

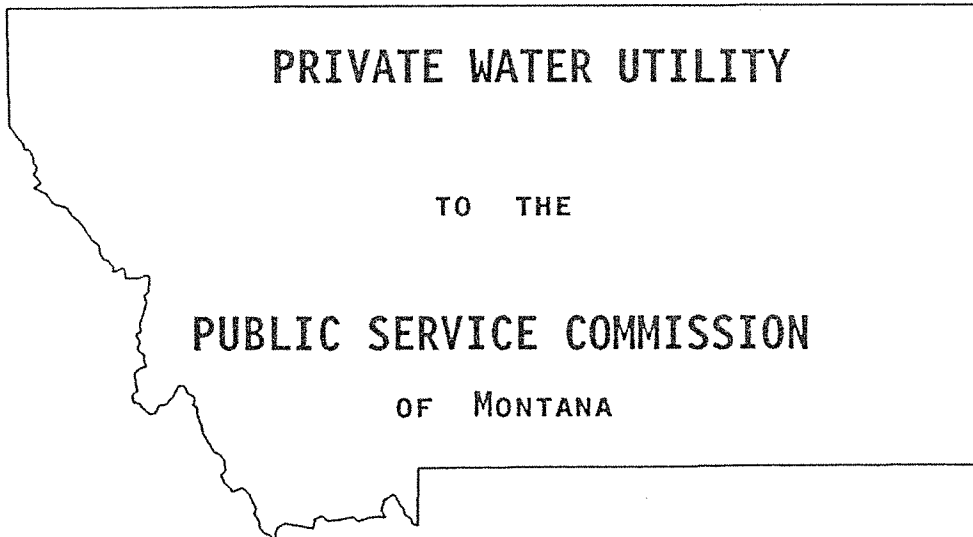
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT

of the

NAME FLATHEAD UTILITY COMPANY

LOCATION KALISPELL, MONTANA



FOR THE YEAR ENDING 31-Jan-12

Table of Contents

SCHEDULE	PAGE
Identification	2
Income Statement	3
Balance Sheet	4
Contributions in Aid of Construction	5
Accumulated Depreciation and Amortization of Utility Plant	6
Capital Stock	6
Retained Earnings	6
Proprietary Capital	6
Long Term Debt	6
Water Utility Plant Accounts	7
Analysis of Accumulated Deprecation 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

FLATHEAD UTILITY COMPANY

2191 3RD AVE. EAST,
(address)

KALISPELL, MT 59901
(city, state, zip code)

For Year Ended 1/31/2012

Date Utility First Organized 2/7/1979

Telephone Number 406-755-5392

Location of books and records 2191 3RD. AVE. EAST, KALISPELL, MT 59901

Contacts

Name	Title	Principal Business Address	Salary
Person to send correspondence:	James J. Billmayer President	2191 3rd Ave. East Kalispell, MT 59901	
Person who prepared this report:			
Officers and Managers:	James J. Billmayer President	2191 3rd Ave. East Kalispell, MT 59901	N/A

Ownership

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

Name	Percent Ownership in Utility	Principle Business Address	Amt Pd by Utility
James J. Billmayer	100%	2191 3rd. Ave. East Kalispell, MT 59901	N/A

INCOME STATEMENT		
ACCOUNT NAME	Current Year	Previous Year
OPERATING REVENUE:		
Metered		
Residential		
Commercial		
Industrial		
Other		
Unmetered		
Residential		
Commercial		
Industrial		
Fire Protection		
Bulk Sales		
Sale of Materials		
Other		
TOTAL OPERATING REVENUE:	\$ 76,269.00	\$ 80,016.00
OPERATING EXPENSES:		
Operation and Maintenance Expense	62,913.00	69,364.00
Depreciation Expense	3,090.00	3,084.00
Taxes Other than Income	675.00	824.00
Deferred Federal Income Taxes	279.00	
Deferred State Income Taxes	146.00	
TOTAL OPERATING EXPENSES	\$ 67,103.00	\$ 73,272.00
NET INCOME (LOSS) from OPERATIONS	\$ 9,166.00	\$ 6,744.00
Other Income:		
Non Utility Income		
Interest	4.00	
Federal Excise Tax Refund		
TOTAL OTHER INCOME	\$ 4.00	\$ -
Other Deductions:		
Non-Utility Expenses	5,810.00	7,727.00
Interest Expense	94.00	783.00
TOTAL OTHER DEDUCTIONS	\$ 5,904.00	\$ 8,510.00
NET INCOME (LOSS)	\$ 3,266.00	\$ (1,766.00)

