YEAR 2006 ~~RECEIVED BY~~

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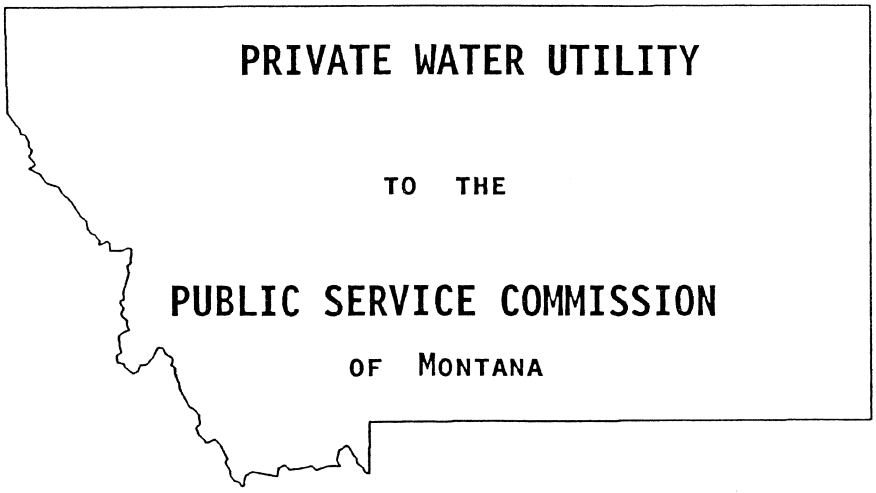
PUBLIC SERVICE COMMISSION

# ANNUAL REPORT

OF THE

NAME Fairmont Hot Springs Resort-Water

LOCATION Fairmont, Montana




FOR THE YEAR ENDING 12-31-2006

FORM NO. 402-A(12/88)

# REPORT OF

**Wilder Resorts, Inc. - Water Utility**
**DBA Fairmont Hot Springs Resort**
**1500 Fairmont Road, Anaconda, MT 59711**

For the Year Ended December 31, 2006

Date Utility Organized May 9, 2000

Telephone Number (406) 797-3241

Location where books are located Same address as above.

| | | **Contracts:** | |
|---|---|---|---|
| **Name** | **Title** | **Principal Business Address** | **Salary** |
| **Person to Send Correspondence:** | Ed Henrich, General Manager | 1500 Fairmont Road, Fairmont, MT 59711 | XXXXXXXXXXXXXX |
| **Person who prepared this report:** | Steve Luebeck, CPA Controller | 1500 Fairmont Road, Fairmont, MT 59711 | XXXXXXXXXXXXXX |
| **Officers and Managers:** | | | |
| Carol Seable | President | Same as above. | N/A |
| Ed Henrich | Secretary/Treasurer | Same as above. | $3,000.00 |
| Steve Luebeck | Controller | Same as above. | 3,548.61 |
| Vern Cook | Maintenance Director | Same as above. | 9,932.16 |
| | | | |

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

| **Name** | **Percent Ownership in Utility** | **Principal Business Address** | **Salary Charged Utility** |
|---|---|---|---|
| LMW Holding, US Ltd. | 100% | Same as above. | None |
| | | | |
| | | | |
| | | | |

**Wilder Resorts, Inc.**
**DBA Fairmont Hot Springs Resort**
**Water Division - Income Statement**
**For The Year Ended December 31, 2005**

| | Current Year | Previous Year |
|---|---|---|
| | 2006 | 2005 |
| | | |
| **GROSS REVENUE** | | |
| | | |
| **Metered** | | |
| Residential | $8,205 | $8,029 |
| Commercial | 72,974 | 102,933 |
| | | |
| **Unmetered** | | |
| | | |
| Residential | 0 | 0 |
| Commercial | 0 | 0 |
| | | |
| **TOTAL GROSS REVENUE** | $81,179 | $110,962 |
| **OPERATING EXPENSES** | | |
| | | |
| Operation and Maintenance Expense | $84,725 | $96,498 |
| Depreciation Expense | 20,647 | 18,760 |
| Taxes Other Than Income | 244 | 333 |
| Income Taxes | 50 | 50 |
| **TOTAL OPERATING EXPENSE** | $105,666 | $115,641 |
| | | |
| **TOTAL OPERATING INCOME OR LOSS** | ($24,487) | ($4,679) |
| **Other Income** | | |
| Non-utility Income | 0 | 0 |
| **Other Deductions** | | |
| Non-utility expense | 0 | 0 |
| Interest | 0 | 0 |
| | | |
| **NET INCOME (LOSS)** | ($24,487) | ($4,679) |

