YEAR 2009

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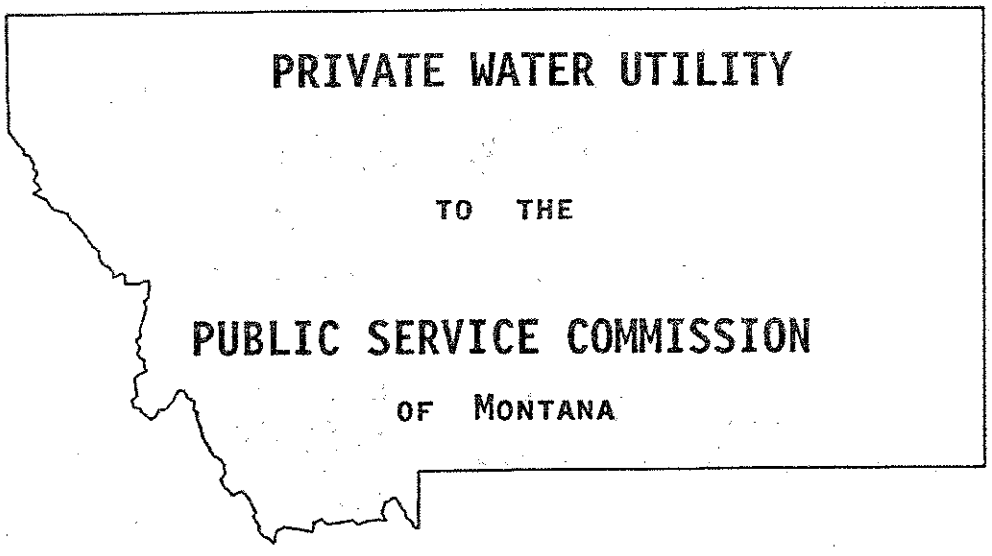
PUBLIC SERVICE COMMISSION

ANNUAL REPORT

of the

NAME **AquaFlo, LLC**

LOCATION **Helena, Montana**



FOR THE YEAR ENDING **2009**

Form No. 402-A (01/2009)

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REPORT OF

AquaFlo, LLC

P O Box 1091 — *(address)*

Helena, MT 59624 — *(city, state, zip code)*

For Year Ended **2009**

Date Utility First Organized **3/1/2007**

Telephone Number **406-442-4747**

Location of books and records **4855 N Montana Ave., Helena, MT**

Contacts

Name	Title	Principal Business Address	Salary
Person to send correspondence: **W. A. (Bill) Gallagher**	**Manager**	**P O Box 1091 Helena, MT 59624**	
Person who prepared this report: **W. A. (Bill) Gallagher**	**Manager**	**P O Box 1091 Helena, MT 59602**	
Officers and Managers: **W. A. (Bill) Gallagher**	**Manager**	**P O Box 1091 Helena, MT 59602**	0

Ownership

Report every corporation or person owning interest or holding directly 5 percent or more of the voting securities of the reporting utility

Name	Percent Ownership in Utility	Principle Business Address	Amt Pd by Utility
Aqua Sierra, LLC	**100%**	**4855 N Montana Ave.**	**0**
		Helena, MT 59602	

INCOME STATEMENT

ACCOUNT NAME		Current Year	Previous Year
OPERATING REVENUE:			
Metered	none		
Residential			
Commercial			
Industrial			
Other			
Unmetered			
Residential		$ 109,481.00	$ 112,374.00
Commercial		5,023.00	5,023.00
Industrial			
Fire Protection			
Bulk Sales			
Sale of Materials	**Meter**	85.00	
Other	**Connection fees**	220.00	340.00
TOTAL OPERATING REVENUE:		$ 114,809.00	$ 117,737.00
OPERATING EXPENSES:			
Operation and Maintenance Expense		$ 84,852.00	$ 118,208.00
Depreciation Expense		11,534.00	9,449.00
Taxes Other than Income		1,089.00	4,379.00
Deferred Federal Income Taxes		2,641.00	
Deferred State Income Taxes		1,564.00	
TOTAL OPERATING EXPENSES		$ 101,680.00	$ 132,036.00
NET INCOME (LOSS) from OPERATIONS		$ 13,129.00	$ (14,299.00)
Other Income:			
Non Utility Income		8,277.00	9,245.00
TOTAL OTHER INCOME		$ 8,277.00	$ 9,245.00
Other Deductions:			
Non-Utility Expenses			
Interest Expense		1,969.00	980.00
TOTAL OTHER DEDUCTIONS		$ 1,969.00	$ 980.00
NET INCOME (LOSS)		$ 19,437.00	$ (6,034.00)

