

ANNUAL REPORT

Of

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

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

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, AZ 85007

Application Type: Original Filing
Application Date: 2016

5-2-17

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
The Sedona Venture Water Company

A Class 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

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

8. Counties Served:

Yavapai

The Sedona Venture Water Company
Annual Report
Utility Plant in Service (Water)
12/31/2016

Utility Plant in Service (Water)				
Account No.	Description	Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$ -		\$ -
302	Franchises	-		-
303	Land and Land Rights	-		-
304	Structures and Improvements	44,221	24,837	19,384
305	Collecting & Improving Reservoirs	-		-
306	Lake, River, Canal Intakes	-		-
307	Wells and Springs	96,387	12,852	83,535
308	Infiltration Galleries	-		-
309	Supply Mains	-		-
310	Power Generation Equipment	-		-
311	Pumping Equipment	50,008	50,008	-
320	Water Treatment Equipment	119,278	10,843	108,435
320.1	Water Treatment Plants	-		-
320.2	Solution Chemical Feeders	-		-
320.3	Point-of-Use Treatment Devices	-		-
330	Distribution Reservoirs and Standpipes	-		-
330.1	Storage Tanks	-		-
330.2	Pressure Tanks	-		-
331	Transmission and Distribution Mains	-		-
333	Services	99,094	3,183	95,911
334	Meters and Meter Installations	3,999	3,999	-
335	Hydrants	41,090	5,480	35,610
336	Backflow Prevention Devices	-		-
339	Other Plant and Misc. Equipment	-		-
340	Office Furniture and Equipment	-		-
340.1	Computers & Software	-		-
341	Transportation Equipment	-		-
342	Stores Equipment	-		-
343	Tools, Shop and Garage Equipment	-		-
344	Laboratory Equipment	-		-
345	Power Operated Equipment	-		-
346	Communications Equipment	-		-
347	Miscellaneous Equipment	-		-
348	Other Tangible Plant	-		-
	Totals	\$ 454,077	\$ 111,202	\$ 342,875

The Sedona Venture Water Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/2016

Depreciation Expense for the Current Year (Water)								
Account No.	Description	Original Cost	Current Year Additions	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
302	Franchises			-		-		-
303	Land and Land Rights			-		-		-
304	Structures and Improvements	44,221		44,221		44,221	3.33%	1,365
305	Collecting & Improving Reservoirs			-		-		-
306	Lake, River, Canal Intakes			-		-		-
307	Wells and Springs	96,387		96,387		96,387	3.33%	3,213
308	Infiltration Galleries			-		-		-
309	Supply Mains			-		-		-
310	Power Generation Equipment			-		-		-
311	Pumping Equipment	50,008		50,008	50,008	-		-
320	Water Treatment Equipment	54,239	65,039	119,278		119,278	3.33%	3,483
320.1	Water Treatment Plants			-		-		-
320.2	Solution Chemical Feeders			-		-		-
320.3	Point-of-Use Treatment Devices			-		-		-
330	Distribution Reservoirs and Standpipes			-		-		-
330.1	Storage Tanks			-		-		-
330.2	Pressure Tanks			-		-		-
331	Transmission and Distribution Mains			-		-		-
333	Services	83,884	15,210	99,094		99,094	2.86%	2,299
334	Meters and Meter Installations	3,679	320	3,999	3,679	320		-
335	Hydrants	41,090		41,090		41,090	3.33%	1,370
336	Backflow Prevention Devices			-		-		-
339	Other Plant and Misc. Equipment			-		-		-
340	Office Furniture and Equipment			-		-		-
340.1	Computers & Software			-		-		-
341	Transportation Equipment			-		-		-
342	Stores Equipment			-		-		-
343	Tools, Shop and Garage Equipment			-		-		-
344	Laboratory Equipment			-		-		-
345	Power Operated Equipment			-		-		-
346	Communications Equipment			-		-		-
347	Miscellaneous Equipment			-		-		-
348	Other Tangible Plant			-		-		-
	Subtotal	\$ 373,508	\$ 80,569	\$ 454,077	\$ 53,687	\$ 400,390		\$ 11,730

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 \$ 11,730

The Sedona Venture Water Company
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		\$ 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
	Total Current and Accrued Assets		\$ 866,290	\$ 914,790
Account No.	Fixed Assets			
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			
	Total Fixed Assets		\$ 542,559	\$ 584,385
	Total Assets		\$ 1,408,849	\$ 1,499,175

Note: Balance Sheet includes both water and sewer divisions.

