

YEAR 2012

ANNUAL REPORT

OF THE

NAME: MOUNTAIN WATER COMPANY

LOCATION: 1345 W. BROADWAY, MISSOULA, MONTANA 59802

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING DECEMBER 31, 2012

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 "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 schedule, 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 2½ 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

MOUNTAIN WATER COMPANY

(Exact Name of Utility)

1345 W. BROADWAY <i>(Address)</i>	MISSOULA, MONTANA 59802 <i>(City, State, Zip Code)</i>
For Year Ended: _____	DECEMBER 31, 2012
Date Utility First Organized: _____	APRIL 19, 1961
Telephone Number: _____	(406) 721-5570
Location where books and records are located: _____	SAME AS ABOVE

Contacts:			
Name	Title	Principal Business Address	Salary
Person to send correspondence: ROSS MILLER	CHIEF LEGAL OFFICER	1345 W. BROADWAY MISSOULA, MT 59802	XXXXXXXX
Person who prepared this report: LAWRENCE G. LEE	DIRECTOR OF ACCOUNTING PARK WATER COMPANY	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	XXXXXXXX
Officers & Managers: JOHN KAPPES	PRESIDENT	1345 W. BROADWAY MISSOULA, MT 59802	Note A
LEIGH JORDAN	EXECUTIVE VICE-PRESIDENT/SECRETARY	SAME AS ABOVE	Note A
DOUGLAS MARTINET	CHIEF FINANCIAL OFFICER	SAME AS ABOVE	Note A
ROSS MILLER	CHIEF LEGAL OFFICER	SAME AS ABOVE	Note 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	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
PARK WATER COMPANY	100%	9750 WASHBURN ROAD, P.O. BOX 7002 DOWNEY, CA 90241-7002	\$ N/A
			\$
			\$

Note A : Confidential Salary Information

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	7,530,779	6,894,912
Commercial	4,824,833	4,570,235
Industrial	0	0
Other	2,090,236	1,984,384
Unmetered		
Residential	2,655,873	2,750,739
Commercial	184,350	189,483
Industrial	0	0
Fire Protection	223,422	212,746
Bulk Sales	0	0
Sale of Materials	0	0
Other	711,895	887,620
TOTAL GROSS REVENUE	18,221,387	17,490,119
Operation and Maintenance Expense	9,885,527	10,016,476
Depreciation Expense	2,362,281	2,303,431
Taxes Other Than Income	1,413,042	1,387,103
Income Taxes (A)	1,945,931	1,639,825
Deferred Federal Income Taxes	0	0
Amortized - Intangible Plant	40,258	40,258
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	15,647,039	15,387,093
NET OPERATING INCOME (LOSS)	2,574,348	2,103,026
Other Income:		
Investment Tax Credits	0	0
Non-Operating Income	0	(1,941)
Interest Income	434,425	368,647
Allow. Funds Used - Construct.	13,300	13,187
Other Deductions:		
Non-Utility Expenses	578	578
Interest Expense	4,267	2,429
Miscellaneous Deductions	42,357	130,930
NET INCOME (LOSS)	2,974,872	2,348,982

(A) Excludes \$(20,023) of non-utility income tax benefit.

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant in Service (A), (B)	94,880,390	90,894,588
Accumulated Depreciation and Amortization	(29,237,295)	(27,401,047)
Net Utility Plant	65,643,095	63,493,541
Cash	126,319	64,150
Customer Account Receivable	816,298	812,327
Other Assets (Specify)-		
Non-Utility Property		
Less Acc. Depreciation		
Utility Plant Acquisition Adjustment	165,815	203,555
Land Held For Future Use	500,135	487,412
Materials and Supplies	464,430	461,583
Misc. & Prepaids	581,467	674,855
Misc. Deferred Debits	21,425	20,836
Deferred Employee Benefits	265,489	282,895
Regulatory Accounts	9,522,680	7,477,841
Open Accounts	2,265,737	1,689,945
Total Assets	80,372,891	75,668,940
Liabilities and Capital:		
Common Stock Issued	6,940,578	6,940,578
Preferred Stock Issued		
Other Paid in Capital	2,008,000	2,008,000
Retained Earnings	32,950,878	29,976,006
Proprietary Capital		
Total Capital	41,899,456	38,924,584
Long Term Debt	137,000	204,000
Accounts Payable	480,697	345,242
Notes Payable	67,000	66,000
Customer Deposits	49,009	4,628
Accrued Taxes	545,361	521,299
Other Liabilities (Specify)		
Interest Accrued	4,129	6,429
Misc. Liabilities	471,444	481,982
Deferred Credits	6,326,063	5,118,188
Deferred Income Tax & ITC	10,030,149	9,631,602
Advances for Construction	17,428,251	17,599,849
Contributions in Aid of Construction	2,934,333	2,765,137
Total Liabilities and Capital	80,372,891	75,668,940
<p>(A) Includes \$659,844 and \$493,523 of Construction in Progress for 2012 and 2011 respectively.</p> <p>(B) Balance excludes Intangible Plant which is included in Miscellaneous and Prepaid category in the amount of \$22,980 and \$25,499 for 2012 and 2011 respectively.</p>		

