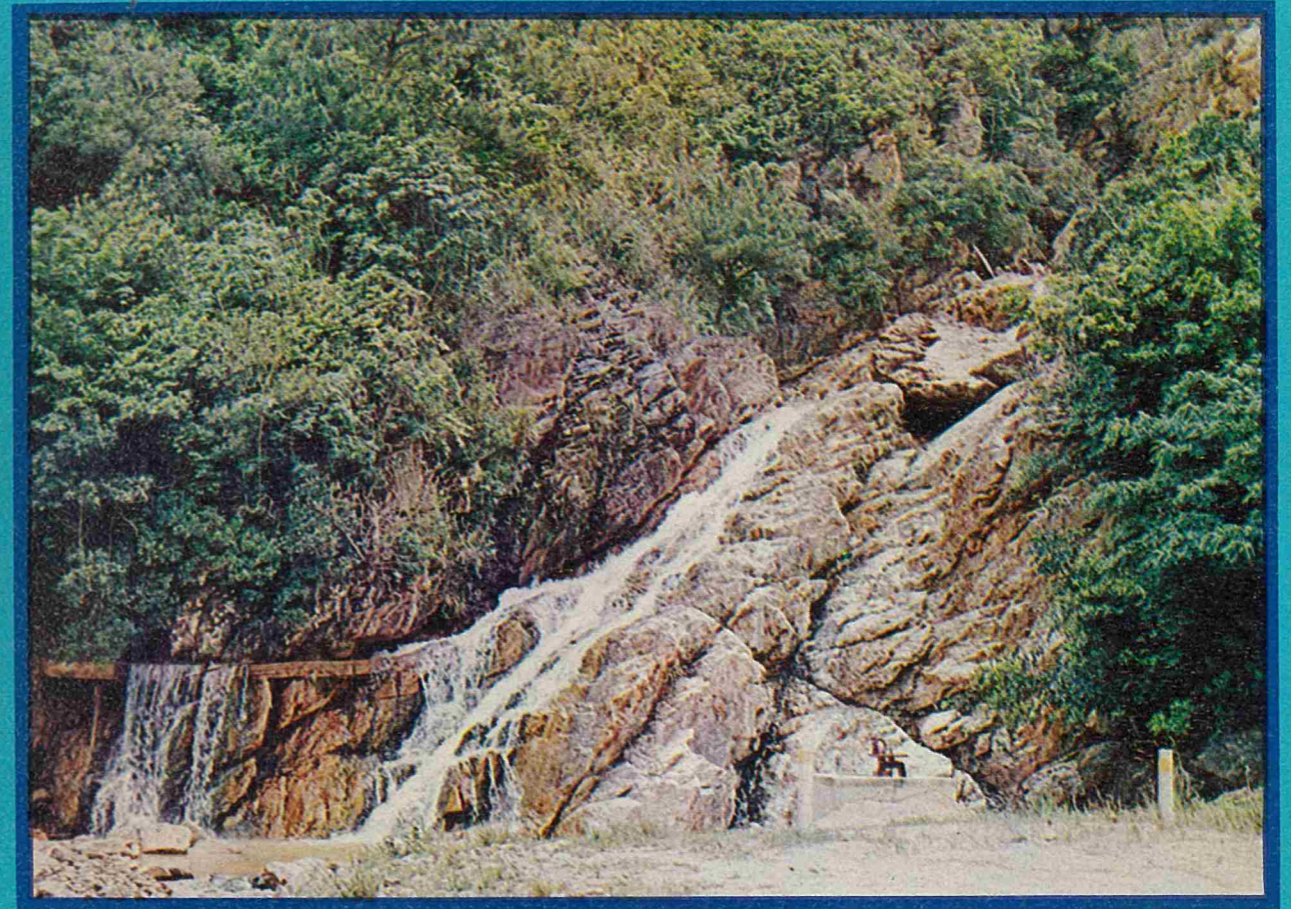


FY 1970

Annual Report



HENAN Falls

Ryukyu Domestic Water Corporation

No. 284 Aza-Yamazato, Koza City, Okinawa

Telephone : (077) - 0111



RDWC Annual Report for Fiscal Year 1970

CONTENTS

FY 1970 at a Glance	Inside Cover
Letter from the President	2
Board of Directors	3
Organization and Officers	4
Ryukyu Domestic Water Corporation	5
Water Demand and RDWC Service Area ..	6 / 7
Existing Facilities	8 / 9
Integrated Water System (Schematic Chart)	10/11
Future Plan/ New RDWC Office	12
Public Relations	13
Financial Review	14
Audit Report	15
Corporation Balance Sheet	16
Comparative Statement of Income and Retained Earnings	17
Notes to Financial Statements	18/20
News of the Year	Inside Back Cover

FY 1970 at a Glance

	(1,000 US Dollars)		Increase % or (Decrease)
	FY 1970	FY 1969	
Operations:			
What we received:			
Revenue from the sales of water	2,100	1,962	7.0
Interest income	2,048	1,732	18.2
Other income	44	143	(69.2)
Prior years' earnings	2	1	100.0
How it was used:	6	86	(93.0)
For purchase of water	2,196	1,967	11.6
For operation and maintenance	1,087	847	28.3
For provision for depreciation	431	273	57.9
For prior years' expenses	652	486	34.2
Net increase (or decrease) in retained earnings	26	361	(92.8)
<hr/>			
Capital investment:	(96)	(5)	1,820.0
Contribution in aid of construction programmed from U.S. Government	10,107	3,370	199.9
Capital investment programmed from RDWC retained earnings	8,852	1,600	453.3
	1,255	1,770	(29.1)
<hr/>			
Other statistics:			
Millions of gallons of water sold			
Treated water	8,914	7,487	19.1
Raw water	1,137	1,095	3.8
Number of permanent employees	130	101	28.7



Mr. Robert A. Fearey
U. S. Civil Administrator
of the Ryukyu Islands

Filter Gallery - Ishikawa
Treatment Plant



Letter from the President:

I am pleased to present the Annual Report of the Ryukyu Domestic Water Corporation. The Corporation's most noteworthy accomplishment in FY 70 was the beginning of the second and final construction phase of Fukuji Dam and Reservoir; the largest water reservoir yet undertaken in the Ryukyu Islands. When completed early in 1972, the Fukuji Dam and Reservoir will impound 9.77 billion gallons of water. Its estimated daily safe yield of 33 million gallons is needed to meet the predicted water demands of the rapidly-growing industries and population centers of central and southern Okinawa.

