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**YEAR** 2007

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# ANNUAL REPORT

OF THE

NAME FLATHEAD UTILITY COMPANY

LOCATION KALISPELL, MONTANA

# PRIVATE WATER UTILITY

TO THE

**PUBLIC SERVICE COMMISSION** 

OF MONTANA

FOR THE YEAR ENDING JANUARY 31, 2008

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#### **REPORT OF**

#### Flathead Utility Company

(Exact Name of Utility)

2191	3rd.	Ave.	Ε.,	Kalispell,	MT	59901

(Address)

(City, State, Zip Code)

For Year Ended 1/31/08

18

Date Utility First Organized \_2/7/79

Telephone Number <u>406-755-5392</u>

Location where books and records are located \_\_\_\_\_\_ 3rd. Ave. E., Kalispell, MT 59901

		Contracts:	
Name	Title	Principal Business Address	Salary
Person to send correspondence:	James J. Bill President	mayer 2191 3rd. Ave. E. Kalispell, MT 59901	XXXXXXX
Person who prepared this report:			XXXXXXX
Officers & Managers:	James J. Bill President	mayer 2191 3rd. Ave., E. Kalispell, MT 59901	\$ N/A
			\$
			\$
			\$
			\$

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
James J. Billma	<b>¬</b> i	2191 3rd. Ave. E. Kalispell, MT 59901	\$ n/a
			\$
			\$

#### **INCOME STATEMENT**

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential		
Commercial		
Industrial		
Other		
Unmetered		
Residential		<u> </u>
Commerical		
Industrial Fire Protection		
Bulk Sales		
Sale of Materials		
Other		
TOTAL GROSS REVENUE	87,449	87,578
Operation and Maintenance		
Expense	79,996	73,533
		· · · · · · · · · · · · · · · · · · ·
Depreciation Expense	2,311	7,668
Taxes Other Than Income	286	489
Income Taxes		
Deferred Federal Income Taxes		1
Deferred State Income Taxes		
TOTAL OPERATING EXPENSE	82,593	81,690
NET OPERATING INCOME (LOSS)	4,856	5,888
Other Income:		
		·
Non-Utility Income	17	-
Federal Excise Tax Refur	d 151	:
Other Deductions:		
Non-Utility Expenses	8,076 1,586	4,146
Interest Expense	1,300	1,681
NET INCOME (LOSS)	(4,638)	61
	<del> </del>	**************************************

# **COMPARATIVE BALANCE SHEET**

ACCONT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		:
Utility Plant In Service	202,465	195,443
Accumulated Depreciation and Amortization	68,902	66,591
Net Utility Plant Cash	5,342	975
Customer Account Receivable		
Other Assets (Specify)		
Total Assets	138,905	129,827
Liabilities an Capital:  Common Stock Issued	500	500
Preferred Stock Issued Other Paid In Capital Retained Earnings Proprietary Capital	(2,811)	1,827
Total Capital  Long Term Debt  Accounts Páyable	134,856	121,260
Notes Payable Customer Deposits Accrued Taxes	6,360	6,240
Other Liabilities (Specify)		
Advances for Construction Contributions In Aid Of Construction		
	128 005	120 027
Total Liabilities and Capital	138,905	129,827
	·	

#### **Accumulated Depreciation and Amortization of Utility Plant**

Account 108	Current Year	Previous Year
Balance First of Year	66,591	58,923
Credits During Year	2,311	7,668
Accruals Charged to Depreciation Account		
Salvage		
Other Credits (Specify)		
Total Credits		
Debits During Year:		
Book Cost of Plant Retired		:
Cost of Removal		
Other Debits (Specify)		
Balance End of Year	68,902	66,591

#### 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		:
	N/A	N/A

#### **ACCUMULATED DEFERRED INCOME TAXES**

Description	Total
Accumulated Deferred Income Taxes:	
Federal	N/A
State	N/A
Total Accumulated Deferred Income Taxes	N/A
*	N/A

# CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	10	
Shares authorized	50	
Shares issued and outstanding	50	:
Total par value of stock issued	500	
Dividends declared per share for year	N/A	
		` :

#### RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		1,827
Changes during year (Specify):		(4,638)
NET LOSS		
	•	
Balance end of year		(2,811)

#### PROPRIETARY CAPITAL

Balance first of year	Proprietor or Partner	Partner
Changes during year (specify):		
:		
Balance end of year	N/A	N/A

#### LONG TERM DEBT

	Inte	eřest	Principal Per Balance
Description of Obligation Escrow Service - 8756-07	Rate	Pymts	Sheet Date
	88	1,009	10,927
James J. Billmayer Customer Deposits		ious	123,929
Customer Deposits	6%		6,360
Total			141,216
			•

# 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	7,284			7,284
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Tranmission and Distribution Mains			:	
333	Services				
334	Meters and Meter Installations	1,310			1,310
335	Hydrants				
339	Other Plant and Miscellaneous				
	Eqipment	25,219 11,401	4,333		29,552 11,401
340	Office Furniture and Equipment	11;401		1	11,401
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment	8,247	2,333		10,580
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment	15,422			15,422
348		26,560			126,560
	Total Water Plant	195,443	6,666		202,109
			<u> </u>		

# 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
66,591														SEE ATTACHED											ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR
							-							TIST		1									DEBITS
2,311																									CREDITS
68,902									***************************************								-								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	9,164
Fuel For Power Production	
Chemicals	
Materials and Supplies	5,380
Contractual Services	35,529
Rents	24,180
Transportation Expense	:
Insurance Expense	
Regulatory Commission Expense	
Bad Debt Expense	
Miscellaneous Expense	5,743
Total	79,996
	- 1

#### 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
		N/A

#### **SOURCES OF WATER SUPPLY**

Surface Water:	River	Lake	Stream	Impounding Res
Ground Water:	Springs No.	Shallor	w Wells No.	Deen Wells No

# 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
Total							

# RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Number of Method of I	Standpipes ]		Capacity in Ga Capacity in G					 -
		• • • •	SER	VICES A	ND METI	ERS		
Services 1/2 in.	3/4 <b>5/8</b> in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	
Meters	211	56						

#### NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential	264		264	267		267	. 3
Commercial Industrial							
Fire Hydrants							
Governmental							
All Other					·		
Total	264		264	267		267	3

#### TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year		57,591,069	gals.
Maximum Water obtained all methods during any one day		502,753	
Minimum Amount of Water obtained all methods during one day		36,199	gals.
Total Amount of Water passed through customers meters during year.		57,591,069	
Range of ordinary pressure on mains, 50-60 lbs. to 75-80	lbs.		•
Range of fire pressure in mains $\frac{n/a}{a}$ lbs. to $\frac{n/a}{a}$ lbs.	v •		