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

ACCOUNT 108	CURRENT YEAR	PREVIOUS YEAR
Balance First of Year	27,401,046	25,366,255
Credits During Year:		
Accruals Charged to Depreciation Account	2,362,281	2,303,431
Salvage	7,675	7,471
Other Credits - Contributions	71,921	67,118
Other Credits-Intercompany Transfers	89,090	0
Clearing Accounts	86,832	84,127
Total Credits	2,617,799	2,462,147
Debits During Year:		
Book Cost of Plant Retired	757,728	382,184
Cost of Removal	23,822	45,171
Other Debits (Specify)-Corrections to accounts	0	0
Total Debits	781,550	427,355
Balance End of Year	29,237,295	27,401,046

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
Reno Casino main extension	Property	219,729
Reno Casino main extension	Cash	19,161
Pattee Street hydrant relocation	Property	1,925
Pattee Street hydrant relocation	Cash	304
Total During Year		241,119

ACCUMULATED DEFERRED INCOME TAXES

Description	
Accumulated Deferred Income Taxes:	\$ 10,030,149
Total Accumulated Deferred Income Taxes	\$ 10,030,149

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	No Par Value	N/A
Shares issued and outstanding	50,000	
Total par value of stock issued	6,940,578	
Dividends declared per share for year		

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		29,976,006
Changes during year (Specify):		
2012 Net Income		2,974,872
Balance end of year		32,950,878

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year		
Changes during year (Specify):		
NOT APPLICABLE		
Balance end of year		

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
General Obligation Bonds (Revolving Fund Program SER 09)	1.75%	Varies	137,000
Total	N/A	0	137,000

WATER UTILITY PLANT ACCOUNTS

Acct. No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization	0			0
302	Franchises	0			0
303	Land and Land Rights	1,214,447			1,214,447
304	Structures and Improvements	5,379,193	575,742	1,735	5,953,200
305	Collecting and Impounding Reservoirs	467,568			467,568
306	Lake, River and Other Intakes	0			0
307	Wells and Springs	344,459			344,459
308	Infiltration Galleries and Tunnels	0			0
309	Supply Mains	389,375	25,456	543	414,288
310	Power Generation Equipment	1,315,184	57,161		1,372,345
311	Pumping Equipment	4,103,205	307,734	61,430	4,349,509
320	Water Treatment Equipment	259,658	20,042	1,217	278,483
330	Distribution Reservoirs and Standpipes	5,442,946			5,442,946
331	Transmission and Distribution Mains	54,013,012	2,215,438	34,909	56,193,541
333	Services	188,575		846	187,729
334	Meters and Meter Installations	6,296,679	474,347	451,354	6,319,672
335	Hydrants	4,778,048	299,967	14,180	5,063,835
339	Other Plant and Miscellaneous Equipment	0			0
340	Office Furniture and Equipment	213,179	5,543	9,465	209,257
341	Transportation Equipment	957,614	8,265	2,095	963,784
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equipment	575,094	83,058	2,155	655,997
344	Laboratory Equipment	13,046	448		13,494
345	Power Operated Equipment	18,542			18,542
346	Communication Equipment	452,045	71,052	63,292	459,805
347	Miscellaneous Equipment	3,979,200	450,945	132,497	4,297,648
348	Other Tangible Plant	0			0
	Construction Work in Progress	493,522	166,322		659,844
	TOTAL WATER PLANT	90,894,588	4,761,520	775,718	94,880,390

