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IDAHO PUBLIC UTILITIES COMMISSION

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IDAHO PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

OF RES-W

Resort Water Co. Inc.
NAME

165 Wellng La. St. A. Sandpoint, ID
ADDRESS 83864

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED _____

2007

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING 31-Dec-07**

COMPANY INFORMATION

1 Give full name of utility Resort Water Co., Inc.
 2 Date of Organization 11/19/1998
 3 Organized under the laws of the state of Minnesota
 4 Address of Principal Office (number & street) 165 Village lane, Suite A
 5 P.O. Box (if applicable) _____
 6 City Sandpoint
 7 State Idaho
 8 Zip Code 83864
 9 Organization (proprietor, partnership, corp.) Corporation
 10 Towns, Counties served Schweitzer Mountain - a portion of township 58N Section 20

 11 Are there any affiliated companies? Yes

EXHIBIT A

| 12 Contact Information | Name | Phone No. |
|----------------------------|-----------------|----------------|
| President (Owner) | Tom Trulock | (208) 255-3046 |
| Vice President | Dennis Weibling | |
| Secretary | | |
| General Manager / Director | Tom Trulock | (208) 255-3046 |
| Complaints or Billing | Debra Harper | (208) 255-3042 |
| Engineering | Third Party | |
| Emergency Service | Jim Lackey | (208) 255-3045 |
| Accounting | Debra Harper | (208) 255-3042 |

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? No

14 Where are the Company's books and records kept?
 Street Address 165 Village Lane, Suite A
 City Sandpoint
 State Idaho
 Zip 83864

NAME: Resort Water Co., Inc.

COMPANY INFORMATION (Cont.)

For the Year Ended 31-Dec-07

- 15 Is the system operated or maintained under a service contract? No
- 16 With whom is the contract? _____
When does the contract expire? _____
What services and rates are included? _____
- 17 Is water purchased for resale through the system? No
- 18 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? Yes
If yes, attach full explanation Part of Exhibit A
- 21 Number of Complaints received during year concerning:
- | | |
|--------------------|----------|
| Quality of Service | <u>0</u> |
| High Bills | <u>0</u> |
| Disconnection | <u>0</u> |
- 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? Feb-07
Attach a copy of the Summary EXHIBIT B
- 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: Resort Water Co., Inc.

REVENUE & EXPENSE DETAIL

For the Year Ended 31-Dec-07

| ACCT # | DESCRIPTION | | |
|--------------------------------------|-------------|---|--------------------------|
| <u>400 REVENUES</u> | | | |
| 1 | 460 | Unmetered Water Revenue | 6,987.60 |
| | 460.1 | Residential | 114,015.10 |
| | 460.2 | Commercial | 96,120.80 |
| 2 | 461.1 | Metered Sales - Residential | |
| 3 | 461.2 | Metered Sales - Commercial, Industrial | |
| 4 | 462 | Fire Protection Revenue | |
| 5 | 464 | Other Water Sales Revenue | 895.83 |
| 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) | 218,019.33 |
| | | | 218,019.33 |
| 9 | * | DEQ Fees Billed separately to customers | Booked to Acct # _____ |
| 10 | ** | Hookup or Connection Fees Collected | - Booked to Acct # _____ |
| 11 | *** | Commission Approved Surcharges Collected | Booked to Acct # _____ |
| <u>401 OPERATING EXPENSES</u> | | | |
| 12 | 601.1-6 | Labor - Operation & Maintenance | 31,849.08 |
| 13 | 601.7 | Labor - Customer Accounts | 3,796.03 |
| 14 | 601.8 | Labor - Administrative & General | 13,721.76 |
| 15 | 603 | Salaries, Officers & Directors | 10,567.27 |
| 16 | 604 | Employee Pensions & Benefits | 7,370.97 |
| 17 | 610 | Purchased Water | |
| 18 | 615-16 | Purchased Power & Fuel for Power | 2,279.96 |
| 19 | 618 | Chemicals | 1,708.69 |
| 20 | 620.1-6 | Materials & Supplies - Operation & Maint. | 36,011.22 |
| 21 | 620.7-8 | Materials & Supplies - Administrative & General | 3,400.86 |
| 22 | 631-34 | Contract Services - Professional | 1,415.77 |
| 23 | 635 | Contract Services - Water Testing | 1,312.92 |
| 24 | 636 | Contract Services - Other | 1,234.06 |
| 25 | 641-42 | Rentals - Property & Equipment | 2,356.22 |
| 26 | 650 | Transportation Expense | 6,122.08 |
| 27 | 656-59 | Insurance | 4,478.97 |
| 28 | 660 | Advertising | - |
| 29 | 666 | Rate Case Expense (Amortization) | 6,070.24 |
| 30 | 667 | Regulatory Comm. Exp. (Other except taxes) | - |
| 31 | 670 | Bad Debt Expense | - |
| 32 | 675 | Miscellaneous | 85.85 |
| 33 | | Total Operating Expenses (Add lines 12 - 32, also enter on Page 4, line 1) | 133,781.95 |
| | | | 133,781.95 |

