

ANNUAL REPORT

Of

Company Name:

Saddlebrooke Utility Company
9532 E. Riggs Rd.

Mailing Address:

Sun Lakes AZ
85248

Docket No.:

SW-02849A

For the Year Ended:

12/31/17

RECEIVED

MAY 03 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

WASTEWATER 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:

2017

5-3-18

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT
Saddlebrooke Utility Company
A Class Utility

1. For the Calendar Year Ended: 12/31/17

2. Address:

| | | | |
|-------------------|-----------|-----------|---------|
| 9532 E. Riggs Rd. | | | |
| City: | Sun Lakes | State: | Arizona |
| | | Zip Code: | 85248 |

3. Telephone Number: (480) 895-9200

4. Date of Original Organization of Utility: 1994

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

Name: Steve Soriano
Telephone No. : (480) 895-9200
Address:

| | | | |
|-------------------|-----------|-----------|---------|
| 9532 E. Riggs Rd. | | | |
| City: | Sun Lakes | State: | Arizona |
| | | Zip Code: | 85248 |

Email: steve.soriano@robson.com

6. On-Site Manager:

Name: Ed MacMeans
Telephone No. : (520) 825-3423
Address:

| | | | |
|-------------------------|--------|-----------|---------|
| 40004 S. Ridgeview Blvd | | | |
| City: | Tucson | State: | Arizona |
| | | Zip Code: | 85739 |

Email: ed.macmeans@robson.com

7. Ownership: "S" Corporation

8. Counties Served: Pinal

| Utility Plant in Service (Wastewater) | | | | | | | |
|---------------------------------------|------------------------------------|------------------------------|------------------------|--------------------------|------------------------|--------------------------|--------------------|
| Account No. | Description | Beginning Year Original Cost | Current Year Additions | Current Year Retirements | Adjusted Original Cost | Accumulated Depreciation | OCLD (OC less AD) |
| 351 | Organization | \$21,369 | \$0 | \$0 | \$21,369 | \$0 | \$21,369 |
| 352 | Franchises | 0 | 0 | 0 | 0 | 0 | 0 |
| 353 | Land and Land Rights | 125,000 | 0 | 0 | 125,000 | 0 | 125,000 |
| 354 | Structures and Improvements | 83,028 | 0 | 0 | 83,028 | 43,136 | 39,892 |
| 355 | Power Generation Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 360 | Collections Wastewater - Force | 0 | 0 | 0 | 0 | 0 | 0 |
| 361 | Collections Wastewater - Gravity | 6,664,318 | 14,500 | 0 | 6,678,818 | 4,481,511 | 2,197,307 |
| 362 | Special Collecting Structures | 0 | 0 | 0 | 0 | 0 | 0 |
| 363 | Services to Customers | 1,466,275 | 0 | 0 | 1,466,275 | 904,755 | 561,520 |
| 364 | Flow Measuring Devices | 0 | 0 | 0 | 0 | 0 | 0 |
| 365 | Flow Measuring Installations | 0 | 0 | 0 | 0 | 0 | 0 |
| 366 | Reuse Services | 0 | 0 | 0 | 0 | 0 | 0 |
| 367 | Reuse Meters & Meter Installations | 0 | 0 | 0 | 0 | 0 | 0 |
| 370 | Receiving Wells | 609,870 | 0 | 0 | 609,870 | 397,133 | 212,737 |
| 371 | Pumping Equipment | 1,095,105 | 19,497 | 0 | 1,114,602 | 626,329 | 488,273 |
| 374 | Reuse Distribution Reservoirs | 0 | 0 | 0 | 0 | 0 | 0 |
| 375 | Reuse Trans. And Distr. Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 380 | Treatment and Disposal Equipment | 6,570,119 | 124,697 | 122,092 | 6,572,724 | 4,649,102 | 1,923,622 |
| 381 | Plant Sewers | 0 | 0 | 0 | 0 | 0 | 0 |
| 382 | Outfall Sewer Lines | 694,685 | 0 | 0 | 694,685 | 234,642 | 460,043 |
| 389 | Other Plant and Misc. Equipment | 144,819 | 68,187 | 0 | 213,006 | 40,643 | 172,363 |
| 390 | Office Furniture and Equipment | 1,685 | 5,545 | 0 | 7,230 | 549 | 6,681 |
| 390.1 | Computer & Software | 10,694 | 0 | 0 | 10,694 | 1,052 | 9,642 |
| 391 | Transportation Equipment | 105,264 | 0 | 0 | 105,264 | (9,218) | 114,482 |
| 392 | Stores Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 393 | Tools, Shop and Garage Equipment | 2,397 | 0 | 0 | 2,397 | 184 | 2,213 |
| 394 | Laboratory Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 395 | Power Operated Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 396 | Communication Equipment | 1,146 | 0 | 0 | 1,146 | 128 | 1,018 |
| 397 | Miscellaneous Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 398 | Other Tangible Plant | 0 | 0 | 0 | 0 | 0 | 0 |
| | Totals | \$17,595,774 | \$232,426 | \$122,092 | \$17,706,108 | \$11,369,946 | \$6,336,162 |

