

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:

12/31/17

RECEIVED

APR 30 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdefuente@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:

1/16/2018

5-1-18

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 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	116,367	0	0	116,367	37,979	78,388
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	1,158,734	1,673,228
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	59,862	29,263
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	2,475	3,012
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	107,652	383,678
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	161,632	0	0	161,632	41,767	119,865
333	Services	86,250	0	0	86,250	38,772	47,478
334	Meters and Meter Installations	0	0	0	0	0	0
335	Hydrants	34,500	0	0	34,500	9,315	25,185
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	2,552	2,120
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
	Totals	\$4,192,944	\$0	\$0	\$4,192,944	\$1,620,727	\$2,572,217

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
Depreciation Expense for the Current Year (Water)
12/31/17

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	116,367	0	0	116,367	0	3.33%	3,875
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	161,619	12.50%	(0)
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
	Subtotal	\$4,192,944	\$0	\$0	\$4,192,944	\$371,619		\$120,832

Contribution(s) in Aid of Construction (Gross)	\$294,745
Less: Non Amortizable Contribution(s)	129,797
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$164,948
Times: Proposed Amortization Rate	3.16%
Amortization of CIAC	5215.738685
Less: Amortization of CIAC	5215.738685
DEPRECIATION EXPENSE	\$115,616

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
 Balance Sheet Assets
 12/31/2017

Balance Sheet Assets				
	Assets		"Balance at Beginning of Year " (2017)	"Balance at End of Year " (2017)
Account No.	Current and Accrued Assets			
131	Cash		\$426,361	\$454,425
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		176,026	222,464
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		0	0
	Total Current and Accrued Assets		\$602,387	\$676,889
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$5,590,215	\$5,590,215
103	Property Held for Future Use		71,940	126,558
105	Construction Work in Progress		0	0
108	Accumulated Depreciation-Utility Plant		(2,174,138)	(2,348,922)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$3,488,017	\$3,367,851
186	Deferred Rate Case Expense		\$47,980	\$21,169
	Total Assets		\$4,138,384	\$4,065,909

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.

*Note these items feed automatically from AR3 UPIS Page 3

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

Balance Sheet Liabilities and Owners Equity				
Account No.	Liabilities		"Balance at Beginning of Year " (2017)	"Balance at End of Year " (2017)
	Current Liabilities			
231	Accounts Payable		\$25,738	\$2,084
232	Notes Payable (Current Portion)		0	0
234	Notes/Accounts Payable to Associated Companies		0	0
235	Customer Deposits		20,530	20,765
236	Accrued Taxes		0	0
237	Accrued Interest		0	0
241	Miscellaneous Current and Accrued Liabilities		38,660	57,893
	Total Current Liabilities		\$84,928	\$80,742
	Long Term Debt (Over 12 Months)			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
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		(229,028)	(238,377)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$613,690	\$604,341
	Total Liabilites		\$698,618	\$685,083
	Capital Accounts			
201	Common Stock Issued		\$0	\$0
211	Paid in Capital in Excess of Par Value		0	0
215	Retained Earnings		82,381	91,042
218	Proprietary Capital (Sole Props and Partnerships)		3,357,385	3,289,784
	Total Capital		\$3,439,766	\$3,380,826
	Total Liabilities and Capital		\$4,138,384	\$4,065,909

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
12/31/17

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2017 - 12/31/2017	Last Year 01/01/2016 - 12/31/2016
	Operating Revenue		
461	Metered Water Revenue	\$315,492	\$256,896
460	Unmetered Water Revenue	160,335	147,016
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	13,655	19,548
	Total Revenues	\$489,482	\$423,460
	Operating Expenses		
601	Salaries and Wages	\$52,821	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	98,321	94,001
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	45,548	14,722
620.2	Office Supplies and Expense	2,403	2,602
630	Contractual Services	0	0
631	Contractual Services -Engineering	0	0
632	Contractual Services - Accounting	6,827	1,654
633	Contractual Services - Legal	2,321	3,998
634	Contractual Services - Management Fees	6,640	10,500
635	Contractual Services - Water Testing	1,260	176
636	Contractual Services - Other	4,188	23,208
635	Water Testing	0	0
640	Rents	7,932	7,932
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	3,716	8,544
657	Insurance - General Liability	4,545	3,623
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	14,463	16,495
675	Miscellaneous Expense	13,888	23,260
403	Depreciation Expense (From Schedule AR4)	115,616	115,616
408	Taxes Other Than Income	4,314	0
408.11	Property Taxes	6,100	10,087
409	Income Taxes	0	0
	Total Operating Expenses	\$390,904	\$336,418
	Operating Income / (Loss)	\$98,578	\$87,042
	Other Income / (Expense)		
419	Interest and Dividend Income	\$2,892	\$37
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	(314)	(3,392)
	Total Other Income / (Expense)	\$2,578	(\$3,355)
	Net Income / (Loss)	\$101,156	\$83,687

