

AWS-W

ANNUAL REPORT

OF

Algoma Water Co.

NAME

P.O. Box 751 Sandpoint, ID 83864

ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED

2009

IDAHO PUBLIC
UTILITIES COMMISSION

2010 MAR -5 AM 8:15

RECEIVED

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING 2009**

COMPANY INFORMATION

1 Give full name of utility Algoma Water Co.
 Telephone Area Code (208) 263-8946
 E-mail address JOAN_BRITTAIN@VERIZON.NET
 2 Date of Organization May 15, 1984 - Water Rights lease 96-08392
 3 Organized under the laws of the state of Idaho
 4 Address of Principal Office (number & street) 211 Jim Brown Way
 5 P.O. Box (if applicable) P.O. Box 751
 6 City Sandpoint
 7 State Idaho
 8 Zip Code 83864
 9 Organization (proprietor, partnership, corp.) Sole Proprietor
 10 Towns, Counties served Algoma, Bonner County

11 Are there any affiliated companies? No
 If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

| 12 Contact Information | Name | Phone No. |
|------------------------|---|-----------------------|
| President (Owner) | <u>Robert J. Carrier</u> | <u>(902) 737-7210</u> |
| Vice President | | |
| Secretary | | |
| General Manager | | |
| Complaints or Billing | <u>Joan Brittain, Bookkeeper</u> | <u>(208) 263-8946</u> |
| Engineering | <u>Bob Haron, Water Systems Mgt. Inc.</u> | <u>(208) 265-4270</u> |
| Emergency Service | <u>Jerry Neal, Neal Pump & Electric</u> | <u>(208) 263-9166</u> |
| Accounting | <u>Joan Brittain</u> | <u>(208) 263-8946</u> |

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? No
 If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

14 Where are the Company's books and records kept?
 Street Address 211 Jim Brown Way
 City Sandpoint
 State Idaho
 Zip 83864

Algoma Water Company
P.O. Box 751
Sandpoint, ID 83864
Emergencies: Deal Pump & Electric (208) 263-9166
Billing: Joan Brittain (208) 263-8946

SUMMARY OF RULES AND REGULATIONS OF THE IDAHO PUBLIC UTILITIES COMMISSION GOVERNING RELATIONS FOR CUSTOMERS OF SMALL WATER COMPANIES.

Algoma Water Company may disconnect water to a customer with adequate notice for the following reasons:

- 1. Non payment of past bills. Bills are considered past due 15 days after billing date on mailing label.**
- 2. Failure to abide by the terms of a payment arrangement or presentation of a non-sufficient funds check for a payment arrangement.**
- 3. If a customer misrepresents his/her identity to obtain service.**
- 4. Violation of any other rules of the utility on file with the IPUC.**
- 5. Non-sufficient funds check presented personally in order to forestall disconnection.**

Termination without prior notice can occur if:

- 1. An emergency situation exists which endangers life, physical safety or personal property.**
- 2. Algoma Water Company attempted to contact a customer twenty four hours prior to disconnection and was unable to reach the customer.**
- 3. Service is obtained, diverted or used without authorization or knowledge of the utility.**

PAYMENT ARRANGEMENTS CAN BE MADE BY CONTACTING JOAN BRITTAIN AT (208) 263-8946.

If a medical emergency exists or there is someone in the household who is seriously ill, disconnection can be postponed 30 days if Algoma Water Company is presented with a certificate signed by a licensed physician. After the 30 days are up, however, payment arrangements must be made or the past due bill must be paid in full. Algoma Water Company can collect a deposit if at any time we believe that a customer is a credit risk or a risk to property exists.

If you have a complaint concerning any billing or policies of Algoma Water Company, please contact Joan Brittain at (208) 263-8946. We will investigate and try to resolve the conflict. However, if you are still dissatisfied you may contact the Idaho Public Utilities Commission at: IPUC, Post Office Box 83720, Boise, ID 83720-0074 or call 1-800-432-0369.