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.

Saddlebrooke Utility Company

Annual Report

Depreciation Expense for the Current Year (Wastewater)

12/31/17

| Depreciation Expense for the Current Year (Wastewater) | | | | | | | | |
|--|------------------------------------|------------------------------|------------------------|--------------------------|------------------------|---|--------------------------|----------------------|
| 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 |
| 351 | Organization | \$21,369 | \$0 | \$0 | \$21,369 | \$21,369 | 0.00% | \$0 |
| 352 | Franchises | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 |
| 353 | Land and Land Rights | 125,000 | 0 | 0 | 125,000 | 125,000 | 0.00% | 0 |
| 354 | Structures and Improvements | 83,028 | 0 | 0 | 83,028 | 0 | 4.00% | 3,321 |
| 355 | Power Generation Equipment | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 360 | Collections Wastewater - Force | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 361 | Collections Wastewater - Gravity | 6,664,318 | 14,500 | 0 | 6,678,818 | 0 | 3.99% | 266,621 |
| 362 | Special Collecting Structures | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 363 | Services to Customers | 1,466,275 | 0 | 0 | 1,466,275 | 0 | 4.00% | 58,651 |
| 364 | Flow Measuring Devices | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 365 | Flow Measuring Installations | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 366 | Reuse Services | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 367 | Reuse Meters & Meter Installations | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 370 | Receiving Wells | 609,870 | 0 | 0 | 609,870 | 0 | 4.00% | 24,395 |
| 371 | Pumping Equipment | 1,095,105 | 19,497 | 0 | 1,114,602 | 0 | 3.91% | 43,545 |
| 374 | Reuse Distribution Reservoirs | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 375 | Reuse Trans. And Distr. Equipment | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 380 | Treatment and Disposal Equipment | 6,570,119 | 124,697 | 122,092 | 6,572,724 | 0 | 4.01% | 263,426 |
| 381 | Plant Sewers | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 382 | Outfall Sewer Lines | 694,685 | 0 | 0 | 694,685 | 0 | 4.00% | 27,787 |
| 389 | Other Plant and Misc. Equipment | 144,819 | 68,187 | 0 | 213,006 | 0 | 3.74% | 7,963 |
| 390 | Office Furniture and Equipment | 1,685 | 5,545 | 0 | 7,230 | 0 | 3.75% | 271 |
| 390.1 | Computer & Software | 10,694 | 0 | 0 | 10,694 | 0 | 4.00% | 428 |
| 391 | Transportation Equipment | 105,264 | 0 | 0 | 105,264 | 0 | 4.00% | 4,211 |
| 392 | Stores Equipment | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 393 | Tools, Shop and Garage Equipment | 2,397 | 0 | 0 | 2,397 | 0 | 4.01% | 96 |
| 394 | Laboratory Equipment | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 395 | Power Operated Equipment | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 396 | Communication Equipment | 1,146 | 0 | 0 | 1,146 | 0 | 4.01% | 46 |
| 397 | Miscellaneous Equipment | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| 398 | Other Tangible Plant | 0 | 0 | 0 | 0 | 0 | 4.00% | 0 |
| | Subtotal | \$17,595,774 | \$232,426 | \$122,092 | \$17,706,108 | \$146,369 | | \$700,761 |

Contribution(s) in Aid of Construction (Gross) \$0
 Less: Non Amortizable Contribution(s) 0
 Fully Amortized Contribution(s) 0
 Amortizable Contribution(s) \$0
 Times: Proposed Amortization Rate 3.99%
 Amortization of CIAC \$0

Less: Amortization of CIAC

DEPRECIATION EXPENSE

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.

