

**ANNUAL REPORT**

Of

Company Name: MHC Operating Limited Partnership dba  
The Sedona Venture Water Company - Sewer Division

Mailing Address: c/o Equity Lifestyle Properties, Inc.  
2 North Riverside Plaza, Suite 800  
Chicago, IL 60606  
Attn: Linda Fairlamb

Docket No.: WS-03449A  
For the Year Ended: 12/31/2016

RECEIVED  
APR 21 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

5-2-17

ARIZONA CORPORATION COMMISSION  
WASTEWATER UTILITY ANNUAL REPORT  
The Sedona Venture Water Company - Sewer Division

A Class **E** Utility

1. For the Calendar Year Ended 12/31/2016

2. Address:

2 North Riverside Plaza, Suite 800					
City:	Chicago	State:	IL	Zip Code:	60606

3. Telephone Number:

312.279.1400
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4. Date of Original Organization of Utility:

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

Name:	Linda Fairlamb, Director of Accounting				
Telephone No. :	312.279.1414				
Address:	2 North Riverside Plaza, Suite 800				
City:	Chicago	State:	IL	Zip Code:	60606
Email:	linda_fairlamb@equitylifestyle.com				

6. On-Site Manager:

Name:	Darla Barrett				
Telephone No. :	928.282.1232				
Address:	6770 West US Highway 89-A				
City:	Sedona	State:	AZ	Zip Code:	86336
Email:					

7. Ownership:

Partnership
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8. Counties Served:

Yavapai
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The Sedona Venture Water Company - Sewer Division  
Annual Report  
Utility Plant in Service (Wastewater)  
12/31/2016

Utility Plant in Service (Wastewater)				
Account No.	Description	Original Cost	Accumulated Depreciation	OC/LD (OC less AD)
351	Organization	\$ 1,415	\$ 188	\$ 1,227
352	Franchises	-	-	-
353	Land and Land Rights	-	-	-
354	Structures and Improvements	449,727	249,240	200,487
355	Power Generation Equipment	-	-	-
360	Collection Sewers - Force	10,219	2,322	7,897
361	Collection Sewers - Gravity	-	-	-
362	Special Collecting Structures	-	-	-
363	Services to Customer	-	-	-
364	Flow Measuring Devices	-	-	-
365	Flow Measuring Installations	1,093	1,093	-
367	Reuse Meters & Meter Installations	-	-	-
370	Receiving Wells	7,815	6,722	1,093
371	Pumping Equipment	-	-	-
374	Reuse Distribution Reservoirs	-	-	-
375	Reuse Trans. and Distrib. Equipment	-	-	-
380	Treatment and Disposal Equipment	55,176	24,370	30,806
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	-	-	-
394	Laboratory Equipment	-	-	-
395	Power Operated Equipment	-	-	-
396	Communications Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	-	-	-
	<b>Totals</b>	<b>\$ 525,445</b>	<b>\$ 283,935</b>	<b>\$ 241,510</b>

The Sedona Venture Water Company - Sewer Division  
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	\$ 1,415	\$ -	\$ 1,415	0.00%	\$ 1,415	3.33%	\$ 47
352	Franchises			-		-		-
353	Land and Land Rights			-		-		-
354	Structures and Improvements	449,727		449,727		449,727	3.33%	13,776
355	Power Generation Equipment			-		-		-
360	Collection Sewers - Force	10,219		10,219		10,219	3.33%	304
361	Collection Sewers - Gravity			-		-		-
362	Special Collecting Structures			-		-		-
363	Services to Customer			-		-		-
364	Flow Measuring Devices			-		-		-
365	Flow Measuring Installations	1,093		1,093	1,093	-	10.00%	-
367	Reuse Meters & Meter Installations			-		-		-
370	Receiving Wells	7,815		7,815		7,815	3.33%	42
371	Pumping Equipment			-		-		-
374	Reuse Distribution Reservoirs			-		-		-
375	Reuse Trans. and Distrib. Equipment			-		-		-
380	Treatment and Disposal Equipment	51,045	4,131	55,176		55,176	17.50%	3,174
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			-		-		-
394	Laboratory Equipment			-		-		-
395	Power Operated Equipment			-		-		-
396	Communications Equipment			-		-		-
397	Miscellaneous Equipment			-		-		-
398	Other Tangible Plant			-		-		-
	<b>Subtotal</b>	\$ 521,314	\$ 4,131	\$ 525,445	\$ 1,093	\$ 524,352		\$ 17,343

Contribution(s) in Aid of Construction (Gross) \$ -  
Less: Non Amortizable Contributions(s)  
Fully Amortized Contributions(s)  
Amortizable Contribution(s) \$ -  
Times: Proposed Amortization Rate  
**Amortization of CIAC** \$ -

