

RES-W

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Joe Leckie
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83702-5983

2006 JUL 10 PM 2:54
IDAHO PUBLIC
UTILITIES COMMISSION

Monday 3rd July, 2006

Re: Resort Water Co., Inc. 2005 Annual Report

Dear Mr Leckie:

Please find enclosed the Annual Report for Resort Water Co., Inc. ("The Company") for calendar year 2005. Between the 1st of January and 31st December 2005 the Company has undergone several significant changes:

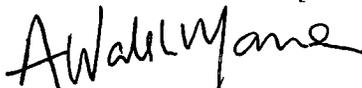
1. The Company went through the process for Certificate of Public Convenience and Necessity with the IPUC, which was granted in the 1st quarter of 2005.
2. Harbor Properties Inc. no longer has any ownership in the Schweitzer Mountain venture. Therefore the overall management and accounting management changed.
3. The Company moved from JDE accounting software to Great Plains accounting software.
4. The Company's normal fiscal year has been 8/31 - 1/9. The Company, under direction from its parent company Schweitzer Mountain ~~Ski Operations~~ LLC, has now changed its financial year to 5/1 - 4/30. The Company will therefore be doing a tax return for the short tax year of 1/9/05 - 4/30/06.
5. The Director of the Company, Tim Elsea, left the company in April 2005 and his position was not filled until July 2005.

The result of this is that the accounting system for Resort Water Co., Inc. has not yet been set up adequately for IPUC purposes, nor does The Company have the ability to as it is restricted by it's parent company, both of which have made the Annual Report process a very tedious one.

We have, however, endeavored to piece together the numbers pertaining to calendar year 2005 for IPUC purposes. We request help from the IPUC to guide us to a better understanding of IPUC requirements so that in the future we can be assured that the information is being collected and reported correctly.

Following are notes I have taken throughout this process that take the IPUC orders and staff recommendations into account. These note numbers correspond to note numbers on the right hand side of the Annual Report.

Sincerely,



Abi Manion
(Formerly Jane Doe in the Application for Public Convenience and Necessity)
On behalf of Resort Water Co., Inc.

Please contact Debra Harper on 208-255 3042 for further information required.

1. Our investment base, determined for the purposes of the rate study that took place as part of the Certificate of Public Convenience and Necessity, included a reduction for hook-up fees that we had collected from new customers since acquiring the Company. This amount was \$128,609 (this is not on the Annual Report anywhere, and perhaps it should be?). In February 2005, before we were granted the Certificate, additional hook-up fees were accepted from one customer in the amount of \$35,895. We do not know what to do with this amount, whether it should be paid back to the customer or further reduce our investment base.
2. The monthly rate per ERU has been approved at \$44.80. During the 9 months of 2005 following the allowance to increase the rate, however, we were only charging \$44.79. As of 2006 the correct rate is being charged.
3. Construction in Progress: We spent \$43,662 on the new water reservoir in 2005, which is currently still in progress and due to be completed this summer. I have included it on the Report but it will be reimbursed as ordered by affiliate Schweitzer Mountain Real Estate LLC, the entity responsible for developing the condominiums.
4. The number of Commercial ERUs recommended by Staff of IPUC have not been charged correctly throughout 2005. Adjustments will be made to correct the error for the 1st of June 2006 billing period. These errors were:
 - a. The Selkirk should have been charged a total of 32 ERUs with the following breakdown, but they were only being charged for 31 ERUs:
 - i. 6 – Selkirk Laundry
 - ii. 25 – Chimney Rock Restaurant
 - iii. 1 – Mojo Café
 - b. Schweitzer Ski Resort should have been paying for 83 ERUs with the following breakdown, but they were only paying for 81:
 - i. 20 – Mill Building
 - ii. 50 – Lakeview Building
 - iii. 1 – Cantina Café
 - iv. 12 – Snowmaking

