YEAR 2012

ANNUAL REPORT

OF THE

NAME: MOUNTAIN WATER COMPANY

LOCATION: 1345 W. BROADWAY, MISSOULA, MONTANA 59802

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING DECEMBER 31, 2012

FORM NO. 402-A(12/88)

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 "N/A." 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 schedule, 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 2½ 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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REPORT OF

	MOUNTAIN WATER COMP	ANY			
	(Exact Name of Utility)				
1345 W. BROADWAY		MISSOULA, MONTANA	59802		
(Addre	55)	(City,State,Zip Code)			
	For Year Ended:	<u>DECEMBER 31, 2012</u>			
	Date Utility First Organized:	APRIL 19, 1961			
	(406) 721-5570				
Location where books and	records are located:	SAME AS ABOVE			
	Contac	ts:			
Name	Title	Principal Business Address	Salary		
Person to send correspondence: ROSS MILLER	CHIEF LEGAL OFFICER	1345 W. BROADWAY MISSOULA, MT 59802	xxxxxxxx		
Person who prepared this report:	DIRECTOR OF ACCOUNTING PARK WATER COMPANY	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	xxxxxxx		
Officers & Managers: JOHN KAPPES	PRESIDENT	1345 W. BROADWAY MISSOULA, MT 59802			
			Note A		
LEIGH JORDAN	EXECUTIVE VICE-PRESIDENT/SECRETARY	SAME AS ABOVE	NI-A- A		
DOLIGI AC MADTINET	OLUE FINANCIAL OFFICER	SAME AS ABOVE	Note A		
DOUGLAS MARTINET	CHIEF FINANCIAL OFFICER	SAIVIE AS ABOVE	Note A		
ROSS MILLER	CHIEF LEGAL OFFICER	SAME AS ABOVE	110.071		
	•	•	Note 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:

	Percent Ownership	Principal Business	Salary Charged
Name	in Utility	Address	Utility
	-	9750 WASHBURN ROAD, P.O.	BOX 7002
PARK WATER COMPANY	100%	DOWNEY, CA 90241-7002	\$ N/A
			*
			\$
			 \$

Note A: Confidential Salary Information

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	7,530,779	6,894,912
Commercial	4,824,833	4,570,235
Industrial	0	0
Other	2,090,236	1,984,384
Unmetered	-	
Residential	2,655,873	2,750,739
Commercial	184,350	189,483
Industrial	0	0
Fire Protection	223,422	212,746
Bulk Sales	0	0
Sale of Materials	0	0
Other	711,895	887,620
TOTAL GROSS REVENUE	18,221,387	17,490,119
Operation and Maintenance Expense	9,885,527	10,016,476
Depreciation Expense	2,362,281	2,303,431
Taxes Other Than Income	1,413,042	1,387,103
Income Taxes (A)	1,945,931	1,639,825
Deferred Federal Income Taxes	0	0 :
Amortized - Intangible Plant	40,258	40,258
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	15,647,039	15,387,093
NET OPERATING INCOME (LOSS)	2,574,348	2,103,026
Other Income:		
Investment Tax Credits	0	0.
Non-Operating Income	0	0 · (1,941)
Interest Income	434,425	368,647
Allow. Funds Used - Construct.	13,300	13,187
Other Deductions:		8
Non-Utility Expenses	578	578
Interest Expense	4,267	2,429
Miscellaneous Deductions	42,357	130,930
NET INCOME (LOSS)	2,974,872	2,348,982

⁽A) Excludes \$(20,023) of non-utility income tax benefit.

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant in Service (A), (B)	94,880,390	90,894,588
Accumulated Depreciation and Amortization	(29,237,295)	(27,401,047)
Net Utility Plant	65,643,095	63,493,541
	30,0.0,000	33,133,511
Cash	126,319	64,150
Customer Account Receivable	816;298	812,327
Other Assets (Specify)-		
Non-Utility Property		
Less Acc. Depreciation		
Utility Plant Acquisition Adjustment	165,815	203,555
Land Held For Future Use	500,135	487,412
Materials and Supplies	464,430	461,583
Misc. & Prepaids	581,467	674,855
Misc. Deferred Debits	21,425	20,836
Deferred Employee Benefits	265,489	282,895
Regulatory Accounts	9,522,680	7,477,841
Open Accounts	2,265,737	1,689,945
Total Assets	80,372,891	75,668,940
Liabilities and Capital:		
Common Stock Issued	6,940,578	6,940,578
Preferred Stock Issued	0,540,570	0,040,070
Other Paid in Capital	2,008,000	2,008,000
Retained Earnings	32,950,878	29,976,006
Proprietary Capital	52,500,070	20,010,000
1 Topricially Suprial		
Total Capital	41,899,456	38,924,584
Long Term Debt	137,000	204,000
Accounts Payable	480,697	345,242
Notes Payable	67,000	66,000
Customer Deposits	49,009	4,628
Accrued Taxes	545,361	521,299
Other Liabilities (Specify)		
Interest Accrued	4,129	6,429
Misc. Liabilities	471,444	481,982
Deferred Credits	6,326,063	5,118,188
Deferred Income Tax & ITC	10,030,149	9,631,602
Advances for Construction	17,428,251	17,599,849
Contributions in Aid of Construction	2,934,333	2,765,137
Total Liabilities and Capital	80,372,891	75,668,940

⁽A) Includes \$659,844 and \$493,523 of Construction in Progress for 2012 and 2011 respectively.

