

YEAR

2004

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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT

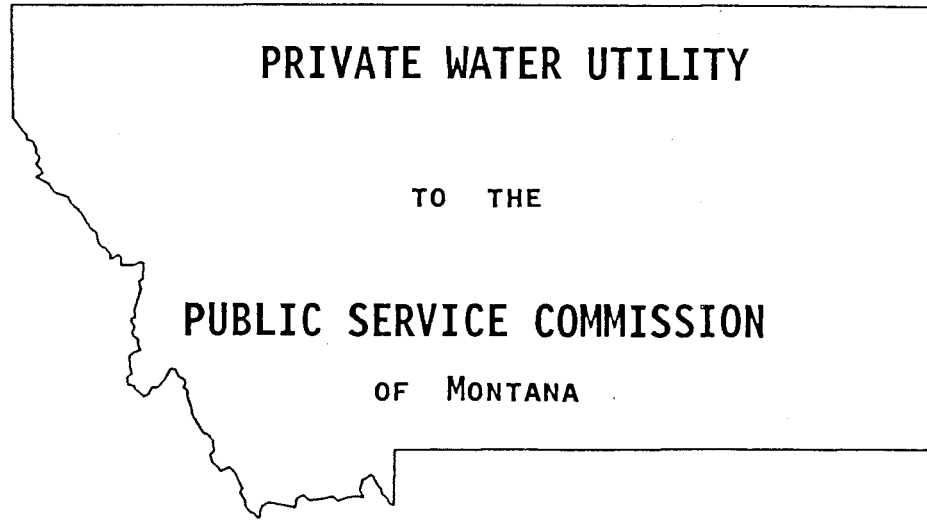
OF THE

NAME

FLATHEAD UTILITY COMPANY

LOCATION

KALISPELL, MT 59901



FOR THE YEAR ENDING

JANUARY 31, 2005

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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REPORT OF

FLATHEAD UTILITY COMPANY

(Exact Name of Utility)

2191 THIRD AVENUE EAST

KALISPELL, MT 59901

(Address)

(City, State, Zip Code)

For Year Ended JANUARY 31, 2005

Date Utility First Organized FEBRUARY 7, 1979

Telephone Number 406-755-5392

Location where books and records are located 2191 THIRD AVENUE EAST, KALISPELL MT 59901

Contracts:			
Name	Title	Principal Business Address	Salary
Person to send correspondence:	J. JAY BILLMAYER PRESIDENT	2191 THIRD AVENUE EAST KALISPELL, MT 59901	XXXXXXXX
Person who prepared this report:			XXXXXXXX
Officers & Managers:			\$
J. JAY BILLMAYER	PRESIDENT	2191 THIRD AVENUE EAST 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
J. JAY BILLMAYER	PRESIDENT	2191 THIRD AVENUE EAST KALISPELL, MT 59901	\$ N/A
			\$
			\$
			\$

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential		
Commercial		
Industrial		
Other		
Unmetered		
Residential		
Commerical		
Industrial		
Fire Protection		
Bulk Sales		
Sale of Materials		
Other		
<u>TOTAL GROSS REVENUE</u>	78546	84886
Operation and Maintenance Expense	69405	67398
<u>Depreciation Expense</u>	1158	7678
<u>Taxes Other Than Income</u>	369	679
<u>Income Taxes</u>		
<u>Deferred Federal Income Taxes</u>		
<u>Deferred State Income Taxes</u>		
<u>TOTAL OPERATING EXPENSE</u>	70932	75755
NET OPERATING INCOME (LOSS)	7614	9131
Other Income:		
Non-Utility Income	-	-
Other Deductions:		
Non-Utility Expenses	4210	4115
Interest Expense	2411	3034
NET INCOME (LOSS)	993	1977

COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant In Service	179418	172995
Accumulated Depreciation and Amortization	58662	57504
Net Utility Plant		
Cash	832	615
Customer Account Receivable		
Other Assets (Specify)		
Total Assets	121588	116106
Liabilities an Capital:		
Common Stock Issued	500	500
Preferred Stock Issued		
Other Paid In Capital		
Retained Earnings	(2821)	(3814)
Proprietary Capital		
Total Capital		
Long Term Debt	112665	112356
Accounts Payable	740	740
Notes Payable	4000	
Customer Deposits	6405	6324
Accrued Taxes		
Other Liabilities (Specify)		
Advances for Construction		
Contributions In Aid Of Construction		
Total Liabilities and Capital	121588	116106

Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year	Previous Year
Balance First of Year	57503	90060
Credits During Year	1158	7678
Accruals Charged to Depreciation Account		
Salvage		
Other Credits (Specify)		
Total Credits	58662	97738
Debits During Year:		
Book Cost of Plant Retired		40235
Cost of Removal		
Other Debits (Specify)		
Balance End of Year	58662	57503