In addition to this correct amount of 83 ERUs, we are also charging 2 ERUs for the maintenance shop, bringing the total ERU charge to Schweitzer of 85 ERUs.
5. Taxes:
 - a) Property Taxes are still being paid to Bonner County via an affiliate. I understand that the State of Idaho is currently assessing the Company and should therefore be taking the place of any property taxes in the future.
 - b) Federal and State Income taxes included in the report are from fiscal year 2004 (1/9/04 – 8/31/05). We were unable to estimate what they would have been for the calendar year.
6. We do not understand what the fire flow rating is. We know that once this new reservoir has been completed, we will have sufficient fire flow according to Schweitzer's fire chief. Until that point we do not have sufficient fire flow.
7. The address of all the affiliated companies will be changing from 500 Union St, Seattle to 10,000 Schweitzer Mountain Road, Sandpoint. Several name changes of these affiliates have taken place over the last 12 months. New Schweitzer is now Schweitzer Mountain Ski Operations LLC. Harbor Mountain Company LLC is now called Schweitzer Mountain LLC. Harbor Mountain Utility Company LLC is now called Schweitzer Utility Company LLC.

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING** 31-Dec-05

RES-W
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2006 JUL 10 PM 2: 55
IDAHO PUBLIC
UTILITIES COMMISSION

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) 500 Union Street, Suite 200
 5 P.O. Box (if applicable) _____
 6 City Seattle
 7 State WA
 8 Zip Code 98101
 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

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

12 Contact Information	Name	Phone No.
President (Owner)	Steve Wood	
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
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 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-05

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? Feb-05

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-05

ACCT #	DESCRIPTION		
<u>400 REVENUES</u>			
1 460	Unmetered Water Revenue		
460.1	Residential	135,407.43	Note 2
460.2	Commercial	60,352.20	
2 461.1	Metered Sales - Residential		
3 461.2	Metered Sales - Commercial, Industrial		
4 462	Fire Protection Revenue		
5 464	Other Water Sales Revenue	400.00	
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)	196,159.63	
9	* DEQ Fees Billed separately to customers		Booked to Acct #
10	** Hookup or Connection Fees Collected	35,895.00	Booked to Acct # 48010 Note 1
11	***Commission Approved Surcharges Collected		Booked to Acct #
<u>401 OPERATING EXPENSES</u>			
12 601.1-6	Labor - Operation & Maintenance	21,310.21	
13 601.7	Labor - Customer Accounts	3,722.71	
14 601.8	Labor - Administrative & General	12,291.56	
15 603	Salaries, Officers & Directors	8,568.86	
16 604	Employee Pensions & Benefits	5,218.60	
17 610	Purchased Water	-	
18 615-16	Purchased Power & Fuel for Power	3,653.32	
19 618	Chemicals	611.68	
20 620.1-6	Materials & Supplies - Operation & Maint.	5,130.70	
21 620.7-8	Materials & Supplies - Administrative & General	2,564.29	
22 631-34	Contract Services - Professional	678.30	
23 635	Contract Services - Water Testing	4,259.28	
24 636	Contract Services - Other	7,258.27	
25 641-42	Rentals - Property & Equipment	2,699.30	
26 650	Transportation Expense	2,132.56	
27 656-59	Insurance	17,678.64	
28 660	Advertising	58.61	
29 666	Rate Case Expense (Amortization)	6,070.24	
30 667	Regulatory Comm. Exp. (Other except taxes)	-	
31 670	Bad Debt Expense	176.81	
32 675	Miscellaneous	-	
33	Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)	104,083.92	

Name: Resort Water Co., Inc.