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 YEARS	DEBITS	CREDITS	ACCUMULATED DEPRECIATED BALANCE - END OF YEAR
303	Land and Land Rights				36,203			36,203
304	Structures & Improvements	varies	varies	varies	2,336,213	1,735	202,144	2,536,622
305	Collecting & Impounding Reservoirs	50	-5.0%	1.60%	226,420		7,481	233,901
306	Lake, River & Other Intakes				0			0
307	Wells & Springs	40	-5.0%	2.26%	209,600		7,785	217,385
308	Infiltrations Galleries & Tunnels				0			0
309	Supply Mains	50	-5.0%	2.47%	204,341	2,280	9,618	211,679
310	Power Generating Equipment	25	0.0%	4.10%	409,921		53,922	463,843
311	Pumping Equipment	25	varies	3.51%	1,875,287	75,679	144,623	1,944,231
320	Water Treatment Equipment	20	0.0%	4.72%	133,577	1,217	12,255	144,615
330	Distribution Reservoirs & Standpipes	40	0.0%	2.41%	2,044,188		131,175	2,175,363
331	Trans. & Dist. Mains	50	0.0%	1.94%	13,113,105	41,852	1,057,330	14,128,583
333	Services	40	0.0%	2.72%	66,195		5,037	71,232
334	Meter & Meter Installation	30	varies	varies	1,172,000	434,208	385,705	1,123,497
335	Hydrants	40	varies	2.43%	1,185,923	15,075	111,497	1,282,345
339	Other Plant & Misc. Equipment				0			0
340	Office Furniture and Equipment	15	10.0%	5.86%	154,247	9,465	12,540	157,322
341	Transportation Equipment	10	10.0%	6.20%	621,713	2,095	62,562	682,180
342	Stores Equipment				0			0
343	Tools, Shop & Garage Equipment	20	5.0%	4.74%	221,470	2,155	27,258	246,573
344	Laboratory Equipment	10	0.0%	1.94%	11,985		253	12,238
345	Power Operated Equipment	20	5.0%	0.33%	17,555		62	17,617
346	Communication Equipment	10	0.0%	8.86%	299,931	63,292	40,195	276,834
347	Miscellaneous Equipment	6	5.0%	13.17%	3,059,804	132,497	346,357	3,273,664
348	Other Tangible Plant				1,368			1,368
	Totals				27,401,047	781,550	2,617,799	29,237,295

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	2,968,072
Employee Pensions and Benefits	1,317,110
Purchased Water	0
Purchased Power	1,306,585
Fuel for Power Production	0
Chemicals	99,336
Materials and Supplies (A)	33,729
Contractual Services	3,039,204
Rent	1,400
Transportation Expense	214,284
Insurance Expense	477,352
Regulatory Commission Expense	17,326
Bad Debt Expense	21,164
Miscellaneous Expense	389,964
TOTAL	9,885,527

(A) Includes \$(210,035) Administrative Expense Transferred.

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to \$500. or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

Name of Recipient	Amount	Description of Service
SEE PAGE 10		

NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
4G Plumbing And Heating Inc	37,587.05	Plumbing/Mechanical Services
Automatic Data Processing	12,833.38	Payroll Service
Bank Of America	10,870.11	Service Charge
Black Knight Security & Investigation	9,393.50	Alarm/Security Service
Blackfoot Communications	18,604.60	Telemetry/Phone Line/Internet Services
Camp Well Drilling	63,370.86	Crane Service
DJ & A, P.C.	9,347.50	Engineering Services
Energy Laboratories, Inc.	17,024.50	Water Testing
Flow Science Incorporated	36,920.00	Pressure Surge Analysis
Garlington, Lohn & Robinson	15,928.35	Legal Fees
Hughes, Kellner, Sull. & Alke	15,585.87	Legal Fees
Hunton Pre-Cast Concrete	5,217.00	Leak Repairs
Hydrometrics Inc	17,655.11	Engineering Services
Johnson Controls	9,461.56	Service Work
K & N Electric Motors Inc	17,873.74	Service Work
Knife River	318,404.49	Excavation Work
Kohlers Sprinkler And Backflow	8,703.98	Sprinkler Repair/Irrigation
L.S. Jensen Construction	205,241.78	Excavation Work
Madison Engineering, Llc	17,754.25	Engineering Services
Minuteman Aviation Inc	7,470.00	Helicopter Services
Morrison Maierle, Inc	16,610.73	Engineering Services
Msla City-County Health Dept.	15,001.00	Water Testing
Natures Best, Inc.	75,043.09	Lawn/Site Maintenance
NW Hydro Tech Inc.	5,496.00	Mechanical Services
Ottos Towing & Crane Service	9,338.00	Crane Service
Paulson Electric	162,211.90	Electrical Work
Paymentus	9,950.35	Service Charge
Poteet Construction, Inc.	67,122.95	Signage Service
Power Engineers, Inc.	146,775.00	Engineering Services
Quality Construction	96,576.00	Construction/Painting Services
Quality Maintenance Enterprises, Inc.	14,276.00	Janitorial Services
Rainmaker	8,332.00	Sprinkler Service
Sak Construction	691,786.64	Main Install
Spiker Communications Inc	5,960.65	Advertising Services
Storage Solutions, Llc	7,655.61	Off Site Storage
Territorial-Landworks, Inc.	33,477.97	Engineering Services
The Waterman, Llc	33,620.00	Contracted Locates/Water Service
US Bank	19,810.08	Service Charge
Utilities Underground Location Center	16,009.77	Location Requests
Verizon Wireless	38,831.72	Cell Phone Service
Water Research Foundation	11,450.00	Industry Research
Western Excavating	382,336.15	Excavation Work
Western States Equipment	51,068.88	Service Generators
WGM Group, Inc.	110,303.09	Engineering Services
Total	2,884,291	

NOTE: For ease of reporting, this information is based on accruals from the general ledger and is not a strict tabulation of amounts paid in cash during the year.

