

FLS-W

ANNUAL REPORT

SCOTT BRUCE
FALLS WATER CO
2180 N. DEBORAH DR
IDAHO FALLS ID 83401

RECEIVED
2013 APR 15 AM 9:11
IDAHO PUBLIC
UTILITIES COMMISSION

NAME

ADDRESS

**TO THE
IDAHO PUBLIC
UTILITIES COMMISSION**

FOR THE

YEAR ENDED 2012

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING December 31, 2012**

COMPANY INFORMATION

1 Give full name of utility Falls Water Co., Inc.
 Telephone Area Code (208) 522-1300
 E-mail address scott1@fallswater.com
 2 Date of Organization 1/7/1959
 3 Organized under the laws of the state of Idaho
 4 Address of Principal Office (number & street) 2180 N Deborah Dr
 5 P.O. Box (if applicable) _____
 6 City Idaho Falls
 7 State Idaho
 8 Zip Code 83401
 9 Organization (proprietor, partnership, corp.) Corporation
 10 Towns, Counties served Bonneville County and portions of Ammon, Idaho

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)	Brent Johnson	208-709-2669
Vice President		
Secretary		
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? 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 2180 N Deborah Dr
 City Idaho Falls
 State Idaho
 Zip 83401

NAME: Falls Water Co., Inc.

COMPANY INFORMATION (Cont.)

For the Year Ended December 31, 2012

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? Yes, Leased well site within FWC's Service Area

18 **If yes:** Name of Organization Lincoln Land Company LLC
 Name of owner or operator Well operated by Falls Water Company, Inc.
 Mailing Address PO Box 1768
 City Idaho Falls
 State Idaho
 Zip 83403

	Gallons/CCF	\$Amount
Water Purchased	31,628,221	\$ 3,300.38

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 6
 High Bills 35
 Disconnection 2

22 Number of Customers involuntarily disconnected 137

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? July 2012

Attach a copy of the Summary

24 Did significant additions or retirements from the Plant Accounts occur during the year? Yes

If yes, attach full explanation and an updated system map

NAME: Falls Water Co., Inc.

REVENUE & EXPENSE DETAIL

For the Year Ended December 31, 2012

ACCT #	DESCRIPTION		
<u>400 REVENUES</u>			
1	460	Unmetered Water Revenue	-
2	461.1	Metered Sales - Residential	1,205,782
3	461.2	Metered Sales - Commercial, Industrial	48,856
4	462	Fire Protection Revenue	-
5	464	Other Water Sales Revenue	8,280
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)	1,262,917
9	* DEQ Fees Billed separately to customers		Booked to Acct # _____
10	** Hookup or Connection Fees Collected	43,600	Booked to Acct # <u>271.3</u>
11	***Commission Approved Surcharges Collected		Booked to Acct # _____
<u>401 OPERATING EXPENSES</u>			
12	601.1-6	Labor - Operation & Maintenance	125,763
13	601.7	Labor - Customer Accounts	-
14	601.8	Labor - Administrative & General	33,825
15	603	Salaries, Officers & Directors	174,667
16	604	Employee Pensions & Benefits	63,774
17	610	Purchased Water	3,300
18	615-16	Purchased Power & Fuel for Power	154,326
19	618	Chemicals	7,245
20	620.1-6	Materials & Supplies - Operation & Maint.	44,634
21	620.7-8	Materials & Supplies - Administrative & General	72,367
22	631-34	Contract Services - Professional	26,024
23	635	Contract Services - Water Testing	3,857
24	636	Contract Services - Other	16,001
25	641-42	Rentals - Property & Equipment	81,048
26	650	Transportation Expense	47,092
27	656-59	Insurance	27,553
28	660	Advertising	-
29	666	Rate Case Expense (Amortization)	3,215
30	667	Regulatory Comm. Exp. (Other except taxes)	-
31	670	Bad Debt Expense	9,382
32	675	Miscellaneous	10,308
33	Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)		904,380

Name: Falls Water Co., Inc.