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Current Year	Previous Year
ASSETS:		
Utility Plant in Service	210,510.00	210,510.00
Less: Accumulated Deprec. & Amort.	81,450.00	78,361.00
NET UTILITY PLANT	\$ 129,060.00	\$ 132,149.00
Cash	2,257.00	142.00
Customer Accounts Receivable		
Other Assets (Specify)		
TOTAL ASSETS OTHER THAN UTILITY PLANT	\$ 2,257.00	\$ 142.00
TOTAL ASSETS	\$ 131,317.00	\$ 132,291.00
LIABILITIES AND CAPITAL		
CAPITAL		
Common Stock Issued	500.00	500.00
Preferred Stock Issued		
Other Paid in Capital		
Retained Earnings	3,760.00	494.00
Proprietary Capital		
TOTAL CAPITAL	\$ 4,260.00	\$ 994.00
LIABILITIES		
Long Term Debt	107,387.00	118,982.00
Accounts Payable		
Notes Payable	12,588.00	
Customer Deposits	6,657.00	6,480.00
Accrued Taxes		
Other Liabilities (Specify)		
Checking Account	-	5,835.00
Corporate Taxes Payable	425.00	
Advances for Construction		
Contributions in aid of Construction		
TOTAL LIABILITIES	\$ 127,057.00	\$ 131,297.00
TOTAL LIABILITIES AND CAPITAL	\$ 131,317.00	\$ 132,291.00

Accumulated Depreciation and Amortization of Utility Plant		
ACCOUNT 108	Current Year	Previous Year
Balance at First of Year	78,360.00	75,276.00
Credits During the Year:	3,090.00	3,084.00
Accruals Charged to Depreciation Account		
Salvage		
Other Credits (Specify):		
Total Credits	\$ 81,450.00	\$ 78,360.00
Debits During the Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify):		
Total Debits	\$ -	\$ -
Balance at End of Year	\$ 81,450.00	\$ 78,360.00

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		Amount
	Cash	Property	
	N/A	N/A	N/A
TOTAL DURING THE YEAR			N/A

Accumulated Deferred Income Taxes	
Description	Amount
Accumulated Deferred Income Taxes	
Federal	
State	
Total Accumulated Deferred Income Taxes	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 at first of year		494
Changes during year:		
Net Income (loss)		3266
Dividends		
Other (Specify):		
Balance end of year		3760

Proprietary Capital		
	Proprietor or Partner	Partner
Balance at first of year		
Changes during year (Specify):		
Balance at end of year	N/A	N/A

Long Term Debt			
Description of Obligation	Interest Rate	Payment	Principal at Balance Sheet Date
Escrow Service - JJB - 8756-07	8%		12,588.00
James J. Billmayer		Various	96,759.00
Customer Deposits	6%		6,657.00
Billmayer & Hafferman			10,628.00
Total		\$ -	\$ 126,632.00

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	7,284.00			7,284.00
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains				
333	Services				
334	Meters and Meter Installations	1,310.00			1,310.00
335	Hydrants				
339	Other Plant and Misc. Equipment	29,552.00			29,552.00
340	Office Furniture and Equipment	11,401.00			11,401.00
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment	10,580.00			10,580.00
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment	23,823.00			23,823.00
348	Other Tangible Plant	126,560.00			126,560.00
Total Water Plant		\$ 210,510.00	\$ -	\$ -	\$ 210,510.00