SOURCES OF WATER SUPPLY

Surface Water: River = 0 Lake = 8 Stream = 1 Impounding Res. = 1
 Ground Water: Springs No. = 0 Shallow Wells No. = 36 Deep Wells No. = 1

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Year	Taken Up During Year	Total	Close of Year
4" or less							
6							
8							
10		PLEASE SEE PAGE 11A					
20							
TOTAL			0	0	0		

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs	<u>12</u>	Capacity in Gallons	<u>8,358,804</u>
Number of Standpipes	<u>12</u>	Capacity in Gallons	<u>1,675,000</u>

Method of Purification: Chlorination

SERVICES AND METERS

Services										
1/2 in.	5/8 in.	3/4 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	8 in.	10 in.
	<u>14,954</u>	<u>249</u>	<u>6,007</u>	<u>242</u>	<u>448</u>	<u>33</u>	<u>249</u>	<u>120</u>	<u>41</u>	<u>1</u>
Meters										
	<u>15,950</u>	<u>866</u>	<u>1,027</u>	<u>358</u>	<u>374</u>	<u>72</u>	<u>30</u>	<u>4</u>	<u>4</u>	<u>1</u>

NUMBER AND CLASSIFICATION OF CONSUMERS

Classification	Beginning of the year			Close of the year			Increase or (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential rev code 11 & 91	14,185	4,537	18,722	14,479	4,350	18,829	107
Commercial 22 & 92	3,391	124	3,515	3,481	120	3,601	86
Industrial 33	0	1	1	0	0	0	(1)
Fire Hydrants 62	0	0	0	0	0	0	0
Governmental 45 & 94	62	32	94	62	32	94	0
All Other 70, 73, 52	605	534	1,139	664	562	1,226	87
(Includes inactives 73)							
Total	18,243	5,228	23,471	18,686	5,064	23,750	279
***** no longer count hydrants as customers *****							

18,686

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year	<u>8,658,010,426</u>	gals. estimate
Maximum Water obtained all methods during any one day	<u>40,877,164</u>	gals. estimate
Minimum Amount of Water obtained all methods during one day	<u>16,824,991</u>	gals. estimate
Total Amount of Water passed through customers meters during year	<u>3,532,459,546</u>	gals.

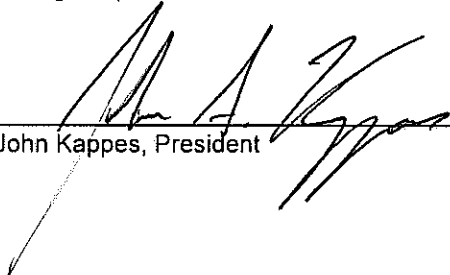
Range of ordinary pressure on mains: 45 lbs. to 200 lbs.
 Range of fire pressure in mains: 45 lbs. to 170 lbs.

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Year	Taken Up During Year	Total	Close of Year
30"Wood							
30"Steel	16,197	30	16,227			0	16,227
1"	400		400			0	400
1-1/2"	70		70			0	70
2"	43,714		43,714			0	43,714
3"	3,414		3,414			0	3,414
4"	30,870		30,870			0	30,870
5"	498		498			0	498
6"	720,176	1,524	721,700	3,877	309	4,186	717,514
8"	397,484	5,116	402,600			0	402,600
10"	164,715	16	164,731		16	16	164,715
12"	149,041	1,889	150,930	1,107		1,107	149,823
14"	21,131		21,131			0	21,131
16"	46,541	4	46,545		4	4	46,541
18"	450		450			0	450
20"	29,930		29,930	25		25	29,905
24"	53,585		53,585			0	53,585
30"	897		897			0	897
36"	0		0			0	0
TOTAL	1,679,113	8,579	1,687,692	5,009	329	5,338	1,682,354

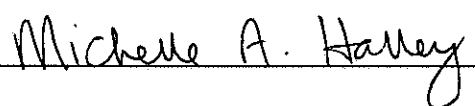
STATE OF MONTANA)
County of Missoula)

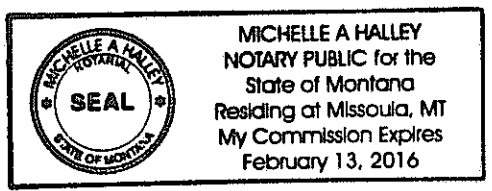
We, the undersigned, on our oath do severally say that the foregoing return of the Mountain Water Company water utility has been prepared under our direction from the original books, paper and records of said utility and declare the same to be a full, true and correct statement embracing all the financial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



John Kappes, President

Subscribed and sworn to before me this 18th day of April, 2013.