Our current rates are Residential: \$27 per month; Commercial: \$44.50 per month. There will be a reconnection fee of \$25 if service is terminated. Also, a deposit equal to two monthly payments will be required to restore service.

*Attachment
as requested on P.2.*

NAME: Algona Water Co.

COMPANY INFORMATION (Cont.)

For the Year Ended 2009

15 Is the system operated or maintained under a service contract?

16 If yes: With whom is the contract? Yes
Water Systems Mgt. Inc.

When does the contract expire? Or going on a monthly basis

What services and rates are included? General Public Drinking Water Systems Operation - \$115
Monthly Bacterial Testing Lab Charges - \$70

17 Is water purchased for resale through the system? No

18 If yes: Name of Organization _____
Name of owner or operator _____
Mailing Address _____
City _____
State _____
Zip _____

| | Gallons/CCF | \$Amount |
|--|-------------|----------|
|--|-------------|----------|

Water Purchased

19 Has any system(s) been disapproved by the Idaho Division of Environmental Quality? No

If yes, attach full explanation

20 Has the Idaho Division of Environmental Quality recommended any improvements? No

If yes, attach full explanation

21 Number of Complaints received during year concerning:
Quality of Service 0
High Bills 0
Disconnection 0

22 Number of Customers involuntarily disconnected 0

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? 7/1/09

Attach a copy of the Summary

24 Did significant additions or retirements from the Plant Accounts occur during the year? No

If yes, attach full explanation and an updated system map

NAME: Algoma Water Co.

REVENUE & EXPENSE DETAIL

For the Year Ended 2009

| ACCT # | DESCRIPTION | | |
|--------------------------------------|--|--|---|
| <u>400 REVENUES</u> | | | |
| 1 | 460 | Unmetered Water Revenue | <u>9488.52</u> |
| 2 | 461.1 | Metered Sales - Residential | _____ |
| 3 | 461.2 | Metered Sales - Commercial, Industrial | _____ |
| 4 | 462 | Fire Protection Revenue | _____ |
| 5 | 464 | Other Water Sales Revenue | _____ |
| 6 | 465 | Irrigation Sales Revenue | _____ |
| 7 | 466 | Sales for Resale | _____ |
| 8 | 400 | Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1) | <u>9488.52</u> |
| 9 | * DEQ Fees Billed separately to customers | 0 | Booked to Acct # _____ |
| 10 | ** Hookup or Connection Fees Collected | 0 | Booked to Acct # _____ |
| 11 | ***Commission Approved Surcharges Collected | <u>23.98</u> | Booked to Acct # <u>Six Charge -</u> <u>Other Income</u> |
| <u>401 OPERATING EXPENSES</u> | | | |
| 12 | 601.1-6 | Labor - Operation & Maintenance | <u>2110.00</u> |
| 13 | 601.7 | Labor - Customer Accounts | _____ |
| 14 | 601.8 | Labor - Administrative & General | <u>1100.00</u> |
| 15 | 603 | Salaries, Officers & Directors | _____ |
| 16 | 604 | Employee Pensions & Benefits | _____ |
| 17 | 610 | Purchased Water | _____ |
| 18 | 615-16 | Purchased Power & Fuel for Power | <u>1972.77</u> |
| 19 | 618 | Chemicals | _____ |
| 20 | 620.1-6 | Materials & Supplies - Operation & Maint. | <u>410.00</u> |
| 21 | 620.7-8 | Materials & Supplies - Administrative & General | <u>12.64</u> |
| 22 | 631-34 | Contract Services - Professional | _____ |
| 23 | 635 | Contract Services - Water Testing | <u>260.00</u> |
| 24 | 636 | Contract Services - Other | _____ |
| 25 | 641-42 | Rentals - Property & Equipment | _____ |
| 26 | 650 | Transportation Expense | _____ |
| 27 | 656-59 | Insurance | _____ |
| 28 | 660 | Advertising | _____ |
| 29 | 666 | Rate Case Expense (Amortization) | _____ |
| 30 | 667 | Regulatory Comm. Exp. (Other except taxes) | _____ |
| 31 | 670 | Bad Debt Expense - <u>Returned Ch. Fee</u> | <u>7.45</u> |
| 32 | 675 | Miscellaneous - <u>Field Telephone</u> | <u>7.60</u> |
| 33 | Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2) | | <u>5880.46</u> |

Name: Algonia Water Co.