Name: Resort Water Co., Inc.

INCOME STATEMENT

For Year Ended 31-Dec-07

| ACCT # | DESCRIPTION | | |
|--------|--|-----------------------------|-------------------|
| 1 | Revenue (From Page 3, line 8) | 218,019.33 | <u>218,019.33</u> |
| 2 | Operating Expenses (From Page 3, line 33) | <u>133,781.95</u> | |
| 3 | 403 Depreciation Expense | <u>14,995.00</u> | |
| 4 | 406 Amortization, Utility Plant Aquisition Adj. | <u> </u> | |
| 5 | 407 Amortization Exp. - Other | <u> </u> | |
| 6 | 408.10 Regulatory Fees (PUC) | <u> </u> | |
| 7 | 408.11 Property Taxes | <u>570.09</u> | |
| 8 | 408.12 Payroll Taxes | <u>7,737.09</u> | |
| 9A | 408.13 Other Taxes (list) DEQ Fees | <u>560</u> | |
| 9B | IBOL | <u>416.99</u> | |
| 9C | | <u>0</u> | |
| 9D | | <u> </u> | |
| 10 | 409.10 Federal Income Taxes | <u>21,312.55</u> | * see note on |
| 11 | 409.11 State Income Taxes | <u>12,609.00</u> | Exhibit D |
| 12 | 410.10 Provision for Deferred Income Tax - Federal | <u> </u> | |
| 13 | 410.11 Provision for Deferred Income Tax - State | <u> </u> | |
| 14 | 411 Provision for Deferred Utility Income Tax Credits | <u> </u> | |
| 15 | 412 Investment Tax Credits - Utility | <u> </u> | |
| 16 | Total Expenses from operations before interest (add lines | 191,982.67 | <u>191,982.67</u> |
| 17 | 413 Income From Utility Plant Leased to Others | <u> </u> | |
| 18 | 414 Gains (Losses) From Disposition of Utility Plant | <u> </u> | |
| 19 | Net Operating Income (Add lines 1, 17 & 18 less line 16) | | <u>26,036.66</u> |
| 20 | 415 Revenues, Merchandizing Jobbing and Contract Work | <u> </u> | |
| 21 | 416 Expenses, Merchandizing, Jobbing & Contracts | <u> </u> | |
| 22 | 419 Interest & Dividend Income | <u> </u> | |
| 23 | 420 Allowance for Funds used During Construction | <u> </u> | |
| 24 | 421 Miscellaneous Non-Utility Income | <u> </u> | |
| 25 | 426 Miscellaneous Non-Utility Expense | <u> </u> | |
| 26 | 408.20 Other Taxes, Non-Utility Operations | <u> </u> | |
| 27 | 409-20 Income Taxes, Non-Utility Operations | <u> </u> | |
| 28 | Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27) | | <u>0</u> |
| 29 | Gross Income (add lines 19 & 28) | | <u>26,036.66</u> |
| 30 | 427.3 Interest Exp. on Long-Term Debt | <u> </u> | |
| 31 | 427.5 Other Interest Charges | <u>61.53</u> | |
| 32 | NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2) | | <u>25,975.13</u> |

Name: Resort Water Co., Inc.