Analysis of Accumulated Depreciation by Primary Account								
Acct No.	Account	Average Service Life in Years	Average Salvage Value in Percent	Depr. Rate Applied	Accumulated Depreciation Beginning of Year	Debits	Credits	Accumulated Depreciation End of Year
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							
331	Transmission and Distribution Mains				SEE ATTACHED			
333	Services							
334	Meters and Meter Installations							
335	Hydrants							
339	Other Plant and Misc. Equipment							
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							
TOTAL					\$ -	\$ -	\$ -	\$ -

1/31/12

2011 Federal Depreciation Schedule

Page 1

Client 11318

FLATHEAD UTILITY CO

81-0384344

3/05/12

11:48AM

No.	Description	Date Acquired	Date Sold	Bus. Pct.	Cost/ Basis	Cur 179 Bonus	Special Dep. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn.	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
Form 1120																
Furniture and Fixtures																
3	2 AIR CONDITIONERS	7/22/05			500				500		0		200DB HY	7		0
12	HP LASER JET PRINTER	7/24/00			1,313						1,313	1,313	200DB HY	7		0
Total Furniture and Fixtures																
					1,813	0	0	0	500	0	1,313	1,313				0
Land																
18	WATER SYSTEM LAND	4/15/87			40,000						40,000					0
21	LAND	1/12/84			4,350						4,350					0
33	HILLTOP WATER SYSTEM	5/15/96			720						720					0
34	HILLTOP WATER SYSTEM	5/14/96			720						720					0
35	HILLTOP WATER SYSTEM	5/15/96			720						720					0
36	HILLTOP WATER SYSTEM	5/14/96			720						720					0
37	HILLTOP WATER SYSTEM	5/15/96			720						720					0
38	HILLTOP WATER SYSTEM	5/14/96			720						720					0
39	HILLTOP WATER SYSTEM	5/15/96			720						720					0
40	HILLTOP WATER SYSTEM	5/14/96			2,160						2,160					0
41	WATER SYSTEM	2/01/96			30,000						30,000					0
42	WATER SYSTEM	6/30/96			5,950						5,950					0
47	HILLTOP WATER SYSTEM	11/15/97			8,184						8,184					0
48	HILLTOP WATER SYSTEM	11/15/97			3,508						3,508					0
51	HILLTOP WATER SYSTEM	10/23/01			2,338						2,338					0
52	COUNTRY ESTATES LOTS	10/23/02			2,338						2,338					0
58	COUNTRY ESTATE LOTS	11/03/04			2,338						2,338					0
59	COUNTRY ESTATE LOTS	10/02/06			2,338						2,338					0

1/31/12

2011 Federal Depreciation Schedule

Page 2

Client 11318

FLATHEAD UTILITY CO

81-0384344

3/05/12

11:48AM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn.	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
60	COUNTRY ESTATE LOTS	10/23/03		2,338							2,338					0
62	HILLTOP WATER SYSTEM	3/09/01		7,015							7,015					0
63	ASHLEY TRAIL - NEW POWER	2/15/07		8,661							8,661	2,663	150DB HY	15	.10000	600
Total Land				126,558		0	0	0	0	0	126,558	2,663				600
Machinery and Equipment																
1	LAWN MOWER	5/13/05		590				590			0		200DB HY	7		0
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	2,145	200DB HY	7		100
6	HONDA GENERATOR	11/18/04		1,093							1,093	1,044	200DB HY	7		49
7	BUCKET	11/11/04		382							382	365	200DB HY	7		17
8	VACUUM	10/04/04		366							366	350	200DB HY	7		16
9	VACCUM (NEW)	7/27/02		208				62			146	146	200DB HY	7		0
10	PUMP-COUNTRY ESTATES	10/19/01		3,975				1,192			2,783	2,783	200DB HY	7		0
11	PAINT SPRAYER	11/23/00		949							949	949	200DB HY	7		0
13	METERS	6/15/96		343				343			0		200DB HY	7		0
14	PLANER	1/11/07		233				233			0		200DB HY	7		0
15	CGA-5-PIDN NG BOILER W/DRA	2/07/06		1,535				1,535			0		200DB HY	7		0
16	INDICATOR/CONTROLLER	12/01/06		4,722				4,722			0		200DB HY	7		0
19	LADDER	3/31/92		269							269	269	200DB HY	7		0
20	ELECTRIC PRESSER CONTROL	1/31/93		2,957							2,957	2,957	200DB HY	7		0
22	HAMMER DRILL	11/04/94		225				225			0		200DB HY	7		0
23	HAND TOOL	12/16/94		210				210			0		200DB HY	7		0
24	MICROM COMPUTER	2/28/95		308				308			0		200DB HY	7		0
25	CUT OFF SAW	7/06/95		908				908			0		200DB HY	7		0