INCOME STATEMENT

For Year Ended December 31, 2012

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		<u>1,262,917</u>
2	Operating Expenses (From Page 3, line 33)	<u>904,380</u>	
3	403 Depreciation Expense	<u>122,320</u>	
4	406 Amortization, Utility Plant Aquisition Adj.		
5	407 Amortization Exp. - Other		
6	408.10 Regulatory Fees (PUC)	<u>2,603</u>	
7	408.11 Property Taxes	<u>23,931</u>	
8	408.12 Payroll Taxes	<u>36,332</u>	
9A	408.13 Other Taxes (list)		
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>1,089,587</u>	
17	413 Income From Utility Plant Leased to Others		
18	414 Gains (Losses) From Disposition of Utility Plant	<u>1,769</u>	
19	Net Operating Income (Add lines 1, 17 & 18 less line 16)		<u>175,099</u>
20	415 Revenues, Merchandizing Jobbing and Contract Work		
21	416 Expenses, Merchandizing, Jobbing & Contracts		
22	419 Interest & Dividend Income	<u>32</u>	
23	420 Allowance for Funds used During Construction		
24	421 Miscellaneous Non-Utility Income	<u>11,929</u>	
25	426 Miscellaneous Non-Utility Expense	<u>30,209</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>(18,248)</u>
29	Gross Income (add lines 19 & 28)		<u>156,851</u>
30	427.3 Interest Exp. on Long-Term Debt		<u>68,954</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>87,897</u></u>

Name: Falls Water Co., Inc.

ACCOUNT 101 PLANT IN SERVICE DETAIL
For Year Ended December 31, 2012

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	2,213,824	-	92,519	2,121,305
4	304	Structures and Improvements	488,782	-	-	488,782
5	305	Collecting & Impounding Reservoirs				
6	306	Lake, River & Other Intakes				
7	307	Wells	401,931	-	-	401,931
8	308	Infiltration Galleries & Tunnels				
9	309	Supply Mains				
10	310	Power Generation Equipment	16,693	-	-	16,693
11	311	Power Pumping Equipment	419,992	-	-	419,992
12	320	Purification Systems	48,554	-	-	48,554
13	330	Distribution Reservoirs & Standpipes				
14	331	Trans. & Distrib. Mains & Accessories	906,136	57,257	-	963,393
15	333	Services				
16	334	Meters and Meter Installations	985,253	796,903	41,052	1,741,104
17	335	Hydrants	59,849	2,056	-	61,904
18	336	Backflow Prevention Devices				
19	339	Other Plant & Misc. Equipment				
20	340	Office Furniture and Equipment	60,519	1,240	-	61,759
21	341	Transportation Equipment	138,403	1,641	15,441.95	124,602
22	342	Stores Equipment				
23	343	Tools, Shop and Garage Equipment	26,858	52,773	-	79,631
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	5,766,793	911,869	149,014	6,529,649

(Add lines 1 - 28)

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

Name: Falls Water Co., Inc.

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended December 31, 2012

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements		54,982	71,406	16,424
2 305	Collecting & Impounding Reservoirs				
3 306	Lake, River & Other Intakes				
4 307	Wells		90,734	104,235	13,501
5 308	Infiltration Galleries & Tunnels				
6 309	Supply Mains				
7 310	Power Generation Equipment		11,789	12,624	835
8 311	Power Pumping Equipment		190,973	211,470	20,497
9 320	Purification Systems		21,958	25,375	3,417
10 330	Distribution Reservoirs & Standpipes				
11 331	Trans. & Distrib. Mains & Accessories		208,473	232,206	23,733
12 333	Services				
13 334	Meters and Meter Installations		529,306	649,774	120,468
14 335	Hydrants		8,625	10,655	2,029
15 336	Backflow Prevention Devices				
16 339	Other Plant & Misc. Equipment				
17 340	Office Furniture and Equipment		34,439	42,739	8,300
18 341	Transportation Equipment		56,901	61,045	4,144
19 342	Stores Equipment				
20 343	Tools, Shop and Garage Equipment		20,252	30,225	9,973
21 344	Laboratory Equipment				
22 345	Power Operated Equipment				
23 346	Communications Equipment				
24 347	Miscellaneous Equipment				
25 348	Other Tangible Property		358,533	434,833	76,300
26	TOTALS (Add Lines 1 - 25)		1,586,967	1,886,588	299,621

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

Name: Falls Water Co., Inc.

