

ANNUAL REPORT

Of

Company Name:

Utility Source, LLC
20525 E. Chandler Heights Rd.

Mailing Address:

Queen Creek AZ
85142-9500

Docket No.:

WS-04235A

For the Year Ended:

12/31/16

RECEIVED

APR 17 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, Arizona 85007

Application Type:

Original Filing

Application Date:

5-2-17

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT
Utility Source, LLC

A Class Utility

1. For the Calendar Year Ended: 12/31/16

2. Address: 20525 E CHANDLER HEIGHTS ROAD
City: QUEEN CREEK State: ARIZONA Zip Code: 85142-9500

3. Telephone Number: 480-892-8756

4. Date of Original Organization of Utility: 6/23/1995

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

Name: LONNIE MCCLEVE
Telephone No. : 480-892-8756
Address: 20525 E CHANDLER HEIGHTS ROAD
City: QUEEN CREEK State: ARIZONA Zip Code: 85142-9500
Email: mparry@cox.net

6. On-Site Manager:

Name: JEREMY MCCALED
Telephone No. : 928-699-2226
Address: 11536 W COVE CREST
City: BELLEMONT State: ARIZONA Zip Code: 86015
Email: WYLDMON@GMAIL.COM

7. Ownership: llc

8. Counties Served: COCONINO

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	\$0	\$0	\$0	\$0	\$0	\$0
352	Franchises	0	0	0	0	0	0
353	Land and Land Rights	105,000	0	0	105,000	0	105,000
354	Structures and Improvements	56,350	0	0	56,350	23,454	32,896
355	Power Generation Equipment	2,879	0	0	2,879	2,231	648
360	Collections Wastewater - Force	0	0	0	0	0	0
361	Collections Wastewater - Gravity	260,553	0	0	260,553	65,138	195,415
362	Special Collecting Structures	0	0	0	0	0	0
363	Services to Customers	60,375	0	0	60,375	15,097	45,278
364	Flow Measuring Devices	0	0	0	0	0	0
365	Flow Measuring Installations	3,450	0	0	3,450	3,450	0
366	Reuse Services	0	0	0	0	0	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0
370	Receiving Wells	0	0	0	0	0	0
371	Pumping Equipment	0	0	0	0	0	0
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	903,992	0	0	903,992	562,634	341,358
381	Plant Sewers	0	0	0	0	0	0
382	Outfall Sewer Lines	0	0	0	0	0	0
389	Other Plant and Misc. Equipment	0	0	0	0	0	0
390	Office Furniture and Equipment	4,672	0	0	4,672	2,240	2,432
390.1	Computer & Software	0	0	0	0	0	0
391	Transportation Equipment	0	0	0	0	0	0
393	Tools, Shop and Garage Equipment	0	0	0	0	0	0
394	Laboratory Equipment	0	0	0	0	0	0
395	Power Operated Equipment	0	0	0	0	0	0
396	Communication Equipment	0	0	0	0	0	0
397	Miscellaneous Equipment	0	0	0	0	0	0
398	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,397,271	\$0	\$0	\$1,397,271	\$674,244	\$723,027

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.

Utility Source, LLC
 Annual Report
 Depreciation Expense for the Current Year (Wastewater)
 12/31/16

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	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
352	Franchises	0	0	0	0	0	0.00%	0
353	Land and Land Rights	105,000	0	0	105,000	0	0.00%	0
354	Structures and Improvements	56,350	0	0	56,350	0	3.33%	1,876
355	Power Generation Equipment	2,879	0	0	2,879	0	5.00%	144
360	Collections Wastewater - Force	0	0	0	0	0	0.00%	0
361	Collections Wastewater - Gravity	260,553	0	0	260,553	0	2.00%	5,211
362	Special Collecting Structures	0	0	0	0	0	0.00%	0
363	Services to Customers	60,375	0	0	60,375	0	2.00%	1,208
364	Flow Measuring Devices	0	0	0	0	0	0.00%	0
365	Flow Measuring Installations	3,450	0	0	3,450	3,450	10.00%	0
366	Reuse Services	0	0	0	0	0	0.00%	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0.00%	0
370	Receiving Wells	0	0	0	0	0	0.00%	0
371	Pumping Equipment	0	0	0	0	0	0.00%	0
374	Reuse Distribution Reservoirs	0	0	0	0	0	0.00%	0
375	Reuse Trans. And Distr. Equipment	0	0	0	0	0	0.00%	0
380	Treatment and Disposal Equipment	903,992	0	0	903,992	0	5.00%	45,200
381	Plant Sewers	0	0	0	0	0	0.00%	0
382	Outfall Sewer Lines	0	0	0	0	0	0.00%	0
389	Other Plant and Misc. Equipment	0	0	0	0	0	0.00%	0
390	Office Furniture and Equipment	4,672	0	0	4,672	0	6.67%	312
390.1	Computer & Software	0	0	0	0	0	0.00%	0
391	Transportation Equipment	0	0	0	0	0	0.00%	0
393	Tools, Shop and Garage Equipment	0	0	0	0	0	0.00%	0
394	Laboratory Equipment	0	0	0	0	0	0.00%	0
395	Power Operated Equipment	0	0	0	0	0	0.00%	0
396	Communication Equipment	0	0	0	0	0	0.00%	0
397	Miscellaneous Equipment	0	0	0	0	0	0.00%	0
398	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$1,397,271	\$0	\$0	\$1,397,271	\$3,450		\$53,950

