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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT

Of

Company Name:

6808 N Dysart Rd Ste 116

Mailing Address: Glendale AZ 85307

Docket No.:

For the Year Ended:

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@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:

Application Date:

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Mescal Lakes Water Systems Inc.
A Class Utility

For the Calendar Year Ended:

Primary Address:
City: State: Zip Code:

Telephone Number:

Date of Original Organization of Utility:

Person to whom correspondence should be addressed concerning this report:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Ownership:

Counties Served:

Important changes during the year	
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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.
	N/A

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.
	N/A

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	\$104	\$0	\$0	\$104	\$0	\$104
302	Franchises	250	0	0	250	0	250
303	Land and Land Rights	10,263	0	0	10,263	0	10,263
304	Structures and Improvements	35,143	0	0	35,143	31,037	4,106
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	84,465	0	0	84,465	75,069	9,396
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	161,328	17,503	0	178,831	129,491	49,340
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	4,064	400	0	4,464	2,797	1,667
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	63,553	0	0	63,553	63,553	0
330.1	Storage Tanks	71,787	0	0	71,787	60,278	11,509
330.2	Pressure Tanks	1,852	0	0	1,852	695	1,157
331	Transmission and Distribution Mains	712,280	1,818	0	714,098	587,872	126,226
333	Services	155,533	6,656	0	162,189	115,551	46,638
334	Meters and Meter Installations	87,396	3,442	0	90,838	63,393	27,445
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	854	0	0	854	462	392
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	0	0	0	0	0	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	4,504	0	0	4,504	788	3,716
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,393,376	\$29,819	\$0	\$1,423,195	\$1,130,986	\$292,209

Mescal Lakes Water Systems Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/23

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	\$104	\$0	\$0	\$104	\$104	\$0	0.00%	\$0
302	Franchises	250	0	0	250	250	0	0.00%	0
303	Land and Land Rights	10,263	0	0	10,263	9,063	1,200	0.00%	0
304	Structures and Improvements	35,143	0	0	35,143	7,304	27,839	3.33%	927
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	84,465	0	0	84,465	30,319	54,146	3.33%	1,803
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	161,328	17,503	0	178,831	46,775	132,056	12.50%	15,413
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	4,064	400	0	4,464	0	4,464	20.00%	853
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	63,553	0	0	63,553	63,553	0	5.00%	0
330.1	Storage Tanks	71,787	0	0	71,787	0	71,787	2.22%	1,594
330.2	Pressure Tanks	1,852	0	0	1,852	0	1,852	5.00%	93
331	Transmission and Distribution Mains	712,280	1,818	0	714,098	567,781	146,317	2.00%	4,385
333	Services	155,533	6,656	0	162,189	55,733	106,456	3.33%	3,434
334	Meters and Meter Installations	87,396	3,442	0	90,838	33,899	56,939	8.33%	4,600
335	Hydrants	0	0	0	0	0	0	0.00%	0
336	Backflow Prevention Devices	854	0	0	854	0	854	6.67%	57
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	0	0	0	0	0	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	4,504	0	0	4,504	0	4,504	10.00%	450
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	\$1,393,376	\$29,819	\$0	\$1,423,195	\$814,781	\$608,414		\$33,608

Contribution(s) in Aid of Construction (Gross)	\$492,902
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	136,347
Amortizable Contribution(s)	\$356,555
Times: Proposed Amortization Rate	5.00%
Amortization of CIAC	\$17,657

Less: Amortization of CIAC **\$17,657**

DEPRECIATION EXPENSE \$15,951

Mescal Lakes Water Systems Inc.
 Annual Report
 Balance Sheet Assets
 12/31/23

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current and Accrued Assets			
131	Cash		\$10,931	\$15,146
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		16,095	24,413
146	Notes Receivable from Associated Companies		(3,942)	(6,447)
151	Plant Material and Supplies		0	0
162	Prepayments		8,527	2,886
174	Miscellaneous Current and Accrued Assets		110,816	88,506
	Total Current and Accrued Assets		\$142,427	\$124,504
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,393,376	\$1,423,195
103	Property Held for Future Use		0	0
105	Construction Work in Progress		26,365	26,366
108	Accumulated Depreciation (enter as negative)*		(1,097,377)	(1,130,986)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$322,364	\$318,575
	Total Assets		\$464,791	\$443,079

*Note these items feed automatically from AR3 UPIS Page 4

Mescal Lakes Water Systems Inc.
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current Liabilities			
231	Accounts Payable		\$85,600	\$1,427
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	76,704
235	Customer Deposits		22,696	14,084
236	Accrued Taxes		6,415	6,662
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		1,321	1,688
	Total Current Liabilities		\$116,032	\$100,565
	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		123,385	117,422
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		486,099	492,902
272	Less: Amortization of Contributions		(277,845)	(295,502)
281	Accumulated Deferred Income Tax		16,550	5,358
	Total Deferred Credits		\$348,189	\$320,180
	Total Liabilites		\$464,221	\$420,745
	Capital Accounts			
201	Common Stock Issued		\$100	\$100
211	Other Paid-In Capital		159,638	159,638
215	Retained Earnings		(159,168)	(137,404)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$570	\$22,334
	Total Liabilities and Capital		\$464,791	\$443,079

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

Mescal Lakes Water Systems Inc.
Annual Report
Water Comparative Income Statement
12/31/23

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	Operating Revenue		
461	Metered Water Revenue	\$281,067	\$221,106
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	8,755	5,923
474	Other Water Revenue	0	0
	Total Revenues	\$289,822	\$227,029
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	27,661	20,760
618	Chemicals	4,204	862
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	3,586	2,244
620.2	Office Supplies and Expense	5,189	3,924
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	2,000
632	Contractual Services - Accounting	0	598
633	Contractual Services - Legal	0	979
634	Contractual Services - Management Fees	166,490	142,282
635	Contractual Services - Water Testing	3,524	2,743
636	Contractual Services - Other	0	760
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	1,347	3,900
657	Insurance - General Liability	4,381	2,837
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	10,772	45
670	Bad Debt Expense	3,573	(207)
675	Miscellaneous Expense	2,056	2,003
403	Depreciation Expense (From Schedule AR4)	15,951	25,277
408	Taxes Other Than Income	0	0
408.11	Property Taxes	10,822	10,790
409	Income Taxes	7,417	1,487
427.1	Customer Security Deposit Interest	1,083	560
	Total Operating Expenses	\$268,056	\$223,844
	Operating Income / (Loss)	\$21,766	\$3,185
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	683
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$683
	Net Income / (Loss)	\$21,766	\$3,868

Mescal Lakes Water Systems Inc.
 Annual Report
 Full time equivalent employees
 12/31/23

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President				0.0
Vice-president				0.0
Manager			unable to	0.0
Engineering Staff			determine	0.0
System Operator(s)			without	0.0
Meter reader			significant	0.0
Customer Service			analysis	0.0
Accounting				0.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
Total	0.0	0.0	0.0	0.0

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 Amt. Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principal				

Meter Deposit Balance at Test Year End:	\$14,524
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Meter Deposits Refunded During the Test Year:	\$1,464
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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.

Well and Water Usage											
Name of the System:		MESCAL LAKES WATER SYSTEM									
ADEQ Public Water System Number:		AZ0402052									
ADWR PCC Number:		91-000062.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2023	Meter Size (inches)	How measured:	Active
55-800432	10	100	480	8	Submersible	1975	277	310	2	Metered	Yes
55-561268	20	140	400	8	Submersible	1997	277	256	2	Metered	Yes
55-208498	20	150	493	12	Submersible	2005	277	310	2	Metered	Yes

Name of system water delivered to: _____
 ADWR PCC Number: _____ NA
 Source of water delivered to another system: _____

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

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	3,024,635.00	2,886,767.00	0.00	0.00	0.00	\$1,702	8,656
February	2,925,572.00	2,105,255.00	0.00	0.00	0.00	1,966	10,338
March	2,185,500.00	2,168,161.00	0.00	0.00	0.00	1,838	9,424
April	3,569,300.00	2,658,913.00	0.00	0.00	0.00	2,082	11,302
May	2,163,603.00	2,554,542.00	0.00	0.00	0.00	2,686	13,713
June	3,649,907.00	3,869,247.00	0.00	0.00	0.00	2,650	14,174
July	3,649,907.00	2,782,715.00	0.00	0.00	0.00	3,059	17,738
August	5,058,900.00	4,032,065.00	0.00	0.00	0.00	3,184	18,404
September	3,572,800.00	2,814,938.00	0.00	0.00	0.00	2,974	16,869
October	3,317,700.00	2,505,234.00	0.00	0.00	0.00	2,215	12,763
November	3,247,000.00	2,146,381.00	0.00	0.00	0.00	1,933	12,216
December	2,457,200.00	2,204,435.00	0.00	0.00	0.00	1,662	10,941
Totals	38,822,024.00	32,728,653.00	0.00	0.00	0.00	\$27,952	156,538

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

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.
 2 Water sold - Total gallons from customer meters, and other sales such as construction water.
 3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
 4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
 5 Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
 6 Enter the total purchased power costs for the power meters associated with this system.
 7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description			
Name of the System:	MESCAL LAKES WATER SYSTEM		
ADEQ Public Water System Number:	AZ0402052		
ADWR PCC Number:	91-000062.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
3.00	PVC	1,870
4.00	PVC	19,670
6.00	PVC	46,141

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	523	27%	59%
0.75	3	33%	33%
1	3	67%	67%
2	3	67%	67%

SERVICE LINES		
Material	Percent of system	Year installed
Black poly	30%	1997
Copper	70%	1997

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
7.5	75	1	
10	100	1	
15	150	2	

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS				
Capacity (gallons)	Material	Quantity	Year installed	
50,000	Steel	1	Unknown	
50,000	Steel	1	2005	

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
3,000	Steel	1	1997
4,500	Steel	1	Unknown

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

TREATMENT EQUIPMENT:	Two chlorinators
STRUCTURES:	770 feet of 6 foot chain link fence, 24 x 36 foot building, two 4 x 8 chlorine sheds
OTHER:	N/A

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 365
- (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	168
Method used:	(a)

Customer and Other Information	
Name of the System:	MESCAL LAKES WATER SYSTEM
ADEQ Public Water System Number:	AZ0402052
ADWR PCC Number:	91-000062.0000

Month	Number of Customers				Other Non-Residential
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	
January	523	0	11	0	0
February	525	0	11	0	0
March	528	0	11	0	0
April	528	0	11	0	0
May	529	0	11	0	0
June	527	0	12	0	0
July	529	0	12	0	0
August	525	0	12	0	0
September	519	0	12	0	0
October	529	0	13	0	0
November	529	0	13	0	0
December	519	0	13	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 (GPCPD) 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.

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

Mescal Lakes Water Systems Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	MESCAL LAKES WATER SYSTEM
ADEQ Public Water System Number:	AZ0402052
ADWR PCC Number:	91-000062.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	21	0
February	0	6	0
March	0	1	0
April	0	15	0
May	0	12	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	2	0
December	0	0	0
Total	0	57	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.

Mescal Lakes Water Systems Inc.
Annual Report
Property Taxes
12/31/23

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2023 was	
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	\$10,806
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If no property taxes paid, explain why.

N/A

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):	Maricopa
Name (owner or official) title:	Bryan Thomas, President
Company name:	Mescal Lakes Water Systems Inc.

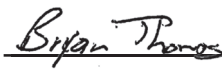
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/23

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

623-935-1100
telephone no.