

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02062A

Southland Utilities Company, Inc.
PO Box 85160
Tucson, AZ 85754

RECEIVED
MAY 22 2015
ACC UTILITIES DIRECTOR

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT

Water

FOR YEAR ENDING

12 31 2014

FOR COMMISSION USE

ANN 04 14

5-27-15

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:

- | | |
|---|--|
| <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 checked="" 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 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: Southland Utilities Company, Inc.

WATER 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 & Land Rights	1,070		1,070
304	Structures & Improvements	47,057	9,102	37,955
307	Wells & Springs	30,144	28,124	2,020
311	Pumping Equipment	415,531	115,282	300,249
320	Water Treatment Equipment			-
320.1	Water Treatment Plants	6,560	109	6,450
320.2	Solution Chemical Feeders	4,732	4,022	710
330	Distribution Reservoirs and Standpipes			-
330.1	Storage Tanks	653,678	114,639	539,039
330.2	Pressure Tanks			-
331	Transmission and Distribution Mains	250,436	209,680	40,757
333	Services	41,542	41,149	394
334	Meters and Meter Installations	78,982	65,188	13,793
335	Hydrants	153,743	1,537	152,205
336	Backflow Prevention Devices			-
339	Other Plant and Misc. Equipment			-
340	Office Furniture and Equipment		(1,073)	1,073
340.1	Computers & Software			-
341	Transportation Equipment		(174)	174
343	Tools, Shop and Garage Equipment			-
344	Laboratory Equipment			-
345	Power Operated Equipment			-
346	Communications Equipment	5,697	487	5,210.60
347	Miscellaneous Equipment	9,683	1,224	8,458.38
348	Other Tangible Plant			-
	TOTALS	\$ 1,698,854	\$ 589,297	\$ 1,109,557

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

COMPANY NAME: Southland Utilities Company, Inc.

WATER UTILITY CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1 X 2)
301	Organization	\$ -		\$ -
302	Franchises	-		-
303	Land & Land Rights	1,070	N/A	-
304	Structures & Improvements	47,057	3.33%	1,199
307	Wells & Springs	30,144	3.33%	1,004
311	Pumping Equipment	415,531	12.50%	25,024
320	Water Treatment Equipment	-	20.00%	-
320.1	Water Treatment Plants	6,560	3.33%	109
320.2	Solution Chemical Feeders	4,732	20.00%	946
330	Distribution Reservoirs and Standpipes	-	2.22%	-
330.1	Storage Tanks	653,678	2.22%	11,429
330.2	Pressure Tanks	-	5.00%	-
331	Transmission and Distribution Mains	250,436	2.00%	429
333	Services	41,542	3.33%	16
334	Meters and Meter Installations	78,982	8.33%	6,450
335	Hydrants	153,743	2.00%	1,537
336	Backflow Prevention Devices	-	6.67%	-
339	Other Plant and Misc. Equipment	-	6.67%	-
340	Office Furniture and Equipment	-	6.67%	112
340.1	Computers & Software	-	20.00%	-
341	Transportation Equipment	-	20.00%	199
343	Tools, Shop and Garage Equipment	-	5.00%	-
344	Laboratory Equipment	-	10.00%	-
345	Power Operated Equipment	-	5.00%	-
346	Communications Equipment	5,697	10.00%	320
347	Miscellaneous Equipment	9,683	10.00%	577
348	Other Tangible Plant	-	10.00%	-
	SUBTOTAL	1,698,854		49,351
	LESS CIAC Amortization			(305)
	TOTALS *	\$ 1,698,854		\$ 49,046

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

Company Name: Southland Utilities Company, Inc.

WATER UTILITY BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 119,436	\$ 106,776
134	Working Funds		
135	Temporary Cash Investments	11,799	27,530
141	Customer Accounts Receivable	23,255	20,931
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	11,881	11,881
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 166,371	\$ 167,118
	FIXED ASSETS		
101	Utility Plant in Service	\$ 903,692	\$ 1,698,854
103	Property Held for Future Use	257,704	-
105	Construction Work In Progress	84,285	-
108	Accumulated Depreciation - Utility Plant	(539,946)	(589,297)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 705,735	\$ 1,109,557
	TOTAL ASSETS	\$ 872,106	\$ 1,276,675

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

Company Name: Southland Utilities Company, Inc.

WATER UTILITY BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 13,122	\$ 59
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	9,507	12,044
236	Accrued Taxes	1,633	1,520
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 24,262	\$ 13,623
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 552,213	\$ 949,869
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	\$ 5,669	\$ 10,225
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction	87,956	87,956
272	Less: Amortization of contributions	(80,718)	(81,023)
281	Accumulated Deferred Income Tax	7,597	7,597
	TOTAL DEFERRED CREDITS	\$ 20,504	\$ 24,755
	TOTAL LIABILITIES	\$ 596,979	\$ 988,247
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 6,000	\$ 6,000
211	Paid in Capital in Excess of Par Value	230,834	186,492
215	Retained Earnings	38,293	95,936
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 275,127	\$ 288,428
	TOTAL LIABILITIES AND CAPITAL	\$ 872,106	\$ 1,276,675

Company Name: Southland Utilities Company, Inc.

WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 241,032	\$ 223,841
462	Surcharge Revenue	103,781	101,942
474	Other Water Revenues	8,876	7,336
	TOTAL REVENUES	\$ 353,689	\$ 333,119
	OPERATING EXPENSES		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water		
615	Purchased Power	32,813	31,976
618	Chemicals	390	773
620	Repairs and Maintenance	4,059	10,114
621	Office Supplies & Expense	3,319	4,799
630	Outside Services	97,623	107,323
635	Water Testing	1,370	5,109
641	Rents	1,419	1,373
650	Transportation Expenses	3,253	3,785
657	Insurance - General Liability	1,942	2,034
659	Insurance - Health and Life	-	-
665	Regulatory Expenses	-	-
675	Miscellaneous Expense	4,785	5,170
676	Bad Debt Expense	-	10,192
403	Depreciation Expense	30,955	49,046
408	Taxes Other Than Income	-	-
408.11	Property Taxes	9,870	12,080
409	Income Tax	50	50
427.2	Customer Security Deposit Interest	241	227
	TOTAL OPERATING EXPENSES	\$ 192,089	\$ 244,051
	OPERATING INCOME/(LOSS)	\$ 161,601	\$ 89,068
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 92	\$ 236
421	Non-Utility Income		
427	Interest Expense	(23,013)	(31,660)
434	Extraordinary Deductions		
	TOTAL OTHER INCOME/(EXPENSE)	\$ (22,921)	\$ (31,424)
	NET INCOME/(LOSS)	\$ 138,680	\$ 57,644

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	\$ 949,869		\$ -	\$ -
Date of Maturity	9/1/2032			
Interest Rate	4.463%		%	%
Current Year Interest	\$ 31,660		\$ -	\$ -
Current Year Principal	\$ 36,562	\$ -	\$ -	\$ -

Meter Deposit Balance at Test Year End \$ 5,067

Meter Deposits Refunded During the Test Year \$ 3,002

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

WATER UTILITY 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
20.0	3

FIRE HYDRANTS	
Quantity Standard	Quantity Other
46	N/A

STORAGE TANKS	
165,000	2
62,000	1

PRESSURE TANKS	
Capacity	Quantity
5,000	1
90 gal bladder tank	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 UTILITY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Steel	1,000
3		
4	AC	18,122
4	PVC	526
5		
6	AC	28,260
6	PVC	2,711
8		
10		
12		

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:

554 feet of 5' chain link fence

10' x 12' brick storage structure

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	-	36	-
FEBRUARY	-	6	-
MARCH	-	14	-
APRIL	-	12	-
MAY	-	6	-
JUNE	-	11	-
JULY	-	8	-
AUGUST	-	8	-
SEPTEMBER	-	13	-
OCTOBER	-	3	-
NOVEMBER	-	-	-
DECEMBER	-	6	-
TOTALS	-	123	-

OTHER (description):

COMPANY NAME Southland Utilities Company, Inc.

YEAR ENDING **12/31/14**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2014 was: \$ 12,080

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

MAY 01 2015

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	COCHISE
NAME (OWNER OR OFFICIAL) TITLE	Bonnie O'Connor, Manager
COMPANY NAME	Southland Utilities Company, Inc.

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	2014

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.

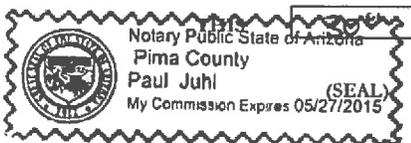

SIGNATURE OF OWNER OR OFFICIAL

520-624-1460
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	Pima
MONTH/YEAR	April, 2015



DAY OF


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

5/27/15

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

MAY 01 2015

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	COCHISE
NAME (OWNER OR OFFICIAL) TITLE	Bonnie O'Connor, Manager
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	2014

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

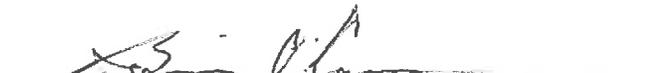
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2014 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 357,674

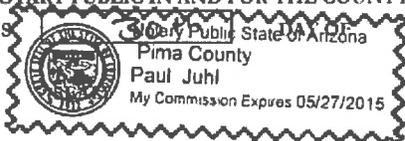
(THE AMOUNT IN BOX ABOVE INCLUDES \$ 24,555 IN SALES TAXES BILLED, OR COLLECTED)

**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.)

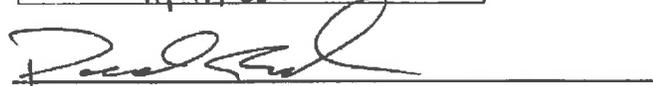

SIGNATURE OF OWNER OR OFFICIAL

520-624-1460
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC IN AND FOR THE COUNTY OF THIS



COUNTY NAME	Pima
MONTH/YEAR	April, 2015


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 5/27/2015

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

RECEIVED
MAY 01 2015
ACC UTILITIES DIRECTOR

VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

<small>COUNTY OF (COUNTY NAME)</small>	
COCHISE	
<small>NAME (OWNER OR OFFICIAL)</small>	<small>TITLE</small>
Bonnie O'Connor	Manager
<small>COMPANY NAME</small>	
Southland Utilities Company, Inc.	

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

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
12	31	2014

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 2014 WAS:

<small>ARIZONA INTRASTATE GROSS OPERATING REVENUES</small>
\$ 329,498

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 22,921
IN SALES TAXES BILLED, OR COLLECTED

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


SIGNATURE OF OWNER OR OFFICIAL

520-624-1460
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

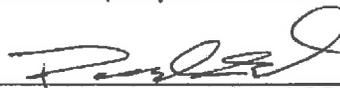
THIS 30th DAY OF

(SEAL)

<small>NOTARY PUBLIC NAME</small>
Paul Juhl
<small>COUNTY NAME</small>
Pima
<small>MONTH YEAR</small>
April, 2015

MY COMMISSION EXPIRES

5/27/2015


SIGNATURE OF NOTARY PUBLIC

