

ANNUAL REPORT

Of

Company Name: Diversified Water Utilities, Inc.
4700 E. Thomas Rd., Ste. 203

Mailing Address: Phoenix AZ
85018-7703

Docket No.: W-02859A
For the Year Ended: 12/31/17

RECEIVED
APR 16 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: 4/16/2018

4-17-18

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT

Diversified Water Utilities, Inc.

A Class Utility

1. For the Calendar Year Ended: 12/31/17

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	83,092	0	0	83,092	0	83,092
304	Structures and Improvements	205,945	0	0	205,945	78,274	127,671
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	457,092	668,568	0	1,125,660	240,079	885,581
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	1,960,895	3,007	0	1,963,902	747,294	1,216,608
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0	0	0
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	504,807	0	0	504,807	231,182	273,625
330.2	Pressure Tanks	64,216	0	0	64,216	35,071	29,145
331	Transmission and Distribution Mains	3,255,004	25,653	0	3,280,657	1,282,052	1,998,605
333	Services	613,894	2,601	0	616,496	184,882	431,614
334	Meters and Meter Installations	476,461	9,723	0	486,184	181,463	304,721
335	Hydrants	310,310	2,838	0	313,147	102,531	210,616
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	23,007	0	0	23,007	7,892	15,115
340.1	Computer & Software	31,353	1,222	909	31,665	8,495	23,170
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	8,917	0	0	8,917	3,017	5,900
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	138,259	0	0	138,259	51,408	86,851
	Totals	\$8,133,250	\$713,613	\$909	\$8,845,954	\$3,153,640	\$5,692,314

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.

Diversified Water Utilities, Inc.
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	3.56%	\$0
302	Franchises	0	0	0	0	0	3.56%	0
303	Land and Land Rights	83,092	0	0	83,092	83,092	3.56%	(0)
304	Structures and Improvements	205,945	0	0	205,945	0	3.56%	7,332
305	Collecting & Improving Reservoirs	0	0	0	0	0	3.56%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	3.56%	0
307	Wells and Springs	457,092	668,568	0	1,125,660	0	3.56%	40,073
308	Infiltration Galleries	0	0	0	0	0	3.56%	0
309	Supply Mains	0	0	0	0	0	3.56%	0
310	Power Generation Equipment	0	0	0	0	0	3.56%	0
311	Pumping Equipment	1,960,895	3,007	0	1,963,902	0	3.56%	69,915
320	Water Treatment Equipment	0	0	0	0	0	3.60%	0
320.1	Water Treatment Plants	0	0	0	0	0	3.56%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	3.56%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	3.56%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	3.56%	0
330.1	Storage Tanks	504,807	0	0	504,807	4,117	3.56%	17,825
330.2	Pressure Tanks	64,216	0	0	64,216	0	3.56%	2,286
331	Transmission and Distribution Mains	3,255,004	25,653	0	3,280,657	20,824	3.56%	116,050
333	Services	613,894	2,601	0	616,496	0	3.56%	21,947
334	Meters and Meter Installations	476,461	9,723	0	486,184	0	3.56%	17,308
335	Hydrants	310,310	2,838	0	313,147	0	3.56%	11,148
336	Backflow Prevention Devices	0	0	0	0	0	3.56%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	3.56%	0
340	Office Furniture and Equipment	23,007	0	0	23,007	0	3.56%	819
340.1	Computer & Software	31,353	1,222	909	31,665	0	3.56%	1,127
341	Transportation Equipment	0	0	0	0	0	3.56%	0
342	Stores Equipment	0	0	0	0	0	3.56%	0
343	Tools, Shop and Garage Equipment	8,917	0	0	8,917	0	3.56%	317
344	Laboratory Equipment	0	0	0	0	0	3.56%	0
345	Power Operated Equipment	0	0	0	0	0	3.56%	0
346	Communication Equipment	0	0	0	0	0	3.56%	0
347	Miscellaneous Equipment	0	0	0	0	0	3.56%	0
348	Other Tangible Plant	138,259	0	0	138,259	0	3.56%	4,922
	Subtotal	\$8,133,250	\$713,613	\$909	\$8,845,954	\$108,033		\$311,070

Contribution(s) in Aid of Construction (Gross)	\$1,384,445
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$1,384,445
Times: Proposed Amortization Rate	3.56%
Amortization of CIAC	\$49,286

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.

