

# 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 CORPORATION COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

## WATER UTILITY

To

Arizona Corporation Commission

### Due on April 15th

Email: [rdelafuente@azcc.gov](mailto: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  
WATER UTILITY ANNUAL REPORT  
UTILITY SOURCE, LLC

A Class  Utility

1. For the Calendar Year Ended:

2. Address:   
City:  State:  Zip Code:

3. Telephone Number:

4. Date of Original Organization of Utility:

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

Name:   
Telephone No.:   
Address:   
City:  State:  Zip Code:   
Email:

6. On-Site Manager:

Name:   
Telephone No.:   
Address:   
City:  State:  Zip Code:   
Email:

7. Ownership:

8. Counties Served:

UTILITY SOURCE, LLC  
Annual Report  
Utility Plant in Service (Water)  
12/31/16

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	210,000	0	0	210,000	0	210,000
304	Structures and Improvements	97,095	19,272	0	116,367	34,104	82,263
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	2,831,962	0	0	2,831,962	1,064,430	1,767,532
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	89,125	0	0	89,125	55,406	33,719
311	Pumping Equipment	161,619	0	0	161,619	161,619	(0)
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	5,487	0	0	5,487	2,292	3,195
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0
330.1	Storage Tanks	491,330	0	0	491,330	96,744	394,586
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	161,632	0	0	161,632	38,534	123,098
333	Services	86,250	0	0	86,250	35,900	50,350
334	Meters and Meter Installations	0	0	0	0	0	0
335	Hydrants	34,500	0	0	34,500	8,625	25,875
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	4,672	0	0	4,672	2,240	2,432
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	<b>Totals</b>	<b>\$4,173,671</b>	<b>\$19,272</b>	<b>\$0</b>	<b>\$4,192,944</b>	<b>\$1,499,894</b>	<b>\$2,693,050</b>

**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 (Water)  
 12/31/16

Depreciation Expense for the Current Year (Water)								
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
301	Organization	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0.00%	0
303	Land and Land Rights	210,000	0	0	210,000	210,000	0.00%	0
304	Structures and Improvements	97,095	19,272	0	116,367	0	3.33%	3,554
305	Collecting & Improving Reservoirs	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0.00%	0
307	Wells and Springs	2,831,962	0	0	2,831,962	0	3.33%	94,304
308	Infiltration Galleries	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	89,125	0	0	89,125	0	5.00%	4,456
311	Pumping Equipment	161,619	0	0	161,619	144,171	12.50%	2,181
320	Water Treatment Equipment	0	0	0	0	0	-	0
320.1	Water Treatment Plants	5,487	0	0	5,487	0	3.33%	183
320.2	Solution Chemical Feeders	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	-	0
330.1	Storage Tanks	491,330	0	0	491,330	0	2.22%	10,908
330.2	Pressure Tanks	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	161,632	0	0	161,632	0	2.00%	3,233
333	Services	86,250	0	0	86,250	0	3.33%	2,872
334	Meters and Meter Installations	0	0	0	0	0	0.00%	0
335	Hydrants	34,500	0	0	34,500	0	2.00%	690
336	Backflow Prevention Devices	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	4,672	0	0	4,672	0	6.67%	312
340.1	Computer & Software	0	0	0	0	0	0.00%	0
341	Transportation Equipment	0	0	0	0	0	0.00%	0
342	Stores Equipment	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0.00%	0
344	Laboratory Equipment	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	0	0	0	0	0	0.00%	0
346	Communication Equipment	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	0	0	0	0	0	0.00%	0
	<b>Subtotal</b>	<b>\$4,173,671</b>	<b>\$19,272</b>	<b>\$0</b>	<b>\$4,192,944</b>	<b>\$354,171</b>		<b>\$122,692</b>

Contribution(s) in Aid of Construction (Gross)	\$294,745
Less: Non Amortizable Contribution(s)	124,351
Fully Amortized Contribution(s)	<u>\$170,394</u>
Amortizable Contribution(s)	\$170,394
Times: Proposed Amortization Rate	3.20%
Amortization of CIAC	5446.020716
Less: Amortization of CIAC	5446.020716
<b>DEPRECIATION EXPENSE</b>	<b>\$117,246</b>

