

Pipeline

ANNUAL REPORT

For Year Ending December 31, 2019

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

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Schedules 2, 3 & 4

Identification/Officers/Corporate Structure

Schedules 5-7 Do not apply

For Year Ended: First Year reported 2019

Date Abaco Energy Services, LLC Purchased Assets from Northwestern Energy July 25, 2007

Date Abaco Energy Services, LLC was deemed "regulated" by the MT PSC December 22, 2016

Telephone Number: 701-751-1661

Document Prepared By: Su-Lin Tschider
Chief Financial Officer
5359 Mica Dr.
Bismarck, ND 58503

Officers & 100 % Owned by the following:

Jeffrey D. Jonson
Chief Executive Officer
1825 Harbor Dr.
Bismarck, ND 58504

Su-Lin Tschider
Chief Financial Officer
5359 Mica Dr.
Bismarck, ND 58503

Stacy L. Tschider
President
8606 Island Road
Bismarck, ND 58503

Deborah A. Jonson
Executive Officer/Secretary
1825 Harbor Dr.
Bismarck, ND 58504

Abaco Energy Services, LLC is a Limited Liability Company

Schedule 8-10

Montana Utility Income Statement

	This Year	This Year
Operating Revenues:		
Commercial	\$ 1,204,979	
Residential	\$ 268,362	
Miscellaneous Revenues	<u>\$ 26,342</u>	
Total Operating Revenue		<u>\$ 1,499,683</u>
Propane Supply Expense	\$ 856,784	
Operation and Maintenance Expense	<u>\$ 585,464</u>	
Total Operating Expenses		<u>\$ 1,442,248</u>
Depreciation Expense	\$ 84,829	
Remediation Expense	\$ 30,000	
Taxes Other Than Income	\$ 6,285	
Total Expenses		<u>\$ 1,563,362</u>
Net Income Before Taxes & without rate case		<u><u>\$ (63,679)</u></u>

Schedule 11

Montana Taxes Other Than Income

<u>Description:</u>	<u>This Year</u>
Real Estate Taxes	\$ 1,731
Consumer Counsel	\$ 1,056
Public Service Commission	\$ 3,498
Total Taxes Other Than Income	<u>\$ 6,285</u>

Schedule 12

Payment for Services

Schedule 13 does not apply

	Name or Recipient	Nature of Service	Total
1	Aon Risk Services Central, Inc.	Insurance	\$41,899
2	Blue Cross Blue Schield of ND	Health insurance	\$24,732
3	Browning, Kaleczyc, Berry & Hoven, P.C.	Legal services	\$11,294
4	Farstad	Propane supply	\$370,230
5	Gibson Energy US	Propane supply	\$487,370
6	Kevin Shuttlesworth	Engineering/consulting fees	\$8,767
7	One Call Locators, LTD DBA ELM Locating	Location services	\$6,236
8	Pro Team Plowing	Snow removal services	\$7,500
9	Propane Construction Sales	Repair tank gauge	\$18,111
10	Rocky Mountain Contractors	install of main and services	\$6,472
11	Widmer Roel PC	Payroll and tax services	\$5,110