**Less: Amortization of CIAC** \$ -

**DEPRECIATION EXPENSE** \$ 17,343

The Sedona Venture Water Company - Sewer Division  
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.	<b>Current and Accrued Assets</b>			
131	Cash		\$ 394,669	\$ 164,891
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		617	729
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments		13,682	
174	Miscellaneous Current and Accrued Assets		457,322	749,170
	<b>Total Current and Accrued Assets</b>		\$ 866,290	\$ 914,790
Account No.	<b>Fixed Assets</b>			
101	Utility Plant in Service		\$ 908,623	\$ 979,522
103	Property Held for Future Use			
105	Construction Work In Progress			
108	Accumulated Depreciation - Utility Plant		(366,064)	(395,137)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	<b>Total Fixed Assets</b>		\$ 542,559	\$ 584,385
	<b>Total Assets</b>		\$ 1,408,849	\$ 1,499,175

*Note: Balance Sheet includes both water and sewer divisions.*

The Sedona Venture Water Company - Sewer Division  
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)
	<b>Liabilities</b>		
Account No.	<b>Current Liabilities</b>		
231	Accounts Payable	\$ (4,101)	\$ (4,167)
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	835	1,756
236	Accrued Taxes	4,611	445
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	8,568	8,756
	<b>Total Current Liabilities</b>	<b>\$ 9,913</b>	<b>\$ 6,790</b>
	<b>Long-Term Debt</b>		
224	Long-Term Debt (Notes and Bonds)	\$ -	\$ -
	<b>Deferred Credits</b>		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>Total Deferred Credits</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Total Liabilities</b>	<b>\$ 9,913</b>	<b>\$ 6,790</b>
	<b>Capital Accounts</b>		
201	Common Stock Issued	\$ -	\$ -
211	Other Paid-In Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	1,398,936	\$ 1,492,385
	<b>Total Capital</b>	<b>\$ 1,398,936</b>	<b>\$ 1,492,385</b>
	<b>Total Liabilities and Capital</b>	<b>\$ 1,408,849</b>	<b>\$ 1,499,175</b>

*Note: Balance Sheet includes both water and sewer divisions.*

The Sedona Venture Water Company - Sewer Division  
Annual Report  
Wastewater Comparative Income Statement  
12/31/2016

<b>Wastewater Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2016 - 12/31/2016	Last Year 01/01/2015 - 12/31/2015
	<b>Operating Revenue</b>		
521	Flat Rate Revenues	\$ 247,854	\$ 243,298
522	Measured Revenues		
534	Rents from Wastewater Property		
539	Other Wastewater Revenues		
	<b>Total Revenues</b>	<b>\$ 247,854</b>	<b>\$ 243,298</b>
	<b>Operating Expenses</b>		
701	Salaries and Wages	\$ -	\$ -
704	Employee Pensions and Benefits		
710	Purchased Wastewater Treatment	75,010	69,822
711	Sludge Removal Expense	24,902	25,300
715	Purchased Power		
716	Fuel for Power Production		
718	Chemicals	6,174	2,102
720	Materials and Supplies	16,803	14,142
721	Office Expense		
731	Contractual Services - Engineering		
732	Contractual Services - Accounting		
733	Contractual Services - Legal		
734	Contractual Services - Management Fees		
735	Contractual Services - Testing		
736	Contractual Services - Other	40,800	41,008
740	Rents - Building		
742	Rental of Equipment		
750	Transportation Expenses		
757	Insurance - General Liability	231	231
758	Insurance - Workers Comp		
759	Insurance - Other		
766	Regulatory Commission - Rate Case Expense		
767	Regulatory Commission - Other Expense		
770	Bad Debt Expense		
775	Miscellaneous Expense	2,112	7,701
403	Depreciation Expense (From Page 4)	17,343	16,988
408	Taxes Other Than Income		
408.11	Property Taxes	9,070	9,525
408.12	Payroll Taxes		
409	Income Taxes		
427.1	Customer Security Deposit Interest		
	<b>Total Operating Expenses</b>	<b>\$ 192,445</b>	<b>\$ 186,819</b>
	<b>Operating Income / (Loss)</b>	<b>\$ 55,409</b>	<b>\$ 56,479</b>
	<b>Other Income / (Expense)</b>		
414	Gain (Loss) on Dispositions		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	<b>Total Other Income / (Expense)</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Net Income / (Loss)</b>	<b>\$ 55,409</b>	<b>\$ 56,479</b>

The Sedona Venture Water Company - Sewer Division  
 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	<b>No Loans</b>			
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.*



The Sedona Venture Water Company - Sewer Division  
 Annual Report  
 Wastewater Utility Plant Description  
 12/31/2016

Wastewater Utility Plant Description	
Name of the System:	
Wastewater Inventory Number (if applicable)	101755
Type of Treatment	Sequencing Batch Reactor
Design Capacity of Plant (gallons per day)	100,000