Diversified Water Utilities, Inc.
 Annual Report
 Balance Sheet Assets
 12/31/17

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2017)	Balance at End of Year (2017)
Account No.	Current and Accrued Assets			
131	Cash		\$154,692	\$172,163
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		851	4,199
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		17,951	23,166
174	Miscellaneous Current and Accrued Assets		326,171	68,533
	Total Current and Accrued Assets		\$499,666	\$268,061
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$8,133,250	\$8,845,954
103	Property Held for Future Use		0	0
105	Construction Work in Progress		350,277	0
108	Accumulated Depreciation (enter as negative)*		(2,842,731)	(3,153,640)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$5,640,796	\$5,692,314
	Total Assets		\$6,140,462	\$5,960,375

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

Diversified Water Utilities, Inc.
 Annual Report
 Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2017)	Balance at End of Year (2017)
Account No.	Current Liabilities			
231	Accounts Payable		\$36,998	\$52,174
232	Notes Payable (Current Portion)		185,800	149,211
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		33,090	32,830
236	Accrued Taxes		34,860	34,533
237	Accrued Interest		848	836
242	Miscellaneous Current and Accrued Liabilities		22,094	22,468
	Total Current Liabilities		\$313,690	\$292,052
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$17,452	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		4,095,238	4,015,128
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		1,384,445	1,384,445
272	Less: Amortization of Contributions		(532,903)	(582,189)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$4,946,780	\$4,817,384
	Total Liabilities		\$5,277,922	\$5,109,436
	Capital Accounts			
201	Common Stock Issued		\$2,000	\$2,000
211	Other Paid-In Capital		598,261	598,261
215	Retained Earnings		262,279	250,678
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$862,540	\$850,939
	Total Liabilities and Capital		\$6,140,462	\$5,960,375

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: Total liabilities and Capital must match total assets for the beginning and end of the year!

Diversified Water Utilities, Inc.
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	\$1,251,256	\$1,236,964
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	16,172	16,692
	Total Revenues	\$1,267,428	\$1,253,656
	Operating Expenses		
601	Salaries and Wages	\$382,854	\$386,870
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	91,252	67,929
618	Chemicals	3,064	3,089
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	62,800	52,191
620.2	Office Supplies and Expense	36,062	34,230
630	Contractual Services	0	0
631	Contractual Services -Engineering	(5,314)	8,069
632	Contractual Services - Accounting	8,313	10,615
633	Contractual Services - Legal	10,637	15,328
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	6,132	1,114
636	Contractual Services - Other	11,606	14,239
640	Rents	43,071	43,750
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	23,718	20,821
657	Insurance - General Liability	15,195	15,347
657.1	Insurance - Health and Life	61,593	61,341
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	2,819	3,113
675	Miscellaneous Expense	36,837	36,824
403	Depreciation Expense (From Schedule AR4)	261,784	236,412
408	Taxes Other Than Income	28,682	28,177
408.11	Property Taxes	51,505	52,529
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	1,779	1,687
	Total Operating Expenses	\$1,134,388	\$1,093,674
	Operating Income / (Loss)	\$133,040	\$159,982
	Other Income / (Expense)		
419	Interest and Dividend Income	\$407	\$299
421	Non-Utility Income	192	0
426	Miscellaneous Non-Utility (Expense)	(749)	(6,637)
427	Interest (Expense)	(2,973)	(4,117)
	Total Other Income / (Expense)	(\$3,124)	(\$10,455)
	Net Income / (Loss)	\$129,916	\$149,527

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.

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	3/7/2002	none	none	none
Source of Loan	WIFA	none	none	none
ACC Decision No.	64061	none	none	none
Reason for Loan	plant improvement	none	none	none
Dollar Amt. Issued	\$353,900	none	none	none
Amount Outstanding	\$17,011	none	none	none
Date of Maturity	11/1/2019	none	none	none
Interest Rate	4.73%	none	none	none
Current Year Interest	\$2,973	none	none	none
Current Year Principal	\$24,836	none	none	none

Meter Deposit Balance at Test Year End:	\$164,874
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Meter Deposits Refunded During the Test Year:	\$73,277
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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: n/a
 ADEQ Public Water System Number: AZ04-11-043

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)
55-609350 (NIS)	30	200	1,000	20	Submersible	6	1952	n/a
55-627093 (NIS)	0	1,200	913	20	0	0	1958	n/a
55-627092	300	1,500	1,003	20	Turbine	12	1962	0.0013
55-627095 (NIS)	0	2,300	1,800	20	0	0	1967	n/a
55-226113	250	1,200	1,000	18	Turbine	12	2016	0.0014
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
none	0	0	0	0	0	0	0	0.0000
NIS=not in servic	0	0	0	0	0	0	0	0.0000

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none	0	0
none	0	0

BOOSTER PUMPS

Horsepower	GPM	Quantity
10	300	2
30	500	4
0	0	0
0	0	0

FIRE HYDRANTS

Type	Quantity
Standard ***	99
Other	0

STORAGE TANKS

Capacity	Material	Quantity
200,000	Steel	1
20,000	Steel	1
1,000,000	Steel	1

**PRESSURE/BLADDER
TANKS**

Capacity	Quantity
5,000	2
7,500	1
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
4.00	PVC/DIP	60	5/8 X 3/4	360
6.00	PVC/DIP	58,209	0.75	940
8.00	PVC/DIP	63,580	1	259
12.00	PVC/DIP	20,807	1.5	4
NA	NA	0	Compound 2	7
NA	NA	0	Turbine 3	3
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0

