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ANNUAL REPORT

IDAHO PUBLIC
UTILITIES COMMISSION

OF

Algoma Water System
NAME

P.O. Box 1095 Sandpoint, Idaho
ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED 2002

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING 12/31/02**

COMPANY INFORMATION

- 1 Give full name of utility Algoma Water System
- 2 Date of Organization 1/1/02
- 3 Organized under the laws of the state of Idaho
- 4 Address of Principal Office (number & street) _____
- 5 P.O. Box (if applicable) 1095
- 6 City Sandpoint
- 7 State Idaho
- 8 Zip Code 83864
- 9 Organization (proprietor, partnership, corp.) Proprietor
- 10 Towns, Counties served 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>Chris Neu</u>	<u>208-265-7996</u>
Vice President	<u>Larry Neu</u>	<u>406-295-5630</u>
Secretary	<u>Kate Neu</u>	<u>208-265-7996</u>
General Manager	_____	_____
Complaints or Billing	_____	_____
Engineering	_____	_____
Emergency Service	_____	_____
Accounting	_____	_____

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 1009 HWY 2 West, Ste C
 - City Sandpoint
 - State Idaho
 - Zip 83864

NAME: Dwight E. Shaker Algona Water System

COMPANY INFORMATION (Cont.)

For the Year Ended 12/31/02

15 Is the system operated or maintained under a service contract? no

16 **If yes:** 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 **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? none

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 System

REVENUE & EXPENSE DETAIL

For the Year Ended 12/31/02

ACCT #	DESCRIPTION		
400 REVENUES			
1	460	Unmetered Water Revenue	<u>6,459.48</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>6,459.48</u>
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 # _____

401 OPERATING EXPENSES			
12	601.1-6	Labor - Operation & Maintenance	_____
13	601.7	Labor - Customer Accounts	_____
14	601.8	Labor - Administrative & General	_____
15	603	Salaries, Officers & Directors	_____
16	604	Employee Pensions & Benefits	_____
17	610	Purchased Water	_____
18	615-16	Purchased Power & Fuel for Power	<u>517.05</u>
19	618	Chemicals	_____
20	620.1-6	Materials & Supplies - Operation & Maint.	<u>4,766.90</u>
21	620.7-8	Materials & Supplies - Administrative & General	<u>204.90</u>
22	631-34	Contract Services - Professional	<u>1,872.80</u>
23	635	Contract Services - Water Testing	_____
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	_____
32	675	Miscellaneous	<u>1,427.07</u>
33	Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)		<u>8,788.72</u>

Name: Algoma Water System

INCOME STATEMENT

For Year Ended 12/31/02

ACCT #	DESCRIPTION	
1	Revenue (From Page 3, line 8)	_____
2	Operating Expenses (From Page 3, line 33)	_____
3 403	Depreciation Expense	_____
4 406	Amortization, Utility Plant Aquisition Adj.	_____
5 407	Amortization Exp. - Other	_____
6 408.10	Regulatory Fees (PUC)	_____
7 408.11	Property Taxes	_____
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)	_____
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)	_____
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	_____
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)	_____
29	Gross Income (add lines 19 & 28)	_____
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)	=====

Name: Algoma Water System

ACCOUNT 101 PLANT IN SERVICE DETAIL
 For Year Ended 12/31/02

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: Algoma Water System

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended 12/31/02

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 System

BALANCE SHEET

For Year Ended 12/31/02

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)			
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)			
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)			
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			
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)			

Name: Algoma Water System

BALANCE SHEET

For Year Ended 12/31/02

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			
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)			
9	221-2 Bonds			
10	223 Advances from Associated Companies			
11	224 Other Long - Term Debt			
12	231 Accounts Payable			
13	232 Notes Payable			
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)			
31	TOTAL LIAB & CAPITAL (Add lines 8 & 30)			

**** Only if Commission Approved**

Name: Algoma Water System

STATEMENT OF RETAINED EARNINGS
For Year Ended 12/31/02

1	Retained Earnings Balance @ Beginning of Year	_____
2	Amount Added from Current Year Income (From Pg 4, Line 32)	_____
3	Other Credits to Account	_____
4	Dividends Paid or Appropriated	_____
5	Other Distributions of Retained Earnings	_____
6	Retained Earnings Balance @ End of Year	=====

CAPITAL STOCK DETAIL

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

DETAIL OF LONG-TERM DEBT

8	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued

Name: Algoma Water System

SYSTEM ENGINEERING DATA
For Year Ended 12/31/02

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)
<u>pump house</u>				<u>well</u>

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)
<u>same as last year</u>				<u>concrete</u>

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

Name: Alpma Water System

SYSTEM ENGINEERING DATA

(continued)

For Year Ended 12/31/02

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
<u>Same as last year</u>				

** Submit pump curves unless previously provided or unavailable. Asterisk facilities added this year. Attach additional sheets if inadequate space is available on this page.

- 5 If Wells are metered:
 - What was the total amount pumped this year? NO
 - What was the total amount pumped during peak month? NO
 - What was the total amount pumped on the peak day? NO
- 6 If customers are metered, what was the total amount sold in peak month? NO
- 7 Was your system designed to supply fire flows? yes
 If Yes: What is current system rating? _____
- 8 How many times were meters read this year? N/A
 During which months? _____
- 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? _____

Name: Algoma Water System

SYSTEM ENGINEERING DATA

(continued)

For Year Ended 12/31/02

FEET OF MAINS

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

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	17	17		
3B Commercial	5	5		
3C Industrial	0	0		
4 Private Fire Protection	0	0		
5 Public Fire Protection	3	3		
6 Street Sprinkling	0	0		
7 Municipal, Other	0	0		
8 Other Water Utilities	0	0		
TOTALS (Add lines 2 through 8)	25	25		

CERTIFICATE

State of Idaho)
) ss
County of _____)

WE, the undersigned _____
and _____
of the _____
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 _____ day of _____, _____

NOTARY PUBLIC

My Commission Expires _____

gdk/excel/jnelson/anulrpts/wtrannualrpt