YEARRECE 2010 BY

2011 MAY -4 P 2: 57

PUDLIC SERVICE COMMISSION

ANNUAL REPORT

of the

NAME

AquaFlo, LLC

LOCATION

Helena, Montana

PRIVATE WATER UTILITY and WASTE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING 2010

Form No. 402-A (01/2009)

General Instructions

- 1 Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities.
- 2 Interpret all accounting words or phrases in accordance with the Uniform System of Accounts for Water Utilities.
- Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- For any question, section or page which is not applicable to the respondent enter the words "Not Applicable" or "N/A". Do not omit any pages.
- Where dates are called for, the month and day should be stated as well as the year.
- 6 Complete this report by means which result in a permanent record.
- If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
- This report should be filed in duplicate and one copy returned by April 30 following the end of the calendar year for calendar year filers. If other than a calendar year filer, this report needs to be filed by the end of the 4th month following the end of the fiscal year for filers that have other than a calendar year yearend.
- 9 Please send the copy of your completed Annual Report to:

Montana Public Service Commission Utility Division P.O. Box 202601 Helena, MT 59620-2601

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REPORT OF

AquaFlo, LLC

P O Box 1091		Helena, MT 59624
(address)		(city, state, zip code)
For Year Ended	2010	
Date Utility First Organized	3/1/2007	
Telephone Number	406-442-4747	
Location of books and records	4855 N Montana Ave., H	łelena, MT

	Con	tacts	
Name	Title	Principal Business Address	Salary
Person to send correspondence: John Maxness	Manager	P O Box 1091 Helena, MT 59624	
Person who prepared this report: Sandra Barrows	Regulatory Consultant	2301 Colonial Drive, Suite 2B Helena, MT 59601	
Officers and Managers: John Maxness	Manager	P O Box 1091 Helena, MT 59624	0

	Own	ership	
Report every corporation	on or person owning interest or ho	lding directly 5 percent or more of t	he voting securities
of the reporting utility			
Name	Percent Ownership in Utility	Principle Business Address	Amt Pd by Utility
Aqua Sierra, LLC	100%	6008 Spokane Ranch Road	0
		East Helena, MT 59635	

INC	COME STATEME	ENT	,		
ACCOUNT NAME		Cui	rent Year 2010	Prev	ious Year 2009
OPERATING REVENUE:					
Metered	none				
Residential	none		41,297.00	I	
Commercial			2,479.00	ļ <u></u>	_
Industrial	g		2,479.00		
Other					
Unmetered					
•		4	04 602 00	T &	100 404 00
Residential		\$	84,692.00	\$	109,481.00
Commercial			3,695.00		5,023.00
Industrial	=======================================				
Fire Protection					
Bulk Sales					05.00
Sale of Materials	Meter		-		85.00
Other	Connection fees		340.00		220.00
TOTAL OPERATING REVENUE:		\$	132,503.00	\$	114,809.00
Operation and Maintenance Exp Depreciation Expense ¹ Taxes Other than Income Federal Income Taxes State Income Taxes TOTAL OPERATING EXPENSES	3	\$	103,764.00 14,707.00 2,872.00 2,043.00 1,025.00 124,411.00 8,092.00	\$	84,852.00 13,804.00 1,089.00 2,641.00 1,564.00 103,950.00
Other Income:			2 660 00	I	9 277 00
Non Utility Income			3,669.00		8,277.00
TOTAL OTHER INCOME	ornanda _{in the} ann ann an an ann ann ann ann an ann a	\$	3,669.00	\$	8,277.00
Other Deductions:				l	
Non-Utility Expenses					
Interest Expense			3,067.00		1,969.00
TOTAL OTHER DEDUCTIONS		\$	3,067.00	\$	1,969.00
33333					
NET INCOME (LOSS)		\$	8,694.00	\$	17,167.00

^{1 -} The depreciation expense for 2009 and 2010 has been adjusted as a result of the plant proposal included in D2011.4.34

