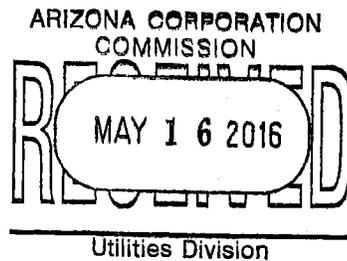


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W - 01537A

Shepard Water Company
10430 N. Martinez Lake Road
Yuma, AZ 85365



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	2015
----	----	------

FOR COMMISSION USE

ANN 04	15
--------	----

5-17-16

COMPANY INFORMATION

Company Name (Business Name) <u>Shepard Water Company</u>			
Mailing Address <u>10430 N. Martinez Lake Road</u>			
<u>Yuma</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>85365</u> <small>(Zip)</small>	
<u>928-783-9589</u>	<u>928-782-3360</u>		
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address <u>info@martinezlake.com</u>			
Local Office Mailing Address <u>10430 N. Martinez Lake Rd.</u>			
<u>Yuma</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>85365</u> <small>(Zip)</small>	
<u>928-783-9589</u>			
<small>Local Customer Service Phone No. (Include Area Code)</small>	<small>(1-800 or other long distance Customer Service Phone No.)</small>		
Email Address <u>info@martinezlake.com</u>	Website address _____		

MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Laura Guth</u> <u>Vice President</u>			
<u>10430 N. Martinez Lake Rd.</u> <small>(Street)</small>	<u>Yuma</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>85365</u> <small>(Zip)</small>
<u>928-783-9589</u>	<u>928-782-3360</u>	<u>619-895-5115</u>	
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address <u>info@martinezlake.com</u>			
On Site Manager: <u>Laura Guth</u>			
<u>10430 N. Martinez Lake Rd.</u> <small>(Street)</small>	<u>Yuma</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>85365</u> <small>(Zip)</small>
<u>928-783-9589</u>	<u>928-782-3360</u>	<u>619-895-5115</u>	
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
Email Address <u>info@martinezlake.com</u>			

Statutory Agent: Wade Noble

(Name)

1405 W. 16th St.

Yuma

AZ

85364

(Street)

(City)

(State)

(Zip)

928-343-9947

928-343-9483

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Wade Noble

(Name)

1405 W. 16th St.

Yuma

AZ

85364

(Street)

(City)

(State)

(Zip)

928-343-9947

928-343-9483

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address wade@noblelaw.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 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 checked="" type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

WILLIAM M. CLEMENTS

CERTIFIED PUBLIC ACCOUNTANT

1421 S. Fifth Avenue
Yuma, Arizona 85364
(928) 782-7503
FAX (928) 782-6845
wmccpa@c2i2.com

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Shepard Water Company
Yuma, AZ

May 11, 2016

I have compiled the balance sheet of Shepard Water Company (a corporation) as of December 31, 2015 and 2014, and the related statements of income and expense for the years then ended included in the accompanying prescribed form. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Arizona Corporation Commission Utilities Division.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Arizona Corporation Commission Utilities Division and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Shepard Water Company

Page 2

May 11, 2016

These financial statements (including related disclosures) are presented in accordance with the requirements of the Arizona Corporation Commission Utilities Division which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission Utilities Division and is not intended to be and should not be used by anyone other than this specified party.

I am not independent with respect to Shepard Water Company.

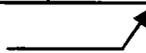
A handwritten signature in black ink, appearing to read "William M. Clements", with a large, stylized flourish extending to the right.