INCOME STATEMENT

For Year Ended 31-Dec-05

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		196,159.63
2	Operating Expenses (From Page 3, line 33)	104,083.92	
3	403 Depreciation Expense	16,543.70	
4	406 Amortization, Utility Plant Aquisition Adj.		
5	407 Amortization Exp. - Other		
6	408.10 Regulatory Fees (PUC)		
7	408.11 Property Taxes	6,133.30	
8	408.12 Payroll Taxes	4,690.91	
9A	408.13 Other Taxes (list) DEQ Fees		
9B	State of Idaho Tax		
9C			
9D			
10	409.10 Federal Income Taxes	6,394.00	
11	409.11 State Income Taxes	476.00	
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)	138,321.83	
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)		57,837.80
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)		0
29	Gross Income (add lines 19 & 28)		57,837.80
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)		57,837.80

Note 5

Note 5

ACCOUNT 101 PLANT IN SERVICE DETAIL
 For Year Ended 31-Dec-05

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			177,500.00
5 305	Collecting & Impounding Reservoirs	460,080.26			460,080.26
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	-	-	686,831.34

(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-05

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements	2%	21,595.83	25,145.83	3,550.00
2 305	Collecting & Impounding Reservoirs	2%, 2.5%	52,133.90	62,416.83	10,282.92
3 306	Lake, River & Other Intakes		-	-	-
4 307	Wells		-	-	-
5 308	Infiltration Galleries & Tunnels		-	-	-
6 309	Supply Mains	2%	2,056.23	2,475.32	419.09
7 310	Power Generation Equipment		-	-	-
8 311	Power Pumping Equipment		-	-	-
9 320	Purification Systems	4%	2,768.83	3,433.35	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%	386.46	465.30	78.84
15 336	Backflow Prevention Devices		-	-	-
16 339	Other Plant & Misc. Equipment		-	-	-
17 340	Office Furniture and Equipment		-	-	-
18 341	Transportation Equipment	20%	2,838.61	4,386.94	1,548.33
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)		81,779.86	98,323.56	16,543.70

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

BALANCE SHEETFor Year Ended 31-Dec-05

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)	686,831.34	686,831.34	-
2	102	Utility Plant Leased to Others			
3	103	Plant Held for Future Use			
4	105	Construction Work in Progress	0	43,662.46	43,662.46
5	114	Utility Plant Aquisition Adjustment			
6		Subtotal (Add Lines 1 - 5)	686,831.34	730,493.80	43,662.46
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	81,779.86	98,323.56	16,543.70
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)	605,051.48	632,170.24	27,118.76
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	12705.5	1298.91	(11,406.59)
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)	12,705.50	1,298.91	(11,406.59)
27	181	Unamortized Debt Discount & Expense			
28	183	Preliminary Survey & Investigation Charges			
29	184	Deferred Rate Case Expenses	24,315.36	18,245.12	(6,070.24)
30	186	Other Deferred Charges			
31		Total Assets (Add lines 13, 16 & 26 - 30)	642,072	651,714	9,642

Note 3

Name: Resort Water Co., Inc.

BALANCE SHEET

For Year Ended 31-Dec-05

LIABILITIES & CAPITAL		Balance	Balance	Increase
ACCT #	DESCRIPTION	Beginning of Year	End of Year	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	6805.7	7,795.67	989.97
13	232 Notes Payable			
14	233 Accounts Payable - Associated Companies			
15	235 Customer Deposits (Refundable)			
16	236.11 Accrued Other Taxes Payable	2930.45	4426.51	1,496.06
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	0	43,662.46	43,662.46
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)	443,662.61	489,811.10	46,148.49

Note 3

** Only if Commission Approved

PLEASE SEE ATTACHED BALANCE SHEET

EXHIBIT D

Name: Resort Water Co., Inc.

SYSTEM ENGINEERING DATA

For Year Ended 31-Dec-05

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

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

(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-05

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

5 If Wells are metered:
 What was the total amount pumped this year? 13,660,808
 What was the total amount pumped during peak month? 2,874,201
 What was the total amount pumped on the peak day? 167,435

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? Note 6

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? Yes
If Yes, attach an explanation of projects and anticipated costs! **EXHIBIT C**

11 In what year do you anticipate that the system capacity (supply, storage or distribution)
 will have to be expanded? 2006

Name: Resort Water Co., Inc.

