

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

**W-20475A**

**Watco, Inc.**  
**PO Box 364**  
**Overgaard, AZ 85933**

RECEIVED

APR 01 2013

ACC UTILITIES DIRECTOR

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2012
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FOR COMMISSION USE

ANN 04	12
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4-1-13

**COMPANY INFORMATION**

**Company Name (Business Name)** Watco Inc.

**Mailing Address** PO Box 364  
(Street)

Overgaard AZ 85933  
(City) (State) (Zip)

928-537-8739 N/A N/A  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** watercos@gmail.com

**Local Office Mailing Address** Same as Above  
(Street)

N/A N/A N/A  
(City) (State) (Zip)

N/A N/A N/A  
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** N/A

**MANAGEMENT INFORMATION**

Thomas Grapp PO Box 364, Overgard, AZ 85933 928-537-8739

**Regulatory Contact:**

**Management Contact:** Southwestern Utility Management  
(Name) (Title)

PO Box 85160 Tucson AZ 85933  
(Street) (City) (State) (Zip)

520-623-5172 520-792-0377 N/A  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** info@southwesternutility.com

**On Site Manager:** Bryan Mullins  
(Name)

Same as Above  
(Street) (City) (State) (Zip)

Same as Above  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** watercos2@gmail.com

**Statutory Agent:** Mark Grapp

(Name)

PO Box 364

(Street)

Overgaard

(City)

AZ

(State)

85933

(Zip)

928-537- 8739

Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Attorney:** N/A

(Name)

N/A

Street)

N/A

(City)

N/A

(State)

N/A

(Zip)

N/A

Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Cell No. (Include Area Code)

**Email**

**Address** N/A

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" 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 checked="" 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         |                                   |                                   |

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	1,542	0	1,542
302	Franchises	7	0	7
303	Land and Land Rights	27,094	0	27,094
304	Structures and Improvements	67,850	20,717	47,133
307	Wells and Springs	48,807	29,111	19,696
311	Pumping Equipment	45,621	45,621	0
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	137,269	78,017	59,252
331	Transmission and Distribution Mains	1,619,869	513,963	1,105,906
333	Services	239,519	98,064	141,455
334	Meters and Meter Installations	84,506	7,039	77,467
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	<b>TOTALS</b>	<b>2,272,084</b>	<b>792,532</b>	<b>1,479,552</b>

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



**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization	1,542	0	0
302	Franchises	7	0	0
303	Land and Land Rights	27,094	0	0
304	Structures and Improvements	67,850	3.33	2,259
307	Wells and Springs	48,807	3.33	1,625
311	Pumping Equipment	45,621	12.5	5,703
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	137,269	5	6,863
331	Transmission and Distribution Mains	1,619,869	2	32,397
333	Services	239,519	3.33	7,976
334	Meters and Meter Installations	84,506	8.33	7,039
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	<b>TOTALS</b>	<b>2,272,084</b>		<b>63,862</b>

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



**BALANCE SHEET**

<b>Acct No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ (45,961)	\$ (71,127)
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	6,373	7263
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
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ (39,588)</b>	<b>\$ (63,864.00)</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 2,214,060	\$ 2,272,084
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	756,220	\$ 792,532
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 1,457,840</b>	<b>\$ 1,479,552</b>
	<b>TOTAL ASSETS</b>	<b>\$ 1,418,252</b>	<b>\$ 1,415,688</b>

**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
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)	6,815	7157
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	12,710	12,065
236	Accrued Taxes	0	0
237	Accrued Interest	7,011	7,569
241	Miscellaneous Current and Accrued Liabilities	0	0
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 26,536	\$ 26,791
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 161,925	\$ 154,768
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	1,610,928	1,610,928
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
	<b>TOTAL DEFERRED CREDITS</b>	\$ 1,610,928	\$ 1,610,928
	<b>TOTAL LIABILITIES</b>	\$ 1,799,389	\$ 1,792,487
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 0	\$ 0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	(381,137)	(376,799)
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	<b>TOTAL CAPITAL</b>	\$ (381,137)	\$ (376,799)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1,418,252	\$1,415,688

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 142,030	\$ 140,909
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	1,405	1,315
	<b>TOTAL REVENUES</b>	\$ 143,435	\$ 142,224
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 63,737	\$ 63,415
610	Purchased Water	0	0
615	Purchased Power	10,789	11,514
618	Chemicals	0	0
620	Repairs and Maintenance	4,307	7,954
621	Office Supplies and Expense	6,601	6,791
630	Outside Services	9,315	19,487
635	Water Testing	1,288	1,193
641	Rents	17,752	11,398
650	Transportation Expenses	8,639	8,396
657	Insurance – General Liability	2,785	1,708
659	Insurance - Health and Life	0	798
666	Regulatory Commission Expense – Rate Case	0	190
675	Miscellaneous Expense	0	0
403	Depreciation Expense	56,823	63,862
408	Taxes Other Than Income	9,187	9,417
408.11	Property Taxes	4,345	4,083
409	Income Tax	0	0
	<b>TOTAL OPERATING EXPENSES</b>	\$ 195,568	\$ 210,206
	<b>OPERATING INCOME/(LOSS)</b>	\$ (52,133)	\$ (67,982)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(136)	(405)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (136)	\$ (405)
	<b>NET INCOME/(LOSS)</b>	\$ (52,269)	\$ (68,387)

