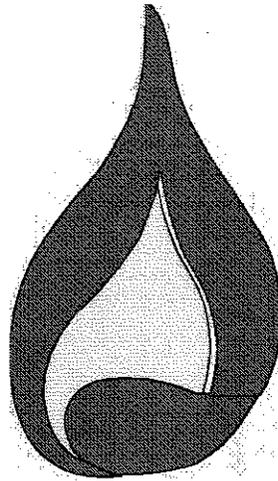


YEAR ENDING JUNE 30, 2009

ANNUAL REPORT
OF
CUT BANK GAS
COMPANY
GAS UTILITY

RECEIVED BY
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PUBLIC SERVICE
COMMISSION



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

2009 Gas Annual Report

Instructions

General

1. A Microsoft EXCEL workbook of the annual report is provided on our website for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell. You may also obtain these instructions and the report in both an Adobe Acrobat[®] format and as an EXCEL[®] file from our website at <http://psc.mt.gov>. Please be sure you use the 2008 report form.
2. The use of the EXCEL[®] file is optional.
3. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. **Please submit one unbound copy of the annual report along with the regular number of annual reports that you submit.** This aids in scanning the report so that it may be published on our web site. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5"
4. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().
5. Where space is a consideration, information on financial schedules may be rounded to thousands of dollars. Companies submitting schedules rounded to thousands shall so indicate at the top of the schedule.
6. Where more space is needed or more than one schedule is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).
7. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.
8. All companies owned by another company shall attach a corporate structure chart of the holding company.
9. Schedules that have no activity during the year or are not applicable to the respondent shall be marked as not applicable and submitted with the report.

10. The following schedules shall be filled out with information on a total company basis:

Schedules 1 through 5
Schedules 6 and 7
Schedule 14
Schedules 17 and 18
Schedules 23 through 26
Schedule 33

All other schedules shall be filled out with either Montana specific data, or both total company and Montana specific data, as indicated in the schedule titles and headings.

Financial schedules shall include all amounts originating in Montana or allocated to Montana from other jurisdictions.

11. For schedules where information may be provided using Mcf or Dkt, circle Mcf or Dkt to indicate which measurement is being reported. (For example, schedules 28, 32, 33 and 34).
12. FERC Form-2 sheets may not be substituted in lieu of completing annual report schedules.
13. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 6 and 7

1. All transactions with affiliated companies shall be reported. The definition of affiliated companies as set out in 18 C.F.R. Part 201 shall be used.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedules 8, 18, and 23

1. Include all notes to the financial statements required by the FERC or included in the financial statements issued as audited financial statements. These notes shall be included in the report directly behind the schedules and shall be labeled appropriately (Schedule 8A, etc.).

Schedule 12

1. Respondents shall disclose all payments made during the year for services where the aggregate payment to the recipient was \$5,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$1,000,000 shall report aggregate payments of \$25,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$10,000,000 shall report aggregate payments of \$75,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 14

1. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

Schedule 15

1. All changes in the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 and 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. Schedule 15 shall be filled out using FASB 106 and 132 guidelines.

Schedule 16

1. Include in the "other" column ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached directly behind the original schedule.

Schedule 17

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in the "other" column ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
3. All items included in the "other" compensation column shall be listed separately. Where more space is needed additional schedules may be attached directly behind the original schedule.
4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 24

1. Interest expense and debt issuance expense shall be included in the annual net cost column.

Schedule 26

1. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)
2. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "TOTAL Year End" row. If the computer disk is used, enter the year end market price in the "High" column.

Schedule 27

1. All entries to lines 9 or 16 must be detailed separately on an attached sheet.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in ratebase may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
3. Indicate, for each adjustment on lines 28 through 46, if the amount is updated or is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 28

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedule 31

1. This schedule shall be completed for the year following the reporting year.
2. Respondents shall itemize projects of \$50,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$1,000,000 shall itemize projects of \$100,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$10,000,000 shall itemize projects of \$1,000,000 or more. All projects that are not itemized shall be reported in aggregate and labeled as Other.

Schedule 34

1. In addition to a description, the year the program was initiated and the projected life of the program shall be included in the program description column.
2. On an attached sheet, define program "participant" and program conservation "unit" for each program. Also, provide the number of program participants and the number of units acquired or processed during this reporting year.

Schedule 36a

1. Contracted or committed current year expenditures include those expenditures that derive from preexisting contracts or commitments related to current year program activity but which will actually occur in a year other than the current year.
2. Expected average annual bill savings from weatherization should reflect average household bill savings based on the total households weatherized and the combined savings of all weatherization measures installed.

Gas Annual Report

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IDENTIFICATION

Year: 2009

1.	Legal Name of Respondent:	Cut Bank Gas Company
2.	Name Under Which Respondent Does Business:	Cut Bank Gas Company
3.	Date Utility Service First Offered in Montana:	November 19, 1956
4.	Address to send Correspondence Concerning Report:	403 E. Main Cut Bank, MT 59427
5.	Person Responsible for This Report:	Daniel F. Whetstone
5a.	Telephone Number:	(406) 873-5531
Control Over Respondent		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person:	
	1b. Means by which control was held:	
	1c. Percent Ownership:	

SCHEDULE 2

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	Daniel F. Whetstone	Cut Bank,
2	James R. DeKaye	Cut Bank,
3	David F. Stufft	Kalispell,
4	Daniel J. Konen	Great Fall
5	D. Jasen Whetstone	Princeton,
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

Proprietary

Officers

Year: 2009

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President	All	Daniel F. Whetstone
2	Vice-President	None	James R. DeKaye
3	Secretary	None	David F. Stuff
4	Treasurer	None	Daniel J. Konen
5			
6			
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50			

CORPORATE STRUCTURE

Year: 2009

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1				
2	Not applicable, Cut Bank Gas Company has no affiliates.			
3				
4				
5				
6				
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44				
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47				
48				
49				
50	TOTAL			

CORPORATE ALLOCATIONS

Year: 2009

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1						
2	Cut Bank Gas Company has no corporate allocations.					
3						
4						
5						
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31						
32						
33						
34	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY Year: 2009

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1						
2	Not applicable, Cut Bank Gas Company has no affiliates.					
3						
4						
5						
6						
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27						
28						
29						
30						
31						
32	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2009

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1						
2	Not applicable, Cut Bank Gas Company has no affiliates.					
3						
4						
5						
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31						
32	TOTAL					