**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)*

UTILITY SOURCE, LLC  
 Annual Report  
 Balance Sheet Assets  
 12/31/16

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		\$365,524	\$426,361
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		109,353	176,026
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		319	0
	<b>Total Current and Accrued Assets</b>		<b>\$475,196</b>	<b>\$602,387</b>
Account No.	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$5,570,942	\$5,590,215
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	68,649
108	Accumulated Depreciation-Utility Plant		(1,997,494)	(2,174,138)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	<b>Total Fixed Assets</b>		<b>\$3,573,449</b>	<b>\$3,484,726</b>
186	Deferred Rate Case Expense		\$76,971	\$86,078
	<b>Total Assets</b>		<b>\$4,125,616</b>	<b>\$4,173,192</b>

**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 these items feed automatically from AR3 UPIS Page 3

UTILITY SOURCE, LLC  
Annual Report  
Balance Sheet Liabilities and Owners Equity

<b>Balance Sheet Liabilities and Owners Equity</b>				
	<b>Liabilities</b>		<b>Balance at Beginning of Year (2016)</b>	<b>Balance at End of Year (2016)</b>
<b>Account No.</b>	<b>Current Liabilities</b>			
231	Accounts Payable		\$2,482	\$25,738
232	Notes Payable (Current Portion)		0	0
234	Notes/Accounts Payable to Associated Companies		0	0
235	Customer Deposits		17,950	20,530
236	Accrued Taxes		0	0
237	Accrued Interest		0	0
241	Miscellaneous Current and Accrued Liabilities		24,424	38,660
	<b>Total Current Liabilities</b>		<b>\$44,856</b>	<b>\$84,929</b>
	<b>Long Term Debt (Over 12 Months)</b>			
224	Long Term Debt (Notes and Bonds)		\$100,262	\$0
	<b>Deferred Credits</b>			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		350,000	350,000
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		492,718	492,718
272	Less: Amortization of Contributions		(219,606)	(229,028)
281	Accumulated Deferred Income Tax		0	0
	<b>Total Deferred Credits</b>		<b>\$623,112</b>	<b>\$613,690</b>
	<b>Total Liabilites</b>		<b>\$768,230</b>	<b>\$698,619</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$0	\$0
211	Paid in Capital in Excess of Par Value		0	0
215	Retained Earnings		(841,531)	49,472
218	Proprietary Capital (Sole Props and Partnerships)		4,198,917	3,425,101
	<b>Total Capital</b>		<b>\$3,357,385</b>	<b>\$3,474,573</b>
	<b>Total Liabilities and Capital</b>		<b>\$4,125,616</b>	<b>\$4,173,192</b>

**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!**

UTILITY SOURCE, LLC  
Annual Report  
Water Comparative Income Statement  
12/31/16

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2016 - 12/31/2016	Last Year 01/01/2015 - 12/31/2015
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$256,896	\$229,854
460	Unmetered Water Revenue	147,016	78,923
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	19,548	12,218
	<b>Total Revenues</b>	<b>\$423,460</b>	<b>\$320,995</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	94,001	78,095
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	14,722	6,229
620.2	Office Supplies and Expense	2,602	1,991
630	Contractual Services	0	21,302
631	Contractual Services -Engineering	0	14,000
632	Contractual Services - Accounting	1,654	1,921
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	10,500	9,775
635	Contractual Services - Water Testing	0	0
636	Contractual Services - Other	23,208	2,335
635	Water Testing	176	136
640	Rents	7,932	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	8,544	3,000
657	Insurance - General Liability	3,623	2,207
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
675	Miscellaneous Expense	23,260	10,986
403	Depreciation Expense (From Schedule AR4)	117,246	109,847
408	Taxes Other Than Income	0	0
408.11	Property Taxes	10,087	16,047
409	Income Taxes	0	0
	<b>Total Operating Expenses</b>	<b>\$317,556</b>	<b>\$277,871</b>
	<b>Operating Income / (Loss)</b>	<b>\$105,905</b>	<b>\$43,124</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$37	\$9
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	(3,392)	(523)
	<b>Total Other Income / (Expense)</b>	<b>(\$3,356)</b>	<b>(\$515)</b>
	<b>Net Income / (Loss)</b>	<b>\$102,549</b>	<b>\$42,610</b>

**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.



Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amt. Issued	\$0			
Amount Outstanding	\$0			
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principal				

Meter Deposit Balance at Test Year End:

Meter Deposits Refunded During the Test Year:

*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.*

**Water Utility Plant Description**

Name of the System: Flagstaff Meadows Water System  
 ADEQ Public Water System Number: 3300

**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)
55-203241	125	72	2,801	0		2	2004	<0.002
55-598834	50	23	2,100	8		1	2003	<0.002
55-593267	10	11	1,947	8		1	2002	<0.015
55-559096	2	7	240	6		1	1997	
55-598623	2	10	300	6		1	2004	
55-564258	2	12	300	7		1	1998	
55-515324	1	5	105	8		1	1987	
55-503545	1	10	215	7		1	1982	
55-206887	210	280	2,900	10		4	2005	<0.002
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