Contribution(s) in Aid of Construction (Gross)	\$197,973
Less: Non Amortizable Contribution(s)	95,255
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$102,718</u>
Times: Proposed Amortization Rate	3.87%
Amortization of CIAC	\$3,976

Less: Amortization of CIAC

DEPRECIATION EXPENSE

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.

UTILITY SOURCE, LLC
20525 E Chandler Heights Road
Queen Creek AZ 85142-9500

ANNUAL REPORT

Docket # WS-04235A
For the Period Ended: 12/31/2016

COMBINED BALANCE SHEET
(WATER AND WASTEWATER)

INCLUDED IN THE WATER ANNUAL REPORT

Utility Source, LLC
Annual Report
Wastewater Comparative Income Statement
12/31/16

Wastewater 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		
521	Flat Rate Revenues	\$158,936	\$115,802
522	Measured Revenues	89,665	520
534	Rents from Wastewater Property	0	0
539	Other Wastewater Revenues	2,952	0
	Total Revenues	\$251,554	\$116,322
	Operating Expenses		
701	Salaries and Wages	\$0	\$0
704	Employee Pensions and Benefits	0	0
710	Purchased Wastewater Treatment	0	0
711	Sludge Removal Expense	5,040	5,460
715	Purchased Power	30,654	34,050
716	Fuel for Power Production	0	0
718	Chemicals	0	1,116
720	Materials and Supplies	13,492	6,247
721	Office Expense	2,620	1,919
731	Contractual Services -Engineering	0	0
732	Contractual Services - Accounting	1,654	1,921
733	Contractual Services - Legal	0	0
734	Contractual Services - Management Fees	43,350	48,350
735	Contractual Services - Testing	18,054	12,506
736	Contractual Services - Other	20,683	21,302
740	Rents - Building	7,932	0
742	Rents - Equipment	0	0
750	Transportation Expenses	8,615	318
757	Insurance - General Liability	3,623	2,207
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	0	0
775	Miscellaneous Expense	26,157	21,395
403	Depreciation Expense (From Schedule AR4)	49,974	45,668
408	Taxes Other Than Income	0	0
408.11	Property Taxes	1,662	6,057
408.12	Payroll Taxes	0	0
409	Income Taxes	0	0
	Total Operating Expenses	\$233,512	\$208,516
	Operating Income / (Loss)	\$18,042	(\$92,194)
	Other Income / (Expense)		
414	Gain (Loss) on Dispositions	\$0	\$0
419	Interest and Dividend Income	37	9
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	(3,439)	(127)
	Total Other Income / (Expense)	(\$3,402)	(\$119)
	Net Income / (Loss)	\$14,640	(\$92,312)

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.

Wastewater Utility Plant Description

Name of System:	Flagstaff Meadows Wastewater Treatment Plant
Wastewater Inventory Number (if applicable):	0
Type of Treatment	Extended aeration, stepfeed system
Design Capacity of Plant (Gallons per day)	37,500 gpd Plant 1 100,000 gpd Plant 2

LIFT STATION FACILITIES				
Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
Pilot Travel Center	2	1.5	50	1,500
Flagstaff Meadows WW	2	3	150	8,000

FORCE MAINS		
Size	Material	Length (Feet)
4-inch	SDR-35	2,200
6-inch		

MANHOLES	
Type	Quantity
Standard	60
Drop	0

CLEANOUTS
Quantity
1

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

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. Copy and paste this sheet as many times as is necessary.

Wastewater Utility Plant Description (Continued)					
COLLECTION MAINS			SERVICES/LATERALS		
Sizes (inches)	Material	Length (feet)	Size (inches)	Material	Quantity
4	0	0	4	SDR-35	327
6	0	0	6	SDR-35	3
8	SDR-35	16,224	8	0	0
10	0	0	12	0	0
12	SDR-35	360	15	0	0
15	0	0			
18	0	0			
21	0	0			
24	0	0			
30	0	0			

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

SOLIDS PROCESSING AND HANDLING FACILITIES	21,928 gallon sludge holding tank - sludge hauled away 3,500 gallon sludge holding tank - sludge hauled away
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	1 Peristaltic chemical pump
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	Mixed media filter continuous backwash
STRUCTURES (Buildings, Fences, Etc.)	700 sq ft building 2 - 12' wide rollong gates 6' cinder block fence; 376 in length
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	0