**Wilder Resorts, Inc.**
**DBA FAIRMONT HOT SPRINGS RESORT**
**COMPARATIVE BALANCE SHEET**
**DECEMBER 31, 2005 & 2006**

| | 2006 | 2005 |
|---|---|---|
| **Current assets** | | |
| Cash | $1,700,465 | $1,251,494 |
| Accounts receivable | 182,498 | 158,059 |
| Accounts receivable - water/sewer division | (393) | |
| Inventories | 199,315 | 187,645 |
| Prepaid expenses | 135,047 | 109,942 |
| **Total Current Assets** | $2,216,932 | $1,707,140 |
| **Property & equipment** | | |
| Land & land improvements | $339,247 | $339,247 |
| Buildings & improvements | 4,293,641 | 4,253,876 |
| Furniture & equipment | 4,104,781 | 3,623,101 |
| Water supply and distribution equipment | 225,935 | 217,538 |
| Sewer equipment | 0 | 0 |
| Construction in progress | 0 | 0 |
| Subtotal | $8,963,604 | $8,433,762 |
| Less: accumulated depreciation | 4,602,661 | (4,313,632) |
| **Net property and equipment** | $4,360,943 | $4,120,130 |
| **Intangible asset** | | |
| Rate Case - unamortized portion Water | 3,464 | 8,661 |
| Rate Case - unamortized portion Sewer | 2,766 | 6,086 |
| **Total intangible asset** | $6,230 | $14,747 |
| | | |
| **Long-term Investment** | $25,000 | $0 |
| | | |
| **Total assets** | $6,609,105 | $5,842,017 |
| **LIABILITIES AND STOCKHOLDERS EQUITY** | | |
| | | |
| **Current Liabilites** | | |
| Accounts payable | $589,738 | $215,883 |
| Accounts payable - water division | 0 | 3,100 |
| Accrued expenses | 414,306 | 421,791 |
| Total Current Liabilities | $1,004,044 | $640,774 |
| **Long-Term Liabilities** | | |
| Deferred income taxes | $109,826 | $127,343 |
| Total long-term liabilities | $109,826 | $127,343 |
| **Stockholders equity** | | |
| Common stock | $250,000 | $250,000 |
| Retained earnings - general | 5,206,436 | 4,767,373 |
| Retained earnings - water division | 280 | 24,767 |
| Retained earning - sewer division | 38,519 | 31,760 |
| Total Stockholders equity | $5,495,235 | $5,073,900 |
| **Total liabilities and stockholders equity** | $6,609,105 | $5,842,017 |

## Accumulated Depreciation and Amortization of Water Utility Plant

| Account 108 | Current Year | Previous Year |
|---|---|---|
| Balance First of Year | $142,072 | $123,312 |
| Credits During Year | 20,647 | 18,760 |
| Accruals Charged to Depreciation Acct. | 0 | 0 |
| Salvage | 0 | 0 |
| Other Credits (specify) | 0 | 0 |
| | | |
| Total Credits | $20,647 | $18,760 |
| Debits During Year | 0 | 0 |
| Book Cost of Plant Retired | 0 | 0 |
| Cost of Removal | 0 | 0 |
| Other Debits (Specify) | 0 | 0 |
| | | |
| Balance End of Year | $162,719 | $142,072 |

## 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 | Indicate Cash or Property |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| Total during year | | |

## Accumulated Deferred Income Taxes

| Description | | |
|---|---|---|
| Accumulated Deferred Income Taxes | N/A | N/A |
| Federal | N/A | N/A |
| State | N/A | N/A |
| | N/A | N/A |
| Total Accumulated Deferred Income Taxes | N/A | N/A |

## Capital Stock

| | Common Stock | Preferred Stock |
|---|---|---|
| Par or stated value per share | $500 | None |
| Shares authorized | 50,000 | |
| Shares issued and outstanding | 500 | |
| Total par value of stock issued | $250,000 | |
| Dividends declared per share for year | $0 | |
| | | |

## Retained Earnings - Water Division

| | Appropriated | Unappropriated |
|---|---|---|
| Balance first of year | None | $24,767 |
| Changes during year (Specify): | | |
| Net Income 2006 | | (24,487) |
| | | |
| Balance end of year | | $280 |
| | | |