⁽B) Balance excludes Intangible Plant which is included in Miscellaneous and Prepaid category in the amount of \$22,980 and \$25,499 for 2012 and 2011 respectively.

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

2,362,281 7,675 71,921 89,090 86,832 2,617,799 757,728 23,822 0 781,550	25,366,255 2,303,431 7,471 67,118 0 84,127 2,462,147 382,184 45,171 0 427,355
2,362,281 7,675 71,921 89,090 86,832 2,617,799 757,728 23,822 0 781,550	2,303,431 7,471 67,118 0 84,127 2,462,147 382,184 45,171
7,675 71,921 89,090 86,832 2,617,799 757,728 23,822 0 781,550	7,471 67,118 0 84,127 2,462,147 382,184 45,171
7,675 71,921 89,090 86,832 2,617,799 757,728 23,822 0 781,550	7,471 67,118 0 84,127 2,462,147 382,184 45,171
71,921 89,090 86,832 2,617,799 757,728 23,822 0 781,550	67,118 0 84,127 2,462,147 382,184 45,171
89,090 86,832 2,617,799 757,728 23,822 0 781,550	0 84,127 2,462,147 382,184 45,171
86,832 2,617,799 757,728 23,822 0 781,550	382,184 45,171
2,617,799 757,728 23,822 0 781,550	2,462,147 382,184 45,171 0
757,728 23,822 0 781,550	382,184 45,171 0
23,822 0 781,550	45,171 0
23,822 0 781,550	45,171 0
781,550	0
781,550	
	427,355
29,237,295	27,401,046
OTION	
RUCTION	
dicate	
sh" or	A 4
operty"	Amount
	219,729
	19,161
	1,925
<u> </u>	304
	004

	241,119
ETAXES	
ETAXES	
ETAXES	\$ 10,030,149
ETAXES	\$ 10,030,149
ĺ	

CAPITAL STOCK

Common Stock	Preferred Stock
No Par Value	N/A
50,000	W1121111121111111111111111111111111111
6,940,578	
	50,000

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		29,976,006
Changes during year (Specify):		
2012 Net Income		2,974,872
Balance end of year		32,950,878

PROPRIETARY CAPITAL

	Proprietor	
	or Partner	Partner
Balance first of year		
Changes during year (Specify):		
NOT APPLICABLE		
Balance end of year		

LONG TERM DEBT

	Inte	erest	Principal Per Balance
Description of Obligation	Rate	Pymts	Sheet Date
General Obligation Bonds (Revolving Fund Program SER 09)	1.75%	Varies	137,000

Total	N/A	0	137,000

WATER UTILITY PLANT ACCOUNTS

Acct.		1			
No.	Account Name	Previous Year	Additions	Retirements	Current Year
	Organization	0			0
	Franchises	0		······································	0
	Land and Land Rights	1,214,447			1,214,447
	Structures and Improvements	5,379,193	575,742	1,735	5,953,200
	Collecting and Impounding Reservoirs	467,568		Ì	467,568
	Lake, River and Other Intakes	0			0
	Wells and Springs	344,459			344,459
	Infiltration Galleries and Tunnels	0			0
	Supply Mains	389,375	25,456	543	414,288
	Power Generation Equipment	1,315,184	57,161		1,372,345
	Pumping Equipment	4,103,205	307,734	61,430	4,349,509
320	Water Treatment Equipment	259,658	20,042	1,217	278,483
330	Distribution Reservoirs and Standpipes	5,442,946			5,442,946
331	Transmission and Distribution Mains	54,013,012	2,215,438	34,909	56,193,541
333	Services	188,575		846	187,729
334	Meters and Meter Installations	6,296,679	474,347	451,354	6,319,672
335	Hydrants	4,778,048	299,967	14,180	5,063,835
339	Other Plant and Miscellaneous Equipment	0			0
340	Office Furniture and Equipment	213,179	5,543	9,465	209,257
341	Transportation Equipment	957,614	8,265	2,095	963,784
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equipment	575,094	83,058	2,155	655,997
344	Laboratory Equipment	13,046	448		13,494
345	Power Operated Equipment	18,542			18,542
346	Communication Equipment	452,045	71,052	63,292	459,805
347	Miscellaneous Equipment	3,979,200	450,945	132,497	4,297,648
348	Other Tangible Plant	0			Ō
	Construction Work in Progress	493,522	166,322		659,844
	TOTAL WATER PLANT	90,894,588	4,761,520	775,718	94,880,390

