

YEAR ENDING JUNE 30, 2007

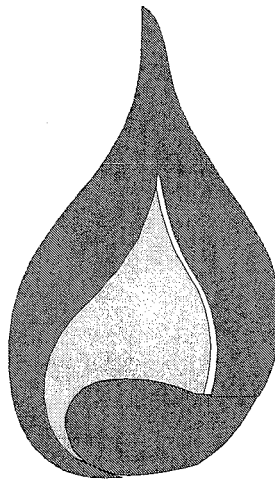
ANNUAL REPORT
OF

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2007 OCT 12 A 9 29

PUBLIC SERVICE
COMMISSION

CUT BANK GAS
COMPANY
GAS UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

Schedule

1 1/2 2

PROPRIETARY

Officers

Year: 2007

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President	All	Daniel F. Whetstone
2	Vice-President	None	James R. DeKaye
3	Secretary	None	David F. Stufft
4	Treasurer	None	Daniel J. Konen
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CORPORATE STRUCTURE

Year: 2007

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
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2	Not applicable, Cut Bank Gas Company has no affiliates.			
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50	TOTAL			

CORPORATE ALLOCATIONS

Year: 2007

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1						
2	Cut Bank Gas Company has no corporate allocations.					
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34	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY Year: 2007

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
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2	Not applicable, Cut Bank Gas Company has no affiliates.					
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32	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2007

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1						
2	Not applicable, Cut Bank Gas Company has no affiliates.					
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32	TOTAL					

MONTANA UTILITY INCOME STATEMENT

Year: 2007

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	2,281,437	2,088,271	-8.47%
2				
3	Operating Expenses			
4	401 Operation Expenses	2,191,314	1,885,720	-13.95%
5	402 Maintenance Expense	77,193	90,277	16.95%
6	403 Depreciation Expense	29,667	33,685	13.54%
7	404-405 Amort. & Depl. of Gas Plant	-	-	
8	406 Amort. of Gas Plant Acquisition Adjustments	-	-	
9	407.1 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs	-	-	
10				
11	407.2 Amort. of Conversion Expense	-	-	
12	408.1 Taxes Other Than Income Taxes	64,470	66,233	2.73%
13	409.1 Income Taxes - Federal	-	-	
14	- Other	50	50	
15	410.1 Provision for Deferred Income Taxes	-	2,816	#DIV/0!
16	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	(16,946)	-	100.00%
17	411.4 Investment Tax Credit Adjustments	-	-	
18	411.6 (Less) Gains from Disposition of Utility Plant	-	-	
19	411.7 Losses from Disposition of Utility Plant	-	-	
20	TOTAL Utility Operating Expenses	2,345,748	2,078,781	-11.38%
21	NET UTILITY OPERATING INCOME	(64,311)	9,490	114.76%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2	480 Residential	2,268,366	2,075,278	-8.51%
3	481 Commercial & Industrial - Small	-	-	
4	Commercial & Industrial - Large	-	-	
5	482 Other Sales to Public Authorities	-	-	
6	484 Interdepartmental Sales	-	-	
7	485 Intracompany Transfers	-	-	
8	TOTAL Sales to Ultimate Consumers	2,268,366	2,075,278	-8.51%
9	483 Sales for Resale	-	-	
10	TOTAL Sales of Gas	2,268,366	2,075,278	-8.51%
11	Other Operating Revenues			
12	487 Forfeited Discounts & Late Payment Revenues	-	-	
13	488 Miscellaneous Service Revenues	6,181	6,601	6.80%
14	489 Revenues from Transp. of Gas for Others	-	-	
15	490 Sales of Products Extracted from Natural Gas	-	-	
16	491 Revenues from Nat. Gas Processed by Others	-	-	
17	492 Incidental Gasoline & Oil Sales	-	-	
18	493 Rent From Gas Property	-	-	
19	494 Interdepartmental Rents	-	-	
20	495 Other Gas Revenues (Schedule 9A)	6,890	6,392	-7.23%
21	TOTAL Other Operating Revenues	13,071	12,993	-0.60%
22	Total Gas Operating Revenues	2,281,437	2,088,271	-8.47%
23				
24	496 (Less) Provision for Rate Refunds	-	-	
25				
26	TOTAL Oper. Revs. Net of Pro. for Refunds	2,281,437	2,088,271	-8.47%

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2007

LINE 20 SCH 9 OTHER GAS REVENUE

	LAST YEAR	THIS YEAR	% CHANGE
Interest Income	5,976	5,409	-9.49%
Patronage Dividend	175	166	-5.14%
Loss on Investment in Cooperatives	-	(341)	#DIV/0!
Miscellaneous	739	1,158	56.70%
Totals	6,890	6,392	-7.23%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2007