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	1/0/1900	1/0/1900	1/0/1900	1/0/1900
Source of Loan	0	0	0	0
ACC Decision No.	0	0	0	0
Reason for Loan	0	0	0	0
Dollar Amt. Issued	\$0	\$0	\$0	\$0
Amount Outstanding	\$0	\$0	\$0	\$0
Date of Maturity	1/0/1900	1/0/1900	1/0/1900	1/0/1900
Interest Rate	0.00%	0.00%	0.00%	0.00%
Current Year Interest	\$0	\$0	\$0	\$0
Current Year Principal	\$0	\$0	\$0	\$0

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	0	2	2004	0
55-598834	50	23	2,100	8	0	1	2003	0
55-593267	10	11	1,947	8	0	1	2002	0
55-559096	2	7	240	6	0	1	1997	0
55-598623	2	10	300	6	0	0	2004	0
55-564258	2	12	300	7	0	0	1998	0
55-515324	1	5	105	8	0	1	1987	0
55-503545	1	10	215	7	0	1	1982	0
55-206887	210	280	2,900	10	0	4	2005	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	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	0	2
75	0	1
0	0	0
0	0	0

FIRE HYDRANTS

Type	Quantity
Standard ***	34
Other	0

STORAGE TANKS

Capacity	Material	Quantity
442,000	0	1
258,000	0	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.

UTILITY SOURCE, LLC

Annual Report

Water Utility Plant Description (Continued)

12/31/17

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	0
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.

TREATMENT EQUIPMENT:	PERISTALTIC PUMP FOR CL2 NJECTION
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STRUCTURES:	ONE PUMP HOSE, 3 WELL HOUSES & STORAGE FACILITY, 6' RETAINING WALL AROUND FACILITY-400' IN LENGTH WITH ROLLING GATE
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OTHER:	N/A
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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. 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) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴
January	330	1,994	2,001	0	0
February	332	1,930	2,305	0	0
March	332	2,239	3,544	0	0
April	331	2,719	2,781	0	0
May	332	2,903	3,131	0	0
June	332	3,371	3,475	0	0
July	333	2,936	3,087	0	0
August	331	2,331	2,515	0	0
September	330	2,894	3,082	0	0
October	332	3,349	3,274	0	0
November	332	2,549	2,764	0	0
December	330	1,799	1,902	0	0
Totals		31,014	33,861	0	0

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
 12/31/17

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	0	0
February	0	1	0
March	0	0	0
April	0	0	0
May	0	1	0
June	0	0	0
July	0	2	0
August	0	0	0
September	0	0	0
October	0	5	0
November	0	4	0
December	0	0	0
Total	0	13	0

Other (description):

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.

UTILITY SOURCE, LLC
Annual Report
Property Taxes
12/31/17

Property Taxes

Amount of actual property taxes paid during Calendar Year ~~2016~~ was
2017

\$6,100

If no property taxes paid, explain why.

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.

UTILITY SOURCE, LLC
Annual Report
Verification and Statement (Taxes)
12/31/17

RECEIVED

APR 30 2018

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): COCONINO
Name (owner or official) title: LONNIE MCCLEVE
Company name: UTILITY SOURCE, LLC

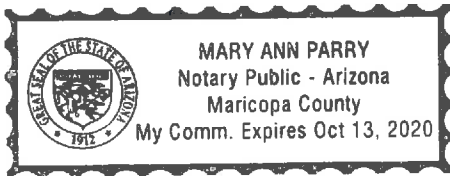
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/17

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
480-892-8756
telephone no.

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

THIS

16th

DAY OF

MARICOPA
(county name)
April 2018
(month) and (year)

MY COMMISSION EXPIRES

10-13-20
(date)

[Signature]
(signature of notary public)

Verification and Statement

RECEIVED

APR 30 2018

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

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: 12/31/17

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:

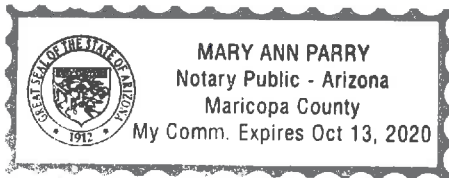
Arizona Intrastate Gross Operating Revenues Only (\$)

\$525,584

(The amount in the box above includes

\$33,924 in sales taxes

billed or collected)



[Handwritten Signature]
signature of owner/official

480-892-8756

telephone no.

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

THIS

16th

DAY OF

MARICOPA
(county name)
April 2018
(month) and (year)

MY COMMISSION EXPIRES

10-13-20
(date)

[Handwritten Signature]
signature of notary public

Verification and Statement (Residential Revenue)

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

RECEIVED
APR 30 2018
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: 12/31/17

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:

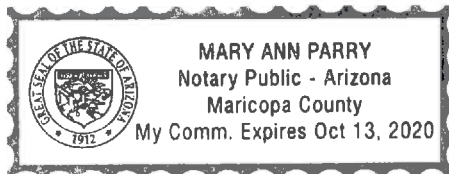
Arizona Intrastate Gross Operating Revenues Only (\$)

\$241,022

(The amount in the box above includes

\$15,557 in sales taxes

billed or collected)



[Signature]
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

16th

DAY OF

April 2018
(month) and (year)

MY COMMISSION EXPIRES

10-13-20
(date)

[Signature]
signature of notary public