1/31/12

2011 Federal Depreciation Schedule

Page 4

Client 11318

FLATHEAD UTILITY CO

81-0384344

3/05/12

11:48AM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Dep. Allow.	Prior 179/ Bonus/ Sp. Dep.	Prior Dec. Bal. Dep.	Salvage /Basis Reductn.	Dep. Basis	Prior Dep.	Method	Life	Rate	Current Dep.
Miscellaneous																
17	WATER SYSTEM	10/12/84		24,650							24,650	24,650	S/L	7		0
Total Miscellaneous																
				24,650		0	0	0	0	0	24,650	24,650				0
Total Depreciation																
				210,510		0	0	31,973	0	0	178,537	46,388				3,089
Grand Total Depreciation																
				210,510		0	0	31,973	0	0	178,537	46,388				3,089

Water Operation and Maintenance Expense

Account Name	Amount
Salaries and Wages - Employees	
Salaries and Wages - Officers, Directors and Majority Stockholders	
Employee Pension and Benefits	
Purchased Water	
Purchased Power	7,122.00
Fuel for Power Production	
Chemicals	
Materials and Supplies	10,975.00
Contractual Services	7,105.00
Rents	14,400.00
Transportation Expense	
Insurance Expense	840.00
Regulatory Commission Expense	
Bad Debt Expense	
Miscellaneous Expense	14,313.00
TOTAL	\$ 54,755.00

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 of 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.

[illegible]

