

**ARIZONA CORPORATION COMMISSION**

**UTILITIES DIVISION**

RECEIVED

AUG 08 2014

AZ CORP COMM

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY - Utilities

W-02800A

Q Mountain Water, Inc.  
C/O Bruce Jacobson  
1334 S 5<sup>th</sup> Avenue  
Yuma, AZ 85364

**ANNUAL REPORT**

**Water**

**FOR YEAR ENDING**

12	31	2013
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8-8-14

**COMPANY INFORMATION**

**Company Name (Business Name)** Q Mountain Water, Inc.

Mailing Address 1344 S 5<sup>th</sup> Avenue  
(Street)

Yuma Arizona 85364  
(City) (State) (Zip)

(928) 782-1801  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**Local Office Mailing Address** \_\_\_\_\_  
(Street)

\_\_\_\_\_  
(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**MANAGEMENT INFORMATION**

**Regulatory Contact:**

**Management Contact:** Bruce Jacobson President  
(Name) (Title)

1334 S 5<sup>th</sup> Avenue Yuma AZ 85364  
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**On Site Manager:** Carl J Wagner III  
(Name)

P.O. Box 3772 Quartzsite Arizona 85359  
(Street) (City) (State) (Zip)

(775) 338-1926  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**Statutory Agent:** Andrew J Capestro

(Name)

12486 S Foothills Blvd

(Street)

Yuma

(City)

Arizona

(State)

85367

(Zip)

(928) 342-3344

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Attorney:** \_\_\_\_\_

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" 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 type="checkbox"/> Other (Describe) _____ |  |

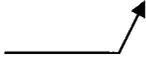
### COUNTIES SERVED

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	610		610
302	Franchises			
303	Land and Land Rights	9,488		9,488
304	Structures and Improvements	6,073	(21,536)	27,609
307	Wells and Springs	1,088,417	308,766	779,651
311	Pumping Equipment	48,019	41,069	6,950
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	144,446	27,274	117,172
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	377,438	110,602	266,836
333	Services	100,256	29,536	70,720
334	Meters and Meter Installations	38,601	34,931	3,670
335	Hydrants	40,482	11,175	29,307
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
340.1	Computers & Software	6,319	2,783	3,536
341	Transportation Equipment	2,522	252	2,270
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	20,728	10,277	10,451
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	21,457	20,780	677
	<b>TOTALS</b>	<b>1,904,856</b>	<b>575,909</b>	<b>1,328,947</b>

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	610	0	0
302	Franchises			
303	Land and Land Rights	9,488	0	0
304	Structures and Improvements	6,073	3.33	224
307	Wells and Springs	1,088,417	3.33	35,990
311	Pumping Equipment	48,019	12.50	1,425
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	144,446	2.22	3,210
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	377,438	2.00	7,388
333	Services	100,256	2.00	2,005
334	Meters and Meter Installations	38,601	8.33	1,051
335	Hydrants	40,482	2.00	780
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
340.1	Computers & Software	6,319	20.00	393
341	Transportation Equipment	2,522	20.00	252
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	20,728	5.00	2,867
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	21,457	12.50	41
	<b>TOTALS</b>	1,904,856		55,626

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



**BALANCE SHEET**

<b>Acct No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 300	\$ 200
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		11,693
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	1,400	222
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 1,700</b>	<b>\$ 12,115</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1,915,676	\$ 1,904,857
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(566,594)	(575,909)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 1,349,082</b>	<b>\$ 1,328,947</b>
	<b>TOTAL ASSETS</b>	<b>\$ 1,350,783</b>	<b>\$ 1,341,062</b>

**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
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 93,427	\$ 119,340
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	336,387	420,072
235	Customer Deposits		14,164
236	Accrued Taxes	25,881	45,214
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	2,445	661
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 458,140	\$ 599,451
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,129,505	1,129,505
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 1,129,505	\$ 1,129,505
	<b>TOTAL LIABILITIES</b>	\$ 1,587,645	\$ 1,728,956
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 33,000	\$ 33,000
211	Paid in Capital in Excess of Par Value	727,996	727,996
215	Retained Earnings	(997,857)	(1,148,890)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ (236,862)	\$ (387,894)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1,350,783	\$ 1,341,062

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 112,092	\$ 111,821
460	Unmetered Water Revenue		
474	Other Water Revenues	2,605	3,245
	<b>TOTAL REVENUES</b>	\$ 114,697	\$ 115,066
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 12,960	\$ 47,772
610	Purchased Water	6,548	2,490
615	Purchased Power	56,648	60,607
618	Chemicals		768
620	Repairs and Maintenance	7,333	1,749
621	Office Supplies and Expense	4,112	6,962
630	Outside Services	9,672	29,112
635	Water Testing	4,502	7,560
641	Rents		28,357
650	Transportation Expenses	8,731	1,292
657	Insurance – General Liability	2,706	4,788
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	1,545	2,686
675	Miscellaneous Expense	594	774
403	Depreciation Expense	55,952	55,626
408	Taxes Other Than Income	1,522	4,305
408.11	Property Taxes	6,052	5,534
409	Income Tax	90	55
	<b>TOTAL OPERATING EXPENSES</b>	\$ 178,969	\$ 260,437
	<b>OPERATING INCOME/(LOSS)</b>	\$ (64,272)	\$ (145,371)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	364	(505)
427	Interest Expense	(5,164)	(5,156)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (4,800)	\$ (5,545)
	<b>NET INCOME/(LOSS)</b>	\$ (69,072)	\$ (151,032)





BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	2	25	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000 Gallons	4	2,000 Gallons	1
153,000 Gallons	1		

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

COMPANY NAME **Q Mountain Water, Inc.**

Name of System: **ADEQ Public Water System Number: 15096**

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	499
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

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

TREATMENT EQUIPMENT:

None

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STRUCTURES:

Fences

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OTHER:

Generators

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

COMPANY NAME: Q Mountain Water Inc.

Name of System:

ADEQ Public Water System Number: 15096

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2013**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	448	1,790	1,826	
FEBRUARY	452	1,323	1,343	2
MARCH	453	1,541	1,580	
APRIL	447	1,864	1,892	
MAY	430	1,211	1,235	
JUNE	429	1,343	1,363	1
JULY	429	1,438	1,467	
AUGUST	429	1,560	1,583	
SEPTEMBER	428	1,188	1,211	
OCTOBER	431	900	905	
NOVEMBER	445	1,353	1,373	1
DECEMBER	443	1,598	1,630	
TOTALS →		17,109	17,408	4

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

If system has fire hydrants, what is the fire flow requirement? \_\_\_\_\_ GPM for \_\_\_\_\_ 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:** Q Mountain Water, Inc.

**Name of System:**

**ADEQ Public Water System Number:**

**UTILITY SHUTOFFS / DISCONNECTS**

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

OTHER (description):

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COMPANY NAME Q Mountain Water, Inc. YEAR  
ENDING 12/31/2013

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2013 was: \$     -0-

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**

AUG 08 2014

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>La Paz</b>	AZ CORP COMM Director - Utilities
NAME (OWNER OR OFFICIAL) TITLE <b>Paula Capestro Treasurer</b>	
COMPANY NAME <b>Q Mountain Water, Inc.</b>	

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

FOR THE YEAR ENDING

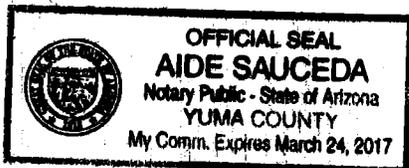
MONTH	DAY	YEAR
12	31	2013

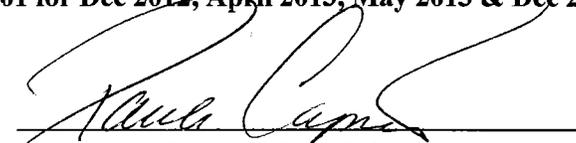
**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND 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. Except for \$35,771.08 for 2008, 2010, 2011, 2012 & 2013 tax years.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL. Except for \$3,136.01 for Dec 2012, April 2013, May 2013 & Dec 2013.**



  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
  
(928) 342-3344  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

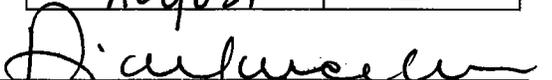
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 5 DAY OF August

(SEAL)

MY COMMISSION EXPIRES March 24, 2017

COUNTY NAME <u>Yuma</u>
MONTH <u>August</u> . 20 <u>14</u>

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Q Mountain Water, Inc.  
YEAR ENDING 12/31/2013

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported -0-  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported -0-  
Estimated or Actual State Tax Liability 50