The Corporation continuously strives to carry out various construction and water resources development projects to meet the ever-increasing water demand on Okinawa. The major projects completed during the reporting period were the Fukuji Pump Station, Hansen Pump Station, Tengan High-Lift Pump Station, Tomigusuku Pipeline, and Tomigusuku Booster Pump Station and 0.5 Million Gallon Storage Tank.

Another noteworthy accomplishment was the reorganization of the RDWC management structure into three departments and seven divisions, with a staff of 130 persons. I am certain that the recent expansion of the Corporate organization enables RDWC to provide better services to the users of the domestic water.

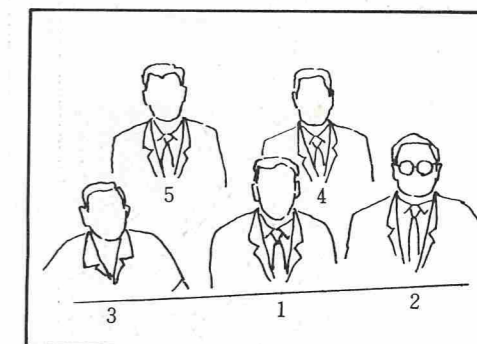
I would like to express my sincere appreciation to the Civil Administrator, the RDWC Board of Directors, advisors, and others for their cooperation and support in making the past year one of great progress.

Hirosada Ohama
HIROSADA OHAMA
President



BOARD OF DIRECTORS

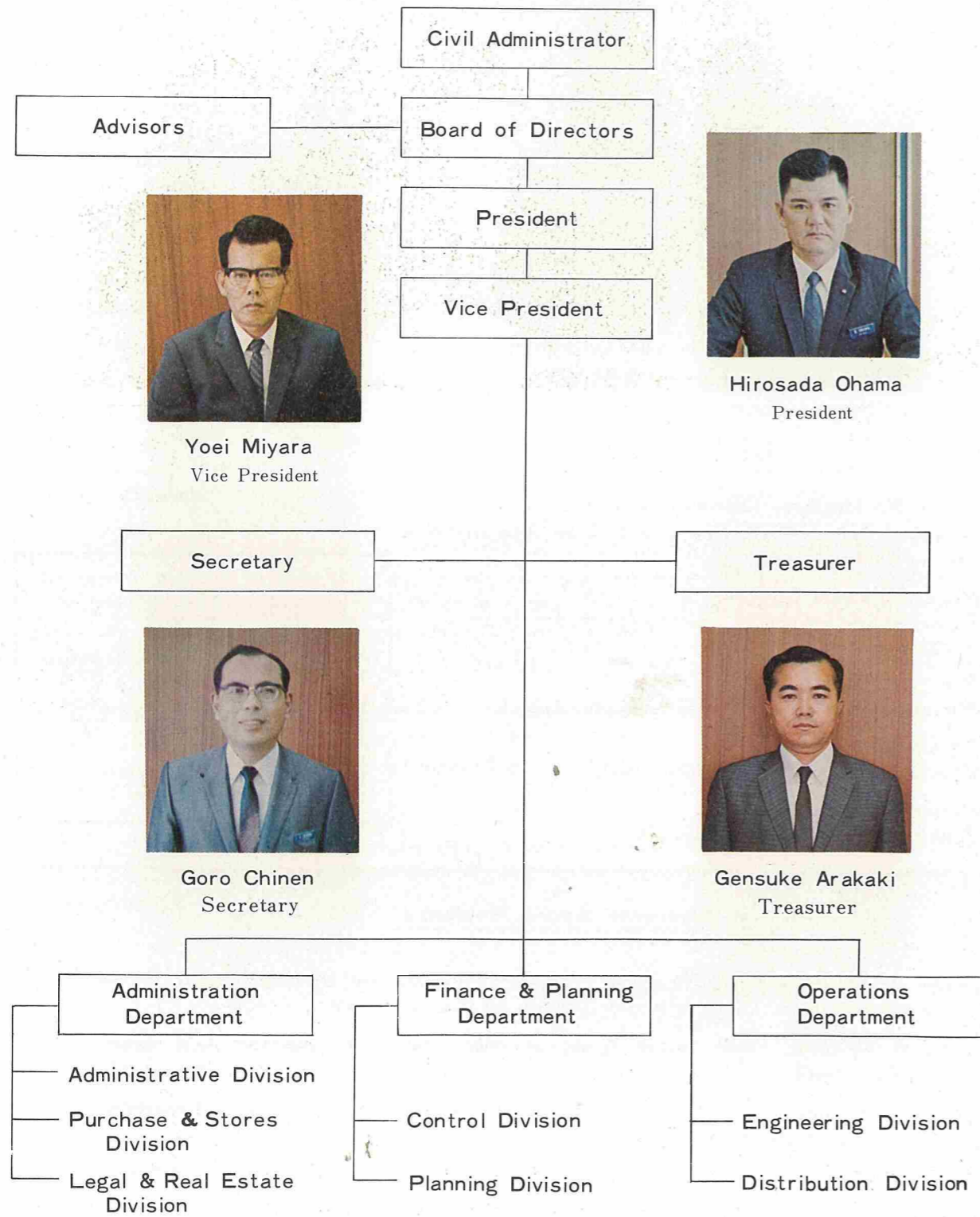
- 1 - Harry W. Lombard, Chairman, Col, CE, USA;
Director, Public Works Dept., U.S. Civil Administration
of the Ryukyu Islands
- 2 - Eiichi Miyazato, Director,
Construction Department, Government of the Ryukyu
Islands
- 3 - Billy H. Morris, LTC, CE, USA;
Facilities Engineer, U.S. Army, Ryukyu Islands
- 4 - Teruo Teruya, President,
Ryukyu Development Loan Corporation
- 5 - Hirosada Ohama, President,
Ryukyu Domestic Water Corporation



Alternate Board Members

- Tommy L. Everhart, LTC, CE, USA; Chief, Public Utilities Division, Public Works Department, U.S. Civil Administration of the Ryukyu Islands
- Alfred A. DeSanto, Chief, Island Water Division, Facilities Engineer, U.S. Army, Ryukyu Islands
- Ichiro Asato, Chief, Civil Engineering & Construction Division, Construction Department, Government of the Ryukyu Islands
- Hiroshi Higa, Director, Research Department, Ryukyu Development Loan Corporation
- Yoei Miyara, Vice President, Ryukyu Domestic Water Corporation

THE RYUKYU DOMESTIC WATER CORPORATION ORGANIZATION



RYUKYU DOMESTIC WATER CORPORATION

Establishment and Objectives

The Ryukyu Domestic Water Corporation (RDWC) was established on September 4, 1958 by High Commissioner Ordinance Number 8, as an instrumentality of the United States Civil Administration of the Ryukyu Islands (USCAR), for the purpose of providing safe and adequate water for the use and benefit of the Ryukyuan people and for the industrial development of the Ryukyu Islands.

