PUBLIC SERVICE COMMISSION
STATE OF MONTANA

Greg Jergeson, Chairman
Brad Molnar, Vice-Chairman
Doug Mood, Commissioner
Robert H. Raney, Commissioner
Thomas J. Schneider, Commissioner

1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601
Voice: 406.444.6199
Fax #: 406.444.7618
http://www.psc.mt.gov
E-Mail: psc@mt.gov

January 31, 2006

Phantom Hills Water Company
Attn: John H. Crowley
PO Box 16630
Missoula, MT 59808

RECEIVED BY
2006 JUL 12 A 9: 35
PUBLIC SERVICE COMMISSION

RE: Montana 2005 Annual Report for Phantom Hills Water Company

Dear Filer:

Please find enclosed the 2005 annual report form for the Montana Public Service Commission. This report is available in Adobe Acrobat or EXCEL formats on our website http://psc.mt.gov/ under the applicable type of utility. Please read the instructions carefully, as there have been new schedules added.

Section 69-3-203(1), Montana Code Annotated (MCA), requires all public utilities closing accounts on December 31 to file a full annual report no later than April 30 of the following year. Section 69-3-203(2), MCA, requires annual reports to be in the form prescribed by the Montana Public Service Commission (Commission).

The statutory requirements of § 69-3-203, MCA, are mandatory, and the Commission does not have discretion to waive the requirements. Failure to comply with the requirements of § 69-3-203, MCA, may subject the late filing entity to fines and penalties as provided at § 69-3-206, MCA.

Please contact Leroy Beeby at 406-444-6188 if you need further assistance.

Sincerely,

Greg Jergeson – Chairman
Montana Public Service Commission

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2006 JUL 12 A 9:36
PUBLIC SERVICE
COMMISSION

YEAR 2005

ANNUAL REPORT

OF THE

NAME Phantom Hills Water Company

LOCATION Missoula, Montana

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING December 31, 2005

FORM NO. 402-A(12/88)

GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities.

2. Interpret all accounting words or phrases in accordance with the USOA.

3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

4. For any question, section or page which is not applicable to the respondent enter the words "Not Applicable or NA". Do not omit any pages.

5. Where dates are called for, the month and day should be stated as well as the year.

6. Complete this report by means which result in a permanent record.

7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.

8. This report should be filled out in duplicate and one copy returned within 2 1/2 months after the close of the reporting period. The report should be returned to:

Montana Public Service Commission
Utility Division
2701 Prospect Avenue
Helena, Montana 59620

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REPORT OF

Phantom Hills Water Company
(Exact Name of Utility)

P.O. Box 16630 — Missoula, MT 59808
(Address) — *(City, State, Zip Code)*

For Year Ended December 31, 2005

Date Utility First Organized 1-23-04

Telephone Number (406) 523-1600

Location where books and records are located 101 International Way

Contracts:			
Name	Title	Principal Business Address	Salary
J. Eisenmann Person to send correspondence:	Director	101 International Way Missoula, MT 59808	$0 XXXXXXX
A. Patterson Person who prepared this report:	Accountant	101 International Way Missoula, MT 59808	$0 XXXXXXX
Officers & Managers:			$
			$
			$
			$
			$

Report every corporation or person owning interest or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Precent Ownership in Utility	Principal Business Address	Salary Charged Utility
Dennis Washington	100 %	101 International Way	$ 0
			$
			$

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	11,368	1,213
Commercial	1,300	1,343
Industrial	0	0
Other	0	0
Unmetered		
Residential	0	0
Commerical	0	0
Industrial	0	0
Fire Protection	5,295	2,945
Bulk Sales	0	0
Sale of Materials	0	0
Other	0	0
TOTAL GROSS REVENUE	17,963	5,501
Operation and Maintenance Expense	28,796	34,813
Depreciation Expense	87,924	46,762
Taxes Other Than Income	0	0
Income Taxes	0	0
Deferred Federal Income Taxes	0	0
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	116,720	81,575
NET OPERATING INCOME (LOSS)	(98,756)	(76,074)
Other Income:		
Non-Utility Income	0	0
Other Deductions:		
Non-Utility Expenses	0	0
Interest Expense	119,134	52,618
NET INCOME (LOSS)	(217,891)	(128,692)

COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant In Service	1,745,275	1,501,714
Accumulated Depreciation and Amortization	134,686	46,762
Net Utility Plant		
Cash	5,764	557
Customer Account Receivable	239	563
Other Assets (Specify)		
Prepaid expenses	613	81
Total Assets	1,627,071	1,456,153
Liabilities an Capital:		
Common Stock Issued	1,000	1,000
Preferred Stock Issued	0	0
Other Paid In Capital	0	0
Retained Earnings	(345,581)	(128,692)
Proprietary Capital	0	0
Total Capital		
Long Term Debt	1,950,600	1,572,600
Accounts Payable	22,052	11,245
Notes Payable	0	0
Customer Deposits	0	0
Accrued Taxes	0	0
Other Liabilities (Specify)	0	0
Advances for Construction	0	0
Contributions In Aid Of Construction	0	0
Total Liabilities and Capital	1,627,071	1,456,153

Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year	Previous Year
Balance First of Year	46,762	0
Credits During Year	87,924	46,762
Accruals Charged to Depreciation Account	0	0
Salvage	0	0
Other Credits (Specify)	0	0
Total Credits	134,686	46,762
Debits During Year:		
Book Cost of Plant Retired	0	0
Cost of Removal	0	0
Other Debits (Specify)	0	0
Balance End of Year	134,686	46,762

CONTRIBUTIONS IN AID OF CONSTRUCTION

Report below all contractor and developer agreements and line extension agreements from which cash or property was received during the year	Indicate "Cash or Property"	Amount
Total During Year	0	0

ACCUMULATED DEFERRED INCOME TAXES

Description	Total
Accumulated Deferred Income Taxes:	
Federal	0
State	0
Total Accumulated Deferred Income Taxes	0

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	1	1
Shares authorized	1,000	1,000
Shares issued and outstanding	1,000	1,000
Total par value of stock issued	1,000	1,000
Dividends declared per share for year	0	0

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year	(128,692)	
Changes during year (Specify):		
2005 net loss	(217,889)	
Balance end of year	(346,581)	

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year	0	
Changes during year (specify):	0	
Balance end of year	0	

LONG TERM DEBT

Description of Obligation	Interest Rate	Interest Pymts	Principal Per Balance Sheet Date
Revolving loan not to exceed $2 million	Prime	Int.	1,950,600
Term 3/1/04 - 3/1/09	+ 1%	Only	
No collateral			
Total			1,950,600

WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization	0	0	0	0
302	Franchises	0	0	0	0
303	Land & Land Rights	11,577	0	0	11,577
304	Structures and Improvements	0	0	0	0
305	Collecting and Impounding Reservoirs	0	0	0	0
306	Lake River and Other Intakes	0	0	0	0
307	Wells and Springs	575,875	0	0	575,875
308	Infiltration Galleries and Tunnels	0	0	0	0
309	Supply Mains	0	0	0	0
310	Power Generation Equipment	0	0	0	0
311	Pumping Equipment	195,027	0	0	195,027
320	Water Treatment Equipment	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0
331	Tranmission and Distribution Mains	415,678	213,705	0	629,383
333	Services	0	0	0	0
334	Meters and Meter Installations	19,527	4,256	0	23,783
335	Hydrants	37,664	25,600	0	63,264
339	Other Plant and Miscellaneous Eqipment	246,366	0	0	246,366
340	Office Furniture and Equipment	0	0	0	0
341	Transportation Equipment	0	0	0	0
342	Stores Equipment	0	0	0	0
343	Tools, Shop & Garage Equipment	0	0	0	0
344	Laboratory Equipment	0	0	0	0
345	Power Operated Equipment	0	0	0	0
346	Communication Equipment	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0
348	Other Tangible Plant	0	0	0	0
	Total Water Plant	1,501,714	243,561	0	1,745,275