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEARS	DEBITS	CREDITS	ACCUMULATED DEPRECIATED BALANCE - END OF YEAR
303	Land and Land Rights				36,203			36,203
304	Structures & Improvements	varies	varies	varies	2,336,213	1,735	202,144	2,536,622
305	Collecting & Impounding Reservoirs	50	-5.0%	1.60%	226,420		7,481	233,901
306	Lake, River & Other Intakes				0			0
307	Wells & Springs	40	-5.0%	2.26%	209,600		7,785	217,385
308	Infiltrations Galleries & Tunnels		Ī		0			Ö
309	Supply Mains	50	-5.0%	2.47%	204,341	2,280	9,618	211,679
310	Power Generating Equipment	25	0.0%	4.10%	409,921		53,922	463,843
311	Pumping Equipment		varies	3.51%	1,875,287	75,679	144,623	1,944,231
320	Water Treatment Equipment	20	0.0%	4.72%		1,217	12,255	144,615
330	Distribution Reservoirs & Standpipes	40	0.0%	2.41%	2,044,188		131,175	2,175,363
331	Trans. & Dist. Mains	50	0.0%			41,852	1,057,330	14,128,583
333	Services	40	0.0%	2.72%	66,195		5,037	71,232
334	Meter & Meter Installation	30	varies	varies	1,172,000	434,208	385,705	1,123,497
335	Hydrants	40	varies	2.43%	1,185,923	15,075	111,497	1,282,345
339	Other Plant & Misc. Equipment				0			Ō
340	Office Furniture and Equipment	15	10.0%	5.86%	154,247	9,465	12,540	157,322
341	Transportation Equipment	10	10.0%	6.20%	621,713	2,095	62,562	682,180
342	Stores Equipment				0			0
343	Tools, Shop & Garage Equipment	20	5.0%	4.74%		2,155	27,258	246,573
344	Laboratory Equipment	10	0.0%	The second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a second section in the second section in the second section is a section in the second section in the section is a section in the section in the section is a section in the section in the section in the section is a section in the section in the section in the section is a section in the section in the section in the section is a section in the section			253	12,238
345	Power Operated Equipment	20	5.0%				62	17,617
346	Communication Equipment	10	0.0%		299,931	63,292	40,195	276,834
347	Miscellaneous Equipment	6	5.0%	13.17%	3,059,804	132,497	346,357	3,273,664
348	Other Tangible Plant				1,368			1,368
	Totals				27,401,047	781,550	2,617,799	29,237,295
				· · · · · · · · · · · · · · · · · · ·				

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	2,968,072
Employee Pensions and Benefits	1,317,110
Purchased Water	0
Purchased Power	1,306,585
Fuel for Power Production	0
Chemicals	99,336
Materials and Supplies (A)	33,729
Contractual Services	3,039,204
Rent	1,400
Transportation Expense	214,284
Insurance Expense	477,352
Regulatory Commission Expense	17,326
Bad Debt Expense	21,164
Miscellaneous Expense	389,964

TOTAL	9,885,527

⁽A) Includes \$(210,035) Administrative Expense Transferred.

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similiar 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

SEE PAGE 10

NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
4G Plumbing And Heating Inc	37,587.05	Plumbing/Mechanical Services
Automatic Data Processing		Payroll Service
Bank Of America	10,870.11	Service Charge
Black Knight Security & Investigation		Alarm/Security Service
Blackfoot Communications		Telemetry/Phone Line/Internet Services
Camp Well Drilling		Crane Service
DJ & A, P.C.	9,347.50	Engineering Services
Energy Laboratories, Inc.		Water Testing
Flow Science Incorporated	36,920.00	Pressure Surge Analysis
Garlington, Lohn & Robinson		Legal Fees
lughes, Keliner, Sull. & Alke		Legal Fees
lunton Pre-Cast Concrete		Leak Repairs
Hydrometrics Inc		Engineering Services
Johnson Controls	9,461.56	Service Work
√ & N Electric Motors Inc		Service Work
Knife River		Excavation Work
Kohlers Sprinkler And Backflow		Sprinkler Repair/Irrigation
S. Jensen Construction		Excavation Work
Madison Engineering, Llc		Engineering Services
Minuteman Aviation Inc		Helicopter Services
Morrison Maierle, Inc		Engineering Services
Msla City-County Health Dept.		Water Testing
Natures Best, Inc.		Lawn/Site Maintenance
NW Hydro Tech Inc.		Mechanical Services
Ottos Towing & Crane Service		Crane Service
Paulson Electric		Electrical Work
Paymentus		Service Charge
Poteet Construction, Inc.		Signage Service
Power Engineers, Inc.		Engineering Services
Quality Construction		Construction/Painting Services
Quality Maintenance Enterprises, Inc.		Janitorial Services
Rainmaker		Sprinkler Service
Sak Construction	691,786.64	
Spiker Communications Inc		Advertising Services
Storage Solutions, Llc		Off Site Storage
rerritorial-Landworks, Inc.		Engineering Services
The Waterman, Llc		Contracted Locates/Water Service
JS Bank		Service Charge
Itilities Underground Location Center		Location Requests
/erizon Wireless		Cell Phone Service
Vater Research Foundation		Industry Research
Vestern Excavating		Excavation Work
Vestern States Equipment		Service Generators
VGM Group, Inc.		Engineering Services

NOTE: For ease of reporting, this information is based on accruals from the general ledger and is not a strict tabulation of amounts paid in cash during the year.