Management and Operations

The management of the Corporation is vested in a Board of Directors, consisting of five members appointed by the Civil Administrator.

The Corporation is staffed with 130 employees, including 2 U.S. nationals.

The Integrated Island Water System (IIWS), the main source of potable water for the people on Okinawa, includes facilities owned by the United States Army, Ryukyu Islands (USARYIS) and RDWC.

As of 30 June 1970, the Integrated Island Water System, plus the Tomari Treatment Plant of Naha City, produced a daily average of 44.6 million gallons of potable water. About 2/3 of this water is supplied to 19 municipalities and the Southern District Eastern Sector Water Works Association. United States Military Installations on Okinawa consume about 1/3 of the water produced by IIWS.

Under an operational agreement between USARYIS and RDWC, USARYIS operates and maintains the IIWS and furnishes RDWC that amount of water needed to satisfy the requirements of local municipalities and other consumers.

In FY 1970, IIWS produced 15.4 billion gallons of water (14.3 billion gallons treated water and 1.1 billion gallons untreated water) and furnished RDWC 10.0 billion gallons of water (8.9 billion gallons treated water and 1.1 billion gallons untreated water).

Based on an operational arrangement between RDWC and USARYIS, RDWC is providing to the IIWS 63 employees (Deputy Chief of IIWS, a water works engineer, chemists, pump station operators, instrument repairers, and dam tenders). These employees are engaged in the daily operation of the water system. Their aggregated wages are credited to the cost of water furnished to RDWC.

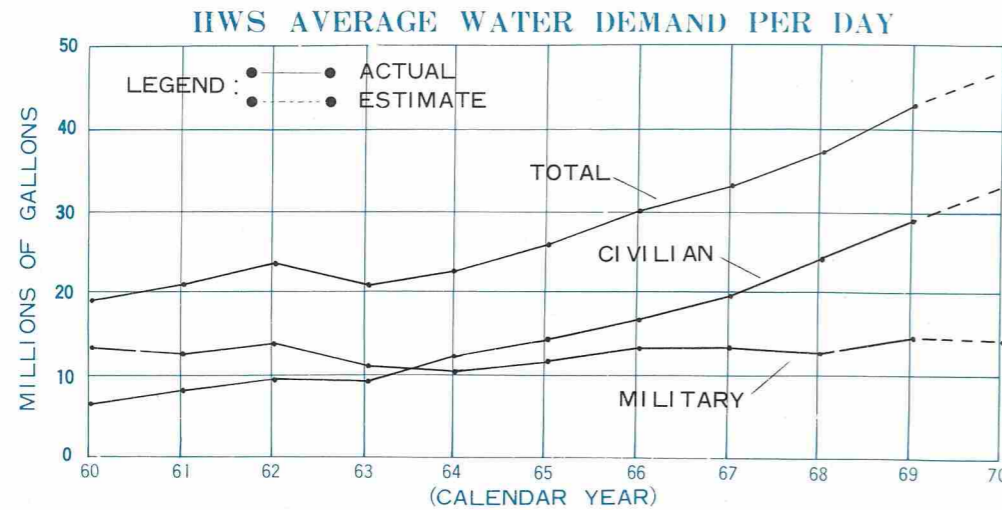
Organization and Employees

During the reporting period, RDWC's management structure was reorganized into 3 departments and 7 divisions to improve operations and assure a smooth flow of information between functional units. Personnel authorizations were increased to meet the additional work load generated by the expansion of facilities and operations. The total number of employees as of 30 June 1970 is 130. RDWC continued its employee development program. Most employees including supervisory personnel, attended various training courses offered by the Civilian Personnel Office of USARYIS, the Okinawa Regional Productivities Center, and local management consultant firms. Four employees attended a seminar conducted by the Japan Water Works Association in Shimane Prefecture, Japan. RDWC also continued its policy of providing financial assistance to employees enrolled in off duty training courses.

Water Demand

Water demand continues to grow as predicted. During FY 1970, the peak water demand was 55.0 million gallons per day compared with a FY 1969 peak of 51 million gallons per day.

This graph depicts average water demand per day during the past decade.

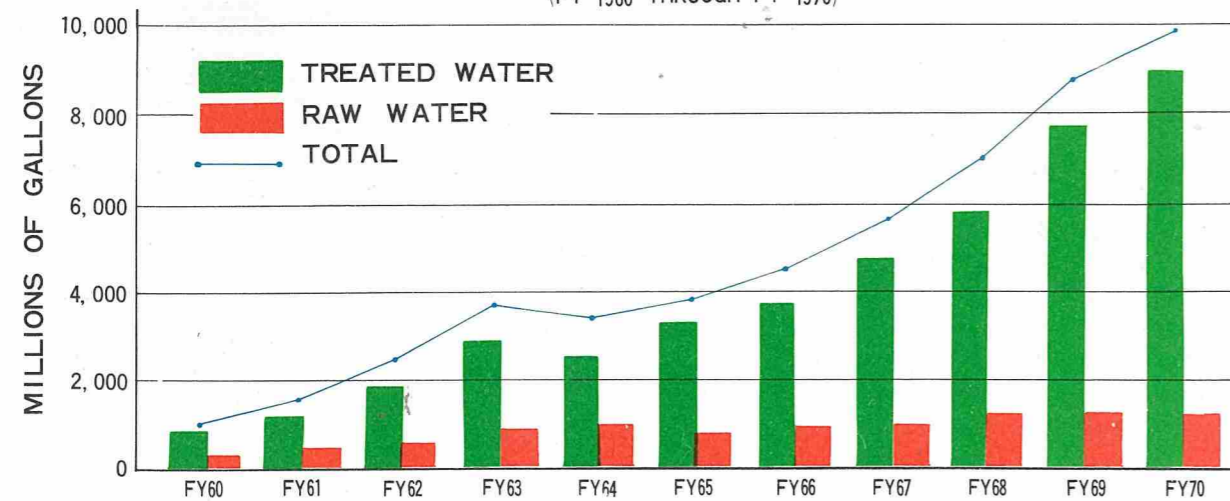


Water Sales

During FY 1970, RDWC sold 8.9 billion gallons of treated water to 19 municipalities and the Southern District Eastern Sector Water Works Association consisting of four municipalities and 23 retail customers located in southern Okinawa. FY 1970 sales were 19 percent higher than sales recorded during FY 1969.