BALANCE SHEET

For Year Ended December 31, 2012

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)	5,766,793	6,529,649	762,856
2	102 Utility Plant Leased to Others			
3	103 Plant Held for Future Use	-	80,000	80,000
4	105 Construction Work in Progress	834,878	-	(834,878)
5	114 Utility Plant Aquisition Adjustment			
6	Subtotal (Add Lines 1 - 5)	6,601,672	6,609,649	7,977
7	108.1 Accumulated Depreciation (From Pg 6, Line 26)	1,586,967	1,886,588	299,621
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)	5,014,704	4,723,061	(291,644)
14	123 Investment in Subsidiaries			
15	125 Other Investments			
16	Total Investments (Add lines 14 & 15)			
17	131 Cash	90,053	181,647	91,595
18	135 Short Term Investments			
19	141 Accts/Notes Receivable - Customers	79,050	94,418	15,367
20	142 Other Receivables	58,183	235	(57,948)
21	145 Receivables from Associated Companies			
22	151 Materials & Supplies Inventory	-	2,752	2,752
23	162 Prepaid Expenses	59,809	76,227	16,418
24	173 Unbilled (Accrued) Utility Revenue			
25	143 Provision for Uncollectable Accounts	1,300	1,300	-
26	Total Current (Add lines 17 -24 less line 25)	285,796	353,979	68,184
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)	5,300,500	5,077,040	(223,460)

Name: Falls Water Co., Inc.

BALANCE SHEET

For Year Ended December 31, 2012

LIABILITIES & CAPITAL

ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	201-3 Common Stock	25,000	25,000	-
2	204-6 Preferred Stock			
3	207-13 Miscellaneous Capital Accounts	999,429	1,005,617	6,189
4	214 Appropriated Retained Earnings			
5	215 Unappropriated Retained Earnings	215,435	303,332	87,897
6	216 Reacquired Capital Stock			
7	218 Proprietary Capital			
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	1,239,864	1,333,950	94,086
9	221-2 Bonds			
10	223 Advances from Associated Companies			
11	224 Other Long - Term Debt	1,233,283	1,172,015	(61,268)
12	231 Accounts Payable	57,587	55,247	(2,340)
13	232 Notes Payable	66,363	15,583	(50,779)
14	233 Accounts Payable - Associated Companies	59,229	61,268	2,039
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	2553	2394	(159)
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	3,545,522	3,533,279	(12,243)
28	272 Accum. Amort. of Contrib. in Aid of Const. **	(903,899)	(1,096,695)	(192,796)
29	281-3 Accumulated Deferred Income Taxes			
30	Total Liabilities (Add lines 9 - 29)	4,060,637	3,743,091	(317,546)
31	TOTAL LIAB & CAPITAL (Add lines 8 & 30)	5,300,500	5,077,040	(223,460)

** Only if Commission Approved

Name: Falls Water Co., Inc.

STATEMENT OF RETAINED EARNINGS

For Year Ended December 31, 2012

1	Retained Earnings Balance @ Beginning of Year	<u>215,435</u>
2	Amount Added from Current Year Income (From Pg 4, Line 32)	<u>87,897</u>
3	Other Credits to Account	<u>0</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>303,332</u></u>

CAPITAL STOCK DETAIL

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

DETAIL OF LONG-TERM DEBT

	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
8	DEQ State Revolving Loan Fund - DW-9923	3.25%	178,857	6,523	
	DEQ State Revolving Loan Fund - Well #9	3.25%	993,158	35,102	

Name: Falls Water Co., Inc.

SYSTEM ENGINEERING DATA

For Year Ended December 31, 2012

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	111,177	WELL
Well #2	400	CHLORINATION	52,175	WELL
Well #4	1500	SAND SEP/CHLRN	266,922	WELL
Well #5	750	SAND SEP/CHLRN	306,649	WELL
Well #6 (Pump 6)	600		61,438	WELL
Pump #7 (In Well #6)	600		75,954	WELL
Well #8	1500	CHLORINATION	44,547	WELL
Well #9	3000	CHLORINATION	375,446	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 Co., Inc.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended December 31, 2012

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	
Pump #7, Submersible Pump #7	75	600	65	
SUBTOTAL OF ABOVE	The Above are all on one Power Meter Totaling			598,320
Well #1, VFD Turbine Pump #1	75	750	65	196,952
Well #5, Turbine Pump #5	75	750	65	399,266
Well #8, Turbine Pump #8	150	1500	65	80,600
Well #9, VFD Turbine Pump #9	400	3000	65	777,440

** 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? | 1,294,307,200 |
| What was the total amount pumped during peak month? | 239,709,500 |
| What was the total amount pumped on the peak day? | 9,446,400 |
- 6 If customers are metered, what was the total amount sold in peak month? 233,766,000
- 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? 9 times once per month for all classes of customers from April to
December.
- 9 How many additional customers could be served with no system improvements
 except a service line and meter? 200
 How many of those potential additions are vacant lots? 200
- 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? 2014

Name: Falls Water Co., Inc.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended December 31, 2012