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR	DEBITS	CREDITS	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
304	Structures & Improvements	10	0 %	0 %	338	0	1,158	1,496
305	Collecting & Impounding Reservoirs	0	0 %	0 %	0	0	0	0
306	Lake River & Other Intakes	0	0 %	0 %	0	0	0	0
307	Wells and Springs	20	0 %	0 %	17,879	0	28,794	46,673
308	Infiltrations Galleries & Tunnels	0	0 %	0 %	0	0	0	0
309	Supply Mains	0	0 %	0 %	0	0	0	0
310	Power Generating Equip.	0	0 %	0 %	0	0	0	0
311	Pumping Equipment	20	0 %	0 %	6,095	0	9,751	15,846
320	Water Treatment Equip.	0	0 %	0 %	0	0	0	0
330	Distribution Reservoirs & Standpipes	0	0 %	0 %	0	0	0	0
331	Trans. & Dist. Mains	20	0 %	0 %	12,990	0	32,805	45,795
333	Services	0	0 %	0 %	0	0	0	0
334	Meter & Meter Installation	20	0 %	0 %	584	0	1,054	1,638
335	Hydrants	20	0 %	0 %	1,177	0	2,043	3,220
339	Other Plant & Misc. Equip.	20	0 %	0 %	7,699	0	12,319	20,090
340	Office Furniture and Equipment	0	0 %	0 %	0	0	0	0
341	Transportation Equip.	0	0 %	0 %	0	0	0	0
342	Stores Equipment	0	0 %	0 %	0	0	0	0
343	Tools, Shop & Garage Equipment	0	0 %	0 %	0	0	0	0
344	Laboratory Equipment	0	0 %	0 %	0	0	0	0
345	Power Operated Equipment	0	0 %	0 %	0	0	0	0
346	Communication Equipment	0	0 %	0 %	0	0	0	0
347	Miscellaneous Equipment	0	0 %	0 %	0	0	0	0
348	Other Tangible Plant	0	0 %	0 %	0	0	0	0
	Totals				46,762	0	0	134,686

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	0
Salaries and Wages - Officers, Directors and Majority Stockholders	0
Employee Pensions and Benefits	0
Purchased Water	0
Purchased Power	4,701
Fuel For Power Production	0
Chemicals	0
Materials and Supplies	606
Contractual Services	21,865
Rents	0
Transportation Expense	0
Insurance Expense	1,249
Regulatory Commission Expense	0
Bad Debt Expense	0
Miscellaneous Expense	375
Total	28,796

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to $500. or more. Utilities having revenue in excess of $100,000 should report amounts of $5,000 or more.

Name of Recipient	Amount	Description of Service
Washington Corp.	11,211	Acct, Mgmt, Maint. & meter reading
Prof. Consultants	9,333	Sampling & Testing / system operations

SOURCES OF WATER SUPPLY

Surface Water: River_____ Lake_____ Stream_____ Impounding Res._____
Ground Water: Springs No._____ Shallow Wells No._____ Deep Wells No. 2

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Yr.	Taken Up During Yr.	Total	Close of Year
8	6,900	5,300	12,200	0	0	12,200	12,200
10	1,900	0	1,900	0	0	1,900	1,900
12	600	0	600	0	0	600	600
Total				0	0	14,700	14,700

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs 1 Capacity in Gallons 400,000
Number of Standpipes 0 Capacity in Gallons _____
Method of Purification None

SERVICES AND METERS

Services 1/2 in.	5/8 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.		

Meters									

NUMBER AND CLASSIFICATION OF CONSUMERS

Classification	-Beginning of Year- Metered	Unmetered	Total	-Close of Year- Metered	Unmetered	Total	Increase or Decrease
Residential	17	0	17	40	0	40	23
Commercial	2	1	3	2	1	3	0
Industrial	0	0	0	0	0	0	0
Fire Hydrants	0	13	13	0	21	21	8
Governmental	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0
Total	19	14	33	42	22	64	31

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year 5,462,714.8 gals.
Maximum Water obtained all methods during any one day 25,572.5 gals.
Minimum Amount of Water obtained all methods during one day 0 gals.
Total Amount of Water passed through customers meters during year _____ gals.
Range of ordinary pressure on mains 50 lbs. to 90 lbs.
Range of fire pressure in mains 40 lbs. to 80 lbs.

STATE OF MONTANA)
County of Missoula)

We, the undersigned, on our oath do severally say that the foregoing return the Phantom Hills Water Company, water utility, has been prepared under our direction from the original books, papers and records of said utility and declare the same to be a full, true and correct statement embracing all the financial transactions of said utility during the period for which the return is made.

Johanna Rosenmann

Amber Patterson

Subscribed and sworn to before me this 11th day of July, ~~19~~ 2006.

Valisa Pancake Valisa Pancake

Expires: December 5, 2007

VALISA PANCAKE
NOTARIAL
SEAL
STATE OF MONTANA