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ANNUAL REPORT

IDAHO PUBLIC
UTILITIES COMMISSION

OF

FALLS WATER COMPANY, INC.

NAME

2025 E FIRST ST, IDAHO FALLS, ID 83401

ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED

DECEMBER 31, 2002

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING December 31, 2002**

COMPANY INFORMATION

1 Give full name of utility Falls Water Company, Inc
 2 Date of Organization January 9, 1959
 3 Organized under the laws of the state of Idaho
 4 Address of Principal Office (number & street) 2025 E First Street
 5 P.O. Box (if applicable) _____
 6 City Idaho Falls
 7 State Idaho
 8 Zip Code 83401
 9 Organization (proprietor, partnership, corp.) Not-for-profit corporation
 10 Towns, Counties served Bonneville 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)	Kelly D. Howell	208-522-1300
Vice President		
Secretary	Dean L. Howell	208-522-1300
General Manager	K. Scott Bruce	208-522-1300
Complaints or Billing	K. Scott Bruce	208-522-1300
Engineering	Tony Wise	208-522-1300
Emergency Service	Tony Wise	208-522-1300
Accounting	K. Scott Bruce	208-522-1300

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? Yes
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 2025 E First Street
 City Idaho Falls
 State Idaho
 Zip 83401

NAME: Falls Water Company, Inc.

COMPANY INFORMATION (Cont.)

For the Year Ended December 31, 2002

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

16 **If yes:** With whom is the contract? Howell & Howell, Inc.
When does the contract expire? Month-to-Month
What services and rates are included? All Labor, both field and office

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 No Record
High Bills No Record
Disconnection No Record

22 Number of Customers involuntarily disconnected 73

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? June-02
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: Falls Water Company, Inc.

REVENUE & EXPENSE DETAIL

For the Year Ended December 31, 2002

ACCT #	DESCRIPTION		
400 REVENUES			
1	460	Unmetered Water Revenue	104171.37
2	461.1	Metered Sales - Residential	229002.35
3	461.2	Metered Sales - Commercial, Industrial	7283.73
4	462	Fire Protection Revenue	0.00
5	464	Other Water Sales Revenue	0.00
6	465	Irrigation Sales Revenue	0.00
7	466	Sales for Resale	0.00
8	400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)	340457.45
9	*	DEQ Fees Billed separately to customers	Booked to Acct # _____
10	**	Hookup or Connection Fees Collected	42100.00 Booked to Acct # <u>271</u>
11	***	Commission Approved Surcharges Collected	Booked to Acct # _____
401 OPERATING EXPENSES			
12	601.1-6	Labor - Operation & Maintenance	49783.80
13	601.7	Labor - Customer Accounts	5280.00
14	601.8	Labor - Administrative & General	88000.00
15	603	Salaries, Officers & Directors	
16	604	Employee Pensions & Benefits	
17	610	Purchased Water	1112.00
18	615-16	Purchased Power & Fuel for Power	70857.81
19	618	Chemicals	
20	620.1-6	Materials & Supplies - Operation & Maint.	15139.84
21	620.7-8	Materials & Supplies - Administrative & General	20034.96
22	631-34	Contract Services - Professional	37577.00
23	635	Contract Services - Water Testing	5808.45
24	636	Contract Services - Other	17579.55
25	641-42	Rentals - Property & Equipment	4411.54
26	650	Transportation Expense	7028.66
27	656-59	Insurance	3918.00
28	660	Advertising	2081.32
29	666	Rate Case Expense (Amortization)	
30	667	Regulatory Comm. Exp. (Other except taxes)	
31	670	Bad Debt Expense	4619.16
32	675	Miscellaneous	9010.01
33		Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)	342242.10

Name: Falls Water Company, Inc.

INCOME STATEMENT

For Year Ended December 31, 2002

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		<u>340457.45</u>
2	Operating Expenses (From Page 3, line 33)	<u>342242.10</u>	
3 403	Depreciation Expense	<u>22030.60</u>	
4 406	Amortization, Utility Plant Aquisition Adj.		
5 407	Amortization Exp. - Other		
6 408.10	Regulatory Fees (PUC)	<u>848.42</u>	
7 408.11	Property Taxes	<u>3647.40</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	<u>30.00</u>	
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>368798.52</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>-28341.07</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	<u>25125.03</u>	
25 426	Miscellaneous Non-Utility Expense	<u>26771.06</u>	
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>-1646.03</u>
29	Gross Income (add lines 19 & 28)		<u>-29987.10</u>
30 427.3	Interest Exp. on Long-Term Debt		<u>8022.80</u>
31 427.5	Other Interest Charges		
32	NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)		<u><u>-38009.90</u></u>

Name: Falls Water Company, Inc.