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

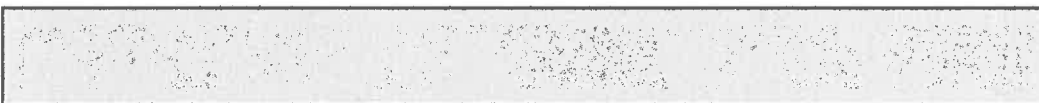
Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Utility Source, LLC
 Annual Report
 Wastewater Flows
 12/31/16

Wastewater Flows			
Month	Number of Services	Total Monthly Sewage Flow	Sewage Flow on Peak Day
January	339	1,773	91
February	338	1,330	61
March	340	1,589	79
April	340	1,775	83
May	340	1,923	92
June	338	1,900	89
July	340	1,928	89
August	339	1,850	97
September	340	1,880	87
October	340	1,933	96
November	337	1,742	90
December	339	2,090	97
	Totals	21,712	1,049

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Surface water discharge
Groundwater Permit Number	0
ADEQ Aquifer Protection Permit ("APP") Number	P104083
ADEQ Reuse Permit Number	R104083
EPA NPDES Permil Number	AZ 0024708
APP Effluent Treatment Requirement (Class)?	0



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

Utility Source, LLC
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/16

Name of System:	Flagsdtaff Meadows Wastewater Treatment Plant
Wastewater Inventory Number (if applicable):	0

Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-609.B	Termination with Notice R14-2-609.C	Other
January	0	1	0
February	0	0	0
March	0	0	0
April	0	1	0
May	0	2	0
June	0	0	0
July	0	0	0
August	0	3	0
September	0	3	0
October	0	1	0
November	0	5	0
December	0	0	0
Total	0	16	0

Other (description):

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.

Utility Source, LLC
Annual Report
Property Taxes
12/31/16

Property Taxes

Amount of actual property taxes paid during Calendar Year 2016 was

\$1,662

If no property taxes paid, explain why.

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.

Utility Source, LLC
Annual Report
Verification and Statement (Taxes)
12/31/16

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APR 17 2017

Verification and Statement (Taxes)

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

County of (county name): Coconino
Name (owner or official) title: Lonnie McCleve, Managing Member
Company name: Utility Source, LLC

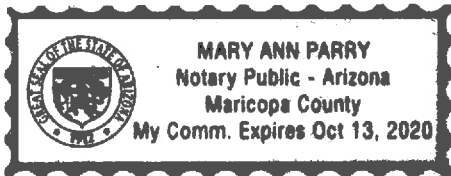
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/16

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.



Lonnie McCleve
signature of owner/official

480-892-8756
telephone no.

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

THIS 13 DAY OF Maricopa
April 2017
(month) and (year)

MY COMMISSION EXPIRES 10-13-20
(date)

Mary Ann Parry
(signature of notary public)

RECEIVED

Verification and Statement

APR 17 2017

Verification:

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

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Coconino
Name (owner or official) title: Lonnie McCleve, Managing Member
Company name: Utility Source, LLC

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

FOR THE YEAR ENDING: 12/31/16

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:

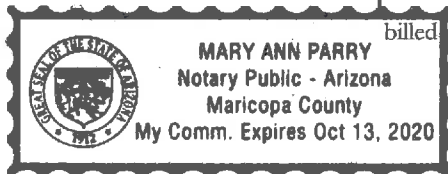
Arizona Intrastate Gross Operating Revenues Only (\$)

\$268,935

(The amount in the box above includes

\$17,382 in sales taxes

billed or collected)



Lonnie McCleve
signature of owner/official

480-892-8756

telephone no.

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

THIS

13

DAY OF

Maricopa
(county name)

April 2017
(month) and (year)

MY COMMISSION EXPIRES

10-13-20
(date)

Mary Ann Parry
(signature of notary public)

RECEIVED

APR 17 2017

Verification and Statement (Residential Revenue)

Verification:

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

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Coconino
Name (owner or official) title: Lonnie McCleve, Managing Member
Company name: Utility Source, LLC

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

FOR THE YEAR ENDING: 12/31/16

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.

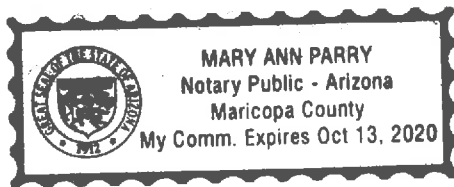
Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$219,386

(The amount in the box above includes

\$14,183 in sales taxes
billed or collected)



Lonnie McCleve
signature of owner/official

480-892-8756
telephone no.

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

Maricopa
(county name)

THIS 13 DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES 10-13-20
(date)

Mary Ann Parry
(signature of notary public)