

Pipeline

# ANNUAL REPORT

For Year Ending December 31, 2018

OF

Abaco Energy Services, LLC

to

THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MONTANA

1701 Prospect Avenue

PO Box 202601

Helena, MT 59620-2601

Dept. Use Only

Received

Date

## INSTRUCTIONS

Section 69-13-301, MCA, Requirements in ARM 38.7.102, **Rule II: ANNUAL REPORTS** (1) Each Intrastate Common Carrier Pipeline Company shall file with the Commission, at its office in Helena, MT an annual report for each calendar year. This Report shall be filed not later than the 30th day of April next following the year for which the report is made. The report shall show the names of officers, directors and the residences of each; amount of capital stock and bonded indebtedness outstanding; capital investment with additional investments made during the year; assets and liabilities; revenues and expenditures; depreciation; statistical data as to petroleum delivered and lost during transportation (as it relates to Montana).

(2)... The above stated ARM 38.7.102 may be fulfilled by submission of Federal Energy Regulatory Commission (FERC) Form 6 Annual Report of oil pipeline companies, supplemented by such other forms as the Commission may prescribe. The supplemental forms shall be duly verified under oath by an officer of the company.

# Gas Annual Report

## Table of Contents

Description	Page
Instructions	1
Table of Contents	2
Board of Directors/Officers/Corporate Structure-Sch 2-4	3
MT Utility Income Statement/Revenues/ O & M-Sch 8-10	4
MT Taxes Other Than Income-Sch 11	5
Payments for Services-Sch 12	6
Pension Costs-Sch 14	7
Top Ten MT Compensated Employees-Sch 16	8
Balance Sheet-Sch 18	9
MT Plant In Service-Sch 19	10-1 to 10-2
MT Depreciation Summary-Sch 20	11
MT Materials and Supplies-Sch 21	12
MT Capital Structure-Sch 22	13
Long-Term Debt-Sch 24	14
MT Earned Rate of Return-Sch 27	15
MT Composite Statistics-Sch 28	16
MT Customer Information-Sch 29	17
MT Employee Counts-Sch 30	18
MT Construction Budgets-Sch 31	19
Transmission, Distribution & Storage Systems-Sch 32	20
Sources of Gas Supply-Sch 33	21
MT Consumption and Revenues-Sch 35	22
Affidavit	23
	24



## Schedule 8-10

## Montana Utility Income Statement

	This Year	This Year
<b>Operating Revenues:</b>		
Commercial	\$ 1,103,139	
Residential	\$ 240,621	
Miscellaneous Revenues	<u>7,080</u>	
<b>Total Operating Revenue</b>		<u>\$ 1,350,840</u>
Propane Supply Expense	\$ 711,440	
Operation and Maintenance Expense	<u>490,703</u>	
<b>Total Operating Expenses</b>		<u>\$ 1,202,143</u>
Depreciation Expense	\$ 84,834	
Remediation Expense	\$ 30,000	
Taxes Other Than Income	\$ 24,774	
Total Expenses		<u>\$ 1,341,750</u>
Net Income Before Taxes & without rate case		<u><u>\$ 9,090</u></u>

**Schedule 11****Montana Taxes Other Than Income**

<b>Description:</b>	<b>This Year</b>	
Taxes associated with Payroll/Labor	\$	18,860
Real Estate Taxes	\$	1,922
Consumer Counsel	\$	723
Public Service Commission	\$	3,268
Total Taxes Other Than Income	\$	<u>24,774</u>

**Schedule 12****Payment for Services****Schedule 13 does not apply**

	<b>Name or Recipient</b>	<b>Nature of Service</b>	<b>Total</b>
1	Aon Risk Services Central, Inc.	Insurance	\$41,805
2	Blue Cross Blue Schield of ND	Health insurance	\$24,533
3	Browning, Kaleczyc, Berry & Hoven, P.C.	Legal services	\$46,004
4	Gibson Energy US	Propane supply	\$566,769
5	One Call Locators, LTD DBA ELM Locating	Location services	\$7,049
6	Pro Team Plowing	Snow removal services	\$7,500
7	Kevin Shuttlesworth	Engineering/consulting fees	\$8,400
8	Widmer Roel PC	Payroll and tax services	\$5,435

**Schedule 13 does not apply**

**Schedule 14**

**Pension Costs**

**Abaco Energy Services, LLC-Simple IRA**

Plan Name: 5304 Savings Incentive Match Plan for Employees  
of Small Employers(SIMPLE)

MT Employees Covered: 1

Employer Contribution: \$2,253



**Schedule 15 does not apply**

**Schedule 16**

**Top Ten MT Compensated Employees**

**Schedule 17 does not apply**

<b>Name/Title</b>	<b>Base Salary</b>	<b>Other*</b>	
Joey McMullen, General Manager	\$ 75,098	\$ 11,819	payroll taxes

\* Includes health insurance, retirement contribution, and Christmas gift.

**Schedule 18**  
**Balance Sheet**

Description	12/31/2018	Subtotal
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash - Paypal	\$ 10,185	
Cash - Checking - Flex Ben	\$ 2,913	
Cash - Checking Account	\$ 106,071	
Cash	\$ 21,897	
MMDA	\$ 1,640	
		<u>\$ 142,705</u>
A/R Year End	\$ 227,101	
		<u>\$ 227,101</u>
Inventory - Propane	\$ 40,481	
Inventory - Parts, Meters, etc.	\$ 8,577	
Prepaid Expenses	\$ 18,085	
<b>TOTAL CURRENT ASSETS</b>		<u>\$ 436,950</u>
<b>PROPERTY &amp; EQUIPMENT</b>		
Plant and Equipment	\$ 1,502,632	
Accumulated Dep (P&E)	\$ (893,133)	
Plant and Equipment - Customer	\$ 148,643	
Accumulated Dep (Customer P&E)	\$ (72,638)	
<b>TOTAL PROPERTY &amp; EQUIP</b>		<u>\$ 685,504</u>
<b>INTANGIBLE ASSETS</b>		
Covenant not to Compete	\$ 1,000	
Accum Amort - Non Compete	\$ (734)	
Finders Fee	\$ 50,000	
Accum Amort - Finders Fee	\$ (36,685)	
Organizational Costs	\$ 1,998	
Accum Amort - Org Costs	\$ (1,465)	
Goodwill	\$ 24,000	
Accum Amort - Goodwill	\$ (17,609)	
<b>TOTAL OTHER ASSETS</b>		<u>\$ 20,505</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 1,142,959</u></u>

**Liabilities****CURRENT LIABILITIES**

Accounts Payable	\$	137,689	
Employer Match Safe Harbor	\$	188	
Due to (from) Tschider	\$	52,500	
Due to (from) Jonson	\$	52,500	
Accrued Interest-LT Loan	\$	127	
Accrued Interest - Owners	\$	16,752	
Deductions Payable	\$	1,021	
Federal Payroll Taxes Payable	\$	22,215	
FUTA Payable	\$	-	
State Payroll Taxes Payable	\$	1,090	
Customer Deposits	\$	920	
Current Portion - LTD	\$	4,421	
<b>TOTAL CURRENT LIABILITIES</b>			<u>\$ 289,422</u>

**LONG-TERM LIABILITIES**

Non-Current LTD	\$	31,029	
Tank Farm Remediation Accrual <sup>1)</sup>	\$	60,000	
<b>TOTAL LONG-TERM LIABILITIES</b>			<u>\$ 91,029</u>

<b>TOTAL LIABILITIES</b>			<u>\$ 380,451</u>
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**Donated Capital**

Customer Contributed Plant	\$	148,643	
Less Amortization	\$	(72,638)	
			<u>\$ 76,005</u>

<b>TOTAL LIABILITIES AND DONATED CAPITAL</b>			<u>\$ 456,455</u>
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**Capital**

Other Equity <sup>2)</sup>	\$	677,414	
Net Income	\$	9,090	

<b>TOTAL CAPITAL</b>			<u>\$ 686,504</u>
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<b>TOTAL LIABILITIES AND CAPITAL</b>			<u><u>\$ 1,142,959</u></u>
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**Footnotes:**

<sup>1)</sup> Boyne Contract states Abaco must remediate the site if agreement cannot be reached on purchase price of Abaco assets. This is the accrual for that contingent liability

<sup>2)</sup> Balance sheet adjustment to reflect change to a regulated company from a previously non-regulated company.

**Schedule 19****MT Plant in Service**

<b>PLANT</b>	<b>12/31/2017</b>	<b>Acquisitions</b>	<b>Deletions</b>	<b>12/31/2018</b>
Total Plant	\$ 1,721,647	\$ 6,626		\$ 1,728,273
Less:				
Customer Contributed	\$ 142,017	\$ 6,626		\$ 148,643
Intangible Assets	\$ 76,998			\$ 76,998
<b>Total Utility Plant</b>	<b>\$ 1,502,632</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,502,632</b>

## Schedule 20

## MT Depreciation Summary

	Accumulated Depreciation 12/31/2017	Depreciation Expense 2018	Accumulated Depreciation 12/31/2018
Physical Plant	\$ 813,435	\$ 79,698	\$ 893,133
Customer Contributed	\$ 55,332	\$ 17,306	\$ 72,638
	<hr/>	<hr/>	<hr/>
	\$ 867,253	\$ 97,004	\$ 965,771
<hr/>			
<b>INTANGIBLES</b>			
<b>Amortized</b>			
Covenant not to compete	\$ 667	\$ 67	\$ 734
Finders Fee	\$ 33,350	\$ 3,335	\$ 36,685
Organizational Costs	\$ 1,332	\$ 133	\$ 1,465
Goodwill	\$ 16,008	\$ 1,601	\$ 17,609
	<hr/>	<hr/>	<hr/>
	\$ 51,357	\$ 5,136	\$ 56,493
Less Customer Contributed		\$ (17,306)	\$ (72,638)
		<hr/>	
		<u>\$ 84,834</u>	\$ 949,626

**Schedule 21****MT Materials and Supplies**

Inventory - Propane	\$40,481
Inventory - Parts, Meters, etc.	\$8,577
Prepaid Expenses	\$18,085
	<u>\$67,143</u>
	<u><u>\$67,143</u></u>

**Schedule 22****MT Regulatory Capital Structure****Schedule 23 not calculated due to first year**

<u>Description</u>	<u>Balance</u>	<u>Ratio</u>
Debt	\$ 380,451	35.66%
Equity	\$ 686,504	64.34%
	<u>\$ 1,066,954</u>	<u>100.00%</u>

**Schedule 24****Long Term Debt****Schedule 25-26 do not apply**

<b>Issuer</b>	<b>Date issued</b>	<b>Date Matures</b>	<b>Issued</b>	<b>Interest</b>	<b>Monthly Payments</b>	<b>12/31/2018 Balance</b>
BNC National Bank	8/3/2015	8/1/2019	\$200,000	4.30%	\$4,548	\$35,450
Stacy Tschider			\$26,250			\$26,250
Su-Lin Tschider			\$26,250			\$26,250
Jeff Jonson			\$26,250			\$26,250
Deb Jonson			\$26,250			\$26,250
					<u>\$4,548</u>	<u>\$140,450</u>



**Schedule 27****MT Earned Rate of Return**

Net Income Before Taxes		<u>\$ 9,090</u>
Net Plant	\$685,504	
Net Intangibles	\$20,505	
Inventory, Materials and Supplies	<u>\$67,143</u>	
Total Rate Base		<u>\$773,152</u>
Earned Rate of Return Before Taxes		<u>1.18%</u>

## Schedule 28

## MT Composite Statistics

<b>Plant</b>	
Plant:	\$ 1,502,632
Depreciation and amortization:	\$ 84,834
Net Plant:	\$ 685,504

<b>Revenues &amp; Expenses</b>	
<b>Total Operating Revenue</b>	\$ 1,350,840
Propane Supply Expense	\$ 711,440
Operation and Maintenance Expense	\$ 490,703
Depreciation Expense	\$ 114,834
Taxes Other Than Income	\$ 24,774
<b>Total Expenses</b>	<u>\$ 1,341,750</u>
<b>Net Income without rate case</b>	<u>\$ 9,090</u>

<b>Customers</b>	
Residential	204
Commercial	30

**Schedule 29****MT Customer Information**

Commercial Customers	30
Residential Customers	204
Total MT Customers	<u>234</u>

**Schedule 30**

**MT Employee Count**

MT Employee Count: 1

**Schedule 31**

**MT Construction Budget**

**Do not prepare**

**Schedule 32****Distribution and Storage Systems**

<b>2018</b>	<b>Total Propane Volumes</b>
Jan	110,076
Feb	128,679
Mar	113,967
Apr	68,302
May	18,004
Jun	30,522
Jul	31,644
Aug	31,023
Sep	33,961
Oct	34,114
Nov	71,688
Dec	122,977
<b>Total 2018</b>	<b>794,956</b>

Avg Residential	83.6%
Avg Commercial	15.5%

**Schedule 33****Sources of Propane Supply****Schedule 34 do not apply**

Name of Supplier	Dekatherm Volumes-2018	Average Commodity Cost-2018
Gibson Energy US/Midstream LPG	99,278	\$7.17

### Schedule 35

#### MT Consumption and Revenues

Schedule 36a-36b do not apply

	<u>Commercial</u>		<u>Retail</u>		<u>Total</u>
Revenues					
Commodity (Gallons)	664,963		129,994		794,957
Propane Revenue	\$ 626,627	\$	122,999	\$	749,626
O & M Revenue	\$ 227,417	\$	44,458	\$	271,875
Distribution Revenue	\$ 249,095	\$	63,320	\$	312,415
Total Operating Revenue	\$ 476,512	\$	107,778	\$	584,290
Total Annual Service Charge		\$	9,844	\$	9,844
Total Revenue	\$ 1,103,139	\$	240,621	\$	1,343,760



AFFIDAVIT

STATE OF ND )  
County of Burleigh ) ss.

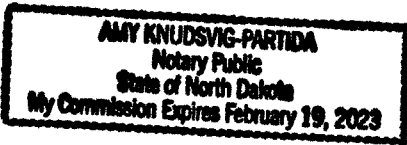
I, the undersigned, on oat do say that the foregoing return and any accompanying schedules have been prepared from the original books, papers and records of Abaco Energy Services, LLC Company; that I have carefully examined the same; and declare the same to be a complete and correct statement of the business and affairs of the said company in respect to each and every matter ant thing set forth, to the best of my knowledge and belief; and I further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts.

Melanie Susan Zeha  
(Signature)

CFO  
(Official Title)

SUBSCRIBED AND SWORN to before me at 1615 Burnt Boat Dr Bismarck, ND  
this 29 day of April, 2019.

Amy Knudsvig-Partida  
(Notary Public)



Amy Knudsvig-Partida  
(Name printed or typed)

My Commission Expires: Feb. 19, 2023