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses			
2	Production & Gathering - Operation			
3	750 Operation Supervision & Engineering	28,311	26,666	-5.81%
4	751 Production Maps & Records	-	-	
5	752 Gas Wells Expenses	-	-	
6	753 Field Lines Expenses	-	-	
7	754 Field Compressor Station Expenses	6,084	6,128	0.72%
8	755 Field Compressor Station Fuel & Power	-	-	
9	756 Field Measuring & Regulating Station Expense	-	-	
10	757 Purification Expenses	-	-	
11	758 Gas Well Royalties	13,235	14,686	10.96%
12	759 Other Expenses	-	-	
13	760 Rents	-	-	
14	Total Operation - Natural Gas Production	47,630	47,480	-0.31%
15	Production & Gathering - Maintenance			
16	761 Maintenance Supervision & Engineering	-	-	
17	762 Maintenance of Structures & Improvements	-	-	
18	763 Maintenance of Producing Gas Wells	9,336	7,579	-18.82%
19	764 Maintenance of Field Lines	5,985	2,269	-62.09%
20	765 Maintenance of Field Compressor Sta. Equip.	-	-	
21	766 Maintenance of Field Meas. & Reg. Sta. Equip.	-	-	
22	767 Maintenance of Purification Equipment	-	-	
23	768 Maintenance of Drilling & Cleaning Equip.	-	-	
24	769 Maintenance of Other Equipment	-	-	
25	Total Maintenance- Natural Gas Prod.	15,321	9,848	-35.72%
26	TOTAL Natural Gas Production & Gathering	62,951	57,328	-8.93%
27	Products Extraction - Operation			
28	770 Operation Supervision & Engineering	-	-	
29	771 Operation Labor	-	-	
30	772 Gas Shrinkage	-	-	
31	773 Fuel	-	-	
32	774 Power	-	-	
33	775 Materials	-	-	
34	776 Operation Supplies & Expenses	-	-	
35	777 Gas Processed by Others	-	-	
36	778 Royalties on Products Extracted	-	-	
37	779 Marketing Expenses	-	-	
38	780 Products Purchased for Resale	-	-	
39	781 Variation in Products Inventory	-	-	
40	782 (Less) Extracted Products Used by Utility - Cr.	-	-	
41	783 Rents	-	-	
42	Total Operation - Products Extraction	-	-	
43	Products Extraction - Maintenance			
44	784 Maintenance Supervision & Engineering	-	-	
45	785 Maintenance of Structures & Improvements	-	-	
46	786 Maintenance of Extraction & Refining Equip.	-	-	
47	787 Maintenance of Pipe Lines	-	-	
48	788 Maintenance of Extracted Prod. Storage Equip.	-	-	
49	789 Maintenance of Compressor Equipment	-	-	
50	790 Maintenance of Gas Meas. & Reg. Equip.	-	-	
51	791 Maintenance of Other Equipment	-	-	
52	Total Maintenance - Products Extraction	-	-	
53	TOTAL Products Extraction	-	-	

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2007

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses - continued			
2				
3	Exploration & Development - Operation			
4	795 Delay Rentals	-	-	
5	796 Nonproductive Well Drilling	-	-	
6	797 Abandoned Leases	-	-	
7	798 Other Exploration	-	-	
8	TOTAL Exploration & Development	-	-	
9				
10	Other Gas Supply Expenses - Operation			
11	800 Natural Gas Wellhead Purchases	-	-	
12	800.1 Nat. Gas Wellhead Purch., Intracomp. Trans.	-	-	
13	801 Natural Gas Field Line Purchases	-	-	
14	802 Natural Gas Gasoline Plant Outlet Purchases	-	-	
15	803 Natural Gas Transmission Line Purchases	-	-	
16	804 Natural Gas City Gate Purchases	1,610,628	1,325,105	-17.73%
17	805 Other Gas Purchases	-	-	
18	805.1 Purchased Gas Cost Adjustments	-	-	
19	805.2 Incremental Gas Cost Adjustments	-	-	
20	806 Exchange Gas	-	-	
21	807.1 Well Expenses - Purchased Gas	-	-	
22	807.2 Operation of Purch. Gas Measuring Stations	-	-	
23	807.3 Maintenance of Purch. Gas Measuring Stations	-	-	
24	807.4 Purchased Gas Calculations Expenses	-	-	
25	807.5 Other Purchased Gas Expenses	-	-	
26	808.1 Gas Withdrawn from Storage -Dr.	-	-	
27	808.2 (Less) Gas Delivered to Storage -Cr.	-	-	
28	809.2 (Less) Deliveries of Nat. Gas for Processing-Cr.	-	-	
29	810 (Less) Gas Used for Compressor Sta. Fuel-Cr.	-	-	
30	811 (Less) Gas Used for Products Extraction-Cr.	-	-	
31	812 (Less) Gas Used for Other Utility Operations-Cr.	-	-	
32	813 Other Gas Supply Expenses	-	-	
33	TOTAL Other Gas Supply Expenses	1,610,628	1,325,105	-17.73%
34				
35	TOTAL PRODUCTION EXPENSES	1,673,579	1,382,433	-17.40%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2007

Account Number & Title		Last Year	This Year	% Change
1	Storage, Terminaling & Processing Expenses			
2				
3	Underground Storage Expenses - Operation			
4	814 Operation Supervision & Engineering	-	-	
5	815 Maps & Records	-	-	
6	816 Wells Expenses	-	-	
7	817 Lines Expenses	-	-	
8	818 Compressor Station Expenses	Cut Bank Gas Company has no expense of this nature on this page.		
9	819 Compressor Station Fuel & Power			
10	820 Measuring & Reg. Station Expenses	-	-	
11	821 Purification Expenses	-	-	
12	822 Exploration & Development	-	-	
13	823 Gas Losses	-	-	
14	824 Other Expenses	-	-	
15	825 Storage Well Royalties	-	-	
16	826 Rents	-	-	
17	Total Operation - Underground Strg. Exp.	-	-	
18				
19	Underground Storage Expenses - Maintenance			
20	830 Maintenance Supervision & Engineering	-	-	
21	831 Maintenance of Structures & Improvements	-	-	
22	832 Maintenance of Reservoirs & Wells	-	-	
23	833 Maintenance of Lines	-	-	
24	834 Maintenance of Compressor Station Equip.	-	-	
25	835 Maintenance of Meas. & Reg. Sta. Equip.	-	-	
26	836 Maintenance of Purification Equipment	-	-	
27	837 Maintenance of Other Equipment	-	-	
28	Total Maintenance - Underground Storage	-	-	
29	TOTAL Underground Storage Expenses	-	-	
30				
31	Other Storage Expenses - Operation			
32	840 Operation Supervision & Engineering	-	-	
33	841 Operation Labor and Expenses	-	-	
34	842 Rents	-	-	
35	842.1 Fuel	-	-	
36	842.2 Power	-	-	
37	842.3 Gas Losses	-	-	
38	Total Operation - Other Storage Expenses	-	-	
39				
40	Other Storage Expenses - Maintenance			
41	843.1 Maintenance Supervision & Engineering	-	-	
42	843.2 Maintenance of Structures & Improvements	-	-	
43	843.3 Maintenance of Gas Holders	-	-	
44	843.4 Maintenance of Purification Equipment	-	-	
45	843.6 Maintenance of Vaporizing Equipment	-	-	
46	843.7 Maintenance of Compressor Equipment	-	-	
47	843.8 Maintenance of Measuring & Reg. Equipment	-	-	
48	843.9 Maintenance of Other Equipment	-	-	
49	Total Maintenance - Other Storage Exp.	-	-	
50	TOTAL - Other Storage Expenses	-	-	
51				
52	TOTAL - STORAGE, TERMINALING & PROC.	-	-	

