

ANNUAL REPORT

Of

Company Name: Hillcrest Water Company
915 E. Bethany Home Rd.

Mailing Address: Phoenix AZ
85014

Docket No.: W-02128A
For the Year Ended: 12/31/22

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:
Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type: Original Filing
Application Date: 5/22/2023

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Hillcrest Water Company
A Class ☐ Utility

For the Calendar Year Ended: 12/31/22

Primary Address:

PO BOX 85160

City:

TUCSON

 State:

ARIZONA

 Zip Code:

85754

Telephone Number:

520-623-5172

Date of Original Organization of Utility:

2/25/1970

Person to whom correspondence should be addressed concerning this report:

Name:

DORINDA CHACON

Telephone No. :

520-623-5172

Address:

PO BOX 85160

City:

TUCSON

 State:

ARIZONA

 Zip Code:

85754

Email:

INFO@SOUTHWESTERNUTILITY.COM

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Name:

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Telephone No. :

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Address:

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City:

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 State:

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 Zip Code:

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Email:

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Name:

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Name:

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Telephone No. :

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Address:

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City:

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 State:

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 Zip Code:

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Email:

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Ownership:

"C" Corporation

Counties Served:

Maricopa

ARIZONA CORPORATION COMMISSION
 WATER UTILITY ANNUAL REPORT
 Hillcrest Water Company

Important changes during the year

NO	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.
	NA

NO	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.
	NA

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	7,373	0	0	7,373	7,373	0
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	0	0	0	0	0	0
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	7,665	10,670	0	18,335	7,932	10,403
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0
330.1	Storage Tanks	58,102	0	0	58,102	58,102	0
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	14,155	2,155	0	16,310	14,209	2,101
333	Services	6,800	0	0	6,800	6,800	0
334	Meters and Meter Installations	16,134	2,178	0	18,312	9,630	8,682
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	1,440	0	0	1,440	1,440	0
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$111,669	\$15,003	\$0	\$126,672	\$105,486	\$21,186

Hillcrest Water Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/22

Depreciation Expense for the Current Year (Water)									
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0	0.00%	0
304	Structures and Improvements	7,373	0	0	7,373	7,373	0	0.00%	0
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	0.00%	0
307	Wells and Springs	0	0	0	0	0	0	0.00%	0
308	Infiltration Galleries	0	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	0	0	0	0	0	0	0.00%	0
311	Pumping Equipment	7,665	10,670	0	18,335	7,665	10,670	5.00%	267
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	58,102	0	0	58,102	0	58,102	4.00%	1,582
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	14,155	2,155	0	16,310	14,155	2,155	5.00%	54
333	Services	6,800	0	0	6,800	6,800	0	0.00%	0
334	Meters and Meter Installations	16,134	2,178	0	18,312	8,598	9,714	8.33%	718
335	Hydrants	0	0	0	0	0	0	0.00%	0
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	1,440	0	0	1,440	1,440	0	0.00%	0
340.1	Computer & Software	0	0	0	0	0	0	0.00%	0
341	Transportation Equipment	0	0	0	0	0	0	0.00%	0
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0.00%	0
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	0.00%	0
346	Communication Equipment	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$111,669	\$15,003	\$0	\$126,672	\$46,031	\$80,641		\$2,621

Contribution(s) in Aid of Construction (Gross)	\$0
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$0</u>
Times: Proposed Amortization Rate	3.25%
Amortization of CIAC	\$0

Less: Amortization of CIAC \$0

DEPRECIATION EXPENSE **\$2,621**

Hillcrest Water Company
Annual Report
Balance Sheet Assets
12/31/22

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	Current and Accrued Assets			
131	Cash		\$49,678	\$35,065
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		1,783	87
146	Notes Receivable 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		\$51,461	\$35,152
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$111,669	\$126,672
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(102,865)	(105,486)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$8,804	\$21,186
	Total Assets		\$60,265	\$56,338

