YEAR 2006
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COMMISSION

ANNUAL REPORT

OF THE

NAME ROCKY CLIFF ESTATES WATER SYSTEM

LOCATION ROCKY CLIFF ESTATES SUBDIVISION

KALISPELL MONTANA

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING 12-31-2006

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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ROCKY CLIFF ESTATES WATER SYSTEM (Exact Name of Utility)

100 FINANCIAL DR STE 110 KALISPELL MT 59901 (Address) For Year Ended 12-31-2006 1-1-1005

Date Utility First Organized 6-2-2005

Telephone Number 406-755-2445

Location where books and records are located 100 FINANCIAL DR STE 110, KALISPELM

The second where books a	nd records are rocate	ed _////////////////////////////////////		
	Contracts:			
Name	Title	Principal Business Address	Salary	
TOHN SCHWARZ Person to send	PRESIDENT	100 FINANCIAL DR STE 110		
correspondence:		KALISPELL MT 59901	XXXXXXX	
REVIN FREY Person who prepared this report:	CONTROLLER	100 FINANCIAL DR STE 110		
and report.		KALISPELL MT 59901	XXXXXXX	
Officers & Managers:			\$	
JOHN SCHWARZ	PRESIDENT	100 FINANCIAL DR STEILO KALISPELL MT 59901	NONE FOR \$ UTILITY	
			\$	
			\$	
			\$	

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
JOHN SCHWARZ	100	100 FINANCIAL DR STEILO KALISPELL MT 59901	\$ NONE
			\$
			\$

INCOME STATEMENT

Account Name	Current Year 2004	Previous Year 2005
GROSS REVENUE:	2004	110,1003 1000 7,000 9
Metered		
Residential	24613	15100
Commercial		
Industrial Other		
Unmetered		
Residential		
Commerical		
Industrial		
Fire ProtectionBulk Sales		
Sale of Materials		
Other		
TOTAL GROSS REVENUE	24613	15100
Operation and Maintenance Expense	24980	19510
	27700	19538
Depreciation Expense		
Taxes Other Than Income		
Income Taxes		
Deferred Federal Income Taxes		\
Deferred State Income Taxes		
TOTAL OPERATING EXPENSE	24980	19538
NET OPERATING INCOME (LOSS)	< 347>	< 4438 >
Other Income:		
Non-Utility Income		
Other Deductions:		
Non-Utility Expenses Interest Expense		
interest Expense		
	10,7	/ 11/1/ 0.00
NET INCOME (LOSS)	(347)	< 4438>

COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR 2006	PREVIOUS YEAR 2005
Assets:		
Utility Plant In Service		
Accumulated Depreciation and Amortization		
Net Utility Plant	<17804>	< 11438>
Cash Customer Account Receivable	/1/00/1/	11938/
Other Assets (Specify) WATER SYSTEM	13000	7000
	(11000	(1111.00)
Total Assets	< 4805>	(4438)
Liabilities an Capital: Common Stock Issued Preferred Stock Issued		
Other Paid In Capital Retained Earnings	(4805)	< 4438>
Proprietary Capital		
Total Capital Long Term Debt Accounts Payable Notes Payable Customer Deposits Accrued Taxes Other Liabilities (Specify)	(4805)	(4438)
Advances for Construction Contributions In Aid Of Construction		
Total Liabilities and Capital	<4805>	(4438)

Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year 2006	Previous Year 2005
Balance First of Year		
Credits During Year		
Accruals Charged to Depreciation Account		
Salvage		
Other Credits (Specify)		
	A /	
Total Credits	Wo	
Debits During Year:	1.0	
Book Cost of Plant Retired	/ / /-	
Cost of Removal		
Other Debits (Specify)		
Balance End of Year		

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
	VE	
Total During Year		

ACCUMULATED DEFERRED INCOME TAXES

Description		Total
Accumulated Deferred Income Taxes:	. 1	
Federal	\wedge	
State	\sim	
Total Accumulated Deferred Income Taxes	NE	

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share		
Shares authorized	2	
Shares issued and outstanding	11-	
Total par value of stock issued	10/-	
Dividends declared per share for year		
	1	

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year Changes during year (Specify): LOSS FOR 2006	〈4438〉 〈367〉	
	3417	
Balance end of year	< 4805>	

PROPRIETARY CAPITAL

Balance first of year	Proprietor or Partner	Partner
Changes during year (specify):		
NONE		
Balance end of year		

LONG TERM DEBT

Description of Obligation	Inte	erest	Principal Per Balance Sheet Date
	Rate	Pymts	
NONE			
Total			

WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures and Improvements				
305	Collecting and Impounding Reservoirs				
306	Lake River and Other Intakes				
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes	A/a			
331	Tranmission and Distribution Mains	- $/V/)$			
333	Services	, 0	1/		
334	Meters and Meter Installations	•			
335	Hydrants				
339	Other Plant and Miscellaneous Egipment				
340	Office Furniture and Equipment				
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				1
	Total Water Plant				

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
																									AVERAGE SERVICE LIFE IN YEARS
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	AVERAGE SALVAGE IN PERCENT
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	DEPR. RATE APPLIED
												1/7-				<i>X</i> /									ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR
																									DEBITS
																									CREDITS
														MATA.											ACCUMULATED DEPRECIATION BALANCE END OF YEAR

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	
Salaries and Wages - Officers, Directors and Majority Stockholders	
Employee Pensions and Benefits	
Purchased Water	
Purchased Power	792
Fuel For Power Production	
Chemicals	
Materials and Supplies	8387
Contractual Services	11157
Rents	2250
Transportation Expense	
Insurance Expense	/533
Regulatory Commission Expense	
Bad Debt Expense	23
Miscellaneous Expense	838
Total	24980

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					
SCHWARZ CONST. INC. SW1SS LLC MONTANA ENVIRON. LAB.	7075 2500 1984	CLERKAL METER READ, MAINTENANCE WATER TESTING, SYS OPERATION WATER SAMPLE LAB ANALYSIS					

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
3"	5250 205		5250 205				5250 205
			·				
Total	5455		5455				5455

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Number of Method of I	Standpipes	N/A N/A N/A	Capacity in Ga Capacity in G					<u>-</u>	
		•, •	SER	VICES A	AND METI	ERS			
Services 1/2 in.	5/8 in.	1 in. 27	1 1/2 in.	2 in.	3 in.	4 in.	6 in.		
Meters		27							

NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential	14		14			27	13
Commercial Industrial							/5
Fire Hydrants							
Governmental							
All Other							
Total	14		14			27	13

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year 3 18000	gals.
Maximum Watay abtained all matheds during any survey.	gals.
Minimum Amount of Water obtained all methods during and day	gals.
Total Amount of Water passed through queternant material view	gals.
Range of ordinary pressure on mains 45 lbs. to 65 lbs.	94.0.
Range of fire pressure in mains N/A lbs. to N/A lbs.	

STATE OF MONTANA County of FLATHETAD	,
County of 1 277777 277	

We, the undersigned, on our oath do severally say that the foregoing return the ROCKY CLIFF ESTATES WATER SYSTEM, 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.

JOHÓ SCHWARZ, PRESIDENT

Subscribed and sworn to before me this 27TH _day of APRIL ,# 2007.

KEVIN A FREY
NOTARY PUBLIC FOR
THE STATE OF MONTANA

RESIDING AT KALISPELL MT

MY COMMISSION EXPIRES TUNE 23, 2010