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A	0	0
N/A	0	0

**BOOSTER PUMPS**

Horsepower	GPM	Quantity
15	350	2
75	1,500	1
0	1	0
0	0	0

**FIRE HYDRANTS**

Type	Quantity
Standard ***	34
Other	0

**STORAGE TANKS**

Capacity	Material	Quantity
442,000	welded steel	1
258,000	welded steel	1
0	0	0

**PRESSURE/BLADDER TANKS**

Capacity	Quantity
200 GAL	1
0	0
0	0

**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.

\* Arizona Department of Water Resources ("ADWR") well identification number. For example 55-XXXXXX.

\*\* 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.

Water Utility Plant Description (Continued)					
MAINS			CUSTOMER METERS		
Sizes (inches)	Material	Length (feet)	Size (inches)	Quantity	
2	0	0	5/8 X 3/4	0	
3	0	0	3/4	328	
4	0	0	1	0	
5	0	0	1 1/2	0	
6	C-900	900	Compound 2	0	
8	C-900	14,563	Turbine 2	4	
10	0	0	Compound 3	0	
12	C-900	5,890	Turbine 3	0	
0	0	0	Compound 4	0	
0	0	0	Turbine 5	0	
0	0	0	Compound 6	0	
0	0	0	Turbine 6	0	
0	0	0	6+	0	

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

<b>TREATMENT EQUIPMENT:</b>	PERISTALTIC PUMP FOR CL2 NJECTION
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<b>STRUCTURES:</b>	ONE PUMP HOSE, 3 WELL HOUSES & STORAGE FACILITY, 6' RETAINING WALL AROUND FACILITY-400' IN LENGTH WITH ROLLING GATE
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<b>OTHER:</b>	N/A
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**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.

Water Use Data Sheet					
Name of the System:		Flagstaff Meadows Water System			
ADEQ Public Water System Number:		3300			
Month	Number of Customers	Gallons Sold (thousands) <sup>1</sup>	Gallons Pumped (thousands) <sup>2</sup>	Gallons Purchased (thousands) <sup>3</sup>	Estimated Gallons Authorized Use (thousands) <sup>4</sup>
January	339	1,416	2,326	0	0
February	338	1,307	1,876	0	0
March	340	1,552	2,189	0	0
April	340	1,507	2,268	0	0
May	340	2,067	2,296	0	0
June	338	2,131	3,355	0	0
July	340	1,936	3,362	0	0
August	339	1,980	3,055	0	0
September	340	1,766	1,869	0	0
October	340	1,390	2,709	0	0
November	337	1,636	2,168	0	0
December	339	1,710	2,485	0	0
<b>Totals</b>		<b>20,398</b>	<b>29,958</b>	<b>0</b>	<b>0</b>

If the 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:**

**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.

- 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 metered or unmetered use. Authorized use such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc.

UTILITY SOURCE, LLC  
 Annual Report  
 Utility Shutoffs / Disconnects  
 12/31/16

ADEQ System No. :	3300
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Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.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
<b>Total</b>	<b>0</b>	<b>16</b>	<b>0</b>

**Other (description):** NONE

**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  
Property Taxes  
12/31/16

<b>Property Taxes</b>	
Amount of actual property taxes paid during Calendar Year 2016 was	\$10,087

<p>If no property taxes paid, explain why.</p> <p>N/A</p>
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**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.

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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  
Company name: UTILITY SOURCE, LLC

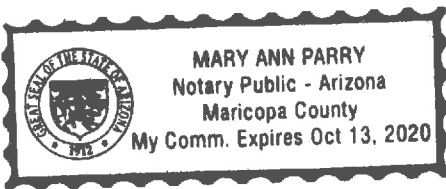
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

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  
(county name)  
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)  
County of (county name): COCONINO ARIZONA CORP COMMISSION  
Name (owner or official) title: LONNIE MCCLEVE UTILITIES DIVISION - DIRECTOR'S OFFICE  
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.

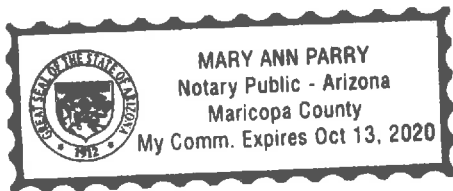
Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$440,395

(The amount in the box above includes

\$16,928 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  
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 (\$)

\$218,728

(The amount in the box above includes

\$13,182 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)