ACCOUNT 101 PLANT IN SERVICE DETAIL

For Year Ended 31-Dec-07

| 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 | 177,500.00 | 28977.59 | 4185.77 | 202,291.82 |
| 5 305 | Collecting & Impounding Reservoirs | 460,080.26 | 477158.51 | | 937,238.77 |
| 6 306 | Lake, River & Other Intakes | - | | | - |
| 7 307 | Wells | - | | | - |
| 8 308 | Infiltration Galleries & Tunnels | - | | | - |
| 9 309 | Supply Mains | 20,954.51 | | | 20,954.51 |
| 10 310 | Power Generation Equipment | - | | | - |
| 11 311 | Power Pumping Equipment | - | | | - |
| 12 320 | Purification Systems | 16,613.01 | | | 16,613.01 |
| 13 330 | Distribution Reservoirs & Standpipes | - | | | - |
| 14 331 | Trans. & Distrib. Mains & Accessories | - | | | - |
| 15 333 | Services | - | | | - |
| 16 334 | Meters and Meter Installations | - | | | - |
| 17 335 | Hydrants | 3,941.91 | | | 3,941.91 |
| 18 336 | Backflow Prevention Devices | - | | | - |
| 19 339 | Other Plant & Misc. Equipment | - | | | - |
| 20 340 | Office Furniture and Equipment | - | | | - |
| 21 341 | Transportation Equipment | 7,741.65 | | | 7,741.65 |
| 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 | 686,831.34 | 506,136.10 | 4,185.77 | 1,188,781.67 |

(Add lines 1 - 28)

Enter beginning & end of year totals on Pg 7, Line 1

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended 31-Dec-07

| SUB ACCT # | DESCRIPTION | Depreciation Rate % | Balance Beginning of Year | Balance End of Year | Increase or (Decrease) |
|---------------|---------------------------------------|---------------------------|---------------------------------|---------------------------|------------------------------|
| 1 304 | Structures and Improvements | 2% | 28,695.83 | 32,245.83 | 3,550.00 |
| 2 305 | Collecting & Impounding Reservoirs | 2%, 2.5% | 72,011.25 | 82,892.66 | 10,881.41 |
| 3 306 | Lake, River & Other Intakes | | - | - | - |
| 4 307 | Wells | | - | - | - |
| 5 308 | Infiltration Galleries & Tunnels | | - | - | - |
| 6 309 | Supply Mains | 2% | 2,894.40 | 3,313.49 | 419.09 |
| 7 310 | Power Generation Equipment | | - | - | - |
| 8 311 | Power Pumping Equipment | | - | - | - |
| 9 320 | Purification Systems | 4% | 4,097.87 | 4,762.39 | 664.52 |
| 10 330 | Distribution Reservoirs & Standpipes | | - | - | - |
| 11 331 | Trans. & Distrib. Mains & Accessories | | - | - | - |
| 12 333 | Services | | - | - | - |
| 13 334 | Meters and Meter Installations | | - | - | - |
| 14 335 | Hydrants | 2% | 544.14 | 622.98 | 78.84 |
| 15 336 | Backflow Prevention Devices | | - | - | - |
| 16 339 | Other Plant & Misc. Equipment | | - | - | - |
| 17 340 | Office Furniture and Equipment | | - | - | - |
| 18 341 | Transportation Equipment | 20% | - | - | - |
| 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) | | 108,243.49 | 123,837.35 | 15,593.86 |