COMPAR	ATIVE BAL	ANCE	SHEET (1)		
ACCOUNT NAME			rent Year 2010	Previo	us Year 2009
ACCETO					
ASSETS:	Г		020.050.00		000 470 00
Utility Plant in Service		\$	239,952.00		239,170.00
Less: Accumulated Deprec. & Am	οπ.		49,991.00	Φ.	35,284.00
NET UTILITY PLANT	L	\$	189,961.00	\$	203,886.00
Cash	[\$	(3,248.00)	<u></u>	3,555.00
Customer Accounts Receivable			5,333.00		3,358.00
Other Assets (Specify)	Land		27,478.00		32,951.00
TOTAL ASSETS OTHER THAN UT	ILITY PLAN	\$	29,563.00	\$	39,864.00
TOTAL ASSETS		\$	219,524.00	\$	243,750.00
CAPITAL Common Stock Issued					
Preferred Stock Issued			14 W		
Other Paid in Capital Retained Earnings					
Proprietary Capital		\$	146,558.00	\$	107,854.00
TOTAL CAPITAL		\$	146,558.00	\$	107,854.00
	L	Ψ	110,000.00	Ψ	707,001.00
LIABILITIES					
Long Term Debt		\$	67,301.00		94,887.00
Accounts Payable		\$	2,597.00		21,804.00
Notes Payable					15,000.00
Customer Deposits					
Accrued Taxes			3,068.00		4,205.00
Other Liabilities (Specify)		•••			
			<u> — — — — — — — — — — — — — — — — — — —</u>		
Advance for Construction					
Advances for Construction Contributions in aid of Construction		***	<u>-</u>		
TOTAL LIABILITIES		\$	72,966.00	\$	135,896.00
ton but the library	Ĺ	Ψ	,000.00	Ψ	
TOTAL LIABILITIES AND CAPITAL	_	\$	219,524.00	\$	243,750.00

^{1 -} Plant and accumulated depreciation, both 2009 and 2010, have been adjusted as a result of the plant proposal included in Docket D2011.4.34 Page 4

Accumulated Depreciation and Amortization of Utility Plant (1)				
ACCOUNT 108	Current Year 2010 Previous Year 20			ous Year 2009
Balance at First of Year	\$	35,284	\$	21,480
Credits During the Year:	\$	14,707	\$	13,804
Accruals Charged to Depreciation Account				
Salvage				
Other Credits (Specify):				
Total Credits	\$	49,991	\$	35,284
Debits During the Year:				
Book Cost of Plant Retired				
Cost of Removal				
Other Debits (Specify):	-			
Carlot Bobito (Opeony).				
Total Debits	\$	-	\$	_
Balance at End of Year	\$	49,991	\$	35,284

(1) Previous Annual Reports reported net plant values on this schedule. The 2010 report (with the previous year - 2009 - restated) show accumulated depreciation numbers. The Plant and accumulated depreciation, both 2009 and 2010, have been adjusted as a result of the plant proposal included in Docket D2011.4.34

Contributions in Aid of	Constr	uction	
Report below all contractor and developer agreements ar line extension agreements from which cash or property	Indicate		
was received during the year	Cash	Property	Amount
none			
		ļ <u></u>	
	1		
TOTAL DURING THE YEAR			\$

Accumulated Deferred Income 7	Taxes (2)
Description	Amount
Accumulated Deferred Income Taxes	
Federal	2,043.00
State	1,025.00
Total Accumulated Deferred Income Taxes	\$ 3,068.00

Capital	Sto	ck	
no	ne	Common Stock	Preferred Stock
Par or stated value per share Shares Authorized			
Shares Issued and Outstanding			
Total par value of stock issued <u>Dividends declared per share for year</u>			

Retained Earnings				
Balance at first of year Changes during year: Net Income (loss) Dividends Other (Specify):	none	Appropriated	Unappropriated	
Balance end of year	ioneraty High			

