

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02472A

Mescal Lakes Water Systems, Inc.
PO Box 85160
Tucson, AZ 85754

RECEIVED

APR 17 2015

AZ CORP COMM
Director - Utilities

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

4-29-15

COMPANY INFORMATION

Company Name (Business Name)	<u>Mescal Lakes Water Systems, Inc.</u>		
Mailing Address	<u>PO Box 85160</u> (Street)		
<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85754</u> (Zip)	
<u>(520) 623-5172</u> Telephone No. (Include Area Code)	<u>(520) 792-0377</u> Fax No. (Include Area Code)	<u>Cell No. (Include Area Code)</u>	
Email Address	<u>info@southwesternutility.com</u>		
Local Office Mailing Address	<u>PO Box 85160</u> (Street)		
<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85754</u> (Zip)	
<u>(520) 623-5172</u> Local Office Telephone No. (Incl Area Code)	<u>(520) 792-0377</u> Fax No. (Include Area Code)	<u>Cell No. (Include Area Code)</u>	
Email Address	<u>info@southwesternutility.com</u>		

MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> Management Contact:	<u>Southwest Utility Management, Inc.</u> (Name) (Title)		
<u>PO Box 85160</u> (Street)	<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85754</u> (Zip)
<u>(520) 623-5172</u> Telephone No. (Include Area Code)	<u>(520) 792-0377</u> Fax No. (Include Area Code)	<u>Cell No. (Include Area Code)</u>	
Email Address	<u>info@southwesternutility.com</u>		
On Site Manager:	<u>Keith Dojaquez</u> (Name)		
<u>PO Box 85160</u> (Street)	<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85754</u> (Zip)
<u>(520) 623-5172</u> Telephone No. (Include Area Code)	<u>(520) 792-0377</u> Fax No. (Include Area Code)	<u>Cell No. (Include Area Code)</u>	
Email Address	<u>info@southwesternutility.com</u>		

Statutory Agent: Bonnie O'Connor
 (Name)

PO Box 85160 Tucson AZ 85754
 (Street) (City) (State) (Zip)

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

Attorney: N/A
 (Name)

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

 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

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) Qualified Subchapter S Subsidiary (Qsub)

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

APACHE COCHISE COCONINO

GILA GRAHAM GREENLEE

LA PAZ MARICOPA MOHAVE

NAVAJO PIMA PINAL

SANTA CRUZ YAVAPAI YUMA

STATEWIDE

COMPANY NAME: Mescal Lakes Water Systems, Inc.

UTILITY PLANT IN SERVICE

Acct. No.	Description	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	\$ 104		\$ 104
302	Franchises	250		250.00
303	Land & Land Rights	9,063		9,063
304	Structures & Improvements	35,143	18,974	16,169
307	Wells & Springs	84,465	51,608	32,857
311	Pumping Equipment	135,590	70,181	65,409
320	Water Treatment Equipment	1,562	508	1,054
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	1,155	29	1,126
330	Distribution Reservoirs and Standpipes	128,572	94,030	34,542
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	567,782	453,064	114,717
333	Services	113,964	83,907	30,057
334	Meters and Meter Installations	57,080	43,622	13,458
335	Hydrants			-
336	Backflow Prevention Devices	854	64	790
339	Other Plant and Misc. Equipment			-
340	Office Furniture and Equipment			-
340.1	Computers & Software			-
341	Transportation Equipment			-
343	Tools, Shop and Garage Equipment			-
344	Laboratory Equipment			-
345	Power Operated Equipment			-
346	Communications Equipment			-
347	Miscellaneous Equipment			-
348	Other Tangible Plant			-
	TOTALS	\$ 1,135,583	\$ 815,987	\$ 319,596