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

BALANCE SHEET

For Year Ended 31-Dec-07

| | | <u>ASSETS</u> | Balance Beginning of Year | Balance End of Year | Increase or (Decrease) |
|--------|-------------|--|---------------------------------|---------------------------|------------------------------|
| ACCT # | DESCRIPTION | | | | |
| 1 | 101 | Utility Plant in Service (From Pg 5, Line 29) | 686,831.34 | 1,188,781.67 | 501,950.33 |
| 2 | 102 | Utility Plant Leased to Others | | | |
| 3 | 103 | Plant Held for Future Use | | | |
| 4 | 105 | Construction Work in Progress | 396,727.97 | 510,321.87 | 113,593.90 |
| 5 | 114 | Utility Plant Aquisition Adjustment | | | |
| 6 | | Subtotal (Add Lines 1 - 5) | 1,083,559.31 | 1,699,103.54 | 615,544.23 |
| 7 | 108.1 | Accumulated Depreciation (From Pg 6, Line 26) | 108,243.49 | 123,837.35 | 15,593.86 |
| 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) | 975,315.82 | 1,575,266.19 | 599,950.37 |
| 14 | 123 | Investment in Subsidiaries | | | |
| 15 | 125 | Other Investments | | | |
| 16 | | Total Investments (Add lines 14 & 15) | - | | - |
| 17 | 131 | Cash | | | |
| 18 | 135 | Short Term Investments | | | |
| 19 | 141 | Accts/Notes Receivable - Customers | 16195.49 | 25782.4 | 9,586.91 |
| 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) | 16,195.49 | 25,782.40 | 9,586.91 |
| 27 | 181 | Unamortized Debt Discount & Expense | | | |
| 28 | 183 | Preliminary Survey & Investigation Charges | | | |
| 29 | 184 | Deferred Rate Case Expenses | 12,174.88 | 6,104.56 | (6,070.32) |
| 30 | 186 | Other Deferred Charges | | | |
| 31 | | Total Assets (Add lines 13, 16 & 26 - 30) | 1,003,686 | 1,601,049 | 603,467 |

BALANCE SHEET

For Year Ended 31-Dec-07

LIABILITIES & CAPITAL

| ACCT # | DESCRIPTION | Balance Beginning of Year | Balance End of Year | Increase or (Decrease) |
|--------|---|---------------------------------|---------------------------|------------------------------|
| 1 | 201-3 Common Stock | 433,926.46 | 433,926.46 | - |
| 2 | 204-6 Preferred Stock | | | |
| 3 | 207-13 Miscellaneous Capital Accounts | | | |
| 4 | 214 Appropriated Retained Earnings | | | |
| 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) | 433,926.46 | 433,926.46 | - |
| 9 | 221-2 Bonds | | | |
| 10 | 223 Advances from Associated Companies | | | |
| 11 | 224 Other Long - Term Debt | | | |
| 12 | 231 Accounts Payable | 8523.3 | 16,318.97 | 7,795.67 |
| 13 | 232 Notes Payable | | | |
| 14 | 233 Accounts Payable - Associated Companies | | | |
| 15 | 235 Customer Deposits (Refundable) | | | |
| 16 | 236.11 Accrued Other Taxes Payable | 4232 | 357.90 | (3,874.10) |
| 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 | | 242,000.48 | |
| 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 | 268231.39 | - | |
| 28 | 272 Accum. Amort. of Contrib. in Aid of Const. ** | | | |
| 29 | 281-3 Accumulated Deferred Income Taxes | | | |
| 30 | Total Liabilities (Add lines 9 - 29) | | | |
| 31 | TOTAL LIAB & CAPITAL (Add lines 8 & 30) | 714,913.15 | 692,603.81 | 3,921.57 |

** Only if Commission Approved

PLEASE SEE ATTACHED BALANCE SHEET

EXHIBIT D

Name: Resort Water Co., Inc.

STATEMENT OF RETAINED EARNINGS

For Year Ended 31-Dec-07

| | | |
|---|--|------------------------------|
| 1 | Retained Earnings Balance @ Beginning of Year | <u>83,049.02</u> |
| 2 | Amount Added from Current Year Income (From Pg 4, Line 32) | <u>25,975.13</u> |
| 3 | Other Credits to Account | <u> </u> |
| 4 | Dividends Paid or Appropriated | <u> 0</u> |
| 5 | Other Distributions of Retained Earnings | <u> </u> |
| 6 | Retained Earnings Balance @ End of Year | <u><u>109,024.15</u></u> |

CAPITAL STOCK DETAIL

| | | No. Shares Authorized | No. Shares Outstanding | Dividends Paid |
|---|-------------------------------------|--------------------------|---------------------------|-------------------|
| 7 | Description (Class, Par Value etc.) | | | |
| | Common - 1 class | 100 | 0 | 0 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

DETAIL OF LONG-TERM DEBT

| | Description | Interest Rate | Year-end Balance | Interest Paid | Interest Accrued |
|---|-------------|------------------|---------------------|------------------|---------------------|
| 8 | None | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Name: Resort Water Co., Inc.