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

TREATMENT EQUIPMENT:	Liquid Chlorine (1); Gas Chlorinators (2)
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STRUCTURES:	Storage shed (1); Chlorine Shed (3); Motor Control Room (3)
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OTHER:	Generator
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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:		n/a					
ADEQ Public Water System Number:		AZ04-11-043					
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴	Purchased Power Expense ⁵	Purchased Power (kWh) ⁶
January	1,508	8,903	13,264	0	4,199	\$3,319	40,775
February	1,512	9,548	10,796	0	358	3,448	42,204
March	1,519	15,195	36,310	0	20,502	7,407	100,555
April	1,521	16,118	45,415	0	28,442	8,660	121,702
May	1,520	20,031	36,581	0	15,582	8,005	109,845
June	1,531	22,571	68,352	0	43,730	11,347	166,759
July	1,528	20,185	51,889	0	30,148	9,801	139,745
August	1,533	20,012	49,485	0	28,063	9,633	138,999
September	1,537	19,803	55,301	0	33,996	9,276	132,212
October	1,542	20,503	30,802	0	9,313	7,147	95,302
November	1,542	14,605	36,151	0	20,461	6,852	91,455
December	1,546	12,963	14,595	0	1,297	4,260	48,098
Totals		200,438	448,941	0	236,091	\$89,154	1,227,651

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, and other sold gallons such as Construction water.
- 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.
- 5 Enter the total purchased power costs for the power meters associated with this system.
- 6 Enter the total purchased kWh used by the power meters associated with this system.

Diversified Water Utilities, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/17

ADEQ System No. :	AZ04-11-043
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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	18	0
February	0	17	0
March	0	28	0
April	0	13	0
May	0	23	0
June	0	13	0
July	0	23	0
August	0	23	0
September	0	22	0
October	0	31	0
November	0	15	0
December	0	15	0
Total	0	241	0

Other (description):

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.

Diversified Water Utilities, Inc.
Annual Report
Property Taxes
12/31/17

Property Taxes

Amount of actual property taxes paid during Calendar Year 2017 was

\$52,018

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.

Diversified Water Utilities, Inc.
Annual Report
Verification and Sworn Statement (Taxes)
12/31/17

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APR 16 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification and Sworn Statement (Taxes)

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

County of (county name): Maricopa
Name (owner or official) title: Scott W Gray, President
Company name: Diversified Water Utilities, Inc.

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.

Scott W Gray
signature of owner/official

602-840-9400
telephone no.

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

THIS

13th

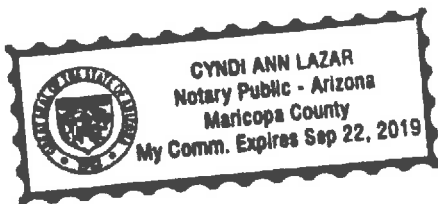
DAY OF

United States of America
(county name)
April, 2018
(month) and (year)

MY COMMISSION EXPIRES

Sept 22, 2019
(date)

Cyndi Ann Lazar
(signature of notary public)



Verification and Sworn Statement

RECEIVED

APR 16 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Maricopa
Name (owner or official) title: Scott W Gray, President
Company name: Diversified Water Utilities, Inc.

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:

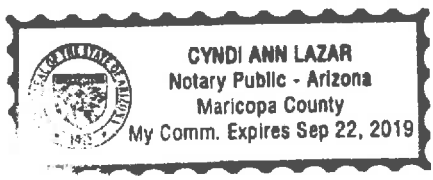
Arizona Intrastate Gross Operating Revenues Only (\$)
\$1,267,428
(The amount in the box above includes
\$85,117 in sales taxes
billed or collected)

Scott W Gray, President
signature of owner/official

(602) 840-9400 0
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY United States of America
(county name)
THIS 13th DAY OF April, 2018
(month) and (year)

MY COMMISSION EXPIRES Sept 22, 2019
(date)
Cyndi Ann Lazar
(signature of notary public)



RECEIVED

APR 16 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification and Sworn Statement (Residential Revenue)

Verification:

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

County of (county name): Scott W Gray, President
Name (owner or official) title: 0
Company name: Diversified Water Utilities, Inc.

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

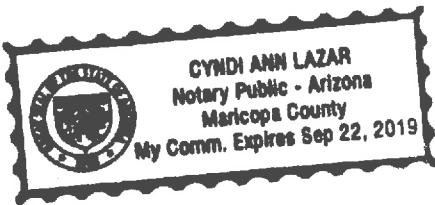
FOR THE YEAR ENDING: 12/31/17

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 (\$) \$1,212,064
(The amount in the box above includes \$76,911 in sales taxes billed or collected)

Scott W Gray, President
signature of owner/official
(602) 840.9400 0
telephone no.



SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY United States of America
(county name)

THIS 13th DAY OF April 2018
(month) and (year)

MY COMMISSION EXPIRES Sept 22, 2019
(date)
Cyndi Ann Lazar
(signature of notary public)