YEAR 2012

ANNUAL REPORT

OF THE

NAME: MOUNTAIN WATER COMPANY

LOCATION: 1345 W. BROADWAY, MISSOULA, MONTANA 59802

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING DECEMBER 31, 2012

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Utility Division
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MOUNTAIN WATER COMPANY

(Exact Name of Utility)

1345 W. BROADWAY <i>(Address)</i>	MISSOULA, MONTANA 59802 <i>(City, State, Zip Code)</i>
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For Year Ended: _____ DECEMBER 31, 2012

Date Utility First Organized: _____ APRIL 19, 1961

Telephone Number: _____ (406) 721-5570

Location where books and records are located: _____ SAME AS ABOVE

Contacts:			
Name	Title	Principal Business Address	Salary
Person to send correspondence: ROSS MILLER	CHIEF LEGAL OFFICER	1345 W. BROADWAY MISSOULA, MT 59802	XXXXXXXXXX
Person who prepared this report: LAWRENCE G. LEE	DIRECTOR OF ACCOUNTING PARK WATER COMPANY	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	XXXXXXXXXX
Officers & Managers: JOHN KAPPES	PRESIDENT	1345 W. BROADWAY MISSOULA, MT 59802	Note A
LEIGH JORDAN	EXECUTIVE VICE-PRESIDENT/SECRETARY	SAME AS ABOVE	Note A
DOUGLAS MARTINET	CHIEF FINANCIAL OFFICER	SAME AS ABOVE	Note A
ROSS MILLER	CHIEF LEGAL OFFICER	SAME AS ABOVE	Note 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	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
PARK WATER COMPANY	100%	9750 WASHBURN ROAD, P.O. BOX 7002 DOWNEY, CA 90241-7002	\$ N/A
			\$
			\$

Note A : Confidential Salary Information

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	7,530,779	6,894,912
Commercial	4,824,833	4,570,235
Industrial	0	0
Other	2,090,236	1,984,384
Unmetered		
Residential	2,655,873	2,750,739
Commercial	184,350	189,483
Industrial	0	0
Fire Protection	223,422	212,746
Bulk Sales	0	0
Sale of Materials	0	0
Other	711,895	887,620
TOTAL GROSS REVENUE	18,221,387	17,490,119
Operation and Maintenance Expense	9,885,527	10,016,476
Depreciation Expense	2,362,281	2,303,431
Taxes Other Than Income	1,413,042	1,387,103
Income Taxes (A)	1,945,931	1,639,825
Deferred Federal Income Taxes	0	0
Amortized - Intangible Plant	40,258	40,258
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	15,647,039	15,387,093
NET OPERATING INCOME (LOSS)	2,574,348	2,103,026
Other Income:		
Investment Tax Credits	0	0
Non-Operating Income	0	(1,941)
Interest Income	434,425	368,647
Allow. Funds Used - Construct.	13,300	13,187
Other Deductions:		
Non-Utility Expenses	578	578
Interest Expense	4,267	2,429
Miscellaneous Deductions	42,357	130,930
NET INCOME (LOSS)	2,974,872	2,348,982

(A) Excludes \$(20,023) of non-utility income tax benefit.

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant in Service (A), (B)	94,880,390	90,894,588
Accumulated Depreciation and Amortization	(29,237,295)	(27,401,047)
Net Utility Plant	65,643,095	63,493,541
Cash	126,319	64,150
Customer Account Receivable	816,298	812,327
Other Assets (Specify)-		
Non-Utility Property		
Less Acc. Depreciation		
Utility Plant Acquisition Adjustment	165,815	203,555
Land Held For Future Use	500,135	487,412
Materials and Supplies	464,430	461,583
Misc. & Prepays	581,467	674,855
Misc. Deferred Debits	21,425	20,836
Deferred Employee Benefits	265,489	282,895
Regulatory Accounts	9,522,680	7,477,841
Open Accounts	2,265,737	1,689,945
Total Assets	80,372,891	75,668,940
Liabilities and Capital:		
Common Stock Issued	6,940,578	6,940,578
Preferred Stock Issued		
Other Paid in Capital	2,008,000	2,008,000
Retained Earnings	32,950,878	29,976,006
Proprietary Capital		
Total Capital	41,899,456	38,924,584
Long Term Debt	137,000	204,000
Accounts Payable	480,697	345,242
Notes Payable	67,000	66,000
Customer Deposits	49,009	4,628
Accrued Taxes	545,361	521,299
Other Liabilities (Specify)		
Interest Accrued	4,129	6,429
Misc. Liabilities	471,444	481,982
Deferred Credits	6,326,063	5,118,188
Deferred Income Tax & ITC	10,030,149	9,631,602
Advances for Construction	17,428,251	17,599,849
Contributions in Aid of Construction	2,934,333	2,765,137
Total Liabilities and Capital	80,372,891	75,668,940
(A) Includes \$659,844 and \$493,523 of Construction in Progress for 2012 and 2011 respectively. (B) Balance excludes Intangible Plant which is included in Miscellaneous and Prepaid category in the amount of \$22,980 and \$25,499 for 2012 and 2011 respectively.		