Saddlebrooke Utility Company
Annual Report
Balance Sheet Assets
12/31/17

| Balance Sheet Assets | | | | |
|----------------------|--|--|-------------------------------------|-------------------------------|
| | Assets | | Balance at Beginning of Year (2017) | Balance at End of Year (2017) |
| Account No. | Current and Accrued Assets | | | |
| 131 | Cash | | \$100,218 | \$136,077 |
| 132 | Special Deposits | | 0 | 0 |
| 135 | Temporary Cash Investments | | 0 | 0 |
| 141 | Customer Accounts Receivable | | 195,150 | 197,428 |
| 142 | Other Accounts Receivable | | 9,357 | 796 |
| 143 | Accumulated Provision for Uncollectable Accounts | | 0 | 0 |
| 145 | Accounts Receivable - Related Parties | | 5,659 | 6,419 |
| 146 | Notes Receivable from Associated Companies | | 3,907,844 | 4,731,051 |
| 151 | Plant Material and Supplies | | 0 | 0 |
| 162 | Prepayments | | 48,697 | 35,956 |
| 173 | Accrued Utility Revenue | | 0 | 0 |
| 174 | Miscellaneous Current and Accrued Assets | | 386,116 | 386,116 |
| 181 | Unamortized Debt Discounts | | 0 | 0 |
| | Total Current and Accrued Assets | | \$4,653,041 | \$5,493,843 |
| | Deferred Debits | | | |
| 186.1 | Deferred Rate Case Expense | | \$0 | \$0 |
| | Total Deferred Debits | | \$0 | \$0 |
| | Fixed Assets | | | |
| 101 | Utility Plant in Service* | | \$17,595,774 | \$17,706,108 |
| 103 | Property Held for Future Use | | \$0 | 0 |
| 105 | Construction Work in Progress | | 26,978 | 182,914 |
| 108 | Accumulated Depreciation (enter as negative)* | | (10,791,276) | (11,369,946) |
| 121 | Non-Utility Property | | 0 | 0 |
| 122 | Accumulated Depreciation - Non Utility | | 0 | 0 |
| | Total Fixed Assets | | \$6,831,476 | \$6,519,076 |
| | Total Assets | | \$11,484,517 | \$12,012,919 |

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 the adjusted end of year balance from AR4.

Saddlebrooke Utility Company
 Annual Report
 Balance Sheet Liabilities and Owners Equity

| Balance Sheet Liabilities and Owners Equity | | | | |
|---|---|--|-------------------------------------|-------------------------------|
| | Liabilities | | Balance at Beginning of Year (2017) | Balance at End of Year (2017) |
| Account No. | Current Liabilities | | | |
| 231 | Accounts Payable | | \$28,884 | \$165,922 |
| 232 | Notes Payable (Current Portion) | | 0 | 0 |
| 233 | Accounts Payable - Related Party | | 2,969 | 52 |
| 234 | Notes Payable to Associated Companies | | 0 | 0 |
| 235 | Customer Deposits | | 0 | 0 |
| 236 | Accrued Taxes | | 61,630 | 60,118 |
| | | | 0 | 0 |
| 237 | Accrued Interest | | 0 | 0 |
| 241 | Miscellaneous Current and Accrued Liabilities | | 20,522 | 20,838 |
| 253 | Other Deferred Credits | | 0 | 0 |
| | Total Current Liabilities | | \$114,005 | \$246,930 |
| | Long Term Debt | | | |
| 224 | Long Term Debt (Notes and Bonds) | | \$0 | \$0 |
| | Total Long Term Debt | | \$0 | \$0 |
| | Deferred Credits | | | |
| 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 | | \$114,005 | \$246,930 |
| | Capital Accounts | | | |
| 201 | Common Stock Issued | | \$98,472 | \$98,472 |
| 211 | Other Paid-In Capital | | 2,724,839 | 2,724,839 |
| 215 | Retained Earnings | | 8,547,201 | 8,942,678 |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | 0 | 0 |
| | Total Capital | | \$11,370,512 | \$11,765,989 |
| | Total Liabilities and Capital | | \$11,484,517 | \$12,012,919 |

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.

