

YEAR RECEIVED BY
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT

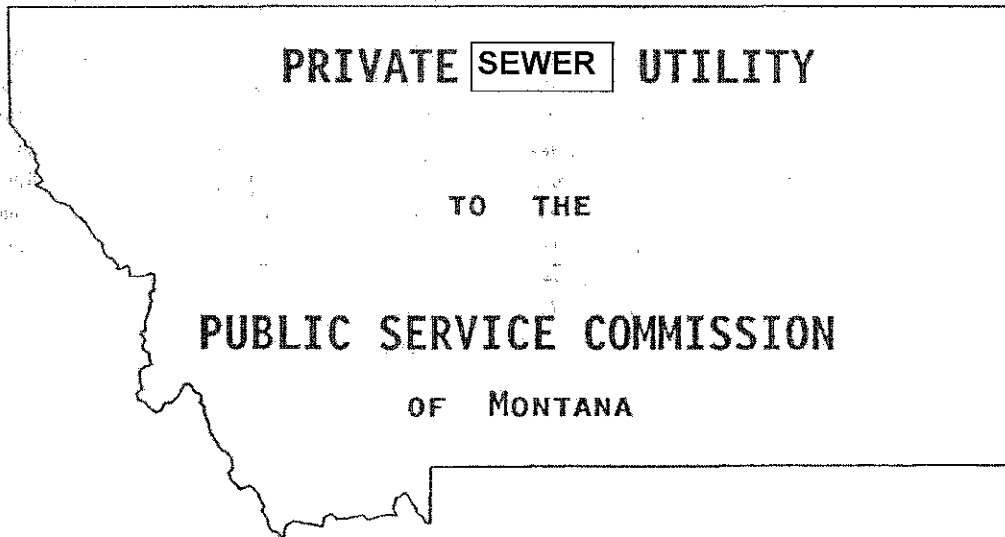
of the

NAME

HLH, LLC Waste Water

LOCATION

1627 W. Main St., Suite 299, Bozeman, MT 59715



FOR THE YEAR ENDING December 31, 2009

Table of Contents

| SCHEDULE | PAGE |
|--|------|
| Identification | 2 |
| Income Statement | 3 |
| Balance Sheet | 4 |
| Contributions in Aid of Construction | 5 |
| Accumulated Depreciation and Amortization of Utility Plant | 6 |
| Capital Stock | 6 |
| Retained Earnings | 6 |
| Proprietary Capital | 6 |
| Long Term Debt | 6 |
| Water Utility Plant Accounts | 7 |
| Analysis of Accumulated Depreciation by Primary Account | 8 |
| Payments For Services Rendered by Other Than Employees | 9 |
| Water Operation and Maintenance Expense | 9 |
| Water Customers | 10 |
| Operating Statistics | 10 |

REPORT OF

HLH, LLC

Waste Water

1627 W. Main St., Suite 299, Bozeman, MT 59715

(address)

(city, state, zip code)

For Year Ended December 31, 2009

Date Utility First Organized January 14, 2008

Telephone Number 406-570-0371

Location of books and records same address as preparer

| Contacts | | | |
|----------------------------------|-----------------------------|--|-------------|
| Name | Title | Principal Business Address | Salary |
| Person to send correspondence: | Kevin Loustaunau Manager | 1627 W. Main St., Suite 299 Bozeman, MT 59715 | |
| Person who prepared this report: | Erin Parker, MPAC | 777 E. Main St., Suite 201 Bozeman, MT 59715 | |
| Officers and Managers: | | | |
| Kevin Loustaunau | Manager | same as above | \$12,000.00 |
| Matt Huggins | Manager | same as above | \$6,750.00 |
| | | | |
| | | | |

| 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 |
| Kevin Loustaunau | 33.33% | same as above | \$12,000.00 |
| Matt Huggins | 33.33% | same as above | \$6,750.00 |
| Leigh Huggins | 16.67% | same as managers | |
| American Pension Services | 16.67% | same as managers | |
| | | | |
| | | | |

INCOME STATEMENT

| ACCOUNT NAME | Current Year | Previous Year |
|--|-----------------------|----------------------|
| OPERATING REVENUE: | | |
| Metered | | |
| Residential | | |
| Commercial | | |
| Industrial | | |
| Other | | |
| Unmetered | | |
| Residential | 101,420.00 | 89,096.00 |
| Commercial | 864.00 | 753.00 |
| Industrial | | |
| Fire Protection | | |
| Bulk Sales | | |
| Sale of Materials | | |
| Other | | |
| TOTAL OPERATING REVENUE: | \$ 102,284.00 | \$ 89,849.00 |
| OPERATING EXPENSES: | | |
| Operation and Maintenance Expense | 56,826.00 | 75,135.00 |
| Depreciation Expense | 27,930.00 | 18,260.00 |
| Taxes Other than Income | 353.00 | 479.00 |
| Deferred Federal Income Taxes | | |
| Deferred State Income Taxes | | |
| TOTAL OPERATING EXPENSES | \$ 85,109.00 | \$ 93,874.00 |
| NET INCOME (LOSS) from OPERATIONS | \$ 17,175.00 | \$ (4,025.00) |
| Other Income: | | |
| Non Utility Income | | |
| | | |
| TOTAL OTHER INCOME | \$ - | \$ - |
| Other Deductions: | | |
| Non-Utility Expenses | | |
| Interest Expense | 31,870.00 | |
| | | |
| TOTAL OTHER DEDUCTIONS | \$ 31,870.00 | \$ - |
| NET INCOME (LOSS) | \$ (14,695.00) | \$ (4,025.00) |

COMPARATIVE BALANCE SHEET

| ACCOUNT NAME | Current Year | Previous Year |
|--|----------------------|----------------------|
| ASSETS: | | |
| Utility Plant in Service | 776,404.00 | 544,774.00 |
| Less: Accumulated Deprec. & Amort. | (47,379.00) | (18,774.00) |
| NET UTILITY PLANT | \$ 729,025.00 | \$ 526,000.00 |
| Cash | 13,955.00 | 5,497.00 |
| Customer Accounts Receivable | | |
| Other Assets (Specify) Prepaid Exp. | | 588.00 |
| Transfer Receivable | 38,176.00 | 27,891.00 |
| Goodwill | 14,582.00 | 14,582.00 |
| Loan fees & start-up costs | 13,272.00 | 9,255.00 |
| TOTAL ASSETS OTHER THAN UTILITY PLANT | \$ 79,985.00 | \$ 57,813.00 |
| TOTAL ASSETS | \$ 809,010.00 | \$ 583,813.00 |
| LIABILITIES AND CAPITAL | | |
| CAPITAL | | |
| Common Stock Issued | | |
| Preferred Stock Issued | | |
| Other Paid in Capital | 185,521.00 | 185,521.00 |
| Retained Earnings | (18,720.00) | (4,025.00) |
| Proprietary Capital | | |
| TOTAL CAPITAL | \$ 166,801.00 | \$ 181,496.00 |
| LIABILITIES | | |
| Long Term Debt | 640,841.00 | 401,059.00 |
| Accounts Payable | | |
| Notes Payable | | |
| Customer Deposits | | |
| Accrued Taxes | | |
| Other Liabilities (Specify) | | |
| Transfer Payable | 48.00 | 24.00 |
| Deferred Revenues | 1,320.00 | 1,234.00 |
| Advances for Construction | | |
| Contributions in aid of Construction | | |
| TOTAL LIABILITIES | \$ 642,209.00 | \$ 402,317.00 |
| TOTAL LIABILITIES AND CAPITAL | \$ 809,010.00 | \$ 583,813.00 |

| Accumulated Depreciation and Amortization of Utility Plant | | |
|--|--------------|---------------|
| ACCOUNT 108 | Current Year | Previous Year |
| Balance at First of Year | 18,774.00 | |
| Credits During the Year: | | |
| Accruals Charged to Depreciation Account | 28,605.00 | 18,774.00 |
| Salvage | | |
| Other Credits (Specify): | | |
| ----- | | |
| ----- | | |
| Total Credits | \$ 47,379.00 | \$ 18,774.00 |
| Debits During the Year: | | |
| Book Cost of Plant Retired | | |
| Cost of Removal | | |
| Other Debits (Specify): | | |
| ----- | | |
| ----- | | |
| Total Debits | \$ - | \$ - |
| Balance at End of Year | \$ 47,379.00 | \$ 18,774.00 |

| 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 | N/A | N/A |
| Shares Authorized | | |
| Shares Issued and Outstanding | | |
| Total par value of stock issued | | |
| Dividends declared per share for year | | |

| Retained Earnings | | |
|--------------------------|--------------|----------------|
| | Appropriated | Unappropriated |
| Balance at first of year | | -\$4,025.00 |
| Changes during year: | | |
| Net Income (loss) | | -\$14,695.00 |
| Dividends | | |
| Other (Specify): | | |
| ----- | | |
| ----- | | |
| ----- | | |
| Balance end of year | | -\$18,720.00 |