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

ACCOUNT 108	CURRENT YEAR	PREVIOUS YEAR
Balance First of Year	27,401,046	25,366,255
Credits During Year:		
Accruals Charged to Depreciation Account	2,362,281	2,303,431
Salvage	7,675	7,471
Other Credits - Contributions	71,921	67,118
Other Credits-Intercompany Transfers	89,090	0
Clearing Accounts	86,832	84,127
Total Credits	2,617,799	2,462,147
Debits During Year:		
Book Cost of Plant Retired	757,728	382,184
Cost of Removal	23,822	45,171
Other Debits (Specify)-Corrections to accounts	0	0
Total Debits	781,550	427,355
Balance End of Year	29,237,295	27,401,046

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
Reno Casino main extension	Property	219,729
Reno Casino main extension	Cash	19,161
Pattee Street hydrant relocation	Property	1,925
Pattee Street hydrant relocation	Cash	304
Total During Year		241,119

ACCUMULATED DEFERRED INCOME TAXES

Description	
Accumulated Deferred Income Taxes:	\$ 10,030,149
Total Accumulated Deferred Income Taxes	\$ 10,030,149

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	No Par Value	N/A
Shares issued and outstanding	50,000	
Total par value of stock issued	6,940,578	
Dividends declared per share for year		

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		29,976,006
Changes during year (Specify):		
2012 Net Income		2,974,872
Balance end of year		32,950,878

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year		
Changes during year (Specify):		
NOT APPLICABLE		
Balance end of year		

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
General Obligation Bonds (Revolving Fund Program SER 09)	1.75%	Varies	137,000
Total	N/A	0	137,000

WATER UTILITY PLANT ACCOUNTS

Acct. No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization	0			0
302	Franchises	0			0
303	Land and Land Rights	1,214,447			1,214,447
304	Structures and Improvements	5,379,193	575,742	1,735	5,953,200
305	Collecting and Impounding Reservoirs	467,568			467,568
306	Lake, River and Other Intakes	0			0
307	Wells and Springs	344,459			344,459
308	Infiltration Galleries and Tunnels	0			0
309	Supply Mains	389,375	25,456	543	414,288
310	Power Generation Equipment	1,315,184	57,161		1,372,345
311	Pumping Equipment	4,103,205	307,734	61,430	4,349,509
320	Water Treatment Equipment	259,658	20,042	1,217	278,483
330	Distribution Reservoirs and Standpipes	5,442,946			5,442,946
331	Transmission and Distribution Mains	54,013,012	2,215,438	34,909	56,193,541
333	Services	188,575		846	187,729
334	Meters and Meter Installations	6,296,679	474,347	451,354	6,319,672
335	Hydrants	4,778,048	299,967	14,180	5,063,835
339	Other Plant and Miscellaneous Equipment	0			0
340	Office Furniture and Equipment	213,179	5,543	9,465	209,257
341	Transportation Equipment	957,614	8,265	2,095	963,784
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equipment	575,094	83,058	2,155	655,997
344	Laboratory Equipment	13,046	448		13,494
345	Power Operated Equipment	18,542			18,542
346	Communication Equipment	452,045	71,052	63,292	459,805
347	Miscellaneous Equipment	3,979,200	450,945	132,497	4,297,648
348	Other Tangible Plant	0			0
	Construction Work in Progress	493,522	166,322		659,844
	TOTAL WATER PLANT	90,894,588	4,761,520	775,718	94,880,390

