

ANNUAL REPORT

Of

Company Name:

Dragoon Water Company

Mailing Address:

PO Box 85160
Tucson, AZ 85754

Docket No.:

W-01917A

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: rdefuente@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
Dragoon Water Company

A Class Utility

1. For the Calendar Year End

2. Address:

PO Box 85160			
City:	<input type="text" value="Tucson"/>	State:	<input type="text" value="AZ"/>
		Zip Code:	<input type="text" value="85754"/>

3. Telephone Number:

4. Date of Original Organization of Utility:

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

Name:	<input type="text" value="Bonnie O'Connor, Manager"/>		
Telephone No. :	<input type="text" value="520.623.5172"/>		
Address:	<input type="text" value="PO Box 85160"/>		
City:	<input type="text" value="Tucson"/>	State:	<input type="text" value="AZ"/>
		Zip Code:	<input type="text" value="85754"/>
Email:	<input type="text" value="info@southwesternutility.com"/>		

6. On-Site Manager:

Name:	<input type="text" value="Mathew England"/>		
Telephone No. :	<input type="text" value="520.623.5172"/>		
Address:	<input type="text" value="PO Box 85160"/>		
City:	<input type="text" value="Tucson"/>	State:	<input type="text" value="AZ"/>
		Zip Code:	<input type="text" value="85754"/>
Email:	<input type="text" value="info@southwesternutility.com"/>		

7. Ownership:

8. Counties Served:

Dragoon Water Company
 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	\$ 6,983		\$ 6,983
302	Franchises	-		-
303	Land and Land Rights	5,187		5,187
304	Structures and Improvements	29,114	18,998	10,116
305	Collecting & Improving Reservoirs	-		-
306	Lake, River, Canal Intakes	-		-
307	Wells and Springs	48,891	35,462	13,429
308	Infiltration Galleries	-		-
309	Supply Mains	4,154	2,521	1,633
310	Power Generation Equipment	-		-
311	Pumping Equipment	236,935	258,791	(21,856)
320	Water Treatment Equipment	-	1,032	(1,032)
320.1	Water Treatment Plants	3,649		3,649
320.2	Solution Chemical Feeders	-		-
320.3	Point-of-Use Treatment Devices	-		-
330	Distribution Reservoirs and Standpipes	-	61,979	(61,979)
330.1	Storage Tanks	96,107		96,107
330.2	Pressure Tanks	613		613
331	Transmission and Distribution Mains	212,922	129,230	83,693
333	Services	21,756	11,745	10,011
334	Meters and Meter Installations	33,553	31,600	1,953
335	Hydrants	633	206	427
336	Backflow Prevention Devices	-		-
339	Other Plant and Misc. Equipment	-		-
340	Office Furniture and Equipment	4,045	4,045	-
340.1	Computers & Software	-		-
341	Transportation Equipment	-		-
342	Stores Equipment	-		-
343	Tools, Shop and Garage Equipment	280	161	119
344	Laboratory Equipment	-		-
345	Power Operated Equipment	-		-
346	Communications Equipment	-		-
347	Miscellaneous Equipment	-		-
348	Other Tangible Plant	15,575	13,621	1,954
	Totals	\$ 720,398	\$ 569,391	\$ 151,007

Dragoon Water Company
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	\$ 6,983		\$ 6,983	\$ 6,983	\$ -		\$ -
302	Franchises			-		-		-
303	Land and Land Rights	5,187		5,187	5,187	-		-
304	Structures and Improvements	29,114		29,114		29,114	3.33%	969
305	Collecting & Improving Reservoirs			-		-		-
306	Lake, River, Canal Intakes			-		-		-
307	Wells and Springs	48,891		48,891		48,891	3.33%	1,628
308	Infiltration Galleries			-		-		-
309	Supply Mains	4,154		4,154		4,154	2.00%	83
310	Power Generation Equipment			-		-		-
311	Pumping Equipment	236,935		236,935		236,935	12.50%	29,617
320	Water Treatment Equipment			-		-		-
320.1	Water Treatment Plants	3,649		3,649		3,649	3.33%	122
320.2	Solution Chemical Feeders			-		-		-
320.3	Point-of-Use Treatment Devices			-		-		-
330	Distribution Reservoirs and Standpipes			-		-		-
330.1	Storage Tanks	96,107		96,107		96,107	2.22%	2,134
330.2	Pressure Tanks		613	613		613	5.00%	61
331	Transmission and Distribution Mains	212,922		212,922		212,922	2.00%	4,258
333	Services	21,756		21,756		21,756	3.33%	724
334	Meters and Meter Installations	33,553		33,553		33,553	8.33%	2,795
335	Hydrants	633		633		633	3.33%	21
336	Backflow Prevention Devices			-		-		-
339	Other Plant and Misc. Equipment			-		-		-
340	Office Furniture and Equipment	4,045		4,045	4,045	-	6.67%	-
340.1	Computers & Software			-		-		-
341	Transportation Equipment			-		-		-
342	Stores Equipment			-		-		-
343	Tools, Shop and Garage Equipment	280		280		280	5.00%	14
344	Laboratory Equipment			-		-		-
345	Power Operated Equipment			-		-		-
346	Communications Equipment			-		-		-
347	Miscellaneous Equipment			-		-		-
348	Other Tangible Plant	15,575		15,575		15,575	2.50%	389
	Subtotal	\$ 719,785	\$ 613	\$ 720,398	\$ 16,215	\$ 704,183		\$ 42,816

