

ANNUAL REPORT

Of

Company Name: Clear Springs Utility Company, Inc.-Sewer

Mailing Address: PO Box 85160
Tucson, AZ 85754

Docket No.: WS-01689A

For the Year Ended: 12/31/2016

RECEIVED
MAY 01 2017
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, AZ 85007

Application Type: Original Filing

Application Date: 2016

5-1-17

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT
Clear Springs Utility Company, Inc.-Sewer

A Class E Utility - Note: water and sewer combined are Class D

1. For the Calendar Year Ended

2. Address:

PO Box 85160			
City:	<input type="text" value="Tucson"/>	State:	<input type="text" value="AZ"/>
		Zip Code:	<input type="text" value="85754"/>

3. Telephone Number:

4. Date of Original Organization of Utility:

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

Name:	<input type="text" value="Bonnie O'Connor"/>		
Telephone No. :	<input type="text" value="520.623.5712"/>		
Address:	<input type="text" value="PO Box 85160"/>		
City:	<input type="text" value="Tucson"/>	State:	<input type="text" value="AZ"/>
		Zip Code:	<input type="text" value="85754"/>
Email:	<input type="text" value="info@southwesternutility.com"/>		

6. On-Site Manager:

Name:	<input type="text" value="Keith Dojaquez"/>		
Telephone No. :	<input type="text" value="520.623.5712"/>		
Address:	<input type="text" value="PO Box 85160"/>		
City:	<input type="text" value="Tucson"/>	State:	<input type="text" value="AZ"/>
		Zip Code:	<input type="text" value="85754"/>
Email:	<input type="text" value="info@southwesternutility.com"/>		

7. Ownership:

8. Counties Served:

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Utility Plant in Service (Wastewater)
12/31/2016

Utility Plant in Service (Wastewater)				
Account No.	Description	Original Cost	Accumulated Depreciation	OCLD (OC less AD)
351	Organization	\$ -	\$ -	\$ -
352	Franchises	-	-	-
353	Land and Land Rights	4,654	-	4,654
354	Structures and Improvements	9,504	9,504	-
355	Power Generation Equipment	-	-	-
360	Collection Sewers - Force	278,544	269,740	8,804
361	Collection Sewers - Gravity	-	-	-
362	Special Collecting Structures	-	-	-
363	Services to Customer	9,880	5,360	4,520
364	Flow Measuring Devices	-	-	-
365	Flow Measuring Installations	-	-	-
367	Reuse Meters & Meter Installations	-	-	-
370	Receiving Wells	-	-	-
371	Pumping Equipment	73,268	56,955	16,313
374	Reuse Distribution Reservoirs	-	-	-
375	Reuse Trans. and Distrib. Equipment	-	-	-
380	Treatment and Disposal Equipment	487	335	151
381	Plant Sewers	-	-	-
382	Outfall Sewer Lines	-	-	-
389	Other Plant and Misc. Equipment	-	-	-
390	Office Furniture and Equipment	-	-	-
390.1	Computers and Software	-	-	-
391	Transportation Equipment	-	-	-
393	Tools, Shop and Garage Equipment	3,173	2,968	205
394	Laboratory Equipment	-	-	-
395	Power Operated Equipment	-	-	-
396	Communications Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	-	-	-
	Totals	\$ 379,510	\$ 344,863	\$ 34,647

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Depreciation Expense for the Current Year (Wastewater)
12/31/2016

Depreciation Expense for the Current Year (Wastewater)								
Account No.	Description	Original Cost	Current Year Additions	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
352	Franchises			-		-		-
353	Land and Land Rights	4,654		4,654	4,654	-	0.00%	-
354	Structures and Improvements	9,504		9,504	9,504	-	3.33%	-
355	Power Generation Equipment			-		-		-
360	Collection Sewers - Force	278,544		278,544	266,052	12,492	2.00%	250
361	Collection Sewers - Gravity			-		-		-
362	Special Collecting Structures			-		-		-
363	Services to Customer	9,880		9,880		9,880	2.00%	198
364	Flow Measuring Devices			-		-		-
365	Flow Measuring Installations			-		-		-
367	Reuse Meters & Meter Installations			-		-		-
370	Receiving Wells			-		-		-
371	Pumping Equipment	70,744	2,524	73,268	45,916	27,352	12.50%	3,261
374	Reuse Distribution Reservoirs			-		-		-
375	Reuse Trans. and Distrib. Equipment			-		-		-
380	Treatment and Disposal Equipment	487		487		487	5.00%	24
381	Plant Sewers			-		-		-
382	Outfall Sewer Lines			-		-		-
389	Other Plant and Misc. Equipment			-		-		-
390	Office Furniture and Equipment			-		-		-
390.1	Computers and Software			-		-		-
391	Transportation Equipment			-		-		-
393	Tools, Shop and Garage Equipment	3,173		3,173	2,925	248	5.00%	12
394	Laboratory Equipment			-		-		-
395	Power Operated Equipment			-		-		-
396	Communications Equipment			-		-		-
397	Miscellaneous Equipment			-		-		-
398	Other Tangible Plant			-		-		-
	Subtotal	\$ 376,986	\$ 2,524	\$ 379,510	\$ 329,051	\$ 50,459		\$ 3,745