SYSTEM ENGINEERING DATA
(continued)

For Year Ended 31-Dec-05

FEET OF MAINS

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

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	268.5	265.5			
3B	121	123.5			Note 4
3C					
4	Private Fire Protection				
5	Public Fire Protection				
6	Street Sprinkling				
7	Municipal, Other				
8	Other Water Utilities				
	TOTALS (Add lines 2 through 8)				
	389.5	389	13,660,808	12,232,080	

**Resort Water Co., Inc
2005 Annual Report**

EXHIBIT A: AFFILIATED COMPANIES

See Note 7

Affiliate

Schweitzer Utility Company LLC
500 Union St, Ste 200
Seattle WA 98101

Schweitzer Mountain Real Estate LLC
500 Union St, Ste 200
Seattle WA 98101

Schweitzer Mountain Ski Operations LLC
500 Union St, Ste 200
Seattle WA 98101

Schweitzer Mountain LLC
500 Union St, Ste 200
Seattle WA 98101

Schweitzer Mountain Facilities LLC
500 Union St, Ste 200
Seattle WA 98101

Services Provided

This company provides sewer, road snowplowing 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 snowplowing).

This company owns the land that the Company operates it's wells and reservoirs on. This company also is the entity that developed the White Pine Lodge condominiums, which owe hook-up fees to RWC which are to be paid by contributing the reservoir that is currently being developed.

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. This company also is the entity that developed the White Pine Lodge condominiums, which owe hook-up fees to Company which are to be paid by contributing the reservoir that is currently being developed.

This company owns the shares of the Company.

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

Resort Water Co., Inc
2005 Annual Report

EXHIBIT B: SUMMARY OF RULES

MOUNTAIN UTILITY COMPANY

WATER - WASTEWATER - CABLE TV - ROADS

February 1, 2005

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.

Resort Water Co., Inc
2005 Annual Report

EXHIBIT C: NEW WATER RESERVOIR INFORMATION

SCHWEITZER MOUNTAIN RESORT WATER COMPANY				
BID SCHEDULE FOR NEW WATER RESERVOIR AND WELL # 6 PUMPING SYSTEM				
PROJECT TO BEGIN JULY 15, 2006				
BID SCHEDULE	Item Description	Accepted bid for this portion Contractor Name	AMOUNT	MOBILIZATION
A	Well Pumping System	BF. Builders Inc.	20,625.00	2,185.00
B	External Water Piping & Conduit	Lippert Heavy Equipment Inc.	74,033.75	
C	Control Building & Internal Piping	BF. Builders Inc.	77,868.00	
D	Reservoir Site Work	Lippert Heavy Equipment Inc.	27,498.50	1,000.00
E	Water Storage Tank	BF. Builders Inc.	188,356.00	
ELECTRICAL & CONTROLS		W.D.F. Inc.	25,697.00	
STANDBY GENERATIONS & CONTROLS		W.D.F. Inc	18,000.00	
TOTAL OF BIDS ACCEPTED			432,078.25	3,185.00

