

ANNUAL REPORT

Of

Company Name: Mescal Lakes Water Systems Inc.
6808 N Dysart Rd Ste 116

Mailing Address: Glendale AZ 85307

Docket No.: W-02472A
For the Year Ended: 12/31/24

RECEIVED BY EMAIL
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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

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: Corrected Filing
Application Date: 3/28/2025

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

For the Calendar Year Ended: 12/31/24

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:

On-Site Manager
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:

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

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	31,964	3,179
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	8,472	0	92,937	77,014	15,923
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	178,831	29,075	0	207,906	147,816	60,090
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	4,464	0	0	4,464	3,690	774
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	61,872	9,915
330.2	Pressure Tanks	1,852	0	0	1,852	787	1,065
331	Transmission and Distribution Mains	714,098	5,366	0	719,464	590,850	128,614
333	Services	162,189	16,602	0	178,791	119,372	59,419
334	Meters and Meter Installations	90,838	6,198	0	97,036	68,395	28,641
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	854	0	0	854	519	335
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	1,238	3,266
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,423,195	\$65,713	\$0	\$1,488,908	\$1,167,070	\$321,838

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	8,472	0	92,937	30,319	62,618	3.33%	1,944
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	178,831	29,075	0	207,906	46,775	161,131	12.50%	18,324
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	4,464	0	0	4,464	0	4,464	20.00%	893
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	714,098	5,366	0	719,464	567,781	151,683	2.00%	2,980
333	Services	162,189	16,602	0	178,791	55,733	123,058	3.33%	3,821
334	Meters and Meter Installations	90,838	6,198	0	97,036	33,899	63,137	8.33%	5,001
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	\$1,423,195	\$65,713	\$0	\$1,488,908	\$814,781	\$674,127		\$36,084

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	\$17,828
Less: Amortization of CIAC	\$17,828
DEPRECIATION EXPENSE	\$18,256

Mescal Lakes Water Systems Inc.
Annual Report
Balance Sheet Assets
12/31/24

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2024)	Balance at End of Year (2024)
Account No.	Current and Accrued Assets			
131	Cash		\$15,146	\$11,221
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		24,413	27,046
146	Notes Receivable from Associated Companies		(6,447)	(11,350)
151	Plant Material and Supplies		0	0
162	Prepayments		2,886	5,839
174	Miscellaneous Current and Accrued Assets		88,506	74,702
	Total Current and Accrued Assets		\$124,504	\$107,458
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,423,195	\$1,488,908
103	Property Held for Future Use		0	0
105	Construction Work in Progress		26,366	33,318
108	Accumulated Depreciation (enter as negative)*		(1,130,986)	(1,167,070)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$318,575	\$355,156
	Total Assets		\$443,079	\$462,614

*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 (2024)	Balance at End of Year (2024)
Account No.	Current Liabilities			
231	Accounts Payable		\$1,427	\$0
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		76,704	96,498
235	Customer Deposits		14,084	10,463
236	Accrued Taxes		6,662	6,793
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		1,688	1,521
	Total Current Liabilities		\$100,565	\$115,275
	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		117,422	127,361
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		492,902	492,902
272	Less: Amortization of Contributions		(295,502)	(313,330)
281	Accumulated Deferred Income Tax		5,358	2,679
	Total Deferred Credits		\$320,180	\$309,612
	Total Liabilites		\$420,745	\$424,887
	Capital Accounts			
201	Common Stock Issued		\$100	\$100
211	Other Paid-In Capital		159,638	159,638
215	Retained Earnings		(137,404)	(122,011)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$22,334	\$37,727
	Total Liabilities and Capital		\$443,079	\$462,614

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
12/31/24

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2024 - 12/31/2024	Last Year 01/01/2023 - 12/31/2023
	Operating Revenue		
461	Metered Water Revenue	\$277,197	\$281,067
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	7,183	8,755
474	Other Water Revenue	0	0
	Total Revenues	\$284,380	\$289,822
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	16,861	27,661
618	Chemicals	4,918	4,204
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	2,952	3,586
620.2	Office Supplies and Expense	35	5,189
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	0	0
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	184,978	166,490
635	Contractual Services - Water Testing	2,989	3,524
636	Contractual Services - Other	2,750	0
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	0	1,347
657	Insurance - General Liability	5,674	4,381
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	10,772	10,772
670	Bad Debt Expense	59	3,573
675	Miscellaneous Expense	2,145	2,056
403	Depreciation Expense (From Schedule AR4)	18,256	15,951
408	Taxes Other Than Income	0	0
408.11	Property Taxes	10,847	10,822
409	Income Taxes	5,256	7,417
427.1	Customer Security Deposit Interest	495	1,083
	Total Operating Expenses	\$268,987	\$268,056
	Operating Income / (Loss)	\$15,393	\$21,766
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	\$15,393	\$21,766

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

Mescal Lakes Water Systems Inc.
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/24

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:	\$24,600
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Meter Deposits Refunded During the Test Year:	\$1,013
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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:		
<u>ADWR PCC Number:</u>		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 ⁷ (kWh)
January	3,086,400.00	2,003,039.00	0.00	0.00	0.00	\$1,595	10,506
February	1,563,000.00	1,785,117.00	0.00	0.00	0.00	1,746	11,406
March	2,514,300.00	2,033,631.00	0.00	0.00	0.00	1,288	7,420
April	3,307,000.00	2,669,643.00	0.00	34,500.00	0.00	1,123	6,276
May	3,197,500.00	2,934,928.00	0.00	0.00	0.00	1,574	8,350
June	3,979,600.00	3,400,132.00	0.00	0.00	0.00	1,618	9,972
July	3,202,300.00	2,851,075.00	0.00	0.00	0.00	1,510	10,287
August	3,295,200.00	3,104,271.00	0.00	0.00	0.00	1,421	9,675
September	3,787,500.00	3,127,174.00	0.00	0.00	0.00	1,338	8,787
October	3,173,100.00	2,835,875.00	0.00	0.00	0.00	1,315	9,113
November	2,479,770.00	2,399,913.00	0.00	0.00	0.00	1,422	9,125
December	2,492,030.00	2,065,051.00	0.00	0.00	0.00	910	6,742
Totals	36,077,700.00	31,209,849.00	0.00	34,500.00	0.00	\$16,861	107,659

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

Line flushing.

- | | |
|---|---|
| 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

[illegible]

CUSTOMER METERS

[illegible]

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)

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	153
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				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	524	0	13	0	0
February	524	0	13	0	0
March	530	0	14	0	0
April	527	0	13	0	0
May	531	0	13	0	0
June	536	0	14	0	0
July	536	0	14	0	0
August	539	0	14	0	0
September	537	0	14	0	0
October	536	0	13	0	0
November	541	0	14	0	0
December	542	0	14	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
 12/31/24

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	3	0
February	0	5	0
March	0	0	0
April	0	2	0
May	0	2	0
June	0	4	0
July	0	0	0
August	0	1	0
September	0	1	0
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	18	0

Other (description):

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.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2024 was
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\$10,834

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: 12/31/24

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.

Bryan Thomas
signature of owner/official

623-219-4740
telephone no.