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Current Year	Previous Year
ASSETS:		
Utility Plant in Service	$ 204,968.00	200,833.00
Less: Accumulated Deprec. & Amort.	11,534.00	12,603.00
NET UTILITY PLANT	$ 193,434.00	$ 188,230.00
Cash	$ 3,555.00	705.00
Customer Accounts Receivable	3,358.00	2,427.00
Other Assets (Specify) **Land**	32,951.00	32,951.00
TOTAL ASSETS OTHER THAN UTILITY PLAN	$ 39,864.00	$ 36,083.00
TOTAL ASSETS	$ 233,298.00	$ 224,313.00
LIABILITIES AND CAPITAL		
CAPITAL		
Common Stock Issued		
Preferred Stock Issued		
Other Paid in Capital		
Retained Earnings		
Proprietary Capital	$ 97,402.00	89,358.00
TOTAL CAPITAL	$ 97,402.00	$ 89,358.00
LIABILITIES		
Long Term Debt	$ 94,887.00	68,352.00
Accounts Payable	$ 21,804.00	12,603.00
Notes Payable	15,000.00	54,000.00
Customer Deposits		
Accrued Taxes	4,205.00	
Other Liabilities (Specify)		
Advances for Construction		
Contributions in aid of Construction		
TOTAL LIABILITIES	$ 135,896.00	$ 134,955.00
TOTAL LIABILITIES AND CAPITAL	$ 233,298.00	$ 224,313.00

Accumulated Depreciation and Amortization of Utility Plant		
ACCOUNT 108	**Current Year**	**Previous Year**
Balance at First of Year	$ 191,384.00	$ 164,653.00
Credits During the Year:	13,588.00	36,180.00
Accruals Charged to Depreciation Account		
Salvage		
Other Credits (Specify):		
Total Credits	$ 204,972.00	$ 200,833.00
Debits During the Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify):		
Depreciation	$ 11,534.00	$ 9,449.00
Total Debits	$ 11,534.00	$ 9,449.00
Balance at End of Year	$ 193,438.00	$ 191,384.00

Contributions in Aid of Construction			
Report below all contractor and developer agreements line extension agreements from which cash or property was received during the year	Indicate		
	Cash	Property	Amount
none			
TOTAL DURING THE YEAR			$ -

Accumulated Deferred Income Taxes	
Description	Amount
Accumulated Deferred Income Taxes	
Federal	2,641.00
State	1,564.00
Total Accumulated Deferred Income Taxes	**$ 4,205.00**

Capital Stock

	none	Common Stock	Preferred Stock
Par or stated value per share			
Shares Authorized			
Shares Issued and Outstanding			
Total par value of stock issued			
Dividends declared per share for year			

Retained Earnings

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

Proprietary Capital

	Proprietor or Partner	Partner
Balance at first of year	$ 89,358.00	
Changes during year (Specify):		
Increased Assets	$ 8,985.00	
Increased debt	$ (941.00)	
Balance at end of year	$ 97,402.00	

Long Term Debt

Description of Obligation	Interest Rate	Payment	Principal at Balance Sheet Date
Promissory Note to MT Associates	4.85%	$ 2,100.00	$ 45,980.00
Valley Bank Loan	Var. 6%	$ 576.34	$ 48,907.00
Total		$ 2,676.34	$ 94,887.00

Utility Plant Accounts					
Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Sewer Building	2,501.00			2,501.00
305	Water Building	5,738.00			5,738.00
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		11,068.00		11,068.00
320	Water Treatment Equipment				-
330	Combined Water Plant	84,853.00			84,853.00
331	Combined Sewer Plant	71,561.00			71,561.00
333	Services				-
334	Meters and Meter Installations	7,476.00			7,476.00
335	Hydrants				-
339	Pumping Equipment				-
340	Office Furniture and Equipment				-
341	Transportation Equipment				-
342	Software		2,520.00		2,520.00
343	Tools, Shop & Garage Equipment				-
344	Laboratory Equipment				-
345	Power Operated Equipment				-
346	Communication Equipment				-
347	Fencing	28,703.00			28,703.00
348	Other Tangible Plant				-
Total Utility Plant		$ 200,832.00	$ 13,588.00	$ -	$ 214,420.00