INCOME STATEMENT

For Year Ended 2009

| ACCT # | DESCRIPTION | | |
|--------|--|----------------|----------------|
| 1 | Revenue (From Page 3, line 8) | | <u>9488.52</u> |
| 2 | Operating Expenses (From Page 3, line 33) | <u>5880.46</u> | |
| 3 | 403 Depreciation Expense | | |
| 4 | 406 Amortization, Utility Plant Aquisition Adj. | | |
| 5 | 407 Amortization Exp. - Other | | |
| 6 | 408.10 Regulatory Fees (PUC) | <u>200.00</u> | |
| 7 | 408.11 Property Taxes | <u>431.92</u> | |
| 8 | 408.12 Payroll Taxes | | |
| 9A | 408.13 Other Taxes (list) DEQ Fees | | |
| 9B | | | |
| 9C | | | |
| 9D | | | |
| 10 | 409.10 Federal Income Taxes | | |
| 11 | 409.11 State Income Taxes | | |
| 12 | 410.10 Provision for Deferred Income Tax - Federal | | |
| 13 | 410.11 Provision for Deferred Income Tax - State | | |
| 14 | 411 Provision for Deferred Utility Income Tax Credits | | |
| 15 | 412 Investment Tax Credits - Utility | | |
| 16 | Total Expenses from operations before interest (add lines 2-15) | | <u>6512.38</u> |
| 17 | 413 Income From Utility Plant Leased to Others | | |
| 18 | 414 Gains (Losses) From Disposition of Utility Plant | | |
| 19 | Net Operating Income (Add lines 1, 17 & 18 less line 16) | | <u>2976.14</u> |
| 20 | 415 Revenues, Merchandizing Jobbing and Contract Work | | |
| 21 | 416 Expenses, Merchandizing, Jobbing & Contracts | | |
| 22 | 419 Interest & Dividend Income | | |
| 23 | 420 Allowance for Funds used During Construction | | |
| 24 | 421 Miscellaneous Non-Utility Income - <i>Finance Charge</i> | <u>23.38</u> | |
| 25 | 426 Miscellaneous Non-Utility Expense | | |
| 26 | 408.20 Other Taxes, Non-Utility Operations | | |
| 27 | 409-20 Income Taxes, Non-Utility Operations | | |
| 28 | Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27) | | <u>23.38</u> |
| 29 | Gross Income (add lines 19 & 28) | | <u>2999.52</u> |
| 30 | 427.3 Interest Exp. on Long-Term Debt | | |
| 31 | 427.5 Other Interest Charges | | |
| 32 | NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2) | | <u>2999.52</u> |