MONTANA UTILITY INCOME STATEMENT

Year: 2009

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	2,370,925	2,218,428	-6.43%
2				
3	Operating Expenses			
4	401 Operation Expenses	2,210,640	2,002,817	-9.40%
5	402 Maintenance Expense	98,728	102,017	3.33%
6	403 Depreciation Expense	35,017	33,994	-2.92%
7	404-405 Amort. & Depl. of Gas Plant	-	-	
8	406 Amort. of Gas Plant Acquisition Adjustments	-	-	
9	407.1 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs	-	-	
10				
11	407.2 Amort. of Conversion Expense	-	-	
12	408.1 Taxes Other Than Income Taxes	76,010	71,640	-5.75%
13	409.1 Income Taxes - Federal	-	-	
14	- Other	50	50	
15	410.1 Provision for Deferred Income Taxes	-	-	
16	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	(10,119)	2,132	121.07%
17	411.4 Investment Tax Credit Adjustments	-	-	
18	411.6 (Less) Gains from Disposition of Utility Plant	-	-	
19	411.7 Losses from Disposition of Utility Plant	-	-	
20	TOTAL Utility Operating Expenses	2,410,326	2,212,650	-8.20%
21	NET UTILITY OPERATING INCOME	(39,401)	5,778	114.66%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2	480 Residential	2,360,812	2,206,370	-6.54%
3	481 Commercial & Industrial - Small	-	-	
4	Commercial & Industrial - Large	-	-	
5	482 Other Sales to Public Authorities	-	-	
6	484 Interdepartmental Sales	-	-	
7	485 Intracompany Transfers	-	-	
8	TOTAL Sales to Ultimate Consumers	2,360,812	2,206,370	-6.54%
9	483 Sales for Resale	-	-	
10	TOTAL Sales of Gas	2,360,812	2,206,370	-6.54%
11	Other Operating Revenues			
12	487 Forfeited Discounts & Late Payment Revenues	-	-	
13	488 Miscellaneous Service Revenues	5,422	9,106	67.95%
14	489 Revenues from Transp. of Gas for Others	-	-	
15	490 Sales of Products Extracted from Natural Gas	-	-	
16	491 Revenues from Nat. Gas Processed by Others	-	-	
17	492 Incidental Gasoline & Oil Sales	-	-	
18	493 Rent From Gas Property	-	-	
19	494 Interdepartmental Rents	-	-	
20	495 Other Gas Revenues (Schedule 9A)	4,691	2,952	-37.07%
21	TOTAL Other Operating Revenues	10,113	12,058	19.23%
22	Total Gas Operating Revenues	2,370,925	2,218,428	-6.43%
23				
24	496 (Less) Provision for Rate Refunds	-	-	
25				
26	TOTAL Oper. Revs. Net of Pro. for Refunds	2,370,925	2,218,428	-6.43%

SCHEDULE 9A

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2009

LINE 20 SCH 9 OTHER GAS REVENUE

	LAST YEAR	THIS YEAR	% CHANGE
Interest Income	3,197	1,872	-41.45%
Patronage Dividend	273	-	-100.00%
Loss on Investment in Cooperatives	-	-	#DIV/0!
Miscellaneous	1,221	1,080	-11.55%
Totals	4,691	2,952	-37.07%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2009

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses			
2	Production & Gathering - Operation			
3	750 Operation Supervision & Engineering	33,717	28,244	-16.23%
4	751 Production Maps & Records	-	-	
5	752 Gas Wells Expenses	-	-	
6	753 Field Lines Expenses	-	-	
7	754 Field Compressor Station Expenses	6,413	6,399	-0.22%
8	755 Field Compressor Station Fuel & Power	-	-	
9	756 Field Measuring & Regulating Station Expense	-	-	
10	757 Purification Expenses	-	-	
11	758 Gas Well Royalties	15,588	18,038	15.72%
12	759 Other Expenses	-	-	
13	760 Rents	-	-	
14	Total Operation - Natural Gas Production	55,718	52,681	-5.45%
15	Production & Gathering - Maintenance			
16	761 Maintenance Supervision & Engineering	-	-	
17	762 Maintenance of Structures & Improvements	-	-	
18	763 Maintenance of Producing Gas Wells	21,325	8,161	-61.73%
19	764 Maintenance of Field Lines	687	1,428	107.86%
20	765 Maintenance of Field Compressor Sta. Equip.	-	-	
21	766 Maintenance of Field Meas. & Reg. Sta. Equip.	-	-	
22	767 Maintenance of Purification Equipment	-	-	
23	768 Maintenance of Drilling & Cleaning Equip.	-	-	
24	769 Maintenance of Other Equipment	-	-	
25	Total Maintenance- Natural Gas Prod.	22,012	9,589	-56.44%
26	TOTAL Natural Gas Production & Gathering	77,730	62,270	-19.89%
27	Products Extraction - Operation			
28	770 Operation Supervision & Engineering	-	-	
29	771 Operation Labor	-	-	
30	772 Gas Shrinkage	-	-	
31	773 Fuel	-	-	
32	774 Power	-	-	
33	775 Materials	-	-	
34	776 Operation Supplies & Expenses	-	-	
35	777 Gas Processed by Others	-	-	
36	778 Royalties on Products Extracted	-	-	
37	779 Marketing Expenses	-	-	
38	780 Products Purchased for Resale	-	-	
39	781 Variation in Products Inventory	-	-	
40	782 (Less) Extracted Products Used by Utility - Cr.	-	-	
41	783 Rents	-	-	
42	Total Operation - Products Extraction	-	-	
43	Products Extraction - Maintenance			
44	784 Maintenance Supervision & Engineering	-	-	
45	785 Maintenance of Structures & Improvements	-	-	
46	786 Maintenance of Extraction & Refining Equip.	-	-	
47	787 Maintenance of Pipe Lines	-	-	
48	788 Maintenance of Extracted Prod. Storage Equip.	-	-	
49	789 Maintenance of Compressor Equipment	-	-	
50	790 Maintenance of Gas Meas. & Reg. Equip.	-	-	
51	791 Maintenance of Other Equipment	-	-	
52	Total Maintenance - Products Extraction	-	-	
53	TOTAL Products Extraction	-	-	

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2009

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses - continued			
2				
3	Exploration & Development - Operation			
4	795 Delay Rentals	-	-	
5	796 Nonproductive Well Drilling	-	-	
6	797 Abandoned Leases	-	-	
7	798 Other Exploration	-	-	
8	TOTAL Exploration & Development	-	-	
9				
10	Other Gas Supply Expenses - Operation			
11	800 Natural Gas Wellhead Purchases	-	-	
12	800.1 Nat. Gas Wellhead Purch., Intracomp. Trans.	-	-	
13	801 Natural Gas Field Line Purchases	-	-	
14	802 Natural Gas Gasoline Plant Outlet Purchases	-	-	
15	803 Natural Gas Transmission Line Purchases	-	-	
16	804 Natural Gas City Gate Purchases	1,603,099	1,425,450	-11.08%
17	805 Other Gas Purchases	-	-	
18	805.1 Purchased Gas Cost Adjustments	-	-	
19	805.2 Incremental Gas Cost Adjustments	-	-	
20	806 Exchange Gas	-	-	
21	807.1 Well Expenses - Purchased Gas	-	-	
22	807.2 Operation of Purch. Gas Measuring Stations	-	-	
23	807.3 Maintenance of Purch. Gas Measuring Stations	-	-	
24	807.4 Purchased Gas Calculations Expenses	-	-	
25	807.5 Other Purchased Gas Expenses	-	-	
26	808.1 Gas Withdrawn from Storage -Dr.	-	-	
27	808.2 (Less) Gas Delivered to Storage -Cr.	-	-	
28	809.2 (Less) Deliveries of Nat. Gas for Processing-Cr.	-	-	
29	810 (Less) Gas Used for Compressor Sta. Fuel-Cr.	-	-	
30	811 (Less) Gas Used for Products Extraction-Cr.	-	-	
31	812 (Less) Gas Used for Other Utility Operations-Cr.	-	-	
32	813 Other Gas Supply Expenses	-	-	
33	TOTAL Other Gas Supply Expenses	1,603,099	1,425,450	-11.08%
34				
35	TOTAL PRODUCTION EXPENSES	1,680,829	1,487,720	-11.49%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2009

