

# ANNUAL REPORT

Of

Company Name: Chaparral City Water Company  
12021 N. Panorama Dr.

Mailing Address: Fountain Hills AZ  
85268

Docket No.: W-02113A  
For the Year Ended: 12/31/16

RECEIVED

APR 14 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, Arizona 85007

Application Type:  
Application Date:

Original Filing
2016

S-2-17

## COMPANY INFORMATION

**Company Name (Business Name)** Chaparral City Water Company

**Mailing Address** 12021 N. Panorama Drive

(Street)

Fountain Hills

(City)

AZ

(State)

85268

(Zip)

(480) 837-3411

Telephone No. (Include Area Code)

(480) 837-5310

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** gbarber@epcor.com

**Local Office Mailing Address** 12021 N. Panorama Drive

(Street)

Fountain Hills

(City)

AZ

(State)

85268

(Zip)

(480) 837-3411

Local Customer Service Phone No. (Include Area Code)

(480) 837-5310

(1-800 or other long distance Customer Service Phone No.)

**Email Address** gbarber@epcor.com

**Website address** WWW.EPCOR.COM

## MANAGEMENT INFORMATION

**Regulatory Contact:**

**Management Contact:**

Sheryl Hubbard

(Name)

Director, Regulatory & Rates

(Title)

2355 W. Pinnacle Peak Road, Suite 300

(Street)

Phoenix

(City)

AZ

(State)

85027

(Zip)

(623) 445-2419

Telephone No. (Include Area Code)

(623) 445-2451

Fax No. (Include Area Code)

(602) 885-1683

Cell No. (Include Area Code)

**Email Address** shubbard@epcor.com

**On Site Manager:** Don Long

(Name)

12021 N. Panorama Drive

(Street)

Fountain Hills

(City)

AZ

(State)

85268

(Zip)

(480) 837-3411

Telephone No. (Include Area Code)

(480) 837-5310

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address:** dlong3@epcor.com

**Statutory Agent:** United States Corporation Company  
(Name)

2338 West Royal Palm Road Phoenix AZ 85022  
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Attorney:** Martin Stanek  
(Name)

2355 W. Pinnacle Peak Road, Suite 300 Phoenix AZ 85027  
(Street) (City) (State) (Zip)

(623) 445-2427 N/A N/A  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** mstanek@epcor.com

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |  |                                   |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE             | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM              | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA                | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI             | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |  |                                   |

**COMPANY NAME:**

Chaparral City Water Company

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	-	0
302	Franchises	0	-	0
303	Land and Land Rights	1,554,591	-	1,554,591
304	Structures and Improvements	2,221,275	939,499	1,281,776
305	Collecting and Impounding Reservoirs	6,970	657,954	-650,984
307	Wells and Springs	2,183,972	44,361	2,139,611
308	Infiltration Galleries	0	-	0
309	Supply Mains	148,053	1,429,773	-1,281,720
310	Power Production Equipment	0	-	0
311	Pumping Equipment	4,598,335	6,859,922	-2,261,586
320	Water Treatment Equipment	8,134,612	2,067,185	6,067,427
330	Distribution Reservoirs and Standpipes	8,754,241	2,177,703	6,576,538
331	Transmission and Distribution Mains	26,936,147	9,367,498	17,568,648
332	Fire Mains	0	-	0
333	Services	13,453,165	3,341,702	10,111,463
334	Meters and Meter Installations	3,669,296	2,892,424	776,872
335	Hydrants	2,237,653	480,291	1,757,362
336	Backflow Prevention Devices	0	-	0
339	Other Plant and Misc. Equipment	2,567,172	641,991	1,925,181
340	Office Furniture and Equipment	371,010	303,053	67,957
341	Transportation Equipment	621,254	726,997	-105,743
342	Stores Equipment	0	-	0
343	Tools, Shop and Garage Equipment	525,343	163,969	361,374
344	Laboratory Equipment	0	-	0
345	Power Operated Equipment	0	-	0
346	Communication Equipment	373,764	93,009	280,755
347	Miscellaneous Equipment	312,674	77,785	234,889
348	Other Tangible Plant	0	-	0
	Reg Asset AFUDC Debt	0	-	0
	<b>TOTALS</b>	<b>78,669,527</b>	<b>32,265,116</b>	<b>46,404,411</b>