In addition, RDWC sold 1.1 billion gallons of raw water to Naha City and others. The next chart illustrates RDWC's water sales from FY 1960 through 1970. The area served by the Corporation and the breakdown of the water sales is indicated on the following map.

WATER SALES
(FY 1960 THROUGH FY 1970)



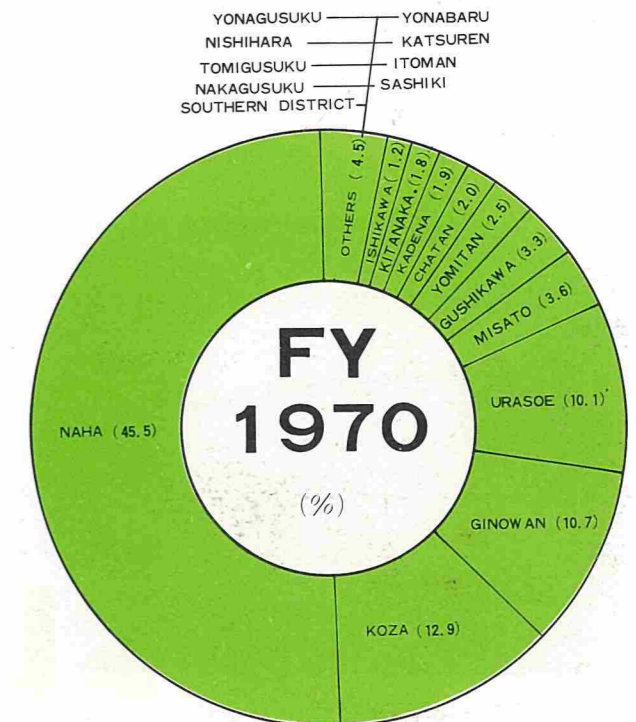
MUNICIPALITIES SERVED BY RDWC



(1,000 gallons)

Treated Water	FY 1970	FY 1969
Naha	3,467,287	2,983,727
Koza	1,296,494	1,144,967
Ginowan	1,074,496	939,179
Urasoe	1,010,370	811,603
Misato	364,987	310,607
Gushikawa	331,622	258,464
Yomitan	254,378	225,548
Kadena	187,996	181,665
Chatan	204,613	178,240
Kitanakagusuku	177,350	153,417
Yonagusuku	41,938	19,108
Nishihara	30,410	15,203
Ishikawa	121,796	79,183
Tomigusuku	31,876	9,305
Nakagusuku	13,669	6,272
Yonabaru	56,642	18,469
Katsuren	1,231	297
Itoman	29,838	-
Sashiki	2,286	-
* Southern District	96,224	42,440
Others	118,639	109,048
Total	8,914,142	7,486,742
Raw Water		
Naha	1,111,138	1,068,761
Ginowan	3,110	2,708
Others	23,447	23,281
Total	1,137,695	1,094,750

*Consisting of Haebaru, Kochinda, Ozato and Gushichan.



Existing Facilities

During FY 1970, RDWC expended \$3.9 million to develop water sources in northern Okinawa and to expand water facilities in the central and southern parts of Okinawa.

Two new pump stations, one on the Fukuji River and the other on the Camp Hansen Reservoir, were completed and added to the Integrated Island Water System as part of the continuing program to develop water sources in northern Okinawa.

Construction

During FY1970, 6 major construction projects were completed and construction contracts for 5 major projects totaling \$6.3 million were awarded. As of 30 June 1970, 5 major projects were under construction.

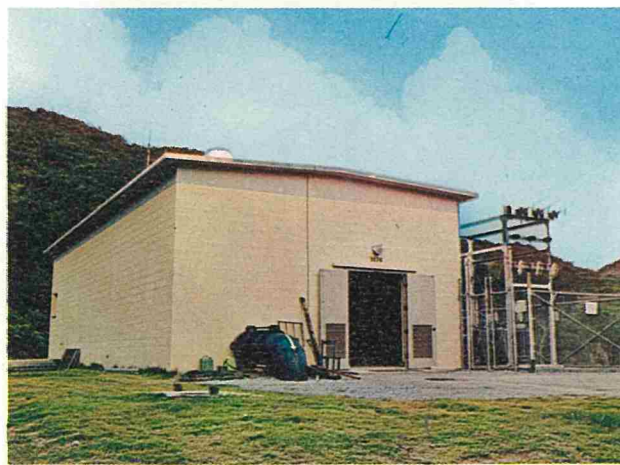
Completed Projects :

1. Fukuji Pump Station (Aug 1969)
2. Tomigusuku Pipeline (Aug 1969)

As of 30 June 1970, the Integrated Island Water System acquired 6 to 14 million gallons of untreated water per day from northern Okinawa.

Improvements to facilities in central and southern Okinawa include modifications and additions to high-lift and booster pumping facilities, extension and/or installation of water mains, and the development of well fields.

3. Well Development, Stage III - Tengan, Kadena and Kinser Areas (Aug 1969)
4. Tengan High-Lift Pump Station (Sep 1969)
5. Tomigusuku Booster Pump Station and 0.5 Million Gallon Storage Tank (Mar 1970)
6. Camp Hansen Pump Station and Raw Water Main (May 1970)



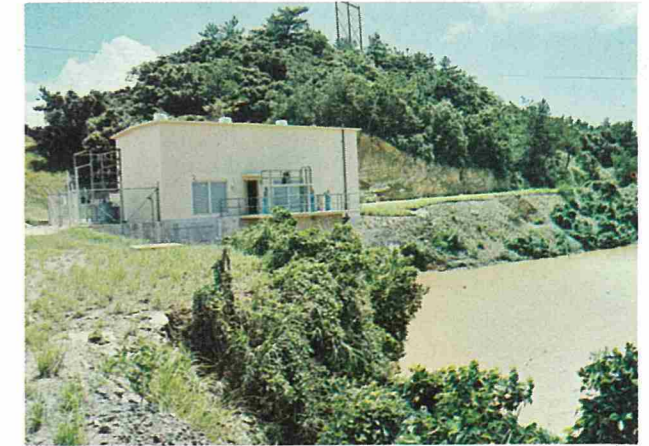
Fukuji Pump Station (6.5 MGD)



Tengan High-Lift Pump Station (13 MGD)



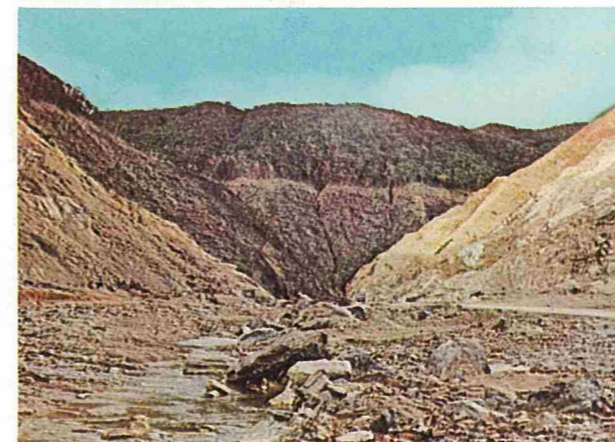
Tomigusuku Storage Tank (0.5 MG)



Camp Hansen Pump Station (3 MGD)

Projects under Construction

1. Fukuji Dam and Reservoir
 - a. Phase I (87%)
 - b. Phase II (1 %)
2. 10 Million Gallon Storage Tank No. 2 - Uema (27%)
3. 2 Million Gallon Storage Tank-Yokatsu Peninsula (32%)
4. Ryukyu Domestic Water Corporation Office Building (94%)



Site of Fukuji Dam and Reservoir



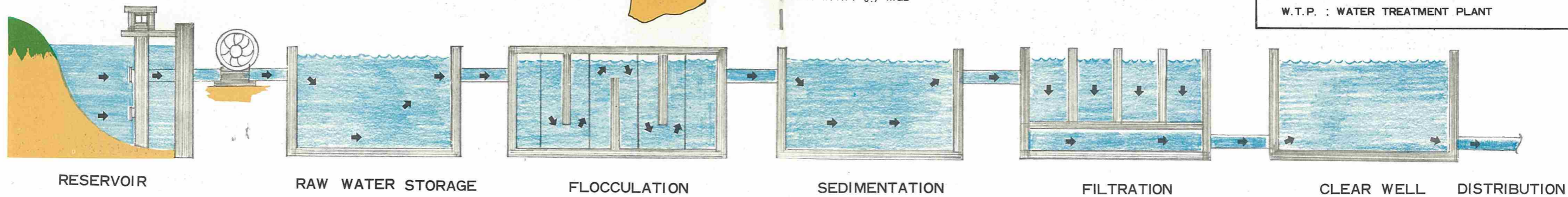
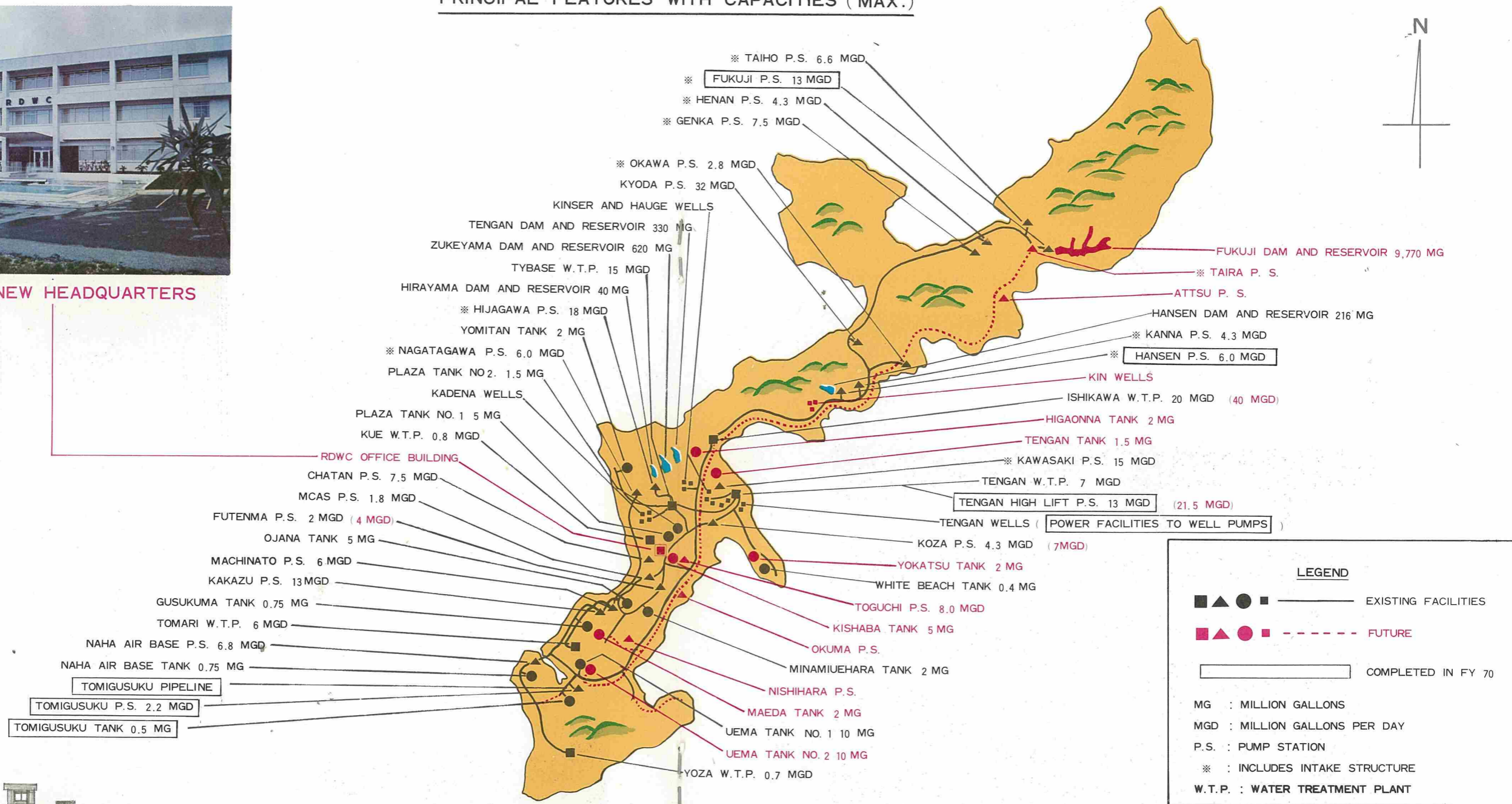
Yokatsu Storage Tank

INTEGRATED ISLAND WATER SYSTEM

PRINCIPAL FEATURES WITH CAPACITIES (MAX.)



