

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01212A
Valencia Water Company, Inc. (Town Division)
c/o Global Water Resources, Inc.
21410 N. 19th Ave. Ste. 201
Phoenix, AZ 85027

RECEIVED
'APR 16 2014
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2013
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FOR COMMISSION USE

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5-1-14

COMPANY INFORMATION

Company Name (Business Name) <u>Valencia Water Company, Inc. (Town Division)</u>		
Mailing Address <u>21410 N. 19th Ave., Ste. 201</u>		
(Street)		
<u>Phoenix</u>	<u>AZ</u>	<u>85027</u>
(City)	(State)	(Zip)
<u>623-580-9600</u>	<u>623-580-9659</u>	<u>A</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>ron.fleming@gwresources.com</u>		
Local Office Mailing Address <u>Same as above</u>		
(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

<input type="checkbox"/>	Regulatory Contact: <u>Joanne Ellsworth</u>		
<input type="checkbox"/>	Management Contact: <u>Ron Fleming</u> <u>President</u>		
	(Name) (Title)		
<u>21410 N. 19th Ave. Ste. 201</u>	<u>Phoenix</u>	<u>AZ</u>	<u>85027</u>
(Street)	(City)	(State)	(Zip)
<u>623-580-9600</u>	<u>623-580-9659</u>	<u>602-550-2717</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>ron.fleming@gwresources.com</u>			
On Site Manager: <u>Jon Corwin, General Manager</u>			
(Name)			
<u>201 East Coronado Street</u>	<u>Buckeye</u>	<u>AZ</u>	<u>85326</u>
(Street)	(City)	(State)	(Zip)
<u>520-233-2906</u>	<u>520-568-6367</u>	<u>520-885-2791</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>jon.corwin@gwresources.com</u>			

Statutory Agent: Cindy M. Bowers
(Name)

21410 N. 19th Avenue, Suite 201 Phoenix AZ 85027
(Street) (City) (State) (Zip)

623-580-9600 623-580-9659
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Timothy J. Sabo, Roshka DeWulf & Patten, PLC
(Name)

400 East Van Buren, Ste. 800 Phoenix AZ 85004
(Street) (City) (State) (Zip)

602-256-6100 602-256-6800
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address tsabo@rdp-law.com

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 type="checkbox"/> LA PAZ | <input checked="" 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 | | |

COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

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	188,326	-	188,326
304	Structures and Improvements	1,041,040	208,179	832,861
307	Wells and Springs	1,859,615	392,502	1,467,113
309	Supply Mains	49,966	2,381	47,585
310	Power Generation Equipment	67,508	13,678	53,830
311	Pumping Equipment	8,311,300	5,628,944	2,682,356
320	Water Treatment Equipment	4,175,581	884,542	3,291,039
330	Distribution Reservoirs and Standpipes	4,801,417	918,077	3,883,340
331	Transmission and Distribution Mains	22,203,449	3,086,331	19,117,118
333	Services	3,246,793	673,808	2,572,985
334	Meters and Meter Installations	1,633,217	570,913	1,062,304
335	Hydrants	1,963,004	286,973	1,676,031
336	Backflow Prevention Devices	20,716	9,800	10,916
339	Other Plant and Misc. Equipment	63,226	7,263	55,963
340	Office Furniture and Equipment	72,448	35,282	37,166
340.1	Computers and Software	61,702	60,260	1,442
341	Transportation Equipment	301,173	279,017	22,156
343	Tools, Shop and Garage Equipment	76,367	29,938	46,429
344	Laboratory Equipment	43,288	23,535	19,753
345	Power Operated Equipment	42,886	17,997	24,889
346	Communication Equipment	825,659	201,194	624,465
347	Miscellaneous Equipment	23,622	11,108	12,514
348	Other Tangible Plant	2,951,588	1,472,073	1,479,515
	TOTALS	\$54,023,891	\$14,813,795	\$39,210,096

