

YEAR: ~~2008~~ RECEIVED BY

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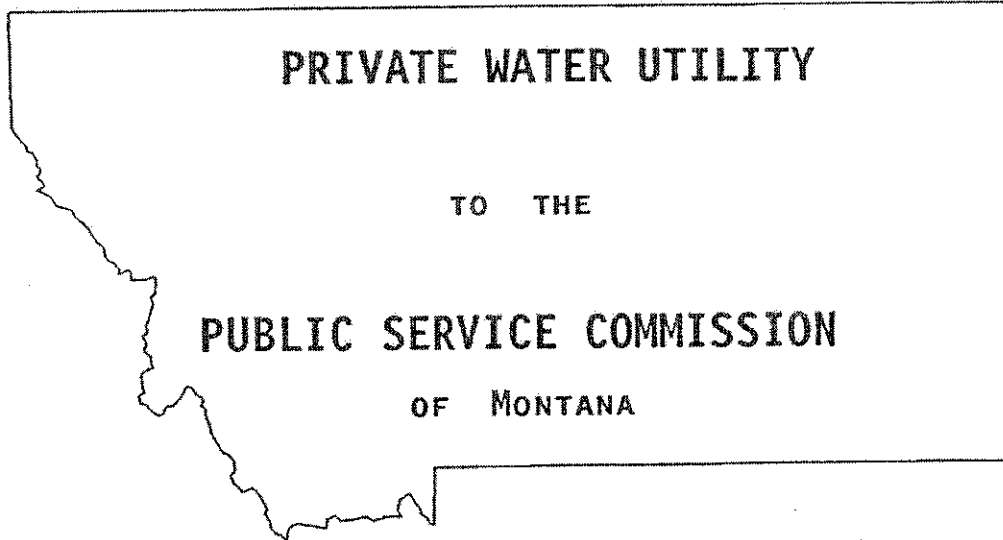
# ANNUAL REPORT

PUBLIC SERVICE  
COMMISSION

of the

NAME PHANTOM HILLS WATER COMPANY

LOCATION MISSOULA, MONTANA



FOR THE YEAR ENDING 31-Dec-08

## 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

PHANTOM HILLS WATER COMPANY

PO BOX 16630

*(address)*

MISSOULA, MT 59808

*(city, state, zip code)*

For Year Ended 31-Dec-08

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	DIR. - ASSET MGMT	101 INTERNATIONAL WAY MISSOULA, MT 59808	
Person who prepared this report: JOHNNA EISENMANN	DIR. - ASSET MGMT	101 INTERNATIONAL WAY MISSOULA, MT 59808	
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
<b>OPERATING REVENUE:</b>		
Metered		
Residential	41,087.00	27,673.00
Commercial	3,208.00	1,815.00
Industrial		
Other		
Unmetered		
Residential		
Commercial		
Industrial		
Fire Protection	8,085.00	8,001.00
Bulk Sales		
Sale of Materials		
Other		
<b>TOTAL OPERATING REVENUE:</b>	<b>\$ 52,380.00</b>	<b>\$ 37,489.00</b>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance Expense	58,045.00	75,500.00
Depreciation Expense	95,210.00	90,207.00
Taxes Other than Income	-	4,267.00
Deferred Federal Income Taxes		
Deferred State Income Taxes	84.00	351.00
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 153,339.00</b>	<b>\$ 170,325.00</b>
<b>NET INCOME (LOSS) from OPERATIONS</b>	<b>\$ (100,959.00)</b>	<b>\$ (132,836.00)</b>
<b>Other Income:</b>		
Non Utility Income	-	-
<b>TOTAL OTHER INCOME</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Deductions:</b>		
Non-Utility Expenses		
Interest Expense	155,778.00	208,946.00
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 155,778.00</b>	<b>\$ 208,946.00</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (256,737.00)</b>	<b>\$ (341,782.00)</b>

## COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Current Year	Previous Year
<b>ASSETS:</b>		
Utility Plant in Service	1,862,955.00	1,843,372.00
Less: Accumulated Deprec. & Amort.	408,065.00	312,855.00
<b>NET UTILITY PLANT</b>	<b>\$ 1,454,890.00</b>	<b>\$ 1,530,517.00</b>
Cash	47.00	1,390.00
Customer Accounts Receivable	1,329.00	3,905.00
Other Assets (Specify)      ppd ins	815.00	943.00
<b>TOTAL ASSETS OTHER THAN UTILITY PLAN</b>	<b>\$ 2,191.00</b>	<b>\$ 6,238.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,457,081.00</b>	<b>\$ 1,536,755.00</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>CAPITAL</b>		
Common Stock Issued	1,000.00	1,000.00
Preferred Stock Issued		
Other Paid in Capital		
Retained Earnings	(1,213,216.00)	(957,631.00)
Proprietary Capital		
<b>TOTAL CAPITAL</b>	<b>\$ (1,212,216.00)</b>	<b>\$ (956,631.00)</b>
<b>LIABILITIES</b>		
Long Term Debt	2,655,100.00	24,731,400.00
Accounts Payable	14,197.00	20,286.00
Notes Payable		
Customer Deposits		
Accrued Taxes		
Other Liabilities (Specify)		
Advances for Construction		
Contributions in aid of Construction		
<b>TOTAL LIABILITIES</b>	<b>\$ 2,669,297.00</b>	<b>\$ 24,751,686.00</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 1,457,081.00</b>	<b>\$ 23,795,055.00</b>

Accumulated Depreciation and Amortization of Utility Plant		
ACCOUNT 108	Current Year	Previous Year
Balance at First of Year	312,855.00	222,648.00
Credits During the Year:		
Accruals Charged to Depreciation Account	95,210.00	90,207.00
Salvage		
Other Credits (Specify):		
<b>Total Credits</b>	<b>\$ 408,065.00</b>	<b>\$ 312,855.00</b>
Debits During the Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify):		
<b>Total Debits</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Balance at End of Year</b>	<b>\$ 408,065.00</b>	<b>\$ 312,855.00</b>

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	
<b>TOTAL DURING THE YEAR</b>			<b>\$ -</b>

Accumulated Deferred Income Taxes	
Description	Amount
Accumulated Deferred Income Taxes	\$ -
Federal	-
State	-
<b>Total Accumulated Deferred Income Taxes</b>	<b>\$ -</b>

Capital Stock		
	Common Stock	Preferred Stock
Par or stated value per share	\$1.00	
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	(957,631.00)	
Changes during year:		
Net Income (loss)	(255,586.00)	
Dividends		
Other (Specify):		
Balance end of year	(1,213,217.00)	

Proprietary Capital		
	Proprietor or Partner	Partner
Balance at first of year	0	
Changes during year (Specify):	0	
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 3/1/04-3/1/09 NO COLLATERAL	P+1%	INT ONLY	2,655,100
Total		\$ -	\$ 2,655,100.00



## 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			590,131.00
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment	195,029.00			195,029.00
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	28,849.00	2,247.00		31,096.00
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
<b>Total Water Plant</b>		<b>\$ 1,843,374.00</b>	<b>\$ 19,581.00</b>	<b>\$ -</b>	<b>\$ 1,862,955.00</b>

### 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%	104,469.00		30,763.00	135,232.00
308	Infiltration Galleries and Tunnels							
309	Supply Mains							
310	Power Generation Equipment							
311	Pumping Equipment	20	0%	0%	35,348.00		22,145.00	57,493.00
320	Water Treatment Equipment							
330	Distribution Reservoirs and Standpipes							
331	Transmission and Distribution Mains	20	0%	0%	108,733.00		31,547.00	140,280.00
333	Services							
334	Meters and Meter Installations	20	0%	0%	4,322.00		1,515.00	5,837.00
335	Hydrants	20	0%	0%	9,547.00		3,169.00	12,717.00
339	Other Plant and Misc. Equipment	20	0%	0%	46,624.00		3,939.00	50,563.00
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	2,131.00
<b>TOTAL</b>					\$ 312,855.00	\$ -	\$ 95,209.00	\$ 408,065.00





STATE OF MONTANA )  
County of Missoula )

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

John Rosenmann

Subscribed and sworn to before me this 26<sup>th</sup> day of March 19 2009.

Helen B. Miller