COMPANY NAME **Watco, Inc.**

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	06/26/2008			
Source of Loan	WIFA			
ACC Decision No.	70055			
Reason for Loan	Infrastructure			
Dollar Amount Issued	\$ 600,000	\$	\$	\$
Amount Outstanding	\$ 161,925	\$	\$	\$
Date of Maturity	06/26/2028			
Interest Rate	4.9 %	%	%	%
Current Year Interest	\$ 3015	\$	\$	\$
Current Year Principle	\$ 7157	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 1,102

Meter Deposits Refunded During the Test Year \$ 290

COMPANY NAME **Watco, Inc**

Name of System: **Same as above**

ADEQ Public Water System Number: **09049**

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603156	10	58	538	8	2	1964
55-506606	5	31	440	6	2	1983

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
2	7	1	N/A

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1		
25,000	1	3,000	1

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

COMPANY NAME Watco, Inc

Name of System: Same as above

ADEQ Public Water System Number: 09091

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-901337	7.5	60	465	8	3	2004

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	1	22	N/A
7.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
120,000	1	5,000	1

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

system.

<b>COMPANY NAME</b>	<b>Watco, Inc.</b>		
<b>Name of System:</b>	<b>Same as above</b>	<b>ADEQ Public Water System Number:</b>	<b>09049</b>

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4	AC&PVC	33,872
5		
6	PVC	9206
8	PVC	1700
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	336
3/4	
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:

N/A

STRUCTURES:

12' X 30' Building

20' X 20' Building

OTHER:

N/A

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

<b>COMPANY NAME</b>	Watco, Inc.	
<b>Name of System:</b>	Same as above	<b>ADEQ Public Water System Number:</b> 09091

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	1,494
8	PVC	13,030
10		
12	PVC	1,427

**CUSTOMER METERS**

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

N/A

STRUCTURES:

18' X 24' Building

OTHER:

N/A

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

NY NAME: <b>Watco, Inc.</b>		
Name of System:	ADEQ Public Water System Number:	<b>09049</b>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	283	1,007,530	1,207,200	0
FEBRUARY	279	1,133,290	1,427,700	0
MARCH	278	1,030,350	1,054,300	0
APRIL	278	931,910	1,170,300	0
MAY	276	1,246,940	1,443,100	0
JUNE	275	1,819,630	2,113,100	0
JULY	284	1,761,840	1,995,500	0
AUGUST	283	1,578,340	1,846,200	0
SEPTEMBER	285	1,146,230	1,433,000	0
OCTOBER	282	1,269,340	651,400	0
NOVEMBER	280	1,147,210	2,582,300	0
DECEMBER	282	741,890	1,078,420	0
<b>TOTALS →</b>		<b>14,814,500</b>	<b>18,002,520</b>	<b>0</b>

What is the level of arsenic for each well on your system? See Below mg/l  
*(If more than one well, please list each separately.)*

**POE#1 <.001 POE#2 <.001**

If system has fire hydrants, what is the fire flow requirement? N/A GPM for N/A 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: N/A

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

<b>COMPANY NAME: Watco, Inc.</b>		
<b>Name of System: Same as above</b>	<b>ADEQ Public Water System Number: 09091</b>	

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	5	7,270	0	0
FEBRUARY	5	8,290	20,700	0
MARCH	5	8,040	0	0
APRIL	5	15,930	1,070	0
MAY	5	41,100	41,860	0
JUNE	5	76,820	92,470	0
JULY	5	58,050	30,470	0
AUGUST	5	29,770	29,980	0
SEPTEMBER	5	12,860	0	0
OCTOBER	5	49,380	61,760	0
NOVEMBER	5	33,560	30,650	0
DECEMBER	5	10,740	0	0
<b>TOTALS →</b>		<b>351,810</b>	<b>308,960</b>	<b>0</b>

What is the level of arsenic for each well on your system? <.002 mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? N/A GPM for N/A 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: N/A