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2007

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	850 Operation Supervision & Engineering	-	-	
4	851 System Control & Load Dispatching	-	-	
5	852 Communications System Expenses	-	-	
6	853 Compressor Station Labor & Expenses	-	-	
7	854 Gas for Compressor Station Fuel	-	-	
8	855 Other Fuel & Power for Compressor Stations	-	-	
9	856 Mains Expenses	-	-	
10	857 Measuring & Regulating Station Expenses	-	-	
11	858 Transmission & Compression of Gas by Others	-	-	
12	859 Other Expenses	-	-	
13	860 Rents	-	-	
14	Total Operation - Transmission	-	-	
15	Maintenance			
16	861 Maintenance Supervision & Engineering	-	-	
17	862 Maintenance of Structures & Improvements	-	-	
18	863 Maintenance of Mains	-	-	
19	864 Maintenance of Compressor Station Equip.	-	-	
20	865 Maintenance of Measuring & Reg. Sta. Equip.	-	-	
21	866 Maintenance of Communication Equipment	-	-	
22	867 Maintenance of Other Equipment	-	-	
23	Total Maintenance - Transmission	-	-	
24	TOTAL Transmission Expenses	-	-	
25	Distribution Expenses			
26	Operation			
27	870 Operation Supervision & Engineering	8,449	6,694	-20.77%
28	871 Distribution Load Dispatching	-	-	
29	872 Compressor Station Labor and Expenses	-	-	
30	873 Compressor Station Fuel and Power	-	-	
31	874 Mains and Services Expenses	44,241	41,384	-6.46%
32	875 Measuring & Reg. Station Exp.-General	-	-	
33	876 Measuring & Reg. Station Exp.-Industrial	-	-	
34	877 Meas. & Reg. Station Exp.-City Gate Ck. Sta.	-	-	
35	878 Meter & House Regulator Expenses	31,579	22,171	-29.79%
36	879 Customer Installations Expenses	14,858	13,177	-11.31%
37	880 Other Expenses	2,834	3,218	13.55%
38	881 Rents	-	-	
39	Total Operation - Distribution	101,961	86,644	-15.02%
40	Maintenance			
41	885 Maintenance Supervision & Engineering	-	-	
42	886 Maintenance of Structures & Improvements	-	-	
43	887 Maintenance of Mains	30,870	41,634	34.87%
44	888 Maint. of Compressor Station Equipment	-	-	
45	889 Maint. of Meas. & Reg. Station Exp.-General	-	-	
46	890 Maint. of Meas. & Reg. Sta. Exp.-Industrial	-	-	
47	891 Maint. of Meas. & Reg. Sta. Equip.-City Gate	-	-	
48	892 Maintenance of Services	-	-	
49	893 Maintenance of Meters & House Regulators	8,105	9,439	16.46%
50	894 Maintenance of Other Equipment	-	-	
51	Total Maintenance - Distribution	38,975	51,073	31.04%
52	TOTAL Distribution Expenses	140,936	137,717	-2.28%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2007

Account Number & Title		Last Year	This Year	% Change
1				
2	Customer Accounts Expenses			
3	Operation			
4	901 Supervision	-	-	
5	902 Meter Reading Expenses	22,677	24,439	7.77%
6	903 Customer Records & Collection Expenses	45,472	45,708	0.52%
7	904 Uncollectible Accounts Expenses	8,728	4,706	-46.08%
8	905 Miscellaneous Customer Accounts Expenses	9,084	9,501	4.59%
9				
10	TOTAL Customer Accounts Expenses	85,961	84,354	-1.87%
11				
12	Customer Service & Informational Expenses			
13	Operation			
14	907 Supervision	-	-	
15	908 Customer Assistance Expenses	-	-	
16	909 Informational & Instructional Advertising Exp.	-	-	
17	910 Miscellaneous Customer Service & Info. Exp.	-	-	
18				
19	TOTAL Customer Service & Info. Expenses	-	-	
20				
21	Sales Expenses			
22	Operation			
23	911 Supervision	-	-	
24	912 Demonstrating & Selling Expenses	-	-	
25	913 Advertising Expenses	1,297	1,567	20.82%
26	916 Miscellaneous Sales Expenses	-	-	
27				
28	TOTAL Sales Expenses	1,297	1,567	20.82%
29				
30	Administrative & General Expenses			
31	Operation			
32	920 Administrative & General Salaries	107,776	108,828	0.98%
33	921 Office Supplies & Expenses	14,986	14,060	-6.18%
34	922 (Less) Administrative Expenses Transferred - Cr.	-	-	
35	923 Outside Services Employed	63,010	50,173	-20.37%
36	924 Property Insurance	19,210	17,899	-6.82%
37	925 Injuries & Damages	21,358	18,949	-11.28%
38	926 Employee Pensions & Benefits	31,431	35,730	13.68%
39	927 Franchise Requirements	-	-	
40	928 Regulatory Commission Expenses	25,073	23,248	-7.28%
41	929 (Less) Duplicate Charges - Cr.	-	-	
42	930.1 General Advertising Expenses	-	-	
43	930.2 Miscellaneous General Expenses (Sched. 10A)	36,041	45,927	27.43%
44	931 Rents	3,264	3,435	5.24%
45	933 Transportation	21,688	22,321	2.92%
46	TOTAL Operation - Admin. & General	343,837	340,570	-0.95%
47	Maintenance			
48	935 Maintenance of General Plant	22,897	29,356	28.21%
49				
50	TOTAL Administrative & General Expenses	366,734	369,926	0.87%
51	TOTAL OPERATION & MAINTENANCE EXP.	2,268,507	1,975,997	-12.89%

SCHEDULE 10A

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2007

LINE 43 SCH 10 MISCELLANEOUS GENERAL EXPENSE

	LAST YEAR	THIS YEAR	% CHANGE
Interest expense	9,807	18,300	86.60%
Donations	1,045	885	-15.31%
Miscellaneous expense	25,055	26,526	5.87%
Communication expense	134	216	61.19%
Totals	36,041	45,927	27.43%

