

PUBLIC SERVICE COMMISSION STATE OF MONTANA



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August 10, 2011

John Maxness, Manager
AquaFlo, LLC
P.O. Box 1091
Helena, MT 59624

Michael Strand
Strand Law Firm
3434 10th Avenue South, Penthouse Suite
Great Falls, MT 59405

Sandra Barrows
2301 Colonial Drive, Suite 2B
Helena, MT 59601

RE: On-site Review AquaFlo, LLC – Docket D2011.4.34

PSC and MCC staff will conduct an on-site visit of your facilities and an examination of your books and records beginning at 9:00 a.m. on August 23, 2011, with regard to your general rate case in Docket D2011.4.34. This investigation will include a review of all items that are relevant to the Docket, as well as a general review of the overall operations of AquaFlo, LLC. Please have space available for us to review this information. Should you have any questions please do not hesitate to contact me at 444-6188.

In order to help you prepare materials for our review, we have enclosed the following items we would like to examine first. Please make sure these items are available upon our arrival on the afternoon the examination starts.

For our convenience in tracking requests, please note that the following items are audit request numbers one (001) through twelve (012).

PSC-001 – Please provide all board minutes of AquaFlo since inception through the most current. If there are no minutes available, please state so.

PSC-002 – Please provide all board minutes of the parent company of AquaFlo in which AquaFlo was discussed.

PSC-003 – Please provide for the year 2010, and year to date, by customer classification, the revenue and water consumption of customers. Please include the customer count in each classification.

PSC-004 – Please provide copies of the documents transferring the management of AquaFlo to John Maxness.

PSC-005 – Please provide a listing of the partners of AquaFlo, percentage owned, and date ownership acquired.

PSC-006 – If AquaFlo is owned by a parent company, please provide a listing of those owners/partners, percentage owned, and date ownership acquired.

PSC-007 – Please provide copies of AquaFlo's proposed capital budgets for the years since its last general rate case.

PSC-008 – Please provide any acquisitions by AquaFlo for the years since its last general rate case. Additionally, please provide any plans for near future acquisitions.

PSC-009 – Please provide a copy of the general ledger for AquaFlo 2009, 2010 and year to date. Also, please have available supporting documentation for the entries.

PSC-010 – Please provide a listing of all outside service providers, copies of all contracts between AquaFlo and those providers, and the dollar amount per year for 2009, 2010 and year to date. Please also include all contracts between AquaFlo and its parent company if applicable.

PSC- 011 – Please provide copies of all debt agreements for AquaFlo including any to its parent company.

PSC-012 – Please provide copies of the Montana and federal tax returns for AquaFlo for 2009 and 2010. If AquaFlo does not file its own independent return, please provide copies of the parent's returns and the partnership returns of AquaFlo for 2009 and 2010.

If I can be of further assistance, please contact me at the address or phone listed below.

Sincerely,

Leroy J. Beeby, Rate Analyst
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cc: Montana Consumer Counsel