RATES/CUSTOMERS	Feb-07	Mar-07	Apr-07	May-07	/0-unc	/0-Inc	/0-gny	2eb-07	Oct-07	10-voN	/0-oed	Jan-08
3/4" Country Estates Winter Rate # 1	124	124	125	127	127				128	126	126	126
1" Country Estates Winter Rate # 3	54	54	53	54	29				29	54	54	54
3/4" Country Estates Summer Rate # 2						128	128	128				
1" Country Estates Summer Rate # 4						62	09	29	٠			
3/4" Hilltop Terrace Winter Rate # 5	85	85	82	85	85				85	85	85	85
3/4" Hilltop Terrace Summer Rate # 6				:		98	98	82				
1" Hilltop Terrace Winter Rate # 7	0	0							8	2	2	2
1" Hilltop Terrace Summer Rate # 8						_	-	5				······································
Monthly Totals	263	263	263	266	271	277	275	274	274	267	267	267
RATES/GALLONS	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
3/4" Country Estates Winter Rate # 1	529,093	499,650	522,610	709,750	2,450,870		•		3,280,320	800,008	477,960	514,620
1" Country Estates Winter Kate # 3 3/4" Country Estates Summer Date # 2	246,840	206,400	224,000	317,300	1,518,258	7 853 860	0200000	007 252 9	2,681,920	488,900	215,500	218,500
1" Country Estates Summer Rate # 4				:		4,033,000 2.894,220	4.924.600	4.726.950				
3/4" Hilltop Terrace Winter Rate # 5	467,700	418,200	426,600	477,100	752,198				000,699	482,810	425,600	409,400
3/4" Hilltop Terrace Summer Rate # 6						1,304,600	2,705,500	1,184,200				
3/4" Hilltop Terrace Summer Rate #6 Billing Error Adjustment	lling Error Adju:	stment					(300,000)					
1" Hilltop Terrace Winter Rate # 7	•					:			4,300	2,500	3,100	2,500
1" Hilltop Terrace Summer Rate # 8 Monthly Totals	1,243,633	1,124,250	1,173,210	1,504,150	4,721,326	2,500 <b>8.854,980</b>	26,900 <b>15,585,370</b>	25,500 <b>12,704,140</b>	6.635.540	1.774.290	1.122.160	1.148.020
				•								
rear to Date Totals												
57,591,069	on.											:
									•			:
BILLED TO ACCOUNT										÷		
3/4" Country Estates Winter Rate # 1	\$2,000.07	\$1,965.34	\$1,997.45	\$2,221.20	\$3,712.76				\$4,388.99	\$2,283.76	\$1,989.55	\$2,013.30
1" Country Estates Winter Rate # 3	\$1,102.25	\$1,066.85	\$1,066.10	\$1,178.91	\$2,267.20				\$3,081.56	\$1,319.06	\$1,067.45	\$1,069.05
3/4" Country Estates Summer Rate #2						\$4,566.75	\$6,888.36	\$5,941.07				
1" Country Estates Summer Rate # 4						\$2,866.67	\$4,132.05	\$4,018.36				
3/4" Hilltop Terrace Winter Rate # 5	\$1,507.45	\$1,444.70	\$1,442.35	\$1,513.90	\$1,892.95		,	-	\$1,818.95	\$1,522.25	\$1,458.80	\$1,450.90
3/4" Hilltop Terrace Summer Rate # 6	0	0		(		\$2,186.00	\$3,585.80	\$2,092.40	1		1	
1" Hillop Lerrace Winter Kate # /	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			: : : :	\$38.00	\$38.00	\$38.00	\$38.00
I'' Hillop   errace Summer Kate # 8   Monthly Totals	\$4,609.77	\$4,476.89	\$4,505.90	\$4,914.01	\$7,872.91	\$19.00 <b>\$9,638.42</b>	\$40.90 \$14,647.11	\$56.00 <b>\$12,107.83</b>	\$9,327.50	\$5,163.07	\$4,553.80	\$4,571.25
Year to Date Totals										:		
							:					:
\$86,388.46												<del>-</del>
-244.13 \$86.144.33	-244.13 Other Charges & Adjustments	s & Adjustment	S		: : : : : : : : : : : : : : : : : : : :							
72:-						***************************************						