MONTANA TAXES OTHER THAN INCOME

Year: 2007

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	33,390	35,939	7.63%
2	Montana Consumer Counsel	1,689	1,263	-25.22%
3	Montana PSC	5,722	4,619	-19.28%
4	Property Taxes	10,092	10,395	3.00%
5	Tribal Taxes	1,479	1,479	
6	Natural Gas Production Tax	11,410	11,467	0.50%
7	Vehicle Licenses	688	1,071	55.67%
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51	TOTAL MT Taxes other than Income	64,470	66,233	2.73%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2007

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	David F. Stufft	Attorney	22,966	22,966	100.00%
2	JCCS, CPA's	Accountants	10,837	10,837	100.00%
3	Ronald Woods	Rate Analyst	14,522	14,522	100.00%
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50	TOTAL Payments for Services		48,325	48,325	100%

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2007

	Description	Total Company	Montana	% Montana
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2	Cut Bank Gas Company does not make political contributions.			
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50	TOTAL Contributions			

Pension Costs

Year: 2007

1	Plan Name: Cut Bank Gas Co., Inc. Profit Sharing Plan & Trust			
2	Defined Benefit Plan? No	Defined Contribution Plan? YES		
3	Actuarial Cost Method? N/A			
4	Is the Plan Over Funded? No	IRS Code: Sec. 401(a), 401(k)		
5	Annual Contribution by Employer: \$ -0-			
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	-	-	
8	Service cost	-	-	
9	Interest Cost	-	-	
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	-	-	
13	Acquisition	-	-	
14	Benefits paid	-	-	
15	Benefit obligation at end of year	-	-	
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	502,432	457,141	9.91%
18	Actual return on plan assets	28,771	24,671	16.62%
19	Acquisition	-	-	
20	Employer contribution	10,644	-	#DIV/0!
21	Plan participants' contributions	18,785	20,620	-8.90%
22	Benefits paid	-	-	
23	Fair value of plan assets at end of year	560,632	502,432	11.58%
24	Funded Status			
25	Unrecognized net actuarial loss	-	-	
26	Unrecognized prior service cost	-	-	
27	Prepaid (accrued) benefit cost	-	-	
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	-	-	
36	Interest cost	-	-	
37	Expected return on plan assets	-	-	
38	Amortization of prior service cost	-	-	
39	Recognized net actuarial loss	-	-	
40	Net periodic benefit cost	-	-	
41				
42	Montana Intrastate Costs:			
43	Pension Costs	-	-	
44	Pension Costs Capitalized	-	-	
45	Accumulated Pension Asset (Liability) at Year End	-	-	
46	Number of Company Employees:			
47	Covered by the Plan	7	7	
48	Not Covered by the Plan	-	-	
49	Active	7	7	
50	Retired	-	-	
51	Deferred Vested Terminated	-	-	

Other Post Employment Benefits (OPEBS)

Year: 2007

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End	Cut Bank Gas company has no other post employment benefits.		
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13				
14				
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	Funded Status			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost			
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year: 2007

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	Cut Bank Gas company has no other post employment benefits.		
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

Schedule

16

Proprietary

Schedule

17

Proprietary

BALANCE SHEET

Year: 2007

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Gas Plant in Service	917,038	867,695	-5.38%
4	101.1 Property Under Capital Leases	-	-	
5	102 Gas Plant Purchased or Sold	-	-	
6	104 Gas Plant Leased to Others	-	-	
7	105 Gas Plant Held for Future Use	-	-	
8	105.1 Production Properties Held for Future Use	-	-	
9	106 Completed Constr. Not Classified - Gas	-	-	
10	107 Construction Work in Progress - Gas	-	-	
11	108 (Less) Accumulated Depreciation	(649,542)	(573,885)	11.65%
12	111 (Less) Accumulated Amortization & Depletion	-	-	
13	114 Gas Plant Acquisition Adjustments	-	-	
14	115 (Less) Accum. Amort. Gas Plant Acq. Adj.	-	-	
15	116 Other Gas Plant Adjustments	-	-	
16	117 Gas Stored Underground - Noncurrent	-	-	
17	118 Other Utility Plant	-	-	
18	119 Accum. Depr. and Amort. - Other Utl. Plant	-	-	
19	TOTAL Utility Plant	267,496	293,810	9.84%
20	Other Property & Investments			
21	121 Nonutility Property	-	-	
22	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	-	-	
23	123 Investments in Associated Companies	-	-	
24	123.1 Investments in Subsidiary Companies	-	-	
25	124 Other Investments	2,806	2,565	-8.59%
26	125 Sinking Funds	-	-	
27	TOTAL Other Property & Investments	2,806	2,565	-8.59%
28	Current & Accrued Assets			
29	131 Cash	69,394	95,488	37.60%
30	132-134 Special Deposits	-	-	
31	135 Working Funds	-	-	
32	136 Temporary Cash Investments	-	-	
33	141 Notes Receivable	-	-	
34	142 Customer Accounts Receivable	95,770	80,409	-16.04%
35	143 Other Accounts Receivable	3,524	3,671	4.17%
36	144 (Less) Accum. Provision for Uncollectible Accts.	(8,231)	(7,265)	11.74%
37	145 Notes Receivable - Associated Companies	-	-	
38	146 Accounts Receivable - Associated Companies	-	-	
39	151 Fuel Stock	-	-	
40	152 Fuel Stock Expenses Undistributed	-	-	
41	153 Residuals and Extracted Products	-	-	
42	154 Plant Materials and Operating Supplies	17,291	17,474	1.06%
43	155 Merchandise	1,644	1,391	-15.39%
44	156 Other Material & Supplies	-	-	
45	163 Stores Expense Undistributed	-	-	
46	164.1 Gas Stored Underground - Current	-	-	
47	165 Prepayments	8,723	8,298	-4.87%
48	166 Advances for Gas Explor., Devl. & Production	-	-	
49	171 Interest & Dividends Receivable	-	-	
50	172 Rents Receivable	-	-	
51	173 Accrued Utility Revenues	-	-	
52	174 Miscellaneous Current & Accrued Assets	-	-	
53	TOTAL Current & Accrued Assets	188,115	199,466	6.03%

BALANCE SHEET

Year: 2007

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits (cont.)			
2				
3	Deferred Debits			
4				
5	181 Unamortized Debt Expense	-	-	
6	182.1 Extraordinary Property Losses	-	-	
7	182.2 Unrecovered Plant & Regulatory Study Costs	-	-	
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	-	-	
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.	-	-	
10	184 Clearing Accounts	-	-	
11	185 Temporary Facilities	-	-	
12	186 Miscellaneous Deferred Debits	-	-	
13	187 Deferred Losses from Disposition of Util. Plant	-	-	
14	188 Research, Devel. & Demonstration Expend.	-	-	
15	189 Unamortized Loss on Reacquired Debt	-	-	
16	190 Accumulated Deferred Income Taxes	37,913	34,963	-7.78%
17	191 Unrecovered Purchased Gas Costs	-	-	
18	192.1 Unrecovered Incremental Gas Costs	-	-	
19	192.2 Unrecovered Incremental Surcharges	-	-	
20	TOTAL Deferred Debits	37,913	34,963	-7.78%
21				
22	TOTAL ASSETS & OTHER DEBITS	496,330	530,804	6.95%
	Account Number & Title	Last Year	This Year	% Change
23	Liabilities and Other Credits			
24				
25	Proprietary Capital			
26				
27	201 Common Stock Issued	90,310	90,310	
28	202 Common Stock Subscribed	-	-	
29	204 Preferred Stock Issued	-	-	
30	205 Preferred Stock Subscribed	-	-	
31	207 Premium on Capital Stock	-	-	
32	211 Miscellaneous Paid-In Capital	-	-	
33	213 (Less) Discount on Capital Stock	-	-	
34	214 (Less) Capital Stock Expense	-	-	
35	215 Appropriated Retained Earnings	-	-	
36	216 Unappropriated Retained Earnings	21,352	30,842	44.45%
37	217 (Less) Reacquired Capital Stock	-	-	
38	TOTAL Proprietary Capital	111,662	121,152	8.50%
39				
40	Long Term Debt			
41				
42	221 Bonds	-	-	
43	222 (Less) Reacquired Bonds	-	-	
44	223 Advances from Associated Companies	-	-	
45	224 Other Long Term Debt	-	13,706	#DIV/0!
46	225 Unamortized Premium on Long Term Debt	-	-	
47	226 (Less) Unamort. Discount on L-Term Debt-Dr.	-	-	
48	TOTAL Long Term Debt	-	13,706	#DIV/0!

BALANCE SHEET

Year: 2007

	Account Number & Title	Last Year	This Year	% Change
1				
2	Total Liabilities and Other Credits (cont.)			
3				
4	Other Noncurrent Liabilities			
5				
6	227 Obligations Under Cap. Leases - Noncurrent	-	-	
7	228.1 Accumulated Provision for Property Insurance	-	-	
8	228.2 Accumulated Provision for Injuries & Damages	-	-	
9	228.3 Accumulated Provision for Pensions & Benefits	-	-	
10	228.4 Accumulated Misc. Operating Provisions	-	-	
11	229 Accumulated Provision for Rate Refunds	-	-	
12	TOTAL Other Noncurrent Liabilities	-	-	
13				
14	Current & Accrued Liabilities			
15				
16	231 Notes Payable	171,832	167,455	-2.55%
17	232 Accounts Payable	113,485	107,863	-4.95%
18	233 Notes Payable to Associated Companies	-	-	
19	234 Accounts Payable to Associated Companies	-	-	
20	235 Customer Deposits	44,472	52,822	18.78%
21	236 Taxes Accrued	13,188	24,027	82.19%
22	237 Interest Accrued	28,458	30,680	7.81%
23	238 Dividends Declared	-	-	
24	239 Matured Long Term Debt	-	-	
25	240 Matured Interest	-	-	
26	241 Tax Collections Payable	-	-	
27	242 Miscellaneous Current & Accrued Liabilities	-	-	
28	243 Obligations Under Capital Leases - Current	-	-	
29	TOTAL Current & Accrued Liabilities	371,435	382,847	3.07%
30				
31	Deferred Credits			
32				
33	252 Customer Advances for Construction	-	-	
34	253 Other Deferred Credits	-	-	
35	255 Accumulated Deferred Investment Tax Credits	-	-	
36	256 Deferred Gains from Disposition Of Util. Plant	-	-	
37	257 Unamortized Gain on Reacquired Debt	-	-	
38	281-283 Accumulated Deferred Income Taxes	13,233	13,099	-1.01%
39	TOTAL Deferred Credits	13,233	13,099	-1.01%
40				
41	TOTAL LIABILITIES & OTHER CREDITS	496,330	530,804	6.95%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2007

	Account Number & Title	Last Year	This Year	% Change
1	Intangible Plant			
2				
3	301 Organization	11,354	11,354	
4	302 Franchises & Consents	1,770	1,770	
5	303 Miscellaneous Intangible Plant	30,000	30,000	
6				
7	TOTAL Intangible Plant	43,124	43,124	
8				
9	Production Plant			
10				
11	Production & Gathering Plant			
12				
13	325.1 Producing Lands	-	-	
14	325.2 Producing Leaseholds	12,877	12,877	
15	325.3 Gas Rights	-	-	
16	325.4 Rights-of-Way	-	-	
17	325.5 Other Land & Land Rights	-	-	
18	326 Gas Well Structures	-	-	
19	327 Field Compressor Station Structures	6,590	6,590	
20	328 Field Meas. & Reg. Station Structures	-	-	
21	329 Other Structures	-	-	
22	330 Producing Gas Wells-Well Construction	8,159	8,159	
23	331 Producing Gas Wells-Well Equipment	101,835	101,835	
24	332 Field Lines	4,413	4,413	
25	333 Field Compressor Station Equipment	24,032	24,032	
26	334 Field Meas. & Reg. Station Equipment	1,276	1,276	
27	335 Drilling & Cleaning Equipment	-	-	
28	336 Purification Equipment	-	-	
29	337 Other Equipment	-	-	
30	338 Unsuccessful Exploration & Dev. Costs	-	-	
31				
32	Total Production & Gathering Plant	159,182	159,182	
33				
34	Products Extraction Plant			
35				
36	340 Land & Land Rights	-	-	
37	341 Structures & Improvements	-	-	
38	342 Extraction & Refining Equipment	-	-	
39	343 Pipe Lines	-	-	
40	344 Extracted Products Storage Equipment	-	-	
41	345 Compressor Equipment	-	-	
42	346 Gas Measuring & Regulating Equipment	-	-	
43	347 Other Equipment	-	-	
44				
45	Total Products Extraction Plant	-	-	
46				
47	TOTAL Production Plant	159,182	159,182	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2007