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

**COMPANY NAME:** Watco, Inc.

**Name of System:** Same as above

**ADEQ Public Water System Number:** 09049, 09091

**UTILITY SHUTOFFS / DISCONNECTS**

<b>MONTH</b>	<b>Termination without Notice R14-2-410.B</b>	<b>Termination with Notice R14-2-410.C</b>	<b>OTHER</b>
<b>JANUARY</b>	0	16	0
<b>FEBRUARY</b>	0	14	0
<b>MARCH</b>	0	11	0
<b>APRIL</b>	0	4	0
<b>MAY</b>	0	10	0
<b>JUNE</b>	0	6	0
<b>JULY</b>	0	10	0
<b>AUGUST</b>	0	5	0
<b>SEPTEMBER</b>	0	3	0
<b>OCTOBER</b>	0	6	0
<b>NOVEMBER</b>	0	7	0
<b>DECEMBER</b>	0	1	0
<b>TOTALS →</b>	<b>0</b>	<b>93</b>	<b>0</b>

OTHER (description):

N/A

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 4,082.96

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. N/A

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**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

RECEIVED  
APR 01 2013  
ACC UTILITIES DIRECTOR

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Navajo
NAME (OWNER OR OFFICIAL) TITLE	Mark Grapp President
COMPANY NAME	Watco, 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	2012

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

928-537-8739

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

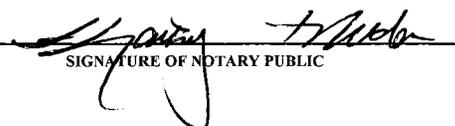
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

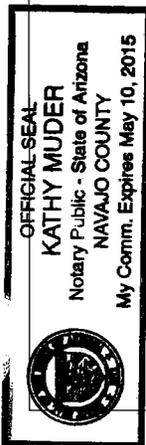
THIS 28 DAY OF

COUNTY NAME	
Navajo	
MONTH	2013
March	

(SEAL)

MY COMMISSION EXPIRES 5-10-15

  
SIGNATURE OF NOTARY PUBLIC



COMPANY NAME Watco, Inc. YEAR ENDING 12/31/2012

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported 0  
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0  
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.

  
\_\_\_\_\_  
SIGNATURE

3-28-13  
\_\_\_\_\_  
DATE

Mark Grapp  
\_\_\_\_\_  
PRINTED NAME

President  
\_\_\_\_\_  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED  
APR 01 2013  
ACC UTILITIES DIRECTOR

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Navajo	
NAME (OWNER OR OFFICIAL) TITLE	Mark Grapp	President
COMPANY NAME	Watco, Inc.	

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

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2012

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 2012 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>142,223.98</u>

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 9416.91  
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)**



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SIGNATURE OF OWNER OR OFFICIAL  
928-537-8739

---

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

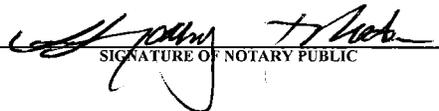
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 28<sup>th</sup> DAY OF

COUNTY NAME	Navajo	
MONTH	March	2013

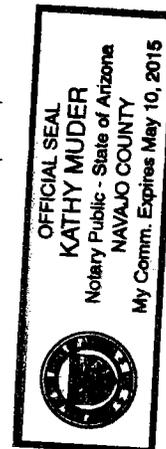
(SEAL)

MY COMMISSION EXPIRES 5-10-15



---

SIGNATURE OF NOTARY PUBLIC



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

RECEIVED  
**APR 01 2013**  
ACC UTILITIES DIRECTOR

**VERIFICATION**

STATE OF ARIZONA

COUNTY OF (COUNTY NAME) Navajo	
NAME (OWNER OR OFFICIAL) Mark Grapp	TITLE President
COMPANY NAME Watco, Inc.	

I, THE UNDERSIGNED

OF THE

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

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 2012 WAS:

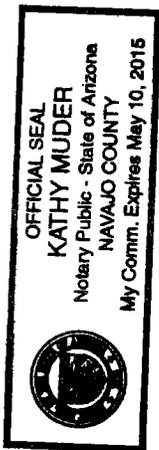
ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>143,223.98</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 9416.91 IN SALES TAXES BILLED, OR COLLECTED)

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

  
SIGNATURE OF OWNER OR OFFICIAL

928-537-8739  
TELEPHONE NUMBER



SUBSCRIBED AND SWORN TO BEFORE ME

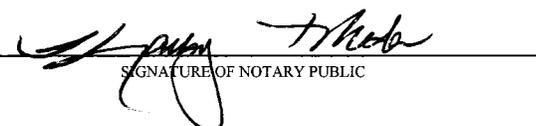
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 23 DAY OF

(SEAL)

MY COMMISSION EXPIRES 5-10-15

NOTARY PUBLIC NAME <i>Kathy Muder</i>	
COUNTY NAME <i>Navajo</i>	
MONTH <i>March</i>	20 <i>13</i>

  
SIGNATURE OF NOTARY PUBLIC