The Sedona Venture Water Company
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		
Account No.	Current Liabilities		
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
	Total Current Liabilities	\$ 9,913	\$ 6,790
	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		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	Total Deferred Credits	\$ -	\$ -
	Total Liabilities	\$ 9,913	\$ 6,790
	Capital Accounts		
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
	Total Capital	\$ 1,398,936	\$ 1,492,385
	Total Liabilities and Capital	\$ 1,408,849	\$ 1,499,175

Note: Balance Sheet includes both water and sewer divisions.

The Sedona Venture Water Company
Annual Report
Water Comparative Income Statement
12/31/2016

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2016 - 12/31/2016	Last Year 01/01/2015 - 12/31/2015
	Operating Revenue		
461	Metered Water Revenue	\$ 85,839	\$ 88,533
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenues		
	Total Revenues	\$ 85,839	\$ 88,533
	Operating Expenses		
601	Salaries and Wages	\$ -	\$ -
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Materials and Supplies	283	
621.1	Repairs and Maintenance		6,622
620.2	Office Supplies and Expense		
630	Contractual Services	275	1,348
631	Contractual Services - Engineering		
632	Contractual Services - Accounting		
633	Contractual Services - Legal		
634	Contractual Services - Management Fees		
635	Contractual Services - Water Testing	8,448	9,368
636	Contractual Services - Other		
640	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses		
657	Insurance - General Liability	231	231
657.1	Insurance - Health and Life		
665	Regulatory Commission - Rate Case Expense		
670	Bad Debt Expense		
675	Miscellaneous Expense	15,119	8,430
403	Depreciation Expense (From Page 4)	11,730	9,823
408	Taxes Other Than Income		
408.11	Property Taxes	3,670	3,924
409	Income Taxes		
427.1	Customer Security Deposit Interest		
	Total Operating Expenses	\$ 39,756	\$ 39,746
	Operating Income / (Loss)	\$ 46,083	\$ 48,787
	Other Income / (Expense)		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	Total Other Income / (Expense)	\$ -	\$ -
	Net Income / (Loss)	\$ 46,083	\$ 48,787

The Sedona Venture Water Company
 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	\$ -	\$ -	\$ -	\$ -

Meter Deposit Balance at Year End:	\$ -
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Meter Deposits Refunded During the Year:	\$ -
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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.*

Water Utility Plant Description

Name of the System: _____

ADEQ Public Water System Number: 13-108

WELLS

ADWR ID No *	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Pump Motor Type **	Meter Size (inches)	Year Drilled	Arsenic Level (mg/L)
55-605160	20	99	25	8	Submersible	4	1972	0.012
55-204817	20	110	800	8	Submersible	4	2006	0.012
Undeveloped	N/A	N/A	18	8	N/A	N/A	1972	

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS

Horsepower	GPM	Quantity
7.5	250	3

FIRE HYDRANTS

Type	Quantity
Standard ***	20
Other	

STORAGE TANKS

Capacity	Material	Quantity
100,000 gal	Steel	1

PRESSURE/BLADDER TANKS

Capacity	Quantity
5,000 gal	1

* Arizona Department of Water Resources ("ADWR") well identification number.