	Account Number & Title	Last Year	This Year	% Change			
1							
2	Natural Gas Storage and Processing Plant						
3							
4	Underground Storage Plant						
5							
6	350.1 Land	There are no storage and processing plant assets					
7	350.2 Rights-of-Way						
8	351 Structures & Improvements						
9	352 Wells						
10	352.1 Storage Leaseholds & Rights						
11	352.2 Reservoirs						
12	352.3 Non-Recoverable Natural Gas						
13	353 Lines						
14	354 Compressor Station Equipment						
15	355 Measuring & Regulating Equipment						
16	356 Purification Equipment						
17	357 Other Equipment						
18							
19	Total Underground Storage Plant				-	-	
20							
21	Other Storage Plant						
22							
23	360 Land & Land Rights	-	-				
24	361 Structures & Improvements	-	-				
25	362 Gas Holders	-	-				
26	363 Purification Equipment	-	-				
27	363.1 Liquification Equipment	-	-				
28	363.2 Vaporizing Equipment	-	-				
29	363.3 Compressor Equipment	-	-				
30	363.4 Measuring & Regulating Equipment	-	-				
31	363.5 Other Equipment	-	-				
32							
33	Total Other Storage Plant	-	-				
34							
35	TOTAL Natural Gas Storage and Processing Plant	-	-				
36							
37	Transmission Plant						
38							
39	365.1 Land & Land Rights	-	-				
40	365.2 Rights-of-Way	-	-				
41	366 Structures & Improvements	-	-				
42	367 Mains	792	792				
43	368 Compressor Station Equipment	-	-				
44	369 Measuring & Reg. Station Equipment	-	-				
45	370 Communication Equipment	-	-				
46	371 Other Equipment	-	-				
47							
48	TOTAL Transmission Plant	792	792				

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2007

	Account Number & Title	Last Year	This Year	% Change
1				
2	Distribution Plant			
3				
4	374 Land & Land Rights	-	-	
5	375 Structures & Improvements	-	-	
6	376 Mains	241,320	234,163	-2.97%
7	377 Compressor Station Equipment	-	-	
8	378 Meas. & Reg. Station Equipment-General	-	-	
9	379 Meas. & Reg. Station Equipment-City Gate	18,379	18,379	
10	380 Services	7,541	964	-87.22%
11	381 Meters	146,747	96,052	-34.55%
12	382 Meter Installations	42,618	28,949	-32.07%
13	383 House Regulators	-	-	
14	384 House Regulator Installations	-	-	
15	385 Industrial Meas. & Reg. Station Equipment	-	-	
16	386 Other Prop. on Customers' Premises	-	-	
17	387 Other Equipment	-	-	
18				
19	TOTAL Distribution Plant	456,605	378,507	-17.10%
20				
21	General Plant			
22				
23	389 Land & Land Rights	10,000	10,000	
24	390 Structures & Improvements	84,119	84,119	
25	391 Office Furniture & Equipment	20,230	35,432	75.15%
26	392 Transportation Equipment	82,630	91,168	10.33%
27	393 Stores Equipment	-	-	
28	394 Tools, Shop & Garage Equipment	9,409	14,424	53.30%
29	395 Laboratory Equipment	-	-	
30	396 Power Operated Equipment	49,287	49,287	
31	397 Communication Equipment	899	899	
32	398 Miscellaneous Equipment	761	761	
33	399 Other Tangible Property	-	-	
34				
35	TOTAL General Plant	257,335	286,090	11.17%
36				
37	TOTAL Gas Plant in Service	917,038	867,695	-5.38%

MONTANA DEPRECIATION SUMMARY

Year: 2007

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering	159,182	143,972	144,647	-
2	Products Extraction	-	-	-	-
3	Underground Storage	-	-	-	-
4	Other Storage	-	-	-	-
5	Transmission	792	792	792	-
6	Distribution	378,507	302,927	233,883	-
7	General	286,090	201,851	194,563	-
8	TOTAL	824,571	649,542	573,885	-

SCHEDULE 21

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	-	-	
3	152 Fuel Stock Expenses - Undistributed	-	-	
4	153 Residuals & Extracted Products	-	-	
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)	-	-	
7	Assigned to Operations & Maintenance	-	-	
8	Production Plant (Estimated)	-	-	
9	Transmission Plant (Estimated)	-	-	
10	Distribution Plant (Estimated)	17,291	17,474	1.06%
11	Assigned to Other	-	-	
12	155 Merchandise	1,644	1,391	-15.39%
13	156 Other Materials & Supplies	-	-	
14	163 Stores Expense Undistributed	-	-	
15				
16	TOTAL Materials & Supplies	18,935	18,865	-0.37%

SCHEDULE 22

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

Commission Accepted - Most Recent		% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number			
2	Order Number			
3		Pass throughs not included		
4	Common Equity	187,849	55.00%	10.270
5	Preferred Stock	-	-	-
6	Long Term Debt	153,695	45.00%	7.000
7	Other	-	-	-
8	TOTAL	341,544	100.00%	8.80
9				
10	Actual at Year End			
11				
12	Common Equity	121,152	86.96%	-
13	Preferred Stock	-	-	-
14	Long Term Debt	18,161	13.04%	-
15	Other	-	-	-
16	TOTAL	139,313	100.00%	-