Contribution(s) in Aid of Construction (Gross) \$ 132,017
Less: Non Amortizable Contributions(s) -
Fully Amortized Contributions(s) (82,012)
Amortizable Contribution(s) \$ 50,005
Times: Proposed Amortization Rate 2.50%
Amortization of CIAC \$ 1,204

Less: Amortization of CIAC \$ (1,204)

DEPRECIATION EXPENSE \$ 2,541

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Balance Sheet Assets
12/31/2016

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
Account No.	Current and Accrued Assets			
131	Cash		\$ -	\$ -
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		102	
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets		16,619	16,619
	Total Current and Accrued Assets		\$ 16,721	\$ 16,619
Account No.	Fixed Assets			
101	Utility Plant in Service		\$ 376,986	\$ 379,510
103	Property Held for Future Use		495	495
105	Construction Work In Progress			574
108	Accumulated Depreciation - Utility Plant		(341,117)	(344,863)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$ 36,364	\$ 35,716
	Total Assets		\$ 53,085	\$ 52,335

Note: Sewer balance sheet includes only amounts for items specifically attributed to the sewer division. Cash, security deposits, accounts receivable and payable and equity amounts for both divisions appears on the water balance sheet.

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Balance Sheet Liabilities and Owners Equity
12/31/2016

Balance Sheet Liabilities and Owners Equity

		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
	Liabilities		
	Current Liabilities		
Account No.			
231	Accounts Payable	\$ 15,735	\$ -
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	2,980	
236	Accrued Taxes	191	
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	Total Current Liabilities	\$ 18,906	\$ -
	Long-Term Debt		
224	Long-Term Debt (Notes and Bonds)	\$ -	\$ -
	Deferred Credits		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	132,017	132,017
272	Less: Amortization of Contributions	(88,859)	(90,063)
281	Accumulated Deferred Income Tax		
	Total Deferred Credits	\$ 43,158	\$ 41,954
	Total Liabilities	\$ 62,064	\$ 41,954
	Capital Accounts		
201	Common Stock Issued	\$ -	\$ -
211	Other Paid-In Capital	797,825	
215	Retained Earnings	(806,804)	10,381
218	Proprietary Capital (Sole Props and Partnerships)		
	Total Capital	\$ (8,979)	\$ 10,381
	Total Liabilities and Capital	\$ 53,085	\$ 52,335

Note: Sewer balance sheet includes only amounts for items specifically attributed to the sewer division. Cash, security deposits, accounts receivable and payable and equity amounts for both divisions appears on the water balance sheet.

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Wastewater Comparative Income Statement
12/31/2016

Wastewater Comparative Income Statement			
Account No.	Calendar Year	Current Year	
		01/01/2016 - 12/31/2016	01/01/2015 - 12/31/2015
	Operating Revenue		
521	Flat Rate Revenues	\$ -	\$ -
522	Measured Revenues	45,040	44,770
534	Rents from Wastewater Property		
539	Other Wastewater Revenues	1,980	1,440
	Total Revenues	\$ 47,020	\$ 46,210
	Operating Expenses		
701	Salaries and Wages	\$ -	\$ -
704	Employee Pensions and Benefits		
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power		2,174
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	5,807	2,688
721	Office Expense	17	
731	Contractual Services - Engineering		
732	Contractual Services - Accounting		
733	Contractual Services - Legal		
734	Contractual Services - Management Fees	8,710	33,025
735	Contractual Services -Testing	908	3,380
736	Contractual Services - Other		
740	Rents - Building		742
742	Rental of Equipment		
750	Transportation Expenses		2,132
757	Insurance - General Liability		1,101
758	Insurance - Workers Comp		
759	Insurance - Other		
766	Regulatory Commission - Rate Case Expense		
767	Regulatory Commission - Other Expense		
770	Bad Debt Expense	84	
775	Miscellaneous Expense		3,567
403	Depreciation Expense (From Page 4)	2,541	2,417
408	Taxes Other Than Income		
408.11	Property Taxes	3,093	4,791
408.12	Payroll Taxes		
409	Income Taxes		
427.1	Customer Security Deposit Interest		122
	Total Operating Expenses	\$ 21,160	\$ 56,139
	Operating Income / (Loss)	\$ 25,860	\$ (9,929)
	Other Income / (Expense)		
414	Gain (Loss) on Dispositions	\$ -	\$ -
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	Total Other Income / (Expense)	\$ -	\$ -
	Net Income / (Loss)	\$ 25,860	\$ (9,929)

Clear Springs Utility Company, Inc.-Sewer
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/2016

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 Amount Issued	\$ -	\$ -	\$ -	\$ -
Amount Outstanding	\$ -	\$ -	\$ -	\$ -
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$ -	\$ -	\$ -	\$ -
Current Year Principal	\$ -	\$ -	\$ -	\$ -

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.