1/31/08			2007	Fede	ral D	)epre	2007 Federal Depreciation Schedule	n Sch	edule					Page 1
Client 2009					LATH	EAD U	FLATHEAD UTILITY CO	ö						81-0384344
2/14/08														02:36PM
_No	Date Acquired	Date Sold	Cast/ F	C Bus. 1 Pct. Bo	Cur \$	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr	Prior Dec. Bal.	Salvage /Basis Reductn	Depr. Basis	Prior Depr	Method	life Rafe	0
Form 1120														1
Furniture and Fixtures														
3 2 AIR CONDITIONERS	7/22/05		500				500			⊃		200DB H.		0
12 HP LASER JET PRINTER	7/24/00	ı	1,313							1,313	1,254	200DB HY	7 7	59
Total Furniture and Fixtures			1,813		0	0	500	0	0	1,313	1,254			59
Land														
19 WATER SYSTEM LAND	4/15/87		40,000							<b>4</b> 0.000				<b>&gt;</b>
22 LAND	1/12/84		<b>4</b> ,350							4,350				D (
34 HILLTOP WATER SYSTEM	5/15/96		720							720				O (
35 HILLTOP WATER SYSTEM	5/14/96		720							720				0
36 HILLTOP WATER SYSTEM	5/15/96		720							720				0
37 HILLTOP WATER SYSTEM	5/14/96		720							720				0
38 HILLTOP WATER SYSTEM	5/15/96		720							720				0
39 HILLTOP WATER SYSTEM	5/14/96		720							720				0
40 HILLTOP WATER SYSTEM	5/15/96		720							720				0
41 HILLTOP WATER SYSTEM	5/14/96		2,160							2,160				0
42 WATER SYSTEM	2/01/96		30,000							30,000				0
43 WATER SYSTEM	6/30/96		5,950							5,950				0
48 HILLTOP WATER SYSTEM	11/15/97		8,184							8,184				0
49 HILLTOP WATER SYSTEM	11/15/97.		3,508							3,508				0
	10/23/01		2,338							2,338				0
53 COUNTRY ESTATES LOTS	10/23/02		2,338							2,338				0
	11/03/04		2,338							2,338				0
60 COUNTRY ESTATE LOTS	10/02/06		2,338							2,338				0

1/31/08		2007 Fed	2007 Federal Depreciation Schedule	le		P	Page 2
Client 2009			FLATHEAD UTILITY CO			81-0	81-0384344
2/14/08							02:36PM
No. Description	Date C	Date Cost/ Bus. SoldBasisPct	Cur Special Prior Prior Salvage 179 Depr. Bonus/ Dec. Bal. /Basis Bonus/ Depr. Reducth	je s Depr. th Basis	Prior Perior Method	life Rate	Current
COLINITRY FO					Mellialki	Dale -	Dept.
	10/23/03	2,338		2,338			0
63 HILLIOP WAILR SYSTEM	3/09/01	7,015		7,015			0
64 ASHLEY TRAIL - NEW POWER	2/15/07	8,661		8,661	150DB HY	15 .10000	433
Total Land		126,558	0 0 0 0	0 126.558	0	-	A22
Machinery and Equipment							,
1 LAWN MOWER	5/13/05	590	590	0	200Dв ну	7	<b>-</b>
2 LAWN MOWER	5/27/05	373	373	0	200DB HY	7	0
4 WHACKER	8/15/05	3,150	3,150	0	200DB HY	7	0
5 TOOLS	6/30/04	2,245		2,245	1,264 200DB HY	7 .28570	280
6 HONDA GENERATOR	11/18/04	1,093		1,093		7 .28570	137
7 BUCKET	11/11/04	382		382		7 .28570	48
8 VACUUM	10/04/04	366		366		7 .28570	46
9 VACCUM (NEW)	7/27/02	208	62	146		7 .40000	ಪ
10 PUMP-COUNTRY ESTATES	10/19/01	3,975	1,192	2,783		7 .66670	249
11 PAINT SPRAYER	11/23/00	949		949		7	43
13 METERS	6/15/96	343	343	0		7	0
15 PLANER	1/11/07	233	233	0	200DB HY	7	0
16 CGA-5-PIDN NG BOILER W/DRA	2/07/06	1,535	1,535	0	200DB HY	7	0
17 INDICATOR/CONTROLLER	12/01/06	4,722	4,722	0	200DB HY	7	0
20 LADDER	3/31/92	269		269	269 200DB HY	7	0
21 ELECTRIC PRESSER CONTROL	1/31/93	2,957		2,957		7	0
23 HAMMER DRILL	11/04/94	225	225	0		7	0
24 HAND TOOL	12/16/94	210	210	0	200DB HY	7	0
25 MICROM COMPUTER	2/28/95	308	308	0	200DB HY	7	0
26 CUT OFF SAW	7/06/95	908	908	0	200DB HY	7	0

