

YEAR 2013

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AMENDED 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, 2013

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:	<u>DECEMBER 31, 2013</u>	
Date Utility First Organized:	<u>APRIL 19, 1961</u>	
Telephone Number:	<u>(406) 721-5570</u>	
Location where books and records are located:	<u>SAME AS ABOVE</u>	
Contacts:		
Name	Title	Principal Business Address
Person to send correspondence: ROSS MILLER	CHIEF LEGAL OFFICER	1345 W. BROADWAY, MISSOULA, MT 59802
Person who prepared this report: LAWRENCE G. LEE	DIRECTOR OF ACCOUNTING	9750 WASHBURN ROAD, P.O. BOX 7002, DOWNEY, CA 90241-7002

Officers (California):			
Title	Principal Business Address	Total Salary	Charged to Mountain Water
PRESIDENT/ CHIEF EXECUTIVE OFFICER OF PARK WATER	9750 WASHBURN ROAD P.O. BOX 7002 DOWNEY, CA 90241-7002	\$ 539,419	\$ 158,643
EXECUTIVE VICE-PRESIDENT/SECRETARY	SAME AS ABOVE	\$ 377,728	\$ 99,326
CHIEF FINANCIAL OFFICER	SAME AS ABOVE	\$ 291,862	\$ 85,002

Officers and Managers (Montana):		
Title	Principal Business Address	Salary
PRESIDENT/GENERAL MANAGER	1345 W. BROADWAY, MISSOULA, MT 59802	
MANAGER OF RISK AND LEGAL SERVICES/ CHIEF LEGAL OFFICER	SAME AS ABOVE	
MANAGER OF FINANCIAL SERVICES	SAME AS ABOVE	
BUSINESS ADMINISTRATION MANAGER	SAME AS ABOVE	
CUSTOMER SERVICE SUPERVISOR	SAME AS ABOVE	
CHIEF ENGINEER	SAME AS ABOVE	
SUPERINTENDENT OF SERVICE AND PRODUCTION	SAME AS ABOVE	
SUPERINTENDENT OF METERS, DISTRIBUTION , WAREHOUSE	SAME AS ABOVE	
AGGREGATED TOTAL SALARIES		\$ 918,919

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
PARK WATER COMPANY	100%	9750 WASHBURN ROAD, P.O. BOX 7002, DOWNEY, CA 90241-7002

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	7,646,201	7,530,779
Commercial	5,009,750	4,824,833
Industrial	0	0
Other	2,122,096	2,090,236
Unmetered		
Residential	2,534,365	2,655,873
Commercial	168,735	184,350
Industrial	0	0
Fire Protection	232,773	223,422
Bulk Sales	0	0
Sale of Materials	0	0
Other	845,043	711,895
TOTAL GROSS REVENUE	18,558,963	18,221,387
Operation and Maintenance Expense	9,708,367	9,885,527
Depreciation Expense	2,466,290	2,362,281
Taxes Other Than Income	1,489,477	1,413,042
Income Taxes (A)	2,493,782	1,945,931
Deferred Federal Income Taxes	0	0
Amortized - Intangible Plant	30,154	40,258
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	16,188,070	15,647,039
NET OPERATING INCOME (LOSS)	2,370,893	2,574,348
Other Income:		
Investment Tax Credits	0	0
Non-Operating Income	0	0
Interest Income	469,564	434,425
Allow. Funds Used - Construct.	12,730	13,300
Other Deductions:		
Non-Utility Expenses	578	578
Interest Expense	6,384	4,267
Miscellaneous Deductions	89,441	42,357
NET INCOME (LOSS)	2,756,784	2,974,872

(A) Excludes \$(3,724) of non-utility income tax benefit.