STATEMENT OF CASH FLOWS

Year: 2007

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	(64,311)	9,490	114.76%
6	Depreciation	29,667	33,685	13.54%
7	Patronage Dividend	(175)	(166)	5.14%
8	Deferred Income Taxes - Net	(16,946)	2,816	116.62%
9	Investment Tax Credit Adjustments - Net	-	-	
10	Change in Operating Receivables - Net	(15,002)	14,248	194.97%
11	Change in Materials, Supplies & Inventories - Net	(1,296)	70	105.40%
12	Change in Operating Payables & Accrued Liabilities - Net	43,056	7,439	-82.72%
13	Allowance for Funds Used During Construction (AFUDC)	-	-	
14	Change in Other Assets & Liabilities - Net	4,953	8,775	77.17%
15	Other Operating Activities	-	341	-100.00%
16	Net Cash Provided by/(Used in) Operating Activities	(20,054)	76,698	482.46%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment			
20	(net of AFUDC & Capital Lease Related Acquisitions)	(13,779)	(59,999)	-335.44%
21	Acquisition of Other Noncurrent Assets	-	-	
22	Proceeds from Disposal of Noncurrent Assets	70	66	-5.71%
23	Investments In and Advances to Affiliates	-	-	
24	Contributions and Advances from Affiliates	-	-	
25	Disposition of Investments in and Advances to Affiliates	-	-	
26	Other Investing Activities (explained on attached page)	-	-	
27	Net Cash Provided by/(Used in) Investing Activities	(13,709)	(59,933)	-337.18%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt	-	22,743	#DIV/0!
32	Preferred Stock	-	-	
33	Common Stock	-	-	
34	Other:	-	-	
35	Net Increase in Short-Term Debt	51,832	-	-100.00%
36	Other:	-	-	
37	Payment for Retirement of:			
38	Long-Term Debt	-	(4,582)	#DIV/0!
39	Preferred Stock	-	-	
40	Common Stock	-	-	
41	Other:	-	-	
42	Net Decrease in Short-Term Debt	-	(8,832)	#DIV/0!
43	Dividends on Preferred Stock	-	-	
44	Dividends on Common Stock	-	-	
45	Other Financing Activities (explained on attached page)	-	-	
46	Net Cash Provided by (Used in) Financing Activities	51,832	9,329	-82.00%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	18,069	26,094	44.41%
49	Cash and Cash Equivalents at Beginning of Year	51,325	69,394	35.21%
50	Cash and Cash Equivalents at End of Year	69,394	95,488	37.60%

SCHEDULE 23A

**CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2007**

LINE 15 SCH 23 OTHER OPERATING ACTIVITIES

	LAST YEAR	THIS YEAR	% CHANGE
Loss on Investment in Cooperative	-	341	#DIV/0!
Totals	-	341	#DIV/0!

LONG TERM DEBT

Year: 2007

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost %
1	GMAC Auto Loan	Aug-07	Aug-11	22,743	22,743	18,161		315	1.73%
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32	TOTAL			22,743	22,743	18,161		315	1.73%

Company Name: Cut Bank Gas Company

Year: 2007

PREFERRED STOCK

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1										
2										
3	Cut Bank Gas Company has no preferred stock.									
4										
5										
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30										
31										
32	TOTAL									

COMMON STOCK

Year: 2007

	Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share	Dividends Per Share	Retention Ratio	Market Price High	Market Price Low	Price/Earnings Ratio
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
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25								
26								
27								
28								
29								
30								
31								
32	TOTAL Year End	\$ 9,031	\$ 13.42	\$ 1.05	\$ -	N/A	N/A	N/A

Information only available for the fiscal year end of June, 2007

MONTANA EARNED RATE OF RETURN

Year: 2007

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service	917,038	867,695	-5.38%
3	108 (Less) Accumulated Depreciation	(649,542)	(573,885)	11.65%
4	NET Plant in Service	267,496	293,810	9.84%
5				
6	Additions			
7	154, 156 Materials & Supplies	17,291	17,474	1.06%
8	165 Prepayments	8,723	8,298	-4.87%
9	Other Additions (Schedule 27A)	90,294	89,641	-0.72%
10	TOTAL Additions	116,308	115,413	-0.77%
11				
12	Deductions			
13	190 Accumulated Deferred Income Taxes	-	-	
14	252 Customer Advances for Construction	-	-	
15	255 Accumulated Def. Investment Tax Credits	-	-	
16	Other Deductions - Customer Deposits	44,472	52,822	18.78%
17	TOTAL Deductions	44,472	52,822	18.78%
18	TOTAL Rate Base	339,332	356,401	5.03%
19				
20	Net Earnings	(64,311)	9,490	114.76%
21				
22	Rate of Return on Average Rate Base	-18.33%	2.73%	114.88%
23				
24	Rate of Return on Average Equity	-44.72%	8.15%	118.23%
25				
26	Major Normalizing Adjustments & Commission			
27	Ratemaking adjustments to Utility Operations			
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47	Adjusted Rate of Return on Average Rate Base	-18.33%	2.73%	114.88%
48				
49	Adjusted Rate of Return on Average Equity	-44.72%	8.15%	118.23%

SCHEDULE 27A

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2007

LINE 9 SCH 27 / Per Commission Order #6311b

	LAST YEAR	THIS YEAR	% CHANGE
Operating expenses	2,191,314	1,885,720	-13.95%
Maintenance expenses	77,193	90,277	16.95%
Taxes other than income taxes	64,470	66,233	2.73%
	2,332,977	2,042,230	-12.46%
Less:			
Purchased Gas	1,610,628	1,325,105	-17.73%
	722,349	717,125	-0.72%
Divided by	8	8	
1/8 Op. & Maint. for working capital	<u>90,294</u>	<u>89,641</u>	-0.72%