Proprieta	ary Capital	
	Proprietor or Partner Pa	artner
Balance at first of year	\$ 107,854.00	•
Changes during year (Specify):		
Decreased Assets	\$ (24,225.00)	
Decreased debt	\$ 62,929.00	
Balance at end of year	\$ 146,558.00	

Lon	g Term [Deb	t		
	Interest			Pri	ncipal at Balance
Description of Obligation	Rate		Payment		Sheet Date
Promissory Note to MT Associates	4.85%	\$	2,100.00	\$	22,484.00
Valley Bank Loan	Var. 6%	\$	576.34	\$	44,817.00
			<u></u>	L	
Total		\$	2,676.34	\$	67,301.00

		Utility	Plant Acco	unts	s (1)			·	
Acct No.	Account Name	Previo	ous Year 2009	-	Additions	Reti	rements	Curre	nt Year 2010
301	Organization								
302	Franchises								
303	Land & Land Rights	\$	32,951			\$	5,473	\$	27,478
304	Sewer Building							\$	_
305	Water Building							\$	_
306	Lake River and Other Intakes							\$	-
307	Wells and Springs							\$	_
308	Infiltration Galleries and Tunnels							\$	-
309	Supply Mains							\$	-
310	Power Generation Equipment							\$	
311	Pumping Equipment	\$	22,158	\$	782		· · · · · · · · · · · · · · · · · · ·	\$	22,940
320	Water Treatment Equipment							\$	_
330	Combined Water Plant	\$	169,751					\$	169,751
331	Combined Sewer Plant	\$	8,562					\$	8,562
333	Services		·					\$	-
334	Meters and Meter Installations	\$	7,476				· .	\$	7,476
335	Hydrants		·					\$	-
339	Pumping Equipment							\$	-
340	Office Furniture and Equipment							\$	_
341	Transportation Equipment							\$	-
342	Software	\$	2,520					\$	2,520
343	Tools, Shop & Garage Equipment							\$	-
344	Laboratory Equipment		· · · · · · · · · · · · · · · · · · ·					\$	-
345	Power Operated Equipment							\$	-
346	Communication Equipment							\$	-
347	Fencing	\$	28,703					\$	28,703
348	Other Tangible Plant							\$	-
Total Ut	ility Plant	\$	272,121	\$	782	\$	5,473	\$	267,430

^{1 -} Plant and accumulated depreciation, both 2009 and 2010, have been adjusted as a result of the plant proposal included in Docket D2011.4.34

	Analysis of	Accum	nulated	Deprecia	ation by Primary	Account (1)	-		
Acct No.	Account	Average Service Life in Years	Average Salvage Value in Percent	Depr. Rate Applied	Accumulated Depreciation Beginning of Year 2010	Debits	Credits	Accumulate Depreciation of Year 20	End
304	Sewer Building								_
305	Water Building			-					-
306	Lake River and Other Intakes		, ,						-
307	Wells and Springs		,						_
308	Infiltration Galleries and Tunnels								_
309	Supply Mains		****						_
310	Power Generation Equipment								_
	Pumping Equipment	7	0%	14%	8,820.00	3,854.00		12,674	1.00
320	Water Treatment Equipment			·		•	i	<u>'</u>	-
	Combined Water Plant	25	0%	4%	20,489.00	7,025.00		27,514	1.00
331	Combined Sewer Plant	25	0%	4%	999.00	342.00		1,341	
333	Services				· · · · · · · · · · · · · · · · · · ·	-three-t			
334	Meters and Meter Installations	7	0%		1,602.00	1,068.00		2,670	0.00
335	Hydrants				,	,	***************************************		_
	Other Plant and Misc. Equipment								_
	Office Furniture and Equipment				· · · · · · · · · · · · · · · · · · ·	· · ·			_
	Transportation Equipment								-
	Software	5	0%	20%	504.00	504.00		1,008	3.00
343	Tools, Shop & Garage Equipment						· · · · · · · · · · · · · · · · · · ·	.,	_
344	Laboratory Equipment			-					
	Power Operated Equipment								_
	Communication Equipment								_
	Fencing	15	0%	6.6%	2,870.00	1,914.00		4,784	1.00
348	Other Tangible Plant				,	·		,,,,	
тот	AL				\$ 35,284.00	\$ 14,707.00	\$ -	\$ 49,991	.00