William M. Clements
Certified Public Accountant

COMPANY NAME Shepard Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	708		708
302	Franchises	2,708		2,708
303	Land and Land Rights	250		250
304	Structures and Improvements	59,265	8,888	50,377
305	Collecting & Impounding Reservoirs			
306	Lake, River, Canal Intakes			
307	Wells and Springs	4,424	4,424	-
308	Infiltration Galleries			
309	Raw Water Supply Mains			
310	Power Generation Equipment			
311	Pumping Equipment	83,003	14,986	68,017
320	Water Treatment Equipment	205,981	30,900	175,081
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
320.3	Point-of-Use Treatment Devices			
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	43,682	6,555	37,127
330.2	Pressure Tanks			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	16,890	2,535	14,355
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	509	497	12
340.1	Computers & Software			
341	Transportation Equipment			
342	Stores Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	417,420	68,785	348,635

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

COMPANY NAME Shepard Water Company

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	708		
302	Franchises	2,708		
303	Land and Land Rights	250		
304	Structures and Improvements	59,265	2	1,185
305	Collecting & Impounding Reservoirs	4,424		
306	Lake, River, Canal Intakes			
307	Wells and Springs			
308	Infiltration Galleries			
309	Raw Water Supply Mains			
310	Power Generation Equipment			
311	Pumping Equipment	3,069 79,934	2	1,598
320	Water Treatment Equipment	205,981	2	4,120
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
320.3	Point-of-Use Treatment Devices			
320.4	Arsenic Media			
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	43,682	2	874
330.2	Pressure Tanks			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	16,890	2	338
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	509		
340.1	Computers & Software			
341	Transportation Equipment			
342	Stores Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	SUBTOTAL			
	LESS CIAC Amortization			
	TOTALS *	417,420		8,115

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

COMPANY NAME Shepard Water Company

WATER UTILITY BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ 2,575	\$ 593
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	87,558	109,724
146	Notes/Receivables from Associated Companies	108,439	90,389
151	Plant Material and Supplies		
162	Prepayments	250	250
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 198,822	\$ 200,956
FIXED ASSETS			
101	Utility Plant in Service	\$ 417,420	\$ 417,420
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(60,671)	(68,786)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 356,749	\$ 348,634
	OTHER ASSETS	42,932	43,830
	TOTAL ASSETS	\$ 598,503	\$ 593,420

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

COMPANY NAME Shepard Water Company

WATER UTILITY BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITES			
231	Accounts Payable	\$ 17,962	\$ 12,066
232	Notes Payable (Current Portion)		23,149
234	Notes/Accounts Payable to Associated Companies	28,380	29,380
235	Customer Deposits		
236	Accrued Taxes	50	50
237	XXXXXXXXXX Utility Plant Equipment Payable	532,576	
241	Miscellaneous Current and Accrued Liabilities	6,137	7,014
	TOTAL CURRENT LIABILITIES	\$ 585,105	\$ 71,659
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$	\$ 501,464
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	11,881	13,707
	TOTAL DEFERRED CREDITS	\$ 11,881	\$ 13,707
	TOTAL LIABILITIES	\$ 596,986	\$ 586,830
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Paid in Capital in Excess of Par Value	6,096	6,096
215	Retained Earnings	(5,579)	(506)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 1,517	\$ 6,590
	TOTAL LIABILITIES AND CAPITAL	\$ 598,503	\$ 593,420

COMPANY NAME Shepard Water Company

WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 19,260	\$ 24,764
460	Unmetered Water Revenue	8,762	6,732
474	Other Water Revenues	8,005	7,785
	TOTAL REVENUES	\$ 36,027	\$ 39,281
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	4,826	3,069
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	898	2,634
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing	2,965	4,686
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	2,123	
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	4,271	3,731
403	Depreciation Expense	8,115	8,115
408	Taxes Other Than Income		45
408.11	Property Taxes	922	861
409	Income Tax	(3,416)	978
	TOTAL OPERATING EXPENSES	\$ 20,704	\$ 24,119
	OPERATING INCOME/(LOSS)	\$ 15,323	\$ 15,162
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	1,949	29
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(36,913)	(10,118)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (34,964)	\$ (10,089)
	NET INCOME/(LOSS)	\$ (19,641)	\$ 5,073

