

ANNUAL REPORT

Of

Company Name:

Chaparral Water Properties, Inc.

Mailing Address:

PO Box 85160
Tucson, AZ 85754

Docket No.:

W-02393A

For the Year Ended:

12/31/2016

RECEIVED

APR 19 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

4-27-17

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Chaparral Water Properties, Inc.

A Class Utility

1. For the Calendar Year Enc 12/31/2016

2. Address:

PO Box 85160					
City:	Tucson	State:	AZ	Zip Code:	85754

3. Telephone Number:

4. Date of Original Organization of Utility:

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

Name:	Bonnie O'Connor, Manager				
Telephone No. :	520.623.5172				
Address:	PO Box 85160				
City:	Tucson	State:	AZ	Zip Code:	85754
Email:	info@southwesternutility.com				

6. On-Site Manager:

Name:	Frank Martinez				
Telephone No. :	520.623.5172				
Address:	PO Box 85160				
City:	Tucson	State:	AZ	Zip Code:	85754
Email:	info@southwesternutility.com				

7. Ownership:

8. Counties Served:

Chaparral Water Properties, Inc.
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	17,000		17,000
304	Structures and Improvements	73,989	63,808	10,181
305	Collecting & Improving Reservoirs	-		-
306	Lake, River, Canal Intakes	-		-
307	Wells and Springs	36,106	36,106	0
308	Infiltration Galleries	-		-
309	Supply Mains	-		-
310	Power Generation Equipment	-		-
311	Pumping Equipment	50,740	32,253	18,487
320	Water Treatment Equipment	749	749	(0)
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	116,118	93,175	22,943
330.2	Pressure Tanks	16,753	419	16,334
331	Transmission and Distribution Mains	91,922	51,012	40,910
333	Services	46,651	44,735	1,917
334	Meters and Meter Installations	24,020	17,860	6,160
335	Hydrants	-		-
336	Backflow Prevention Devices	-		-
339	Other Plant and Misc. Equipment	-		-
340	Office Furniture and Equipment	467	171	295
340.1	Computers & Software	12,079	12,079	0
341	Transportation Equipment	-		-
342	Stores Equipment	-		-
343	Tools, Shop and Garage Equipment	-		-
344	Laboratory Equipment	6,550	5,240	1,310
345	Power Operated Equipment	-		-
346	Communications Equipment	-		-
347	Miscellaneous Equipment	-		-
348	Other Tangible Plant	-		-
	Totals	\$ 493,144	\$ 357,607	\$ 135,538

Chaparral Water Properties, Inc.
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	17,000		17,000		17,000		
304	Structures and Improvements	73,989		73,989		73,989	3.33%	2,464
305	Collecting & Improving Reservoirs							
306	Lake, River, Canal Intakes							
307	Wells and Springs	36,106		36,106	36,106		3.33%	
308	Infiltration Galleries							
309	Supply Mains							
310	Power Generation Equipment							
311	Pumping Equipment	48,735	2,006	50,740	14,760	35,980	12.50%	4,372
320	Water Treatment Equipment	749		749	749		3.33%	
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	116,118		116,118		116,118	2.22%	2,578
330.2	Pressure Tanks		16,753	16,753		16,753	5.00%	419
331	Transmission and Distribution Mains	87,022	4,900	91,922		91,922	2.00%	1,789
333	Services	46,307	344	46,651	44,646	2,005	3.33%	61
334	Meters and Meter Installations	20,510	3,509	24,020	16,728	7,292	8.33%	461
335	Hydrants							
336	Backflow Prevention Devices							
339	Other Plant and Misc. Equipment							
340	Office Furniture and Equipment	467		467		467	6.67%	31
340.1	Computers & Software	12,079		12,079	12,079		20.00%	
341	Transportation Equipment							
342	Stores Equipment							
343	Tools, Shop and Garage Equipment							
344	Laboratory Equipment	6,550		6,550		6,550	10.00%	655
345	Power Operated Equipment							
346	Communications Equipment							
347	Miscellaneous Equipment							
348	Other Tangible Plant							
	Subtotal	\$ 465,632	\$ 27,512	\$ 493,144	\$ 125,068	\$ 368,076		\$ 12,830

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 \$ 12,830

Chaparral Water Properties, Inc.
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		\$ 29,960	\$ 22,717
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		10,379	11,191
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		\$ 40,339	\$ 33,908
Account No.	Fixed Assets			
101	Utility Plant in Service		\$ 465,633	\$ 493,144
103	Property Held for Future Use			
105	Construction Work In Progress			
108	Accumulated Depreciation - Utility Plant		(344,776)	(357,607)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$ 120,857	\$ 135,538
	Total Assets		\$ 161,196	\$ 169,446

Chaparral Water Properties, Inc.
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	\$ 7,113	\$ 4,303
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	10,446	10,757
236	Accrued Taxes	588	892
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	Total Current Liabilities	\$ 18,147	\$ 15,952
	Long-Term Debt		
224	Long-Term Debt (Notes and Bonds)	\$ -	\$ -
	Deferred Credits		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	2,782	1,959
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	\$ 2,782	\$ 1,959
	Total Liabilities	\$ 20,929	\$ 17,911
	Capital Accounts		
201	Common Stock Issued	\$ 54,750	\$ 54,750
211	Other Paid-In Capital	62,494	62,494
215	Retained Earnings	23,023	34,291
218	Proprietary Capital (Sole Props and Partnerships)		
	Total Capital	\$ 140,267	\$ 151,535
	Total Liabilities and Capital	\$ 161,196	\$ 169,446

Chaparral Water Properties, Inc.
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	\$ 170,086	\$ 138,576
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenues	4,925	4,480
	Total Revenues	\$ 175,011	\$ 143,056
	Operating Expenses		
601	Salaries and Wages	\$ -	\$ -
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	27,708	28,672
618	Chemicals	2,725	2,877
620	Materials and Supplies		
621.1	Repairs and Maintenance	20,249	19,024
620.2	Office Supplies and Expense	3,298	2,726
630	Contractual Services		57,704
631	Contractual Services - Engineering		
632	Contractual Services - Accounting	1,620	
633	Contractual Services - Legal	960	
634	Contractual Services - Management Fees	59,648	
635	Contractual Services - Water Testing	1,552	2,066
636	Contractual Services - Other	7,955	
640	Rents		
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	378	
657	Insurance - General Liability	2,505	2,695
657.1	Insurance - Health and Life		
665	Regulatory Commission - Rate Case Expense	9,381	6,800
670	Bad Debt Expense	2,495	
675	Miscellaneous Expense	3,295	2,583
403	Depreciation Expense (From Page 4)	12,830	12,041
408	Taxes Other Than Income		
408.11	Property Taxes	6,020	11,429
409	Income Taxes	726	
427.1	Customer Security Deposit Interest		
	Total Operating Expenses	\$ 163,345	\$ 148,617
	Operating Income / (Loss)	\$ 11,666	\$ (5,561)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$ (399)	
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		(165)
	Total Other Income / (Expense)	\$ (399)	\$ (165)
	Net Income / (Loss)	\$ 11,267	\$ (5,726)

Chaparral Water Properties, Inc.
 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:	\$ 1,959
------------------------------------	----------

Meter Deposits Refunded During the Year:	\$ 823
--	--------

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.

Chaparral Water Properties, Inc.
 Annual Report
 Water Utility Plant Description
 12/31/2016

Water Utility Plant Description
--

Name of the System:

ADEQ Public Water System Number: 17-064

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)
55-619218	15	90	825	8	Submersible	3	1971	0.0026
55-619219	15	50	557	8	Submersible	3	1978	0.0029
55-619217	15	90	650	8	Submersible	3	1980	0.0043
55-558536	25	100	710	12	Submersible	3	1996	

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

BOOSTER PUMPS		
Horsepower	GPM	Quantity
5.0		1
10.0		5

FIRE HYDRANTS	
Type	Quantity
Standard ***	
Other	

STORAGE TANKS		
Capacity	Material	Quantity
10,000	Steel	2
15,000	Steel	1
35,000	Steel	2
165,000	Steel	1

PRESSURE/BLADDER TANKS	
Capacity	Quantity
3,000	1
5,000	1
10,000	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.

Water Utility Plant Description (Continued)

Name of the System:	
ADEQ Public Water System Number	17-064

MAINS		
Size (inches)	Material	Length (feet)
2		
3		
4	PVC	1,800
5		
6	PVC	4,800
8		
10		
12		

CUSTOMER METERS	
Size (inches)	Quantity
5/8 x 3/4	322
3/4	1
1	6
1 1/2	
Compound 2	1
Turbine 2	
Compound 3	
Turbine 3	
Compound 4	
Turbine 5	
Compound 6	
Turbine 6	
6+	

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

TREATMENT EQUIPMENT:	Chlorination equipment at well sites 1, 2 and 3
-----------------------------	---

STRUCTURES:	8 x 12 foot metal storage shed
--------------------	--------------------------------

OTHER:	
---------------	--

Chaparral Water Properties, Inc.
 Annual Report
 Water Use Data Sheet
 12/31/2016

Water Use Data Sheet					
Name of the System:					
ADEQ Public Water System Number:		17-064			
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴
January	300	2,215	3,344	0	
February	298	1,961	1,810	0	
March	302	2,463	3,663	0	
April	301	3,068	2,948	0	
May	303	2,993	3,853	0	
June	299	5,246	5,539	0	
July	300	4,574	4,843	0	
August	302	4,112	4,926	0	
September	301	4,176	4,919	0	
October	304	3,174	4,170	0	
November	302	3,319	4,159	0	
December	299	2,635	3,094	0	
	Totals	39,936	47,268	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:

Pressure tank failure at well 1 and many leaks and line breaks during the year.

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

Chaparral Water Properties, Inc.
 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	7	0
February	0	1	0
March	0	0	0
April	0	9	0
May	0	7	0
June	0	4	0
July	0	11	0
August	0	12	0
September	0	6	0
October	0	12	0
November	0	5	0
December	0	10	0
Total	0	84	0

Other (description):

Chaparral Water Properties, Inc.
Annual Report
Property Taxes
12/31/2016

Property Taxes

Amount of actual property taxes paid during Calendar year 2016 was	\$	7,037
--	----	-------

If no property taxes paid, explain why.

Chaparral Water Properties, Inc.
Annual Report
Verification and Statement (Taxes)
12/31/2016

Verification and Statement (Taxes)

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

County of (county name): Pima
Name (owner or official) title: Bonnie O'Connor, Manager
Company Name: Chaparral Water Properties, Inc.

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.

RECEIVED

APR 19 2017

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

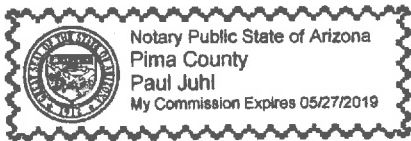
Bonnie O'Connor Manager
signature of owner/official

520.623.5172
telephone no.

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

Pima
(county name)

THIS 14th DAY OF April, 2017
(month) and (year)



MY COMMISSION EXPIRES 5/27/19
(date)
Paul Juhl
(signature of notary public)

Verification and Statement

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

County of (county name): Pima
Name (owner or official) title: Bonnie O'Connor, Manager
Company Name: Chaparral Water Properties, Inc.

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 (\$)

\$ 186,295

(The amount in the box above includes

\$ 11,284 in sales tax
billed or collected)

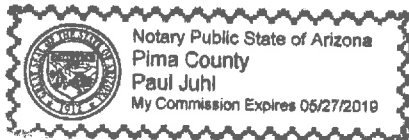
RECEIVED
APR 19 2017
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Bonnie O'Connor
signature of owner/official

520.623.5172
telephone no.

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

Pima
(county name)



THIS 14th DAY OF April, 2017
(month) and (year)

MY COMMISSION EXPIRES 5/27/2019
(date)

Paul Juhl
(signature of notary public)

Verification and Statement (Residential Revenue)

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

County of (county name): Pima
Name (owner or official) title: Bonnie O'Connor, Manager
Company Name: Chaparral Water Properties, Inc.

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 (\$)

\$ 181,717

(The amount in the box above includes
\$ 11,007 in sales tax
billed or collected)

RECEIVED
APR 19 2017
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Bonnie O'Connor, Manager
signature of owner/official

520.623.5172
telephone no.

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

Pima
(county name)

THIS 14th DAY OF April, 2017
(month) and (year)

MY COMMISSION EXPIRES 5/27/2019
(date)

Paul Juhl
(signature of notary public)