This amount goes on the Balance Sheet Acct. No. 108

**COMPANY NAME:** Chaparral City Water Company

**WATER UTILITY CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0.00%	0
302	Franchises	0	0.00%	0
303	Land and Land Rights	1,554,591	0.00%	0
304	Structures and Improvements	2,221,275	3.33%	71,364
305	Collecting and Impounding	6,970	2.50%	24,972
307	Wells and Springs	2,183,972	3.33%	27,412
309	Supply Mains	148,053	2.00%	47,149
311	Pumping Equipment	4,598,335	8.00%	6,273
320	Water Treatment Equipment	8,134,612	3.33%	271,077
330	Distribution Reservoirs and Standpipes	8,754,241	2.22%	123,590
331	Transmission and Distribution Mains	26,936,147	2.00%	533,040
333	Services	13,453,165	3.33%	440,387
334	Meters and Meter Installations	3,669,296	8.33%	291,811
335	Hydrants	2,237,653	2.00%	43,767
339	Other Plant and Misc. Equipment	2,567,172	6.67%	52,238
340	Office Furniture and Equipment	371,010	6.67%	29,801
341	Transportation Equipment	621,254	10.00%	69,870
343	Tools, Shop and Garage Equipment	525,343	5.00%	24,733
344	Laboratory Equipment	0	0.00%	0
345	Power Operated Equipment	0	5.00%	0
346	Communication Equipment	373,764	10.00%	37,123
347	Miscellaneous Equipment	312,674	10.00%	0
348	Other Tangible Plant	0	0.00%	0
	Reg Asset AFUDC Debt	0		0
	<b>TOTALS</b>	<b>78,669,527</b>		<b>2,094,607</b>
	LESS CIAC Amortization:			(553,124)
	Other Amortization:			(76,000)
	<b>Net Depreciation &amp; Amortization ( Acct. No. 403)*</b>			<b>\$1,465,483</b>

Note: \*

(1) Depreciation expense is net of CIAC amortization

**COMPANY NAME:**

Chaparral City Water Company

**WATER UTILITY BALANCE SHEET**

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$229,318	\$1,150
134	Working Funds	-	\$0
135	Temporary Cash Investments	-	\$0
141	Customer Accounts Receivable	344,637	\$418,366
146	Notes/Receivables from Associated Companies	-	\$0
151	Plant Material and Supplies	235,614	\$165,668
162	Prepayments	293,429	\$331,640
174	Miscellaneous Current and Accrued Assets	5,463,525	\$3,792,181
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$6,566,523</b>	<b>\$4,709,005</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$74,856,827	\$78,669,527
103	Property Held for Future Use	-	\$0
105	Construction Work in Progress	2,210,748	\$612,625
108	Accumulated Depreciation - Utility Plant	(30,838,155)	(\$32,265,116)
121	Non-Utility Property	-	\$0
122	Accumulated Depreciation - Non Utility	-	\$0
	<b>TOTAL FIXED ASSETS</b>	<b>\$46,229,420</b>	<b>\$47,017,036</b>
	<b>TOTAL ASSETS</b>	<b>\$52,795,943</b>	<b>\$51,726,041</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page