1/31/08			2007	Feder	al Dep	2007 Federal Depreciation Sch	on So	hedule	(D				Page 3
Client 2009				7	ATHEA	FLATHEAD UTILITY CO	CO					œ	81-0384344
2/14/08													02:36PM
No. Description	Date Acquired	Date Sold	Cost/ Basis	Cur Bus. 179 Pct. Bonus	Special Depr. Allow	Prior 179/ Bonus/	Prior / Dec. Bal. Debr.	or Salvage Bal. /Basis Reductn	Depr. Basis	Prior Denr	Method	Tife Pate	Current Denr
27 PRESSURE TANK	10/15/95		195				95					1	0
28 REGULATOR/METERS	11/15/95		278				278		0 (		200DB HY	7	<b>¬</b>
29 EQUIPMENT	1/15/96		1,253			_	1,253		0		200DB HY	7	0 (
30 METERS	6/15/96		264				264		0		200DB HY	7	0 (
31 AIR COMPRESSOR	5/15/96		465				465		0		200DB HY	7	0
32 2 PUMPS	5/15/96		1,535			_	1,535		0		200DB HY	7	0
33 TOOLS	10/15/96		734				734		0		200D8 HY	7	0
44 GRINDER	6/15/97		205				205		0		200DB HY	.7	0
45 TRACTOR ATTACHMENT	8/15/97		430				430		0		200DB HY	7	0
46 HARD DRIVE	10/15/97		129				129		0		200DB HY	σı ·	0 -
47 WATER SOFTNER	11/15/97		789				789		0		200DB HY	7	0
50 CABINETS	7/17/98		1,140				1,140		0		200DB HY	7	0
51 GATEWAY COMPUTER & SOFTWA	9/21/99		2,568			2	2,568		0		200DB HY	ഗ	0
54 AIR COMPRESSOR	9/26/03		275				275		0		200DB HY	7	0
55 AUGER	4/01/03		1,375				1,375		0		200DB HY	7	0
56 INDICATOR/CONTROLLER	6/04/03		4,448			.4	4,448		0		200DB HY	7	0
57 BLADE & SAFETY SHIELD	6/06/03		121				121		0		200DB HY	7	0
58 HEATER & THERMOSTAT	11/25/03		626				626		0		200DB HY	7	0
62 STARTER	5/15/96		552				552		0		200D8 HY	7	0
65 DIGITAL PRESSURE GAGE	8/06/07		377						377		200DB HY	7 .28570	54
66 HANK BLOWER	10/23/07		227						227		200DB HY	7 .28570	32
67 TRAILER RF7142 7'X14"	3/08/07		4,333						4,333		200DB HY	7 .28570	619
68 MILLERMATIC 252	1/22/08	1	2,084		***************************************				2,084		200DB HY	7 .28570	298
Total Machinery and Equipment			49,444		0	0 31,	31,233	0 0	18,211	8,954			1.819

1/31/08		2007 F	2007 Federal Depreciation Schedule	reciation	Schedule				Page 4
Client 2009			FLATHEAD	FLATHEAD UTILITY CO				œ	81-0384344
2/14/08  No. Description	Date Date Acquired Sold	Cost/ Bus. Basis Pct		Prior 179/ Bonus/ [	Prior Salvage Dec. Bal. /Basis Deor Reducti	Depr.	Prior	life Date	02:36PM
scellaneous						Linde		- Menning - Life - Dole -	L/Gpi.
18 WATER SYSTEM	10/12/84	24,650				24,650	24,650	S/L 7	0
Total Miscelfaneous		24,650	0	0 0	0 0	24,650	24,650		0
Total Depreciation		202,465	0	0 31,733	0 0	170,732	34,858	g.	2,311
Grand Total Depreciation		202,465	0	0 31,733	0 0	170,732	34,858		2,311

STATE OF MONTANA ) County of Flathead )
We, the undersigned, on our oath do severally say that the foregoing return the Flathead Utility 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.
J. J. Billmayer, President
Subscribed and sworn to before me this
State Of Montana  Residing at Kalispell  My Commissions Expires  October 9, 2011