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



COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0		0
302	Franchises	0		0
303	Land and Land Rights	188,326	0%	0
304	Structures and Improvements	1,041,040	3.33%	36,007
307	Wells and Springs	1,859,615	3.33%	62,927
309	Supply Mains	49,966	2%	972
310	Power Generation Equipment	67,508	5%	3,342
311	Pumping Equipment	8,311,300	12.5%	1,299,593
320	Water Treatment Equipment	4,175,581	3.33 or 20%	141,920
330	Distribution Reservoirs and Standpipes	4,801,417	2.22 or 5%	125,187
331	Transmission and Distribution Mains	22,203,449	2%	439,434
333	Services	3,246,793	3.33%	110,157
334	Meters and Meter Installations	1,633,217	8.33%	181,645
335	Hydrants	1,963,004	2%	39,182
336	Backflow Prevention Devices	20,716	6.67%	1,325
339	Other Plant and Misc. Equipment	63,226	6.67%	4,031
340	Office Furniture and Equipment	72,448	6.67%	6,233
340.1	Computers and Software	61,702	33.33%	2,895
341	Transportation Equipment	301,173	20%	8,864
343	Tools, Shop and Garage Equipment	76,367	5%	3,787
344	Laboratory Equipment	43,288	10%	4,967
345	Power Operated Equipment	42,886	5%	1,965
346	Communication Equipment	825,659	10%	80,588
347	Miscellaneous Equipment	23,622	10%	2,398
348	Other Tangible Plant	2,951,588	10%	274,158
	TOTALS	\$54,023,891		\$2,831,578

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



BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$550	555
132	Special Deposits	5,130	5,130
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	309,902	213,127
143	Accumulated Provision for Uncollectible Accounts	(34,218)	(17,781)
151	Plant Material and Supplies	29,924	22,738
162	Prepayments	20,250	21,723
173	Accrued Utility Revenues	250,252	264,244
174	Miscellaneous Current and Accrued Assets	8,354	163,292
	TOTAL CURRENT AND ACCRUED ASSETS	\$590,144	\$673,027
	FIXED ASSETS		
101	Utility plant in service (All)	\$53,153,693	\$54,023,891
103	Property Held for Future Use	0	0
105	Construction Work-in-Progress	2,686,025	2,639,214
108	Accumulated Depreciation - Utility Plant	(11,987,819)	(14,813,795)
121	Non-Utility Property	0	0
122	Accumulated Depreciation - Non Utility	0	0
	TOTAL FIXED ASSETS	\$43,851,899	\$41,849,310
	OTHER ASSETS		
114	Utility Plant Acquisition Adjustments	\$ 10,794,655	\$10,794,655
181	Unamortized Debt Discount & Expense	0	0
190	Accumulated Deferred Income Taxes	0	0
	TOTAL OTHER ASSETS	\$10,794,655	\$10,794,655
	TOTAL ASSETS	\$55,236,698	\$53,316,992

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	\$428,096	\$375,664
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	425,830	419,463
236	Accrued Taxes	110,761	150,315
237	Accrued Interest	47,286	55,522
241	Miscellaneous Current and Accrued Liabilities	201,283	182,905
253	Other Deferred Credits	12,589	8,729
	TOTAL CURRENT LIABILITIES	\$1,225,845	\$1,192,598
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$0	\$0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	36,274,285	32,359,586
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	5,108,665	9,121,262
272	Less: Amortization of Contributions	(431,763)	(930,805)
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$40,951,187	\$40,550,043
	TOTAL LIABILITIES	\$ 42,177,032	\$41,742,641
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 0	\$0
211	Paid in Capital in Excess of Par Value	13,059,471	11,839,228
215	Retained Earnings	195	(264,877)
218	Proprietary Capital (Sole Props and Partnerships)	0	
	TOTAL CAPITAL	\$13,059,666	\$11,574,351
	TOTAL LIABILITIES AND CAPITAL	\$55,236,698	\$53,316,992

COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$5,136,119	\$5,091,450
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	\$ 134,256	\$149,495
	TOTAL REVENUES	\$5,270,375	\$5,240,945
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 813,805	\$1,086,205
604	Employee Pensions and Benefits	5,037	6,325
610	Purchased Water	-	645
615	Purchased Power	436,153	435,173
616	Fuel for Power Production	2,490	1,004
618	Chemicals	28,321	33,160
620	Materials and Supplies	104,947	110,529
621	Office Supplies and Expense	50,093	64,115
631	Contractual Services – Eng.	-	190
632	Contractual Services – Acctg.	70,019	61,689
633	Contractual Services – Management Fees	230,188	411,261
635	Contractual Services – Testing	18,499	15,229
636	Contractual Services – Other	79,258	142,534
641	Rental of Building	44,021	46,529
642	Rental of Equipment	698	1,108
650	Transportation Expenses	83,235	82,219
657	Insurance – General Liability	24,336	35,093
658	Insurance – Workers Comp	4,641	4,348
659	Insurance – Other	80,272	125,778
660	Advertising Expense	2,091	1,725
666	Regulatory Commission Expense – Rate Case	18,667	71,926
667	Regulatory Commission Expense – Other	684	0
670	Bad Debt Expense	16,355	19,411
675	Miscellaneous Expense	78,430	81,115
403	Depreciation Expense	2,836,049	2,831,578
403	Depreciation Expense –CIAC Amortization	(100,661)	(504,687)
408	Taxes Other Than Income	71,879	72,991
408.11	Property Taxes	225,487	245,086
409	Income Tax	65,159	0
	TOTAL OPERATING EXPENSES	\$5,290,153	\$5,482,279
	OPERATING INCOME/(LOSS)	\$19,778	(\$241,334)

COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	\$0	\$0
426	Miscellaneous Non-Utility Expenses	3,939	1,135
427	Interest Expense	(150,141)	(24,873)
	TOTAL OTHER INCOME/(EXPENSE)	(\$146,202)	(\$23,738)
	NET INCOME/(LOSS)	(165,980)	(\$265,072)

COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$419,463
Meter Deposits Refunded During the Test Year	\$279,774

COMPANY NAME: Valencia Water Company

Name of System: VWC-TD

ADEQ Public Water System Number: AZ-04-07-078

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (Inches)	Year Drilled
55-200564 Sonoran Vista SE			300	7		
55-201055 Riata Well #1			0	0		
55-201739 Crystal Vista Well			0	0		
55-201740 Sonoran Vista NE	150	700	645	11	6"	2004
55-202399 Riata Well #2	125	525	660	11	8"	2004
55-202400 Bales School Well	50	750	550	11	4"	2004
55-203643 Schult Well			530	11		2004
55-203650 Evergreen #2	150	700	725	11	6"	2004
55-203651 Evergreen Well #1			0	0		
55-205450 Evergreen Well #3			0	0		
55-207806 4th & Central	25	410	820	11	6"	2006
55-577508 4th & Baseline Large Well #2	60	600	620	8	6"	2000
55-592220 Blue Hills Deep Well #2	60	350	580	11	6	2002
55-595258 Sonoran Vista SW	75	500	750	11	6"	2003
55-595289 AZ Machinery Well			0	0		
55-599204 Blue Hills Shallow Well #1	20	110	320	9	4"	
55-599950 7th & Alarcon Large Well #2	50	250	800	10	4"	
55-607656 INACTIVE-4th & Baseline Small Well #1	10	75	490	6	2"	
55-607657 INACTIVE - 4th & Central			577	8		1966
55-607658 INACTIVE - 7th & Alarcon Small Well #1			650	10		

* Arizona Department of Water Resources Identification Number

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

COMPANY NAME: Valencia Water Company

Name of System: VWC-TD

ADEQ Public Water System Number: AZ-04-07-078

OTHER WATER SOURCES

Name or Description	Capacity (GPM)	Gallons Purchased or Obtained (In Thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	2	846	
125	2		
15	6		
150	3		
20	4		
200	2		
25	4		
30	3		
40	11		
5	4		
50	9		
60	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000 GAL	2	1,000 GAL	1
1,000,000 GAL	1	12,000 GAL	1
128,000 GAL	1	2,000 GAL	1
180,000 GAL	1	3,000 GAL	1
195,000 GAL	1	5,000 GAL	8
215,000 GAL	1	6,000 GAL	2
240,000 GAL	1		
25,000 GAL	2		
50,000 GAL	3		
500,000 GAL	2		
550,000 GAL	1		
750,000 GAL	1		
900,000 GAL	1		