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

COMPANY NAME: Mescal Lakes Water Systems, 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	\$ 104		\$ -
302	Franchises	250		-
303	Land & Land Rights	9,063	N/A	-
304	Structures & Improvements	35,143	5.00%	1,369
307	Wells & Springs	84,465	5.00%	2,707
311	Pumping Equipment	135,590	5.00%	4,399
320	Water Treatment Equipment	1,562	5.00%	78
320.1	Water Treatment Plants	-	5.00%	
320.2	Solution Chemical Feeders	1,155	5.00%	29
330	Distribution Reservoirs and Standpipes	128,572	5.00%	3,251
330.1	Storage Tanks		5.00%	
330.2	Pressure Tanks		5.00%	
331	Transmission and Distribution Mains	567,782	5.00%	13,815
333	Services	113,964	5.00%	2,878
334	Meters and Meter Installations	57,080	5.00%	1,147
335	Hydrants	-	5.00%	
336	Backflow Prevention Devices	854	5.00%	43
339	Other Plant and Misc. Equipment	-	5.00%	
340	Office Furniture and Equipment	-	5.00%	
340.1	Computers & Software	-	5.00%	
341	Transportation Equipment	-	5.00%	
343	Tools, Shop and Garage Equipment	-	5.00%	
344	Laboratory Equipment	-	5.00%	
345	Power Operated Equipment	-	5.00%	-
346	Communications Equipment	-	5.00%	-
347	Miscellaneous Equipment	-	5.00%	-
348	Other Tangible Plant	-	5.00%	-
	SUBTOTAL	1,135,583		29,716
	LESS CIAC Amortization			(7,498)
	TOTALS *	\$ 1,135,583		\$ 22,218

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

Company Name: Mescal Lakes Water Systems, Inc.

WATER UTILITY BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 54,509	\$ 18,267
134	Working Funds		
135	Temporary Cash Investments	230,390	
141	Customer Accounts Receivable	7,887	10,976
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 292,786	\$ 29,243
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,116,438	\$ 1,135,583
103	Property Held for Future Use		
105	Construction Work In Progress		
108	Accumulated Depreciation - Utility Plant	(786,271)	(815,987)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 330,167	\$ 319,596
	TOTAL ASSETS	\$ 622,953	\$ 348,839

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

Company Name: Mescal Lakes Water Systems, Inc.

WATER UTILITY BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 721	\$ 7,263
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	18,376	19,791
236	Accrued Taxes	991	915
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 20,088	\$ 27,969
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	\$ 232,923	\$ 225,595
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction	284,811	287,811
272	Less: Amortization of contributions	(151,979)	(159,477)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 365,755	\$ 353,929
	TOTAL LIABILITIES	\$ 385,843	\$ 381,898
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	159,638	159,638
215	Retained Earnings	77,372	(192,797)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 237,110	\$ (33,059)
	TOTAL LIABILITIES AND CAPITAL	\$ 622,953	\$ 348,839

Company Name: Mescal Lakes Water Systems, Inc.

WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 197,439	\$ 202,183
462	Surcharge Revenue		
474	Other Water Revenues	4,702	4,086
	TOTAL REVENUES	\$ 202,141	\$ 206,269
	OPERATING EXPENSES		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water		
615	Purchased Power	15,871	15,505
618	Chemicals	991	610
620	Repairs and Maintenance	6,140	8,096
621	Office Supplies & Expense	5,775	4,757
630	Outside Services	82,084	107,386
635	Water Testing	1,097	2,704
641	Rents		
650	Transportation Expenses	331	3,833
657	Insurance - General Liability	7,573	9,264
659	Insurance - Health and Life		
665	Regulatory Expenses		
675	Miscellaneous Expense		4,348
403	Depreciation Expense	21,484	22,218
408	Taxes Other Than Income		
408.11	Property Taxes	10,708	11,649
409	Income Tax		
427.2	Customer Security Deposit Interest	753	480
	TOTAL OPERATING EXPENSES	\$ 152,807	\$ 190,850
	OPERATING INCOME/(LOSS)	\$ 49,334	\$ 15,419
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 6	\$ 121
421	Non-Utility Income		
427	Interest Expense		
434	Extraordinary Deductions		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 6	\$ 121
	NET INCOME/(LOSS)	\$ 49,340	\$ 15,540

Company Name: Mescal Lakes Water Systems, Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

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

Meter Deposit Balance at Test Year End \$ 16,204

Meter Deposits Refunded During the Test Year \$ 3,500

Company Name: Mescal Lakes Water Systems, Inc.	
Name of System:	ADEQ Public Water System Number: 02-052

WATER UTILITY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-800432	15	100	480	8	2	1975
55-561268	20	140	400	8	2	1997
55-208498	20	150	493	12	2	2005