Contribution(s) in Aid of Construction (Gross)	\$ 182,197
Less: Non Amortizable Contributions(s)	-
Fully Amortized Contributions(s)	
Amortizable Contribution(s)	\$ 182,197
Times: Proposed Amortization Rate	4.15%
Amortization of CIAC *	\$ 6,600

* Includes adjustments to CIAC amortization during the year.

Less: Amortization of CIAC \$ (6,600)

DEPRECIATION EXPENSE \$ 36,216

Dragoon Water Company
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		\$ 37,351	\$ 37,137
134	Working Funds			
135	Temporary Cash Investments			48,775
141	Customer Accounts Receivable		(470)	101
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets		49,616	32,776
	Total Current and Accrued Assets		\$ 86,497	\$ 118,789
Account No.	Fixed Assets			
101	Utility Plant in Service		\$ 719,785	\$ 720,398
103	Property Held for Future Use			
105	Construction Work In Progress			
108	Accumulated Depreciation - Utility Plant		(526,575)	(569,391)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$ 193,210	\$ 151,007
	Total Assets		\$ 279,707	\$ 269,796

Dragoon Water Company
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	\$ 4,856	\$ 2,323
232	Notes Payable (Current Portion)	17,338	
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	3,695	3,875
236	Accrued Taxes	1,457	444
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	Total Current Liabilities	\$ 27,346	\$ 6,642
	Long-Term Debt		
224	Long-Term Debt (Notes and Bonds)	\$ 57,041	\$ 57,042
	Deferred Credits		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	2,170	3,790
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	184,197	182,197
272	Less: Amortization of Contributions	(124,429)	(131,029)
281	Accumulated Deferred Income Tax		
	Total Deferred Credits	\$ 61,938	\$ 54,958
	Total Liabilities	\$ 146,325	\$ 118,642
	Capital Accounts		
201	Common Stock Issued	\$ 13,000	\$ 13,000
211	Other Paid-In Capital	168,642	168,642
215	Retained Earnings	(48,260)	(30,488)
218	Proprietary Capital (Sole Props and Partnerships)		
	Total Capital	\$ 133,382	\$ 151,154
	Total Liabilities and Capital	\$ 279,707	\$ 269,796

Dragoon Water Company
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	\$ 109,018	\$ 93,471
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenues	1,124	1,565
	Total Revenues	\$ 110,142	\$ 95,036
	Operating Expenses		
601	Salaries and Wages	\$ -	\$ -
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	9,416	9,017
618	Chemicals	193	193
620	Materials and Supplies		
621.1	Repairs and Maintenance	6,048	3,106
620.2	Office Supplies and Expense	1,050	1,042
630	Contractual Services		26,633
631	Contractual Services - Engineering		
632	Contractual Services - Accounting	5,945	
633	Contractual Services - Legal	910	
634	Contractual Services - Management Fees	21,682	
635	Contractual Services - Water Testing	700	1,788
636	Contractual Services - Other	227	
640	Rents		
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	2,337	
657	Insurance - General Liability	1,762	1,740
657.1	Insurance - Health and Life		
665	Regulatory Commission - Rate Case Expense	433	4,353
670	Bad Debt Expense	58	
675	Miscellaneous Expense	33	3,316
403	Depreciation Expense (From Page 4)	36,216	32,402
408	Taxes Other Than Income		
408.11	Property Taxes	4,645	5,290
409	Income Taxes		7,234
427.1	Customer Security Deposit Interest		
	Total Operating Expenses	\$ 91,655	\$ 96,114
	Operating Income / (Loss)	\$ 18,487	\$ (1,078)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$ 2,452	\$ 10
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)	(3,165)	(3,769)
	Total Other Income / (Expense)	\$ (713)	\$ (3,759)
	Net Income / (Loss)	\$ 17,774	\$ (4,837)