Resort Water Co., Inc
2005 Annual Report

EXHIBIT D: BALANCE SHEET FROM ACCOUNTING SYSTEM

**New Schweitzer LLC and Subsidiaries
Consolidated Balance Sheet
For the Four Months Ending December 31, 2005**

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	<u>December 2005</u>	<u>December 2004</u>
ASSETS		
PROPERTY, PLANT & EQUIPMENT		
Bldgs & Lsehd Improvements	\$997,885.45	\$997,885.45
Construction in Progress	14,473.82	291.17
TOTAL PROPERTY, PLANT & EQUIPMENT	1,012,359.27	998,176.62
Less Accumulated Depreciation	(271,898.14)	(228,768.47)
NET PROPERTY, PLANT & EQUIPMENT	740,461.13	769,408.15
 CURRENT ASSETS		
Accounts & Other Receivables	(8,567.90)	(8,567.90)
Intercompany Receivable/Payable	(225,731.23)	(332,205.68)
Prepaid Expenses	2,404.08	2,404.08
TOTAL OTHER ASSETS	(231,895.05)	(338,369.50)
TOTAL ASSETS	508,566.08	431,038.65
 LIABILITIES & MEMBERS' EQUITY		
CURRENT LIABILITIES		
Property Taxes	16,861.64	16,861.64
Unearned Revenue & Deposits	6,308.50	6,308.50
TOTAL CURRENT LIABILITIES	23,170.14	23,170.14
 Common Stock	 433,926.46	 433,926.46
Retained Earnings	26,962.43	(31,605.25)
Current Year Income (Loss)	24,507.05	5,547.30
TOTAL CAPITAL	485,395.94	407,868.51
TOTAL LIABILITIES & MEMBERS' EQUITY	508,566.08	431,038.65

Resort Water
Department Operating Statement
Current Budget Comparative
For the Four Months Ending December 31, 2004

