

YEAR 2011

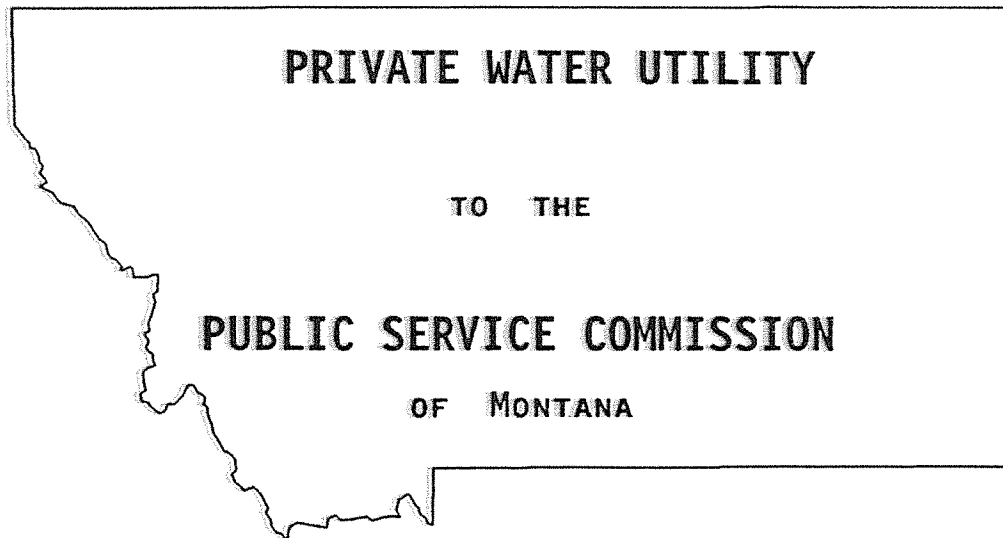
ANNUAL REPORT

of the

NAME PHANTOM HILLS WATER COMPANY

LOCATION MISSOULA, MONTANA

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PUBLIC SERVICE
COMMISSION



FOR THE YEAR ENDING 31-Dec-11

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 59808-6630

(city, state, zip code)

For Year Ended DEC. 31, 2011

Date Utility First Organized JAN. 23, 2004

Telephone Number 406-523-1600

Location of books and records 101 INTERNATIONAL DRIVE, MISSOULA MT

Contacts

Name	Title	Principal Business Address	Salary
Person to send correspondence: JOHNNA EISENMANN	DIRECATOR ASSET MGMT	101 INTERNATIONAL DR MISSOULA, MT	
Person who prepared this report: BRITNEY TUMAN	SENIOR ACCT MGR	101 INTERNATIONAL DRIVE MISSOULA, MT	
Officers and Managers:			

Ownership

Report every corporation or person owning interest or holding directly 5 percent or more of the voting securities of the reporting utility

Name	Percent Ownership in Utility	Principle Business Address	Amt Pd by Utility
DR WASHINGTON	100%	PO BOX 16630 MISSOULA, MT	\$0

INCOME STATEMENT

ACCOUNT NAME	Current Year	Previous Year
OPERATING REVENUE:		
Metered		
Residential	71,467.00	64,587.00
Commercial	3,751.00	3,822.00
Industrial		
Other		
Unmetered		
Residential		
Commercial		
Industrial		
Fire Protection	7,812.00	9,360.00
Bulk Sales		
Sale of Materials		
Other		
TOTAL OPERATING REVENUE:	\$ 83,030.00	\$ 77,769.00
OPERATING EXPENSES:		
Operation and Maintenance Expense	85,515.00	84,294.00
Depreciation Expense	89,440.00	107,269.00
Taxes Other than Income	28,063.00	27,525.00
Deferred Federal Income Taxes		
Deferred State Income Taxes	50.00	50.00
TOTAL OPERATING EXPENSES	\$ 203,068.00	\$ 219,138.00
NET INCOME (LOSS) from OPERATIONS	\$ (120,038.00)	\$ (141,369.00)
Other Income:		
Non Utility Income		
TOTAL OTHER INCOME	\$ -	\$ -
Other Deductions:		
Non-Utility Expenses		
Interest Expense	116,181.00	115,944.00
TOTAL OTHER DEDUCTIONS	\$ 116,181.00	\$ 115,944.00
NET INCOME (LOSS)	\$ (236,219.00)	\$ (257,313.00)

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Current Year	Previous Year
ASSETS:		
Utility Plant in Service	1,876,702.00	1,876,506.00
Less: Accumulated Deprec. & Amort.	703,696.00	614,258.00
NET UTILITY PLANT	\$ 1,173,006.00	\$ 1,262,248.00
Cash	2,305.00	19,304.00
Customer Accounts Receivable	4,004.00	2,357.00
Other Assets (Specify) PPD INS	864.00	770.00
.....		
.....		
TOTAL ASSETS OTHER THAN UTILITY PLANT	\$ 7,173.00	\$ 22,431.00
TOTAL ASSETS	\$ 1,180,179.00	\$ 1,284,679.00
LIABILITIES AND CAPITAL		
CAPITAL		
Common Stock Issued	1,000.00	1,000.00
Preferred Stock Issued	-	-
Other Paid in Capital	-	-
Retained Earnings	(1,932,694.00)	(1,696,246.00)
Proprietary Capital	-	-
TOTAL CAPITAL	\$ (1,931,694.00)	\$ (1,695,246.00)
LIABILITIES		
Long Term Debt	3,094,470.00	2,959,289.00
Accounts Payable	3,379.00	6,881.00
Notes Payable	-	-
Customer Deposits	-	-
Accrued Taxes	14,024.00	13,755.00
Other Liabilities (Specify)	-	-
.....		
.....		
.....		
Advances for Construction		
Contributions in aid of Construction		
TOTAL LIABILITIES	\$ 3,111,873.00	\$ 2,979,925.00
TOTAL LIABILITIES AND CAPITAL	\$ 1,180,179.00	\$ 1,284,679.00