^{1 -} Plant and accumulated depreciation, both 2009 and 2010, have been adjusted as a result of the plant proposal included in Docket D2011.4.34

Operation and Maintenance Expense	9
Account Name	Amount
Salaries and Wages - Employees	
Salaries and Wages - Officers, Directors and Majority Stockholders	
Employee Pension and Benefits	
Purchased Water	·
Purchased Power	15,528.00
Operation and Maintenance	19,593.00
Chemicals	
Materials and Supplies	1,454.00
Contractual Services (Operation, Engineering, Billing, Legal, Mgmt)	51,518.00
Testing & Monitoring	3,966.00
Transportation Expense	
Insurance Expense	2,563.00
Regulatory Commission Expense	7,950.00
Bad Debt Expense	
Miscellaneous Expense	1,192.00
TOTAL	\$ 103,764.00

Payments for Services Rendered by Other than Employees
Report all information concerning rate, management, construction advertising, labor relations, public relations or other similar services rendered the respondent of which the aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever, amounting to \$500 or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

Name of Recipient	Amount	Description of Service
W A Gallagher	16,371.00	Management
Pioneer Technical Services, Inc.	13,001.00	Operations/Maintenance
Gallagher and Associates, PLLC	10,266.00	Legal Services
Accounting Beans, LLC	22,248.00	Billing and Accounting Services
NorthWestern Energy	15,027.00	Electric Service
John Goroski	3,975.00	Consulting

	·	
	W 1	
		,
,		

Sources of Water Supply				
Surface Water: River: _n/a Lake: _n/a Stream:n/a_ Impounding Reservoir: _n/a				
Ground Water: No. of Springs:n/a_ No. of Shallow Wells:n/a No. of Deep Wells:3				

Reservoirs, Standpipes, and Purification System					
No. of Reservoirs:	1	Capacity in Gallons: 292,000			
No. of Standpipes: Method of Purification:	0 none	Capacity in Gallons: 0			

			Se	ervices an	d Meter	s			
Size->	1/2"	5/8"	1 in	1 1/2 in	2 in	3 in	4 in	6 in	3/4 in
Services									142
Meters				:					143

	Nun	ber and (Classific	ation of	Consume	ers		
	Be	Beginning of Year			End of Year			
Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase (Decreas	
Residential	137	0	137	136		136		-1
Commercial	6		6	6		6.		0
Industrial		, , , , , , , , , , , , , , , , , , , ,						-
Fire Hydrants		2	2		2	2		0
Governmental								
All Other								
Total	143	2	145	142	2	144		-1

Total Pumping Station Statistics		
Total Amount of Water Obtained by all methods during the year:	11,563,800_ 144,000_ 16,000_ lbs	gals. gals. gals.

Affidavit

STATE OF MONTANA)
County of Lewis and Clark)
,	
I, the undersigned, on our or	ath do severally say that the foregoing return of
papers and records of said u	, has been prepared under my direction from the original books, utility and declare the same to be a full, true and g all the financial transactions of said utility he return is made.
	Sandre Barrows (Signature)
	(Signature)
Subscribed and sworn befor	re me this, 2011
	Iddloud
(SEAL)	TACIONA. Helena Mt
T.A. CLOUD NOTARY PUBLIC for the State of Mortana Residing at Helena, Montana My Commission Expires October 18, 2013	Exp OCT 18,2013