ACCOUNT 101 PLANT IN SERVICE DETAIL
 For Year Ended December 31, 2002

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	3329			3329
4 304	Structures and Improvements	8707			8707
5 305	Collecting & Impounding Reservoirs				
6 306	Lake, River & Other Intakes				
7 307	Wells	52805			52805
8 308	Infiltration Galleries & Tunnels				
9 309	Supply Mains				
10 310	Power Generation Equipment	16693			16693
11 311	Power Pumping Equipment	187719	8088		195807
12 320	Purification Systems	15865			15865
13 330	Distribution Reservoirs & Standpipes	494			494
14 331	Trans. & Distrib. Mains & Accessories	91770	41351		133121
15 333	Services				
16 334	Meters and Meter Installations	118735	15347		134082
17 335	Hydrants				
18 336	Backflow Prevention Devices				
19 339	Other Plant & Misc. Equipment				
20 340	Office Furniture and Equipment	7476			7476
21 341	Transportation Equipment	13261			13261
22 342	Stores Equipment				
23 343	Tools, Shop and Garage Equipment	9583	1260		10843
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	526437	66046	0	592483

(Add lines 1 - 28)

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

Name: Falls Water Company, Inc.

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended December 31, 2002

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		22857	25009	2152
5 308	Infiltration Galleries & Tunnels				
6 309	Supply Mains				
7 310	Power Generation Equipment		3443	4278	835
8 311	Power Pumping Equipment		100902	108766	7864
9 320	Purification Systems		15865	15865	0
10 330	Distribution Reservoirs & Standpipes		494	494	0
11 331	Trans. & Distrib. Mains & Accessories		58195	60680	2485
12 333	Services				
13 334	Meters and Meter Installations		64095	73040	8945
14 335	Hydrants				
15 336	Backflow Prevention Devices				
16 339	Other Plant & Misc. Equipment				
17 340	Office Furniture and Equipment		5743	6048	305
18 341	Transportation Equipment		12960	12960	0
19 342	Stores Equipment				
20 343	Tools, Shop and Garage Equipment		9583	9688	105
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)	0	294137	316828	22691

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

Name: Falls Water Company, Inc.

BALANCE SHEET

For Year Ended December 31, 2002

		ASSETS	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
ACCT #	DESCRIPTION				
1	101	Utility Plant in Service (From Pg 5, Line 29)	526437	592483	66046
2	102	Utility Plant Leased to Others			0
3	103	Plant Held for Future Use			0
4	105	Construction Work in Progress			0
5	114	Utility Plant Aquisition Adjustment			0
6		Subtotal (Add Lines 1 - 5)	526437	592483	66046
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	294137	316828	22691
8	108.2	Accum. Depr. - Utility Plant Lease to Others			0
9	108.3	Accum. Depr. - Property Held for Future Use			0
10	110.1	Accum. Amort. - Utility Plant in Service			0
11	110.2	Accum. Amort. - Utility Plant Lease to Others			0
12	115	Accumulated Amortization - Aquisition Adj.			0
13		Net Utility Plant (Line 6 less lines 7 - 12)	232300	275655	43355
14	123	Investment in Subsidiaries			0
15	125	Other Investments			0
16		Total Investments (Add lines 14 & 15)	0	0	0
17	131	Cash	7635	12735	5100
18	135	Short Term Investments			0
19	141	Accts/Notes Receivable - Customers	28687	34384	5697
20	142	Other Receivables			0
21	145	Receivables from Associated Companies			0
22	151	Materials & Supplies Inventory			0
23	162	Prepaid Expenses			0
24	173	Unbilled (Accrued) Utility Revenue			0
25	143	Provision for Uncollectable Accounts	1300	1300	0
26		Total Current (Add lines 17 -24 less line 25)	35022	45819	10797
27	181	Unamortized Debt Discount & Expense			0
28	183	Preliminary Survey & Investigation Charges			0
29	184	Deferred Rate Case Expenses			0
30	186	Other Deferred Charges			0
31		Total Assets (Add lines 13, 16 & 26 - 30)	267322	321474	54152

Name: Falls Water Company, Inc.

BALANCE SHEET

For Year Ended December 31, 2002

LIABILITIES & CAPITAL

ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	201-3 Common Stock	25000	25000	0
2	204-6 Preferred Stock			0
3	207-13 Miscellaneous Capital Accounts			0
4	214 Appropriated Retained Earnings			0
5	215 Unappropriated Retained Earnings	90613	52177	-38436
6	216 Reacquired Capital Stock			0
7	218 Proprietary Capital			0
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	115613	77177	-38436
9	221-2 Bonds			0
10	223 Advances from Associated Companies	134284	122541	-11743
11	224 Other Long - Term Debt			0
12	231 Accounts Payable	0	21523	21523
13	232 Notes Payable	15032	49283	34251
14	233 Accounts Payable - Associated Companies	0	6047	6047
15	235 Customer Deposits (Refundable)			0
16	236.11 Accrued Other Taxes Payable	2820	1364	-1456
17	236.12 Accrued Income Taxes Payable			0
18	236.2 Accrued Taxes - Non-Utility			0
19	237-40 Accrued Debt, Interest & Dividends Payable			0
20	241 Misc. Current & Accrued Liabilities			0
21	251 Unamortized Debt Premium			0
22	252 Advances for Construction			0
23	253 Other Deferred Liabilities			0
24	255.1 Accumulated Investment Tax Credits - Utility			0
25	255.2 Accum. Investment Tax Credits - Non-Utility			0
26	261-5 Operating Reserves			0
27	271 Contributions in Aid of Construction	0	44200	44200
28	272 Accum. Amort. of Contrib. in Aid of Const. **	0	-658	-658
29	281-3 Accumulated Deferred Income Taxes			0
30	Total Liabilities (Add lines 9 - 29)	152136	244300	92164
31	TOTAL LIAB & CAPITAL (Add lines 8 & 30)	267749	321477	53728

**** Only if Commission Approved**

Name: Falls Water Company, Inc.