* 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
7.5	4

FIRE HYDRANTS

Quantity Standard	Quantity Other

STORAGE TANKS

20,000	2
50,000	1

PRESSURE TANKS

Capacity	Quantity
3,000	1
5,000	1

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

Company Name: Mescal Lakes Water Systems, Inc.		
Name of System:	ADEQ Public Water System Number:	02-052

WATER UTILITY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3	PVC	1,870
4	PVC	19,575
5		
6	PVC	45,076
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	545
3/4	2
1	7
1 1/2	
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

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

TREATMENT EQUIPMENT:

Two chlorinators

STRUCTURES:

770' of 6' chain link fence

24' x 36' building

(2) 4' X 8' chlorine sheds

OTHER:

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

Company Name: Mescal Lakes Water Systems, Inc.		
Name of System:	ADEQ Public Water System Number:	02-052

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	494	1,831	1,956	-
FEBRUARY	498	2,099	2,296	-
MARCH	499	1,918	2,008	-
APRIL	497	2,285	2,578	-
MAY	494	2,464	2,709	-
JUNE	494	3,557	3,801	-
JULY	500	3,301	3,532	-
AUGUST	499	2,806	2,889	-
SEPTEMBER	500	2,748	3,021	-
OCTOBER	500	2,167	2,458	-
NOVEMBER	495	2,441	2,684	-
DECEMBER	499	1,765	1,843	-
TOTALS		29,382	31,775	-

What is the level of arsenic for each well on your system? 0.004 & 0.0056 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 2 hours

If system has chlorination treatment, does this treatment system chlorinate continuously?

YES NO N/A

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, please provide the GPCPD amount: _____

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

Company Name: Mescal Lakes Water Systems, Inc.
 Name of System: ADEQ Public Water System Number: 02-052

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		4	
FEBRUARY		4	
MARCH		4	
APRIL		4	
MAY		4	
JUNE		6	
JULY		12	
AUGUST		3	
SEPTEMBER		5	
OCTOBER		9	
NOVEMBER		5	
DECEMBER		8	
TOTALS	-	68	-

OTHER (description):

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

APR 17 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	Mescal Lakes Water Systems, 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

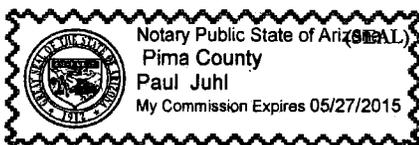
520-624-1460
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	Pima
MONTH/YEAR	April, 2015

THIS 15th DAY OF




SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

5/27/2015

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED
APR 17 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	Mescal Lakes Water Systems, 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 (\$)
<u>\$ 219,180</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 12,911
IN SALES TAXES BILLED, OR COLLECTED)

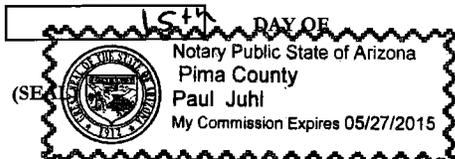
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



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	<u>Pima</u>
MONTH/YEAR	<u>April, 2015</u>



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 5/27/2015

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

RECEIVED
APR 17 2015
ACC UTILITIES DIRECTOR

VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) COCHISE	
NAME (OWNER OR OFFICIAL) Bonnie O'Connor	TITLE Manager
COMPANY NAME Mescal Lakes Water Systems, 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.

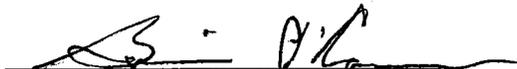
SWORN STATEMENT

IN ACCORDANCE WITH THE 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:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 214,824
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 12,661
IN SALES TAXES BILLED, OR COLLECTED

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

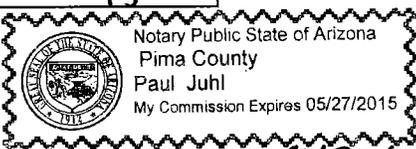

SIGNATURE OF OWNER OR OFFICIAL

520-624-1460
TELEPHONE NUMBER

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

THIS 15th DAY OF

(SEAL)



MY COMMISSION EXPIRES 5/27/2015

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


SIGNATURE OF NOTARY PUBLIC