SYSTEM ENGINEERING DATA
For Year Ended 31-Dec-07

1 Provide an updated system map if significant changes have been made to the system during the year.

2 Water Supply:

| Pump Designation or location | Rated Capacity (gpm) | Type of Treatment: (None, Chlorine Fluoride Filter etc.) | Annual Production (000's Gal.) | Water Supply Source (Well, Spring, Surface Wtr) |
|------------------------------|----------------------|--|--------------------------------|---|
| Well #4 | 60 | CL ² - Soda Ash | 8,700,000 | Well |
| Well #5 | 125 | CL ² - Soda Ash | 4,960,808 | Well |
| Well #6 | 70 | CL ² - Soda Ash | 6,972,000 | Well |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

3 System Storage:

| Storage Designation or Location | Total Capacity 000's Gal. | Usable Capacity 000's Gal. | Type of Reservoir (Elevated, Pressurized, Boosted) | Construction (Wood, Steel Concrete) |
|--|---------------------------|----------------------------|--|-------------------------------------|
| Reservoir #1 | 45,000 | 45,000 | Elevated | Concrete |
| Reservoir #2 | 60,000 | 60,000 | Elevated | Concrete |
| Reservoir#3 | 200,000 | 200,000 | Elevated | Concrete |
| Res. 3 has not been added to our asset list as of yet. The company is on a fiscal year ending 4/31/08. | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(Duplicate form and attach if necessary. Asterisk facilities added this year.)

Name: Resort Water Co., Inc.

SYSTEM ENGINEERING DATA
(continued)
 For Year Ended 31-Dec-07

4 Pump information for ALL system pumps, including wells and boosters.

| Designation or Location & Type of Pump** | Horse Power | Rated Capacity (gpm) | Discharge Pressure (psi) | Energy Used This Year |
|---|----------------|----------------------------|--------------------------------|-----------------------------|
| | | | | |
| | | | | |
| N/A | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

**** Submit pump curves unless previously provided or unavailable. Asterisk facilities added this year.**

5 **Attach additional sheets if inadequate space is available on this page.**

If Wells are metered:

| | |
|---|---------------|
| What was the total amount pumped this year? | 20,916,000.00 |
| What was the total amount pumped during peak month? | 4,271,000 |
| What was the total amount pumped on the peak day? | 184,296 |

6 If customers are metered, what was the total amount sold in peak month? N/A

7 Was your system designed to supply fire flows? Yes

If Yes: What is current system rating? 5

8 How many times were meters read this year?
 During which months? N/A

9 How many additional customers could be served with no system improvements
 except a service line and meter?

How many of those potential additions are vacant lots?

10 Are backbone plant additions anticipated during the coming year? No

If Yes, attach an explanation of projects and anticipated costs!

11 In what year do you anticipate that the system capacity (supply, storage or distribution)
 will have to be expanded? 0

Name: Resort Water Co., Inc.

SYSTEM ENGINEERING DATA
(continued)

For Year Ended 31-Dec-07

OF MAINS

| 1 | Pipe Size | In Use Beginning Of Year | Installed During Year | Abandoned During Year | In Use End of Year |
|---|-----------|--------------------------|-----------------------|-----------------------|--------------------|
| | 8" | 9223 Feet | 0 | 0 | 9223 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

CUSTOMER STATISTICS

| | | Number of Customers | | Thousands of Gallons Sold | |
|----|--------------------------|---------------------|-----------|---------------------------|-----------|
| | | This Year | Last Year | This Year | Last Year |
| 2 | | | | | |
| 2A | Metered: | | | | |
| 2B | Residential | | | | |
| 2C | Commercial Industrial | | | | |
| 3 | | | | | |
| 3A | Flat Rate: | | | | |
| 3B | Residential | 269.5 | 269.5 | | |
| 3C | Commercial Industrial | 126 | 126 | | |
| 4 | Private Fire Protection | | | | |
| 5 | Public Fire Protection | | | | |
| 6 | Street Sprinkling | | | | |
| 7 | Municipal, Other | | | | |
| 8 | Other Water Utilities | | | | |

CERTIFICATE

State of Idaho)
) ss
County of _____)

WE, the undersigned Tom Trulock
and Rod Engel
of the Resort Water Co.

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.

Tom Trulock
(Chief Officer) Director for Resort Water Co.

