

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02273A

EHRENBURG IMPROVEMENT ASSOCIATION
P.O. Box 50
Ehrenberg, AZ 85334-0050

RECEIVED

JAN 25 2013

AZ CORPORATION
Director, Utilities

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2012
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FOR COMMISSION USE

ANN 04	12
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1-28-13

Statutory Agent: <u>Michael J. Pearce Maguire & Pearce, PLLC</u>			
(Name)			
<u>2999 North 44th Street, Suite 630</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85018</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 277 2195</u>	<u>(602) 277-2199</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: : <u>Michael J. Pearce Maguire & Pearce, PLLC</u>			
(Name)			
<u>2999 North 44th Street, Suite 630</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85018</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 277 2195</u>	<u>(602) 277-2199</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>mpearce@mpwaterlaw.com</u>			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input checked="" type="checkbox"/> Other (Describe) <u>Non Profit Corporation</u>	

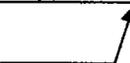
COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input checked="" type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	4,800	N/A	
304	Structures and Improvements	48,186	29,118	22,194
307	Wells and Springs	8,221	8,221	0
311	Pumping Equipment	31,023	27,808	3,215
320	Water Treatment Equipment	232,902	176,176	56,726
330	Distribution Reservoirs and Standpipes	287,811	208,857	78,954
331	Transmission and Distribution Mains	494,014	223,742	270,272
333	Services	77,205	15,438	61,797
334	Meters and Meter Installations	103,348	103,348	0
335	Hydrants	64,367	41,364	23,003
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	7,164	6,770	394
341	Transportation Equipment	50,495	50,495	0
343	Tools, Shop and Garage Equipment	8,332	4,680	3,652
344	Laboratory Equipment	3,651	2,658	993
345	Power Operated Equipment			
346	Communication Equipment	732	438	294
347	Miscellaneous Equipment	1,622	972	650
348	Other Tangible Plant			
	TOTALS	1,422,251	900,085	522,166

This amount goes on the Balance Sheet Acct. No. 108 

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	4,800	-0-	-0-
304	Structures and Improvements	48,186	3.33%	1,563
307	Wells and Springs	8,221	3.33%	-0-
311	Pumping Equipment	31,023	12.50%	1,789
320	Water Treatment Equipment	232,902	3.33%	7,314
330	Distribution Reservoirs and Standpipes	287,811	2.22%	6,396
331	Transmission and Distribution Mains	494,014	2.00%	9,880
333	Services	77,205	3.33%	2,574
334	Meters and Meter Installations	103,348	8.33%	-0-
335	Hydrants	64,367	2.00%	1,287
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	7,164	6.67%	387
341	Transportation Equipment	50,495	20.00%	-0-
343	Tools, Shop and Garage Equipment	8,332	5.00%	329
344	Laboratory Equipment	3,651	10.00%	365
345	Power Operated Equipment			
346	Communication Equipment	732	10.00%	73
347	Miscellaneous Equipment	1,622	10.00%	162
348	Other Tangible Plant			
	TOTALS	1,422,251		32,119

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$29,591	\$14,170
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	27,490	\$23,922
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	14,000	\$14,000
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$71,081	\$52,092
	FIXED ASSETS		
101	Utility Plant in Service	\$1,423,873	\$1,423,873
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(867,966)	(900,085)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$555,907	\$523,788
	TOTAL ASSETS	\$626,988	\$575,880

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$6,856	\$3,889
232	Notes Payable (Current Portion)	\$26,970	\$14,854
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	\$7,945	\$8,245
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$41,771	\$26,988
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$285,959	\$258,327
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	
	TOTAL LIABILITIES	\$327,730	\$312,303
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	\$351,316	\$345,341
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$351,316	\$345,341
	TOTAL LIABILITIES AND CAPITAL	\$679,046	\$657,644

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$276,307	\$252,474
460	Unmetered Water Revenue		
474	Other Water Revenues	\$315	(\$874)
	TOTAL REVENUES	\$283,105	\$251,600
	OPERATING EXPENSES		
601	Salaries and Wages	\$79,365	\$81,720
610	Purchased Water	266	244
615	Purchased Power	23,500	21,628
618	Chemicals	21,452	14,615
620	Repairs and Maintenance	50,411	56,506
621	Office Supplies and Expense	6,537	7,056
630	Outside Services	9,270	12,417
635	Water Testing	5,518	3,490
641	Rents	875	50
650	Transportation Expenses	7,121	6,844
657	Insurance – General Liability	7,863	7,427
659	Insurance - Health and Life		
666	Regulatory Commission Expense	10	10
675	Miscellaneous Expense	664	2,054
403	Depreciation Expense	32,119	31,619
408	Taxes Other Than Income	19,811	18,168
408.11	Property Taxes	11,941	10,014
409	Income Tax		
	TOTAL OPERATING EXPENSES	277,074	273,862
	OPERATING INCOME/(LOSS)	\$6,031	(\$22,262)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$320	\$82
421	Non-Utility Income	6,068	0
426	Miscellaneous Non-Utility Expenses	351	\$500
427	Interest Expense	(\$15,668)	(\$12,591)
	TOTAL OTHER INCOME/(EXPENSE)	(\$8,929)	(\$12,009)
	NET INCOME/(LOSS)	(\$2,898)	(\$34,271)

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	2/1989	6/1995		
Source of Loan	USDA	USDA		
ACC Decision No.				
Reason for Loan	Construction	Construction		
Dollar Amount Issued	\$600,000	\$92,100	\$	\$
Amount Outstanding	\$217,021	\$67,103	\$	\$
Date of Maturity	6/2018	3/2034		
Interest Rate	5.00%	4.50%	%	%
Current Year Interest	\$9,416	\$3,115	\$	\$
Current Year Principle	\$25,797	\$1,865	\$	\$

