ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01868A
Cochise Water Co.
P. O. Box 2903
Sierra Vista AZ 85636-2903

ANNUAL REPORT

Entered 5/22/03 C.M.

FOR YEAR ENDING

12	31	2002

FOR COMMISSION USE

ANN 04	02

OK

COMPANY INFORMATION

Company Name (Business Name) Cochise Water Co.

Mailing Address PO Box 2903
(Street)

Sierra Vista (City) | Az (State) | 85636-2903 (Zip)

(520) 378-3349 Telephone No. (Include Area Code) | (520) 378-6549 Fax No. (Include Area Code) | (520) 940-3517 Pager/Cell No. (Include Area Code)

Email Address wdbs@c2i2.com

Local Office Mailing Address same
(Street)

(City) (State) (Zip)

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

Email Address wdbs@c2i2.com

MANAGEMENT INFORMATION

Management Contact: Johnny A. McLain (Name) Owner (Title)

7110 Jaxel Rd (Street) | Hereford (City) | Az (State) | 85615 (Zip)

(520) 378-3349 Telephone No. (Include Area Code) | (520) 378-6549 Fax No. (Include Area Code) | (520) 940-3513 Pager/Cell No. (Include Area Code)

Email Address wdbs@c2i2.com

On Site Manager: Johnny A. McLain
(Name)

same
(Street) (City) (State) (Zip)

same
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address same

Statutory Agent: Johnny A. McLain
(Name)

7110 Jaxel Rd (Street) | Hereford (City) | Az (State) | 85615 (Zip)

(520) 378-3349 Telephone No. (Include Area Code) | (520) 378-6549 Fax No. (Include Area Code | (520) 940-3513 Pager/Cell No. (Include Area Code)

Attorney: N/A
(Name)

(Street) | (City) | (State) | (Zip)

Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- [x] **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**
- [x] **COCHISE**
- [ ] **COCONINO**
- [ ] **GILA**
- [ ] **GRAHAM**
- [ ] **GREENLEE**
- [ ] **LA PAZ**
- [ ] **MARICOPA**
- [ ] **MOHAVE**
- [ ] **NAVAJO**
- [ ] **PIMA**
- [ ] **PINAL**
- [ ] **SANTA CRUZ**
- [ ] **YAVAPAI**
- [ ] **YUMA**
- [ ] **STATEWIDE**

COMPANY NAME Cochise Water Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	6000	—	—
302	Franchises	5500	—	—
303	Land and Land Rights	72000	55503	16497
304	Structures and Improvements	11250	8127	3123
307	Wells and Springs	55000	37515	17485
311	Pumping Equipment 1750 X 2 Well Pump 1760 X 2 X2 Boster X2	69080	38313	30767
320	Water Treatment Equipment	—	—	—
330	Distribution Reservoirs and Standpipes S.T. 11500	47070	28710	18360
331	Transmission and Distribution Mains	418737	386250	32487
333	Services 150 X 128 = 18600	47500	15002	32498
334	Meters and Meter Installations 150X174=	46550	3823	42727
335	Hydrants	—	—	—
336	Backflow Prevention Devices	—	—	—
339	Other Plant and Misc. Equipment 5200	13950	5179	8771
340	Office Furniture and Equipment 1500	15040	9225	5815
341	Transportation Equipment	21088	9175	11913
343	Tools, Shop and Garage Equipment	2200	1160	1040
344	Laboratory Equipment	—	—	—
345	Power Operated Equipment	5370	2137	3233
346	Communication Equipment	2430	1430	1000
347	Miscellaneous Equipment	3603	3253	350
348	Other Tangible Plant	—	—	—
	TOTALS	842366	604802	226066

604802

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

COMPANY NAME Cochise Water Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	6000	0	0
302	Franchises	5500	0	0
303	Land and Land Rights	72000	5%	3600
304	Structures and Improvements	11250		563
307	Wells and Springs	55000		2475
311	Pumping Equipment	69080		3454
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	47070		2354
331	Transmission and Distribution Mains	418737		20937
333	Services	47500		2375
334	Meters and Meter Installations	46550		2328
335	Hydrants	0		0
336	Backflow Prevention Devices	0		0
339	Other Plant and Misc. Equipment	13950		698
340	Office Furniture and Equipment	15040		752
341	Transportation Equipment	21088		1054
343	Tools, Shop and Garage Equipment	2200		110
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	5370		269
346	Communication Equipment	2430		122
347	Miscellaneous Equipment	3603		181
348	Other Tangible Plant	0	0	0
	TOTALS	972366		41272

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

COMPANY NAME Cochine water co

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	$ 365 -	$ 399
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	2974	2740
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	0	0
174	Miscellaneous Current and Accrued Assets	0	0
	TOTAL CURRENT AND ACCRUED ASSETS	$ 3339	$ 3139
	FIXED ASSETS		
101	Utility Plant in Service	$ 779988	$ 842366
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	563530	604802
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	TOTAL FIXED ASSETS	$ 216458	$ 237564
	TOTAL ASSETS	$ 219797	$ 240703

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

COMPANY NAME	Cochine water Co

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	$ 2100	$ 1900
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	1990	12000
236	Accrued Taxes NOT PAID	85000	95000
237	Accrued Interest		13600
241	Miscellaneous Current and Accrued Liabilities		112508
	TOTAL CURRENT LIABILITIES	$ 89090	$ 235008
	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	0	0
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	0	0
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	$ 0	$ 0
	TOTAL LIABILITIES	$ 89090	$ 235008
	CAPITAL ACCOUNTS		
201	Common Stock Issued	$ 0	$ 0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	0	0
218	Proprietary Capital (Sole Props and Partnerships)	(130707)	(5695)
	TOTAL CAPITAL	$ (130707)	$ (5695)
	TOTAL LIABILITIES AND CAPITAL	$ 219797	$ 240703