SOURCES OF WATER SUPPLY

Surface Water: River = 0 Lake = 8 Stream = 1 Impounding Res. = 1 Ground Water: Springs No. = 0 Shallow Wells No. = 36 Deep Wells No. = 1

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size	First of	Laid During Year		Abandoned	Taken Up During Year		Close of
Inches	Year	Year	Total	During Year	During Year	Total	Year
4"or less						-	<u> </u>
6							}
8							
10	1	PLEASE SEE	PAGE 11A				:
20							
TOTAL			0	0	0		

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs 12 Capacity in Gallons 8,358,804 Number of Standpipes 12 Capacity in Gallons 1,675,000

Method of Purification: Chlorination

SERVICES AND METERS

Services										
1/2 in.	5/8 in.	3/4 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	8 in.	10 in.
	<u>14,954</u>	<u>249</u>	<u>6,007</u>	<u>242</u>	<u>448</u>	<u>33</u>	<u>249</u>	<u>120</u>	<u>41</u>	<u>1</u>
Meters										
	<u>15,950</u>	<u>866</u>	<u>1,027</u>	<u>358</u>	<u>374</u>	<u>72</u>	<u>30</u>	<u>4</u>	4	1

NUMBER AND CLASSIFICATION OF CONSUMERS

18,686

	[Beg	inning of the y	ear	Clo	se of the year		
Classi	fication	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or (Decrease)
Residential	rev code 11 & 91	14,185	4,537	18,722	14,479	4,350	18,829	107
Commercial	22 & 92	3,391	124	3,515	3,481	120	3,601	86
Industrial	33	0	1	1	0	0	0	(1)
Fire Hydrants	62	0	0	0	0	0	0	0
Governmenta	45 & 94	62	32	94	62	32	94	0
All Other	70, 73, 52	605	534	1,139	664	562	1,226	87
(includes inactive	es 73)							
Total		18,243	5,228	23,471	18,686	5,064	23,750	279
		****** no longe	er count hydrar	nts as custome	rs ******			

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: 45 lbs. to 200 lbs.

Range of fire pressure in mains: 45 lbs. to 170 lbs.

8,658,010,426	gals, estimate
40,877,164	gals, estimate
16,824,991	gals, estimate
3,532,459,546	gals.

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

					ISTRIBUTION INA	(,	
Size	First of	Laid During	İ	Abandoned	Taken Up		Close of
Inches	Year	Year	Total	During Year	During Year	Total	Year
30"Wood							
30"Steel	16,197	30	16,227			0	16,227
1"	400		400			0	400
1-1/2"	70		70			Ó	70
2"	43,714		43,714			0	43,714
3"	3,414		3,414			0	3,414
4"	30,870		30,870			0	30,870
5"	498		498			0	498
6"	720,176	1,524	721,700	3,877	309	4,186	717,514
8"	397,484	5,116	402,600			0	402,600
10"	164,715	16	164,731		16	16	164,715
12"	149,041	1,889	150,930	1,107		1,107	149,823
14"	21,131		21,131			0	21,131
16"	46,541	4	46,545		. 4	4	46,541
18"	450		450			0	450
20"	29,930		29,930	25		25	29,905
24"	53,585		53,585			0	53,585
30"	897		897			0	897
36"	0		0			0	0
TOTAL	1,679,113	8,579	1,687,692	5,009	329	5,338	1,682,354

County of Missoula)	
We, the undersigned, on our oath do severally say that the foregoing return Mountain Water Company water utility has been prepared under our direction from the original books and records of said utility and declare the same to be a full, true and correct statement embracing financial transactions of said utility during the period for which the return is made.	, paper
John Kappes, President	
Subscribed and sworn to before me this \\ \day of \\ \frac{\frac{1}{1}}{1}, 2013.	
Michelle A. Harrey	
MICHELLE A HALLEY NOTARY PUBLIC for the State of Montana Residing at Missouia, MT My Commission Expires February 13, 2016	

YEAR 2012

ANNUAL REPORT

OF THE

NAME: MOUNTAIN WATER COMPANY

LOCATION: 1345 W. BROADWAY, MISSOULA, MONTANA 59802

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING DECEMBER 31, 2012

FORM NO. 402-A(12/88)

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Proprietary Capital	6	
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Water Utility Plant Acocunts	7	
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REPORT OF

MOUNTAIN WATER COMPANY

	(Exact Name of Utility)				
1345 W. BROADWAY		MISSOULA, MONTANA 59802			
(Addre	ss)	(City,State,Zip Code)			
	For Year Ended:	<u>DECEMBER 31, 2012</u>			
	Date Utility First Organized:	APRIL 19, 1961			
	Telephone Number:	<u>(406) 721-5570</u>			
Location where books and	records are located:	SAME AS ABOVE			
	Contact	ts:			
Name	Title	Principal Business Address	Salary		
Person to send correspondence: ROSS MILLER	CHIEF LEGAL OFFICER	1345 W. BROADWAY MISSOULA, MT 59802	xxxxxxx		
Person who prepared this report: LAWRENCE G. LEE	DIRECTOR OF ACCOUNTING PARK WATER COMPANY	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	xxxxxxx		
Officers & Managers: JOHN KAPPES	PRESIDENT	1345 W. BROADWAY MISSOULA, MT 59802	Note A		
LEIGH JORDAN	EXECUTIVE VICE-PRESIDENT/SECRETARY	SAME AS ABOVE	Note A		
LEIGH JORDAN	EXECUTIVE VICE-PRESIDENT/SECRETARY	SAME AS ABOVE	Note A		
DOUGLAS MARTINET	CHIEF FINANCIAL OFFICER	SAME AS ABOVE	1101071		
			Note A		
ROSS MILLER	CHIEF LEGAL OFFICER	SAME AS ABOVE			
			Note 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:

	Percent Ownership	Principal Business	Salary Charged
Name	in Utility	Address	Utility
		9750 WASHBURN ROAD, P.O. I	3OX 7002
PARK WATER COMPANY	100%	DOWNEY, CA 90241-7002	\$ N/A
			\$
			\$

Note A: Confidential Salary Information

INCOME STATEMENT

	IE STATEWIENT	
Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	7,530,779	6,894,912
Commercial	4,824,833	4,570,235
Industrial	0	0
Other	2,090,236	1,984,384
Unmetered		
Residential	2,655,873	2,750,739
Commercial	184,350	189,483
Industrial	0	0
Fire Protection	223,422	212,746
Bulk Sales	0	0
Sale of Materials	0	0
Other	711,895	887,620
TOTAL GROSS REVENUE	18,221,387	17,490,119
Operation and Maintenance Expense	9,885,527	10,016,476
Depreciation Expense	2,362,281	2,303,431
Taxes Other Than Income	1,413,042	1,387,103
Income Taxes (A)	1,945,931	1,639,825
Deferred Federal Income Taxes	0	0
Amortized - Intangible Plant	40,258	40,258
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	15,647,039	15,387,093
NET OPERATING INCOME (LOSS)	2,574,348	2,103,026
Other Income:		
Investment Tax Credits	0	0
Non-Operating Income	0	(1,941)
Interest Income	434,425	368,647
Allow. Funds Used - Construct.	13,300	13,187
Other Deductions:		
Non-Utility Expenses	578	578
Interest Expense	4,267	2,429
Miscellaneous Deductions	42,357	130,930
NET INCOME (LOSS)	2,974,872	2,348,982
112. IIIOOME (2000)	2,317,012	2,570,302

⁽A) Excludes \$(20,023) of non-utility income tax benefit.

COMPARATIVE BALANCE SHEET

	PREVIOUS YEAR
94.880.390	90,894,588
	(27,401,047)
	63,493,541
,,-	,,
126,319	64,150
816,298	812,327
165,815	203,555
500,135	487,412
464,430	461,583
581,467	674,855
21,425	20,836
265,489	282,895
9,522,680	7,477,841
2,265,737	1,689,945
80,372,891	75,668,940
6,940,578	6,940,578
2,008,000	2,008,000
32,950,878	29,976,006
41,899,456	38,924,584
	204,000
	345,242
	66,000
	4,628
545,361	521,299
1100	
	6,429
	481,982
	5,118,188
	9,631,602
· · · · ·	17,599,849
	2,765,137
80,372,891	75,668,940
	165,815 500,135 464,430 581,467 21,425 265,489 9,522,680 2,265,737 80,372,891 6,940,578 2,008,000 32,950,878 41,899,456 137,000 480,697 67,000 49,009 545,361 4,129 471,444 6,326,063 10,030,149 17,428,251 2,934,333

⁽A) Includes \$659,844 and \$493,523 of Construction in Progress for 2012 and 2011 respectively.

⁽B) Balance excludes Intangible Plant which is included in Miscellaneous and Prepaid category in the amount of \$22,980 and \$25,499 for 2012 and 2011 respectively.

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

ACCOUNT 108	CURRENT YEAR	PREVIOUS YEAR
Balance First of Year	27,401,046	25,366,255
Credits During Year:	27,101,010	20,000,200
Accruals Charged to Depreciation Account	2,362,281	2,303,431
Salvage	7,675	7,471
Other Credits - Contributions	71,921	67,118
Other Credits-Intercompany Transfers	89,090	0
Clearing Accounts	86,832	84,127
Total Credits	2,617,799	2,462,147
Debits During Year:		
Book Cost of Plant Retired	757,728	382,184
Cost of Removal	23,822	45,171
Other Debits (Specify)-Corrections to accounts	0	0
Total Debits	781,550	427,355
Balance End of Year	29,237,295	27,401,046
CONTRIBUTIONS IN AID C	F CONSTRUCTION	
Report below all contractor and developer agreements and	Indicate	
line extension agreements from which cash or property	"Cash" or	
was received during the year.	"Property"	Amount
Reno Casino main extension	Property	219,729
Reno Casino main extension	Cash	19,161
Pattee Street hydrant relocation	Property	1,925
Pattee Street hydrant relocation	Cash	304
T alloo elicot nyarant roissanon	oud	001
Total During Year		241,119
ACCUMULATED DEFERRI	ED INCOME TAXES	
Description		
Accumulated Deferred Income Taxes:		\$ 10,030,149
Total Accumulated Deferred Income Taxes		\$ 10,030,149