**COMPANY NAME**

Chaparral City Water Company

**WATER UTILITY BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$530,048	\$915,590
232	Notes Payable (Current Portion)	450,000	\$475,000
234	Notes/Accounts Payable to Associated Companies	3,361,924	\$2,471,427
236	Accrued Taxes	-	\$0
237	Accrued Interest	14,345	\$12,639
241	Miscellaneous Current and Accrued Liabilities	209,018	\$223,024
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$4,565,335</b>	<b>\$4,097,680</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$3,260,000	\$2,785,000
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	-	\$0
235	Customer Deposits	64,590	\$64,662
252	Advances in Aid of Construction	2,707,561	\$2,721,835
255	Accumulated Deferred Investment Tax Credits	-	\$0
271	Contributions in Aid of Construction	16,493,403	\$16,531,484
272	Less: Amortization of Contributions	(4,000,829)	(\$4,553,953)
281	Accumulated Deferred Income Tax	-	\$0
253	Other Credits	333,795	\$275,472
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$15,598,520</b>	<b>\$15,039,500</b>
	<b>TOTAL LIABILITIES</b>	<b>\$23,423,855</b>	<b>\$21,922,180</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$4,603,140	\$4,603,140
211	Paid in Capital in Excess of Par Value	19,006,566	\$19,006,566
215	Retained Earnings	5,762,382	\$6,194,155
218	Proprietary Capital (Sole Props and Partnerships)	-	\$0
	<b>TOTAL CAPITAL</b>	<b>\$29,372,088</b>	<b>\$29,803,861</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$52,795,943</b>	<b>\$51,726,041</b>

**COMPANY NAME**

**Chaparral City Water  
Company**

**WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$10,721,573	\$10,904,157
460	Unmetered Water Revenue	-	\$0
474	Other Water Revenues	93,967	\$39,069
	<b>TOTAL REVENUES</b>	<b>\$10,815,540</b>	<b>\$10,943,226</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$1,193,957	\$1,098,659
610	Purchased Water	1,156,477	\$936,639
615	Purchased Power	704,615	\$742,589
618	Chemicals	74,511	\$104,425
620	Repairs and Maintenance	71,168	\$178,423
621	Office Supplies and Expense	795	\$163
630	Outside Services	174,446	\$156,162
635	Water Testing	-	\$0
641	Rents	2,442	\$2
650	Transportation Expenses	131,875	\$150,579
657	Insurance - General Liability	93,899	\$85,395
659	Insurance - Health and Life	312,179	\$384,574
666	Regulatory Commission Expense - Rate Case	107,782	\$107,309
675	Miscellaneous Expense	1,457,481	\$1,470,567
403	Depreciation Expense	1,501,817	\$1,465,483
408	Taxes Other Than Income	64,991	\$67,177
408.11	Property Taxes	247,778	\$255,341
409	Income Tax	1,297,861	\$1,452,029
414	Gain on settlement for removal of wells	-	\$0
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$8,594,073</b>	<b>\$8,655,516</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$2,221,467</b>	<b>\$2,287,710</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$24	\$0
421	Non-Utility Income	-	\$0
426	Miscellaneous Non-Utility Expenses	-	\$0
427	Interest Expense	(161,352)	(\$115,950)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>(\$161,328)</b>	<b>(\$115,950)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$2,060,139</b>	<b>\$2,171,760</b>



<b>COMPANY NAME</b>	Chaparral City Water Company
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**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	4/15/2014			
Source of Loan	EPCOR Water (USA), Inc.			
ACC Decision No.	74388			
Reason for Loan				
Dollar Amount Issued	\$ 4,545,000			
Amount Outstanding	\$ 3,260,000			
Date of Maturity	12/1/2022			
Interest Rate	4.565%			
Current Year Interest	\$ 167,656			
Current Year Principal	\$ 475,000			

Meter Deposit Balance at Test Year End	<u>\$64,662</u>
Meter Deposits Refunded During the Test Year	<u>\$20,228</u>

<b>COMPANY NAME</b>	<b>CHAPARRAL CITY WATER</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>	<b>04-07-017</b>

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (Gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
**55-640784	N/A	1,500	725	10 3/4	8	1970
**55-604785	N/A	1,180	765	350-20/415-16	10	1970
55-604786	350	1,100	738	450-20/288-16	10	1970
55-604787	N/A	1,100	768	300-20/468-16	10	1972
	600	2,300	750	20/16	12	

\*\*Inactive

**OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>
CAP Water Treatment Plant II	10417	1,519,251

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
40	5	1,618	
60	2		
75	9		
100 & 125	4		
200	2		
450	4		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
3.5	1	10,000	2
1.5	1	5,000	2
1.25	3	3,000	1
0.5 or less	3		
1.3	1		