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant in Service (A), (B)	100,198,822	94,880,390
Accumulated Depreciation and Amortization	(30,913,247)	(29,237,295)
Net Utility Plant	69,285,575	65,643,095
Cash	288,887	126,319
Customer Account Receivable (C)	1,586,091	1,357,141
Other Assets (Specify)-		
Non-Utility Property		
Less Acc. Depreciation		
Utility Plant Acquisition Adjustment	138,180	165,815
Land Held For Future Use	512,287	500,135
Materials and Supplies	459,986	464,430
Misc. & Prepays	507,077	581,467
Misc. Deferred Debits	23,683	21,425
Deferred Employee Benefits	278,301	265,489
Regulatory Accounts	6,124,175	9,522,680
Open Accounts	4,036,863	2,265,737
Total Assets	83,241,105	80,913,734
Liabilities and Capital:		
Common Stock Issued	6,940,578	6,940,578
Preferred Stock Issued		
Other Paid in Capital	2,027,802	2,008,000
Retained Earnings (C)	36,032,168	33,275,384
Proprietary Capital		
Total Capital	45,000,548	42,223,962
Long Term Debt	69,000	137,000
Accounts Payable	1,002,768	480,697
Notes Payable	68,000	67,000
Customer Deposits	74,303	49,009
Accrued Taxes	588,948	545,361
Other Liabilities (Specify)		
Interest Accrued	3,336	4,129
Misc. Liabilities	437,281	471,444
Deferred Credits	3,388,333	6,326,063
Deferred Income Tax & ITC (C)	10,513,702	10,246,486
Advances for Construction	18,820,930	17,428,251
Contributions in Aid of Construction	3,273,956	2,934,333
Total Liabilities and Capital	83,241,105	80,913,734
<p>(A) Includes \$474,763 and \$659,844 of Construction in Progress for 2013 and 2012 respectively.</p> <p>(B) Balance excludes Intangible Plant which is included in Miscellaneous and Prepaid category in the amount of \$20,462 and \$22,980 for 2013 and 2012 respectively.</p>		

(C) 2012 retained earnings restated as follows, affecting accounts receivable and deferred income taxes:

As originally reported:	32,950,878	-
Reclass 2012 Unbilled Accounts Receivable	540,843	
Reclass deferred taxes on 2012 Unbilled Revenue	-216,337	
As restated	33,275,384	

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

ACCOUNT 108	CURRENT YEAR	PREVIOUS YEAR
Balance First of Year	29,237,295	27,401,046
Credits During Year:		
Accruals Charged to Depreciation Account	2,466,290	2,362,281
Salvage	39,275	7,675
Other Credits - Contributions	97,995	71,921
Other Credits-Intercompany Transfers		89,090
Clearing Accounts	96,364	86,832
Total Credits	2,699,924	2,617,799
Debits During Year:		
Book Cost of Plant Retired	928,473	757,728
Cost of Removal	67,001	23,822
Other Debits (Specify)-Transfers of Assets	28,498	0
Total Debits	1,023,972	781,550
Balance End of Year	30,913,247	29,237,295

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
Gilbert St main ext	Cash	84,132
Windsor Park VII, Ph 2	Cash	40,012
Linnea Lane Ph 2	Property	39,996
Trail Street	Cash	2,771
Trail Street	Property	32,353
FH - Expressway Storage	Cash	36,079
Linda Vista 13th Supplement Apartments	Cash	23,187
Linda Vista 13th Supplement Apartments	Property	125,621
Total During Year		384,151

ACCUMULATED DEFERRED INCOME TAXES

Description	
Accumulated Deferred Income Taxes:	\$ 10,513,702
Total Accumulated Deferred Income Taxes	\$ 10,513,702

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		33,275,384
Changes during year (Specify):		
2013 Net Income		2,756,784
Balance end of year		36,032,168

Note: Beginning retained earnings restated as follows:

As originally reported:	32,950,878
Reclass 2012 Unbilled Accounts Receivable	540,843
Reclass deferred taxes on 2012 Unbilled Revenue	-216,337
As restated	33,275,384

	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	69,000
Total	N/A	0	69,000

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	7,344		1,221,791
304	Structures and Improvements	5,953,200	185,566	16,573	6,122,193
305	Collecting and Impounding Reservoirs	467,568			467,568
306	Lake, River and Other Intakes	0			0
307	Wells and Springs	344,459	114,601		459,060
308	Infiltration Galleries and Tunnels	0			0
309	Supply Mains	414,288			414,288
310	Power Generation Equipment	1,372,345	129,581	4,929	1,496,997
311	Pumping Equipment	4,349,509	392,801	27,287	4,715,023
320	Water Treatment Equipment	278,483	40,264	5,376	313,371
330	Distribution Reservoirs and Standpipes	5,442,946	637,514		6,080,460
331	Transmission and Distribution Mains	56,193,541	3,114,377	196,640	59,111,278
333	Services	187,729			187,729
334	Meters and Meter Installations	6,319,672	560,463	361,941	6,518,194
335	Hydrants	5,063,835	415,641	3,619	5,475,857
339	Other Plant and Miscellaneous Equipment	0			0
340	Office Furniture and Equipment	209,257	20,587	16,064	213,780
341	Transportation Equipment	963,784	92,921	182,388	874,317
342	Stores Equipment	0			0
343	Tools, Shop and Garage Equipment	655,997	102,370	5,140	753,227
344	Laboratory Equipment	13,494			13,494
345	Power Operated Equipment	18,542			18,542
346	Communication Equipment	459,805	39,834	25,009	474,630
347	Miscellaneous Equipment	4,297,648	555,554	60,939	4,792,263
348	Other Tangible Plant	0			0
	Construction Work in Progress	659,844	(185,081)		474,763
	TOTAL WATER PLANT	94,880,390	6,224,337	905,905	100,198,822