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	No Par Value	N/A
Shares issued and outstanding	50,000	
Total par value of stock issued	6,940,578	
Dividends declared per share for year		

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		29,976,006
Changes during year (Specify):		
2012 Net Income		2,974,872
Balance end of year		32,950,878

PROPRIETARY CAPITAL

	Proprietor	
	or Partner	Partner
Balance first of year		
Changes during year (Specify):		
NOT APPLICABLE		
Balance end of year		

LONG TERM DEBT

	Inte	erest	Principal				
			Per Balance				
Description of Obligation	Rate	Pymts	Sheet Date				
General Obligation Bonds (Revolving Fund Program SER 09)	1.75%	Varies	137,000				
Total	N/A	0	137,000				

WATER UTILITY PLANT ACCOUNTS

Acct.	A coount Nome	Dravious Voor	A al aliti a sa a	Detiversente	Courset Veer
No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization	0			0
302	Franchises	0			0
303	Land and Land Rights	1,214,447			1,214,447
304	Structures and Improvements	5,379,193	575,742	1,735	5,953,200
305	Collecting and Impounding Reservoirs	467,568			467,568
306	Lake, River and Other Intakes	0			0
307	Wells and Springs	344,459			344,459
308	Infiltration Galleries and Tunnels	0			0
309	Supply Mains	389,375	25,456	543	414,288
310	Power Generation Equipment	1,315,184	57,161		1,372,345
311	Pumping Equipment	4,103,205	307,734	61,430	4,349,509
320	Water Treatment Equipment	259,658	20,042	1,217	278,483
330	Distribution Reservoirs and Standpipes	5,442,946			5,442,946
331	Transmission and Distribution Mains	54,013,012	2,215,438	34,909	56,193,541
333	Services	188,575		846	187,729
334	Meters and Meter Installations	6,296,679	474,347	451,354	6,319,672
335	Hydrants	4,778,048	299,967	14,180	5,063,835
339	Other Plant and Miscellaneous Equipment	0			0
340	Office Furniture and Equipment	213,179	5,543	9,465	209,257
341	Transportation Equipment	957,614	8,265	2,095	963,784
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equipment	575,094	83,058	2,155	655,997
344	Laboratory Equipment	13,046	448		13,494
345	Power Operated Equipment	18,542			18,542
346	Communication Equipment	452,045	71,052	63,292	459,805
347	Miscellaneous Equipment	3,979,200	450,945	132,497	4,297,648
348	Other Tangible Plant	0			0
	Construction Work in Progress	493,522	166,322		659,844
	TOTAL WATER PLANT	90,894,588	4,761,520	775,718	94,880,390

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEARS	DEBITS	CREDITS	ACCUMULATED DEPRECIATED BALANCE - END OF YEAR
303	Land and Land Rights				36,203			36,203
304	Structures & Improvements	varies	varies	varies	2,336,213	1,735	202,144	2,536,622
305	Collecting & Impounding Reservoirs	50	-5.0%	1.60%	226,420		7,481	233,901
306	Lake, River & Other Intakes				0			0
307	Wells & Springs	40	-5.0%	2.26%	209,600		7,785	217,385
308	Infiltrations Galleries & Tunnels				0			0
309	Supply Mains	50	-5.0%	2.47%	204,341	2,280	9,618	211,679
310	Power Generating Equipment	25	0.0%	4.10%	409,921		53,922	463,843
311	Pumping Equipment	25	varies	3.51%	1,875,287	75,679	144,623	1,944,231
320	Water Treatment Equipment	20	0.0%			1,217	12,255	144,615
330	Distribution Reservoirs & Standpipes	40	0.0%	2.41%	2,044,188		131,175	2,175,363
331	Trans. & Dist. Mains	50	0.0%	1.94%	13,113,105	41,852	1,057,330	14,128,583
333	Services	40	0.0%	2.72%	66,195		5,037	71,232
334	Meter & Meter Installation	30	varies	varies	1,172,000	434,208	385,705	1,123,497
335	Hydrants	40	varies	2.43%	1,185,923	15,075	111,497	1,282,345
339	Other Plant & Misc. Equipment				0			0
340	Office Furniture and Equipment	15	10.0%	5.86%	154,247	9,465	12,540	157,322
341	Transportation Equipment	10	10.0%	6.20%	621,713	2,095	62,562	682,180
342	Stores Equipment				0			0
343	Tools, Shop & Garage Equipment	20	5.0%		,	2,155	27,258	246,573
344	Laboratory Equipment	10	0.0%	1.94%	11,985		253	12,238
345	Power Operated Equipment	20	5.0%	0.33%	17,555		62	17,617
346	Communication Equipment	10	0.0%	8.86%	299,931	63,292	40,195	276,834
347	Miscellaneous Equipment	6	5.0%	13.17%		132,497	346,357	3,273,664
348	Other Tangible Plant				1,368			1,368
	Totals				27,401,047	781,550	2,617,799	29,237,295