LIFT STATION FACILITIES				
Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
LS #1 Red Moon Dr & Sunset Hills	2	7.5	110	4,000
LS #2 Sunset Hills & Yellow Skyway	2	4.5	185	5,000
LS #3 WWTP @ 115 Yellow Skyway	2	1.0	85	3,500

FORCE MAINS		
Size	Material	Length (Feet)
6-inch	Schedule 80 PVC	422

MANHOLES	
Type	Quantity
Standard	55
Drop	3.5-5.0 feet

CLEANOUTS
Quantity
5

The Sedona Venture Water Company - Sewer Division  
 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	Sch 80 PVC	3,274	4	PVC	278
6	Sch 80 PVC	422	6	PVC	1
8	Sch 80 PVC	12,197	8		
10			12		
12			15		
15					
18					
21					
24					
30					

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

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	Aerobic digester / sludge hauler
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	Gas chlorination system
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	Rapid sand / gravel filter
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	28 x 12 foot filter building, 16 x 12 foot lab/office
<b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Various lab tools, stand-by generator

The Sedona Venture Water Company - Sewer Division  
 Annual Report  
 Wastewater Flows  
 12/31/2016

Wastewater Flows			
Month	Number of Services	Total Monthly Sewage Flow	Sewage Flow on Peak Day
January	279	692197	60088
February	279	1406200	63380
March	279	989182	53095
April	279	1294399	56299
May	279	1324325	54489
June	279	1295985	50868
July	279	1238359	57311
August	279	1418086	55074
September	279	1432496	60477
October	279	1346728	61513
November	279	1404364	67383
December	279	1193370	60640
	<b>Totals</b>	15035691	

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)?

Discharge to dry creek
N/A
P-1017565
N/A
AZ-0021807

The Sedona Venture Water Company - Sewer Division  
 Annual Report  
 Utility Shutoffs / Disconnects  
 12/31/2016

Name of System	101755
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other (description):

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The Sedona Venture Water Company - Sewer Division  
Annual Report  
Property Taxes  
12/31/2016

<b>Property Taxes</b>
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Amount of actual property taxes paid during Calendar year 2016 was	\$ 9,070
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If no property taxes paid, explain why.

RECEIVED

Verification and Statement (Taxes)

APR 21 2017

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

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Maricopa  
Name (owner or official) title: Ronald C Bunce, Sr. Vice President  
Company Name: The Sedona Venture Water Company - Sewer Division

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.

Ronald C Bunce  
signature of owner/official

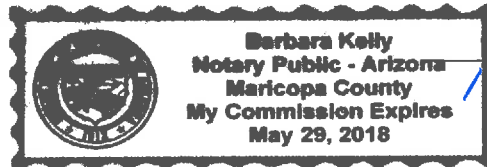
480-225-4241  
telephone no.

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

Maricopa  
(county name)

THIS 20<sup>th</sup> DAY OF April 2017  
(month) and (year)

MY COMMISSION EXPIRES May 29, 2018  
(date)



Barbara Kelly  
(signature of notary public)

RECEIVED

Verification and Statement

APR 21 2017

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

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Maricopa  
Name (owner or official) title: Ronald C Bunce, Sr. Vice President  
Company Name: The Sedona Venture Water Company - Sewer Division

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 CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 257,107

(The amount in the box above includes

\$ 9,253 in sales tax  
billed or collected)

Ronald C Bunce  
signature of owner/official

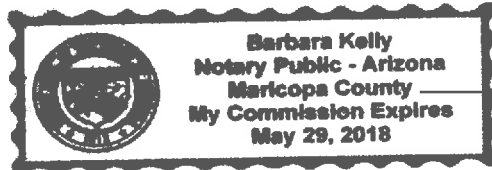
480-225-4241  
telephone no.

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

Maricopa  
(county name)

THIS 20<sup>th</sup> DAY OF April 2017  
(month) and (year)

MY COMMISSION EXPIRES May 29, 2018  
(date)



Barbara Kelly  
(signature of notary public)

RECEIVED

APR 21 2017

Verification and Statement (Residential Revenue)

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

County of (county name): Maricopa  
Name (owner or official) title: Ronald C Bunce, Sr. Vice President  
Company Name: The Sedona Venture Water Company - Sewer Division

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 CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 186,143

(The amount in the box above includes

\$ 6,699 in sales tax  
billed or collected)

Ronald C Bunce  
signature of owner/official

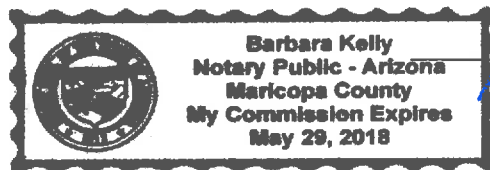
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telephone no.

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

Maricopa  
(county name)

THIS 20<sup>th</sup> DAY OF April 2017  
(month) and (year)

MY COMMISSION EXPIRES May 29, 2018  
(date)



Barbara Kelly  
(signature of notary public)