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	2,536,622	24,401	131,395	2,643,616
305	Collecting & Impounding Reservoirs	50	-5.0%	1.60%	233,901		8,468	242,369
306	Lake, River & Other Intakes				0			0
307	Wells & Springs	40	-5.0%	2.26%	217,385		7,798	225,183
308	Infiltrations Galleries & Tunnels				0			0
309	Supply Mains	50	-5.0%	2.47%	211,679	51,220	9,624	170,083
310	Power Generating Equipment	25	0.0%	4.10%	463,843	4,929	55,305	514,219
311	Pumping Equipment	25	varies	3.51%	1,944,231	21,233	153,229	2,076,227
320	Water Treatment Equipment	20	0.0%	4.72%	144,615	5,376	7,118	146,357
330	Distribution Reservoirs & Standpipes	40	0.0%	2.41%	2,175,363		129,379	2,304,742
331	Trans. & Dist. Mains	50	0.0%	1.94%	14,128,583	215,097	1,100,400	15,013,886
333	Services	40	0.0%	2.72%	71,232		5,026	76,258
334	Meter & Meter Installation	30	varies	varies	1,123,497	361,941	392,359	1,153,915
335	Hydrants	40	varies	2.43%	1,282,345	16,169	98,602	1,364,778
339	Other Plant & Misc. Equipment				0			0
340	Office Furniture and Equipment	15	10.0%	5.86%	157,322	16,064	8,729	149,987
341	Transportation Equipment	10	10.0%	6.20%	682,180	182,388	87,942	587,734
342	Stores Equipment				0			0
343	Tools, Shop & Garage Equipment	20	5.0%	4.74%	246,573	33,151	61,248	274,670
344	Laboratory Equipment	10	0.0%	1.94%	12,238		183	12,421
345	Power Operated Equipment	20	5.0%	0.33%	17,617		26	17,643
346	Communication Equipment	10	0.0%	8.86%	276,834	31,063	43,709	289,480
347	Miscellaneous Equipment	6	5.0%	13.17%	3,273,664	60,940	399,384	3,612,108
348	Other Tangible Plant				1,368			1,368
	Totals				29,237,295	1,023,972	2,699,924	30,913,247

NAME OF RECIPIENT	AMOUNT	DESCRIPTION OF DATA
City of Missoula - Permits	6,171.00	permits
12125 - DJ & A, P.C.	10,262.68	engineering services
12291 - Grizzly Fence	51,273.00	fencing services
12733 - CAMP WELL DRILLING	16,597.97	drilling services
12748 - HYDROMETRICS INC	10,813.56	engineering services
12969 - MISSOULA COUNTY TREASURER	5,276.51	generator licensing
13009 - Quality Maintenance Enterprises, Inc.	14,875.00	office cleaning
13138 - Power Engineers, Inc.	181,110.00	engineering services
13212 - MSLA CITY-COUNTY HEALTH DEPT.	15,414.00	water testing
13238 - PROFESSIONAL CONSULTANTS, INC.	34,401.91	engineering services
13269 - MINUTEMAN AVIATION INC	10,200.00	helicopter service
13319 - AUTOMATIC DATA PROCESSING	12,036.52	payroll processing
13512 - L.S. JENSEN CONSTRUCTION	519,088.64	excavation work
13609 - WGM GROUP, INC.	119,507.07	engineering services
13630 - 4G PLUMBING AND HEATING INC	24,114.72	plumbing and heating
13679 - BITTERROOT WELDING & HYDRAULIC	14,288.40	welding
13692 - ENERGY LABORATORIES, INC.	14,546.00	water testing
13751 - MISSOULIAN	5,092.05	advertising
13934 - UTILITIES UNDERGROUND LOCATION CEN	18,009.57	locates
13939 - HUGHES, KELLNER, SULL. & ALKE	8,490.24	legal services
13958 - POTEET CONSTRUCTION, INC.	47,423.25	traffic control services
14002 - GARLINGTON, LOHN & ROBINSON	5,525.41	legal services
18275 - Kohlers Sprinkler and Backflow	8,240.20	sprinkler services
19326 - QUALITY CONSTRUCTION	358,171.96	excavation work
27357 - Western Excavating	944,781.62	excavation work
28179 - K & N ELECTRIC MOTORS INC	6,664.06	pump motor services
32783 - Western States Equipment	56,731.92	generator maintenance
39247 - HDR Engineering, Inc.	19,688.26	engineering services
43248 - Territorial-Landworks, Inc.	121,527.05	engineering services
47824 - Morrison Maierle, Inc	31,457.06	engineering services
50482 - Johnson Controls	7,885.60	heating, cooling maintenance
50599 - Natures Best, Inc.	66,262.56	site maintenance
50646 - Storage Solutions, LLC	7,944.99	document storage
50778 - The Waterman, LLC	93,492.50	locates
51332 - NW Hydro Tech Inc.	48,794.00	hydrologist services
51923 - Watershed Education Network	8,000.00	education program
52032 - Montana Conservation Corps	27,000.00	work on the lakes
52212 - Paulson Electric	177,180.46	electrical work
53449 - Knife River	759,821.69	excavation work
54246 - Western Excavating	74,320.00	excavation work
54985 - GILBERT LARSON ENGINEERING & SURVE	24,041.93	engineering services
55075 - Black Knight Security & Investigation	12,139.00	security service
55342 - DIG IT EXCAVATING	132,374.99	excavation work
55368 - Marsh USA Inc.	30,739.00	insurance provider
56221 - Infosend	32,437.43	billing service
56606 - Partners Creative, Inc.	38,040.92	advertising
56761 - Northern Lake Services, Inc.	13,056.00	water testing
56838 - Sullivan & Cromwell LLP	7,500.00	legal services
56846 - Respec	10,715.00	engineering services
56994 - DN Tanks	377,875.00	install tank

SOURCES OF WATER SUPPLY

Surface Water: River = 0 Lake = 8 Stream = 1 Impounding Res. = 1
 Ground Water: Springs No. = 0 Shallow Wells No. = 37 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	13	Capacity in Gallons	8,658,804
Number of Standpipes	12	Capacity in Gallons	1,675,000

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.
	14,954	249	6,135	242	450	33	259	121	49	1
Meters										
	16,118	952	1,027	365	376	70	28	4	4	1

NUMBER AND CLASSIFICATION OF CONSUMERS

18,945

Classification	Beginning of the year			Close of the year			Increase or (Decrease)
	Metered	Unmetered	Total	Metered	Unmetered	Total	
Residential rev code 11 & 91	14,439	3,921	18,360	14,708	3,734	18,442	82
Commercial 22 & 92	3,470	108	3,578	3,509	102	3,611	33
Industrial 33		0	0				0
Fire Hydrants 62	0	0	0				0
Governmental 45 & 94	61	22	83	60	3	63	(20)
All Other 70, 73, 52 (includes inactives 73)	625	543	1,168	668	552	1,220	52
Total	18,595	4,594	23,189	18,945	4,391	23,336	147
***** no longer count hydrants as customers *****							

NOTE: Beginning balances adjusted for correction to customer status classification

TOTAL PUMPING STATION STATISTICS

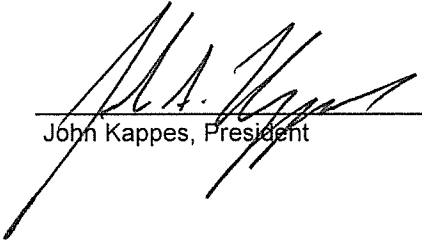
Total Amount of Water Obtained by all methods during the Year	8,747,339,186	gals. estimate
Maximum Water obtained all methods during any one day	44,460,703	gals. estimate
Minimum Amount of Water obtained all methods during one day	16,408,674	gals. estimate
Total Amount of Water passed through customers meters during year	3,550,089,623	gals.

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	16,227		16,227			0	16,227
1"	400		400			0	400
1-1/2"	70		70			0	70
2"	43,714	19	43,733	489		489	43,244
3"	3,414		3,414	197		197	3,217
4"	30,870	277	31,147	867		867	30,280
5"	498		498			0	498
6"	718,283	23	718,306	1,370	1,050	2,420	715,886
8"	402,600	6,855	409,455		5	5	409,450
10"	164,715	620	165,335		194	194	165,141
12"	149,823	2,786	152,609	77	7	84	152,525
14"	21,131		21,131			0	21,131
16"	46,541	2,730	49,271	1,802	150	1,952	47,319
18"	450		450			0	450
20"	29,905		29,905			0	29,905
24"	53,585	1,292	54,877	28		28	54,849
30"	897		897			0	897
36"			0			0	
TOTAL	1,683,123	14,602	1,697,725	4,830	1,406	6,236	1,691,489

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

