

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02128A

Hillcrest Water Company
915 E. Bethany Home Rd.
Phoenix, AZ 85014

RECEIVED

AUG 03 2016

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	2015
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FOR COMMISSION USE

ANN 04	15
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8-3-16

COMPANY INFORMATION

Company Name (Business Name) HILLCREST WATER COMPANY

Mailing Address 915 E. BETHANY HOME ROAD
PHOENIX (Street) ARIZONA (City) 85014 (State) (Zip)

602-265-5914
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 915 E. BETHANY HOME ROAD
PHOENIX (Street) AZ (City) 85014 (State) (Zip)

602-265-5914
Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address _____ Website address _____

MANAGEMENT INFORMATION

Regulatory Contact: KAREN GRAHAM VICE PRESIDENT
 Management Contact: BARBARA DUNLAP PRESIDENT
915 E. BETHANY HOME RD PHOENIX AZ 85014
(Street) (City) (State) (Zip)

602-265-5914
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

On Site Manager: JACKIE JOHNSON
809 CRYSTAL VIEW DR. PARKER AZ 85344
(Street) (City) (State) (Zip)

928-667-7271
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

HILLCREST WATER COMPANY

Statutory Agent: BARBARA DUNLAP
 (Name)
915 E. BETHANY HOME RD PHOENIX AZ 85014
 (Street) (City) (State) (Zip)
602-265-5914
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)
 Attorney: _____
 (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) _____

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

Hillcrest Water Company

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 and Land Rights			
304	Structures and Improvements	7,353	(7,353)	
305	Collecting & Impounding Reservoirs			
306	Lake, River, Canal Intakes			
307	Wells and Springs			
308	Infiltration Galleries			
309	Raw Water Supply Mains			
310	Power Generation Equipment			
311	Pumping Equipment	7,665	(7,665)	
320	Water Treatment Equipment			
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	58,102	(42,576)	15,526
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	14,155	(14,155)	
333	Services	6,800	(6,800)	
334	Meters and Meter Installations	8,598	(8,598)	
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,440	(1,440)	
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	104,113	(88,587)	15,526

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

COMPANY NAME

Hillcrest 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			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	7353	—	—
305	Collecting & Impounding Reservoirs			
306	Lake, River, Canal Intakes			
307	Wells and Springs			
308	Infiltration Galleries			
309	Raw Water Supply Mains			
310	Power Generation Equipment			
311	Pumping Equipment	7645	—	—
320	Water Treatment Equipment			
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	58,102	4.0	2324
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	14,155	—	—
333	Services	6800	—	—
334	Meters and Meter Installations	8598	—	—
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,440	—	—
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 *			2324

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

COMPANY NAME

Hillcrest WATER COMPANY

WATER UTILITY BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
		\$ 45,827	\$ 48,452
131	Cash		
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
		\$ 104,113	\$ 104,113
101	Utility Plant in Service		
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(86,263)	(88,587)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 17,850	\$ 15,526
	TOTAL ASSETS	\$ 63,677	\$ 63,978

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

COMPANY NAME

Hillcrest Water Company

BALANCE SHEET (CONTINUED)

2014

2015

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
		\$	\$
231	Accounts Payable		
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	1,230	1,200
236	Accrued Taxes	350	290
237	Accrued Interest	39,771	39,771
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 41,351	\$ 42,61
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 55,932	\$ 43,432
	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		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 97,283	\$ 84,693
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 28,000	\$ 28,000
211	Paid in Capital in Excess of Par Value	(61,606)	(48,715)
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	\$ (33,606)	\$ (20,715)
	TOTAL CAPITAL		
	TOTAL LIABILITIES AND CAPITAL	\$ 63,677	\$ 63,978

COMPANY NAME

HILLCREST WATER COMPANY

WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE

2014

2015

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 52,142	\$ 55,339
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 52,142	\$ 55,339
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	717	2,369
621	Office Supplies and Expense		
630	Outside Services	18,483	18,340
635	Water Testing & GOVERNMENT FEES	1,244	2,311
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense (UTILITIES, OFFICE)	6,275	11,124
403	Depreciation Expense	2,244	2,324
408	Taxes Other Than Income	3,645	4,929
408.11	Property Taxes	6,089	1,004
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 38,697	\$ 42,448
	OPERATING INCOME/(LOSS)	\$	\$
	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)	\$ 13,445	\$ 12,891