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

| Long Term Debt | | | |
|-----------------------------------|---------------|-------------|---------------------------------|
| Description of Obligation | Interest Rate | Payment | Principal at Balance Sheet Date |
| 1/1 N/P Structures & Improvements | | | \$288,572.00 |
| 1/14 | | \$389.00 | \$288,183.00 |
| 2/17 | | \$155.00 | \$288,028.00 |
| 3/16 | | \$564.00 | \$287,464.00 |
| 4/14 | | \$451.00 | \$287,013.00 |
| 5/14 | | \$396.00 | \$286,617.00 |
| 6/15 | | \$282.00 | \$286,335.00 |
| 7/20 | | \$110.00 | \$286,225.00 |
| 8/19 | | \$400.00 | \$285,825.00 |
| Total | | \$ 2,747.00 | |

| Capital Stock | | |
|---------------------------------------|--------------|-----------------|
| | Common Stock | Preferred Stock |
| Par or stated value per share | N/A | N/A |
| Shares Authorized | | |
| Shares Issued and Outstanding | | |
| Total par value of stock issued | | |
| Dividends declared per share for year | | |

| Retained Earnings | | |
|--------------------------|--------------|----------------|
| | Appropriated | Unappropriated |
| Balance at first of year | | |
| Changes during year: | | |
| Net Income (loss) | | |
| Dividends | | |
| Other (Specify): | | |
| | | |
| | | |
| | | |
| Balance end of year | | \$0.00 |

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

| Long Term Debt | | | |
|---------------------------|---------------|---------------|---------------------------------|
| Description of Obligation | Interest Rate | Payment | Principal at Balance Sheet Date |
| 9/21 | | \$229.00 | \$285,596.00 |
| 10/19 | | \$520.00 | \$285,076.00 |
| 11/19 | | \$350.00 | \$284,726.00 |
| 12/28 | | \$284,726.00 | \$0.00 |
| Rolled into COML LN 0006 | | | |
| | | | |
| | | | |
| | | | |
| Total | | \$ 285,825.00 | \$0.00 |

| Capital Stock | | |
|---------------------------------------|--------------|-----------------|
| | Common Stock | Preferred Stock |
| Par or stated value per share | N/A | N/A |
| Shares Authorized | | |
| Shares Issued and Outstanding | | |
| Total par value of stock issued | | |
| Dividends declared per share for year | | |

| Retained Earnings | | |
|--------------------------|--------------|----------------|
| | Appropriated | Unappropriated |
| Balance at first of year | | |
| Changes during year: | | |
| Net Income (loss) | | |
| Dividends | | |
| Other (Specify): | | |
| | | |
| | | |
| Balance end of year | | \$0.00 |

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

| Long Term Debt | | | |
|---------------------------|---------------|--------------|---------------------------------|
| Description of Obligation | Interest Rate | Payment | Principal at Balance Sheet Date |
| 1/1 Line of credit | | | \$111,494.00 |
| Appraisal fee | | | \$115,511.00 |
| 5/4 | | | \$213,795.00 |
| 5/12 | | | \$332,017.00 |
| 6/8 | | \$332,017.00 | \$0.00 |
| 12/28 | | | |
| Rolled into COML LN 0006 | | | |
| | | | |
| Total | | \$332,017.00 | \$ - |

| Capital Stock | | |
|---------------------------------------|--------------|-----------------|
| | Common Stock | Preferred Stock |
| Par or stated value per share | N/A | N/A |
| Shares Authorized | | |
| Shares Issued and Outstanding | | |
| Total par value of stock issued | | |
| Dividends declared per share for year | | |

| Retained Earnings | | |
|--------------------------|--------------|----------------|
| | Appropriated | Unappropriated |
| Balance at first of year | | |
| Changes during year: | | |
| Net Income (loss) | | |
| Dividends | | |
| Other (Specify): | | |
| ----- | | |
| ----- | | |
| ----- | | |
| Balance end of year | | \$0.00 |