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 YEARS	DEBITS	CREDITS	ACCUMULATED DEPRECIATED BALANCE - END OF YEAR
303	Land and Land Rights				36,203			36,203
304	Structures & Improvements	varies	varies	varies	2,336,213	1,735	202,144	2,536,622
305	Collecting & Impounding Reservoirs	50	-5.0%	1.60%	226,420		7,481	233,901
306	Lake, River & Other Intakes				0			0
307	Wells & Springs	40	-5.0%	2.26%	209,600		7,785	217,385
308	Infiltrations Galleries & Tunnels				0			0
309	Supply Mains	50	-5.0%	2.47%	204,341	2,280	9,618	211,679
310	Power Generating Equipment	25	0.0%	4.10%	409,921		53,922	463,843
311	Pumping Equipment	25	varies	3.51%	1,875,287	75,679	144,623	1,944,231
320	Water Treatment Equipment	20	0.0%	4.72%	133,577	1,217	12,255	144,615
330	Distribution Reservoirs & Standpipes	40	0.0%	2.41%	2,044,188		131,175	2,175,363
331	Trans. & Dist. Mains	50	0.0%	1.94%	13,113,105	41,852	1,057,330	14,128,583
333	Services	40	0.0%	2.72%	66,195		5,037	71,232
334	Meter & Meter Installation	30	varies	varies	1,172,000	434,208	385,705	1,123,497
335	Hydrants	40	varies	2.43%	1,185,923	15,075	111,497	1,282,345
339	Other Plant & Misc. Equipment				0			0
340	Office Furniture and Equipment	15	10.0%	5.86%	154,247	9,465	12,540	157,322
341	Transportation Equipment	10	10.0%	6.20%	621,713	2,095	62,562	682,180
342	Stores Equipment				0			0
343	Tools, Shop & Garage Equipment	20	5.0%	4.74%	221,470	2,155	27,258	246,573
344	Laboratory Equipment	10	0.0%	1.94%	11,985		253	12,238
345	Power Operated Equipment	20	5.0%	0.33%	17,555		62	17,617
346	Communication Equipment	10	0.0%	8.86%	299,931	63,292	40,195	276,834
347	Miscellaneous Equipment	6	5.0%	13.17%	3,059,804	132,497	346,357	3,273,664
348	Other Tangible Plant				1,368			1,368
	Totals				27,401,047	781,550	2,617,799	29,237,295

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	2,968,072
Employee Pensions and Benefits	1,317,110
Purchased Water	0
Purchased Power	1,306,585
Fuel for Power Production	0
Chemicals	99,336
Materials and Supplies (A)	33,729
Contractual Services	3,039,204
Rent	1,400
Transportation Expense	214,284
Insurance Expense	477,352
Regulatory Commission Expense	17,326
Bad Debt Expense	21,164
Miscellaneous Expense	389,964
TOTAL	9,885,527

(A) Includes \$(210,035) Administrative Expense Transferred.

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to \$500. or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

Name of Recipient	Amount	Description of Service
SEE PAGE 10		

NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
4G Plumbing And Heating Inc	37,587.05	Plumbing/Mechanical Services
Automatic Data Processing	12,833.38	Payroll Service
Bank Of America	10,870.11	Service Charge
Black Knight Security & Investigation	9,393.50	Alarm/Security Service
Blackfoot Communications	18,604.60	Telemetry/Phone Line/Internet Services
Camp Well Drilling	63,370.86	Crane Service
DJ & A, P.C.	9,347.50	Engineering Services
Energy Laboratories, Inc.	17,024.50	Water Testing
Flow Science Incorporated	36,920.00	Pressure Surge Analysis
Garlington, Lohn & Robinson	15,928.35	Legal Fees
Hughes, Kellner, Sull. & Alke	15,585.87	Legal Fees
Hunton Pre-Cast Concrete	5,217.00	Leak Repairs
Hydrometrics Inc	17,655.11	Engineering Services
Johnson Controls	9,461.56	Service Work
K & N Electric Motors Inc	17,873.74	Service Work
Knife River	318,404.49	Excavation Work
Kohlrs Sprinkler And Backflow	8,703.98	Sprinkler Repair/Irrigation
L.S. Jensen Construction	205,241.78	Excavation Work
Madison Engineering, Llc	17,754.25	Engineering Services
Minuteman Aviation Inc	7,470.00	Helicopter Services
Morrison Maierle, Inc	16,610.73	Engineering Services
Msla City-County Health Dept.	15,001.00	Water Testing
Natures Best, Inc.	75,043.09	Lawn/Site Maintenance
NW Hydro Tech Inc.	5,496.00	Mechanical Services
Ottos Towing & Crane Service	9,338.00	Crane Service
Paulson Electric	162,211.90	Electrical Work
Paymentus	9,950.35	Service Charge
Poteet Construction, Inc.	67,122.95	Signage Service
Power Engineers, Inc.	146,775.00	Engineering Services
Quality Construction	96,576.00	Construction/Painting Services
Quality Maintenance Enterprises, Inc.	14,276.00	Janitorial Services
Rainmaker	8,332.00	Sprinkler Service
Sak Construction	691,786.64	Main Install
Spiker Communications Inc	5,960.65	Advertising Services
Storage Solutions, Llc	7,655.61	Off Site Storage
Territorial-Landworks, Inc.	33,477.97	Engineering Services
The Waterman, Llc	33,620.00	Contracted Locates/Water Service
US Bank	19,810.08	Service Charge
Utilities Underground Location Center	16,009.77	Location Requests
Verizon Wireless	38,831.72	Cell Phone Service
Water Research Foundation	11,450.00	Industry Research
Western Excavating	382,336.15	Excavation Work
Western States Equipment	51,068.88	Service Generators
WGM Group, Inc.	110,303.09	Engineering Services
Total	2,884,291	

NOTE: For ease of reporting, this information is based on accruals from the general ledger and is not a strict tabulation of amounts paid in cash during the year.

SOURCES OF WATER SUPPLY

Surface Water: River = 0 Lake = 8 Stream = 1 Impounding Res. = 1
 Ground Water: Springs No. = 0 Shallow Wells No. = 36 Deep Wells No. = 1

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Year	Taken Up During Year	Total	Close of Year
4" or less							
6							
8							
10	PLEASE SEE PAGE 11A						
20							
TOTAL			0	0	0		

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs	<u>12</u>	Capacity in Gallons	<u>8,358,804</u>
Number of Standpipes	<u>12</u>	Capacity in Gallons	<u>1,675,000</u>

Method of Purification: Chlorination

SERVICES AND METERS

Services										
1/2 in.	5/8 in.	3/4 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.	8 in.	10 in.
	<u>14,954</u>	<u>249</u>	<u>6,007</u>	<u>242</u>	<u>448</u>	<u>33</u>	<u>249</u>	<u>120</u>	<u>41</u>	<u>1</u>
Meters										
	<u>15,950</u>	<u>866</u>	<u>1,027</u>	<u>358</u>	<u>374</u>	<u>72</u>	<u>30</u>	<u>4</u>	<u>4</u>	<u>1</u>

NUMBER AND CLASSIFICATION OF CONSUMERS

18,686

Classification	Beginning of the year			Close of the year			Increase or (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential rev code 11 & 91	14,185	4,537	18,722	14,479	4,350	18,829	107
Commercial 22 & 92	3,391	124	3,515	3,481	120	3,601	86
Industrial 33	0	1	1	0	0	0	(1)
Fire Hydrants 62	0	0	0	0	0	0	0
Governmental 45 & 94	62	32	94	62	32	94	0
All Other 70, 73, 52	605	534	1,139	664	562	1,226	87
(includes inactives 73)							
Total	18,243	5,228	23,471	18,686	5,064	23,750	279
***** no longer count hydrants as customers *****							

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year	<u>8,658,010,426</u>	gals. estimate
Maximum Water obtained all methods during any one day	<u>40,877,164</u>	gals. estimate
Minimum Amount of Water obtained all methods during one day	<u>16,824,991</u>	gals. estimate
Total Amount of Water passed through customers meters during year	<u>3,532,459,546</u>	gals.

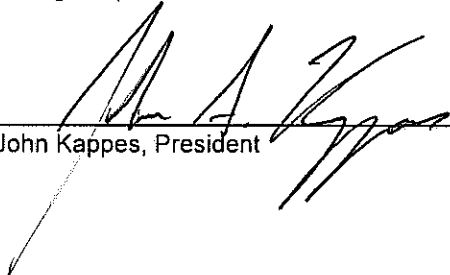
Range of ordinary pressure on mains: 45 lbs. to 200 lbs.
 Range of fire pressure in mains: 45 lbs. to 170 lbs.

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Year	Taken Up During Year	Total	Close of Year
30"Wood							
30"Steel	16,197	30	16,227			0	16,227
1"	400		400			0	400
1-1/2"	70		70			0	70
2"	43,714		43,714			0	43,714
3"	3,414		3,414			0	3,414
4"	30,870		30,870			0	30,870
5"	498		498			0	498
6"	720,176	1,524	721,700	3,877	309	4,186	717,514
8"	397,484	5,116	402,600			0	402,600
10"	164,715	16	164,731		16	16	164,715
12"	149,041	1,889	150,930	1,107		1,107	149,823
14"	21,131		21,131			0	21,131
16"	46,541	4	46,545		4	4	46,541
18"	450		450			0	450
20"	29,930		29,930	25		25	29,905
24"	53,585		53,585			0	53,585
30"	897		897			0	897
36"	0		0			0	0
TOTAL	1,679,113	8,579	1,687,692	5,009	329	5,338	1,682,354

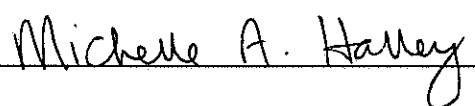
STATE OF MONTANA)
County of Missoula)


We, the undersigned, on our oath do severally say that the foregoing return of the Mountain Water Company water utility has been prepared under our direction from the original books, paper 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 Kappes, President

Subscribed and sworn to before me this 18th day of April, 2013.



	MICHELLE A HALLEY NOTARY PUBLIC for the State of Montana Residing at Missoula, MT My Commission Expires February 13, 2016
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