RDWC's NEW HEADQUARTERS



FUTURE PLANS

RDWC has programmed construction projects needed to meet the growing requirements for water in the heavily populated southern and central Okinawa.

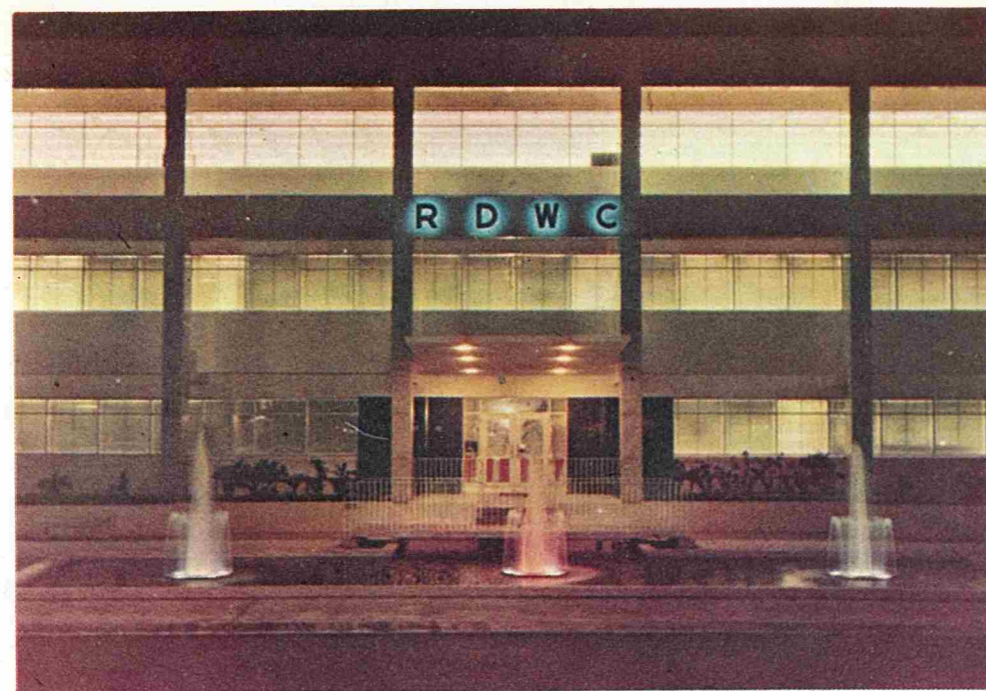
In June 1969, a construction contract was awarded in the amount of \$1.4 million for Fukuji Dam Phase I work. Phase I is scheduled to be completed in October 1970. Phase II construction began in May 1970 at an estimated cost of \$5.7 million. The Fukuji Dam is scheduled to be completed in the spring of 1972.

In FY 1971, \$1.52 million from USCAR

General Fund and \$0.78 million from Corporate retained earnings are programmed for the following major projects :

1. Taira Pump Station, Phase I, Construction
2. Well Development, Stage IV, Construction
3. Hwy 13 and 35 Pump Station, Construction
4. Tybase Clear Well, Construction
5. RDWC's Logistical Facilities, Design and Construction

New RDWC Office



Location : Yamazato, Koza City

Awarded : June 1969

Completion: July 1970

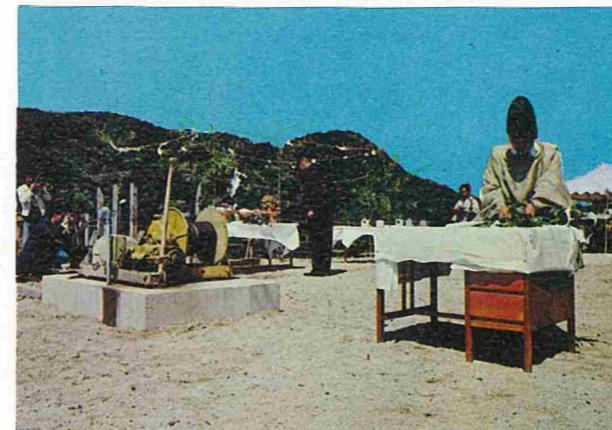
Area : 23,135 square feet

Public Relations

The second "All Ryukyu Water Week" was held during the first week of September 1969 in order to better acquaint the public with RDWC activities and facilities. The water week was jointly sponsored by the Government of the Ryukyu Islands, RDWC and the Okinawa Water Works Association.

During the "All Ryukyu Water Week", RDWC conducted tours of the Ishikawa and Tengan Water Treatment Plants, Tengan and Zukeyama Reservoirs, Storage Tanks and Pumping Stations for over 1,000 citizens from over 20 municipalities in central and southern Okinawa.

HIGHLIGHTS



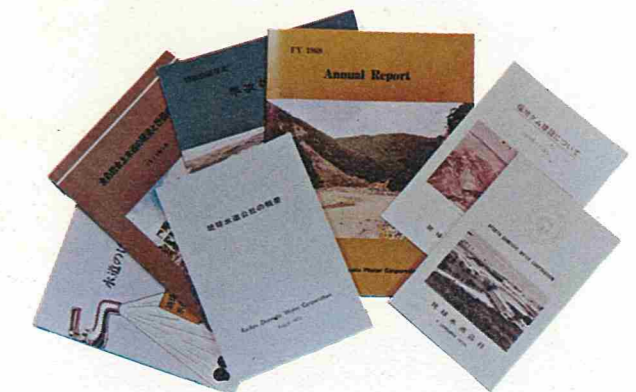
Ground Breaking Ceremony -
Fukuji Dam and Reservoir,
Phase II Construction



Visitors viewing RDWC facilities



Visitors touring the Ishikawa
Water Treatment Plant



RDWC Publications

Financial Review

(Summary)

Decrease in Net Income

Although water sales in FY 1970 increased 18.2 percent as compared to water sales in FY 1969, net income decreased due to decreasing

interest income on time deposits and utility operating income.

