PUBLIC SERVICE COMMISSION STATE OF MONTANA

Greg Jergeson, Chairman Brad Moinar, 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 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

RECEIVED BY 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

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

TABLE OF CONTENTS

SCHEDULE	PAGE	
Identification	2	
Income Statement	3	
Balance Sheet	4	
Contributions in Aid of Construction	5	
Accumulated Depreciation & Amortization of Utility Plant	5	
Capital Stock	6	
Retained Earnings	6	
Proprietary Capital	6	
Long Term Debt	6	
Water Utility Plant Accounts	7	
Analysis of Accumulated Depreciation by Primary Account	8	
Payments For Services Rendered By Other Than Employees	9	
Water Operation and Maintenance Expense	9	
Water Customers	10	
Operating Statistics	10	

REPORT OF

Phantom Hills Water Company

(Exact Name of Utility)

P	٠.	0	В	ΣC	1	66	53	C

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 ____lol_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 Sale of Materials	0	0
Other	0	0
	17,963	5,501
TOTAL GROSS REVENUE	177503	37301
Operation and Maintenance Expense	20.706	24 012
Схрепзе	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
Non-ounty income		
Other Deductions:		
Non-Utility Expenses	0	0
Interest Expense	119,134	52,618
NET INCOME (LOSS)	(217,891)	(128,692)
		1 120,002
	1	

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
Trepara expenses		O1
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	(345,581)	(128,692)
Retained Earnings Proprietary Capital	(343,381)	(128,692)
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 Other Liabilities (Specify)	0	0
Onto Ettomico (Optony)		
Advances for Construction	0	0
Contributions In Aid Of	0	0
Construction	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	O
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

Balance first of year	Proprietor or Partner O	Partner
Changes during year (specify):	0	
Balance end of year	0	<u>.</u>

LONG TERM DEBT

	Inte	rest	Principal Per Balance
Description of Obligation	Rate	Pymts	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
	<u> </u>		

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 Egipment	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	745,275

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

		348	347	346	345	344	343	342	341	340	339	335	334	333	331	330	320	311	310	309	308	307	306	305	304	ACCT.
	Totals	Other Tangible Plant	Miscellaneous Equipment	Communication Equipment	Power Operated Equipment	Laboratory Equipment	Tools, Shop & Garage Equipment	Stores Equipment	Transportation Equip.	Office Furniture and Equipment	Other Plant & Misc. Equip.	Hydrants	Meter & Meter Installation	Services	Trans. & Dist. Mains	Distribution Reservoirs & Standpipes	Water Treatment Equip.	Pumping Equipment	Power Generating Equip.	Supply Mains	Infiltrations Galleries & Tunnels	Wells and Springs	Lake River & Other Intakes	Collecting & Impounding Reservoirs	Structures & Improvements	ACCOUNT
		0	0	0	0	0	0	0	0	0	20	20	20	0	20	0	0	20	0	0	0	20	0	0	10	AVERAGE SERVICE LIFE IN YEARS
		0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %			0 %	0 %			0 %	0 %	0 %	ĺ	0 %		0 %	0 %	AVERAGE SALVAGE IN PERCENT
		0 %	0 %	0 %	0 %	0 %	0 %		0 %	0 %			0 %	0 %	0 %	0 %		0 %	0 %	0 %		0 %	0 %	0 %	0 %	DEPR. RATE APPLIED
	46,762	0	0	0	0	0	0	0	0	0	7,699	1,177	584	0	12,990	0	0	6,095	0	0	0	17,879	0	0	338	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	DEBITS
	0	0	0	0	0	0	0	0	0		, 31	2,043	1,054	0	32,805	0	0	9,751	0	0	0	28,794	0	0	1,158	CREDITS
	134,686	0	0	0	0	0	0	0	0		, 09	N,	1,638		45,795	0	-	15,846	0	0	0	46,673	0	0	1,496	ACCUMULATED DEPRECIATION BALANCE END OF YEAR

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

		l O None	Capacity in Ga Capacity in G					
		• . •	SER	VICES A	ND METE	ERS		
Services 1/2 in.	5/8 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	
Meters	N				No.			

NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	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		gals.
Total Amount of Water passed through customers meters during ye	ear	gals.
Range of ordinary pressure on mains 50 lbs. to 90	lbs.	
Range of fire pressure in mains 40 lbs. to 80 lbs	S. ·	

County of Missoula)
We the undergianed on our outh do governilly country to C
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.
Auber Pattuson
Subscribed and sworn to before me this day of, to 2006.
Valisi Pancal Valisa Pancake
Expires: December 5, 2007
*/ */

STATE OF MONTANA