COMPANY NAME Cochino water Co

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	$ 116063	$ 123738
460	Unmetered Water Revenue	-	-
474	Other Water Revenues	-	-
	TOTAL REVENUES	$ 116063	$ 123738
	OPERATING EXPENSES		
601	Salaries and Wages	$ 560	$ 495
610	Purchased Water	-	-
615	Purchased Power	18134	19999
618	Chemicals	300	300
620	Repairs and Maintenance	7200	9975
621	Office Supplies and Expense	(See 630)	(See 630)
630	Outside Services	39950	40000
635	Water Testing	1705	1705
641	Rents	1714	1714
650	Transportation Expenses	1400	1400
657	Insurance – General Liability	3600	3600
659	Insurance - Health and Life	1675	1675
666	Regulatory Commission Expense – Rate Case	-	-
675	Miscellaneous Expense	2750	4900
403	Depreciation Expense	38430	41272
408	Taxes Other Than Income	-	3993
408.11	Property Taxes	NOT PAID 59500	69000 NOT PAID
409	Income Tax	-	-
	TOTAL OPERATING EXPENSES	$ 176978	$ 163928
	OPERATING INCOME/(LOSS)	$(60915)	$(40190)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	$ -	$ -
421	Non-Utility Income	-	-
426	Miscellaneous Non-Utility Expenses	-	-
427	Interest Expense	-	-
	TOTAL OTHER INCOME/(EXPENSE)	$ -	$ -
	NET INCOME/(LOSS)	$(60915)	$(40190)

COMPANY NAME	Cochise Water

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 $ 12,000

Meter Deposits Refunded During the Test Year $ 3785

COMPANY NAME	Cochise Water Co

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
80-554	5	30	125	8	2"	
55095	5X4	50-50-80-50	125	6-6-6-6	2"	
63088	5	30	125		2"	

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
one 5	1		
one 5 in REZ	1		
one 10 [redacted]	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	1000	1
15,000	1	7000	1
		7000	(1 in REZ)

COMPANY NAME	Cochise water co

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	49880
3		
4	PVC.AC	35429
5		
6	PVC.AC	11990
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	211
3/4	103
1	4
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

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

TREATMENT EQUIPMENT:

NA

STRUCTURES:

7 Wells one in A Building 2 Storage Tanks
Wells at 4 Locations

OTHER:

COMPANY NAME:	Cochise water Co

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY B/o	291	1538220	1540220
FEBRUARY	294	1466070	1466070
MARCH	290	1428470	1428470
APRIL	296	4385140	4385140
MAY	296	2408560	2408560
JUNE B/o	303	2263620	2265620
JULY	303	3060570	3060570
AUGUST	305	2578300	2578300
SEPTEMBER	304	2171850	2171850
OCTOBER	307	2282010	2282010
NOVEMBER	299	1735850	1735850
DECEMBER B/o	318	1313430	1315430
	TOTAL	N/A	

26632070 cm

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:_____

What is the level of arsenic for each well on your system. .001-.001-.001 mg/l
(*If more than one well, please list each separately*) Well 1 Well 2 Well 3

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

COMPANY NAME Cochin water Co **YEAR ENDING 12/31/2002**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 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. Tax exempt income

COMPANY NAME Peckine water Co **YEAR ENDING 12/31/2002**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	(40190)
Estimated or Actual Federal Tax Liability	-0-
State Taxable Income Reported	(40190)
Estimated or Actual State Tax Liability	-0-

Amount of Grossed-Up Contributions/Advances:

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

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.

John A McLain — 12-30-02

SIGNATURE **DATE**

JOHN A McLAIN — owner

PRINTED NAME **TITLE**

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF _____ COUNTY OF (COUNTY NAME): COCHISE

I, THE UNDERSIGNED NAME (OWNER OR OFFICIAL) TITLE: Johnny A McLAIN

OF THE COMPANY NAME: COCHISE WATER CO

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

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 2002 WAS:

Arizona IntraState Gross Operating Revenues Only ($)

$ 123738

(THE AMOUNT IN BOX ABOVE INCLUDES $ 6993 **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)**

Johnny A McLain
SIGNATURE OF OWNER OR OFFICIAL

5203783349
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF COUNTY NAME: Cochise

THIS 9 **DAY OF** MONTH May 2003

(SEAL) OFFICIAL SEAL MICHELE MARTIN NOTARY PUBLIC - ARIZONA COUNTY Expires Sept 9, 2004

Michele Martin
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 9-9-04

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF ARIZONA) (COUNTY NAME) COCHISE

I, THE UNDERSIGNED NAME (OWNER OR OFFICIAL) JOHNNY A McLAIN TITLE owner

OF THE COMPANY NAME COCHISE water Co

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

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 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

$ 123738

(THE AMOUNT IN BOX AT LEFT INCLUDES $ 6993 **IN SALES TAXES BILLED, OR COLLECTED**

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

SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9 **DAY OF**

(SEAL)

MY COMMISSION EXPIRES 9-9-04

NOTARY PUBLIC NAME	Michele Martin
COUNTY NAME	COCHISE
MONTH	May 20 03

OFFICIAL SEAL
MICHELE MARTIN
NOTARY PUBLIC - ARIZONA
COCHISE COUNTY
My Comm. Expires Sept. 9, 2004

X Michele Martin

SIGNATURE OF NOTARY PUBLIC