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

Name/Title	Base Salary	Other*
Joey McMullen, General Manager	\$ 75,098	\$ 11,587

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

Schedule 18
Balance Sheet

Description	12/31/2019	Subtotal
Assets		
CURRENT ASSETS		
Cash - Paypal	\$ 398	
Cash - Checking - Flex Ben	\$ 2,894	
Cash - Checking Account & MMDA	\$ 152,400	
		<hr/> \$ 155,693
A/R Year End	\$ 204,356	
		<hr/> \$ 204,356
Inventory - Propane	\$ 31,024	
Inventory - Parts, Meters, etc.	\$ 7,108	
Prepaid Expenses	\$ 18,004	
TOTAL CURRENT ASSETS		<hr/> \$ 416,185
PROPERTY & EQUIPMENT		
Plant and Equipment	\$ 1,520,743	
Accumulated Dep (P&E)	\$ (972,826)	
Plant and Equipment - Customer	\$ 174,136	
Accumulated Dep (Customer P&E)	\$ (90,756)	
TOTAL PROPERTY & EQUIP		<hr/> \$ 631,297
INTANGIBLE ASSETS		
Covenant not to Compete	\$ 1,000	
Accum Amort - Non Compete	\$ (801)	
Finders Fee	\$ 50,000	
Accum Amort - Finders Fee	\$ (40,020)	
Organizational Costs	\$ 1,998	
Accum Amort - Org Costs	\$ (1,598)	
Goodwill	\$ 24,000	
Accum Amort - Goodwill	\$ (19,210)	
TOTAL OTHER ASSETS		<hr/> \$ 15,369
TOTAL ASSETS		<hr/> \$ 1,422,900 <hr/>

Liabilities**CURRENT LIABILITIES**

Accounts Payable	\$	152,262
Employer Match Safe Harbor	\$	188
Due to (from) Tschider	\$	52,500
Due to (from) Jonson	\$	52,500
Accrued Interest-LT Loan	\$	-
Accrued Interest - Owners	\$	1,139
Deductions Payable	\$	934
Federal Payroll Taxes Payable	\$	35,886
FUTA Payable	\$	-
State Payroll Taxes Payable	\$	2,070
Customer Deposits	\$	500

TOTAL CURRENT LIABILITIES		<u>\$</u>	<u>297,978</u>
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LONG-TERM LIABILITIES

Non-Current LTD	\$	-
Tank Farm Remediation Accrual ¹⁾	\$	60,000

TOTAL LONG-TERM LIABILITIES		<u>\$</u>	<u>60,000</u>
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TOTAL LIABILITIES		<u>\$</u>	<u>357,978</u>
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Donated Capital

Customer Contributed Plant	\$	174,136
Less Amortization	\$	(90,756)

	<u>\$</u>	<u>83,380</u>
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TOTAL LIABILITIES AND DONATED CAPITAL		<u>\$</u>	<u>441,358</u>
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Capital

Other Equity ²⁾	\$	1,045,221
Net Income	\$	(63,679)

TOTAL CAPITAL		<u>\$</u>	<u>981,542</u>
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TOTAL LIABILITIES AND CAPITAL		<u>\$</u>	<u>1,422,900</u>
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Footnotes:

¹⁾ 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

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

Schedule 19**MT Plant in Service**

PLANT	12/31/2018	Acquisitions	Deletions	12/31/2019
Total Plant	\$ 1,728,273	\$ 43,604		\$ 1,771,877
Less:				
Customer Contributed Intangible Assets	\$ 148,643	\$ 25,493		\$ 174,136
	\$ 76,998			\$ 76,998
Total Utility Plant	\$ 1,502,632	\$ 18,111	\$ -	\$ 1,520,743

Schedule 20

MT Depreciation Summary

	Accumulated Depreciation 12/31/2018	Depreciation Expense 2019	Accumulated Depreciation 12/31/2019
Physical Plant	\$ 893,133	\$ 79,693	\$ 972,826
Customer Contributed Adjustment	\$ 72,638	\$ 18,118	\$ 90,756
	0		0
	<u>\$ 965,771</u>	<u>\$ 97,811</u>	<u>\$ 1,063,582</u>
Remediation of Plant	\$ 30,000	\$ 30,000	\$ 60,000
INTANGIBLES			
Amortized			
Covenant not to compete	\$ 734	\$ 67	\$ 801
Finders Fee	\$ 36,685	\$ 3,335	\$ 40,020
Organizational Costs	\$ 1,465	\$ 133	\$ 1,598
Goodwill	\$ 17,609	\$ 1,601	\$ 19,210
	<u>\$ 56,493</u>	<u>\$ 5,136</u>	<u>\$ 61,629</u>
Less Customer Contributed		\$ (18,118)	\$ (90,756)
Less: Remediation of Plant		\$ (30,000)	\$ (60,000)
		<u>\$ 84,829</u>	<u>\$ 1,034,455</u>