## Proprietary Capital

| | Proprietor/Partner | Partner |
|---|---|---|
| Balance first of year | N/A | N/A |
| Changes during year (Specify): | | |
| | | |
| | | |
| Balance end of year | | |
| | | |

## Long Term Debt

| Description of obligation | Interest Rate / Pymts | Principal Per Balance Sheet Date |
|---|---|---|
| | N/A | None |
| | | |
| | | |
| | | |
| Total | None | None |

# Water Utility Plant Accounts

| Acct # | Account Name | Previous Year | Additions | Retirements | Current Year |
|---|---|---|---|---|---|
| 301 | Organization | $0 | $0 | $0 | $0 |
| 302 | Franchises | 0 | 0 | 0 | 0 |
| 303 | Land and Land Rights | 0 | 0 | 0 | 0 |
| 304 | Structures | 14,854 | 0 | 0 | 14,854 |
| 305 | Collecting and Impounding Reserviors | 0 | 0 | 0 | 0 |
| 306 | Lake, River and other Intakes | 0 | 0 | 0 | 0 |
| 307 | Wells and springs | 19,653 | 0 | 0 | 19,653 |
| 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 | 69,845 | 8,397 | 0 | 78,242 |
| 320 | Water Treatment Equipment | 3,761 | 0 | 0 | 3,761 |
| 330 | Distribution Reserviors and Standpipes | 0 | 0 | 0 | 0 |
| 331 | Transmission and Distribution Mains | 0 | 0 | 0 | 0 |
| 333 | Services | 0 | 0 | 0 | 0 |
| 334 | Meters and Meter Installations | 108,664 | 0 | 0 | 108,664 |
| 335 | Hydrants | 0 | 0 | 0 | 0 |
| 339 | Other Plant and Misc. Equipment * | 0 | 0 | 0 | 0 |
| 340 | Office Furniture | 0 | 0 | 0 | 0 |
| 341 | Transpation Equipment * | 0 | 0 | 0 | 0 |
| 342 | Stores Equipment | 0 | 0 | 0 | 0 |
| 343 | Tools, Shop and 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 Euipment | 760 | 0 | 0 | 760 |
| 348 | Other Tangible Plant | 0 | 0 | 0 | 0 |
| | | | | | |
| | **Total Water Plant** | $217,538 | $8,397 | $0 | $225,935 |
| | | | | | |

## ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

| Acct # | Account Name | Average Service Life In Years | Average Salvage In % | Depr. Rate Applied | Accumulated Depreciation Previous Year | Debits | Credits | Accumulated Depreciation End of Year |
|---|---|---|---|---|---|---|---|---|
| 304 | Structures | 18 | 0% | Straight Line | $11,968 | 0 | $127 | $12,095 |
| 305 | Collecting and Impounding Reserviors | | 0% | | 0 | 0 | 0 | 0 |
| 306 | Lake, River and other Intakes | | 0% | | 0 | 0 | 0 | 0 |
| 307 | Wells and springs | 11 | 0% | Straight Line | 10,255 | 0 | 1,428 | 11,682 |
| 308 | Infiltration Galleries and Tunnels | | 0% | | 0 | 0 | 0 | 0 |
| 309 | Supply Mains | | 0% | | 0 | 0 | 0 | 0 |
| 310 | Power Generation Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 311 | Pumping Equipment | 7 | 0% | Straight Line | 56,101 | 0 | 2,582 | 58,683 |
| 320 | Water Treatment Equipment | 10 | 0% | Straight Line | 911 | 0 | 904 | 1,815 |
| 330 | Distribution Reserviors and Standpipes | | 0% | | 0 | 0 | 0 | 0 |
| 331 | Transmission and Distribution Mains | | 0% | | 0 | 0 | 0 | 0 |
| 333 | Services | | 0% | | 0 | 0 | 0 | 0 |
| 334 | Meters and Meter Installations | 7 | 0% | Straight Line | 50,379 | 0 | 15,498 | 65,877 |
| 335 | Hydrants | | 0% | | 0 | 0 | 0 | 0 |
| 339 | Other Plant and Misc. Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 340 | Office Furniture | | 0% | | 0 | 0 | 0 | 0 |
| 341 | Transpation Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 342 | Stores Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 343 | Tools, Shop and Garage Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 344 | Laboratory Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 345 | Power Operated Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 346 | Communication Equipment | | 0% | | 0 | 0 | 0 | 0 |
| 347 | Miscellaneous Euipment | 7 | 0% | Straight Line | 480 | 0 | 109 | 588 |
| 348 | Other Tangible Plant | | 0% | | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| | **Total Water Plant** | | | | $130,094 | $0 | $20,647 | $150,741 |
| | | | | | | | | |