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	CURRENT MONTH		CURRENT MONTH		CURRENT MONTH		YEAR TO DATE		YEAR TO DATE		YEAR TO DATE	
	ACTUAL	%	BUDGET	%	PRIOR	%	ACTUAL	%	BUDGET	%	PRIOR	%
SALES												
48020 SM USAGE FEES	\$12,706	100.00%	\$17,401	100.00%	\$0	0.0%	\$50,953	100.00%	\$69,604	100.00%	\$0	0.0%
TOTAL SALES	12,706	100.00%	17,401	100.00%	0	0.0%	50,953	100.00%	69,604	100.00%	0	0.0%
DIRECT EXPENSES												
PAYROLL												
55050 WAGES/SALARIES												
SM SALARIES & WAGES	3,621	28.50%	3,790	21.78%	0	0.0%	15,832	31.07%	17,078	24.54%	0	0.0%
TOTAL WAGES/SALARIES	3,621	28.50%	3,790	21.78%	0	0.0%	15,832	31.07%	17,078	24.54%	0	0.0%
BURDEN												
55965 SM PAYROLL TAXES	333	2.62%	379	2.18%	0	0.0%	1,392	2.73%	1,708	2.45%	0	0.0%
55985 SM WORKERS COMP	125	0.98%	220	1.26%	0	0.0%	506	0.99%	992	1.43%	0	0.0%
TOTAL BURDEN	458	3.60%	599	3.44%	0	0.0%	1,898	3.73%	2,700	3.88%	0	0.0%
EMP BENEFITS												
56465 SM INSURANCE	106	0.83%	292	1.68%	0	0.0%	1,048	2.06%	1,605	2.31%	0	0.0%
56800 EMPLOYEE MEAL DISCOUNT	0	0.00%	21	0.12%	0	0.0%	8	0.02%	84	0.12%	0	0.0%
TOTAL EMP BENEFITS	106	0.83%	313	1.80%	0	0.0%	1,056	2.07%	1,689	2.43%	0	0.0%
TOTAL PAYROLL	4,185	32.94%	4,702	27.02%	0	0.0%	18,786	36.87%	21,467	30.84%	0	0.0%
OPERATING EXPENSES												
60010 OPERATING SUPPLIES	52	0.41%	264	1.52%	0	0.0%	374	0.73%	1,056	1.52%	0	0.0%
60182 VEHICLE MAINTENANCE	321	2.53%	40	0.23%	0	0.0%	388	0.76%	160	0.23%	0	0.0%
60875 CHEMICALS	73	0.57%	48	0.28%	0	0.0%	146	0.29%	192	0.28%	0	0.0%
60880 OPERATING MAINTENANCE	0	0.00%	800	4.60%	0	0.0%	123	0.24%	3,200	4.60%	0	0.0%
61800 UNIFORMS	0	0.00%	0	0.0%	0	0.0%	0	0.0%	200	0.29%	0	0.0%
62620 UTILITY MARKING	0	0.00%	0	0.0%	0	0.0%	329	0.65%	0	0.0%	0	0.0%
62630 FUEL COSTS OPS	75	0.59%	70	0.40%	0	0.0%	347	0.68%	280	0.40%	0	0.0%
62650 MONITORING	202	1.59%	38	0.22%	0	0.0%	600	1.18%	367	0.53%	0	0.0%
62660 TELEPHONE OPS	0	0.00%	312	1.79%	0	0.0%	0	0.0%	1,248	1.79%	0	0.0%
64100 DUES & SUBSCRIPTIONS	0	0.00%	965	5.55%	0	0.0%	240	0.47%	965	1.39%	0	0.0%
64300 EMPLOYEE RELATIONS	0	0.00%	0	0.0%	0	0.0%	0	0.0%	60	0.09%	0	0.0%
64700 TRAINING	0	0.00%	0	0.0%	0	0.0%	0	0.0%	300	0.43%	0	0.0%
65150 OFFICE SUPPLIES	26	0.20%	51	0.29%	0	0.0%	124	0.24%	204	0.29%	0	0.0%
65160 POSTAGE & TELEGRAMS	7	0.06%	19	0.11%	0	0.0%	7	0.01%	76	0.11%	0	0.0%
65180 TELEPHONE	58	0.46%	35	0.20%	0	0.0%	316	0.62%	140	0.20%	0	0.0%
65300 BANK SERVICE CHARGES	0	0.00%	1	0.01%	0	0.0%	0	0.0%	4	0.01%	0	0.0%
65500 PROFESSIONAL FEES	0	0.00%	417	2.40%	0	0.0%	309	0.61%	1,668	2.40%	0	0.0%
65560 ADMINISTRATIVE SERVICES	0	0.00%	228	1.31%	0	0.0%	142	0.28%	912	1.31%	0	0.0%
65900 TRAVEL	0	0.00%	50	0.29%	0	0.0%	0	0.0%	200	0.29%	0	0.0%
65905 SM MEALS	0	0.00%	25	0.14%	0	0.0%	0	0.0%	100	0.14%	0	0.0%
68100 ELECTRICITY COST	337	2.65%	233	1.34%	0	0.0%	936	1.84%	932	1.34%	0	0.0%
70100 MANAGEMENT FEES	0	0.00%	350	2.01%	0	0.0%	0	0.0%	1,400	2.01%	0	0.0%
72100 REAL ESTATE TAXES	480	3.78%	762	4.38%	0	0.0%	1,919	3.77%	3,048	4.38%	0	0.0%
72200 PERSONAL PROPERTY TAXES	0	0.00%	1	0.01%	0	0.0%	0	0.0%	4	0.01%	0	0.0%
72500 MISC. TAXES & LICENSES	0	0.00%	1	0.01%	0	0.0%	269	0.53%	4	0.01%	0	0.0%
72700 IPUC EXPENSE	468	3.68%	86	0.49%	0	0.0%	4,550	8.93%	344	0.49%	0	0.0%
73010 INSURANCE	295	2.32%	392	2.25%	0	0.0%	921	1.81%	1,568	2.25%	0	0.0%
74250 SM INTEREST EXP - TRADE	0	0.00%	0	0.0%	0	0.0%	1	0.00%	0	0.0%	0	0.0%
75100 DEPRECIATION EXPENSE	3,645	28.69%	4,000	22.99%	0	0.0%	14,579	28.61%	16,000	22.99%	0	0.0%
TOTAL OPERATING EXPENSES	6,039	47.53%	9,188	52.80%	0	0.0%	26,620	52.24%	34,632	49.76%	0	0.0%
TOTAL DIRECT EXPENSES	10,224	80.47%	13,890	79.82%	0	0.0%	45,406	89.11%	56,099	80.60%	0	0.0%
INCOME(LOSS)	2,482	19.53%	3,511	20.18%	0	0.0%	5,547	10.89%	13,505	19.40%	0	0.0%