COMPANY NAME Shepard Water Company

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/31/15			
Source of Loan	Martinez Lake Development, Inc.			
ACC Decision No.	62091			
Reason for Loan	Utility plant equipment replaced 7/1/08			
Dollar Amount Issued	\$ 524,614	\$	\$	\$
Amount Outstanding	\$ 524,614	\$	\$	\$
Date of Maturity	2/28/34			
Interest Rate	2.5 %	%	%	%
Current Year Interest	\$ -0-	\$	\$	\$
Current Year Principle	\$ -0-	\$	\$	\$

Meter Deposit Balance at Test Year End \$

Meter Deposits Refunded During the Test Year \$

Shepard Water Company's Water Plant Equipment was completely replaced and put in service on 7/1/08. Yuma Valley Contractors performed the work at a cost of \$346,251.90. No payments were made on this contractual obligation until 2015 when it was paid-off by Martinez Lake Development, Inc. During the time from 7/1/08 through 5/12/15, the \$346,251.90 contractual obligation grew to \$542,217.53, due to interest. Shepard Water Company executed a Note Payable to Martinez Lake Development, Inc., dated 12/31/15 in the amount of \$524,613.55, payable in monthly payments of \$3,000, including 2.5% interest, maturity date 2/28/34.

COMPANY NAME	Shepard Water Company
Name of System:	ADEQ Public Water System Number:

WATER UTILITY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-616951	5 HP	75		8	2	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7 1/2 HP	4	12	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
55,000	1	44 gallon	1

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

COMPANY NAME	Shepard Water Company
Name of System:	ADEQ Public Water System Number:

WATER UTILITY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	200
3		
4		
5		
6	PVC	5,800
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	71
3/4	
1	1
1 1/2	
2	1
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:

<u>Arsenic Treatment System</u>	\$ 141,385
<u>Chlorination</u>	5,096
<u>Arsenic Engineering</u>	5,000
<u>Water System Engineering</u>	54,500

STRUCTURES:

<u>Retaining Wall</u>	\$ 36,598
<u>Concrete Slab</u>	4,951
<u>Chain Link Fence</u>	10,484
<u>Block Wall</u>	1,019
<u>Gravel</u>	6,213

OTHER:

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

COMPANY NAME:	Shepard Water Company
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2015

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	171	398,435	493,700	
FEBRUARY	171	387,135	482,400	
MARCH	171	443,135	538,400	
APRIL	171	416,135	511,400	
MAY	171	550,335	645,600	
JUNE	171	639,235	734,500	
JULY	171	609,435	704,700	
AUGUST	171	619,635	714,900	
SEPTEMBER	171	551,335	646,600	
OCTOBER	171	467,535	562,800	
NOVEMBER	171	475,235	570,500	
DECEMBER	171	457,935	553,200	
TOTALS →		6,015,520	7,158,700	

(1)

What is the level of arsenic for each well on your system? .0127 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.

(1) There was a significant leak during 2015 and 1,143,180 gallons were lost.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORTING FORM

ENTRY POINT TO THE DISTRIBUTION SYSTEM (EPDS) ONLY

AZ04 14014

 PWS ID #

 12/28/2015

 SAMPLE DATE

 Ralph E Smith Sr

 OWNER/CONTACT PERSON NAME

 EPDS 001

 SAMPLING SITE ID

_____ Shepard Water Co

 PWS NAME

 18:05

 SAMPLE TIME (24 HR CLOCK)