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	2,968,072
Employee Pensions and Benefits	1,317,110
Purchased Water	0
Purchased Power	1,306,585
Fuel for Power Production	0
Chemicals	99,336
Materials and Supplies (A)	33,729
Contractual Services	3,039,204
Rent	1,400
Transportation Expense	214,284
Insurance Expense	477,352
Regulatory Commission Expense	17,326
Bad Debt Expense	21,164
Miscellaneous Expense	389,964
TOTAL	9,885,527

⁽A) Includes \$(210,035) Administrative Expense Transferred.

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similiar 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
SEE PAGE 10		

Ag Plumbing And Heating Inc 37,587.05 Plumbing/Mechanical Services Automatic Data Processing 12,833.38 Payroll Service Bank Of America 10,870.11 Service Charge Black Knight Security & Investigation 9,393.50 Alarm/Security Service Black On Telemetry/Phone Line/Internet Services Cramp Well Drilling 63,370.86 Crane Service D. J. & A. P.C. 9,347.50 Engineering Services Energy Laboratories, Inc. 17,243.50 Water Testing Flow Science Incorporated 36,920.00 Pressure Surge Analysis Garlington, Lohn & Robinson 15,928.30 Eggal Fees Hunton Pre-Cast Concrete 5,217.00 Leak Repairs Hunton Pre-Cast Concrete 17,855.11 Engineering Services Johnson Controls 9,461.56 Service Work K. & N. Electric Motors Inc 17,873.74 Service Work K. & N. Electric Motors Inc 17,873.74 Service Work Kohlers Sprinkler And Backflow 8,703.98 Sprinkler Repair/Irrigation L.S. Jensen Construction 205,241.78 Excavation Work Madison Engineering, Lic 17,754.25 Engineering Services Minuteman Aviation Inc 16,610.73 Engineering Services Minuteman Aviation Inc 16,610.73 Engineering Services Mala City-County Health Dept. 15,001.00 Water Testing Matures Best, Inc. 75,043.09 Lawn/Site Maintenance NW Hydro Tech Inc 5,496.00 Mechanical Services Matures Best, Inc. 75,043.09 Lawn/Site Maintenance NW Hydro Tech Inc 16,610.73 Engineering Services Dever Engineers, Inc. 14,276.00 Johnstonal Ser	NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
Automatic Data Processing	4G Plumbing And Heating Inc	37,587.05	Plumbing/Mechanical Services
Black Knight Security & Investigation 9,393.50 Alarm/Security Service Blacktoot Communications 18,604.60 Telemetry/Phone Line/Internet Services Camp Well Drilling 63,370.86 Carne Service DJ & A, P.C. 9,347.50 Engineering Services Energy Laboratories, Inc. 17,024.50 Water Testing Flow Science Incorporated 36,920.00 Pressure Surge Analysis Garlington, Lohn & Robinson 15,928.35 Legal Fees Hunton Pre-Cast Concrete 5,217.00 Leak Repairs Hunton Pre-Cast Concrete 5,217.00 Leak Repairs Hunton Pre-Cast Concrete 17,655.11 Engineering Services Johnson Controls 9,461.56 Service Work K & N Electric Motors Inc 17,873.74 Service Work Knife River 318,404.49 Excavation Work Kohlers Sprinkler And Backflow 8,703.98 Sprinkler Repair/Irrigation L.S. Jensen Construction 205,241.78 Excavation Work Madison Engineering, Lic 17,754.25 Engineering Services Morrison Maierle, Inc 16,610.73 Engineering Services Minuteman Aviation Inc 7,470.00 Helicopter Services Minuteman Aviation Inc 7,470.00 Water Testing Matures Best, Inc. 75,043.09 Lawn/Site Maintenance NW Hydro Tech Inc. 5,496.00 Mechanical Services Ottos Towing & Crane Service 9,338.00 Crace Service Paulson Electric 162,211.90 Electrical Work Paymentus 9,950.35 Service Charge Poteet Construction 19,576.00 Construction Post Free Charge Poteet Construction 19,576.00 Construction Post Free Charge Poteet Construction 19,576.00 Construction Post Free Charge Power Engineers, Inc. 142,760.00 Janitorial Services Sak Construction 99,576.00 Construction/Painting Services Sak Construction 19,576.00 Construction/Painting Services Sak Construction 19,565.61 Off Site Storage Sak Construction 19,576.00 Contracted Locates/Water Service Sak Construction 19,576.00 Contracted Locates/Water Service Sak Construction 19,576.00 Contracted Locates/Water Service Sak Construction 19,776.00 Post Free Power Engineering Services Sak Construction 19,576.00 Contracted Locates/Water Service Sak Construction 19,776.00 Post Power Engineering Services Sak Construction 19,776.00 Post Power Engineering Services Sak Const			
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DJ & A, P.C.	Blackfoot Communications	18,604.60	Telemetry/Phone Line/Internet Services
Energy Laboratories, Inc.	Camp Well Drilling	63,370.86	Crane Service
Flow Science Incorporated 36,920.00 Pressure Surge Analysis Garlington, Lohn & Robinson 15,928.35 Legal Fees Hughes, Kellner, Sull. & Alke 15,585.87 Legal Fees Legal Fees Hunton Pre-Cast Concrete 5,217.00 Leak Repairs Legal Fees Legal Repairs Legal Repai			
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IVVGIVI Group, Inc. 110,303.09 Engineering Services			
	WGM Group, Inc.	110,303.09	Engineering Services