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

| Long Term Debt | | | |
|---------------------------|---------------|---------|---------------------------------|
| Description of Obligation | Interest Rate | Payment | Principal at Balance Sheet Date |
| 12/28 COML LN 0006 | | | \$616,743.00 |
| Allocated from water | | | \$24,098.00 |
| ----- | | | |
| ----- | | | |
| ----- | | | |
| ----- | | | |
| ----- | | | |
| Total | | \$0.00 | \$640,841.00 |

Sewer Utility Plant Accounts

| Acct No. | Account Name | Previous Year | Additions | Retirements | Current Year |
|--------------------------|--|----------------------|----------------------|-------------|----------------------|
| 301 | Organization | 9,255.00 | 4,017.00 | | 13,272.00 |
| 302 | Franchises | | | | |
| 303 | Land & Land Rights | | | | |
| 304 | Structures and Improvements | 544,774.00 | 231,630.00 | | 776,404.00 |
| 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 | | | | |
| 311 | Pumping Equipment | | | | |
| 320 | Water Treatment Equipment | | | | |
| 330 | Distribution Reservoirs and Standpipes | | | | |
| 331 | Transmission and Distribution Mains | | | | |
| 333 | Services | | | | |
| 334 | Meters and Meter Installations | | | | |
| 335 | Hydrants | | | | |
| 339 | Other Plant and Misc. Equipment | | | | |
| 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 | | | | |
| Total Water Plant | | \$ 554,029.00 | \$ 235,647.00 | \$ - | \$ 789,676.00 |

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 | 25 | | | 18,260.00 | | 27,930.00 | 46,190.00 |
| 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 | | | | | | | |
| 311 | Pumping Equipment | | | | | | | |
| 320 | Water Treatment Equipment | | | | | | | |
| 330 | Distribution Reservoirs and Standpipes | | | | | | | |
| 331 | Transmission and Distribution Mains | | | | | | | |
| 333 | Services | | | | | | | |
| 334 | Meters and Meter Installations | | | | | | | |
| 335 | Hydrants | | | | | | | |
| 339 | Other Plant and Misc. Equipment | | | | | | | |
| 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 | | | | | | | |
| TOTAL | | | | | \$ 18,260.00 | - | \$ 27,930.00 | \$ 46,190.00 |

Sources of Water Supply

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

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

Reservoirs, Standpipes, and Purification System

No. of Reservoirs: 2 Capacity in Gallons: 56,150

No. of Standpipes: _____ Capacity in Gallons: _____

Method of Purification: Recirculating trickling filters

Services and Meters

| Size-> | 1/2" | 5/8" | 1 in | 1 1/2 in | 2 in | 3 in | 4 in | 6 in | |
|----------|------|------|------|----------|------|------|------|------|--|
| Services | | | | | | | 50 | 4 | |
| Meters | | | | | | | | | |

Number and Classification of Consumers

| Classification | Beginning of Year | | | End of Year | | | Increase (Decrease) |
|----------------|-------------------|-----------|--------|-------------|-----------|--------|------------------------|
| | Metered | Unmetered | Total | Metered | Unmetered | Total | |
| Residential | | 216 | 216 | | 216 | 216 | |
| Commercial | | 1 | 1 | | 1 | 1 | |
| Industrial | | | | | | | |
| Fire Hydrants | | | | | | | |
| Governmental | | | | | | | |
| All Other | | | | | | | |
| Total | - | 217.00 | 217.00 | - | 217.00 | 217.00 | - |

Total Pumping Station Statistics

Total Amount of Water Obtained by all methods during the year: 6,226,300 gals

Maximum Water obtained all methods during any one day: _____ gals.

Minimum Amount of Water obtained all methods during one day: _____ gals.

Range of ordinary pressure on mains N/A lbs to N/A lbs

Range of fire pressure in mains N/A lbs to N/A lbs

Affidavit

STATE OF MONTANA)

County of Gallatin)

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

H2H, LLC

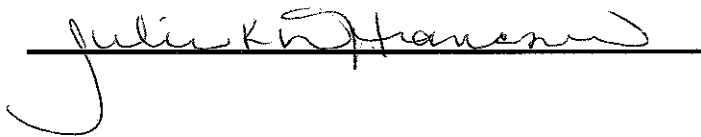
water utility, has been prepared under our direction from the original books, papers and records of said utility and declare the same to be a full, true and correct statement embracing all the financial transactions of said utility during the period for which the return is made.



(Signature)

(Signature)

Subscribed and sworn before me this 17 day of June, 20 10
by P Kevin Laustainen who is personally known to me.



(SEAL)