Accumulated Depreciation and Amortization of Utility Plant		
ACCOUNT 108	Current Year	Previous Year
Balance at First of Year	614,258.00	506,988.00
Credits During the Year:		
Accruals Charged to Depreciation Account	89,438.00	107,270.00
Salvage	-	-
Other Credits (Specify):	-	-
.....		
.....		
Total Credits	\$ 703,696.00	\$ 614,258.00
Debits During the Year:		
Book Cost of Plant Retired	-	-
Cost of Removal	-	-
Other Debits (Specify):	-	-
.....		
.....		
Total Debits	\$ -	\$ -
Balance at End of Year	\$ 703,696.00	\$ 614,258.00

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	50.00
Total Accumulated Deferred Income Taxes	\$ 50.00

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

Retained Earnings		
	Appropriated	Unappropriated
Balance at first of year	(1,696,246.00)	
Changes during year:		
Net Income (loss)	(236,448.00)	
Dividends	0	
Other (Specify):	0	
Balance end of year	(1,932,694.00)	

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

Long Term Debt			
Description of Obligation	Interest Rate	Payment	Principal at Balance Sheet Date
REVOLVING LOAN NOT TO EXCEED \$4 MILLION	PRIME	N/A	3,094,470.00
TERM 3/1/04-4/30/13			
NO COLLATERAL			
Total		\$ -	\$ 3,094,470.00

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	591,769.00		(1,638.00)	590,131.00
308	Infiltration Galleries and Tunnels	-			-
309	Supply Mains	-			-
310	Power Generation Equipment	-			-
311	Pumping Equipment	206,518.00		(242.00)	206,760.00
320	Water Treatment Equipment	-			-
330	Distribution Reservoirs and Standpipes	-			-
331	Transmission and Distribution Mains	629,383.00	1,393.00		630,776.00
333	Services	-			-
334	Meters and Meter Installations	31,520.00	197.00		31,718.00
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			17,335.00
Total Water Plant		\$ 1,876,506	\$ 1,590	\$ (1,880)	\$ 1,876,702

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	20	0%	0%	199,116.00		28,109.00	227,224.00
307	Wells and Springs							
308	Infiltration Galleries and Tunnels							
309	Supply Mains							
310	Power Generation Equipment							
311	Pumping Equipment	20	0%	0%	104,098.00		24,294.00	128,392.00
320	Water Treatment Equipment							
330	Distribution Reservoirs and Standpipes							
331	Transmission and Distribution Mains	20	0%	0%	205,840.00		28,847.00	234,688.00
333	Services							
334	Meters and Meter Installations	20	0%	0%	9,094.00		1,510.00	10,604.00
335	Hydrants	20	0%	0%	19,308.00		2,899.00	22,207.00
339	Other Plant and Misc. Equipment	20	0%	0%	58,770.00		664.00	59,434.00
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%	14,220.00		3,115.00	17,335.00
TOTAL					\$ 614,258.00	-	\$ 89,438.00	\$ 703,696.00

Sources of Water Supply

Surface Water: River: _____ Lake: _____ Stream: _____ Impounding Reservoir: _____
 Ground Water: No. of Springs: _____ No. of Shallow Wells: _____ No. of Deep V _____ 2

Reservoirs, Standpipes, and Purification System

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

Services and Meters

Size->	1/2"	5/8"	1 in	1 1/2 in	2 in	3 in	4 in	6 in
Services			106		0	0	1	
Meters		91	3	1	0	0	0	

Number and Classification of Consumers

Classification	Beginning of Year			End of Year			Increase (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential	89	0	89	91	0	91	2
Commercial	4	1	5	4	1	5	0
Industrial	0	0	0	0	0	0	0
Fire Hydrants	0	24	24	0	24	24	0
Governmental	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0
Total	93.00	25.00	118.00	95.00	25.00	120.00	2.00

Total Pumping Station Statistics

Total Amount of Water Obtained by all methods during the year: 10,366,969 gals.
 Maximum Water obtained all methods during any one day: 83,368 gals.
 Minimum Amount of Water obtained all methods during one day: 8,188 gals.
 Range of ordinary pressure on mains 50 psi lbs to 60 psi lbs
 Range of fire pressure in mains 38 psi with a flow of 1030 gpm lbs to 55 psi with a flow of 1250 gpm lbs

Affidavit

STATE OF MONTANA)

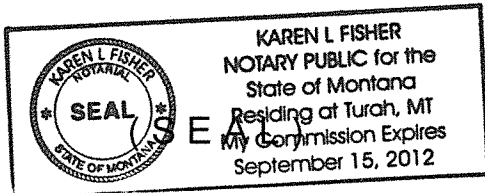
County of Missoula)

We, the undersigned, on our oath do severally say that the foregoing return of Phantom Hills Water Company water utility, has been prepared under our direction from the original books, papers and records of said utility and declare the same to be a full, true and correct statement embracing all the financial transactions of said utility during the period for which the return is made.

Butry Jr
(Signature)

(Signature)

Subscribed and sworn before me this 9th day of April, 20 12



Karen L Fisher

