File No.

ANNUAL REPORT OF CLASS II AND III RAILROADS

NORTH DAKOTA PUBLIC SERVICE COMMISSION

SFN 14356 (03-03)

RECEIVED APR 3 2008 NORTH DAKOTA PUBLIC SERVICE COMMISSION

Business Name: Yellowstone Valley Railroad	For Year Ended: 2007 - December
Business Address: 420 Hansen St. South Twin Falls, Id 83301	Business Telephone Number: 208-734-4644

Instructions: Complete this form in duplicate and return the original to the ND Public Service Commission, 600 E Boulevard Ave., Dept. 408, Bismarck ND 58505-0480. Return it no later than the 15th day of the fourth month following the close of the year for which this report is filed.

General Information

1. Provide the names and addresses of owners, partners, or top five corporate officers.

Name	Address
Terrance D Towner, President	315 W. 3rd St Pittsburg, KS 66762
Gary L Lundy, Secretary	same
Richard L Webb, Director	same
Rick D Baden, Director	same

2. Provide the names and addresses of owners, partners, or stockholders with 20% or more ownership of the company.

Name	Address
Watco Companies, Inc.	315 W. 3rd St. Pittsburg, KS 66762

I certify that to the best of my knowledge and believe that this is a true and correct report.

Name: Raymond W Sargent	Signature: Raymond W Sargent
Title: Regional controller	Date: 3/31/2008

Filed: 4/3/2008 Pages: 5

RR-08-67 Annual Report

Yellowstone Valley Railroad

Raymond W. Sargent

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Company Statements

3. Condensed Balance Sheet (system)

Asset Side	Balance at End of Year	Liability and Equity Side	Balance at End of Year
Current Assets	2,219,579	Current Liabilities	541,701
Other Assets/Deferred Charges	5,984	Non-Current Liabilities	0
Transportation Property – Net	953,816	Stockholders' Equity	2,637,678
Total Assets	3,179,379	**Total Liabilities and Equity**	3,179,379

4. Condensed Operating Statement (system)

	Balance at End of Year
Railway Operating Revenues (from revenue schedule below)	2,759,396
Less: Railway Operating Expenses (from schedule A – attached)	1,063,595
Net Income from Railway Operations	1,695,801
Less: Net Rentals	52,323
Railway Income Tax Accruals	
Net Railway Operating Income	1,643,478

Additional Data and Statistics

5. Railway Operating Revenues

	North Dakota Intrastate	System Wide
Freight	608	1,861,592
Switching	0	1,725
Demurrage	0	75,062
Incidental	0	818,379
Total	608	2,759,396

	North Dakota Intrastate	System Wide
6. Miles of road owned and operated at year end	8.73	179
7. Miles of road operated under trackage rights	0	0
8. Miles of road discontinued during the year	0	0
9. Expenditures for maintenance of way during the year	3,500	368,681

10. Operating Statistics

	System Wide
Gross Ton Miles	
Train Miles	
Car Miles	4,266,864
Car Days	unavailable
Road Locomotive Hours	unavailable
Yard Locomotive Switching Hours	unavailable
Trailer/Container Days	0

11. Equipment Inventory

	Owned	Leased
Road Locomotive Units	4	–
Yard Locomotive Units	–	–
Freight Cars	–	–
Covered Hopper	–	4
Open Hopper	–	–
Other	–	1
Trailers/Containers	–	–

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Schedule A
Railway System Operating Expenses

Maintenance of Way & Structures		536,431
Maintenance of Equipment:		
Locomotives	43,455	
Freight Cars	988	
Trailers & Containers	0	
Other	1,864	
Total Maintenance of Equipment		46,307
Transportation:		
Train & Engine Crews	196,475	
Yard Crews	0	
Locomotive Fuel:		
Train Operations	287,790	
Yard Operations	—	
Total Locomotive Fuel	287,790	
Other Transportation:		
Train Operations	196,475	
Yard Operations	0	
Total Other Transportation	196,475	
Total Transportation		680,740
General Administration & Overhead:		
Central Office Personnel	134,760	
Property Taxes	92,576	
Fringe Benefits	76,530	
Other	(503,749)	
Total Other General Administration & Overhead		(199,883)
Total System Expenses		1,063,595

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Schedule B
System Revenue Freight Handled During the Year

Description	Originating		Terminating		Bridge and Overhead Traffic	
	Carloads	Tons	Carloads	Tons	Carloads	Tons
Wheat (except durum)	1284	130,204	3	297	7	717
Durum	1518	154,199				
Barley	740	66,105				
Sunflowers						
Corn			3	295	2	196
Flax						
Oats						
Rye						
Soybeans						
Other Grain and Oilseeds	20	1505				
Wheat Flour						
Malt						
Dairy Products						
Fertilizer			100	9715		
Cement						
Coal			55	3612	2	202
Petroleum & Petroleum Products	2513	171,992	8	705	72	5081
Chemicals			74	7381	3	298
Lumber						
Machinery						
Livestock						
Miscellaneous*	1220	120,410	414	41,332	30	2491
Totals	7295	644,715	657	63,337	116	8985

*List below any commodity that accounts for more than 1% of total carloads or tons:

	Cars	Tons
Sugar	503	49,521
peas	345	34,272
lentils	259	25,691
limestone	346	34,912

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Schedule C
ND Revenue Freight Handled During the Year

Description	Originating		Terminating		Bridge and Overhead Traffic	
	Carloads	Tons	Carloads	Tons	Carloads	Tons
Wheat (except durum)						
Durum						
Barley						
Sunflowers						
Corn			3	295		
Flax						
Oats						
Rye						
Soybeans						
Other Grain and Oilseeds						
Wheat Flour						
Malt						
Dairy Products						
Fertilizer						
Cement						
Coal						
Petroleum & Petroleum Products						
Chemicals						
Lumber						
Machinery						
Livestock						
Miscellaneous*			1	67		
Totals			4	362		

*List below any commodity that accounts for more than 1% of total carloads or tons: