

ANNUAL REPORT

Of

Company Name: Mescal Lakes Water Systems Inc.
PO Box 85160

Mailing Address: Tucson AZ
85754

Docket No.: W-02472A
For the Year Ended: 12/31/18

RECEIVED
JUN 20 2019
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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: Original Filing

Application Date: 6/24/2019

6-25-19

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

1. For the Calendar Year Ended: 12/31/18

2. Address:

PO Box 85160			
City: Tucson	State: Arizona	Zip Code: 85754	

3. Telephone Number:

520-623-5172

4. Date of Original Organization of Utility:

6/7/1982

5. Person to whom correspondence should be addressed concerning this report:

Name:

Paul Juhl

Telephone No. :

520-623-5172

Address:

PO Box 85160			
City: Tucson	State: Arizona	Zip Code: 85754	

Email:

info@southwesternutility.com

6. On-Site Manager:

Name:

Jason Long

Telephone No. :

520-623-5172

Address:

PO Box 85160			
City: Tucson	State: Arizona	Zip Code: 85754	

Email:

info@southwesternutility.com

7. Ownership:

"C" Corporation

8. Counties Served:

Cochise

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		\$104
302	Franchises	250			250		250
303	Land and Land Rights	9,063			9,063		9,063
304	Structures and Improvements	35,143			35,143	24,542	10,601
305	Collecting & Improving Reservoirs				0		0
306	Lake, River, Canal Intakes				0		0
307	Wells and Springs	84,465			84,465	62,437	22,028
308	Infiltration Galleries				0		0
309	Supply Mains				0		0
310	Power Generation Equipment				0		0
311	Pumping Equipment	157,837			157,837	91,547	66,290
320	Water Treatment Equipment				0		0
320.1	Water Treatment Plants				0		0
320.2	Solution Chemical Feeders	3,571			3,571	1,144	2,427
320.3	Point-of-Use Treatment Devices				0		0
330	Distribution Reservoirs and Standpipes	63,553			63,553	63,553	0
330.1	Storage Tanks	71,787			71,787	44,327	27,460
330.2	Pressure Tanks	1,852			1,852	231	1,621
331	Transmission and Distribution Mains	569,878	2,331		572,209	509,940	62,269
333	Services	118,796			118,796	96,228	22,568
334	Meters and Meter Installations	69,889	653		70,542	49,671	20,871
335	Hydrants				0		0
336	Backflow Prevention Devices	854			854	235	619
339	Other Plant and Misc. Equipment				0		0
340	Office Furniture and Equipment				0		0
340.1	Computer & Software				0		0
341	Transportation Equipment				0		0
342	Stores Equipment				0		0
343	Tools, Shop and Garage Equipment				0		0
344	Laboratory Equipment				0		0
345	Power Operated Equipment				0		0
346	Communication Equipment				0		0
347	Miscellaneous Equipment				0		0
348	Other Tangible Plant				0		0
	Totals	\$1,187,042	\$2,984	\$0	\$1,190,026	\$943,855	\$246,171

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.

Mescal Lakes Water Systems Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/18

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	Depreciation Percentages	Depreciation Expense
301	Organization	\$104	\$0	\$0	\$104	\$104	0.00%	\$0
302	Franchises	250	0	0	250	250	0.00%	0
303	Land and Land Rights	9,063	0	0	9,063	9,063	0.00%	0
304	Structures and Improvements	35,143	0	0	35,143	7,304	5.00%	1,392
305	Collecting & Improving Reservoirs	0	0	0	0		5.00%	0
306	Lake, River, Canal Intakes	0	0	0	0		5.00%	0
307	Wells and Springs	84,465	0	0	84,465	30,319	5.00%	2,707
308	Infiltration Galleries	0	0	0	0		5.00%	0
309	Supply Mains	0	0	0	0		5.00%	0
310	Power Generation Equipment	0	0	0	0		5.00%	0
311	Pumping Equipment	157,837	0	0	157,837	46,775	5.00%	5,553
320	Water Treatment Equipment	0	0	0	0		5.00%	0
320.1	Water Treatment Plants	0	0	0	0		5.00%	0
320.2	Solution Chemical Feeders	3,571	0	0	3,571		5.00%	179
320.3	Point-of-Use Treatment Devices	0	0	0	0		5.00%	0
330	Distribution Reservoirs and Standpipes	63,553	0	0	63,553	63,553	5.00%	0
330.1	Storage Tanks	71,787	0	0	71,787		5.00%	3,589
330.2	Pressure Tanks	1,852	0	0	1,852		5.00%	93
331	Transmission and Distribution Mains	569,878	2,331	0	572,209	284,681	5.00%	14,318
333	Services	118,796	0	0	118,796	55,733	5.00%	3,153
334	Meters and Meter Installations	69,889	653	0	70,542	33,899	5.00%	1,810
335	Hydrants	0	0	0	0		5.00%	0
336	Backflow Prevention Devices	854	0	0	854		5.00%	43
339	Other Plant and Misc. Equipment	0	0	0	0			0
340	Office Furniture and Equipment	0	0	0	0			0
340.1	Computer & Software	0	0	0	0			0
341	Transportation Equipment	0	0	0	0			0
342	Stores Equipment	0	0	0	0			0
343	Tools, Shop and Garage Equipment	0	0	0	0			0
344	Laboratory Equipment	0	0	0	0			0
345	Power Operated Equipment	0	0	0	0			0
346	Communication Equipment	0	0	0	0			0
347	Miscellaneous Equipment	0	0	0	0			0
348	Other Tangible Plant	0	0	0	0			0
	Subtotal	\$1,187,042	\$2,984	\$0	\$1,190,026	\$531,681		\$32,836

Contribution(s) in Aid of Construction (Gross)	\$474,262
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	136,347
Amortizable Contribution(s)	\$337,915
Times: Proposed Amortization Rate	5.00%
Amortization of CIAC	\$18,844

Less: Amortization of CIAC **\$18,844**

DEPRECIATION EXPENSE **\$13,992**

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.

Mescal Lakes Water Systems Inc.
Annual Report
Balance Sheet Assets
12/31/18

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2018)	Balance at End of Year (2018)
Account No.	Current and Accrued Assets			
131	Cash		\$26,219	\$42,579
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		4,862	5,282
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$31,081	\$47,861
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,187,042	\$1,190,026
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(911,020)	(943,855)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$276,022	\$246,171
	Total Assets		\$307,103	\$294,032

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.

*Note these items feed automatically from AR3 UPIS Page 3

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 (2018)	Balance at End of Year (2018)
Account No.	Current Liabilities			
231	Accounts Payable		\$13,829	\$12,850
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies			
235	Customer Deposits		24,770	25,796
236	Accrued Taxes		1,033	1,005
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	Total Current Liabilities		\$39,632	\$39,651
	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		106,334	26,794
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction		396,342	474,262
272	Less: Amortization of Contributions		(189,938)	(208,782)
281	Accumulated Deferred Income Tax		0	(68,092)
	Total Deferred Credits		\$312,738	\$224,182
	Total Liabilities		\$352,370	\$263,833
	Capital Accounts			
201	Common Stock Issued		\$100	\$100
211	Other Paid-In Capital		159,638	159,638
215	Retained Earnings		(205,005)	(129,539)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		(\$45,267)	\$30,199
	Total Liabilities and Capital		\$307,103	\$294,032

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.

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
12/31/18

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2018 - 12/31/2018	Last Year 01/01/2017 - 12/31/2017
	Operating Revenue		
461	Metered Water Revenue	\$203,506	\$210,167
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenue	3,914	4,897
	Total Revenues	\$207,420	\$215,064
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	17,674	18,012
618	Chemicals	762	1,125
620	Materials and Supplies		
620.1	Repairs and Maintenance	6,346	8,803
620.2	Office Supplies and Expense	3,426	4,133
630	Contractual Services		
631	Contractual Services -Engineering		
632	Contractual Services - Accounting	5,257	4,977
633	Contractual Services - Legal		
634	Contractual Services - Management Fees	129,478	128,448
635	Contractual Services - Water Testing	2,103	2,375
636	Contractual Services - Other	260	195
640	Rents	660	1,170
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	3,879	3,597
657	Insurance - General Liability	2,475	975
657.1	Insurance - Health and Life		
665	Regulatory Commission Expense - Rate		
670	Bad Debt Expense	1,340	1,197
675	Miscellaneous Expense	866	433
403	Depreciation Expense (From Schedule AR4)	13,992	19,716
408	Taxes Other Than Income		
408.11	Property Taxes	11,248	11,944
409	Income Taxes	(3,091)	
427.1	Customer Security Deposit Interest	607	731
	Total Operating Expenses	\$197,282	\$207,831
	Operating Income / (Loss)	\$10,138	\$7,233
	Other Income / (Expense)		
419	Interest and Dividend Income	\$410	\$74
421	Non-Utility Income	64,916	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$65,326	\$74
	Net Income / (Loss)	\$75,464	\$7,307

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.

Mescal Lakes Water Systems Inc.
 Annual Report
 Full time equivalent employees
 12/31/18

Full time equivalent employees

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

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. A full-time employee is based on 2080 total hours per year. Please calculate partial employees using 2080 hours.