MONTANA COMPOSITE STATISTICS

Year: 2007

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	867,695
5	107 Construction Work in Progress	-
6	114 Plant Acquisition Adjustments	-
7	105 Plant Held for Future Use	-
8	154, 156 Materials & Supplies	17,474
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(573,885)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	311,284
14		
15	Revenues & Expenses (000 Omitted)	
16		
17	400 Operating Revenues	2,075,278
18		
19	403 - 407 Depreciation & Amortization Expenses	33,685
20	Federal & State Income Taxes	50
21	Other Taxes	69,049
22	Other Operating Expenses	1,975,112
23	TOTAL Operating Expenses	2,077,896
24		
25	Net Operating Income	(2,618)
26		
27	415 - 421.1 Other Income	12,993
28	421.2 - 426.5 Other Deductions	885
29		
30	NET INCOME	9,490
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35	Residential	1,244
36	Commercial	255
37	Industrial	-
38	Other	-
39		
40	TOTAL NUMBER OF CUSTOMERS	1,499
41		
42	Other Statistics (Intrastate Only)	
43		
44	Average Annual Residential Use (Mcf or Dkt)	136.84 Mcf
45	Average Annual Residential Cost per (Mcf or Dkt) (\$) *	\$ 10.12
46	* Avg annual cost = [(cost per Mcf or Dkt x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	\$ 115.37
48	Gross Plant per Customer	\$ 578.85

MONTANA CUSTOMER INFORMATION

Year: 2007

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Cut Bank	4,000	1,244	255		1,499
2						
3						
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32	TOTAL Montana Customers	4,000	1,244	255		1,499

MONTANA EMPLOYEE COUNTS

Year: 2007

	Department	Year Beginning	Year End	Average
1	Administration	1	1	1
2	Service	4	4	4
3	Office	2	2	2
4				
5				
6				
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48				
49				
50	TOTAL Montana Employees	7	7	7

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2008

	Project Description	Total Company	Total Montana
1			
2	Cut Bank Gas Company does not project a construction budget.		
3			
4			
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49			
50	TOTAL		

TRANSMISSION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2007

Total Company			
	Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have a transmission system.	
2	February		
3	March		
4	April		
5	May		
6	June		
7	July		
8	August		
9	September		
10	October		
11	November		
12	December		
13	TOTAL		

Montana			
	Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January		
15	February		
16	March		
17	April		
18	May		
19	June		
20	July		
21	August		
22	September		
23	October		
24	November		
25	December		
26	TOTAL		

DISTRIBUTION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2007

Total Company			
	Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have the equipment to measure for this.	
2	February		
3	March		
4	April		
5	May		
6	June		
7	July		
8	August		
9	September		
10	October		
11	November		
12	December		
13	TOTAL		

Montana			
	Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January		
15	February		
16	March		
17	April		
18	May		
19	June		
20	July		
21	August		
22	September		
23	October		
24	November		
25	December		
26	TOTAL		

STORAGE SYSTEM - TOTAL COMPANY & MONTANA

Year: 2007

Total Company												
Peak Day of Month		Peak Day Volumes (Mcf or Dkt)			Total Monthly Volumes (Mcf or Dkt)							
Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Losses	
1	January											
2	February											
3	March											
4	April											
5	May											
6	June											
7	July											
8	August											
9	September											
10	October											
11	November											
12	December											
13	TOTAL											

Cut Bank Gas Company does not have a storage system.

Montana												
Peak Day of Month		Peak Day Volumes (Mcf or Dkt)			Total Monthly Volumes (Mcf or Dkt)							
Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Losses	
14	January											
15	February											
16	March											
17	April											
18	May											
19	June											
20	July											
21	August											
22	September											
23	October											
24	November											
25	December											
26	TOTAL											

SOURCES OF GAS SUPPLY

Year: 2007

	Name of Supplier	Last Year Volumes Mcf or Dkt	This Year Volumes Mcf or Dkt	Last Year Avg. Commodity Cost	This Year Avg. Commodity Cost
1	NorthWestern Energy	153,956 Mcfs	167,187 Mcfs	\$10.462	\$7.926
2		@14.90	@14.90		
3	Cut Bank Gas Company - Royalty	23,328 Mcfs	22,386 Mcfs	\$0.567	\$0.656
4		@ 14.73	@ 14.73		
5					
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32					
33	Total Gas Supply Volumes	177,284 Mcfs	189,573 Mcfs	\$9.160	\$7.067

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (Mcf or Dkt)	Achieved Savings (Mcf or Dkt)	Difference
1							
2	Cut Bank Gas Company does not have conservation and demand side management programs.						
3							
4							
5							
6							
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8							
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29							
30							
31							
32		TOTAL					

MONTANA CONSUMPTION AND REVENUES

Year: 2007

		Operating Revenues		MCF Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales of Gas							
1	Residential	Considered one class					
2	Commercial - Small						
3	Commercial - Large						
4	Industrial - Small						
5	Industrial - Large						
6	Interruptible Industrial						
7	Other Sales to Public Authorities						
8	Sales to Other Utilities						
9	Interdepartmental						
10							
11	TOTAL	2,075,278	2,268,366	205,118	194,954	1,499	1,515
12							
13							
14							
Transportation of Gas		Operating Revenues		BCF Transported		Avg. No. of Customers	
15							
16							
17							
18							
19							
20	Utilities	Cut Bank Gas Company has no Transmission Revenue.					
21	Industrial						
22	Other						
23							
24	TOTAL						

Natural Gas Universal System Benefits Programs

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2		Cut Bank Gas Company does not have this program.				
3						
4						
5						
6						
7						
8	Market Transformation					
9						
10						
11						
12						
13						
14						
15	Research & Development					
16						
17						
18						
19						
20						
21						
22	Low Income					
23		87 customers who were LIEAP eligible received \$175 each on their natural gas bill from the customer bill assistance program which is administered by Energy Share of Montana and Opportunities Inc.				
24						
25						
26						
27						
28						
29	Other					
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	Total					
43	Number of customers that received low income rate discounts					N/A
44	Average monthly bill discount amount (\$/mo)					N/A
45	Average LIEAP-eligible household income					N/A
46	Number of customers that received weatherization assistance					N/A
47	Expected average annual bill savings from weatherization					N/A
48	Number of residential audits performed					N/A

Montana Conservation & Demand Side Management Programs

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2						
3		Cut Bank Gas Company does not have Conservation and Demand Side Management Programs.				
4						
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
13						
14						
15	Market Transformation					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
33						
34						
35	Other					
36						
37						
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48	Total					