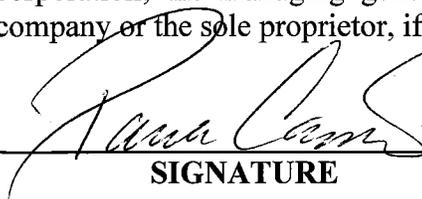
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances -0-  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

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**

7/11/14  
\_\_\_\_\_  
**DATE**

Paula Capestro  
\_\_\_\_\_  
**PRINTED NAME**

Treasurer  
\_\_\_\_\_  
**TITLE**

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

APR 25 2014

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>La Paz</b>
NAME (OWNER OR OFFICIAL) TITLE <b>Paula Capestro, Treasurer</b>
COMPANY NAME <b>Q Mountain Water, Inc.</b>

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

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2013

**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 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 2013 WAS:**

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ _____ 124,357.97 _____

**(THE AMOUNT IN BOX ABOVE INCLUDES \$ 9,060.79 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)**

*Paula Capestro*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
(928) 342-3344  
\_\_\_\_\_  
TELEPHONE NUMBER

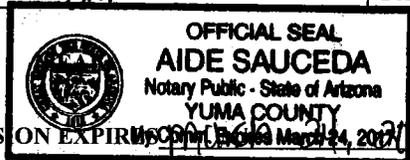
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS \_\_\_\_\_ DAY OF

24<sup>th</sup>

COUNTY NAME	Yuma
MONTH	April 2014



MY COMMISSION EXPIRES ON \_\_\_\_\_

*D. Saucedo*  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

RECEIVED

AUG 08 2014

AZ COP  
Director

VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

COUNTY OF (COUNTY NAME) <b>La Paz</b>	
NAME (OWNER OR OFFICIAL) <b>Paula Capestro</b>	TITLE <b>Treasurer</b>
COMPANY NAME <b>Q Mountain Water, Inc.</b>	

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	2013

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 2013 WAS:

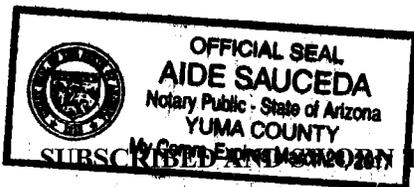
ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>124,357.97</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 9,060.79 IN SALES TAXES BILLED, OR COLLECTED)

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

*Paula Capestro*  
SIGNATURE OF OWNER OR OFFICIAL

(928) 342-3344  
TELEPHONE NUMBER



A NOTARY PUBLIC IN AND FOR THE COUNTY OF THIS 5 DAY OF

NOTARY PUBLIC NAME <u>Aide Saucedo</u>	
COUNTY NAME <u>Yuma</u>	
MONTH <u>August</u>	<u>2014</u>

(SEAL)

MY COMMISSION EXPIRES March 24, 2017

*Aide Saucedo*  
SIGNATURE OF NOTARY PUBLIC

**Q-Mountain Water, Inc.**  
**Profit & Loss**  
 January through December 2013

	Jan - Dec 13
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
400 · Operating Income	
461.1 · Metered Sales-Gen'l Customers	
461.2 · RETURNS & ALLOWANCES	-225.62
461.1 · Metered Sales-Gen'l Customers - Other	112,277.80
<b>Total 461.1 · Metered Sales-Gen'l Customers</b>	<b>112,052.18</b>
474.3 · Re-connections	3,245.00
<b>Total 400 · Operating Income</b>	<b>115,297.18</b>
<b>Total Income</b>	<b>115,297.18</b>
<b>Gross Profit</b>	<b>115,297.18</b>
<b>Expense</b>	
408 · Taxes other	
408.1 · Payroll	4,610.55
<b>Total 408 · Taxes</b>	<b>4,610.55</b>
601 · Salaries & Wages-Field	
601.1 · Admin & General Salaries	47,772.13
601.3 · H&S Payroll Account	227.52
<b>Total 601 · Salaries &amp; Wages-Field</b>	<b>47,999.65</b>
610 · Purchased Water	2,489.70
615 · Purchased Power	16,214.16
616 · Fuel for Power Production (gen)	44,392.81
618 · Chemicals	267.70
620 · Supplies & Materials	
620.1 · Generator R & M	4,389.66
620.3 · Repairs of Water Plant	4,558.78
620.4 · Pump R & M	171.58
620.8 · Office Supplies & Expense	6,618.67
620 · Supplies & Materials - Other	3,120.02
<b>Total 620 · Supplies &amp; Materials</b>	<b>18,858.71</b>
630 · Contractual Services-Billing	15,945.27
635 · Contractual Services-Testing	5,251.18
636 · Contract Services-Other	
636.3 · Telephone	465.52
636 · Contract Services-Other - Other	24,020.37
<b>Total 636 · Contract Services-Other</b>	<b>24,485.89</b>
640 · Rents	8,367.22
650 · Transportation Expenses	1,292.09
655 · Insurance Expense*	
655.3 · Insurance-Workmens Comp	1,614.01
655 · Insurance Expense* - Other	3,182.46
<b>Total 655 · Insurance Expense*</b>	<b>4,796.47</b>
665 · Regulatory Commission Exp	5,624.01
665.1 · Misc Fees-Other Fees	1,219.46
<b>Total Expense</b>	<b>201,814.87</b>
<b>Net Ordinary Income</b>	<b>-86,517.69</b>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
421 · Misc Nonoperating Income	-115.75
<b>Total Other Income</b>	<b>-115.75</b>
<b>Other Expense</b>	
427 · Interest Charges	
427.2 · Interest Assoc Companies	0.00