Mescal Lakes Water Systems Inc.
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/18

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:	\$8,986
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Meter Deposits Refunded During the Test Year:	\$1,551
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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

[illegible]

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

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

Month	Water withdrawn (acre ft) ¹	Water sold (acre ft) ²	Water delivered (sold) to other systems (acre ft) ³	Water received (purchased) from other systems (acre ft) ⁴	Estimated authorized use (acre ft) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	9	7	0	0	0	\$1,385	8,244
February	6	6	0	0	0	1,244	7,405
March	7	7	0	0	0	1,241	7,387
April	7	7	0	0	0	1,446	7,486
May	11	10	0	0	0	1,748	9,426
June	11	14	0	0	0	1,829	10,163
July	10	9	0	0	0	1,875	10,739
August	9	8	0	0	0	1,738	9,257
September	7	6	0	0	0	1,545	7,675
October	10	8	0	0	0	1,342	6,595
November	8	6	0	0	0	1,232	7,017
December	7	6	0	0	0	1,049	5,794
Totals	102	95	0	0	0	\$17,674	97,188

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

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.

- 1 Water withdrawn - Total acre feet of water withdrawn from pumped sources.
- 2 Water sold - Total acre feet from customer meters, and other sales such as construction water.
- 3 Water delivered (sold) to other systems - Total acre feet of water delivered to other systems.
- 4 Water received (purchased) from other systems - Total acre feet of water purchased/received from other systems.
- 5 Estimated authorized use - Total estimated acre feet 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		

[illegible][illegible]

SERVICE LINES	
Material	Percent of system

BOOSTER PUMPS		
Horsepower	GPM	Quantity
7.5	75	2
15	150	2

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS		
Capacity (gallons)	Material	Quantity
20,000	Steel	1
50,000	Steel	1

PRESSURE/BLADDER TANKS		
Capacity (gallons)	Material	Quantity
3,000	Steel	1
5,000	Steel	1

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. Copy and paste this sheet as many times as is necessary.

* 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
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OTHER:	N/A
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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				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	489	1	10	0	2
February	487	1	10	0	2
March	490	1	10	0	2
April	490	1	10	0	2
May	482	1	10	0	2
June	481	1	10	0	2
July	489	1	10	0	1
August	489	1	10	0	1
September	486	1	10	0	1
October	490	1	11	0	1
November	487	1	11	0	1
December	490	1	11	0	1

total 504

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?

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. Copy and paste this sheet as many times as is necessary.

Company	Mescal Lakes Water Systems Inc.	
Docket No.:	W-02472A	
Name of the System:	MESCAL LAKES WATER SYSTEM	
ADEQ Public Water System Number:	AZ0402052	
ADWR PCC Number:	91-000062.0000	

2018 Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2- 410.C	Other
January	0	4	0
February	0	3	0
March	0	3	0
April	0	4	0
May	0	9	0
June	0	3	0
July	0	9	0
August	0	4	0
September	0	5	0
October	0	5	0
November	0	4	0
December	0	1	0
Total	0	54	0

Other (description):	N/A
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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.

Mescal Lakes Water Systems Inc.
Annual Report
Property Taxes
12/31/18

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2018 was	\$11,596
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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.

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MAY 01 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Mescal Lakes Water Systems Inc.
Annual Report
Verification and Sworn Statement (Taxes)
12/31/18

Verification and Sworn Statement (Taxes)

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

County of (county name): Pima
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: 12/31/18

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.

Bonnie O'Connor
signature of owner/official

520-623-5172
telephone no.

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

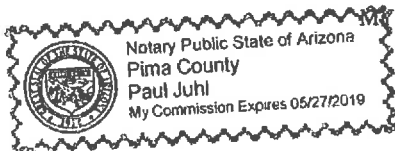
THIS

30th

DAY OF

Pima
(county name)

April 2019
(month) and (year)



COMMISSION EXPIRES

5/27/19
(date)

Paul Juhl
(signature of notary public)

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MAY 01 2019

Verification and Sworn Statement

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification:

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

County of (county name):

Pima

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: 12/31/18

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 (\$)

\$220,265

(The amount in the box above includes

\$12,845

in sales taxes
billed or collected)

Bonnie O'Connor

signature of owner/official

520-623-5172

telephone no.

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

THIS

30th

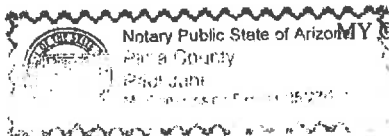
DAY OF

Pima

(county name)

April 12019

(month) and (year)



Notary Public State of Arizona MY COMMISSION EXPIRES

5/27/19

(date)

Patricia

(signature of notary public)

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MAY 01 2019

Verification and Sworn Statement (Residential Revenue)

Verification:

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

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Pima
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: 12/31/18

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 (\$)

\$213,754

(The amount in the box above includes

\$12,290 in sales taxes
billed or collected)

[Signature]
signature of owner/official

520-623-5172

telephone no.

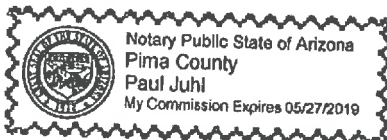
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Pima
(county name)

THIS 30th DAY OF April 2019
(month) and (year)

MY COMMISSION EXPIRES

5/27/19
(date)



[Signature]
(signature of notary public)