FEET OF MAINS

1	Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
	2"	1,239	-	-	1,239
	4"	1,879	-	-	1,879
	6"	220,181	90	-	220,271
	8"	71,550	692	-	72,242
	10"	29,489	-	-	29,489
	12"	21,849	3,142	-	24,991

CUSTOMER STATISTICS

		Number of Customers		Thousands of Gallons Sold	
		This Year	Last Year	This Year	Last Year
2	Metered:				
2A	Residential	3,858	3,756	1,150,861	903,321
2B	Commercial	80	76	50,106	40,169
2C	Industrial	N/A	N/A	N/A	N/A
3	Flat Rate:				
3A	Residential	N/A	N/A	N/A	N/A
3B	Commercial	N/A	N/A	N/A	N/A
3C	Industrial	N/A	N/A	N/A	N/A
4	Private Fire Protection	N/A	N/A	N/A	N/A
5	Public Fire Protection	381	372	N/A	N/A
6	Street Sprinkling	N/A	N/A	N/A	N/A
7	Municipal, Other	N/A	N/A	N/A	N/A
8	Other Water Utilities	N/A	N/A	N/A	N/A
	TOTALS (Add lines 2 through 8)	4,319	4,204	1,200,967	943,490

CERTIFICATE

State of Idaho)
) ss
County of Bonneville)

WE, the undersigned Brent Johnson, President, and K. Scott Bruce, General Manager, of the 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 _____ day of _____, _____

NOTARY PUBLIC

My Commission Expires _____

gdk/excel/jnelson/anulrpts/wtrannualrpt

**ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING December 31, 2012**

COMPANY INFORMATION

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

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President (Owner)	Brent Johnson	208-709-2669
Vice President		
Secretary		
General Manager	K. Scott Bruce	208-522-1300
Complaints or Billing	K. Scott Bruce	208-522-1300
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 Zip 83401

NAME: Falls Water Co., Inc.

COMPANY INFORMATION (Cont.)

For the Year Ended December 31, 2012

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? Yes, Leased well site within FWC's Service Area

18 If yes: Name of Organization, Name of owner or operator, Mailing Address, City, State, Zip

Table with 2 columns: Water Purchased, Gallons/CCF, \$Amount. Row 1: 31,628,221, \$ 3,300.38

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, 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? July 2012

Attach a copy of the Summary

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If yes, attach full explanation and an updated system map

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28	660	Advertising	-
29	666	Rate Case Expense (Amortization)	3,215
30	667	Regulatory Comm. Exp. (Other except taxes)	-
31	670	Bad Debt Expense	9,382
32	675	Miscellaneous	10,308
33	Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)		904,380

Name: Falls Water Co., Inc.**INCOME STATEMENT**For Year Ended December 31, 2012

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		<u>1,262,917</u>
2	Operating Expenses (From Page 3, line 33)	<u>904,380</u>	
3	403 Depreciation Expense	<u>122,320</u>	
4	406 Amortization, Utility Plant Aquisition Adj.		
5	407 Amortization Exp. - Other		
6	408.10 Regulatory Fees (PUC)	<u>2,603</u>	
7	408.11 Property Taxes	<u>23,931</u>	
8	408.12 Payroll Taxes	<u>36,332</u>	
9A	408.13 Other Taxes (list)		
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>1,089,587</u>	
17	413 Income From Utility Plant Leased to Others		
18	414 Gains (Losses) From Disposition of Utility Plant	<u>1,769</u>	
19	Net Operating Income (Add lines 1, 17 & 18 less line 16)		<u>175,099</u>
20	415 Revenues, Merchandizing Jobbing and Contract Work		
21	416 Expenses, Merchandizing, Jobbing & Contracts		
22	419 Interest & Dividend Income	<u>32</u>	
23	420 Allowance for Funds used During Construction		
24	421 Miscellaneous Non-Utility Income	<u>11,929</u>	
25	426 Miscellaneous Non-Utility Expense	<u>30,209</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>(18,248)</u>
29	Gross Income (add lines 19 & 28)		<u>156,851</u>
30	427.3 Interest Exp. on Long-Term Debt		<u>68,954</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>87,897</u></u>

Name: Falls Water Co., Inc.

