

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02062A
Southland Utilities Company, Inc.
2730 East Broadway Road
Suite 135
Tucson, AZ 85716

RECEIVED

APR 14 2014

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2013
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FOR COMMISSION USE

ANN 04	13
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4-30-14

Statutory Agent: Sidney Mendelson, Jr.
 (Name)

6301 N Dunedin Place Tucson AZ 85718
 (Street) (City) (State) (Zip)

(520) 325-7500 (520) 323-6614 _____
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Steve Wene
 (Name)

1850 N Central Ave. Suite 1100 Phoenix AZ 85004
 (Street) (City) (State) (Zip)

(602) 604-2189 _____ _____
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address swene@law-msh.com

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S) C Corporation (C) (Other than Association/Co-op)

Partnership (P) Subchapter S Corporation (Z)

Bankruptcy (B) Association/Co-op (A)

Receivership (R) Limited Liability Company

Other (Describe) _____

COUNTIES SERVED

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

APACHE COCHISE COCONINO

GILA GRAHAM GREENLEE

LA PAZ MARICOPA MOHAVE

NAVAJO PIMA PINAL

SANTA CRUZ YAVAPAI YUMA

STATEWIDE

Company Name: Southland Utilities Company, Inc.

UTILITY PLANT IN SERVICE

Acct. No.	Description	Original Cost (OC)	Accumulated Depreciation (AD)	OCLD (OC less AD)
301	Organization	\$ -	\$ -	\$ -
302	Franchises			
303	Land & Land Rights	1,070		1,070
304	Structures & Improvements	24,939	7,903	17,036
307	Wells & Springs	30,144	27,120	3,024
311	Pumping Equipment	136,209	90,258	45,952
320	Water Treatment Equipment	4,732	3,076	1,656
330	Distribution Reservoirs & Standpipes	375,930	103,211	272,720
331	Transmission & Distrib. Mains	210,681	209,250	1,431
333	Services	41,542	41,133	409
334	Meters & Meter Installations	75,892	58,738	17,154
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc Equipment			
340	Office Furniture & Equipment		(1,184)	1,184
340.1	Computers & Software			
341	Transportation Equipment		(372)	372
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment	702	167	536
347	Miscellaneous Equipment	1,850	648	1,203
348	Other Tangible Plant			-
	TOTALS	\$ 903,692	\$ 539,946	\$ 363,745

Total Accumulated Depreciation amount goes on the Balance Sheet Acct. No. 108

Company Name: Southland Utilities Company, Inc.

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 & Land Rights	1,070	N/A	
304	Structures & Improvements	24,939	3.33%	830
307	Wells & Springs	30,144	3.33%	1,004
311	Pumping Equipment ¹	136,209	12.5000%	13,278
320	Water Treatment Equipment	4,732	3.33%	946
330	Distribution Reservoirs & Standpipes	375,930	2.2200%	8,346
331	Transmission & Distrib. Mains ²	210,681	2.0000%	32
333	Services ³	41,542	3.33%	16
334	Meters & Meter Installations	75,892	8.3300%	6,211
335	Hydrants	-	2.0000%	-
336	Backflow Prevention Devices	-	6.6700%	-
339	Other Plant & Misc Equipment	-	6.6700%	-
340	Office Furniture & Equipment	-	6.6700%	112
340.1	Computers & Software	-	33.3300%	-
341	Transportation Equipment	-	20.0000%	199
343	Tools, Shop & Garage Equip.	-	5.0000%	-
344	Laboratory Equipment	-	10.0000%	-
345	Power Operated Equipment	-	5.0000%	-
346	Communications Equipment	702	10.0000%	70
347	Miscellaneous Equipment	1,850	10.0000%	185
348	Other Tangible Plant		10.0000%	-
	TOTALS	\$ 903,692		\$ 31,228

CIAC Amortization (273)

Net Depreciation Expense \$ 30,955

¹ \$75,674 of the total is fully depreciated.

² \$209,091 of the total is fully depreciated.

³ \$41,070 of the total is fully depreciated.