<b>COMPANY NAME</b>	<b>CHAPARRAL CITY WATER</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>	<b>04-07-017</b>

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
1	Various	316
2	Various	633
3	Various	197
4	Various	42,154
5	Various	
6	Various	463,798
8	Various	347,093
10	Various	4,492
12	Various	201,732
16	Various	37,225
24	Various	13,266
Undetermined		45,611
	<b>TOTAL =</b>	<b>1,156,515</b>

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	1
3/4	8,985
1	5,382
1 1/2	330
2	260
3	37
4	14
6	5
Unkown	
<b>TOTAL</b>	<b>15,014</b>

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

**TREATMENT EQUIPMENT:**

Three 5 MGD capacity modules utilizing contact clarification-filtration process which consists of one adsorption clarifer and two granular media filters. Positive displacement pumps used to feed Aluminum chlorohydrate which is used as a primary coagulant and cationic polymer as a coagulant aid. Sodium hypochlorite used for disinfection.

**STRUCTURES:**

Treatment process modules (aka WTP 2), administration building, on site generator, on site 3.5 MG Raw water storage reservoir. Eight off site reservoir/booster stations.

**OTHER:**


COMPANY NAME	CHAPARRAL CITY WATER	
Name of System:	ADEQ Public Water System Number:	04-07-017

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2016**

MONTH	NUMBER OF CUSTOMERS	A	B	C	D	E	F
		GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)	TOTAL PRODUCTION	GALLONS AUTHORIZED UNBILLED (Thousands)	GALLONS SOLD (Thousands)	% NON-ACCOUNT WATER (Thousands) =(C-D-E)/C
JANUARY	13,666	-	116,003	116,003	504	121,411	-5.10%
FEBRUARY	13,665	1,692	127,734	129,426	761	101,385	21.08%
MARCH	13,669	3,408	147,937	151,345	832	119,832	20.27%
APRIL	13,665	5,632	147,937	153,569	773	140,929	7.73%
MAY	13,659	11,220	161,622	172,842	601	139,110	19.17%
JUNE	13,653	18,992	171,398	190,390	1,200	157,967	16.40%
JULY	13,662	31,895	158,038	189,933	791	180,823	4.38%
AUGUST	13,659	52,316	128,711	181,027	676	161,553	10.38%
SEPTEMBER	13,671	35,481	132,947	168,428	121	175,240	-4.12%
OCTOBER	13,670	66,772	116,003	182,775	2,353	151,639	15.75%
NOVEMBER	13,687	95,132	46,597	141,729	121	143,246	-1.16%
DECEMBER	13,696	62,253	64,324	126,577	971	131,469	-4.63%
<b>TOTALS -&gt;</b>		<b>384,793</b>	<b>1,519,251</b>	<b>1,904,044</b>	<b>9,704</b>	<b>1,724,604</b>	<b>8.91%</b>

What is the level of arsenic for each well on your system.

(If more than one well, please list each separately)

Well #10 (55-604786) - 0.0096 mg/l Well #11 (55- 0.0090

If system has fire hydrants, what is the fire flow requirement?

1,500 GPM for 2 hours

If system has chlorination treatment, does this treatment system chlorinate continuously?

Yes       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

Yes       No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

Yes       No

If yes, provide the GPCPD amount: 250

<b>COMPANY NAME:</b>	Chaparral City Water
<b>Name of System</b>	ADEQ Public Water System Number: 04-07-017

**UTILITY SHUTOFFS / DISCONNECTS**

MONTH	Termination without Notice	Termination with Notice	OTHER
	R14-2-410.B	R14-2-410.C	
JANUARY		65	
FEBRUARY		41	
MARCH		33	
APRIL		31	
MAY		29	
JUNE		36	
JULY		40	
AUGUST		35	
SEPTEMBER		41	
OCTOBER		19	
NOVEMBER		40	
DECEMBER		15	
<b>TOTALS →</b>		<b>425</b>	