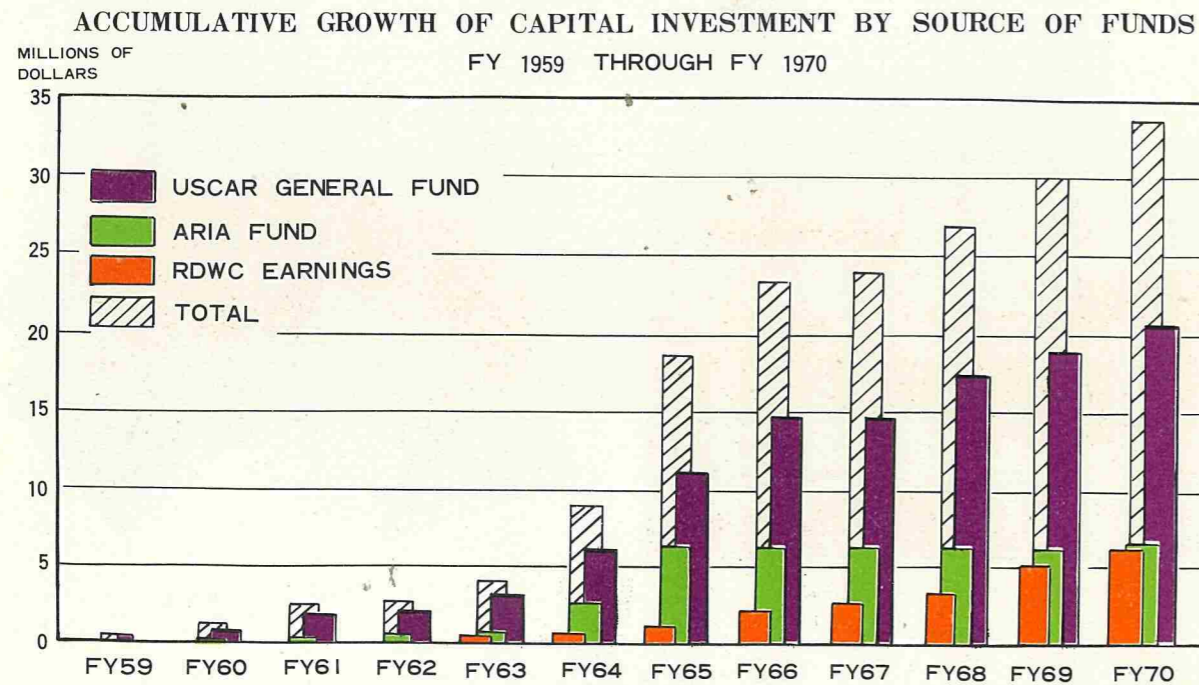
Capital Investment

The USCAR General Fund, the ARIA appropriation (Administration Ryukyu Islands, Army) and the retained earnings of the Corporation are the three major sources of funds for the Corporation's capital investment programs.

During the reporting period, the Corporation expended \$3.9 million for the development of northern water resources and expansion of central and southern water facilities. These expenditures include \$1.1 million from the USCAR FY 1970 General Fund contribution to RDWC, \$1.4 million from prior year General Fund contributions and \$1.4 million from RDWC retained earnings.

USCAR General Fund contributions and ARIA appropriations since 1959 are \$21.1 million and \$6.5 million respectively. Retained earnings budgeted in the capital investment program for the same period are \$6.3 million. An additional \$7.8 million has been allocated from the USCAR General Fund and will be provided to RDWC as needed to pay for on-going projects.

The following chart shows accumulative growth of capital investment by source of funds from FY 1959 through FY 1970.



KANWA HOKAMA
Certified Public Accountant
314 Yosemite, Naha, Okinawa
Tel. 2-1072

AUDIT REPORT

Board of Directors
Ryukyu Domestic Water Corporation
P.O. Box 375, Naha, Okinawa
Ryukyu Islands

I have examined the balance sheet of the Ryukyu Domestic Water Corporation as of June 30, 1970 and the related statement of income and retained earnings for the year then ended. My 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 I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet and the statement of income and retained earnings present fairly the financial position of the Ryukyu Domestic Water Corporation at June 30, 1970 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.

Kanwa Hokama

Kanwa Hokama
Certified Public Accountant

Naha, Okinawa
August 15, 1970

RYUKYU DOMESTIC WATER CORPORATION
COMPARATIVE BALANCE SHEET

ASSETS	June 30	
	1970	1969
Utility plant :		
Utility plants - (Note 1).....	\$ 27,441,735	\$ 24,924,948
Less : Accumulated depreciation	(2,051,215)	(1,428,513)
Construction work in progress.....	5,103,342	3,532,292
Total utility plant	<u>\$ 30,493,862</u>	<u>\$ 27,028,727</u>
Current and accrued assets :		
Cash - (Note 2)	\$ 801,652	\$ 2,050,152
Accounts receivable	241,832	169,283
Accrued interest receivable	3,362	60,930
Plant materials and supplies - (Note 3)	148,168	126,614
Prepaid expenses	50,585	4,677
Miscellaneous asset	1,000	1,000
Total current and accrued assets	<u>\$ 1,246,599</u>	<u>\$ 2,412,656</u>
Total assets	<u>\$ 31,740,461</u>	<u>\$ 29,441,383</u>
LIABILITIES AND CAPITAL		
Proprietary capital :		
Capital - (Note 4)	\$ 27,553,094	\$ 25,440,452
Retained earnings - (Note 7)	3,407,294	3,503,447
Total proprietary capital	<u>\$ 30,960,388</u>	<u>\$ 28,943,899</u>
Current and accrued liabilities :		
Accounts payable - (Note 5).....	\$ 685,041	\$ 453,933
Customers' deposits	1,465	860
Total current and accrued liabilities	<u>\$ 686,506</u>	<u>\$ 454,793</u>
Operating reserves :		
Separation and other reserves	\$ 93,567	\$ 42,691
Total liabilities and capital	<u>\$ 31,740,461</u>	<u>\$ 29,441,383</u>

The accompanying notes to financial statements are an integral part of this statement.