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

Company Name: Southland Utilities Company, Inc.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 25,804	\$ 119,436
134	Working Funds		
135	Temporary Cash Investments		11,799
141	Customer Accounts Receivable	23,462	23,255
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	201	
174	Miscellaneous Current and Accrued Assets	11,716	11,881
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 61,182	\$ 166,371
	FIXED ASSETS		
101	Utility Plant in Service	\$ 888,383	\$ 903,692
103	Property Held for Future Use	257,704	257,704
105	Construction Work In Progress		84,285
108	Accumulated Depreciation - Utility Plant	(508,719)	(539,946)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 637,368	\$ 705,734
	TOTAL ASSETS	\$ 698,550	\$ 872,104

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

Company Name: Southland Utilities Company, Inc.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 22,350	\$ 13,122
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	8,261	9,507
236	Accrued Taxes	2,077	1,633
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 32,687	\$ 24,262
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 505,467	\$ 552,213
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	\$ 11,989	\$ 5,669
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction	84,774	87,956
272	Less: Amortization of contributions	(80,445)	(80,718)
281	Accumulated Deferred Income Tax	10,833	7,597
	TOTAL DEFERRED CREDITS	\$ 27,151	\$ 20,504
	TOTAL LIABILITIES	\$ 565,305	\$ 596,978
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 6,000	\$ 6,000
211	Paid in Capital in Excess of Par Value	230,834	230,834
215	Retained Earnings	(103,589)	38,292
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 133,245	\$ 275,126
	TOTAL LIABILITIES AND CAPITAL	\$ 698,550	\$ 872,104

Company Name: Southland Utilities Company, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 285,733	\$ 344,813
462	Surcharge Revenue		
474	Other Water Revenues	10,428	8,876
	TOTAL REVENUES	\$ 296,161	\$ 353,689
	OPERATING EXPENSES		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water	2,695	
615	Purchased Power	35,797	32,813
618	Chemicals	1,026	390
620	Repairs and Maintenance	5,110	4,059
621	Office Supplies & Expense	8,214	19,721
630	Outside Services	111,812	97,623
635	Water Testing	4,630	1,370
641	Rents		1,419
650	Transportation Expenses	8,409	3,253
657	Insurance - General Liability	1,919	1,942
659	Insurance - Health and Life		
665	Regulatory Expenses		
675	Miscellaneous Expense	132	4,785
403	Depreciation Expense	31,350	30,955
408	Taxes Other Than Income		
408.11	Property Taxes	3,429	9,870
409	Income Tax		50
427.2	Customer Security Deposit Interest	160	241
	TOTAL OPERATING EXPENSES	\$ 214,682	\$ 208,490
	OPERATING INCOME/(LOSS)	\$ 81,480	\$ 145,199
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 4	\$ 92
421	Non-Utility Income		
427	Interest Expense	(30,840)	(6,611)
434	Extraordinary Deductions	(70,325)	
	TOTAL OTHER INCOME/(EXPENSE)	\$ (101,162)	\$ (6,519)
	NET INCOME/(LOSS)	\$ (19,682)	\$ 138,680

Company Name: Southland Utilities Company, Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	9/28/2012			
Source of Loan	WIFA			
ACC Decision No.	72429			
Reason for Loan	T&D Lines / Storage			
Dollar Amount Issued	\$ 1,045,941		\$ -	\$ -
Amount Outstanding	\$ 552,213		\$ -	\$ -
Date of Maturity	9/1/2032			
Interest Rate	4.463%		%	%
Current Year Interest	\$ 6,611		\$ -	\$ -
Current Year Principal	\$ 26,853	\$ -	\$ -	\$ -

Meter Deposit Balance at Test Year End \$ 5,669

Meter Deposits Refunded During the Test Year \$ 3,138

Company Name: Southland Utilities Company, Inc.	
Name of System:	ADEQ Public Water System Number: 02-029

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-626149	40	150	600	12"	4"	1967
55-626150	50	170	600	14"-12"-10"	6"	1968

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS	
Horsepower	Quantity
30.0	3
5.0	1
10.0	1