OTHER (description):

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COMPANY NAME Chaparral City Water Company YEAR ENDING 12/31/2016

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2016 was: \$ **255,341**

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**RECEIVED**

**APR 14 2017**

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>Maricopa</b>	ARIZONA CORP COMMISSION UTILITIES DIVISION - DIRECTOR'S OFFICE
NAME (OWNER OR OFFICIAL) TITLE <b>Greg Barber, Controller</b>	
COMPANY NAME <b>Chaparral City Water Company</b>	

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
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.**

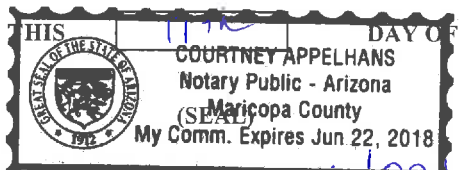
**SWORN STATEMENT**

**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.**

*Greg Barber - Controller*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
(623) 445-2451  
\_\_\_\_\_  
TELEPHONE NUMBER

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



MY COMMISSION EXPIRES 6/22/18

COUNTY NAME <b>Maricopa</b>
MONTH <b>April</b> .2017__

*Courtney Appelhans*  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Chaparral City Water Company YEAR ENDING 12/31/2016

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	\$ 751,544
Estimated or Actual Federal Tax Liability	\$ 0
State Taxable Income Reported	\$2,821,295
Estimated or Actual State Tax Liability	\$ 155,160

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	\$ 52,355
Amount of Gross-Up Tax Collected	\$ 0
Total Grossed-Up Contributions/Advances	\$ 52,355

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

*Greg Barber - Controller*  
SIGNATURE

4/11/17  
DATE

Greg Barber  
PRINTED NAME

Controller  
TITLE



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

**APR 14 2017**

VERIFICATION

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<b>Maricopa</b>
NAME (OWNER OR OFFICIAL) TITLE	<b>Greg Barber, Controller</b>
COMPANY NAME	<b>Chaparral City Water Company</b>

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
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 REQUIREMENT 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 2016 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ 11,952,731

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 1,009,505 IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

*Greg Barber - Controller*

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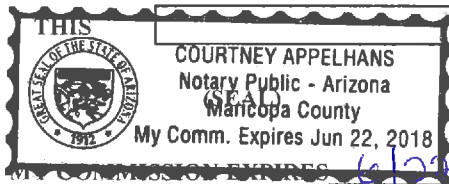
SIGNATURE OF OWNER OR OFFICIAL  
(623) 445-2414

---

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



THIS 17th DAY OF

COUNTY NAME	<i>Maricopa</i>
MONTH	<i>April</i> .2017

*Courtney Appelhans*

---

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

RECEIVED

APR 14 2017

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

**VERIFICATION**

**STATE OF ARIZONA**

COUNTY OF (COUNTY NAME) <p style="text-align: center; margin: 0;">Maricopa</p>	
NAME (OWNER OR OFFICIAL) <b>Greg Barber</b>	TITLE <b>Controller</b>
COMPANY NAME <b>Chaparral City Water Company</b>	

**I, THE UNDERSIGNED**

**OF THE**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
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 40-401.01, 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 2016 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
<b>\$9,532,654</b>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 822,151 IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

*Greg Barber - Controller*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

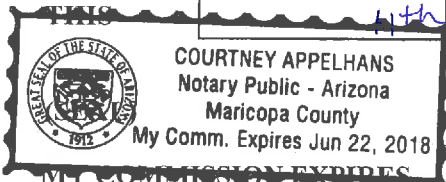
(623) 445-2414  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

NOTARY PUBLIC NAME <i>Courtney Appelhans</i>	
COUNTY NAME <i>Maricopa</i>	
MONTH <i>April</i>	2017 <u>  </u>

THIS 11th DAY OF



**COURTNEY APPELHANS**  
Notary Public - Arizona  
Maricopa County  
My Comm. Expires Jun 22, 2018

MY COMMISSION EXPIRES *6/22/18*

*Courtney Appelhans*  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC