

YEAR 2009 RECEIVED BY

ANNUAL REPORT

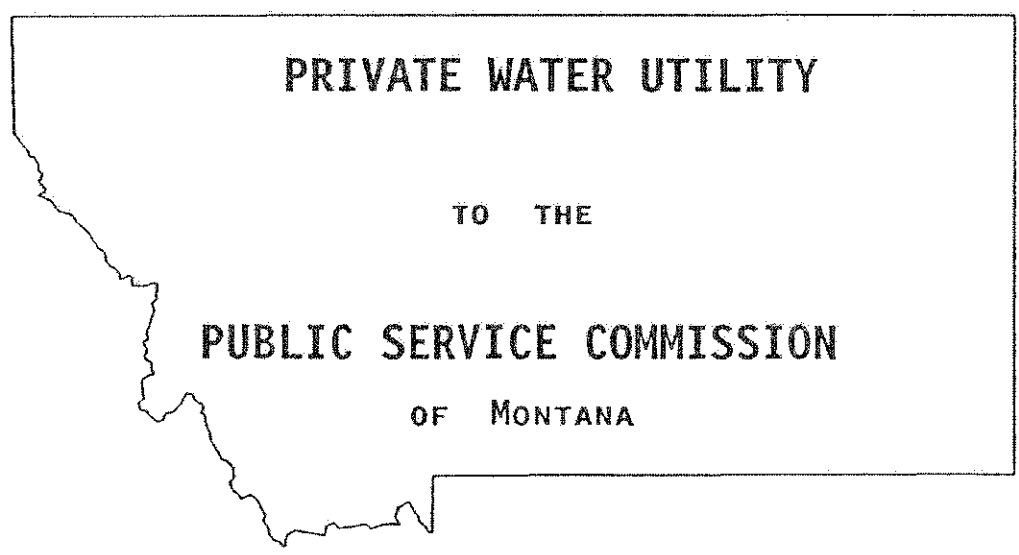
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of the

PUBLIC SERVICE
COMMISSION

NAME Phantom Hills Water Company

LOCATION Missoula, Montana



FOR THE YEAR ENDING 31-Dec-09

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 Uniform System of Accounts for Water Utilities.
- 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 schedules, state the name of the utility, and state the year of the report.
- 8 This report should be filed in duplicate and one copy returned by April 30 following the end of the calendar year for calendar year filers. If other than a calendar year filer, this report needs to be filed by the end of the 4th month following the end of the fiscal year for filers that have other than a calendar year yearend.
- 9 Please send the copy of your completed Annual Report to:

Montana Public Service Commission
Utility Division
P.O. Box 202601
Helena, MT 59620-2601

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REPORT OF

PO Box 16630
(address)

Missoula, MT 59808
(city, state, zip code)

For Year Ended 12/31/2009

Date Utility First Organized 1/23/2004

Telephone Number 406-523-1600

Location of books and records 101 International Way Missoula, MT

Contacts

Name	Title	Principal Business Address	Salary
Person to send correspondence: Johnna Eisenmann	Director - Asset Management	101 International Way Missoula, MT	
Person who prepared this report: Johnna Eisenmann	Director - Asset Management	101 International Way Missoula, MT	
Officers and Managers:			

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
D. R. Washington	100%	PO Box 16630 Missoula	0

INCOME STATEMENT

ACCOUNT NAME	Current Year	Previous Year
OPERATING REVENUE:		
Metered		
Residential	67,343.00	41,087.00
Commercial	5,406.00	3,208.00
Industrial		
Other		
Unmetered		
Residential		
Commercial		
Industrial		
Fire Protection	9,360.00	8,085.00
Bulk Sales		
Sale of Materials		
Other		
TOTAL OPERATING REVENUE:	\$ 82,109.00	\$ 52,380.00
OPERATING EXPENSES:		
Operation and Maintenance Expense	92,711.00	58,045.00
Depreciation Expense	98,923.00	95,210.00
Taxes Other than Income		
Deferred Federal Income Taxes		
Deferred State Income Taxes	50.00	84.00
TOTAL OPERATING EXPENSES	\$ 191,684.00	\$ 153,339.00
NET INCOME (LOSS) from OPERATIONS	\$ (109,575.00)	\$ (100,959.00)
Other Income:		
Non Utility Income		
TOTAL OTHER INCOME	\$ -	\$ -
Other Deductions:		
Non-Utility Expenses		
Interest Expense	-	155,778.00
TOTAL OTHER DEDUCTIONS	\$ -	\$ 155,778.00
NET INCOME (LOSS)	\$ (109,575.00)	\$ (256,737.00)

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Current Year	Previous Year
ASSETS:		
Utility Plant in Service	1,873,944.00	1,862,955.00
Less: Accumulated Deprec. & Amort.	506,988.00	408,065.00
NET UTILITY PLANT	\$ 1,366,956.00	\$ 1,454,890.00
Cash	52,309.00	47.00
Customer Accounts Receivable	1,317.00	1,329.00
Other Assets (Specify) ppd ins	836.00	815.00
TOTAL ASSETS OTHER THAN UTILITY PLANT	\$ 54,462.00	\$ 2,191.00
TOTAL ASSETS	\$ 1,421,418.00	\$ 1,457,081.00
LIABILITIES AND CAPITAL		
CAPITAL		
Common Stock Issued	1,000.00	1,000.00
Preferred Stock Issued		
Other Paid in Capital		
Retained Earnings	(1,322,786.00)	(1,213,216.00)
Proprietary Capital		
TOTAL CAPITAL	\$ (1,321,786.00)	\$ (1,212,216.00)
LIABILITIES		
Long Term Debt	2,728,100.00	2,655,100.00
Accounts Payable	15,104.00	14,197.00
Notes Payable		
Customer Deposits		
Accrued Taxes		
Other Liabilities (Specify)		
Advances for Construction		
Contributions in aid of Construction		
TOTAL LIABILITIES	\$ 2,743,204.00	\$ 2,669,297.00
TOTAL LIABILITIES AND CAPITAL	\$ 1,421,418.00	\$ 1,457,081.00