*Note these items feed automatically from AR3 UPIS Page 4

Hillcrest Water Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	Current Liabilities			
231	Accounts Payable		\$4,825	\$8,443
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		0	0
236	Accrued Taxes		319	276
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$5,144	\$8,719
	Long Term Debt			
224	Long Term Debt (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		\$5,144	\$8,719
	Capital Accounts			
201	Common Stock Issued		\$69,345	\$69,345
211	Other Paid-In Capital		0	0
215	Retained Earnings		(14,224)	(21,726)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$55,121	\$47,619
	Total Liabilities and Capital		\$60,265	\$56,338

Note: Total liabilities and Capital must match total assets for the beginning and end of the year!

Hillcrest Water Company
Annual Report
Water Comparative Income Statement
12/31/22

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2022 - 12/31/2022	Last Year 01/01/2021 - 12/31/2021
	Operating Revenue		
461	Metered Water Revenue	\$48,415	\$49,027
460	Unmetered Water Revenue	0	765
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	917	0
	Total Revenues	\$49,332	\$49,792
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	4,599	4,536
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	585	4,674
620.2	Office Supplies and Expense	2,614	3,582
630	Contractual Services	96	2,720
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	0	0
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	41,353	37,695
635	Contractual Services - Water Testing	2,326	1,020
636	Contractual Services - Other	0	2,375
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	0	0
657	Insurance - General Liability	2,301	2,000
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	75	0
670	Bad Debt Expense	0	88
675	Miscellaneous Expense	263	61
403	Depreciation Expense (From Schedule AR4)	2,621	2,638
408	Taxes Other Than Income	0	0
408.11	Property Taxes	0	2,644
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$56,833	\$64,033
	Operating Income / (Loss)	(\$7,501)	(\$14,241)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$1
421	Non-Utility Income	16	17
426	Miscellaneous Non-Utility (Expense)	(14)	0
427	Interest (Expense)	(2)	0
	Total Other Income / (Expense)	\$0	\$18
	Net Income / (Loss)	(\$7,501)	(\$14,223)

Hillcrest Water Company
Annual Report
Full time equivalent employees
12/31/22

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.2	0.0	0.0	0.2
Vice-president	0.0	0.0	0.0	0.0
Manager	0.0	0.2	0.0	0.2
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	0.0	0.1	0.0	0.1
Meter reader	0.0	0.0	0.0	0.0
Customer Service	0.0	0.0	0.0	0.0
Accounting	0.0	0.2	0.0	0.2
Business Office	0.0	0.2	0.0	0.2
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	0.0	0.1	0.0	0.1
Other	0.0	0.0	0.0	0.0
Total	0.2	0.8	0.0	1.0

Hillcrest Water Company
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/22

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	NA	NA	NA	NA
Source of Loan	0	0	0	0
ACC Decision No.	0	0	0	0
Reason for Loan	0	0	0	0
Dollar Amt. Issued	\$0	\$0	\$0	\$0
Amount Outstanding	\$0	\$0	\$0	\$0
Date of Maturity	NA	NA	NA	NA
Interest Rate	0.00%	0.00%	0.00%	0.00%
Current Year Interest	\$0	\$0	\$0	\$0
Current Year Principal	\$0	\$0	\$0	\$0

Meter Deposit Balance at Test Year End:	\$0
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Meter Deposits Refunded During the Test Year:	\$0
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Name of system water received from:		
ADWR PCC Number:	NA	
Source of water received	NA	
Well registry 55# (55-XXXXXX):	NA	