Clear Springs Utility Company, Inc.-Sewer
 Annual Report
 Wastewater Utility Plant Description
 12/31/2016

Wastewater Utility Plant Description	
Name of the System:	
Wastewater Inventory Number (if applicable)	
Type of Treatment	Aerobic/Anaerobic lagoon
Design Capacity of Plant (gallons per day)	300,000 GPD

LIFT STATION FACILITIES				
Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
SW Corner Ford Road & Allen St	2	7.5	500	2,000
Stand-by 220V 3 phase back up pump	1	5	200	
Stand-by 110 Volt pump	1	5	160	

FORCE MAINS		
Size	Material	Length (Feet)
8-inch	AC	1,200

MANHOLES	
Type	Quantity
Standard	160
Drop	

CLEANOUTS
Quantity
11

Clear Springs Utility Company, Inc.-Sewer
 Annual Report
 Wastewater Utility Plant Description (Continued)
 12/31/2016

Wastewater Utility Plant Description (Continued)					
COLLECTION MAINS			SERVICES/LATERALS		
Size (inches)	Material	Length (feet)	Size (inches)	Material	Quantity
4			4	AC	391
6	AC	1,225	6		
6	PVC	3,730	8		
8	AC	24,200	12		
8	CLAY	56,000	15		
12	AC	3,000			
18					
21					
24					
30					

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

SOLIDS PROCESSING AND HANDLING FACILITIES	
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	
STRUCTURES (Buildings, Fences, Etc.)	Fencing around sewer ponds
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	

Clear Springs Utility Company, Inc.-Sewer
 Annual Report
 Wastewater Flows
 12/31/2016

Wastewater Flows			
Month	Number of Services	Total Monthly Sewage Flow	Sewage Flow on Peak Day
January	359	1,534,726	117,466
February	361	1,269,478	97,384
March	362	1,415,956	84,473
April	358	1,155,872	76,858
May	353	989,824	60,112
June	358	923,166	92,006
July	358	937,982	51,452
August	356	1,089,684	97,997
September	356	1,138,440	64,268
October	353	1,200,772	77,496
November	355	988,880	86,656
December	357	1,001,808	74,266
	Totals	13,646,588	980,434

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal

Groundwater Permit Number

ADEQ Aquifer Protection Permit Number

ADEQ Reuse Permit Number

EPA NPDES Permit Number

APP Effluent Treatment Requirement (Class)?

100824
P100824

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Clear Springs Utility Company, Inc.-Sewer
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/2016

Name of System	
Wastewater Inventory Number (if applicable):	

Utility Shutoffs / Disconnects			
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	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):

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Property Taxes
12/31/2016

Property Taxes

Amount of actual property taxes paid during Calendar year 2016 was

\$ 3,132

If no property taxes paid, explain why.

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Verification and Statement (Taxes)
12/31/2016

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ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification and 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: Clear Springs Utility Company, Inc.-Sewer

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

FOR THE YEAR ENDING: 12/31/2016

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.

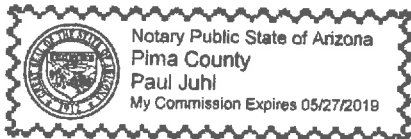
[Signature]
signature of owner/official

520.623.5172
telephone no.

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

Pima
(county name)

THIS 25th DAY OF April 2017
(month) and (year)



MY COMMISSION EXPIRES 5/27/19
(date)
[Signature]
(signature of notary public)

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Verification and Statement
12/31/2016

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MAY 01 2017
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification and Statement

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: Clear Springs Utility Company, Inc.-Sewer

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

FOR THE YEAR ENDING: 12/31/2016

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 DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 50,091

(The amount in the box above includes

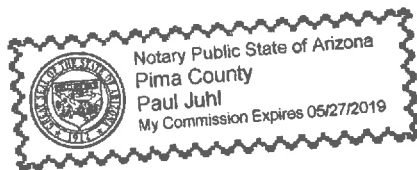
\$ 3,071 in sales tax billed or collected)

[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 25th DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES 5/27/19
(date)

[Signature]
(signature of notary public)

Clear Springs Utility Company, Inc.-Sewer
Annual Report
Verification and Statement (Residential Revenue)
12/31/2016

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MAY 01 2017
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification and Statement (Residential Revenue)

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: Clear Springs Utility Company, Inc.-Sewer

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

FOR THE YEAR ENDING: 12/31/2016

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 (\$)

\$ 44,389

(The amount in the box above includes

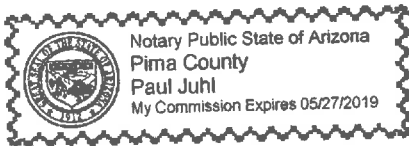
\$ 2,721 in sales tax billed or collected)

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

Pima
(county name)



THIS 25th DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES 5/27/19
(date)

Paul Juhl
(signature of notary public)