

RECEIVED

2008 JUN -5 AM 8:13

ANNUAL REPORT

IDAHO PUBLIC
UTILITIES COMMISSION

OF

Avw-ws

Happy Valley Water System Inc.
9323 N. Government Way
PMB 288
Hayden, ID 83835

ADDRESS

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 12/31/2007**

COMPANY INFORMATION

1 Give full name of utility Happy Valley Water System Inc.
 2 Date of Organization 25-Jul-01
 3 Organized under the laws of the state of Idaho
 4 Address of Principal Office (number & street) 10045 N. Memory Lane
 5 P.O. Box (if applicable) _____
 6 City Rathdrum
 7 State ID
 8 Zip Code 83858
 9 Organization (proprietor, partnership, corp.) S-Corp
 10 Towns, Counties served Kootenai

 11 Are there any affiliated companies? YES

If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

12 Contact Information	Name	Phone No.
President (Owner)	Brett McCarty	687-1072
Vice President	N/A	
Secretary	Nora McCarty	687-1072
General Manager	N/A	
Complaints or Billing	Nora McCarty	687-1072
Engineering	N/A	
Emergency Service	Brett McCarty	687-1072
Accounting	Nora McCarty	687-1072

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? _____
 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 10045 N. Memory Ln.
 City Rathdrum
 State ID
 Zip 83858

NAME: Happy Valley Water System Inc.

COMPANY INFORMATION (Cont.)

For the Year Ended 12/31/2007

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? _____
If yes, attach full explanation _____

20 Has the Idaho Division of Environmental Quality recommended any improvements? _____
If yes, attach full explanation _____

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

22 Number of Customers involuntarily disconnected _____

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? 7/1/2007
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: Happy Valley Water System Inc.

REVENUE & EXPENSE DETAIL

For the Year Ended 12/31/2007

ACCT #	DESCRIPTION		
<u>400 REVENUES</u>			
1	460	Unmetered Water Revenue	
2	461.1	Metered Sales - Residential	10335
3	461.2	Metered Sales - Commercial, Industrial	
4	462	Fire Protection Revenue	
5	464	Other Water Sales Revenue	10
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)	10345
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	
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	4822
19	618	Chemicals	
20	620.1-6	Materials & Supplies - Operation & Maint.	153
21	620.7-8	Materials & Supplies - Administrative & General	
22	631-34	Contract Services - Professional	1640
23	635	Contract Services - Water Testing	322
24	636	Contract Services - Other	1998
25	641-42	Rentals - Property & Equipment	144
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	2
33	Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)		9081

Name: Happy Valley Water System Inc.

INCOME STATEMENT

For Year Ended 12/31/2007

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		<u>10345</u>
2	Operating Expenses (From Page 3, line 33)	<u>9081</u>	
3 403	Depreciation Expense	<u>520</u>	
4 406	Amortization, Utility Plant Aquisition Adj.	<u>205</u>	
5 407	Amortization Exp. - Other		
6 408.10	Regulatory Fees (PUC)	<u>50</u>	
7 408.11	Property Taxes	<u>20</u>	
8 408.12	Payroll Taxes		
9A 408.13	Other Taxes (list) DEQ Fees	<u>120</u>	
9B			
9C			
9D			
10 409.10	Federal Income Taxes		
11 409.11	State Income Taxes	<u>20</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>10016</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>329</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		
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>0</u>
29	Gross Income (add lines 19 & 28)		<u>329</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><u>329</u></u>

Name: Happy Valley Water System Inc.

ACCOUNT 101 PLANT IN SERVICE DETAIL
 For Year Ended 12/31/2007

SUB ACCT #	DESCRIPTION	Balance Beginning of Year	Added During Year	Removed During Year	Balance End of Year
1 301	Organization	154		154	0
2 302	Franchises and Consents				
3 303	Land & Land Rights				
4 304	Structures and Improvements	1444			1444
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	7447			7447
12 320	Purification Systems				
13 330	Distribution Reservoirs & Standpipes				
14 331	Trans. & Distrib. Mains & Accessories				
15 333	Services				
16 334	Meters and Meter Installations	2674			2674
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	11719			11565

(Add lines 1 - 28)

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

Name: Happy Valley Water System Inc.