ACCOUNT 101 PLANT IN SERVICE DETAIL
For Year Ended December 31, 2012

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	2,213,824	-	92,519	2,121,305
4 304	Structures and Improvements	488,782	-	-	488,782
5 305	Collecting & Impounding Reservoirs				
6 306	Lake, River & Other Intakes				
7 307	Wells	401,931	-	-	401,931
8 308	Infiltration Galleries & Tunnels				
9 309	Supply Mains				
10 310	Power Generation Equipment	16,693	-	-	16,693
11 311	Power Pumping Equipment	419,992	-	-	419,992
12 320	Purification Systems	48,554	-	-	48,554
13 330	Distribution Reservoirs & Standpipes				
14 331	Trans. & Distrib. Mains & Accessories	906,136	57,257	-	963,393
15 333	Services				
16 334	Meters and Meter Installations	985,253	796,903	41,052	1,741,104
17 335	Hydrants	59,849	2,056	-	61,904
18 336	Backflow Prevention Devices				
19 339	Other Plant & Misc. Equipment				
20 340	Office Furniture and Equipment	60,519	1,240	-	61,759
21 341	Transportation Equipment	138,403	1,641	15,441.95	124,602
22 342	Stores Equipment				
23 343	Tools, Shop and Garage Equipment	26,858	52,773	-	79,631
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	5,766,793	911,869	149,014	6,529,649

(Add lines 1 - 28)

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

Name: Falls Water Co., Inc.

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended December 31, 2012

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements		54,982	71,406	16,424
2 305	Collecting & Impounding Reservoirs				
3 306	Lake, River & Other Intakes				
4 307	Wells		90,734	104,235	13,501
5 308	Infiltration Galleries & Tunnels				
6 309	Supply Mains				
7 310	Power Generation Equipment		11,789	12,624	835
8 311	Power Pumping Equipment		190,973	211,470	20,497
9 320	Purification Systems		21,958	25,375	3,417
10 330	Distribution Reservoirs & Standpipes				
11 331	Trans. & Distrib. Mains & Accessories		208,473	232,206	23,733
12 333	Services				
13 334	Meters and Meter Installations		529,306	649,774	120,468
14 335	Hydrants		8,625	10,655	2,029
15 336	Backflow Prevention Devices				
16 339	Other Plant & Misc. Equipment				
17 340	Office Furniture and Equipment		34,439	42,739	8,300
18 341	Transportation Equipment		56,901	61,045	4,144
19 342	Stores Equipment				
20 343	Tools, Shop and Garage Equipment		20,252	30,225	9,973
21 344	Laboratory Equipment				
22 345	Power Operated Equipment				
23 346	Communications Equipment				
24 347	Miscellaneous Equipment				
25 348	Other Tangible Property		358,533	434,833	76,300
26	TOTALS (Add Lines 1 - 25)		1,586,967	1,886,588	299,621

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

Name: Falls Water Co., Inc.**BALANCE SHEET**For Year Ended December 31, 2012

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)	5,766,793	6,529,649	762,856
2	102 Utility Plant Leased to Others			
3	103 Plant Held for Future Use	-	80,000	80,000
4	105 Construction Work in Progress	834,878	-	(834,878)
5	114 Utility Plant Aquisition Adjustment			
6	Subtotal (Add Lines 1 - 5)	6,601,672	6,609,649	7,977
7	108.1 Accumulated Depreciation (From Pg 6, Line 26)	1,586,967	1,886,588	299,621
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)	5,014,704	4,723,061	(291,644)
14	123 Investment in Subsidiaries			
15	125 Other Investments			
16	Total Investments (Add lines 14 & 15)			
17	131 Cash	90,053	181,647	91,595
18	135 Short Term Investments			
19	141 Accts/Notes Receivable - Customers	79,050	94,418	15,367
20	142 Other Receivables	58,183	235	(57,948)
21	145 Receivables from Associated Companies			
22	151 Materials & Supplies Inventory	-	2,752	2,752
23	162 Prepaid Expenses	59,809	76,227	16,418
24	173 Unbilled (Accrued) Utility Revenue			
25	143 Provision for Uncollectable Accounts	1,300	1,300	-
26	Total Current (Add lines 17 -24 less line 25)	285,796	353,979	68,184
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)	5,300,500	5,077,040	(223,460)

Name: Falls Water Co., Inc.