 520-429-0135

 OWNER/CONTACT PERSON PHONE NUMBER

 520-515-7404

 OWNER/CONTACT FAX NUMBER

SAMPLE COLLECTION POINT
 EPDS # 001

SAMPLE TYPE
 COMPLIANCE MONITORING

FOR MCL OR COMPOSITE LEVEL EXCEEDANCE

Original Violation Specimen Number

SAMPLE TYPE
 CONFIRMATION-MCL
 CONFIRMATION FOR COMPOSITE

INORGANIC CHEMICAL ANALYSIS

>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<

ANALYSIS METHOD	MCL	REPORTING LIMIT	CONTAMINANT NAME	CONT. CODE	ANALYSIS RUN DATE	RESULT	EXCEEDS MCL	EXCEEDS TRIGGER LIMIT
200.8	0.01	0.005	Arsenic	1005	12/31/15	0.0127	X	
	2	1	Barium	1010				
	0.005	0.0025	Cadmium	1015				
	0.1	0.05	Chromium	1020				
	4	0.5	Fluoride	1025				
	0.002	0.001	Mercury	1035				
	10	2.5	Nitrate (as N)	1040				(5 mg/L) _____
	1	0.25	Nitrite (as N)	1041				(0.5 mg/L) _____
	0.05	0.025	Selenium	1045				
	0.006	0.003	Antimony	1074				
	0.004	0.002	Beryllium	1075				
	0.2	0.1	Cyanide (as free cyanide)	1024				
	No MCL	0.05	Nickel*	1036				
	0.002	0.001	Thallium	1085				
	No MCL	10	Sodium*	1052				

LABORATORY INFORMATION

>>>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<<<

Lab ID Number: AZ0757
 Specimen Number: 521905-001
 Name: Trans West Analytical

Printed Name and Phone Number of Lab Contact: Tracey Mitchell 602-437-0330

Authorized Signature: 

Date Public Water System Notified: _____

Comments: Method 200.8 analyzed by Xenco Laboratories - Houston, TX (AZ0765)

****All units must be reported in milligrams per liter (mg/L)**

*Contaminants without an MCL

All units must be reported in milligrams per liter (mg/l).

DWAR 2IN: Revised 8/2009

Arizona Department of Environmental Quality Certificate of Public Notice Distribution

Public water systems (PWSs) must submit this signed Certificate of Distribution and provide a copy of each public notice within ten days of issuance. PWSs should consult with the ADEQ Rule Specialists for appropriate methods of public notice.

PWS Name SHEPARD WATER COMPANY
PWS ID # AZ04 14014 Violation Type: MCL X Monitoring Other
Date of Violation 2015 RAA Contaminant Arsenic
Date Notice Distributed 3/1/14

Public Notice was distributed by the following method(s):
[Please check all that apply]

Community water systems must use at least one of the following methods:

- Direct Hand Delivery to Customer – (Tiers 1, 2, 3)
- Individual Customer Mailing – (Tiers 2, 3)
- Posting at Conspicuous Locations throughout System (Tiers 1, 2, 3) –
Please indicate location & number of postings _____
- Publication in Local Newspaper – (Tiers 2, 3)
- TV Station – (Tier 1)
- Radio Station – (Tier 1)
- Consumer Confidence Report – (Tier 3)
- Other (Must be approved by ADEQ) _____

I certify that the above information is true and accurate to the best of my knowledge:

Name and Title (PRINT) GINA TOMASELLO, Accounting Manager

Signature *Gina Tomassello* Date 3/2/14

Certified Operator # (if applicable) na

- Tier 1 – Acute MCL violation, 24-hour public notice
- Tier 2 – Non-Acute MCL violation, 30-day public notice
- Tier 3 – Monitoring violation, 1 year public notice

For questions, please contact Donna Calderon at 602-771-4641 • Fax number: 602-771-4634
1110 West Washington Street Phoenix, Arizona 85007

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER
SHEPARD WATER COMPANY, PWS #14014
Has Levels of Arsenic Above Drinking Water Standards

Shepard Water Company, AZ04-14014, is issuing this notice to inform water users that we recently violated drinking water standards. Although this is not an emergency, as our customers, you have a right to know what happened, what you should do, and what we did (are doing) to correct this situation.

Shepard Water Company, AZ04-14014, routinely monitors for the presence of drinking water contaminants. For arsenic, we are required to sample on a quarterly basis. The average of these four quarterly samples is measured against the established standard of 0.01 mg/L. Testing results from sampling since 03/25/2015 showed that the system exceeded the standard, or maximum contaminant level (MCL). The average level of arsenic from 03/25/2015 to 12/28/2015 has been 0.01683 mg/L.

What should I do?

You do not need to use an alternative (e.g. bottled) water supply. However, if you have specific health concerns, consult your doctor.