Dragoon Water Company
 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	Varies	10/10/2013		
Source of Loan	WIFA	Southwestern Utility Management, Inc.		
ACC Decision No.	65132	75037		
Reason for Loan	Plant upgrades	Pump replacement		
Dollar Amount Issued	\$ 196,442	\$ 26,000	\$ -	\$ -
Amount Outstanding	\$ 49,026	\$ 8,016	\$ -	\$ -
Date of Maturity	2/1/2020	not specified		
Interest Rate	4.6880%	5.0000%	%	%
Current Year Interest	\$ 2,661	\$ 488.00	\$ -	\$ -
Current Year Principal	\$ 14,179	\$ 3,158.00	\$ -	\$ -

Meter Deposit Balance at Year End:	\$ 1,790
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Meter Deposits Refunded During the Year:	\$ 380
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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.

Dragoon Water Company
 Annual Report
 Water Utility Plant Description
 12/31/2016

Water Utility Plant Description
--

Name of the System:

ADEQ Public Water System Number: 02-015

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)
55-631739	15	55	760	12	Submersible	3	1958	0.0012
55-631738	30	200	987	12	Submersible	4	1967	0.0013

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

BOOSTER PUMPS		
Horsepower	GPM	Quantity
5.0		2
15.0		2
10.0		2
1.5		2

FIRE HYDRANTS	
Type	Quantity
Standard ***	
Other	

STORAGE TANKS		
Capacity	Material	Quantity
40,000	Steel	1
20,000	Steel	1
5,000	Steel	1

PRESSURE/BLADDER TANKS	
Capacity	Quantity
5,000	2
2,000	1
100	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: _____ 02-015

MAINS		
Size (inches)	Material	Length (feet)
2	PVC	1,450
3	AC	2,830
3	PVC	16,418
4	AC	4,030
4	PVC	10,757
5		
6	AC	600
6	PVC	8,860
8		
10		
12		

CUSTOMER METERS	
Size (inches)	Quantity
5/8 x 3/4	123
3/4	
1	20
1 1/2	
Compound 2	2
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:	Two chlorinators
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STRUCTURES:	10 x 10 foot block pump house well 1, 10 x 12 foot wood pump houses at wells 2 and 3, 1,200 feet of chain link fence, 5 x 5 foot booster house, two tin storage sheds
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OTHER:	
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Dragoon Water Company
 Annual Report
 Water Use Data Sheet
 12/31/2016

Water Use Data Sheet					
Name of the System:					
ADEQ Public Water System Number:		02-015			
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴
January	124	586	612	0	
February	124	396	514	0	
March	124	676	727	0	
April	124	772	819	0	
May	123	661	772	0	
June	123	920	1023	0	
July	122	1204	1301	0	
August	123	818	831	0	
September	122	663	753	0	
October	122	576	693	0	
November	122	559	649	0	
December	122	465	531	0	
Totals		8296	9225	0	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:

Leak and line break

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.

Dragoon Water Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/2016

Name of the System:

ADEQ Public Water System Number:

02-015

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	0	0
March	0	1	0
April	0	1	0
May	0	0	0
June	0	1	0
July	0	0	0
August	0	1	0
September	0	2	0
October	0	1	0
November	0	1	0
December	0	1	0
Total	0	9	0

Other (description):

Dragoon Water Company
Annual Report
Property Taxes
12/31/2016

Property Taxes

Amount of actual property taxes paid during Calendar year 2016 was

\$ 4,968

If no property taxes paid, explain why.

Dragoon Water Company
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: Dragoon Water Company

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: Dragoon Water Company

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 (\$)

\$ 116,914

(The amount in the box above includes

\$ 6,772 in sales tax billed or collected)

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

Bonnie O'Connor, Manager
signature of owner/official

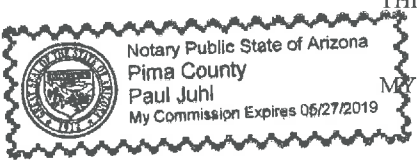
520.623.5172

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 (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: Dragoon Water Company

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 (\$)

\$ 98,370

(The amount in the box above includes

\$ 5,698 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 5/27/19
(date)

Paul Juhl
(signature of notary public)