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	1,090,500.00	278,090.00	0.00	0.00	0.00	\$484	2,821
February	1,370,500.00	349,170.00	0.00	0.00	0.00	454	2,803
March	1,086,100.00	241,570.00	0.00	0.00	0.00	479	2,510
April	1,059,750.00	314,650.00	0.00	0.00	0.00	527	2,910
May	479,550.00	509,188.00	0.00	0.00	0.00	268	2,320
June	670,000.00	325,334.00	0.00	0.00	0.00	329	2,501
July	1,294,800.00	361,450.00	0.00	0.00	0.00	305	2,485
August	831,700.00	628,810.00	0.00	0.00	0.00	132	1,240
September	935,145.00	365,060.00	0.00	0.00	0.00	376	2,601
October	831,473.00	341,120.00	0.00	0.00	0.00	292	2,350
November	1,247,410.00	286,510.00	0.00	0.00	0.00	379	2,621
December	832,414.00	356,940.00	0.00	0.00	0.00	364	2,601
Totals	11,729,342.00	4,357,892.00	0.00	0.00	0.00	\$4,389	29,763

If applicable, in the space below please provide a description for all un-metered water use along with amounts:

na

- Page 11

Water Utility Plant Description

Name of the System:	HILLCREST WATER COMPANY		
ADEQ Public Water System Number:	AZ0415026		
ADWR PCC Number:	91-000747.0000		

MAINS

[illegible]

CUSTOMER METERS

[illegible]

SERVICE LINES

SERVICE LINES		
Material	Percent of system	Year installed

BOOSTER PUMPS

BOOSTER PUMPS		
Horsepower	GPM	Quantity
3	100	1

FIRE HYDRANTS

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
43,301	STEEL	1	1980
50,000	STEEL	1	1990

PRESSURE/BLADDER TANKS

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
85	METAL	1	1980

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)

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

TREATMENT EQUIPMENT:	NA
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STRUCTURES:	NA
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OTHER:	NA
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Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by
- (b) If no historical flow data are available, use:

$$ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$$

ERC

61

Method used:

(a)

Customer and Other Information	
Name of the System:	HILLCREST WATER COMPANY
ADEQ Public Water System Number:	AZ0415026
ADWR PCC Number:	91-000747.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	195	0	0	0	0
February	197	0	0	0	0
March	195	0	0	0	0
April	196	0	0	0	0
May	196	0	0	0	0
June	196	0	0	0	0
July	197	0	0	0	0
August	197	0	0	0	0
September	196	0	0	0	0
October	196	0	0	0	0
November	196	0	0	0	0
December	195	0	0	0	0

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment?

Does the Company have an ADWR Gallons Per Capita Per Day (GCPCPD) requirement?

If yes, provide the GPCPD amount:

Is the Water Utility located in an ADWR Active Management Area (AMA)?

If yes, which AMA?

What is the present system connection capacity (in ERCs *) using existing lines?

What is the future system connection capacity (in ERCs *) upon service area buildout?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

NA

* an ERC is based on the calculation on the bottom of AR9 page 12.

Hillcrest Water Company
Annual Report
Utility Shutoffs / Disconnects
12/31/22

Utility Shutoffs / Disconnects	
Name of the System:	HILLCREST WATER COMPANY
ADEQ Public Water System Number:	AZ0415026
ADWR PCC Number:	91-000747.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2- 410.C	Other
January	0	0	0
February	0	0	0
March	0	0	0
April	0	3	0
May	0	0	0
June	0	5	0
July	0	4	0
August	0	1	0
September	0	3	0
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	16	0

Other (description):

NA

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2022 was
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\$0

If no property taxes paid, explain why.

NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Verification and Sworn Statement (Taxes)

Verification: State of ARIZONA I, the undersigned of the
(state name)

County of (county name): COCHISE
Name (owner or official) title: DUSTIN DESPAIN, ACCOUNTANT
Company name: Hillcrest Water Company

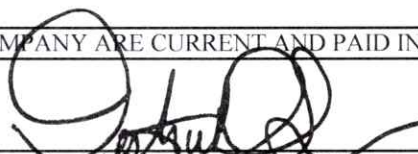
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/22

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/official

520-265-5350

telephone no.