Account Number & Title		Last Year	This Year	% Change
1	Storage, Terminaling & Processing Expenses			
2				
3	Underground Storage Expenses - Operation			
4	814 Operation Supervision & Engineering	-	-	
5	815 Maps & Records	-	-	
6	816 Wells Expenses	-	-	
7	817 Lines Expenses	-	-	
8	818 Compressor Station Expenses	Cut Bank Gas Company has no expense		
9	819 Compressor Station Fuel & Power	of this nature on this page.		
10	820 Measuring & Reg. Station Expenses	-	-	
11	821 Purification Expenses	-	-	
12	822 Exploration & Development	-	-	
13	823 Gas Losses	-	-	
14	824 Other Expenses	-	-	
15	825 Storage Well Royalties	-	-	
16	826 Rents	-	-	
17	Total Operation - Underground Strg. Exp.	-	-	
18				
19	Underground Storage Expenses - Maintenance			
20	830 Maintenance Supervision & Engineering	-	-	
21	831 Maintenance of Structures & Improvements	-	-	
22	832 Maintenance of Reservoirs & Wells	-	-	
23	833 Maintenance of Lines	-	-	
24	834 Maintenance of Compressor Station Equip.	-	-	
25	835 Maintenance of Meas. & Reg. Sta. Equip.	-	-	
26	836 Maintenance of Purification Equipment	-	-	
27	837 Maintenance of Other Equipment	-	-	
28	Total Maintenance - Underground Storage	-	-	
29	TOTAL Underground Storage Expenses	-	-	
30				
31	Other Storage Expenses - Operation			
32	840 Operation Supervision & Engineering	-	-	
33	841 Operation Labor and Expenses	-	-	
34	842 Rents	-	-	
35	842.1 Fuel	-	-	
36	842.2 Power	-	-	
37	842.3 Gas Losses	-	-	
38	Total Operation - Other Storage Expenses	-	-	
39				
40	Other Storage Expenses - Maintenance			
41	843.1 Maintenance Supervision & Engineering	-	-	
42	843.2 Maintenance of Structures & Improvements	-	-	
43	843.3 Maintenance of Gas Holders	-	-	
44	843.4 Maintenance of Purification Equipment	-	-	
45	843.6 Maintenance of Vaporizing Equipment	-	-	
46	843.7 Maintenance of Compressor Equipment	-	-	
47	843.8 Maintenance of Measuring & Reg. Equipment	-	-	
48	843.9 Maintenance of Other Equipment	-	-	
49	Total Maintenance - Other Storage Exp.	-	-	
50	TOTAL - Other Storage Expenses	-	-	
51				
52	TOTAL - STORAGE, TERMINALING & PROC.	-	-	

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2009

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	850 Operation Supervision & Engineering	-	-	
4	851 System Control & Load Dispatching	-	-	
5	852 Communications System Expenses	-	-	
6	853 Compressor Station Labor & Expenses	-	-	
7	854 Gas for Compressor Station Fuel	-	-	
8	855 Other Fuel & Power for Compressor Stations	-	-	
9	856 Mains Expenses	-	-	
10	857 Measuring & Regulating Station Expenses	-	-	
11	858 Transmission & Compression of Gas by Others	-	-	
12	859 Other Expenses	-	-	
13	860 Rents	-	-	
14	Total Operation - Transmission	-	-	
15	Maintenance			
16	861 Maintenance Supervision & Engineering	-	-	
17	862 Maintenance of Structures & Improvements	-	-	
18	863 Maintenance of Mains	-	-	
19	864 Maintenance of Compressor Station Equip.	-	-	
20	865 Maintenance of Measuring & Reg. Sta. Equip.	-	-	
21	866 Maintenance of Communication Equipment	-	-	
22	867 Maintenance of Other Equipment	-	-	
23	Total Maintenance - Transmission	-	-	
24	TOTAL Transmission Expenses	-	-	
25	Distribution Expenses			
26	Operation			
27	870 Operation Supervision & Engineering	7,593	6,865	-9.59%
28	871 Distribution Load Dispatching	-	-	
29	872 Compressor Station Labor and Expenses	-	-	
30	873 Compressor Station Fuel and Power	-	-	
31	874 Mains and Services Expenses	44,525	18,033	-59.50%
32	875 Measuring & Reg. Station Exp.-General	-	-	
33	876 Measuring & Reg. Station Exp.-Industrial	-	-	
34	877 Meas. & Reg. Station Exp.-City Gate Ck. Sta.	-	-	
35	878 Meter & House Regulator Expenses	25,623	21,940	-14.37%
36	879 Customer Installations Expenses	19,450	12,061	-37.99%
37	880 Other Expenses	3,417	3,221	-5.74%
38	881 Rents	-	-	
39	Total Operation - Distribution	100,608	62,120	-38.26%
40	Maintenance			
41	885 Maintenance Supervision & Engineering	-	-	
42	886 Maintenance of Structures & Improvements	-	-	
43	887 Maintenance of Mains	29,277	47,931	63.72%
44	888 Maint. of Compressor Station Equipment	-	-	
45	889 Maint. of Meas. & Reg. Station Exp.-General	-	-	
46	890 Maint. of Meas. & Reg. Sta. Exp.-Industrial	-	-	
47	891 Maint. of Meas. & Reg. Sta. Equip.-City Gate	-	-	
48	892 Maintenance of Services	-	-	
49	893 Maintenance of Meters & House Regulators	14,283	10,735	-24.84%
50	894 Maintenance of Other Equipment	-	-	
51	Total Maintenance - Distribution	43,560	58,666	34.68%
52	TOTAL Distribution Expenses	144,168	120,786	-16.22%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2009

Account Number & Title		Last Year	This Year	% Change
1				
2	Customer Accounts Expenses			
3	Operation			
4	901 Supervision	-	-	
5	902 Meter Reading Expenses	24,189	22,916	-5.26%
6	903 Customer Records & Collection Expenses	48,885	48,369	-1.06%
7	904 Uncollectible Accounts Expenses	7,753	3,205	-58.66%
8	905 Miscellaneous Customer Accounts Expenses	8,588	9,468	10.25%
9				
10	TOTAL Customer Accounts Expenses	89,415	83,958	-6.10%
11				
12	Customer Service & Informational Expenses			
13	Operation			
14	907 Supervision	-	-	
15	908 Customer Assistance Expenses	-	-	
16	909 Informational & Instructional Advertising Exp.	-	-	
17	910 Miscellaneous Customer Service & Info. Exp.	-	-	
18				
19	TOTAL Customer Service & Info. Expenses	-	-	
20				
21	Sales Expenses			
22	Operation			
23	911 Supervision	-	-	
24	912 Demonstrating & Selling Expenses	-	-	
25	913 Advertising Expenses	1,213	1,226	1.07%
26	916 Miscellaneous Sales Expenses	-	-	
27				
28	TOTAL Sales Expenses	1,213	1,226	1.07%
29				
30	Administrative & General Expenses			
31	Operation			
32	920 Administrative & General Salaries	112,888	112,954	0.06%
33	921 Office Supplies & Expenses	17,453	16,750	-4.03%
34	922 (Less) Administrative Expenses Transferred - Cr.	-	-	
35	923 Outside Services Employed	64,131	61,093	-4.74%
36	924 Property Insurance	17,089	13,673	-19.99%
37	925 Injuries & Damages	20,783	15,095	-27.37%
38	926 Employee Pensions & Benefits	16,899	24,450	44.68%
39	927 Franchise Requirements	-	-	
40	928 Regulatory Commission Expenses	25,854	24,647	-4.67%
41	929 (Less) Duplicate Charges - Cr.	-	-	
42	930.1 General Advertising Expenses	-	-	
43	930.2 Miscellaneous General Expenses (Sched. 10A)	58,937	88,369	49.94%
44	931 Rents	3,408	3,483	2.20%
45	933 Transportation	23,145	16,868	-27.12%
46	TOTAL Operation - Admin. & General	360,587	377,382	4.66%
47	Maintenance			
48	935 Maintenance of General Plant	33,156	33,762	1.83%
49				
50	TOTAL Administrative & General Expenses	393,743	411,144	4.42%
51	TOTAL OPERATION & MAINTENANCE EXP.	2,309,368	2,104,834	-8.86%