Resort Water
Department Operating Statement
Current Budget Comparative
For the Four Months Ending December 31, 2005

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	CURRENT MONTH		CURRENT MONTH		CURRENT MONTH		YEAR TO DATE		YEAR TO DATE		YEAR TO DATE	
	ACTUAL	%	BUDGET	%	PRIOR	%	ACTUAL	%	BUDGET	%	PRIOR	%
SALES												
48020 SM USAGE FEES	\$17,401	100.00%	\$17,401	100.00%	\$12,706	100.00%	\$70,424	100.00%	\$69,604	100.00%	\$50,953	100.00%
TOTAL SALES	17,401	100.00%	17,401	100.00%	12,706	100.00%	70,424	100.00%	69,604	100.00%	50,953	100.00%
DIRECT EXPENSES												
PAYROLL												
55050 WAGES/SALARIES	5,211	29.95%	3,790	21.78%	3,621	28.50%	16,476	23.40%	17,078	24.54%	15,832	31.07%
SM SALARIES & WAGES												
TOTAL WAGES/SALARIES	5,211	29.95%	3,790	21.78%	3,621	28.50%	16,476	23.40%	17,078	24.54%	15,832	31.07%
BURDEN												
55965 SM PAYROLL TAXES	435	2.50%	379	2.18%	333	2.62%	1,391	1.98%	1,708	2.45%	1,392	2.73%
55985 SM WORKERS COMP	185	1.06%	220	1.26%	125	0.98%	598	0.85%	992	1.43%	506	0.99%
TOTAL BURDEN	620	3.56%	599	3.44%	458	3.60%	1,989	2.82%	2,700	3.88%	1,898	3.73%
EMP BENEFITS												
56465 SM INSURANCE	429	2.47%	292	1.68%	106	0.83%	1,714	2.43%	1,605	2.31%	1,048	2.06%
56800 EMPLOYEE MEAL DISCOUNT	0	0.00%	21	0.12%	0	0.0%	0	0.0%	84	0.12%	8	0.02%
TOTAL EMP BENEFITS	429	2.47%	313	1.80%	106	0.83%	1,714	2.43%	1,689	2.43%	1,056	2.07%
TOTAL PAYROLL	6,260	35.97%	4,702	27.02%	4,185	32.94%	20,179	28.65%	21,467	30.84%	18,786	36.87%
OPERATING EXPENSES												
60010 OPERATING SUPPLIES	6	0.03%	264	1.52%	52	0.41%	107	0.15%	1,056	1.52%	374	0.73%
60182 VEHICLE MAINTENANCE	0	0.00%	40	0.23%	321	2.53%	822	1.17%	160	0.23%	388	0.76%
60875 CHEMICALS	0	0.00%	48	0.28%	73	0.57%	545	0.77%	192	0.28%	146	0.29%
60880 OPERATING MAINTENANCE	0	0.00%	800	4.60%	0	0.0%	719	1.02%	3,200	4.60%	123	0.24%
61800 UNIFORMS	39	0.22%	0	0.0%	0	0.0%	117	0.17%	200	0.29%	0	0.0%
62620 UTILITY MARKING	7	0.04%	0	0.0%	0	0.0%	18	0.03%	0	0.0%	329	0.65%
62630 FUEL COSTS OPS	9	0.05%	70	0.40%	75	0.59%	113	0.16%	280	0.40%	347	0.68%
62650 MONITORING	56	0.32%	38	0.22%	202	1.59%	1,155	1.64%	367	0.53%	600	1.18%
62660 TELEPHONE OPS	34	0.20%	312	1.79%	0	0.0%	198	0.28%	1,248	1.79%	0	0.0%