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

Saddlebrooke Utility Company
Annual Report
Wastewater Comparative Income Statement
12/31/17

| Wastewater Comparative Income Statement | | | |
|---|---|-------------------------|-------------------------|
| Account No. | Calendar Year | Current Year | Last Year |
| | | 01/01/2017 - 12/31/2017 | 01/01/2016 - 12/31/2016 |
| | Operating Revenue | | |
| 521 | Flat Rate Revenues | \$2,356,174 | \$2,338,379 |
| 522 | Measured Revenues | 83,898 | 76,949 |
| 534 | Rents from Wastewater Property | 0 | 0 |
| 539 | Other Wastewater Revenues | 76,944 | 72,734 |
| | Total Revenues | \$2,517,016 | \$2,488,062 |
| | Operating Expenses | | |
| 701 | Salaries and Wages | \$106,073 | \$123,171 |
| 703 | Salaries and Wages - Officers | \$25,071 | 25,138 |
| 704 | Employee Pensions and Benefits | 19,993 | 24,907 |
| 710 | Purchased Wastewater Treatment | 0 | 0 |
| 711 | Sludge Removal Expense | 47,278 | 68,338 |
| 715 | Purchased Power | 176,984 | 218,127 |
| 716 | Fuel for Power Production | 0 | 0 |
| 718 | Chemicals | 11,195 | 15,910 |
| 720 | Materials and Supplies | 1,705 | 12,620 |
| 721 | Office Expense | 45,978 | 50,122 |
| 731 | Contractual Services -Engineering | 0 | (2,439) |
| 732 | Contractual Services - Accounting | 795 | 775 |
| 733 | Contractual Services - Legal | 450 | 316 |
| 734 | Contractual Services - Management Fees | 0 | 0 |
| 735 | Contractual Services - Testing | 21,875 | 18,092 |
| 736 | Contractual Services - Other | 51,465 | 51,995 |
| 740 | Rents - Building | 0 | 0 |
| 742 | Rents - Equipment | 3,445 | 5,239 |
| 750 | Transportation Expenses | 13,445 | 16,677 |
| 756 | Insurance - Vehicles | 3,011 | 3,312 |
| 757 | Insurance - General Liability | 21,274 | 23,122 |
| 758 | Insurance - Worker's Compensation | 0 | 0 |
| 759 | Insurance - Other | 0 | 0 |
| 760 | Advertising Expense | 0 | 0 |
| 766 | Regulatory Commission Expense - Rate Case | 0 | 0 |
| 767 | Regulatory Commission Expense - Other | 0 | 0 |
| 770 | Bad Debt Expense | 2,001 | 862 |
| 775 | Miscellaneous Expense | 10,966 | 6,907 |
| 434 | Rate Case Adjustments | 0 | 0 |
| 403 | Depreciation Expense (From Schedule AR4) | 700,761 | 696,910 |
| 408 | Taxes Other Than Income | 11,241 | 7,254 |
| 408.11 | Property Taxes | 107,919 | 109,600 |
| 408.12 | Payroll Taxes | 6,399 | 8,075 |
| 409 | Income Taxes | 0 | 0 |
| | Total Operating Expenses | \$1,389,324 | \$1,485,030 |
| | Operating Income / (Loss) | \$1,127,692 | \$1,003,032 |
| | Other Income / (Expense) | | |
| 414 | Gain (Loss) on Dispositions | \$0 | \$0 |
| 419 | Interest and Dividend Income | 154,506 | 97,173 |
| 421 | Non-Utility Income | 3,289 | 2,899 |
| 426 | Miscellaneous Non-Utility (Expense) | 0 | 0 |
| 427 | Interest (Expense) | 0 | 0 |
| | Total Other Income / (Expense) | \$157,795 | \$100,072 |
| | Net Income / (Loss) | \$1,285,487 | \$1,103,104 |

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.

Saddlebrooke Utility Company
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/17

| Supplemental Financial Data (Long-Term Debt) | | | | |
|--|--------------|---------|---------|---------|
| | Loan #1 | Loan #2 | Loan #3 | Loan #4 |
| Date Issued | 1/18/1996 | None | None | None |
| Source of Loan | IDA Bonds | None | None | None |
| ACC Decision No. | 59134 | None | None | None |
| Reason for Loan | Construction | None | None | None |
| Dollar Amt. Issued | \$3,950,000 | None | None | None |
| Amount Outstanding | \$0 | None | None | None |
| Date of Maturity | 7/1/2019 | None | None | None |
| Interest Rate | 7.25% | None | None | None |
| Current Year Interest | \$0 | None | None | None |
| Current Year Principal | \$0 | None | None | None |

| | |
|---|-----|
| Meter Deposit Balance at Test Year End: | \$0 |
|---|-----|

| | |
|---|-----|
| Meter Deposits Refunded During the Test Year: | \$0 |
|---|-----|

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.