SCHEDULE 10A

**CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2009**

LINE 43 SCH 10 MISCELLANEOUS GENERAL EXPENSE

	LAST YEAR	THIS YEAR	% CHANGE
Interest expense	17,870	20,445	14.41%
Donations	595	1,615	171.43%
Miscellaneous expense	24,566	23,600	-3.93%
Regulatory order	14,760	42,128	185.42%
Communication expense	1,146	581	-49.30%
Totals	58,937	88,369	49.94%

MONTANA TAXES OTHER THAN INCOME

Year: 2009

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	37,678	31,985	-15.11%
2	Montana Consumer Counsel	3,124	1,856	-40.59%
3	Montana PSC	7,093	5,745	-19.00%
4	Property Taxes	12,979	11,061	-14.78%
5	Tribal Taxes	1,479	1,479	
6	Natural Gas Production Tax	12,608	18,536	47.02%
7	Vehicle Licenses	1,049	978	-6.77%
8				
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50				
51	TOTAL MT Taxes other than Income	76,010	71,640	-5.75%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2009

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	David F. Stufft	Attorney	37,690	37,690	100.00%
2	JCCS, CPA's	Accountants	10,635	10,635	100.00%
3	Ronald Woods	Rate Analyst	1,746	1,746	100.00%
4	LCH Computers	Consulting	52	52	100.00%
5	Sandra Barrows	Rate Analyst	10,238	10,238	100.00%
6	Raymond A. Allen	Consulting	732	732	100.00%
7					
8					
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49					
50	TOTAL Payments for Services		61,093	61,093	100%

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2009

	Description	Total Company	Montana	% Montana
1				
2	Cut Bank Gas Company does not make political contributions.			
3				
4				
5				
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49				
50	TOTAL Contributions			

Pension Costs

Year: 2009

1	Plan Name: Cut Bank Gas Co., Inc. Profit Sharing Plan & Trust			
2	Defined Benefit Plan? No	Defined Contribution Plan? YES		
3	Actuarial Cost Method? N/A			
4	Is the Plan Over Funded? No	IRS Code: Sec. 401(a), 401(k)		
5	Annual Contribution by Employer: \$ -0-			
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	-	-	
8	Service cost	-	-	
9	Interest Cost	-	-	
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	-	-	
13	Acquisition	-	-	
14	Benefits paid	-	-	
15	Benefit obligation at end of year	-	-	
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	568,576	560,632	1.42%
18	Actual return on plan assets	(46,557)	(11,536)	-303.58%
19	Acquisition	-	-	
20	Employer contribution	10,236	-	#DIV/0!
21	Plan participants' contributions	28,110	19,480	44.30%
22	Benefits paid	-	-	
23	Fair value of plan assets at end of year	560,365	568,576	-1.44%
24	Funded Status			
25	Unrecognized net actuarial loss	-	-	
26	Unrecognized prior service cost	-	-	
27	Prepaid (accrued) benefit cost	-	-	
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	-	-	
36	Interest cost	-	-	
37	Expected return on plan assets	-	-	
38	Amortization of prior service cost	-	-	
39	Recognized net actuarial loss	-	-	
40	Net periodic benefit cost	-	-	
41				
42	Montana Intrastate Costs:			
43	Pension Costs	-	-	
44	Pension Costs Capitalized	-	-	
45	Accumulated Pension Asset (Liability) at Year End	-	-	
46	Number of Company Employees:			
47	Covered by the Plan	8	7	-12.50%
48	Not Covered by the Plan	-	-	
49	Active	7	7	
50	Retired	-	-	
51	Deferred Vested Terminated	1	-	-100.00%

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change			
1 Regulatory Treatment:						
2 Commission authorized - most recent						
3 Docket number: _____						
4 Order number: _____						
5 Amount recovered through rates						
6 Weighted-average Assumptions as of Year End	Cut Bank Gas company has no other post employment benefits.					
7 Discount rate						
8 Expected return on plan assets						
9 Medical Cost Inflation Rate						
10 Actuarial Cost Method						
11 Rate of compensation increase						
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:						
13						
14						
15 Describe any Changes to the Benefit Plan:						
16						
17 TOTAL COMPANY						
18 Change in Benefit Obligation						
19 Benefit obligation at beginning of year						
20 Service cost						
21 Interest Cost						
22 Plan participants' contributions						
23 Amendments						
24 Actuarial Gain						
25 Acquisition						
26 Benefits paid						
27 Benefit obligation at end of year						
28 Change in Plan Assets						
29 Fair value of plan assets at beginning of year						
30 Actual return on plan assets						
31 Acquisition						
32 Employer contribution						
33 Plan participants' contributions						
34 Benefits paid						
35 Fair value of plan assets at end of year						
36 Funded Status						
37 Unrecognized net actuarial loss						
38 Unrecognized prior service cost						
39 Prepaid (accrued) benefit cost						
40 Components of Net Periodic Benefit Costs						
41 Service cost						
42 Interest cost						
43 Expected return on plan assets						
44 Amortization of prior service cost						
45 Recognized net actuarial loss						
46 Net periodic benefit cost						
47 Accumulated Post Retirement Benefit Obligation						
48 Amount Funded through VEBA						
49 Amount Funded through 401(h)						
50 Amount Funded through Other _____						
51 TOTAL						
52 Amount that was tax deductible - VEBA						
53 Amount that was tax deductible - 401(h)						
54 Amount that was tax deductible - Other _____						
55 TOTAL						

Other Post Employment Benefits (OPEBS) Continued

Year: 2009

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	Cut Bank Gas company has no other post employment benefits.		
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