FIRE HYDRANTS	
Quantity Standard	Quantity Other
36	N/A

STORAGE TANKS	
Capacity	Quantity
165,000	2
62,000	1

PRESSURE TANKS	
Capacity	Quantity
5,000	1
125 gal bladder tank	1

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

Company Name: Southland Utilities Company, Inc.		
Name of System:	ADEQ Public Water System Number:	02-029

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Steel	1,000
3		
4	AC	18,122
5		
6	AC	28,260
8		
10		
12		
6	PVC	2,711

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	632
3/4	1
1	
1 1/2	
2	3
Comp. 3	
Turbo 3	1
Comp. 4	
Turbo 4	1
Comp. 6	
Turbo 6	

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

TREATMENT EQUIPMENT:

Two Chlorinators

STRUCTURES:

OTHER:

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

Company Name: Southland Utilities Company, Inc.

Name of System:

ADEQ Public Water System Number:

02-029

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	-	10	
FEBRUARY	-	5	
MARCH	-	5	
APRIL	-	7	
MAY	-	7	
JUNE	-	13	
JULY	-	18	
AUGUST	-	15	
SEPTEMBER	-	13	
OCTOBER	-	7	
NOVEMBER	-	-	
DECEMBER	-	5	
TOTALS	-	105	-

OTHER (description):

COMPANY NAME Southland Utilities Company, Inc.

YEAR ENDING 12/31/13

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2013 was: \$ 9,870

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
APR 14 2014
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Andrew L. Romo, CEO/President</u>
COMPANY NAME	<u>Southland Utilities Company, Inc.</u>

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

FOR THE YEAR ENDING

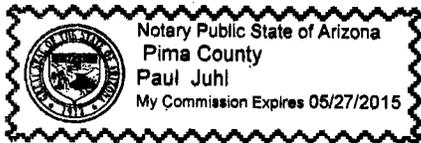
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2013</u>

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.



Andrew L. Romo

SIGNATURE OF OWNER OR OFFICIAL

520-327-6600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9th DAY OF

COUNTY NAME	<u>Pima</u>	
MONTH	<u>April</u>	<u>2014</u>

(SEAL)

MY COMMISSION EXPIRES 5/27/2015

[Signature]

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Southland Utilities Company, Inc.

YEAR ENDING 12/31/13

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	\$	-	return extended
Estimated or Actual Federal Tax Liability	\$	-	unknown

State Taxable Income Reported	\$	-	return extended
Estimated or Actual State Tax Liability	\$	-	unknown

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	\$	-
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 certified that the Utility has refunded to Payers all gross-up tax refunds reported in the prior years 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

PRINTED NAME

TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED
APR 14 2014
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Andrew L. Romo, CEO/President</u>
COMPANY NAME	<u>Southland Utilities Company, Inc.</u>

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2013</u>

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 (\$)
\$ <u>377,126</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 23,437
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)

Andrew L. Romo
SIGNATURE OF OWNER OR OFFICIAL
520-327-6000
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

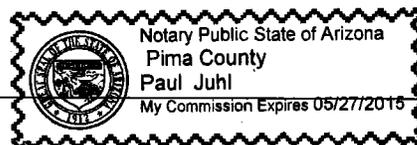
THIS 9th DAY OF

COUNTY NAME	<u>Pima</u>	
MONTH	<u>April</u>	<u>2014</u>

(SEAL)

MY COMMISSION EXPIRES 5/27/15

Paul Juhl
SIGNATURE OF NOTARY PUBLIC



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

RECEIVED
APR 14 2014
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) Andrew L. Romo	TITLE CEO/President
COMPANY NAME Southland Utilities Company, Inc.	

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>339,696</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 21,109 IN SALES TAXES BILLED, OR COLLECTED)

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

Andrew L. Romo
SIGNATURE OF OWNER OR OFFICIAL

520-327-6000
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9th DAY OF

NOTARY PUBLIC NAME Paul Juhl	
COUNTY NAME Pima	
MONTH April	.2014

(SEAL)

MY COMMISSION EXPIRES

5/27/14