Name: _____

ACCOUNT 101 PLANT IN SERVICE DETAIL
For Year Ended _____

| | SUB ACCT # | DESCRIPTION | Balance Beginning of Year | Added During Year | Removed During Year | Balance End of Year |
|----|---------------|---------------------------------------|---------------------------------|-------------------------|---------------------------|--|
| 1 | 301 | Organization | | | | |
| 2 | 302 | Franchises and Consents | | | | |
| 3 | 303 | Land & Land Rights | | | | |
| 4 | 304 | Structures and Improvements | | | | |
| 5 | 305 | Collecting & Impounding Reservoirs | | | | |
| 6 | 306 | Lake, River & Other Intakes | | | | |
| 7 | 307 | Wells | | | | |
| 8 | 308 | Infiltration Galleries & Tunnels | | | | |
| 9 | 309 | Supply Mains | | | | |
| 10 | 310 | Power Generation Equipment | | | | |
| 11 | 311 | Power Pumping Equipment | | | | |
| 12 | 320 | Purification Systems | | | | |
| 13 | 330 | Distribution Reservoirs & Standpipes | | | | |
| 14 | 331 | Trans. & Distrib. Mains & Accessories | | | | |
| 15 | 333 | Services | | | | |
| 16 | 334 | Meters and Meter Installations | | | | |
| 17 | 335 | Hydrants | | | | |
| 18 | 336 | Backflow Prevention Devices | | | | |
| 19 | 339 | Other Plant & Misc. Equipment | | | | |
| 20 | 340 | Office Furniture and Equipment | | | | |
| 21 | 341 | Transportation Equipment | | | | |
| 22 | 342 | Stores Equipment | | | | |
| 23 | 343 | Tools, Shop and Garage Equipment | | | | |
| 24 | 344 | Laboratory Equipment | | | | |
| 25 | 345 | Power Operated Equipment | | | | |
| 26 | 346 | Communications Equipment | | | | |
| 27 | 347 | Miscellaneous Equipment | | | | |
| 28 | 348 | Other Tangible Property | | | | |
| 29 | | TOTAL PLANT IN SERVICE | | | | |
| | | (Add lines 1 - 28) | | | | Enter beginning & end of year totals on Pg 7, Line 1 |

Name: _____

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended _____

| | SUB ACCT # | DESCRIPTION | Depreciation Rate % | Balance Beginning of Year | Balance End of Year | Increase or (Decrease) |
|----|---------------|---------------------------------------|---------------------------|---------------------------------|---------------------------|------------------------------|
| 1 | 304 | Structures and Improvements | | | | |
| 2 | 305 | Collecting & Impounding Reservoirs | | | | |
| 3 | 306 | Lake, River & Other Intakes | | | | |
| 4 | 307 | Wells | | | | |
| 5 | 308 | Infiltration Galleries & Tunnels | | | | |
| 6 | 309 | Supply Mains | | | | |
| 7 | 310 | Power Generation Equipment | | | | |
| 8 | 311 | Power Pumping Equipment | | | | |
| 9 | 320 | Purification Systems | | | | |
| 10 | 330 | Distribution Reservoirs & Standpipes | | | | |
| 11 | 331 | Trans. & Distrib. Mains & Accessories | | | | |
| 12 | 333 | Services | | | | |
| 13 | 334 | Meters and Meter Installations | | | | |
| 14 | 335 | Hydrants | | | | |
| 15 | 336 | Backflow Prevention Devices | | | | |
| 16 | 339 | Other Plant & Misc. Equipment | | | | |
| 17 | 340 | Office Furniture and Equipment | | | | |
| 18 | 341 | Transportation Equipment | | | | |
| 19 | 342 | Stores Equipment | | | | |
| 20 | 343 | Tools, Shop and Garage Equipment | | | | |
| 21 | 344 | Laboratory Equipment | | | | |
| 22 | 345 | Power Operated Equipment | | | | |
| 23 | 346 | Communications Equipment | | | | |
| 24 | 347 | Miscellaneous Equipment | | | | |
| 25 | 348 | Other Tangible Property | | | | |
| 26 | | TOTALS (Add Lines 1 - 25) | | | | |

Enter beginning & end of year totals on Pg 7, Line 7

Name: Algoma Water Co.