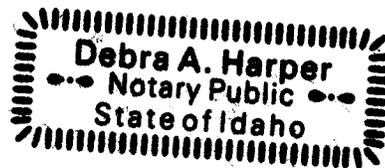
Rod Engel
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 13th day of April, 2008

Debra A. Harper
NOTARY PUBLIC

My Commission Expires 10/7/2012



**Resort Water Co., Inc
2006 Annual Report**

Pg 2 Line 20 We need to do a sanitary Survey which is in the process of being done.

EXHIBIT A: AFFILIATED COMPANIES

See Note 7

Affiliate

Services Provided

Schweitzer Utility Company LLC
165 Village Lane, Suite A
Sandpoint, ID 83864

This company provides sewer, main road snowplowing as well as parking lots and cable TV services to Schweitzer Mountain. All employees who do work for the Company are employees of this company. The Company is operated from the offices of the Schweitzer Utility Company, and costs in common are allocated between the 4 operations (sewer, water, cable TV and roads).

Schweitzer Mountain Real Estate LLC
10000 Schweitzer Mt. Road
Sandpoint, Idaho 83864

This company owns the land that the Company operates it's wells and reservoirs on.

Schweitzer Mountain Ski Operations LLC
10000 Schweitzer Mt. Road
Sandpoint, Idaho 83864

This company provides the company's offices, office phones, tech services, human resources services and the CFO oversees the finances of the Company. This company also owns the land that the Company uses for its wells and reservoirs, which results in a large property tax allocation to it.

Schweitzer Mountain LLC
10000 Schweitzer Mt. Road
Sandpoint, Idaho 83864

This company owns the shares of the Company.

Schweitzer Mountain Facilities LLC
10000 Schweitzer Mt. Road
Sandpoint, Idaho 83864

This company owns land and does not provide a service to the Company.

Note regarding high water usage for this year.

We had very high reading for the month of February 07 it was our high month as well as the highest day of the year. We had a water leak that started at the end of January and was not repaired until the first week in March due to snow levels.

| Mountain Utility Company | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|------------------|
| Schweitzer Mountain Resort | | | | |
| Water Production Summary | | | | |
| PWS-1090123 | | | | |
| MONTH | 2005 | 2006 | 2007 | 2008 |
| January | 1,399,420 | 2,469,014 | 3,386,459 | 1,432,316 |
| February | 1,631,853 | 1,838,445 | 4,270,587 | 1,236,474 |
| March | 467,500 | 1,678,038 | 1,916,596 | 1,316,672 |
| April | 549,617 | 863,059 | 605,663 | |
| May | 527,873 | 610,136 | 564,425 | |
| June | 509,253 | 663,830 | 910,996 | |
| July | 1,134,947 | 1,279,697 | 1,763,741 | |
| August | 1,291,612 | 1,679,493 | 2,143,461 | |
| September | 1,019,502 | 1,495,461 | 1,025,053 | |
| October | 770,431 | 1,932,301 | 667,514 | |
| November | 1,484,599 | 2,235,927 | 1,714,369 | |
| December | 2,874,201 | 3,290,745 | 1,947,269 | |
| | | | | |
| Totals: | 13,660,808 | 20,036,146 | 20,916,133 | 3,985,462 |

MOUNTAIN UTILITY COMPANY

WATER - WASTEWATER - CABLE TV - ROADS

February 1, 2008

To Our Customers:

This is a summary of the rules for deposit and termination of service for all Resort Water Company customers as determined by the Idaho Public Utilities Commission (IPUC). These rules cover the rights and responsibilities of the customer and the utility. An explanation of our rate schedule has also been included.

Questions concerning this information may be directed to:

Resort Water Company
165 Village Lane , Suite A
Sandpoint, Idaho 83864
(208) 255-3042

or

IPUC
Consumer Assistance
Post Office Box 83720
Boise, Idaho 83720-0074
(208) 334-0369
1-800-432-0369

Rate Schedule Information

Most Resort Water Company customers are billed under the following flat rate schedule. However, some customers may be billed under other specific tariffs. Please call the Resort Water Company if there are any questions about the rate used for your billing.

General Flat Rate Service

Resort Water Company bills each current customer each month. The bill is a flat rate of \$44.80 per Equivalent Residential Unit (ERU).