| Wastewater Utility Plant Description | |
|--|---------|
| Name of System: | None |
| Wastewater Inventory Number (if applicable): | None |
| Type of Treatment: | Other |
| Design Capacity of Plant (Gallons per day) | 1240000 |

| LIFT STATION FACILITIES | | | | |
|-------------------------|-------------------|---------------------|-------------------------|--------------------------|
| Location | Quantity of Pumps | Horsepower Per Pump | Capacity Per Pump (GPM) | Wet Well Capacity (gals) |
| Construction Yard | 2 | 3 | 50 | 1,000 |
| Unit 7 | 2 | 3 | 50 | 1,020 |
| Unit 9 | 2 | 8 | 140 | 677 |
| Unit 19 | 2 | 5 | 140 | 888 |
| Unit 27 | 2 | 5 | 120 | 380 |
| Unit 36 | 2 | 20 | 500 | 1,800 |
| Unit 21 North | 2 | 40 | 131 | 1,197 |
| Unit 21 South | 2 | 88 | 275 | 1,795 |
| Unit 46 | 2 | 20 | 600 | 1,800 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |

| FORCE MAINS | | |
|-------------|----------|---------------|
| Size | Material | Length (Feet) |
| 4 inch | PVC | 1,772 |
| 6 inch | PVC | 8,046 |
| <4 inch | PVC | 8,002 |
| >6 inch | PVC | 2,797 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |

| MANHOLES | |
|----------|----------|
| Type | Quantity |
| Standard | 1,006 |
| Drop | 11 |

| CLEANOUTS |
|-----------|
| Quantity |
| 133 |
| 0 |
| 0 |
| 0 |

Saddlebrooke Utility Company
 Annual Report
 Wastewater Utility Plant Description (Continued)

| Wastewater Utility Plant Description (Continued) | | | | | |
|--|----------|---------------|-------------------|----------|----------|
| COLLECTION MAINS | | | SERVICES/LATERALS | | |
| Sizes (inches) | Material | Length (feet) | Size (inches) | Material | Quantity |
| 4 | PVC | 6,302 | 4 | PVC | 5,125 |
| 6 | 0 | 0 | 6 | 0 | 0 |
| 8 | PVC | 268,083 | 8 | 0 | 0 |
| 10 | PVC | 2,787 | 12 | 0 | 0 |
| 12 | 0 | 0 | 15 | 0 | 0 |
| 15 | 0 | 0 | 0 | 0 | 0 |
| 18 | 0 | 0 | 0 | 0 | 0 |
| 21 | 0 | 0 | 0 | 0 | 0 |
| 24 | 0 | 0 | 0 | 0 | 0 |
| 30 | 0 | 0 | 0 | 0 | 0 |
| 3 | PVC | 760 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |

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

| | |
|---|---|
| SOLIDS PROCESSING AND HANDLING FACILITIES | Centrifuge |
| DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.) | Ultra-Violet |
| FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.) | Sand & Anthracite |
| STRUCTURES (Buildings, Fences, Etc.) | Comminuter, Influent Pump Station, Package Plant, Blowers, Generators, Equalization Basin, Filters, UV Disinfection, Effluent |
| Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.) | Generators, Vehicles, Microscope |

| Wastewater Flows | | | | | |
|------------------|--------------------|---------------------------|-------------------------|--------------------------------------|------------------------------------|
| Month | Number of Services | Total Monthly Sewage Flow | Sewage Flow on Peak Day | Purchased Power Expense ¹ | Purchased Power (kWh) ² |
| January | 4,976 | 14,685,400 | 585,000 | \$15,382 | 139,963 |
| February | 4,977 | 13,375,300 | 507,600 | 14,109 | 123,665 |
| March | 4,977 | 14,929,100 | 504,400 | 14,235 | 132,800 |
| April | 4,979 | 13,581,100 | 492,200 | 13,730 | 124,072 |
| May | 4,988 | 11,919,700 | 410,900 | 13,660 | 123,450 |
| June | 4,990 | 10,162,900 | 362,000 | 13,399 | 107,104 |
| July | 4,996 | 11,293,300 | 449,000 | 13,664 | 126,186 |
| August | 5,016 | 10,864,800 | 391,200 | 13,138 | 124,628 |
| September | 5,019 | 10,765,000 | 388,000 | 16,330 | 124,571 |
| October | 5,022 | 12,122,400 | 437,600 | 14,837 | 119,332 |
| November | 5,026 | 13,101,600 | 498,300 | 16,276 | 123,843 |
| December | 5,025 | 13,711,900 | 492,600 | 18,224 | 146,511 |
| Totals | | 150,512,500 | 5,518,800 | \$176,984 | 1,516,125 |