11:04 AM  
04/14/14  
Accrual Basis

**Q-Mountain Water, Inc.**  
**Profit & Loss**  
January through December 2013

	<u>Jan - Dec 13</u>
Total 427 - Interest Charges	<u>0.00</u>
Total Other Expense	<u>0.00</u>
Net Other Income	<u>-115.75</u>
Net Income	<u><u>-86,633.44</u></u>

**Q-Mountain Water, Inc.**  
**Transactions by Account**  
As of December 31, 2013

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
<b>236 - Accrued Taxes</b>										
236.02 - Accrued Sales Tax										
Bill	01/31/2013	Jan 2...	*	Arizona Departme...	SALES TAX		231 - Accoun...	887.09		0.00
General Journal	01/31/2013	63					461.1 - Meter...		887.09	-887.09
Bill	02/28/2013		*	Arizona Departme...	Feb Sales Tax 2013 14029...		231 - Accoun...	806.78		0.00
General Journal	02/28/2013	64					461.1 - Meter...		806.78	-806.78
General Journal	03/31/2013	65	*				461.1 - Meter...		802.88	0.00
Bill	03/31/2013		*	Arizona Departme...	March Sales Tax 2013 140...		231 - Accoun...	802.88		802.88
General Journal	04/30/2013	66					461.1 - Meter...		853.72	0.00
General Journal	05/31/2013	67	*		To Record Sales		461.1 - Meter...	730.72		853.72
General Journal	06/30/2013	68	*		To Record Sales		461.1 - Meter...	695.89		1,584.44
Bill	07/25/2013	1402...	*	Arizona Departme...	June Sales Tax 2013 1402...		231 - Accoun...	695.89		2,280.33
General Journal	07/31/2013	68			To Record Sales		461.1 - Meter...	710.29		1,584.44
Bill	07/31/2013	1402...	*	Arizona Departme...	July Sales Tax 2013 14029...		231 - Accoun...	710.29		2,294.73
General Journal	08/31/2013	69			To Record Sales		461.1 - Meter...	726.79		1,584.44
Bill	08/31/2013	1402...	*	Arizona Departme...	Aug Sales Tax 2013 14029...		231 - Accoun...	726.79		2,311.23
General Journal	09/30/2013	70			To Record Sales		461.1 - Meter...	670.04		1,584.44
Bill	10/29/2013	1402...	*	Arizona Departme...	Sep Sales Tax 2013 14029...		231 - Accoun...	670.04		2,254.48
General Journal	10/31/2013	71			To Record Sales		461.1 - Meter...	665.28		1,584.44
Bill	10/31/2013	1402...	*	Arizona Departme...	Oct Sales Tax 2013 14029...		231 - Accoun...	665.28		2,249.72
General Journal	11/30/2013	72			To Record Sales		461.1 - Meter...	769.84		1,584.44
Bill	11/30/2013	1402...	*	Arizona Departme...	Nov Sales Tax 2013 14029...		231 - Accoun...	769.84		2,354.28
General Journal	12/31/2013	73			To Record Sales		461.1 - Meter...	741.47		1,588.67
Bill	12/31/2013	1402...	*	Arizona Departme...	Dec Sales Tax 2013 14029...		231 - Accoun...	741.47		2,330.14
								7,472.12	9,060.79	1,588.67
								7,472.12	9,060.79	1,588.67
<b>TOTAL</b>								<b>7,472.12</b>	<b>9,060.79</b>	<b>1,588.67</b>