STATEMENT OF RETAINED EARNINGS

For Year Ended December 31, 2002

1	Retained Earnings Balance @ Beginning of Year	<u>90613</u>
2	Amount Added from Current Year Income (From Pg 4, Line 32)	<u>-38010</u>
3	Other Credits to Account	<u>-426</u>
4	Dividends Paid or Appropriated	<u> </u>
5	Other Distributions of Retained Earnings	<u> </u>
6	Retained Earnings Balance @ End of Year	<u><u>52177</u></u>

CAPITAL STOCK DETAIL

7	Description (Class, Par Value etc.)	No. Shares Authorized	No. Shares Outstanding	Dividends Paid
	<u>COMMON</u>	<u>1000</u>	<u>25</u>	
	<u> </u>			

DETAIL OF LONG-TERM DEBT

8	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
	<u>Wilcox Construction</u>	<u>6%</u>	<u>122541</u>	<u>8023</u>	<u>8023</u>
	<u> </u>				
	<u> </u>				
	<u> </u>				
	<u> </u>				
	<u> </u>				
	<u> </u>				
	<u> </u>				

Name: Falls Water Company, Inc.

SYSTEM ENGINEERING DATA

For Year Ended December 31, 2002

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 #1	750	SAND SEP	138179	WELL
WELL #2	400		75474	WELL
WELL #3	200		25414	WELL
WELL #4	1500	SAND SEP	57315	WELL
WELL #5	750	SAND SEP	215828	WELL
PUMP #6	600	SAND SEP	102042	WELL
PUMP # 7	600		118226	WELL
WELL #8	1500		8407	WELL
Sargent Well	30		4622	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)
Well 2/4	5	1.8	Pressurized	Steel

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

Name: Falls Water Company, Inc.

**SYSTEM ENGINEERING DATA
(continued)**

For Year Ended December 31, 2002

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
Well #2 Turbine Pump #2	40	400	65	
Well #4 Turbine Pump #4	150	1500	65	
Well #6 Submersible Pump #6	75	600	65	
Well #7 Submersible Pump #7	75	600	65	
SUBTOTAL OF ABOVE	The Above are all on one Power meter Totaling			619611
Well #1 Trubine Pump #1	75	750	65	225201
Well #3 Submersible Pump #3	30	200	65	47308
Well #5 Trubine Pump #5	75	750	65	306503
Well #8 Trubine Pump #8	150	1500	65	25440
Sargent Well Submersible Pump	10	30	60	17963

**** 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? 740884299
 - What was the total amount pumped during peak month? 158937184
 - What was the total amount pumped on the peak day? No Record
- 6 If customers are metered, what was the total amount sold in peak month? 97300000
- 7 Was your system designed to supply fire flows? Yes
If Yes: What is current system rating? 4
- 8 How many times were meters read this year? 7
 During which months? April, May, June, July, August, September, October
- 9 How many additional customers could be served with no system improvements
 except a service line and meter? 350
 How many of those potential additions are vacant lots? 97
- 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? 2005

Name: Falls Water Company, Inc.

**SYSTEM ENGINEERING DATA
(continued)**

For Year Ended December 31, 2002

FEET OF MAINS

1 Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
1"	0	0	0	0
2"	1532.95	0	0	1532.95
3"	0	0	0	0
4"	2262.64	0	0	2262.64
6"	82680.77	3041	0	85721.77
8"	18406.34	5431	0	23837.34
10"	17468.95	3723	0	21191.95
12"	2927.17	1585	0	4512.17

CUSTOMER STATISTICS

	Number of Customers		Thousands of Gallons Sold	
	This Year	Last Year	This Year	Last Year
2 Metered:				
2A Residential	1357	1322	385499	276812
2B Commercial	30	24	22464	29274
2C Industrial				
3 Flat Rate:				
3A Residential	619	621	N/A	N/A
3B Commercial				
3C Industrial				
4 Private Fire Protection				
5 Public Fire Protection	166	139	N/A	N/A
6 Street Sprinkling				
7 Municipal, Other				
8 Other Water Utilities				
TOTALS (Add lines 2 through 8)	2172	2106	407963	306086

CERTIFICATE

State of Idaho)
) ss
County of Bonneville)

WE, the undersigned Kelly D. Howell, President
and _____
of the Falls Water Company, Inc.
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 17 day of April, 2003



NOTARY PUBLIC

My Commission Expires 6 March 2004

gdk/excel/jnelson/anulrpts/wtrannualrpt