64100 DUES & SUBSCRIPTIONS	0	0.00%	965	5.55%	0	0.0%	1,532	2.18%	965	1.39%	240	0.47%
64300 EMPLOYEE RELATIONS	0	0.00%	0	0.0%	0	0.0%	0	0.0%	60	0.09%	0	0.0%
64700 TRAINING	0	0.00%	0	0.0%	0	0.0%	128	0.18%	300	0.43%	0	0.0%
65150 OFFICE SUPPLIES	713	4.10%	51	0.29%	26	0.20%	1,083	1.54%	204	0.29%	124	0.24%
65160 POSTAGE & TELEGRAMS	13	0.07%	19	0.11%	7	0.06%	13	0.02%	76	0.11%	7	0.01%
65180 TELEPHONE	37	0.21%	35	0.20%	58	0.46%	311	0.44%	140	0.20%	316	0.62%
65300 BANK SERVICE CHARGES	0	0.00%	1	0.01%	0	0.0%	0	0.0%	4	0.01%	0	0.0%
65500 PROFESSIONAL FEES	88	0.51%	417	2.40%	0	0.0%	493	0.70%	1,868	2.40%	309	0.61%
65560 ADMINISTRATIVE SERVICES	0	0.00%	228	1.31%	0	0.0%	325	0.46%	912	1.31%	142	0.28%
65900 TRAVEL	0	0.00%	50	0.29%	0	0.0%	53	0.08%	200	0.29%	0	0.0%
65905 SM MEALS	0	0.00%	25	0.14%	0	0.0%	0	0.0%	100	0.14%	0	0.0%
68100 ELECTRICITY COST	343	1.97%	233	1.34%	337	2.65%	1,198	1.70%	932	1.34%	936	1.84%
70100 MANAGEMENT FEES	0	0.00%	350	2.01%	0	0.0%	0	0.0%	1,400	2.01%	0	0.0%
72100 REAL ESTATE TAXES	670	3.85%	762	4.38%	480	3.78%	2,299	3.26%	3,048	4.38%	1,919	3.77%
72200 PERSONAL PROPERTY TAXES	0	0.00%	1	0.01%	0	0.0%	0	0.0%	4	0.01%	0	0.0%
72500 MISC. TAXES & LICENSES	10	0.06%	1	0.01%	0	0.0%	10	0.01%	4	0.01%	269	0.53%
72700 IPUC EXPENSE	0	0.00%	86	0.49%	468	3.68%	33	0.05%	344	0.49%	4,550	8.93%
73010 INSURANCE	0	0.00%	392	2.25%	295	2.32%	318	0.45%	1,568	2.25%	921	1.81%
74250 SM INTEREST EXP - TRADE	0	0.00%	0	0.0%	0	0.0%	1	0.00%	0	0.0%	1	0.00%
75100 DEPRECIATION EXPENSE	3,430	19.71%	4,000	22.99%	3,645	28.69%	14,149	20.09%	16,000	22.99%	14,579	28.61%
TOTAL OPERATING EXPENSES	5,455	31.35%	9,188	52.80%	6,039	47.53%	25,740	36.55%	34,632	49.76%	26,620	52.24%
TOTAL DIRECT EXPENSES	11,715	67.32%	13,890	79.82%	10,224	80.47%	45,919	65.20%	56,099	80.60%	45,406	89.11%
INCOME(LOSS)	5,686	32.68%	3,511	20.18%	2,482	19.53%	24,505	34.80%	13,505	19.40%	5,547	10.89%

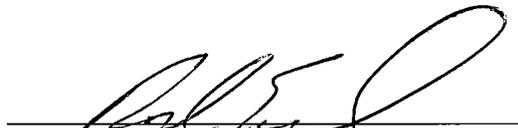
CERTIFICATE

State of Idaho)
County of Bonner) ss

WE, the undersigned Tom Trulock
and Rodney 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.


(Chief Officer) Director for Resort Water Co.


(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 30th day of June, _____


NOTARY PUBLIC

My Commission Expires 10/2/06