## WATER OPERATION AND MAINTENANCE EXPENSE

| Account Name | Amount |
|---|---|
| Salaries and Wages - Employees | $19,058 |
| Salaries and Wages - Officer | 1,200 |
| Employee Pension | 0 |
| Purchased Water | 0 |
| Purchased Power | 29,030 |
| Fuel For Power Production | 0 |
| Chemicals | 310 |
| Equipment Repair | 3,805 |
| Materials and Supplies | 1,324 |
| Outside Services | 5,441 |
| Rents | 1,350 |
| Rate Case Expense | 5,197 |
| Legal | 0 |
| Transportation Expense | 0 |
| Education | 910 |
| Water Quality Testing | 323 |
| Insurance Expense | 16,445 |
| Regulatory Commission Expense | 233 |
| Bad Debt Expense | 99 |
| Miscellaneouse Expense | |
| Total | $84,725 |
| | |

## 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 or organization of any kind whatever, amounting to $500 or more.

| Name of Recipient | Amount | Description of Service |
|---|---|---|
| Chamberlein Pump | $3,500 | Repairs to chlorination maze and cleaning well screens. |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total | $3,500 | |

## SOURCES OF WATER SUPPLY

Surface Water: River 0 Lake 0 Stream 0 Impounding Res. 0 .
Ground Water: Springs No. 0 Shallow Wells No. 0 Deep Wells 4

## SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

| Size (Inches) | First of Year | Laid During Year | Total | Abandoned During Year | Taken Up During Yr. | Total | Close of Year |
|---|---|---|---|---|---|---|---|
| 4 | 2,000 | 0 | 2,000 | 0 | 0 | 2,000 | 2,000 |
| 6 | 2,150 | 0 | 2,150 | 0 | 0 | 2,150 | 2,150 |
| 8 | 7,200 | 0 | 7,200 | 0 | 0 | 7,200 | 7,200 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| TOTAL | 11,350 | 0 | 11,350 | 0 | 0 | 11,350 | 11,350 |

## RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEMS

Number of Reservoirs 1 Capacity in Gallons 250,000
Number of Standpipes 0 Capacity in Gallons 0
Method of Purification Gas Chlorination.

## SERVICES AND METERS

| | 1/2 in. | 3/4 in. | 1 in. | 1 1/2 in. | 2 in. | 3 in. | 4 in. | 6 in. |
|---|---|---|---|---|---|---|---|---|
| **Services** | 0 | 72 | 0 | 0 | 0 | 2 | 2 | 7 |
| **Meters** | 0 | 69 | 0 | 0 | 2 | 2 | 1 | 6 |

## NUMBER AND CLASSIFICATION OF CONSUMERS

| | -Beginning of Year- | | | -End of Year- | | | |
|---|---|---|---|---|---|---|---|
| **Classification** | **Metered** | **Unmetered** | **Total** | **Metered** | **Unmetered** | **Total** | **Increase or Decrease** |
| Residential | 27 | 0 | 27 | 27 | 0 | 27 | 0.00 |
| Commercial | 3 | 0 | 3 | 3 | 0 | 3 | 0.00 |
| Industrial | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Fire Hydrants | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Governmental | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| All Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| TOTAL | 30 | 0 | 30 | 30 | 0 | 30 | 0.00 |

* This customer is only a customer of the sewer utility.

## TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year.
Maximum Water Obtained all methods during any one day.
Minimum Amount of Water obtained, all methods during one day.
Total Amount of Water passed through customers meters during year.
Range of ordinary pressure on mains 80 lbs. To 120 lbs.
Range of fire pressure on mains 40 lbs. To 80 lbs.

STATE OF MONTANA )
County of Silverbow )

We, the undersigned, on our oath do severally say that the foregoing return the Fairmont Water Utility, 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.

Steve Luebeck, Controller

Subscribed and sworn to before me this 27th day of April, 19 2007.

Vicky Toeher