RATES/CUSTOMERS	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
3/4" Country Estates Winter Rate # 1	122	121	121	121	123	272			128	128	128	128
1" Country Estates Winter Rate # 3	58	58	58	58	62				59	59	59	59
3/4" Country Estates Summer Rate # 2							126	127				
1" Country Estates Summer Rate # 4							59	59				
3/4" Hilltop Terrace Winter Rate # 5	85	85	85	85	85				85	85	84	84
3/4" Hilltop Terrace Summer Rate # 6							85					
1" Hilltop Terrace Winter Rate # 7	2	2	2	2	2				2	2	2	2
1" Hilltop Terrace Summer Rate # 8												
Monthly Totals	267	266	266	266	272	272	272	273	274	274	273	273
Year to Date Totals												
3,248												
RATES/GALLONS												
3/4" Country Estates Winter Rate # 1	483,460	439,620	484,320	474,370	976,500	2,387,870			4,564,540	1,083,030	488,520	507,340
1" Country Estates Winter Rate # 3	249,800	337,500	257,500	234,300	743,300				3,084,700	691,300	470,200	258,300
3/4" Country Estates Summer Rate # 2												
1" Country Estates Summer Rate # 4												
3/4" Hilltop Terrace Winter Rate # 5	394,500	313,100	603,000	453,200	407,500	497,500	4,824,380	6,897,710				
3/4" Hilltop Terrace Summer Rate # 6							3,168,200	4,026,800				
1" Hilltop Terrace Winter Rate # 7	4,600	3,400	4,200	5,000	6,300		960,400	1,576,306				
1" Hilltop Terrace Summer Rate # 8							28,100	98,300	53,800	17,000	8,100	19,300
Monthly Totals	1,132,360	1,093,620	1,349,020	1,166,870	2,133,600	2,885,370	8,981,080	12,599,116	8,601,934	2,207,430	1,377,220	1,165,640
Year to Date Totals												
44,693,260												
BILLED TO ACCOUNT												
3/4" Country Estates Winter Rate # 1	1939.35	\$1,896.40	\$1,934.03	\$1,923.30	\$2,444.16	\$8,303.49			\$3,924.26	\$2,585.59	\$2,047.95	\$2,069.26
1" Country Estates Winter Rate # 3	1176.46	\$1,231.39	\$1,179.24	\$1,155.60	\$1,676.30				\$3,653.95	\$1,573.92	\$1,345.10	\$1,205.10
3/4" Country Estates Summer Rate # 2							\$4,669.99	\$3,527.36				
1" Country Estates Summer Rate # 4							\$2,991.82	\$3,296.94				
3/4" Hilltop Terrace Winter Rate # 5	1431.30	\$1,345.70	\$1,641.45	\$1,484.40	\$1,448.25	\$2,287.01	\$1,885.90	\$2,221.68	\$2,156.77	\$1,473.60	\$1,451.75	\$1,427.85
3/4" Hilltop Terrace Summer Rate # 6												
1" Hilltop Terrace Winter Rate # 7	38.00	\$38.00	\$38.00	\$38.00	\$38.00		\$56.60	\$165.15	\$92.10	\$51.15	\$40.40	\$56.85
1" Hilltop Terrace Summer Rate # 8												
Monthly Totals	\$4,585.11	\$4,511.49	\$4,792.72	\$4,601.30	\$5,606.71	\$10,590.50	\$9,604.31	\$9,211.13	\$9,827.08	\$5,684.26	\$4,885.20	\$4,759.06
Year to Date Totals												
\$78,658.87												

Sources of Water Supply

Surface Water: River: _____ Lake: _____ Stream: _____ Impounding Reservoir: _____

Ground Water: No. of Springs: _____ No. of Shallow Wells: _____ No. of Deep Wells: _____

Reservoirs, Standpipes, and Purification System

No. of Reservoirs: _____ Capacity in Gallons: _____

No. of Standpipes: _____ Capacity in Gallons: _____

Method of Purification: _____

Services and Meters

Size->	1/2"	3/4 in	1 in	1 1/2 in	2 in	3 in	4 in	6 in	
Services									
Meters		212	61						

Number and Classification of Consumers

Classification	Beginning of Year			End of Year			Increase (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential	267		267	273		273	6
Commercial							
Industrial							
Fire Hydrants							
Governmental							
All Other							
Total	267.00	-	267.00	273.00	-	273.00	6.00

Total Pumping Station Statistics

Total Amount of Water Obtained by all methods during the year: 44,693,260. gals.

Maximum Water obtained all methods during any one day: 326,358 gals.

Minimum Amount of Water obtained all methods during one day: 33,720 gals.

Range of ordinary pressure on mains 50 - 60 lbs to 75 - 80 lbs

Range of fire pressure in mains n/a lbs to n/a lbs

Affidavit

STATE OF MONTANA)

County of Flathead)

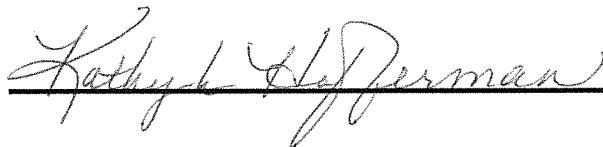
We, the undersigned, on our oath do severally say that the foregoing return of
Flathead Utility Company

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.


(Signature)

J. J. Billmayer, President
(NAME & TITLE)

Subscribed and sworn before me this 16 day of April 2012



(SEAL)