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

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		(3814)
Changes during year (Specify): PROFIT		993
Balance end of year		(2821)

PROPRIETARY CAPITAL

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

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
ESCROW SERVICES	8½%	740	21651
THREE RIVERS BANK	7.690%	various	10130
BILLMAYER	various		80884
Total			112665

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	7284			7284
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Tranmission and Distribution Mains				
333	Services				
334	Meters and Meter Installations	1310			1310
335	Hydrants				
339	Other Plant and Miscellaneous Equipment	22346			22346
340	Office Furniture and Equipment	10960	368		11328
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment	7955	2245		10200
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment	9917	1472		11389
348	Other Tangible Plant	113223	2338		115561
	Total Water Plant	172995	6421		179418

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 YEAR	DEBITS	CREDITS	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
304	Structures & Improvements		%	%				
305	Collecting & Impounding Reservoirs		%	%				
306	Lake River & Other Intakes		%	%				
307	Wells and Springs		%	%				
308	Infiltrations Galleries & Tunnels		%	%				
309	Supply Mains		%	%				
310	Power Generating Equip.		%	%				
311	Pumping Equipment		%	%				
320	Water Treatment Equip.		%	%				
330	Distribution Reservoirs & Standpipes		%	%				
331	Trans. & Dist. Mains		%	%				
333	Services		%	%				
334	Meter & Meter Installation		%	%				
335	Hydrants		%	%				
339	Other Plant & Misc. Equip.		%	%				
340	Office Furniture and Equipment		%	%				
341	Transportation Equip.		%	%				
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		%	%				
	Totals				57504		1158	58662

SOURCES OF WATER SUPPLY

Surface Water: River _____ Lake _____ Stream _____ Impounding Res. _____
 Ground Water: Springs No. _____ Shallow Wells No. _____ Deep 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 Reservoirs _____ Capacity in Gallons _____
 Number of Standpipes _____ Capacity in Gallons _____
 Method of Purification _____

SERVICES AND METERS

Services									
1/2 in.	3/4 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	_____	_____
_____	219	50	_____	_____	_____	_____	_____	_____	_____
Meters	_____	_____	_____	_____	_____	_____	_____	_____	_____

NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential	259		259	260		260	+1
Commercial							
Industrial							
Fire Hydrants							
Governmental							
All Other							
Total	259		259	260		260	
							+1

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year _____ 47,202,140 _____ gals.
 Maximum Water obtained all methods during any one day _____ 428,931 _____ gals.
 Minimum Amount of Water obtained all methods during one day _____ 38,785 _____ gals.
 Total Amount of Water passed through customers meters during year _____ 47,202,140 _____ 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.