Provide the following information as applicable per wastewater system:

| | |
|---|-----------|
| Method of Effluent Disposal | Reuse |
| Groundwater Permit Number | 100356 |
| ADEQ Aquifer Protection Permit ("APP") Number | N/A |
| ADEQ Reuse Permit Number | PL000356 |
| EPA NPDES Permil Number | AZ0022853 |
| APP Effluent Treatment Requirement (Class)? | A+ |

n/a

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

- 1 Enter the total purchased power costs for the power meters associated with this system.
- 2 Enter the total purchased kWh used by the power meters associated with this system.

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.

Saddlebrooke Utility Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/17

| | |
|--|------|
| Name of System: | None |
| Wastewater Inventory Number (if applicable): | None |

| Utility Shutoffs / Disconnects | | | |
|--------------------------------|--|-------------------------------------|----------|
| Month | Termination without Notice R14-2-609.B | Termination with Notice R14-2-609.C | Other |
| January | 0 | 0 | 0 |
| February | 0 | 0 | 0 |
| March | 0 | 0 | 0 |
| April | 0 | 0 | 0 |
| May | 0 | 0 | 0 |
| June | 0 | 0 | 0 |
| July | 0 | 0 | 0 |
| August | 0 | 0 | 0 |
| September | 0 | 0 | 0 |
| October | 0 | 0 | 0 |
| November | 0 | 0 | 0 |
| December | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |

Other (description):

| |
|------|
| 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.

| Property Taxes | |
|--|-----------|
| Amount of actual property taxes paid during Calendar Year 2017 was | \$108,189 |

If no property taxes paid, explain why.

n/a

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

RECEIVED

MAY 03 2018

ARIZONA CORP COMMISSION
TAXES DIVISION - DIRECTOR'S OFFICE

Verification and Statement (Taxes)

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

County of (county name): Maricopa
Name (owner or official) title: Steve Soriano - Vice President/General Manager
Company name: Saddlebrooke Utility Company

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

FOR THE YEAR ENDING: 12/31/17

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

480-895-9200

telephone no.

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

THIS

19th

DAY OF

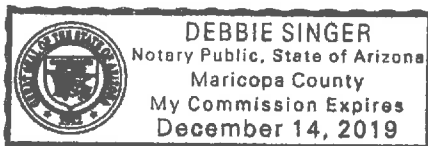
Maricopa
(county name)

April 2018
(month) and (year)

MY COMMISSION EXPIRES

12-14-19

(date)



(signature of notary public)

Verification and Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Maricopa
Name (owner or official) title: Steve Soriano - Vice President/General Manager
Company name: Saddlebrooke Utility Company

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

FOR THE YEAR ENDING: 12/31/17

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 (\$)

\$2,523,577

(The amount in the box above includes

\$6,561 in sales taxes
billed or collected)

RECEIVED

MAY 03 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

[Handwritten Signature]

signature of owner/official

480-895-9200

telephone no.

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

THIS

19th

DAY OF

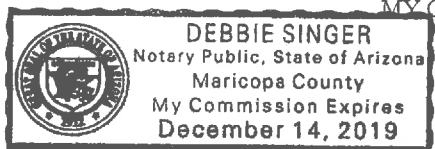
Maricopa
(county name)

April 2018
(month) and (year)

MY COMMISSION EXPIRES

12-14-19

(date)



[Handwritten Signature]

(signature of notary public)

Verification and Statement (Residential Revenue)

Verification:

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

County of (county name): Maricopa
Name (owner or official) title: Steve Soriano - Vice President/General Manager
Company name: Saddlebrooke Utility Company

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

FOR THE YEAR ENDING: 12/31/17

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 (\$)

\$2,368,686

(The amount in the box above includes

\$0 in sales taxes
billed or collected)

RECEIVED

MAY 03 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Steve Soriano
signature of owner/official

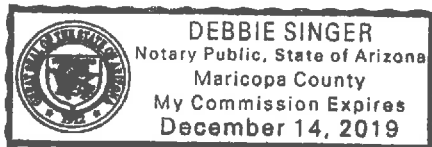
480-895-9200
telephone no.

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

Maricopa
(county name)

THIS 19th DAY OF April 2018
(month) and (year)

MY COMMISSION EXPIRES 12-14-19
(date)



Debbie Singer
(signature of notary public)