BALANCE SHEET

For Year Ended 2009

| | | ASSETS | | |
|--------|--|---------------------------------|---------------------------|------------------------------|
| ACCT # | DESCRIPTION | Balance Beginning of Year | Balance End of Year | Increase or (Decrease) |
| 1 | 101 Utility Plant in Service (From Pg 5, Line 29) | 6847.16 | 6847.16 | 0 |
| 2 | 102 Utility Plant Leased to Others | | | |
| 3 | 103 Plant Held for Future Use | | | |
| 4 | 105 Construction Work in Progress | | | |
| 5 | 114 Utility Plant Aquisition Adjustment | | | |
| 6 | Subtotal (Add Lines 1 - 5) | 6847.16 | 6847.16 | 0 |
| 7 | 108.1 Accumulated Depreciation (From Pg 6, Line 26) | | | |
| 8 | 108.2 Accum. Depr. - Utility Plant Lease to Others | | | |
| 9 | 108.3 Accum. Depr. - Property Held for Future Use | | | |
| 10 | 110.1 Accum. Amort. - Utility Plant in Service | | | |
| 11 | 110.2 Accum. Amort. - Utility Plant Lease to Others | | | |
| 12 | 115 Accumulated Amortization - Aquisition Adj. | | | |
| 13 | Net Utility Plant (Line 6 less lines 7 - 12) | 6847.16 | 6847.16 | 0 |
| 14 | 123 Investment in Subsidiaries | | | |
| 15 | 125 Other Investments <i>Land, Wells & Springs</i> | 22728.27 | 22728.27 | 0 |
| 16 | Total Investments (Add lines 14 & 15) | 22728.27 | 22728.27 | 0 |
| 17 | 131 Cash | 366.84 | 3772.80 | 3406.96 |
| 18 | 135 Short Term Investments | | | |
| 19 | 141 Accts/Notes Receivable - Customers | <747.90> | <1154.34> | <406.44> |
| 20 | 142 Other Receivables | | | |
| 21 | 145 Receivables from Associated Companies | | | |
| 22 | 151 Materials & Supplies Inventory | | | |
| 23 | 162 Prepaid Expenses | | | |
| 24 | 173 Unbilled (Accrued) Utility Revenue | | | |
| 25 | 143 Provision for Uncollectable Accounts | | | |
| 26 | Total Current (Add lines 17 -24 less line 25) | | | |
| 27 | 181 Unamortized Debt Discount & Expense | | | |
| 28 | 183 Preliminary Survey & Investigation Charges | | | |
| 29 | 184 Deferred Rate Case Expenses | | | |
| 30 | 186 Other Deferred Charges | | | |
| 31 | Total Assets (Add lines 13, 16 & 26 - 30) | 29194.37 | 32193.93 | 2999.52 |

Name: Algoma Water Co.

BALANCE SHEET

For Year Ended 2009

LIABILITIES & CAPITAL

| ACCT # | DESCRIPTION | Balance Beginning of Year | Balance End of Year | Increase or (Decrease) |
|--------|---|---------------------------------|---------------------------|------------------------------|
| 1 | 201-3 Common Stock | | | |
| 2 | 204-6 Preferred Stock | | | |
| 3 | 207-13 Miscellaneous Capital Accounts | | | |
| 4 | 214 Appropriated Retained Earnings | 23194.36 | 26193.89 | 2999.52 |
| 5 | 215 Unappropriated Retained Earnings | | | |
| 6 | 216 Reacquired Capital Stock | | | |
| 7 | 218 Proprietary Capital | | | |
| 8 | Total Equity Capital (Add Lines 1-5+7 less line 6) | 23194.36 | 26193.89 | 2999.52 |
| 9 | 221-2 Bonds | | | |
| 10 | 223 Advances from Associated Companies | | | |
| 11 | 224 Other Long - Term Debt | | | |
| 12 | 231 Accounts Payable | | | |
| 13 | 232 Notes Payable | 6000.00 | 6000.00 | 6000.00 |
| 14 | 233 Accounts Payable - Associated Companies | | | |
| 15 | 235 Customer Deposits (Refundable) | | | |
| 16 | 236.11 Accrued Other Taxes Payable | | | |
| 17 | 236.12 Accrued Income Taxes Payable | | | |
| 18 | 236.2 Accrued Taxes - Non-Utility | | | |
| 19 | 237-40 Accrued Debt, Interest & Dividends Payable | | | |
| 20 | 241 Misc. Current & Accrued Liabilities | | | |
| 21 | 251 Unamortized Debt Premium | | | |
| 22 | 252 Advances for Construction | | | |
| 23 | 253 Other Deferred Liabilities | | | |
| 24 | 255.1 Accumulated Investment Tax Credits - Utility | | | |
| 25 | 255.2 Accum. Investment Tax Credits - Non-Utility | | | |
| 26 | 261-5 Operating Reserves | | | |
| 27 | 271 Contributions in Aid of Construction | | | |
| 28 | 272 Accum. Amort. of Contrib. in Aid of Const. ** | | | |
| 29 | 281-3 Accumulated Deferred Income Taxes | | | |
| 30 | Total Liabilities (Add lines 9 - 29) | 6000.00 | 6000.00 | 0 |
| 31 | TOTAL LIAB & CAPITAL (Add lines 8 & 30) | 29194.37 | 32193.89 | 2999.52 |

** Only if Commission Approved

Name: Alzoma Water Co.