BALANCE SHEET

For Year Ended December 31, 2012

LIABILITIES & CAPITAL

ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	201-3 Common Stock	25,000	25,000	-
2	204-6 Preferred Stock			
3	207-13 Miscellaneous Capital Accounts	999,429	1,005,617	6,189
4	214 Appropriated Retained Earnings			
5	215 Unappropriated Retained Earnings	215,435	303,332	87,897
6	216 Reacquired Capital Stock			
7	218 Proprietary Capital			
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	1,239,864	1,333,950	94,086
9	221-2 Bonds			
10	223 Advances from Associated Companies			
11	224 Other Long - Term Debt	1,233,283	1,172,015	(61,268)
12	231 Accounts Payable	57,587	55,247	(2,340)
13	232 Notes Payable	66,363	15,583	(50,779)
14	233 Accounts Payable - Associated Companies	59,229	61,268	2,039
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	2553	2394	(159)
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	3,545,522	3,533,279	(12,243)
28	272 Accum. Amort. of Contrib. in Aid of Const. **	(903,899)	(1,096,695)	(192,796)
29	281-3 Accumulated Deferred Income Taxes			
30	Total Liabilities (Add lines 9 - 29)	4,060,637	3,743,091	(317,546)
31	TOTAL LIAB & CAPITAL (Add lines 8 & 30)	5,300,500	5,077,040	(223,460)

** Only if Commission Approved

Name: Falls Water Co., Inc.

STATEMENT OF RETAINED EARNINGS

For Year Ended December 31, 2012

1	Retained Earnings Balance @ Beginning of Year	215,435
2	Amount Added from Current Year Income (From Pg 4, Line 32)	87,897
3	Other Credits to Account	0
4	Dividends Paid or Appropriated	
5	Other Distributions of Retained Earnings	
6	Retained Earnings Balance @ End of Year	303,332

CAPITAL STOCK DETAIL

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

DETAIL OF LONG-TERM DEBT

8	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
	DEQ State Revolving Loan Fund - DW-9923	3.25%	178,857	6,523	
	DEQ State Revolving Loan Fund - Well #9	3.25%	993,158	35,102	

Name: Falls Water Co., Inc.

SYSTEM ENGINEERING DATA

For Year Ended December 31, 2012

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	111,177	WELL
Well #2	400	CHLORINATION	52,175	WELL
Well #4	1500	SAND SEP/CHLRN	266,922	WELL
Well #5	750	SAND SEP/CHLRN	306,649	WELL
Well #6 (Pump 6)	600		61,438	WELL
Pump #7 (In Well #6)	600		75,954	WELL
Well #8	1500	CHLORINATION	44,547	WELL
Well #9	3000	CHLORINATION	375,446	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 Co., Inc.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended December 31, 2012

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	
Pump #7, Submersible Pump #7	75	600	65	
SUBTOTAL OF ABOVE	The Above are all on one Power Meter Totaling			598,320
Well #1, VFD Turbine Pump #1	75	750	65	196,952
Well #5, Turbine Pump #5	75	750	65	399,266
Well #8, Turbine Pump #8	150	1500	65	80,600
Well #9, VFD Turbine Pump #9	400	3000	65	777,440

** 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? 1,294,307,200
 - What was the total amount pumped during peak month? 239,709,500
 - What was the total amount pumped on the peak day? 9,446,400
- 6 If customers are metered, what was the total amount sold in peak month? 233,766,000
- 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? 9 times once per month for all classes of customers from April to December.
- 9 How many additional customers could be served with no system improvements except a service line and meter? 200
How many of those potential additions are vacant lots? 200
- 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? 2014

Name: Falls Water Co., Inc.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended December 31, 2012

FEET OF MAINS

1	Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
	2"	1,239	-	-	1,239
	4"	1,879	-	-	1,879
	6"	220,181	90	-	220,271
	8"	71,550	692	-	72,242
	10"	29,489	-	-	29,489
	12"	21,849	3,142	-	24,991

CUSTOMER STATISTICS

	Number of Customers		Thousands of Gallons Sold	
	This Year	Last Year	This Year	Last Year
2 Metered:				
2A Residential	3,858	3,756	1,150,861	903,321
2B Commercial	80	76	50,106	40,169
2C Industrial	N/A	N/A	N/A	N/A
3 Flat Rate:				
3A Residential	N/A	N/A	N/A	N/A
3B Commercial	N/A	N/A	N/A	N/A
3C Industrial	N/A	N/A	N/A	N/A
4 Private Fire Protection	N/A	N/A	N/A	N/A
5 Public Fire Protection	381	372	N/A	N/A
6 Street Sprinkling	N/A	N/A	N/A	N/A
7 Municipal, Other	N/A	N/A	N/A	N/A
8 Other Water Utilities	N/A	N/A	N/A	N/A
TOTALS (Add lines 2 through 8)	4,319	4,204	1,200,967	943,490

CERTIFICATE

State of Idaho)
) ss
County of Bonneville)

WE, the undersigned Brent Johnson, President, and K. Scott Bruce, General Manager, of the 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.