Miscellaneous Charges

Resort Water Company believes that the cost of providing special services should be borne by those customers responsible for incurring the costs. The handling of returned checks, accounts that are disconnected for non-payment and after hour service are some examples of special services. These miscellaneous charges are as follows:

- Returned checks will be assessed a \$15.00 handling fee.
- Reconnection of service due to termination for non-payment if the service is interrupted for less than 30 days is \$20.00 during normal business hours and \$60.00 if after hours.
- Reconnection of service due to any reason if the service is interrupted for greater than 30 days can be calculated based on the tariff charged for four months during normal business hours and can be calculated based on the tariff charged for four months plus \$60.00 if after business hours.
- Field collection trip charge is \$15.00

In most cases, these fees must be paid prior to service being granted or restored.

Deposits/Payment Guarantees

The IPUC service rules allow utilities to ask for deposits or payment guarantees under specific conditions. At this time, Resort Water Company does not require deposits or payment guarantees.

Rules for Termination of Service

Termination with Prior Notice

With proper customer notification, Resort Water Company may deny or terminate water service for one of the following reasons:

1. Nonpayment of a past due billing, payment of a past due billing with any check not honored by the bank, or insufficient funds on an electronic payment;
2. Failure to abide by the terms of a payment arrangement;
3. Obtaining service by misrepresentation of identity;

4. Willfully wasting service through improper equipment or otherwise;
5. Failure to apply for service.

Termination without Prior Notice

Resort Water Company may deny or terminate water service without prior notice for one of the following reasons:

1. A situation exists that is immediately dangerous to life, physical safety or property;
2. To prevent a violation of federal, state or local safety or health codes;
3. Service is obtained, diverted or used without the authorization of Resort Water Company;
4. Resort Water Company has diligently attempted to notify the customer of termination and has been unable to make contact;
5. If ordered by any court, the Commission, or any other duly authorized public authority.

Notification

1. A billing may be considered past due fifteen (15) days after the billing date. A written notice of termination must be mailed at least seven (7) days before the proposed termination date.
2. At least twenty-four (24) hours before the service is terminated, another attempt shall be made to contact the customer in person or by telephone.
3. If service is terminated, a notice will be left at the property advising the customer of the necessary steps to have service restored.

Only a twenty-four (24) hour notice is required if:

4. The initial payment of a payment arrangement is not made or the initial payment is made with a check not honored by the bank;
5. Payment is made by check to a company representative at the premises to prevent termination and the check is not honored by the bank.

Additional Notice

If service is not terminated within twenty-one (21) calendar days after the proposed termination date, Resort Water will begin the notice process again with the seven (7) day written notice.

Payment Arrangements and Special Circumstances

If the customer cannot pay the billing in full or receives a notice of termination, payment arrangements can be made to avoid termination of service. Please call the Resort Water Company at (208) 255-3042.

If the customer cannot pay the billing and a member of the household is seriously ill or there is a medical emergency, Resort Water will postpone termination of service for thirty (30) days. A written certificate is required from a licensed physician or public health official stating the name of the person who is ill and the name, title, and signature of the person certifying the serious illness or medical emergency.

Restriction on Termination of Service

Service cannot be terminated if:

1. The past due billing is less than \$50.00 or two (2) months of service, whichever is less;
2. The unpaid billing is for service to another customer;
3. The billing is for charges other than water service.

Service cannot be disconnected on Friday after 2:00pm, on Saturday, Sunday, legal holidays recognized by the state of Idaho, or after 2:00 pm on any day immediately preceding any legal holiday. Service may be terminated only between the hours of 8:00 am and 4:00 pm.

The employee sent to the premises to terminate service will identify himself/herself to the customer and state the purpose of the visit. This employee is authorized to accept payment in full on the account.

If service is terminated for any one of the conditions listed, Resort Water has employees available for reconnection as soon as the situation is corrected.

Complaint Procedure

If at any time there is a complaint concerning termination of service, policies and practices, or any other matter regarding our service, please contact Resort Water in person, by telephone or in writing. The complaint will be investigated promptly and thoroughly. The customer will be notified orally or in writing of the results of the investigation, and we will make every effort to resolve the complaint.

If the customer is dissatisfied with the proposed resolution of the complaint, the IPUC may be asked to review the matter. The service will not be disconnected while the complaint is being investigated by the utility or the IPUC.