Schedule 16

PROPRIETARY

Schedule 17

PROPRIETARY

BALANCE SHEET

Year: 2009

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Gas Plant in Service	800,226	793,960	-0.78%
4	101.1 Property Under Capital Leases	-	-	
5	102 Gas Plant Purchased or Sold	-	-	
6	104 Gas Plant Leased to Others	-	-	
7	105 Gas Plant Held for Future Use	-	-	
8	105.1 Production Properties Held for Future Use	-	-	
9	106 Completed Constr. Not Classified - Gas	-	-	
10	107 Construction Work in Progress - Gas	-	-	
11	108 (Less) Accumulated Depreciation	(540,185)	(559,502)	-3.58%
12	111 (Less) Accumulated Amortization & Depletion	-	-	
13	114 Gas Plant Acquisition Adjustments	-	-	
14	115 (Less) Accum. Amort. Gas Plant Acq. Adj.	-	-	
15	116 Other Gas Plant Adjustments	-	-	
16	117 Gas Stored Underground - Noncurrent	-	-	
17	118 Other Utility Plant	-	-	
18	119 Accum. Depr. and Amort. - Other Util. Plant	-	-	
19	TOTAL Utility Plant	260,041	234,458	-9.84%
20	Other Property & Investments			
21	121 Nonutility Property	-	-	
22	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	-	-	
23	123 Investments in Associated Companies	-	-	
24	123.1 Investments in Subsidiary Companies	-	-	
25	124 Other Investments	2,737	2,644	-3.40%
26	125 Sinking Funds	-	-	
27	TOTAL Other Property & Investments	2,737	2,644	-3.40%
28	Current & Accrued Assets			
29	131 Cash	49,087	84,200	71.53%
30	132-134 Special Deposits	-	-	
31	135 Working Funds	-	-	
32	136 Temporary Cash Investments	-	-	
33	141 Notes Receivable	-	-	
34	142 Customer Accounts Receivable	140,642	97,288	-30.83%
35	143 Other Accounts Receivable	5,510	4,739	-13.99%
36	144 (Less) Accum. Provision for Uncollectible Accts.	(9,741)	(7,723)	20.72%
37	145 Notes Receivable - Associated Companies	-	-	
38	146 Accounts Receivable - Associated Companies	-	-	
39	151 Fuel Stock	-	-	
40	152 Fuel Stock Expenses Undistributed	-	-	
41	153 Residuals and Extracted Products	-	-	
42	154 Plant Materials and Operating Supplies	17,574	15,920	-9.41%
43	155 Merchandise	1,799	1,543	-14.23%
44	156 Other Material & Supplies	-	-	
45	163 Stores Expense Undistributed	-	-	
46	164.1 Gas Stored Underground - Current	-	-	
47	165 Prepayments	7,968	6,346	-20.36%
48	166 Advances for Gas Explor., Devl. & Production	-	-	
49	171 Interest & Dividends Receivable	-	-	
50	172 Rents Receivable	-	-	
51	173 Accrued Utility Revenues	-	-	
52	174 Miscellaneous Current & Accrued Assets	-	-	
53	TOTAL Current & Accrued Assets	212,839	202,313	-4.95%

BALANCE SHEET

Year: 2009

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits (cont.)			
2				
3	Deferred Debits			
4				
5	181 Unamortized Debt Expense	-	-	
6	182.1 Extraordinary Property Losses	-	-	
7	182.2 Unrecovered Plant & Regulatory Study Costs	-	-	
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	-	-	
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.	-	-	
10	184 Clearing Accounts	-	-	
11	185 Temporary Facilities	-	-	
12	186 Miscellaneous Deferred Debits	-	-	
13	187 Deferred Losses from Disposition of Util. Plant	-	-	
14	188 Research, Devel. & Demonstration Expend.	-	-	
15	189 Unamortized Loss on Reacquired Debt	-	-	
16	190 Accumulated Deferred Income Taxes	45,262	42,408	-6.31%
17	191 Unrecovered Purchased Gas Costs	-	-	
18	192.1 Unrecovered Incremental Gas Costs	-	-	
19	192.2 Unrecovered Incremental Surcharges	-	-	
20	TOTAL Deferred Debits	45,262	42,408	-6.31%
21				
22	TOTAL ASSETS & OTHER DEBITS	520,879	481,823	-7.50%
	Account Number & Title	Last Year	This Year	% Change
23	Liabilities and Other Credits			
24				
25	Proprietary Capital			
26				
27	201 Common Stock Issued	90,310	90,310	
28	202 Common Stock Subscribed	-	-	
29	204 Preferred Stock Issued	-	-	
30	205 Preferred Stock Subscribed	-	-	
31	207 Premium on Capital Stock	-	-	
32	211 Miscellaneous Paid-In Capital	-	-	
33	213 (Less) Discount on Capital Stock	-	-	
34	214 (Less) Capital Stock Expense	-	-	
35	215 Appropriated Retained Earnings	-	-	
36	216 Unappropriated Retained Earnings	(8,559)	(2,781)	67.51%
37	217 (Less) Reacquired Capital Stock	-	-	
38	TOTAL Proprietary Capital	81,751	87,529	7.07%
39				
40	Long Term Debt			
41				
42	221 Bonds	-	-	
43	222 (Less) Reacquired Bonds	-	-	
44	223 Advances from Associated Companies	-	-	
45	224 Other Long Term Debt	7,881	5,378	-31.76%
46	225 Unamortized Premium on Long Term Debt	-	-	
47	226 (Less) Unamort. Discount on L-Term Debt-Dr.	-	-	
48	TOTAL Long Term Debt	7,881	5,378	-31.76%

BALANCE SHEET

Year: 2009

	Account Number & Title	Last Year	This Year	% Change
1				
2	Total Liabilities and Other Credits (cont.)			
3				
4	Other Noncurrent Liabilities			
5				
6	227 Obligations Under Cap. Leases - Noncurrent	-	-	
7	228.1 Accumulated Provision for Property Insurance	-	-	
8	228.2 Accumulated Provision for Injuries & Damages	-	-	
9	228.3 Accumulated Provision for Pensions & Benefits	-	-	
10	228.4 Accumulated Misc. Operating Provisions	-	-	
11	229 Accumulated Provision for Rate Refunds	-	-	
12	TOTAL Other Noncurrent Liabilities	-	-	
13				
14	Current & Accrued Liabilities			
15				
16	231 Notes Payable	149,528	1,265	-99.15%
17	232 Accounts Payable	162,392	210,734	29.77%
18	233 Notes Payable to Associated Companies	-	-	
19	234 Accounts Payable to Associated Companies	-	-	
20	235 Customer Deposits	44,532	45,600	2.40%
21	236 Taxes Accrued	10,003	16,516	65.11%
22	237 Interest Accrued	29,110	31,018	6.55%
23	238 Dividends Declared	-	-	
24	239 Matured Long Term Debt	-	-	
25	240 Matured Interest	-	-	
26	241 Tax Collections Payable	-	-	
27	242 Miscellaneous Current & Accrued Liabilities	1,291	27,606	2038.34%
28	243 Obligations Under Capital Leases - Current	-	-	
29	TOTAL Current & Accrued Liabilities	396,856	332,739	-16.16%
30				
31	Deferred Credits			
32				
33	252 Customer Advances for Construction	-	-	
34	253 Other Deferred Credits	21,112	43,620	106.61%
35	255 Accumulated Deferred Investment Tax Credits	-	-	
36	256 Deferred Gains from Disposition Of Util. Plant	-	-	
37	257 Unamortized Gain on Reacquired Debt	-	-	
38	281-283 Accumulated Deferred Income Taxes	13,279	12,557	-5.44%
39	TOTAL Deferred Credits	34,391	56,177	63.35%
40				
41	TOTAL LIABILITIES & OTHER CREDITS	520,879	481,823	-7.50%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2009