** Pump motor type, turbine or submersible.

*** 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.

The Sedona Venture Water Company
 Annual Report
 Water Utility Plant Description (Continued)
 12/31/2016

Water Utility Plant Description (Continued)

Name of the System: _____
 ADEQ Public Water System Number: _____ 13-108

MAINS		
Size (inches)	Material	Length (feet)
2		
3		
4	C900	3,200
5		
6	C900	15,000
8		
10		
12		

CUSTOMER METERS	
Size (inches)	Quantity
5/8 x 3/4	276
3/4	
1	
1 1/2	
Compound 2	1
Turbine 2	
Compound 3	1
Turbine 3	
Compound 4	
Turbine 5	
Compound 6	1
Turbine 6	
6+	

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

TREATMENT EQUIPMENT:	Chlorination equipment for disinfection (sodium hypochlorite) and granular ferric oxide arsenic removal system.
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STRUCTURES:	Housing for arsenic removal system.
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OTHER:	
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The Sedona Venture Water Company
 Annual Report
 Water Use Data Sheet
 12/31/2016

Water Use Data Sheet					
Name of the System:					
ADEQ Public Water System Number:		13-108			
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴
January	279	17.5	17.7	0	
February	279	13.6	18.4	0	
March	279	14.1	22.9	0	
April	279	16.2	22.6	0	
May	279	18.5	25.3	0	
June	279	21.9	32.2	0	
July	279	22.5	31.5	0	
August	279	25.5	24.9	0	
September	279	27.9	24.4	0	
October	279	19.2	22.7	0	
November	279	18.1	17.1	0	
December	279	19.5	14.7	0	
	Totals	234.5	274.4	0	

If system has fire hydrants, what is the fire flow requirements GPM for hrs.

Does the system have chlorination treatment?

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 If yes, which AMA?

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 If yes, provide the GPCPD amount:

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

¹ Gallons sold - Total gallons from customer meters.
² Gallons pumped - Total gallons from pumped sources.
³ Gallons purchased - Total gallons purchased from other sources.
⁴ Estimated gallons authorized use - Total estimated gallons from authorized meter or un-metered use. Authorized use such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc.

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

Name of the System:
 ADEQ Public Water System Number:

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):

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

Property Taxes

Amount of actual property taxes paid during Calendar year 2016 was

\$ 3,670

If no property taxes paid, explain why.

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Verification and Statement (Taxes)

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

APR 21 2017

County of (county name):
Name (owner or official) title:
Company Name:

Maricopa
Ronald C Bunce, Sr. Vice President
The Sedona Venture Water Company

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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.

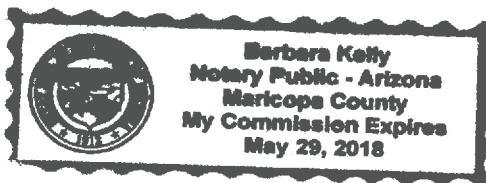
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Maricopa
(county name)

THIS 20th DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES May 29, 2018
(date)

Barbara Kelly
(signature of notary public)



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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

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 DURING CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 90,923

(The amount in the box above includes

\$ 5,084 in sales tax
billed or collected)

Ronald C Bunce
signature of owner/official

480-225-4241
telephone no.

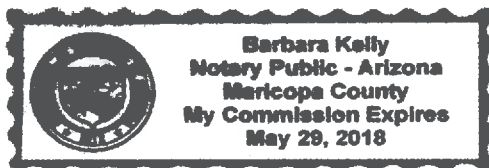
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Maricopa
(county name)

THIS 20th DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES May 29, 2018
(date)

Barbara Kelly
(signature of notary public)



RECEIVED

APR 21 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): Maricopa
Name (owner or official) title: Ronald C Bunce, Sr. Vice President
Company Name: The Sedona Venture Water Company

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 (\$)

\$ 55,745

(The amount in the box above includes

\$ 3,117 in sales tax
billed or collected)

Ronald C Bunce
signature of owner/official

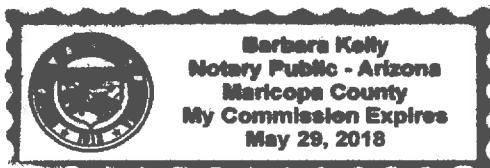
480-225-4241
telephone no.

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

Maricopa
(county name)

THIS 20th DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES May 29, 2018
(date)



Barbara Kelly
(signature of notary public)