1-1 thru 4-30-07 5/1 thru 12/31 Total Year Adjustment Total Year IPUC Code

#NAME?

Account Account Name

| | | | | | | |
|---------------------------------|-----------|------------|------------|----------|-------------------|-----------|
| 48020 SM Usage Fees | 69,932.00 | 140,313.50 | 210,245.50 | (109.60) | 210,135.90 | |
| 40807 Contract Work: Service | 250.00 | 405.00 | 655.00 | | 655.00 | |
| 48010 commercial fees | 2,686.80 | 4,300.80 | 6,987.60 | 240.83 | 7,228.43 | |
| Bonus | | | | | 218,019.33 | |
| 55050 Salaries/Wages | 18,461.66 | 40,188.25 | 58,649.91 | 1,284.23 | 59,934.14 | 59,934.14 |
| 55965 Payroll Taxes | 1,607.93 | 3,715.10 | 5,323.03 | | 5,323.03 | 7,737.09 |
| 55985 Workers Comp | 712.65 | 1,701.41 | 2,414.06 | | 2,414.06 | |
| 56465 SM Insurance | 1,546.46 | 3,712.64 | 5,259.10 | | 5,259.10 | 7,370.97 |
| 56800 Employee Meal Discour | 15.43 | 193.66 | 209.09 | | 209.09 | |
| 64305 401 K | 635.99 | 1,202.24 | 1,838.23 | | 1,838.23 | |
| 60010 Operating Supplies | 265.56 | 3,489.65 | 3,755.21 | | 3,755.21 | 36,011.22 |
| 60182 Vehicle Maintenance | 120.31 | 2,239.89 | 2,360.20 | | 2,360.20 | 6,122.08 |
| 60875 Chemicals | 420.87 | 1,287.82 | 1,708.69 | | 1,708.69 | 1,708.69 |
| 60880 Operating Maintenance | 17,675.62 | 11,789.98 | 29,465.60 | | 29,465.60 | |
| 61800 Uniforms | 123.91 | 234.77 | 358.68 | | 358.68 | |
| 62010 Electricity: OPS | 1,062.34 | 1,121.65 | 2,183.99 | | 2,183.99 | 2,279.96 |
| 62620 Utility Marking | 2.04 | 76.64 | 78.68 | | 78.68 | |
| 62630 Fuel Cost Ops | 1,197.19 | 2,098.42 | 3,295.61 | | 3,295.61 | |
| 62650 Monitoring | 360.00 | 952.92 | 1,312.92 | | 1,312.92 | 1,312.92 |
| 62660 Telephone Ops | 134.37 | 294.58 | 428.95 | | 428.95 | |
| 64100 Dues & Subscriptions | 848.00 | 479.00 | 1,327.00 | | 1,327.00 | |
| 64300 Employee Relations | 10.00 | 54.55 | 64.55 | | 64.55 | |
| 64700 Training | 39.10 | 558.00 | 597.10 | | 597.10 | |
| 65150 Office Supplies | 993.37 | 709.78 | 1,703.15 | | 1,703.15 | 3,400.86 |
| 65160 Postage & Telegrams | 419.99 | 259.86 | 679.85 | 247.10 | 926.95 | |
| 65180 Telephone (Cells) | 173.91 | 596.85 | 770.76 | | 770.76 | |
| 65300 Bank Service Charges | 21.10 | 64.45 | 85.55 | | 85.55 | |
| 65500 Professional Fees | (86.61) | 1,476.13 | 1,389.52 | | 1,389.52 | 1,415.77 |
| 65400 Office Rental space | 178.75 | 25.02 | 203.77 | 2,356.22 | 2,560.00 | 2,356.22 |
| 65540 Professional Fees - Other | | 26.25 | 26.25 | | 26.25 | |
| 65560 Administrative Services | 347.65 | 758.91 | 1,106.56 | 127.50 | 1,234.06 | 1,234.06 |
| 65900 Travel | | 300.84 | 300.84 | | 300.84 | |
| 65905 Meals | 20.02 | 145.41 | 165.43 | | 165.43 | |
| 65920 Business Relations | | 75.00 | 75.00 | (75.00) | | |
| 65925 SM Community Relator | 631.88 | | 631.88 | | | |