FLATHEAD UTILITY CO

Depreciation Expense Report

As of January 31, 2005

Book = Tax

FYE Month = January

Sys No	In Svc Ext Date	Acquired Value	P T	Depr Meth	Est Life	Salv / 168(k) Sec 179	Depreciable Basis	Prior Thru	Prior Accum Depreciation	Depreciation This Run	Current YTD Depreciation	Current Accum Depreciation	Key. Code
000003	FURNITURE & FIXTURES												
	000 10/15/79	98.50	P	SLMM	07 00	0.00	98.50	01/31/04	98.50	0.00	0.00	98.50	
000004	MACHINERY & EQUIPMENT												
	000 10/15/79	909.92	P	SLMM	07 00	0.00	909.92	01/31/04	909.92	0.00	0.00	909.92	
000008	EQUIPMENT												
	000 06/30/81	684.00	P	ACRS	05 00	0.00	684.00	01/31/04	684.00	0.00	0.00	684.00	
000010	TOOLS												
	000 06/30/81	115.04	P	ACRS	05 00	0.00	115.04	01/31/04	115.04	0.00	0.00	115.04	
000011	WATER SYSTEM												
	000 10/12/84	24,650.00	P	AltST	10 00	0.00	24,650.00	01/31/04	24,650.00	0.00	0.00	24,650.00	
000012	CHAIR												
	000 03/15/84	328.98	P	ACRS	05 00	0.00	312.53	01/31/04	312.53	0.00	0.00	312.53	r
000026	WATER SYSTEM - LAND												
	000 04/15/87	40,000.00	P	NoDep	00 00	0.00	40,000.00	01/31/04	0.00	0.00	0.00	0.00	
000029	TRAIL KING TRAILER												
	000 08/15/88	3,187.50	P	MT200	05 00	0.00	3,187.50	01/31/04	2,948.12	0.00	0.00	2,948.12	
000030	PUMP												
	000 02/28/90	276.27	P	MT200	07 00	0.00	276.27	01/31/04	276.27	0.00	0.00	276.27	m
000038	SPACE HEATER												
	000 02/15/88	293.52	P	MT200	07 00	0.00	293.52	01/31/04	293.52	0.00	0.00	293.52	
000040	LADDER												
	000 03/31/92	269.00	P	MF200	07 00	0.00	269.00	01/31/04	269.00	0.00	0.00	269.00	s
000044	ELECTRIC PRESSER CONTROL												
	000 01/31/93	2,957.00	P	MF200	07 00	0.00	2,957.00	01/31/04	2,957.00	0.00	0.00	2,957.00	s
000045	SMALL TOOLS												
	000 08/31/92	182.97	P	MF200	07 00	0.00	182.97	01/31/04	182.97	0.00	0.00	182.97	s
000055	LAND												
	000 10/12/84	4,350.00	R	NoDep	00 00	0.00	4,350.00	01/31/04	0.00	0.00	0.00	0.00	
000056	HAMMER DRILL												
	000 11/04/94	225.00	P	MF200	07 00	225.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rsm
000057	HAND TOOL												
	000 12/16/94	209.90	P	MF200	07 00	209.90	0.00	01/31/04	0.00	0.00	0.00	0.00	rsm
000058	MICROM COMPUTER												
	000 02/28/95	308.00	P	MF200	07 00	308.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000063	CUT OFF SAW												
	000 07/06/95	908.00	P	MF200	07 00	908.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000065	PRESSURE TANK												
	000 10/15/95	195.00	P	MF200	07 00	195.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000066	REGULATOR/METERS												
	000 11/15/95	277.61	P	MF200	07 00	277.61	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000067	EQUIPMENT												
	000 01/15/96	1,253.05	P	MF200	07 00	1,253.05	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000070	METERS												
	000 06/15/96	264.00	P	MF200	07 00	264.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000071	AIR COMPRESSOR												
	000 05/15/96	464.69	P	MF200	07 00	464.69	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000072	2 PUMPS												
	000 05/15/96	1,535.00	P	MF200	07 00	1,535.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000073	STARTER												
	000 05/15/96	552.00	P	MF200	07 00	552.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000077	METERS												
	000 02/15/96	342.92	P	MF200	07 00	342.92	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
000078	TOOLS												

FLATHEAD UTILITY CO

Depreciation Expense Report

As of January 31, 2005

Book = Tax

FYE Month = January

Sys No	In Svc Ext Date	Acquired Value	P T	Depr Meth	Est Life	Salv / 168(k) Sec 179	Depreciable Basis	Prior Thru	Prior Accum Depreciation	Depreciation This Run	Current YTD Depreciation	Current Accum Depreciation	Key Code
000079	000 10/15/96	734.00	P	MF200	07 00	734.00	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
	HILLTOP WATER SYSTEM												
000080	000 05/15/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000081	000 05/14/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000082	000 05/15/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000083	000 05/14/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000084	000 05/14/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000085	000 05/14/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000086	000 05/14/96	720.00	R	NoDep	00 00	0.00	720.00	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000087	000 05/14/96	2,160.00	R	NoDep	00 00	0.00	2,160.00	01/31/04	0.00	0.00	0.00	0.00	
	WATER SYSTEM												
000088	000 02/01/96	30,000.00	R	NoDep	00 00	0.00	30,000.00	01/31/04	0.00	0.00	0.00	0.00	
	WATER SYSTEM												
000089	000 06/30/96	5,950.00	R	NoDep	00 00	0.00	5,950.00	01/31/04	0.00	0.00	0.00	0.00	
	GRINDER												
000091	000 06/15/97	204.75	P	MF200	07 00	204.75	0.00	01/31/04	0.00	0.00	0.00	0.00	r
	TRACTOR ATTACHMENT												
000093	000 08/15/97	429.53	P	MF200	07 00	429.53	0.00	01/31/04	0.00	0.00	0.00	0.00	r
	HARD DRIVE												
000094	000 10/15/97	128.50	P	MF200	05 00	128.50	0.00	01/31/04	0.00	0.00	0.00	0.00	rs
	WATER SOFTNER												
000097	000 11/15/97	789.20	P	MF200	07 00	789.20	0.00	01/31/04	0.00	0.00	0.00	0.00	r
	HILLTOP WATER SYSTEM												
000098	000 02/12/97	8,184.54	R	NoDep	00 00	0.00	8,184.54	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000099	000 11/10/97	3,507.66	R	NoDep	00 00	0.00	3,507.66	01/31/04	0.00	0.00	0.00	0.00	
	CABINETS												
000104	000 07/17/98	1,139.50	P	MF200	07 00	1,139.50	0.00	01/31/04	0.00	0.00	0.00	0.00	r
	GATEWAY COMPUTER & SOFTWARE												
000105	000 09/21/99	2,568.50	P	MF200	05 00	2,568.50	0.00	01/31/04	0.00	0.00	0.00	0.00	r
	HP LASERJET PRINTER												
000106	000 07/24/00	1,312.75	P	MF200	07 00	0.00	1,312.75	01/31/05	902.66	0.00	117.16	1,019.82	
	PAINT SPRAYER												
000107	000 11/23/00	949.00	P	MF200	07 00	0.00	949.00	01/31/04	652.57	84.70	84.70	737.27	
	HILLTOP WATER SYSTEM												
000108	000 03/09/01	7,015.32	R	NoDep	00 00	0.00	7,015.32	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
000110	000 10/23/01	2,338.44	R	NoDep	00 00	0.00	2,338.44	01/31/04	0.00	0.00	0.00	0.00	
	PUMP - COUNTRY ESTATES												
000112	000 10/19/01	3,975.00	P	MA200	07 00	1,192.50	2,782.50	01/31/04	1,565.67	347.67	347.67	1,913.34	r
	VACCUM (NEW)												
000113	000 07/27/02	207.98	P	MA200	07 00	62.39	145.59	01/31/04	56.46	25.47	25.47	81.93	r
	HILLTOP WATER SYSTEM												
000114	000 10/23/02	2,338.44	R	NoDep	00 00	0.00	2,338.44	01/31/04	0.00	0.00	0.00	0.00	
	HILLTOP WATER SYSTEM												
	000 10/23/03	2,338.44	R	NoDep	00 00	0.00	2,338.44	01/31/04	0.00	0.00	0.00	0.00	