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

COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

Name of System: VWC-TD

ADEQ Public Water System Number: 07-078

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
4	ACP	69
2	CU	3,030
4	DIP	163
6	DIP	399
8	DIP	7,260
10	DIP	2,874
12	DIP	20,795
16	DIP	45,852
18	DIP	8,026
8	DIP 350	196
12	DIP 350	11
16	DIP 350	5,250
1	PVC	79
2	PVC	1,483
3	PVC	2,626
4	PVC	17,646
6	PVC	30,980
8	PVC	317,356
10	PVC	4,104
12	PVC	49,032
16	PVC	7,269
6	PVCCL1	16
8	PVCCL1	67
4	PVCCL2	50
8	PVCCL2	223
10	PVCCL2	2,518
3	STEEL	27
6	STEEL	90
8	STEEL	200
10	STEEL	100

CUSTOMER METERS

Size (in inches)	Quantity
5/8	5,272
3/4	389
1	140
1 1/2	30
2	139
3	1
4	2
6	2

8	STL	14
-99	UNK	1818
2	UNK	50
4	UNK	10,305
6	UNK	25,073
8	UNK	7,387
10	UNK	30
12	UNK	9,224
16	UNK	2,084

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

TREATMENT EQUIPMENT:

ArsenX treatment systems and Chlorine Disinfection Systems

7th & Alarcon

Bales

Blue Hills

4th & Baseline

4th & Central

Coagulation Filtration System

Sonoran Vista

STRUCTURES:

Local Office Structure – Warehouse, Office Space (201 E Coronado St, Buckeye, AZ)

Block Walls around Wells Sites, Booster Stations, and Water Distribution Center

OTHER:

8 Utility Vehicles

1 Backhoe

1 Flatbed Trailer

1 Portable Generator

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

COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)	
Name of System: <u>VWC-TD</u>	ADEQ Public Water System Number: 07-078

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	5637	44,782	46,659	
FEBRUARY	5642	37,803	41,846	
MARCH	5684	42,052	55,107	
APRIL	5714	50,313	61,254	
MAY	5738	56,628	82,860	
JUNE	5790	74,629	95,146	
JULY	5798	89,300	92,056	
AUGUST	5821	74,870	86,886	
SEPTEMBER	5850	74,352	76,570	
OCTOBER	5887	66,246	71,273	
NOVEMBER	5887	54,497	58,939	
DECEMBER	5896	52,531	48,353	
TOTALS →		718,002	816,949	

What is the level of arsenic for each well on your system? _____ mg/l

- ADWR #55-599950 7th & Alarcon Well – Not in use
- ADWR #55-607657 4th & Central Well – 9.5 ppb
- ADWR #55-577508 4th & Baseline Well – 31 ppb
- ADWR #55-599204 Blue Hills #1 Well – 29 ppb
- ADWR #55-592220 Blue Hills #2 Well – 4.8 ppb
- ADWR #55-201740 Sonoran Vista NE – 9 ppb
- ADWR #55-595258 Sonoran Vista SW Well – 15 ppb
- ADWR #55-202399 Riata Well – 26 ppb
- ADWR #55-203650 Evergreen – 8 ppb
- ADWR #55-202400 Bales Well – 12 ppb

If system has fire hydrants, what is the fire flow requirement? 1,000 GPM for 2 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: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)	
Name of System: 07-078	ADEQ Public Water System Number: 07-078

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	0	40	
FEBRUARY	0	55	
MARCH	0	37	
APRIL	0	33	
MAY	0	54	
JUNE	0	16	
JULY	0	47	
AUGUST	0	46	
SEPTEMBER	0	38	
OCTOBER	0	33	
NOVEMBER	0	41	
DECEMBER	0	43	
TOTALS →	0	483	