Accumulated Depreciation and Amortization of Utility Plant		
ACCOUNT 108	Current Year	Previous Year
Balance at First of Year	408,065.00	312,855.00
Credits During the Year:		
Accruals Charged to Depreciation Account	98,923.00	95,210.00
Salvage		
Other Credits (Specify):		
Total Credits	\$ 506,988.00	\$ 408,065.00
Debits During the Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify):		
Total Debits	\$ -	\$ -
Balance at End of Year	\$ 506,988.00	\$ 408,065.00

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	
TOTAL DURING THE YEAR			\$ -

Accumulated Deferred Income Taxes	
Description	Amount
Accumulated Deferred Income Taxes	
Federal	
State	
Total Accumulated Deferred Income Taxes	\$ -

Capital Stock		
	Common Stock	Preferred Stock
Par or stated value per share	1	
Shares Authorized	1000	
Shares Issued and Outstanding	1000	
Total par value of stock issued	1000	
Dividends declared per share for year	0	

Retained Earnings		
	Appropriated	Unappropriated
Balance at first of year	-1213217	
Changes during year:		
Net Income (loss)	-109569	
Dividends		
Other (Specify):		
Balance end of year	-1322786	

Proprietary Capital		
	Proprietor or Partner	Partner
Balance at first of year	0	
Changes during year (Specify):		
Balance at end of year	0	

Long Term Debt			
Description of Obligation	Interest Rate	Payment	Principal at Balance Sheet Date
Revolving loan not to exceed \$4 million. Term 3/1/04-4/30/11	none	none	2728100
No collateral			
Total		\$ -	\$ 2,728,100.00

Water Utility Plant Accounts

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization				
302	Franchises				
303	Land & Land Rights	11,577.00			11,577.00
304	Structures and Improvements				-
305	Collecting and Impounding Reservoirs				-
306	Lake River and Other Intakes				-
307	Wells and Springs	590,131.00	1,638.00		591,769.00
308	Infiltration Galleries and Tunnels				-
309	Supply Mains				-
310	Power Generation Equipment				-
311	Pumping Equipment	195,029.00	8,927.00		203,956.00
320	Water Treatment Equipment				-
330	Distribution Reservoirs and Standpipes				-
331	Transmission and Distribution Mains	629,383.00			629,383.00
333	Services				-
334	Meters and Meter Installations	31,096.00	424.00		31,520.00
335	Hydrants	63,264.00			63,264.00
339	Other Plant and Misc. Equipment	325,141.00			325,141.00
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	17,334.00			17,334.00
Total Water Plant		\$ 1,862,955	\$ 10,989	\$ -	\$ 1,873,944

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	10	0%	0%	3,812.00		-	3,812.00
305	Collecting and Impounding Reservoirs							-
306	Lake River and Other Intakes							-
307	Wells and Springs	20	0%	0%	135,232.00		30,664.00	165,896.00
308	Infiltration Galleries and Tunnels							-
309	Supply Mains							-
310	Power Generation Equipment							-
311	Pumping Equipment	20	0%	0%	57,493.00		22,311.00	79,804.00
320	Water Treatment Equipment							-
330	Distribution Reservoirs and Standpipes							-
331	Transmission and Distribution Mains	20	0%	0%	140,280.00		31,469.00	171,749.00
333	Services							-
334	Meters and Meter Installations	20	0%	0%	5,837.00		1,551.00	7,388.00
335	Hydrants	20	0%	0%	12,717.00		3,164.00	15,881.00
339	Other Plant and Misc. Equipment	20	0%	0%	50,563.00		3,939.00	54,502.00
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	8	0%	0%	2,131.00		5,825.00	7,956.00
TOTAL					\$ 408,065.00	\$ -	\$ 98,923.00	\$ 506,988.00

Sources of Water Supply

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

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

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Reservoirs, Standpipes, and Purification System

No. of Reservoirs: 1 Capacity in Gallons: 400,000
 No. of Standpipes: 0 Capacity in Gallons: _____
 Method of Purification: chlorine

Services and Meters

Size->	1/2"	5/8"	1 in	1 1/2 in	2 in	3 in	4 in	6 in	
Services							1		
Meters		85	3	1					

Number and Classification of Consumers

Classification	Beginning of Year			End of Year			Increase (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential	67		67	85		85	18
Commercial	2		2	4	1	5	3
Industrial			0			0	0
Fire Hydrants		24	24		24	24	0
Governmental			0			0	0
All Other			0			0	0
Total	69.00	24.00	93.00	89.00	25.00	114.00	21.00

Total Pumping Station Statistics

Total Amount of Water Obtained by all methods during the year: _____ 11,318,618
 Maximum Water obtained all methods during any one day: _____ 120,000
 Minimum Amount of Water obtained all methods during one day: _____ 5,000
 Range of ordinary pressure on mains _____ 50 _____ lbs to _____ 60 _____ lbs
 Range of fire pressure in mains 38 lbs to 55 lbs

Affidavit

STATE OF MONTANA)

County of MISSOULA)

We, the undersigned, on our oath do severally say that the foregoing return of
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.

[Signature]
(Signature)

(Signature)

Subscribed and sworn before me this 15th day of April, 20 10

[Signature]