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

THIS

22

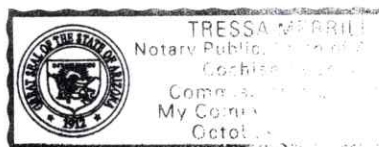
DAY OF

Cochise

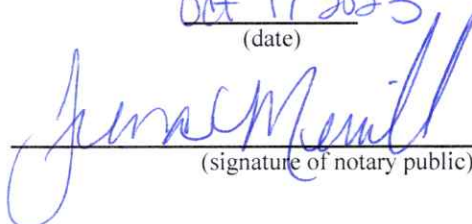
(county name)

May 2023
(month) and (year)

MY COMMISSION EXPIRES



Oct 17 2023
(date)


(signature of notary public)

Verification and Sworn Statement

Verification:

State of ARIZONA I, the undersigned of the
(state name)

County of (county name):

COCHISE

Name (owner or official) title:

DUSTIN DESPAIN, ACCOUNTANT

Company name:

Hillcrest Water Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/22

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, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$49,332

(The amount in the box above includes

\$3,374 in sales taxes

billed or collected)

[Signature]
signature of owner/official

520-265-5350

telephone no.

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

THIS

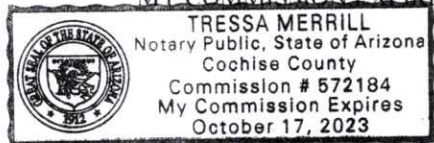
22

DAY OF

Cochise
(county name)

May 2023
(month) and (year)

MY COMMISSION EXPIRES



Oct 17 2023
(date)

[Signature]
(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

Verification:

State of ARIZONA I, the undersigned of the
(state name)

County of (county name): COCHISE
Name (owner or official) title: DUSTIN DESPAIN, ACCOUNTANT
Company name: Hillcrest Water Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

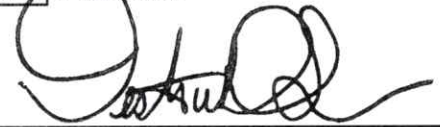
FOR THE YEAR ENDING: 12/31/22

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, 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 THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$49,332
(The amount in the box above includes
\$3,374 in sales taxes
billed or collected)



signature of owner/official

520-265-5350

telephone no.

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

Cochise

(county name)

THIS

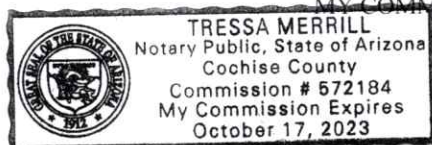
22

DAY OF

May 2023
(month) and (year)

MY COMMISSION EXPIRES

Oct 17, 2023
(date)





(signature of notary public)

Full Gross-up Method for Income Tax Statement of Certification

Verification:

State of ARIZONA I, the undersigned of the
(state name)

County of (county name):

COCHISE

Name (owner or official) title:

DUSTIN DESPAIN, ACCOUNTANT

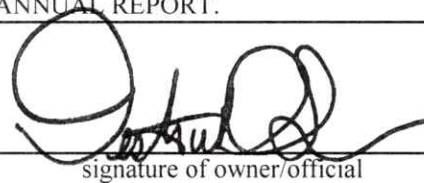
Company name:

Hillcrest Water Company

FOR THE YEAR ENDING: 12/31/22

Sworn Statement:

IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS NOT INCURRED NOR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.


signature of owner/official

520-265-5350
telephone no.

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

Cochise
(county name)

THIS

22

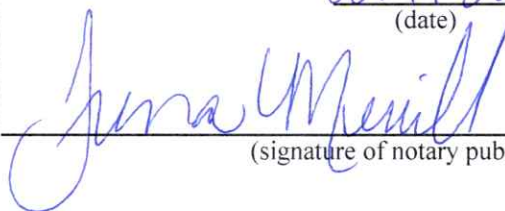
DAY OF

May 2023
(month) and (year)

MY COMMISSION EXPIRES

Oct 17 2023
(date)




(signature of notary public)