OTHER (description):

**COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)
YEAR ENDING 12/31/2013**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2013 was: \$256,651.28

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 16 2014
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA COUNTY OF MARICOPA

I, THE UNDERSIGNED RON FLEMING, PRESIDENT

OF THE VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

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

FOR THE YEAR ENDING

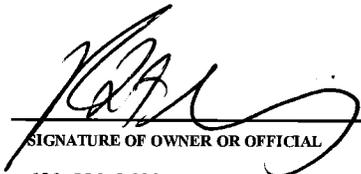
MONTH	DAY	YEAR
12	31	2013

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.

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

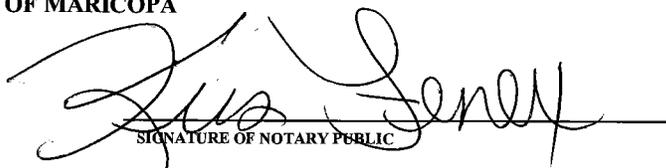


SIGNATURE OF OWNER OR OFFICIAL

623-580-9600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME, KRIS FENEX,
A NOTARY PUBLIC IN AND FOR THE COUNTY OF MARICOPA
THIS 15th DAY OF APRIL, 2014.



SIGNATURE OF NOTARY PUBLIC


MY COMMISSION EXPIRES
January 09, 2017

**COMPANY NAME: VALENCIA WATER COMPANY, INC. (TOWN DIVISION)
YEAR ENDING 12/31/2013**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$(262,495)</u>
Estimated or Actual Federal Tax Liability	<u>\$(88,773)</u>

State Taxable Income Reported	<u>\$(262,495)</u>
Estimated or Actual State Tax Liability	<u>\$(11,256)</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

April 15, 2014

DATE

Ron Fleming

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 16 2014
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA COUNTY OF MARICOPA

I, THE UNDERSIGNED RON FLEMING, PRESIDENT

OF THE VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

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 (\$)
\$5,729,364

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$488,419
IN SALES TAXES BILLED, OR COLLECTED)**

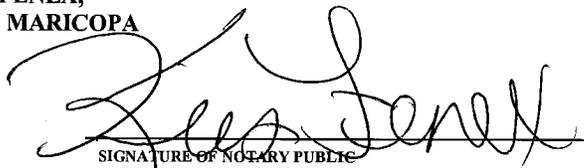
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
623-580-9600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME, KRIS FENEX,
A NOTARY PUBLIC IN AND FOR THE COUNTY OF MARICOPA
THIS 15th DAY OF APRIL, 2014.



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

KRIS FENEX
Notary Public, State of Arizona
Maricopa County
My Commission Expires
January 09, 2017

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

RECEIVED
APR 16 2014
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA COUNTY OF MARICOPA
I, THE UNDERSIGNED RON FLEMING, PRESIDENT
OF THE VALENCIA WATER COMPANY, INC. (TOWN DIVISION)

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

\$3,331,503

THE AMOUNT IN BOX AT LEFT
INCLUDES \$291,614
IN SALES TAXES BILLED, OR COLLECTED)

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

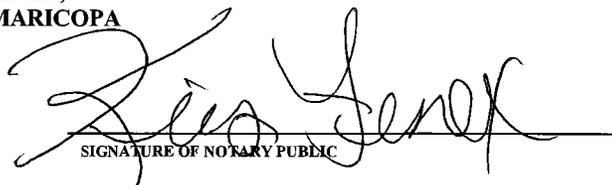


SIGNATURE OF OWNER OR OFFICIAL

623-580-9600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME, KRIS FENEX,
A NOTARY PUBLIC IN AND FOR THE COUNTY OF MARICOPA
THIS 15th DAY OF APRIL, 2014.



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

 <p style="text-align: center;">KRIS FENEX Notary Public, State of Arizona Maricopa County My Commission Expires January 09, 2017</p>
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