FLATHEAD UTILITY CO

Depreciation Expense Report

As of January 31, 2005

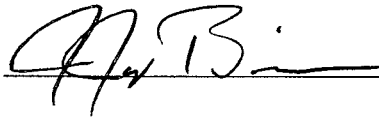
Book = Tax

FYE Month = January

Sys No	In Svc Ext Date	Acquired Value	P T	Depr Meth	Est Life	Salv / 168(k) Sec 179	Depreciable Basis	Prior Thru	Prior Accum Depreciation	Depreciation This Run	Current YTD Depreciation	Current Accum Depreciation	Key Code
000115	AIR COMPRESSOR												
	000 09/26/03	275.00	P	MA200	07 00		275.00	01/31/04	0.00	0.00	0.00	0.00	r
000116	AUGER												
	000 04/01/03	1,375.00	P	MA200	07 00		1,375.00	01/31/04	0.00	0.00	0.00	0.00	r
000117	INDICATOR/CONTROLLER												
	000 06/04/03	4,448.00	P	MA200	07 00		4,448.00	01/31/04	0.00	0.00	0.00	0.00	r
000118	BLADE & SAFETY SHIELD												
	000 06/06/03	120.91	P	MA200	07 00		120.91	01/31/04	0.00	0.00	0.00	0.00	r
000119	HEATER & THERMOSTAT												
	000 11/25/03	626.31	P	MA200	07 00		626.31	01/31/04	0.00	0.00	0.00	0.00	r
000121	VACUUM												
	000 10/04/04	365.97	P	MF200	07 00		0.00		365.97	0.00	52.28	52.28	
000122	BUCKET												
	000 11/11/04	381.97	P	MF200	07 00		0.00		381.97	0.00	54.57	54.57	
000123	HONDA GENERATOR												
	000 11/18/04	1,092.66	P	MF200	07 00		0.00		1,092.66	0.00	156.10	156.10	
000124	TOOLS												
	000 06/30/04	2,244.82	P	MF200	07 00		0.00		2,244.82	0.00	320.69	320.69	
000125	HILLTOP WATER SYSTEM												
	000 11/03/04	2,338.44	P	NoDep	00 00		0.00		2,338.44	0.00	0.00	0.00	
Grand Total		179,418.50					20,629.26		158,772.79	36,874.23	1,041.48	1,158.64	38,032.87
Less disposals and transfers		0.00					0.00		0.00	0.00			0.00
Count = 0													
Net Grand Total		<u>179,418.50</u>					<u>20,629.26</u>		<u>158,772.79</u>	<u>36,874.23</u>	<u>1,041.48</u>	<u>1,158.64</u>	<u>38,032.87</u>
Count = 63													

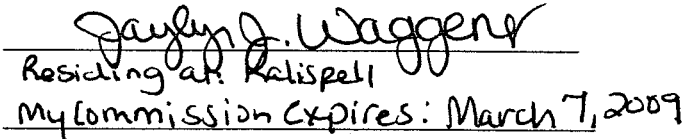
STATE OF MONTANA)
County of FLATHEAD)

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.



PRESIDENT

Subscribed and sworn to before me this 6th day of April, 2005.


Residing at: Kalispell
My Commission Expires: March 7, 2009