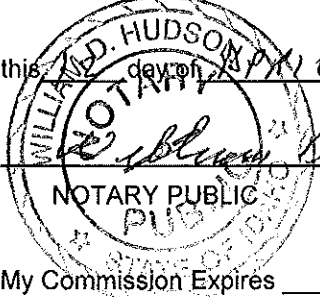
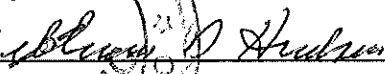
(Chief Officer)



(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 12 day of April, 2013

NOTARY PUBLIC
STATE OF IDAHO
My Commission Expires _____

MY COMMISSION EXPIRES
MAY 6 2018
NOTARY PUBLIC
RESIDING AT BLACKFOOT, ID

gdk/excel/jnelson/anulrpts/wrannualrpt

In response to question 23 on page 2, attached is a copy of the Falls Water Spout which was distributed to our customer with the July 2012 statements.

In response to question 24 on page 2, attached is a copy of an updated system map. The list of significant assets added to the system during 2012 include:

- 1. \$748,800 added to Meters - Account 334 for 604 meters and 3,300 MXU's to allow radio reading of the entire water system. This project was addressed in PUC Order No.**
- 2. \$51,560 added to Tools and Equipment - Account 343 for meter reading equipment to read the new MXU 520M endpoints and program them when they are installed. The equipment consisted of 2 - Sensus AR5502 Handheld Readers, 1 - Sensus VGB drive by reading unit, and 1 - Sensus Unipro Meter Programmer.**
- 3. \$57,257 added to Transmission and Distribution Mains - Account 331 for repairs made in 2012 to mains and services.**

3. The unpaid bill results from the purchase of non-utility goods or services.
4. Terminations are not allowed on Friday, Saturday or Sunday, legal holidays recognized by the State of Idaho, the day preceding legal holidays, or at any time when the company is not open for business.

MEDICAL EMERGENCY

If the customer or a member of the customer's family is seriously ill or has a medical emergency, the utility will postpone termination of service for thirty (30) days if a written certificate signed by a licensed physician or public health official is received.

An informal or formal complaint concerning the termination may be filed directly with the utility. If the customer is dissatisfied with the proposed resolution of the complaint, they may contact the Consumer Assistance staff by mail at the Idaho Public Utilities Commission, PO Box 83720, Boise, ID 83720-0074, or by telephone at 800-432-0369, or online at <http://www.puc.idaho.gov/>

A complete set of customer Rules and Regulations are on file with the Idaho Public Utilities Commission and on the website.

FIRE HYDRANTS

Any customer with a fire hydrant located on their property is responsible to make sure that access to the hydrant is not blocked by landscaping, trees and shrubs, or by fences. Fire department personnel must be able to easily get to all sides of a hydrant in the case of a fire.

SPRINKLING

Falls Water does not have established watering days, but we urge you not to waste water. A nozzle or sprinkler **must always** be used when watering your lawn. Use of an "open" hose can result in termination of service.

BEFORE YOU DIG

Idaho Law requires that you call Dig Line utility locating service prior to any excavating in an easement or digging deeper than 18 inches anywhere on or off your property. Call 811 or 1-800-342-1585 three days before digging.

IMPORTANT REMINDERS

1. It is the owner's responsibility to repair any water leaks in the service line from the meter to the home, and any leaks in the home or under the home.

Prompt repairs of leaks results in lower billings and conserves water.

2. During severe cold weather spells, be sure to keep a pencil-sized stream of water running to prevent costly and inconvenient freeze-ups. You will be responsible for repairing any freeze-up beyond the meter.
3. Make sure you know where the main water shutoff valve in your house is located in case you have a "plumbing emergency".

Memberships

American Water Works Association
Idaho Rural Water Association

Regulated by:

Idaho Public Utilities Commission
Idaho Department of Environmental Quality
Idaho Department of Water Resources
U.S. Environmental Protection Agency

THE SPOUT

Falls Water Co., Inc.'s
Information Pipeline
FOR 2012



2180 Deborah Dr., Idaho Falls, Idaho 83401
Phone: (208) 522-1300 Fax: (208) 522-4099
or on our website www.fallswater.com

Falls Water Co., Inc. has operated since 1959 and currently serves over 3,750 homes in Bonneville County.

As your water provider, we would like you to become familiar with some of our policies.

WATER SOURCE

Your water is supplied through a network of several inter-connected deep wells throughout the service area. The computer controlled pumps and distribution system automatically delivers water to meet the fluctuating demand.