What does this mean?

This is not an immediate risk. If it had been you would have been notified immediately. Some people who drink water containing arsenic in excess of the MCL over many years could experience skin damage or problems with circulatory system, and many have an increased risk of getting cancer.

What is being done?

The water system has arsenic removal equipment has been inspected and is operating correctly, however, it appears that current equipment and/or procedures are no longer sufficient to handle the water volume demand. We are investigating modifications to the system and/or our procedures that will bring arsenic levels back down to EPA-established levels.

For more information, please contact Gina Tomasello at 619-840-3835 or Shepard Water Company, PO Box 72245, Martinez Lake, AZ, 85365.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by Shepard Water Company.

Public Water System ID#: AZ04-14014.

Date distributed: 03/01/2016

COMPANY NAME: Shepard Water Company	
Name of System:	ADEQ Public Water System Number:

UTILITY SHUTOFFS / DISCONNECTS

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

OTHER (description):

Shepard Water Company did not have any shut-offs or disconnects in 2015.

COMPANY NAME Shepard Water Company YEAR ENDING 12/31/2015

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2015 was: \$ 861.44

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. _____

The property taxes have been paid. The 1st half of 2015 property taxes were paid on 10/20/15. The 2nd half of 2015 property taxes were paid on 3/20/16.

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAY 02 2016
AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Yuma</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Laura Guth, Vice President</u>
COMPANY NAME	<u>Shepard Water Company</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>2015</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.

Laura Guth

SIGNATURE OF OWNER OR OFFICIAL

619-895-5115

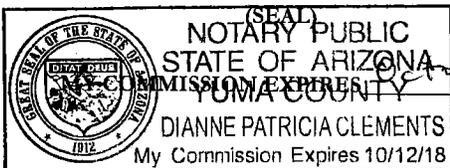
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 28th DAY OF

COUNTY NAME	<u>Yuma</u>	
MONTH	<u>April</u>	<u>2016</u>



Dianne Patricia Clements

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAY 02 2016

AZ CORP COMM

Director - Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

<small>COUNTY OF (COUNTY NAME)</small>	Yuma
<small>NAME (OWNER OR OFFICIAL) TITLE</small>	Laura Guth, Vice President
<small>COMPANY NAME</small>	Shepard Water Company

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	2015

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 2015 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>41,387</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 2,114
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)**

Laura Guth

SIGNATURE OF OWNER OR OFFICIAL

619-895-5115

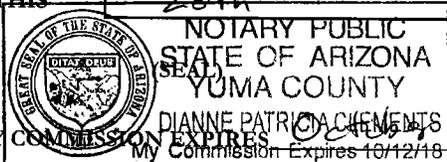
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20th DAY OF

<small>COUNTY NAME</small>	Yuma
<small>MONTH</small>	April
	.20 <u>16</u>



Dianne Patricia Clement

SIGNATURE OF NOTARY PUBLIC

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

RECEIVED

MAY 02 2016
AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yuma	
NAME (OWNER OR OFFICIAL) Laura Guth	TITLE Vice President
COMPANY NAME Shepard Water Company	

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

MONTH	DAY	YEAR
12	31	2015

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 2015 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>30,785</u>

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,477
IN SALES TAXES BILLED, OR COLLECTED)

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

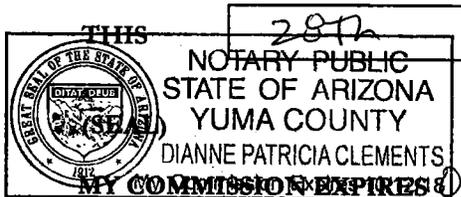
Laura Guth
SIGNATURE OF OWNER OR OFFICIAL

619-895-5115

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



THIS 28th DAY OF

NOTARY PUBLIC NAME Dianne Patricia Clements	
COUNTY NAME Yuma	
MONTH April	YEAR .2016

Dianne Patricia Clements
SIGNATURE OF NOTARY PUBLIC

October 12,
2015