COMPANY NAME

Hillcrest Water Company

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan	OWNERS	OWNERS		
ACC Decision No.				
Reason for Loan	OPERATIONS	OPERATIONS		
Dollar Amount Issued	\$ 47,304	\$ 30,000	\$	\$
Amount Outstanding	\$ 25,932	\$ 30,000	\$	\$
Date of Maturity				
Interest Rate		%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 1.200

Meter Deposits Refunded During the Test Year

\$

COMPANY NAME	HILLCREST WATER COMPANY
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-501879	3	300	160	6	3	1982
55-554097	3	150	170	6	3	1996

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
43,301	1	85	1
50,000	1		

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

COMPANY NAME	HILLCREST WATER COMPANY
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	7,000
5		
6	PVC	2,845
8		
10		
12		

CUSTOMER METERS

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

STRUCTURES:

OTHER:

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

COMPANY NAME: HILLCREST 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		339	676	
FEBRUARY		307	584	
MARCH		297	627	
APRIL		504	706	
MAY		485	639	
JUNE		347	608	
JULY		476	720	
AUGUST		409	615	
SEPTEMBER		346	601	
OCTOBER		432	693	
NOVEMBER		267	625	
DECEMBER		233	587	
TOTALS →		4,512	7,681	

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

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ 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.

COMPANY NAME:

HILLCREST WATER COMPANY

Name of System:

ADEQ Public Water System Number:

UTILITY SHUTOFFS / DISCONNECTS

None

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):

COMPANY NAME HILLCREST WATER COMPANY YEAR ENDING 12/31/2015

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2015 was: \$ 1,004

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

AUG 03 2016

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>MARICOPA</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>KAREN GRAHAM, VP</u>
COMPANY NAME	<u>HILL CREST 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
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

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.

Karen Graham
SIGNATURE OF OWNER OR OFFICIAL

602-265-5914
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 29 DAY OF

(SEAL)

MY COMMISSION EXPIRES 3/22/2020

COUNTY NAME	<u>Maricopa</u>	
MONTH	<u>July</u>	<u>2016</u>

Ross Ellis
SIGNATURE OF NOTARY PUBLIC

OFFICIAL SEAL
ROSS ELLIS
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires
MARCH 22, 2020

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

AUG 03 2016

AZ CORP COMM
Director - Utilities

VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>MARICOPA</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>KAREN GRAHAM, VP.</u>
COMPANY NAME	<u>HILLCREST WATER COMPANY</u>

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 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>55,339</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 4,979
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)**

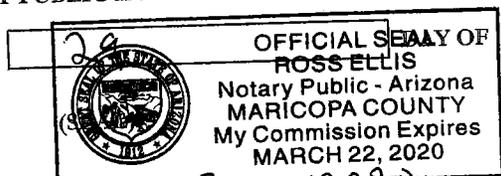
Karen Graham
SIGNATURE OF OWNER OR OFFICIAL
602-265-5914
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	<u>Maricopa</u>
MONTH	<u>July</u> , <u>2016</u>

THIS



Ross Ellis
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 3/22/2020

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

RECEIVED

AUG 03 2016
AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MARICOPA</u>	
NAME (OWNER OR OFFICIAL) <u>KAREN GRAHAM</u>	TITLE <u>VP</u>
COMPANY NAME <u>HILLCREST WATER COMPANY</u>	

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>55,339</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 4,979 IN SALES TAXES BILLED, OR COLLECTED)

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

Karen Graham
SIGNATURE OF OWNER OR OFFICIAL
602-265-5914
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

29

DAY OF

(SEAL)

MY COMMISSION EXPIRES 3/22/2020

NOTARY PUBLIC NAME <u>Ross Ellis</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>July</u>	, 20 <u>16</u>

Ross Ellis
SIGNATURE OF NOTARY PUBLIC