Meter Deposit Balance at Test Year End	<u>\$8,245</u>
Meter Deposits Refunded During the Test Year	<u>\$1,020</u>

COMPANY NAME EHRENBERG IMPROVEMENT ASSOCIATION

Name of System:

ADEQ Public Water System Number: 15497

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
N/A						

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Colorado River Pumps (2)	600	107,175

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
None		63	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
600,000	2	30,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME EHRENBERG IMPROVEMENT ASSOCIATION

Name of System:

ADEQ Public Water System Number: 15497

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	AC & PEP	3,125
8	AC	8,220
10		
12	AC	267,000

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	0
3/4	202
1	103
1 1/2	12
2	15
Comp. 3	0
Turbo 3	7
Comp. 4	2
Turbo 4	1
Comp. 6	2
Turbo 6	0
Comp 8	1

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

(4) Filter Media

STRUCTURES:

(1) 30' x 40' Steel Building

(1) 6' x 5' Steel Water Treatment Building

(1) 10' x 20' Framed Office/Laboratory Inside Steel Building Above

OTHER:

(2) Steel Reservoirs, 600,000 Gallons Each

(1) Steel Holding Tank, 30,000 Gallons

(1) Pier with Intake Pumps (2)

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME EHRENBURG IMPROVEMENT ASSOCIATION	
Name of System:	ADEQ Public Water System Number: 15497

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	293	5,923	7,271	0
FEBRUARY	292	6,064	6,481	0
MARCH	292	6,470	8,021	0
APRIL	293	7,994	9,684	0
MAY	292	9,839	10,911	0
JUNE	291	9,405	11,209	0
JULY	294	8,389	9,981	0
AUGUST	291	9,214	10,174	0
SEPTEMBER	292	7,825	9,474	0
OCTOBER	291	8,406	9,195	0
NOVEMBER	290	5,727	7,995	0
DECEMBER	290	5,268	6,779	0
TOTALS →		90,530	107,175	0

What is the level of arsenic for each well on your system? N/A mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME EHRENBURG IMPROVEMENT ASSOCIATION	
Name of System:	ADEQ Public Water System Number: 15497

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	0	1	0
FEBRUARY	0	1	0
MARCH	0	0	0
APRIL	0	1	0
MAY	0	0	0
JUNE	0	0	0
JULY	0	1	0
AUGUST	0	1	0
SEPTEMBER	0	2	0
OCTOBER	0	0	0
NOVEMBER	0	0	0
DECEMBER	0	0	0
TOTALS →	0	7	0

OTHER (description):

COMPANY NAME EHREBERG IMPROVEMENT ASSOCIATION YEAR ENDING 12/31/2012

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 10,014.16

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

JAN 25 2013

AZ CORP COMM
Director

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	La Paz
NAME (OWNER OR OFFICIAL) TITLE	Paul Linker, President
COMPANY NAME	Ehrenberg Improvement Association

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

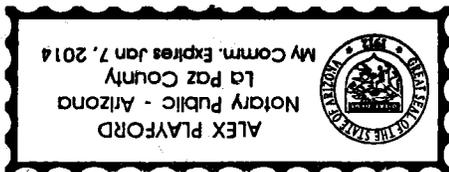
MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



Paul Linker

SIGNATURE OF OWNER OR OFFICIAL

928-923-9388

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 24 DAY OF

(SEAL)

MY COMMISSION EXPIRES 7-20-14

COUNTY NAME	La Paz	
MONTH	JAN	2013

[Signature]

SIGNATURE OF NOTARY PUBLIC

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

DATE

Paul Linker

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

JAN 25 2013

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME) La Paz	AZ CORPORATION Director
NAME (OWNER OR OFFICIAL) TITLE Paul Linker, President	
COMPANY NAME Ehrenberg Improvement Association	

MONTH	DAY	YEAR
12	31	2012

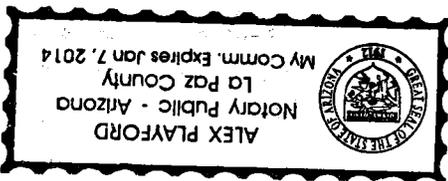
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SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>251,600.</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 18,168.04 IN SALES TAXES BILLED, OR COLLECTED)



****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Paul Linker

SIGNATURE OF OWNER OR OFFICIAL

(928) 923-9388

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 24 DAY OF

(SEAL)

COUNTY NAME LA PAZ	
MONTH JAN	2013

Alex Playford

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 7-20-14

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED

JAN 25 2013

AZ CORP COMMISSION
Director, Utilities

VERIFICATION

STATE OF ARIZONA

COUNTY OF (COUNTY NAME) La Paz	
NAME (OWNER OR OFFICIAL) Paul Linker	TITLE President
COMPANY NAME Ehrenberg Improvement Association	

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>251,600</u>

**THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 18,168.04
IN SALES TAXES BILLED, OR COLLECTED)**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

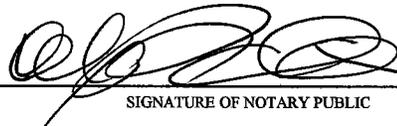
THIS 24 **DAY OF**

(SEAL)

MY COMMISSION EXPIRES

TELEPHONE NUMBER _____

NOTARY PUBLIC NAME ALEX RAYFORD	
COUNTY NAME LA PAZ	
MONTH JAN	, 20 13


SIGNATURE OF NOTARY PUBLIC