NOTE: For ease of reporting, this information is based on accruals from the general ledger and is not a strict tabulation of amounts paid in cash during the year.

Total

2,884,291

SOURCES OF WATER SUPPLY

Surface Water: River = 0 Lake = 8 Stream = 1 Impounding Res. = 1 Ground Water: Springs No. = 0 Shallow Wells No. = 36 Deep Wells No. = 1

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size	First of	Laid During		Abandoned	Taken Up		Close of
Inches	Year	Year	Total	During Year	During Year	Total	Year
4"or less							
6							
8							
10		PLEASE SEE	PAGE 11A				
20							
TOTAL			0	0	0		

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs12Capacity in Gallons8,358,804Number of Standpipes12Capacity in Gallons1,675,000

Method of Purification: Chlorination

SERVICES AND METERS

Services 1/2 in. 5/8 in. 3/4 in. 1 1/2 in. 2 in. 3 in. 4 in. 6 in. 8 in. 10 in. 1 in. 14,954 <u>249</u> 6,007 <u>242</u> 448 <u>33</u> <u>249</u> <u>120</u> <u>41</u> <u>1</u> Meters 15,950 866 1,027 358 374 72 <u>30</u> 4 4 <u>1</u>

NUMBER AND CLASSIFICATION OF CONSUMERS

18,686

		Beg	ginning of the y	/ear	Close of the year			
Classi	ification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or (Decrease)
Residential	rev code 11 & 91	14,185	4,537	18,722	14,479	4,350	18,829	107
Commercial	22 & 92	3,391	124	3,515	3,481	120	3,601	86
Industrial	33	0	1	1	0	0	0	(1)
Fire Hydrants	62	0	0	0	0	0	0	0
Governmenta	l 45 & 94	62	32	94	62	32	94	0
All Other	70, 73, 52	605	534	1,139	664	562	1,226	87
(includes inactive	es 73)							
Total		18,243	5,228	23,471	18,686	5,064	23,750	279
***** no longer count hydrants as customers ******								

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: 45 lbs. to 200 lbs.

Range of fire pressure in mains: 45 lbs. to 170 lbs.

40,877,164 gals. estimate 16,824,991 gals. estimate

8,658,010,426 gals. estimate

3,532,459,546 gals.

11

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

	SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)									
Size	First of	Laid During		Abandoned	Taken Up		Close of			
Inches	Year	Year	Total	During Year	During Year	Total	Year			
30"Wood										
30"Steel	16,197	30	16,227			0	16,227			
1"	400		400			0	400			
1-1/2"	70		70			0	70			
2"	43,714		43,714			0	43,714			
3"	3,414		3,414			0	3,414			
4"	30,870		30,870			0	30,870			
5"	498		498			0	498			
6"	720,176	1,524	721,700	3,877	309	4,186	717,514			
8"	397,484	5,116	402,600			0	402,600			
10"	164,715	16	164,731		16	16	164,715			
12"	149,041	1,889	150,930	1,107		1,107	149,823			
14"	21,131		21,131			0	21,131			
16"	46,541	4	46,545		4	4	46,541			
18"	450		450			0	450			
20"	29,930		29,930	25		25	29,905			
24"	53,585		53,585			0	53,585			
30"	897		897			0	897			
36"	0		0			0	0			
TOTAL	1,679,113	8,579	1,687,692	5,009	329	5,338	1,682,354			
							·			

County of Missoula)	
We, the undersigned, on our oath do severally say that the foregoing return Mountain Water Company water utility has been prepared under our direction from the original books and records of said utility and declare the same to be a full, true and correct statement embracing financial transactions of said utility during the period for which the return is made.	, paper
John Kappes, President	
Subscribed and sworn to before me this \\ \delta \text{day of } \\ \delta \text{Cil}, 2013.	
Michelle A. Harrey	
MICHELLE A HALLEY NOTARY PUBLIC for the State of Montana Residing at Missoula, MT My Commission Expires February 13, 2016	