RYUKYU DOMESTIC WATER CORPORATION
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended June 30	
	1970	1969
Operating revenue :		
Sales of water - (Note 6).....	\$ 2,047,751	\$ 1,731,990
Operating expenses :		
Cost of water purchased	\$ 1,086,626	\$ 846,803
Administrative and general salaries	217,108	113,969
Office supplies and other expenses	21,892	16,478
Property insurance	3,525	2,767
Injuries and damages	889	583
Rents	90,777	51,844
Payroll tax	5,733	2,124
Miscellaneous general expense	11,137	2,328
Maintenance of general plant	6,842	4,378
Field maintenance expense	15,507	3,822
Stream gauging expense	58,100	73,896
Property losses	- 0 -	1,568
Depreciation expense - (Note 1)	651,966	486,132
Total operating expenses	<u>\$ 2,170,102</u>	<u>\$ 1,606,692</u>
Utility operating income (or loss)	(\$ 122,351)	\$ 125,298
Other income :		
Interest income	\$ 44,578	\$ 143,380
Miscellaneous income	1,758	1,051
Total other income	<u>\$ 46,336</u>	<u>\$ 144,431</u>
Net income (or loss)	(\$ 76,015)	\$ 269,729
Adjustment to retained earnings :		
Correction of prior years' income - (Note 7)		
Add : Recovery of stream gauging structure	\$ 6,105	\$ 86,498
Prior years' purchase refunds		
Less : Prior years' land rental.....	(\$ 26,243)	
Prior years' stream gauging and other expenses		(361,372)
Net increase (or decrease) in the retained earnings	(\$ 96,153)	(\$ 5,145)
Retained earnings at beginning of year	3,503,447	3,508,592
Retained earnings at end of year	<u>\$ 3,407,294</u>	<u>\$ 3,503,447</u>

The accompanying notes to financial statements are an integral part of this statement.

RYUKYU DOMESTIC WATER CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the Year ended June 30, 1970

1. Utility plants (fixed assets) and depreciation:

Additions and deductions of the utility plants during the year under review are as follows:

a) Original cost:

Plant	Balance			Balance June 30, '70
	July 1, '69	Addition	Deduction	
1) Source of supply	\$ 10,516,517	\$ 995,357	\$ 1,436	\$ 11,510,438
2) Pumping plant	1,837,059	1,028,068	9,845	2,855,282
3) Water treatment	3,542,166	- 0 -	- 0 -	3,542,166
4) Transmission	8,933,983	511,283	14,687	9,430,579
5) General plant	95,223	8,047	- 0 -	103,270
Totals	<u>\$ 24,924,948</u>	<u>\$ 2,542,755</u>	<u>\$ 25,968</u>	<u>\$ 27,441,735</u>

b) Accumulated depreciation:

Plant	Balance			Balance June 30 '70
	July 1, '69	Addition	Deduction	
1) Source of supply	\$ 608,141	\$ 275,492	\$ 1,436	\$ 882,197
2) Pumping plant	181,547	149,715	13,140*	318,122
3) Water treatment	137,602	58,071	- 0 -	195,673
4) Transmission	475,658	157,176	14,687	618,147
5) General plant	25,565	11,511	- 0 -	37,076
Totals	<u>\$ 1,428,513</u>	<u>\$ 651,965</u>	<u>\$ 29,263</u>	<u>\$ 2,051,215</u>

* Note: The amount includes the dismantling cost of \$3,295 for Temporary Fukuji Pump Station.

Provisions for depreciation have been computed at the following annual composite straight-line rates:

1) Source of supply	2.43% (41 years)
2) Pumping plant	5.95% (17 years)
3) Water treatment	1.67% (60 years)
4) Transmission and distribution	1.75% (57 years)
5) General plant	12.59% (8 years)

2. Cash:

Cash and accrued interest receivable at June 30, 1970 consist of the following:

	Cash	Accrued interest
a) Petty cash and change fund	\$ 200	- 0 -
b) Demand deposits	2,142	- 0 -
c) Interest-bearing time deposits	799,310	\$ 3,362
Total	<u>\$ 801,652</u>	<u>\$ 3,362</u>

3. Plant materials and supplies:

Inventories at June 30, 1970 consist of the following:

a) Plant materials for Master Water Plan projects stated at first-in, first-out cost	\$ 5,990
b) Materials and supplies for maintenance stated at first-in, first-out cost	142,178
Total	<u>\$ 148,168</u>

4. Capital:

During the year under review \$2,112,642 was provided by the USCAR General Fund.

5. Accounts payable:

Accounts payable at June 30, 1970 consist of the following:

a) Cost of water purchased from Facilities Engineer for June 1970	\$108,864
b) Retained percentage on various projects owed to contractors	155,611
c) Accrued construction cost	346,373
d) Accrued salaries and wages for June 1970	56,366
e) Materials and services purchased and accrued	17,827
Total	<u>\$685,041</u>

6. Sales:

Sales for the year under review consist of the following:

	M / Gallons	Amount
a) Treated water:		
Municipalities	8,795,503	\$ 1,929,733
Retail customers	118,639	28,492
Sub-total	8,914,142	\$ 1,958,225
b) Raw water:		
Naha City and others	1,137,695	89,264
Total water sales	10,051,837	\$ 2,047,489
c) Miscellaneous services:		
Total sales		262
		\$ 2,047,751

7. Retained earnings:

Adjustments to the retained earnings during the year under review are as follows:

a) Addition:		
Recovery of stream gauging equipment and structure		\$ 6,105
b) Deduction:		
Land rentals for the prior years		\$ 26,243

8. Taxes:

The Corporation is exempt from all taxes.



水源地の探索に着手
第2期工事
最大の福地ダム
琉球水道公社

RELEASE:
URASOE, Okinawa, May 15 -- Construction will officially begin May 18 of the second and final phase of the \$12 million Fukuji Dam project which will increase Okinawa's water reservoir storage capacity tenfold, the Ryukyu Domestic Water Corporation (RDWC) said today.
Civil Administrator Robert A. Fearey, Government of the Ryukyu Islands, and Ryukyu Domestic Water Corporation President Oshiro Consuegra will attend the ceremony.

NEWS RELEASE:
May 15, 1970
70-116

any President Karahashi

RDWC-A

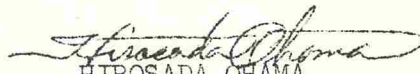
13 January 1971

Gentlemen:

I am pleased to present to you FY 1970 Annual Report of the Ryukyu Domestic Water Corporation.

Hoping the report may be of any assistance to you,

Sincerely yours,



HIROSADA OHAMA

President

Ryukyu Domestic Water Corporation