Schedule 21**MT Materials and Supplies**

Inventory - Propane	\$31,024
Inventory - Parts, Meters, etc.	\$7,108
Prepaid Expenses	\$18,004
	<hr/>
	\$56,137
	<hr/>

Schedule 24

Long Term Debt

Schedule 25-26 do not apply

Issuer	Date issued	Date Matures	Issued	Interest	Monthly Payments	12/31/2019 Balance
BNC National Bank Term	8/3/2015	8/1/2019	\$200,000	4.30%	\$4,548	\$0
Stacy Tschider	12/31/2014		\$26,250	5.25%	\$0	\$26,250
Su-Lin Tschider	12/31/2014		\$26,250	5.25%	\$0	\$26,250
Jeff Jonson	12/31/2014		\$26,250	5.25%	\$0	\$26,250
Deb Jonson	12/31/2014		\$26,250	5.25%	\$0	\$26,250
					<u>\$4,548</u>	<u>\$105,000</u>

Schedule 29**MT Customer Information**

Commercial Customers	31
Residential Customers	218
Total MT Customers	<u>249</u>

Schedule 30

MT Employee Count

MT Employee Count: 1

Schedule 31

MT Construction Budget

Do not prepare

Schedule 32

Distribution and Storage Systems

2019	Total Propane Volumes
Jan	127,034.31
Feb	127,828.77
Mar	116,606.11
Apr	66,276.56
May	27,584.35
Jun	34,708.02
Jul	33,518.89
Aug	34,206.04
Sep	35,011.96
Oct	57,769.13
Nov	75,045.02
Dec	109,513.53
Total 2019	845,103

Avg Residential 16.7%
 Avg Commercial 83.3%
 -Based upon volumes.

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

Name of Supplier	Dekatherm Volumes-2019	Average Commodity Cost-2019
Midstream LPG/Farstad	105,540	\$8.12

Schedule 35**MT Consumption and Revenues****Schedule 36a-36b do not apply**

	<u>Commercial</u>		<u>Retail</u>		<u>Total</u>
Revenues					
Commodity (Gallons)	703,731		141,372		845,103
Propane Revenue	\$ 700,686	\$	140,890	\$	841,576
O & M Revenue	\$ 240,676	\$	48,350	\$	289,026
Distribution Revenue	\$ 263,617	\$	68,862	\$	332,479
Total Operating Revenue	\$ 504,293	\$	117,212	\$	621,505
Total Annual Service Charge		\$	10,260	\$	10,260
Total Revenue	\$ 1,204,979	\$	268,362	\$	1,473,341

Schedule 28

MT Composite Statistics

Plant	
Plant:	\$ 1,520,743
Depreciation and amortization:	\$ 84,829
Net Plant:	\$ 631,297

Revenues & Expenses	
Total Operating Revenue	\$ 1,499,683
Propane Supply Expense	\$ 856,784
Operation and Maintenance Expense	\$ 585,464
Depreciation Expense	\$ 114,829
Taxes Other Than Income	\$ 6,285
Total Expenses	\$ 1,563,362
Net Income without rate case	\$ (63,679)

Customers	
Residential	218
Commercial	31

AFFIDAVIT

STATE OF North Dakota)
County of Beulah) ss.

I, the undersigned, on oath do say that the foregoing return and any accompanying schedules have been prepared from the original books, papers and records of Apaco 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 and 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 Sched
(Signature)

CFO
(Official Title)

SUBSCRIBED AND SWORN to before me at 322 East Main Bismarck, ND 58501
this 30th day of April, 2020.

[Signature]
(Notary Public)

Raylen Benning
(Name printed or typed)

My Commission Expires: June 14, 2023