	Account Number & Title	Last Year	This Year	% Change
1	Intangible Plant			
2				
3	301 Organization	11,354	11,354	
4	302 Franchises & Consents	1,770	1,770	
5	303 Miscellaneous Intangible Plant	30,000	30,000	
6				
7	TOTAL Intangible Plant	43,124	43,124	
8				
9	Production Plant			
10				
11	Production & Gathering Plant			
12				
13	325.1 Producing Lands	-	-	
14	325.2 Producing Leaseholds	12,877	12,877	
15	325.3 Gas Rights	-	-	
16	325.4 Rights-of-Way	-	-	
17	325.5 Other Land & Land Rights	-	-	
18	326 Gas Well Structures	-	-	
19	327 Field Compressor Station Structures	6,590	6,590	
20	328 Field Meas. & Reg. Station Structures	-	-	
21	329 Other Structures	-	-	
22	330 Producing Gas Wells-Well Construction	8,159	8,159	
23	331 Producing Gas Wells-Well Equipment	101,835	101,835	
24	332 Field Lines	4,413	4,413	
25	333 Field Compressor Station Equipment	9,799	9,799	
26	334 Field Meas. & Reg. Station Equipment	2,476	2,476	
27	335 Drilling & Cleaning Equipment	-	-	
28	336 Purification Equipment	-	-	
29	337 Other Equipment	-	-	
30	338 Unsuccessful Exploration & Dev. Costs	-	-	
31				
32	Total Production & Gathering Plant	146,149	146,149	
33				
34	Products Extraction Plant			
35				
36	340 Land & Land Rights	-	-	
37	341 Structures & Improvements	-	-	
38	342 Extraction & Refining Equipment	-	-	
39	343 Pipe Lines	-	-	
40	344 Extracted Products Storage Equipment	-	-	
41	345 Compressor Equipment	-	-	
42	346 Gas Measuring & Regulating Equipment	-	-	
43	347 Other Equipment	-	-	
44				
45	Total Products Extraction Plant	-	-	
46				
47	TOTAL Production Plant	146,149	146,149	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2009

	Account Number & Title	Last Year	This Year	% Change			
1							
2	Natural Gas Storage and Processing Plant						
3							
4	Underground Storage Plant						
5							
6	350.1 Land	There are no storage and processing plant assets					
7	350.2 Rights-of-Way						
8	351 Structures & Improvements						
9	352 Wells						
10	352.1 Storage Leaseholds & Rights						
11	352.2 Reservoirs						
12	352.3 Non-Recoverable Natural Gas						
13	353 Lines						
14	354 Compressor Station Equipment						
15	355 Measuring & Regulating Equipment						
16	356 Purification Equipment						
17	357 Other Equipment						
18							
19	Total Underground Storage Plant				-	-	
20							
21	Other Storage Plant						
22							
23	360 Land & Land Rights	-	-				
24	361 Structures & Improvements	-	-				
25	362 Gas Holders	-	-				
26	363 Purification Equipment	-	-				
27	363.1 Liquification Equipment	-	-				
28	363.2 Vaporizing Equipment	-	-				
29	363.3 Compressor Equipment	-	-				
30	363.4 Measuring & Regulating Equipment	-	-				
31	363.5 Other Equipment	-	-				
32							
33	Total Other Storage Plant	-	-				
34							
35	TOTAL Natural Gas Storage and Processing Plant	-	-				
36							
37	Transmission Plant						
38							
39	365.1 Land & Land Rights	-	-				
40	365.2 Rights-of-Way	-	-				
41	366 Structures & Improvements	-	-				
42	367 Mains	792	792				
43	368 Compressor Station Equipment	-	-				
44	369 Measuring & Reg. Station Equipment	-	-				
45	370 Communication Equipment	-	-				
46	371 Other Equipment	-	-				
47							
48	TOTAL Transmission Plant	792	792				

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2009

	Account Number & Title	Last Year	This Year	% Change
1				
2	Distribution Plant			
3				
4	374 Land & Land Rights	-	-	
5	375 Structures & Improvements	-	-	
6	376 Mains	224,525	220,618	-1.74%
7	377 Compressor Station Equipment	-	-	
8	378 Meas. & Reg. Station Equipment-General	-	-	
9	379 Meas. & Reg. Station Equipment-City Gate	18,379	18,379	
10	380 Services	-	-	
11	381 Meters	61,698	64,136	3.95%
12	382 Meter Installations	23,303	16,130	-30.78%
13	383 House Regulators	-	-	
14	384 House Regulator Installations	-	-	
15	385 Industrial Meas. & Reg. Station Equipment	-	-	
16	386 Other Prop. on Customers' Premises	-	-	
17	387 Other Equipment	-	-	
18				
19	TOTAL Distribution Plant	327,905	319,263	-2.64%
20				
21	General Plant			
22				
23	389 Land & Land Rights	10,000	10,000	
24	390 Structures & Improvements	83,502	85,885	2.85%
25	391 Office Furniture & Equipment	35,432	33,420	-5.68%
26	392 Transportation Equipment	87,951	88,859	1.03%
27	393 Stores Equipment	-	-	
28	394 Tools, Shop & Garage Equipment	14,424	15,521	7.61%
29	395 Laboratory Equipment	-	-	
30	396 Power Operated Equipment	49,287	49,287	
31	397 Communication Equipment	899	899	
32	398 Miscellaneous Equipment	761	761	
33	399 Other Tangible Property	-	-	
34				
35	TOTAL General Plant	282,256	284,632	0.84%
36				
37	TOTAL Gas Plant in Service	800,226	793,960	-0.78%

MONTANA DEPRECIATION SUMMARY

Year: 2009

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering	146,149	131,231	132,222	-
2	Products Extraction	-	-	-	-
3	Underground Storage	-	-	-	-
4	Other Storage	-	-	-	-
5	Transmission	792	792	792	-
6	Distribution	319,263	201,283	206,462	-
7	General	284,632	206,879	220,026	-
8	TOTAL	750,836	540,185	559,502	-

SCHEDULE 21**MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)**

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	-	-	
3	152 Fuel Stock Expenses - Undistributed	-	-	
4	153 Residuals & Extracted Products	-	-	
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)	-	-	
7	Assigned to Operations & Maintenance	-	-	
8	Production Plant (Estimated)	-	-	
9	Transmission Plant (Estimated)	-	-	
10	Distribution Plant (Estimated)	17,574	15,920	-9.41%
11	Assigned to Other	-	-	
12	155 Merchandise	1,799	1,543	-14.23%
13	156 Other Materials & Supplies	-	-	
14	163 Stores Expense Undistributed	-	-	
15				
16	TOTAL Materials & Supplies	19,373	17,463	-9.86%

SCHEDULE 22**MONTANA REGULATORY CAPITAL STRUCTURE & COSTS**

	Commission Accepted - Most Recent		% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number	D2006.2.15			
2	Order Number	6720c	Pass throughs not included		
3					
4	Common Equity	187,849	55.00%	10.270	5.65
5	Preferred Stock	-	-	-	-
6	Long Term Debt	153,695	45.00%	7.000	3.15
7	Other	-	-	-	-
8	TOTAL	341,544	100.00%		8.80
9					
10	Actual at Year End				
11					
12	Common Equity	87,529	92.95%	-	-
13	Preferred Stock	-	-	-	-
14	Long Term Debt	6,643	7.05%	-	-
15	Other	-	-	-	-
16	TOTAL	94,172	100.00%		-