STATEMENT OF RETAINED EARNINGS
For Year Ended 2009

| | | |
|---|--|-------------------|
| 1 | Retained Earnings Balance @ Beginning of Year | <u>23194.37</u> |
| 2 | Amount Added from Current Year Income (From Pg 4, Line 32) | <u>2999.52</u> |
| 3 | Other Credits to Account | <u> </u> |
| 4 | Dividends Paid or Appropriated | <u> </u> |
| 5 | Other Distributions of Retained Earnings | <u> </u> |
| 6 | Retained Earnings Balance @ End of Year | <u>26193.89</u> |

CAPITAL STOCK DETAIL

| 7 | Description (Class, Par Value etc.) | No. Shares Authorized | No. Shares Outstanding | Dividends Paid |
|---|-------------------------------------|--------------------------|---------------------------|-------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

DETAIL OF LONG-TERM DEBT

| 8 | Description | Interest Rate | Year-end Balance | Interest Paid | Interest Accrued |
|---|------------------------|------------------|---------------------|------------------|---------------------|
| | <i>Note from Owner</i> | <i>0</i> | <i>6000.00</i> | <i>0</i> | <i>0</i> |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Name: Algona Water

SYSTEM ENGINEERING DATA
(continued)
For Year Ended 2009

FEET OF MAINS

| 1 | Pipe Size | In Use Beginning Of Year | Installed During Year | Abandoned During Year | In Use End of Year |
|---|-----------|--------------------------|-----------------------|-----------------------|--------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |

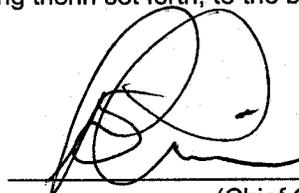
CUSTOMER STATISTICS

| | Number of Customers | | Thousands of Gallons Sold | |
|--------------------------------|---------------------|-----------|---------------------------|-----------|
| | This Year | Last Year | This Year | Last Year |
| 2 Metered: | | | | |
| 2A Residential | | | | |
| 2B Commercial | | | | |
| 2C Industrial | | | | |
| 3 Flat Rate: | | | | |
| 3A Residential | 21 | 21 | | |
| 3B Commercial | 6 | 6 | | |
| 3C Industrial | | | | |
| 4 Private Fire Protection | | | | |
| 5 Public Fire Protection | | | | |
| 6 Street Sprinkling | | | | |
| 7 Municipal, Other | | | | |
| 8 Other Water Utilities | | | | |
| TOTALS (Add lines 2 through 8) | 27 | 27 | | |

CERTIFICATE

Nevada)
~~State of Idaho~~)
County of Clark) ss

WE, the undersigned Robert J Carrier
and Owner
of the Algoma Water Company
utility, on our oath do severally say that the foregoing report has been prepared under our direction,
from the original books, papers and records of said utility; that we have carefully examined same, and
declare the same to be a correct statement of the business and affairs of said utility for the period
covered by the report in respect to each and every matter and thing therein set forth, to the best of our
knowledge, information and belief.

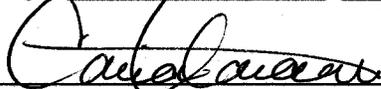


(Chief Officer)

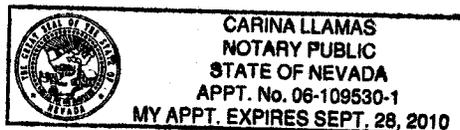
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 2nd day of March, 2010



NOTARY PUBLIC



My Commission Expires Sept 28, 2010

gdk/excel/jnelson/anulrpts/wtrannualrpt