Analysis of Accumulated Depreciation by Primary Account

Acct No.	Account	Average Service Life in Years	Average Salvage Value in Percent	Depr. Rate Applied	Accumulated Depreciation Beginning of Year	Debits	Credits	Accumulated Depreciation End of Year
304	Sewer Building	39	0%	2.5%	72.00	64.00		136.00
305	Water Building	39	0%	2.5%	165.00	147.00		312.00
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	7	0%	14%	-	1,581.00		1,581.00
320	Water Treatment Equipment							-
330	Combined Water Plant	25	0%	4%	5,091.00	3,394.00		8,485.00
331	Combined Sewer Plant	25	0%	4%	4,293.00	2,862.00		7,155.00
333	Services							
334	Meters and Meter Installations	7	0%		1,068.00	1,068.00		2,136.00
335	Hydrants							-
339	Other Plant and Misc. Equipment							-
340	Office Furniture and Equipment							-
341	Transportation Equipment							-
342	Software	5	0%	20%	-	504.00		504.00
343	Tools, Shop & Garage Equipment							-
344	Laboratory Equipment							-
345	Power Operated Equipment							-
346	Communication Equipment							-
347	Fencing	15	0%	6.6%	1,914.00	1,914.00		3,828.00
348	Other Tangible Plant							
TOTAL					$ 12,603.00	$ 11,534.00	$ -	$ 24,137.00

Operation and Maintenance Expense

Account Name	Amount
Salaries and Wages - Employees	
Salaries and Wages - Officers, Directors and Majority Stockholders	
Employee Pension and Benefits	
Purchased Water	
Purchased Power	18,299.00
Operation and Maintenance	9,243.00
Chemicals	
Materials and Supplies	1,456.00
Contractual Services (Operation, Engineering, Billing, Legal, Mgmt)	33,734.00
Testing & Monitoring	4,278.00
Transportation Expense	
Insurance Expense	2,341.00
Regulatory Commission Expense	15,363.00
Bad Debt Expense	
Miscellaneous Expense	139.00
TOTAL	$ 84,853.00

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
Lindsay Drilling	8,800.00	Pump replacement
WA Gallagher	12,751.00	Management
Pioneer Technical Services, Inc.	2,580.00	Operations/Maintenance
Gallagher and Associates, PLLC	16,355.00	Legal Services
Accounting Beans, LLC	14,260.00	Billing and Accounting Services
NorthWestern Energy	16,940.00	Electric Service
Morrison Maierle	3,123.00	Engineering
Casne & Assoc.	3,455.00	Engineering

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: 0 Capacity in Gallons: 0
Method of Purification: **none**

Services and Meters

Size->	1/2"	5/8"	1 in	1 1/2 in	2 in	3 in	4 in	6 in	3/4 in
Services									143
Meters									144

Number and Classification of Consumers

	Beginning of Year			End of Year			
Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase (Decrease)
Residential	137	0	137	137		137	0
Commercial	6		6	6		6	0
Industrial							
Fire Hydrants		2	2		2	2	0
Governmental							
All Other							
Total	143	2	145	143	2	145	0

Total Pumping Station Statistics

Total Amount of Water Obtained by all methods during the year:_____15,294,617_____gals.
Maximum Water obtained all methods during any one day:_____144,000_____gals.
Minimum Amount of Water obtained all methods during one day:_____16,000_____ gals.
Range of ordinary pressure on mains ___60____ lbs to __70_____ lbs
Range of fire pressure in mains ___15____ lbs to __20_____ lbs

Affidavit

STATE OF MONTANA)

County of Lewis and Clark)

We, the undersigned, on our oath do severally say that the foregoing return of AquaFlo, LLC, water utility, has been prepared under our direction from the original books, papers and records of said utility and declare the same to be a full, true and correct statement embracing all the financial transactions of said utility during the period for which the return is made.

(Signature) Manager, AquaFlo, LLC

Subscribed and sworn before me this 30th day of March, 2010

JOHN J. PALMER
NOTARY PUBLIC for the
State of Montana
Residing at Helena, Montana
My Commission Expires
November 17, 2013

SEAL

JOHN J. PALMER

NOTARY – Lewis & Clark, County