STATEMENT OF CASH FLOWS

Year: 2009

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	(39,401)	5,778	114.66%
6	Depreciation	35,017	33,994	-2.92%
7	Patronage Dividend	(273)	-	100.00%
8	Deferred Income Taxes - Net	(10,119)	2,132	121.07%
9	Regulatory orders	-	28,952	#DIV/0!
10	Change in Operating Receivables - Net	(59,596)	42,107	170.65%
11	Change in Materials, Supplies & Inventories - Net	(508)	1,910	475.98%
12	Change in Operating Payables & Accrued Liabilities - Net	40,225	68,530	70.37%
13	Allowance for Funds Used During Construction (AFUDC)	-	-	
14	Change in Other Assets & Liabilities - Net	13,152	25,198	91.59%
15	Other Operating Activities	-	-	-100.00%
16	Net Cash Provided by/(Used in) Operating Activities	(21,503)	208,601	1070.10%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment			
20	(net of AFUDC & Capital Lease Related Acquisitions)	(1,248)	(8,411)	-573.96%
21	Acquisition of Other Noncurrent Assets	-	-	
22	Proceeds from Disposal of Noncurrent Assets	102	93	-8.82%
23	Investments In and Advances to Affiliates	-	-	
24	Contributions and Advances from Affiliates	-	-	
25	Disposition of Investments in and Advances to Affiliates	-	-	
26	Other Investing Activities (explained on attached page)	-	-	
27	Net Cash Provided by/(Used in) Investing Activities	(1,146)	(8,318)	-625.83%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt	-	-	
32	Preferred Stock	-	-	
33	Common Stock	-	-	
34	Other:	-	-	
35	Net Increase in Short-Term Debt	-	-	
36	Other:	-	-	
37	Payment for Retirement of:			
38	Long-Term Debt	(5,705)	(5,813)	-1.89%
39	Preferred Stock	-	-	
40	Common Stock	-	-	
41	Other:	-	-	
42	Net Decrease in Short-Term Debt	(18,047)	(144,953)	-703.20%
43	Dividends on Preferred Stock	-	-	
44	Dividends on Common Stock	-	-	
45	Other Financing Activities (explained on attached page)	-	(14,404)	#DIV/0!
46	Net Cash Provided by (Used in) Financing Activities	(23,752)	(165,170)	-595.39%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	(46,401)	35,113	175.67%
49	Cash and Cash Equivalents at Beginning of Year	95,488	49,087	-48.59%
50	Cash and Cash Equivalents at End of Year	49,087	84,200	71.53%

SCHEDULE 23A

**CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2009**

LINE 45 SCH 23 OTHER FINANCING ACTIVITIES

	LAST YEAR	THIS YEAR	% CHANGE
Payments on regulatory order	-	14,404	#DIV/0!
Totals	-	14,404	#DIV/0!

LONG TERM DEBT

Year: 2009

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost %
1	GMAC Auto Loan	Aug-06	Aug-11	22,743	22,743	6,643		187	2.81%
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
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19									
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21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32	TOTAL			22,743	22,743	6,643		187	2.81%

PREFERRED STOCK

Year: 2009

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1										
2										
3	Cut Bank Gas Company has no preferred stock.									
4										
5										
6										
7										
8										
9										
10										
11										
12										
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21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32	TOTAL									

COMMON STOCK

	Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share	Dividends Per Share	Retention Ratio	Market Price High	Market Price Low	Price/Earnings Ratio
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32	TOTAL Year End	9,031 \$	9.69 \$	0.64 \$	-	N/A	N/A	N/A

Information only available for the fiscal year end of June, 2009

MONTANA EARNED RATE OF RETURN

Year: 2009

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	800,226	793,960	-0.78%
3	108 (Less) Accumulated Depreciation	(540,185)	(559,502)	-3.58%
4	NET Plant in Service	260,041	234,458	-9.84%
5				
6	Additions			
7	154, 156 Materials & Supplies	17,574	15,920	-9.41%
8	165 Prepayments	7,968	6,346	-20.36%
9	Other Additions (Schedule 27A)	97,785	93,878	-4.00%
10	TOTAL Additions	123,327	116,144	-5.82%
11				
12	Deductions			
13	190 Accumulated Deferred Income Taxes	-	-	
14	252 Customer Advances for Construction	-	-	
15	255 Accumulated Def. Investment Tax Credits	-	-	
16	Other Deductions - Customer Deposits	44,532	45,600	2.40%
17	TOTAL Deductions	44,532	45,600	2.40%
18	TOTAL Rate Base	338,836	305,002	-9.99%
19				
20	Net Earnings	(39,401)	5,778	114.66%
21				
22	Rate of Return on Average Rate Base	-11.33%	1.79%	115.84%
23				
24	Rate of Return on Average Equity	-38.84%	6.83%	117.58%
25				
26	Major Normalizing Adjustments & Commission			
27	Ratemaking adjustments to Utility Operations			
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47	Adjusted Rate of Return on Average Rate Base	-11.33%	1.79%	115.84%
48				
49	Adjusted Rate of Return on Average Equity	-38.84%	6.83%	117.58%

SCHEDULE 27A

**CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2009**

LINE 9 SCH 27 / Per Commission Order #6311b

	LAST YEAR	THIS YEAR	% CHANGE
Operating expenses	2,210,640	2,002,817	-9.40%
Maintenance expenses	98,728	102,017	3.33%
Taxes other than income taxes	76,010	71,640	-5.75%
	2,385,378	2,176,474	-8.76%
Less:			
Purchased Gas	1,603,099	1,425,450	-11.08%
	782,279	751,024	-4.00%
Divided by	8	8	
1/8 Op. & Maint. for working capital	<u>97,785</u>	<u>93,878</u>	-4.00%

MONTANA COMPOSITE STATISTICS

Year: 2009

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	793,960
5	107 Construction Work in Progress	-
6	114 Plant Acquisition Adjustments	-
7	105 Plant Held for Future Use	-
8	154, 156 Materials & Supplies	15,920
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(559,502)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	250,378
14		
15	Revenues & Expenses (000 Omitted)	
16		
17	400 Operating Revenues	2,206,370
18		
19	403 - 407 Depreciation & Amortization Expenses	33,994
20	Federal & State Income Taxes	50
21	Other Taxes	73,772
22	Other Operating Expenses	2,103,219
23	TOTAL Operating Expenses	2,211,035
24		
25	Net Operating Income	(4,665)
26		
27	415 - 421.1 Other Income	12,058
28	421.2 - 426.5 Other Deductions	1,615
29		
30	NET INCOME	5,778
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35	Residential	1,237
36	Commercial	253
37	Industrial	-
38	Other	-
39		
40	TOTAL NUMBER OF CUSTOMERS	1,490
41		
42	Other Statistics (Intrastate Only)	
43		
44	Average Annual Residential Use (Mcf or Dkt)	138.89 Mcf
45	Average Annual Residential Cost per (Mcf or Dkt) (\$) *	\$ 10.66
46	* Avg annual cost = [(cost per Mcf or Dkt x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	\$ 123.40
48	Gross Plant per Customer	\$ 532.86

MONTANA CUSTOMER INFORMATION

Year: 2009

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Cut Bank	4,000	1,237	253		1,490
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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24						
25						
26						
27						
28						
29						
30						
31						
32	TOTAL Montana Customers	4,000	1,237	253		1,490

MONTANA EMPLOYEE COUNTS

Year: 2009

	Department	Year Beginning	Year End	Average
1	Administration	1	1	1
2	Service	4	4	4
3	Office	2	2	2
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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41				
42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL Montana Employees	7	7	7

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2010

	Project Description	Total Company	Total Montana
1			
2	Cut Bank Gas Company does not project a construction budget.		
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
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43			
44			
45			
46			
47			
48			
49			
50	TOTAL		

TRANSMISSION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2009

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have a transmission system.		
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	TOTAL			

Montana				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January			
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	TOTAL			

DISTRIBUTION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2009

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have the equipment to measure for this.		
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	TOTAL			

Montana				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January			
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	TOTAL			

STORAGE SYSTEM - TOTAL COMPANY & MONTANA

		Total Company					
		Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)	
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal
						Losses	
1	January						
2	February	Cut Bank Gas Company does not have a storage system.					
3	March						
4	April						
5	May						
6	June						
7	July						
8	August						
9	September						
10	October						
11	November						
12	December						
13	TOTAL						

		Montana					
		Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)	
		Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal
						Losses	
14	January						
15	February						
16	March						
17	April						
18	May						
19	June						
20	July						
21	August						
22	September						
23	October						
24	November						
25	December						
26	TOTAL						

SOURCES OF GAS SUPPLY

Year: 2009

	Name of Supplier	Last Year Volumes Mcf or Dkt	This Year Volumes Mcf or Dkt	Last Year Avg. Commodity Cost	This Year Avg. Commodity Cost
1	North Western Energy	175,605 Mcfs @ 14.90	166,126 Mcfs @ 14.90	\$9.129	\$8.581
2					
3	Cut Bank Gas Company - Royalty	22,293 Mcfs @ 14.73	21,876 Mcfs @ 14.73	\$0.699	\$0.825
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33	Total Gas Supply Volumes	197,898 Mcfs	188,002 Mcfs	\$8.179	\$7.678

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS Year: 2009

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (Mcf or Dkt)	Achieved Savings (Mcf or Dkt)	Difference
1							
2	Cut Bank Gas Company does not have conservation and						
3	demand side management programs.						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
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19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	TOTAL						

MONTANA CONSUMPTION AND REVENUES

Year: 2009

	Sales of Gas	Operating Revenues		MCF Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential						
2	Commercial - Small						
3	Commercial - Large						
4	Industrial - Small						
5	Industrial - Large						
6	Interruptible Industrial						
7	Other Sales to Public Authorities						
8	Sales to Other Utilities						
9	Interdepartmental						
10							
11	TOTAL	2,206,370	2,360,812	206,944	212,072	1,490	1,498
12							
13							
14							
15							
16							
17							
18	Transportation of Gas						
19							
20	Utilities						
21	Industrial						
22	Other						
23							
24	TOTAL						

Considered one class

Cut Bank Gas Company has no Transmission Revenue.

Natural Gas Universal System Benefits Programs

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2		Cut Bank Gas Company does not have this program.				
3						
4						
5						
6						
7						
8	Market Transformation					
9						
10						
11						
12						
13						
14						
15	Research & Development					
16						
17						
18						
19						
20						
21						
22	Low Income					
23		98 customers who were LIEAP eligible received \$175 each on their natural gas bill from the customer bill assistance program which is administered by Energy Share of Montana and Opportunities Inc.				
24						
25						
26						
27						
28						
29	Other					
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	Total					
43	Number of customers that received low income rate discounts					N/A
44	Average monthly bill discount amount (\$/mo)					N/A
45	Average LIEAP-eligible household income					N/A
46	Number of customers that received weatherization assistance					N/A
47	Expected average annual bill savings from weatherization					N/A
48	Number of residential audits performed					N/A

Montana Conservation & Demand Side Management Programs

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2						
3		Cut Bank Gas Company does not have Conservation and Demand Side Management Programs.				
4						
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
13						
14						
15	Market Transformation					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
33						
34						
35	Other					
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48	Total					

Service Date: February 1, 2007

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF CUT BANK GAS)	UTILITY DIVISION
COMPANY, Application for Protective Order)	
to Govern Certain Annual Report Information)	DOCKET NO. N2007.1.1
)	ORDER NO. 6805

PROTECTIVE ORDER

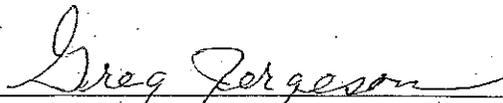
On January 2, 2007, Cut Bank Gas Company (CBG) filed before the Public Service Commission (PSC) a motion for a term protective order to govern certain information expected to be filed in CBG annual reports to the PSC. The PSC has recently issued a protective order governing the identical information, *PSC Docket No. N2006.10.157, Order No. 6793 (December 19, 2006)*, but that order was for a single year not a term (period of years). CBG requests protection for a period of four years pursuant to ARM 38.2.5004.

CBG request protection of the wages, salaries, compensation, and benefits paid or provided to CBG's employees, management, and directors. The basis for protection of this information is the right of individual privacy provided in Art. II, Sec. 10, Constitution of the State of Montana.

The PSC grants CBG's motion. This order is prospective. It applies to the protected information in CBG's next four filed annual reports. Special terms and conditions requested by CBG, if any, are denied.

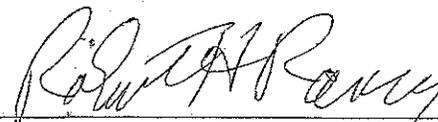
Done and dated this 18th day of January, 2007, by a vote of 3-2.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

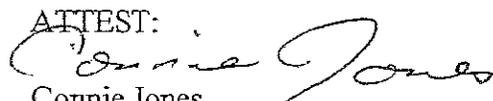

GREG JERGESON, Chairman


DOUG MOOD, Vice-Chairman


BRAD MOLNAR, Commissioner
(voting to dissent)


ROBERT H. RANEY, Commissioner


KEN TOOLE, Commissioner
(voting to dissent)

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: There is no reconsideration of the granting of a protective order. There is a procedure to challenge the provider's claim of confidentiality. See ARM 38.2.5008. Reconsideration of a denial of a protective order is available in accordance with ARM 38.2.4806.

CERTIFICATE OF SERVICE

I hereby certify that a copy of **PROTECTIVE ORDER No. 6805** issued in N2007.1.1 in the matter of Cut Bank Gas Company has today been served on all parties listed on the Commission's most recent service list, created 2/1/07, by mailing a copy thereof to each party by first class mail, postage prepaid.

Date: February 1, 2007

Debbie George
For The Commission

2/1/2007

Utility - Docket Service List

Docket no: N2007.1.1

DAN F WHETSTONE PRESIDENT CUT BANK GAS COMPANY	403 E MAIN ST CUT BANK	MT	59427-3092
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ROBERT NELSON MONTANA CONSUMER COUNSEL	PO BOX 201703 HELENA	MT	59620-1703
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