The water is tested frequently according to testing schedules approved by The Idaho Department of Environmental Quality and by an independent laboratory to ensure that it meets all state and federal water quality standards. The water is chlorinated.

Falls Water Company operates in compliance with and is regulated by the Idaho Department of Environmental Quality and the Idaho Public Utilities Commission (IPUC).

WATER RATES

The IPUC approved rate for residential, multi-family residential, and commercial rates is as follows:

Service Meter Size	Gallons included each billing cycle is less than or equal to	Minimum Charge
¾" or less	12,000	\$16.10
1"	17,000	\$22.54
1 ½ "	22,000	\$28.98
2"	28,000	\$37.03
4"	49,000	\$66.01

If usage in a billing cycle or portion of a billing cycle exceeds the allowable gallons included in the minimum charge, the excess usage will be billed at \$0.611 per thousand gallons of water used.

Meters for single family residential customers will be read monthly starting in April and ending with a reading in October. During the winter months, November to March, meters will not be read monthly. However, the usage between the October reading and the April reading will be used to calculate the April billing. Allowance for the maximum usage, included in the minimum charges paid during the November through March billings, will be given when calculating charges for excess usage on the April billing.

Meters for multi-family residential customers and commercial customers will be read year round.

The bills are calculated on water use between meter readings and are due by the 15th of the following month. Customers with outstanding balances, as of the billing date, will be charged a 1% per month late payment fee.

The one-time Hook-up Fee for newly constructed homes is \$500 for a ¾" meter, \$600 for a 1" meter, \$930 for a 1½" meter, and \$1,205 for a 2" meter.

Reconnect fees after involuntary disconnection are \$20 for reconnection during office hours, Monday through Friday 8:00 a.m. to 5:00 p.m., and \$40 if reconnected after office hours. This fee is due at the time of service restoration.

A \$15 field collection fee will be charged if our representative receives a partial or full payment on a customer's account while visiting the customer to terminate service for nonpayment. The fee will be waived if payment is made to an employee restoring service after an involuntary disconnection for nonpayment.

A customer requesting that the company test the meter for their service will be charged a \$10 meter testing fee. If the meter tests outside the manufacturer's specifications of plus or minus 1.5%, the meter test charge will be waived, the meter replaced, and an adjustment made to the customer's bill.

A \$20 returned check fee will be charged when a customer's check is returned by the bank for insufficient funds.

THE METER COVER

Our meter readers and service personnel must have access to the water meter located on your property. Please do not cover the meter with landscaping or other obstacles. If you fence your yard, be sure to leave the meter on the outside of the fence. You can identify the cover as a round cast iron lid near where the water line enters your property.

TERMINATION RULES

SUMMARY OF RULES AND REGULATIONS OF THE IDAHO PUBLIC UTILITIES COMMISSION GOVERNING CUSTOMER RELATIONS OF NATURAL GAS, ELECTRIC AND WATER PUBLIC UTILITIES

A utility may terminate service to a customer without his/her permission after adequate notice for the following reasons:

1. Failure to pay an undisputed past due bill, or when payment is made with a written check or electronic payment drawn on an account with insufficient funds.
2. Failure to make security deposit where it is required.

3. Failure to abide by terms of a payment arrangement.
4. Customer or applicant misrepresented their identity for the purpose of obtaining utility service.
5. Customer or applicant denied or prevented the utility's access to the meter.
6. Willful waste of service through improper equipment or otherwise.
7. Customer or applicant is a minor not competent to contract as defined by Idaho Code.
8. Customer or applicant owes money on an existing account or from a previous account for service provided within the past four years.

A utility may deny or terminate service without prior notice to the customer or applicant and without his/her permission for one or more of the following reasons:

1. A situation exists that is immediately dangerous to life, physical safety or property.
2. The utility is ordered to terminate service by any court, the Commission or other duly authorized public authority.
3. The service is obtained, diverted or used without the authorization or knowledge of the utility.
4. The utility has made a diligent attempt to notify the customer of termination, but has been unable to make contact.

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 not terminated within twenty-one (21) calendar days after the proposed termination date, another seven (7) day and twenty-four (24) hour notice is required.
4. No additional notice is required if upon receipt of a termination notice the customer makes a payment arrangement and fails to keep it, or when payment is made with a written check or electronic payment drawn on an account with insufficient funds

WHEN TERMINATION IS NOT ALLOWED

1. The unpaid bill totals less than fifty dollars (\$50) or two (2) months service, whichever is less.
2. The unpaid bill is for service to another customer.