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended 12/31/2007

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements	5.00%	396	468	72
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	5.00%	4839	5211	372
9 320	Purification Systems				
10 330	Distribution Reservoirs & Standpipes				
11 331	Trans. & Distrib. Mains & Accessories				
12 333	Services				
13 334	Meters and Meter Installations	3.00%	848	924	76
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)		6083	6603	520

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

Name: Happy Valley Water System Inc.

BALANCE SHEET

For Year Ended 12/31/2007

ASSETS			Balance	Balance	Increase
ACCT #	DESCRIPTION		Beginning of Year	End of Year	or (Decrease)
1	101	Utility Plant in Service (From Pg 5, Line 29)	11719	11565	(154)
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	3070	3070	
6		Subtotal (Add Lines 1 - 5)	14789	14635	(154)
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	6083	6603	520
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	154	0	(154)
11	110.2	Accum. Amort. - Utility Plant Lease to Others			
12	115	Accumulated Amortization - Aquisition Adj.	1144	1349	205
13		Net Utility Plant (Line 6 less lines 7 - 12)	7408	6683	(725)
14	123	Investment in Subsidiaries			
15	125	Other Investments			
16		Total Investments (Add lines 14 & 15)			
17	131	Cash	2208	3641	1433
18	135	Short Term Investments			
19	141	Accts/Notes Receivable - Customers	295	(190)	(485)
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)	2503	3451	948
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)	9911	10134	223

Name: Happy Valley Water System Inc.

BALANCE SHEET

For Year Ended 12/31/2007

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	10000	10000	0
4	214 Appropriated Retained Earnings			
5	215 Unappropriated Retained Earnings	(195)	134	329
6	216 Reacquired Capital Stock			
7	218 Proprietary Capital			
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	9805	10134	329
9	221-2 Bonds			
10	223 Advances from Associated Companies			
11	224 Other Long - Term Debt			
12	231 Accounts Payable	106	0	(106)
13	232 Notes Payable			
14	233 Accounts Payable - Associated Companies	0	0	0
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)	106	0	(106)
31	TOTAL LIAB & CAPITAL (Add lines 8 & 30)	9911	10134	223

** Only if Commission Approved

Name: Happy Valley Water System Inc.

STATEMENT OF RETAINED EARNINGS
For Year Ended 12/31/2007

1	Retained Earnings Balance @ Beginning of Year	<u>(195)</u>
2	Amount Added from Current Year Income (From Pg 4, Line 32)	<u>329</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><u>134</u></u>

CAPITAL STOCK DETAIL

7	Description (Class, Par Value etc.)	No. Shares Authorized	No. Shares Outstanding	Dividends Paid
	NO PAR VALUE	10	10	0

DETAIL OF LONG-TERM DEBT

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

Name: Happy Valley Water System Inc.

SYSTEM ENGINEERING DATA
 (continued)
 For Year Ended 12/31/2007

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

**** 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? _____
 - What was the total amount pumped during peak month? _____
 - What was the total amount pumped on the peak day? _____

- 6 If customers are metered, what was the total amount sold in peak month? _____

- 7 Was your system designed to supply fire flows? _____
 If Yes: What is current system rating? _____

- 8 How many times were meters read this year? 4
 During which months? May, July, August, September

- 9 How many additional customers could be served with no system improvements except a service line and meter? 0
 How many of those potential additions are vacant lots? _____

- 10 Are backbone plant additions anticipated during the coming year? _____
 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: Happy Valley Water System Inc.

SYSTEM ENGINEERING DATA
(continued)
 For Year Ended 12/31/2007

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	24	24		
2B Commercial				
2C Industrial				
3 Flat Rate:				
3A Residential				
3B Commercial				
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)	24			

