

# ANNUAL REPORT

Of

Company Name: Gadsden Water Company, Inc.  
PO Box 519

Mailing Address: Somerton AZ  
85350

Docket No.: W-02205A  
For the Year Ended: 12/31/16

RECEIVED  
MAR 29 2017  
ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

## WATER UTILITY

To

Arizona Corporation Commission

### Due on April 15th

Email: [rdefuente@azcc.gov](mailto: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:

2016

3-30-17

ARIZONA CORPORATION COMMISSION  
WATER UTILITY ANNUAL REPORT  
Gadsden Water Company, Inc.  
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:

Gadsden Water Company, Inc.  
Annual Report  
Utility Plant in Service (Water)  
12/31/16

Utility Plant in Service (Water)				
Account No.	Description	Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$1,221	\$1,221	\$0
302	Franchises			0
303	Land and Land Rights	3,500	0	3,500
304	Structures and Improvements	1,428	1,021	407
305	Collecting & Improving Reservoirs			0
306	Lake, River, Canal Intakes			0
307	Wells and Springs	12,754	12,754	0
308	Infiltration Galleries			0
309	Supply Mains			0
310	Power Generation Equipment			0
311	Pumping Equipment	6,380	2,754	3,626
320	Water Treatment Equipment			
320.1	Water Treatment Plants			0
320.2	Solution Chemical Feeders	3,749	3,749	0
320.3	Point-of-Use Treatment Devices			0
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	11,746	10,175	1,571
330.2	Pressure Tanks	768	768	0
331	Transmission and Distribution Mains	9,373	9,373	0
333	Services			0
334	Meters and Meter Installations	9,350	6,223	3,127
335	Hydrants	1,239	579	660
336	Backflow Prevention Devices			0
339	Other Plant and Misc. Equipment			0
340	Office Furniture and Equipment			0
340.1	Computer & Software	1,910	1,210	700
341	Transportation Equipment			0
342	Stores Equipment			0
343	Tools, Shop and Garage Equipment	1,556	1,223	333
344	Laboratory Equipment			0
345	Power Operated Equipment			0
346	Communication Equipment			0
347	Miscellaneous Equipment	5,300	500	4,800
348	Other Tangible Plant			0
	<b>Totals</b>	<b>\$70,274</b>	<b>\$51,550</b>	<b>\$18,724</b>

**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.

Gadsden Water Company, Inc.  
Annual Report  
Depreciation Expense for the Current Year (Water)  
12/31/16

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	\$1,221	\$0	\$1,221	\$1,221	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0.00%	0
303	Land and Land Rights	3,500	0	3,500	3,500	0	0.00%	0
304	Structures and Improvements	1,428	0	1,428	970	458	1.64%	15
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	12,754	0	12,754	12,754	0	0.00%	0
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	0	0	0	0	0	0.00%	0
311	Pumping Equipment	6,380	0	6,380	0	6,380	12.50%	798
320	Water Treatment Equipment	0	0	0	0	0	-	0
320.1	Water Treatment Plants	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	3,749	0	3,749	3,749	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	11,746	0	11,746	0	11,746	2.22%	261
330.2	Pressure Tanks	768	0	768	768	0	0.00%	0
331	Transmission and Distribution Mains	9,373	0	9,373	9,373	0	0.00%	0
333	Services	0	0	0	0	0	0.00%	0
334	Meters and Meter Installations	9,350	0	9,350	3,099	6,251	6.68%	521
335	Hydrants	1,239	0	1,239	0	1,239	2.00%	25
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	0	0	0	0	0	0.00%	0
340.1	Computer & Software	1,910	0	1,910	0	1,910	20.00%	382
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	1,556	0	1,556	370	1,186	4.30%	59
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	5,300	0	5,300	0	5,300	6.67%	353
348	Other Tangible Plant	0	0	0	0	0	0.00%	0
	<b>Subtotal</b>	<b>\$70,274</b>	<b>\$0</b>	<b>\$70,274</b>	<b>\$35,804</b>	<b>\$34,470</b>		<b>\$2,414</b>

Contribution(s) in Aid of Construction (Gross)	\$0
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$0
Times: Proposed Amortization Rate	7.00%
<b>Amortization of CIAC</b>	<b>0</b>
Less: Amortization of CIAC	0
<b>DEPRECIATION EXPENSE</b>	<b>\$2,414</b>

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.

Gadsden Water Company, Inc.  
 Annual Report  
 Balance Sheet Assets  
 12/31/16

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
Account No.	<b>Current and Accrued Assets</b>			
131	Cash		\$39,996	\$51,620
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		0	0
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
	<b>Total Current and Accrued Assets</b>		<b>\$39,996</b>	<b>\$51,620</b>
Account No.	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$70,274	\$70,274
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(49,136)	(51,550)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	<b>Total Fixed Assets</b>		<b>\$21,138</b>	<b>\$18,724</b>
	<b>Total Assets</b>		<b>\$61,134</b>	<b>\$70,344</b>

**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

Gadsden Water Company, Inc.  
Annual Report  
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
Account No.	<b>Current Liabilities</b>			
231	Accounts Payable		\$389	\$2,466
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		0	0
236	Accrued Taxes		238	218
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		104,671	109,069
	<b>Total Current Liabilities</b>		<b>\$105,298</b>	<b>\$111,753</b>
	<b>Long Term Debt</b>			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	<b>Deferred Credits</b>			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		0	0
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	<b>Total Deferred Credits</b>		<b>\$0</b>	<b>\$0</b>
	<b>Total Liabilities</b>		<b>\$105,298</b>	<b>\$111,753</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$50,000	\$50,000
211	Other Paid-In Capital <i>(Treasury Stock)</i>		(42,373)	(42,373)
215	Retained Earnings		(51,791)	(49,036)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	<b>Total Capital</b>		<b>(\$44,164)</b>	<b>(\$41,409)</b>
	<b>Total Liabilities and Capital</b>		<b>\$61,134</b>	<b>\$70,344</b>

**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!

Gadsden Water Company, Inc.  
Annual Report  
Water Comparative Income Statement  
12/31/16

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year	Last Year
		01/01/2016 - 12/31/2016	01/01/2015 - 12/31/2015
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$44,877	\$43,876
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	0	0
	<b>Total Revenues</b>	<b>\$44,877</b>	<b>\$43,876</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	7,046	6,746
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	9,618	2,976
620.2	Office Supplies and Expense	3,251	3,601
630	Contractual Services		
631	Contractual Services -Engineering	0	0
632	Contractual Services - Accounting	2,000	0
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	360	360
636	Contractual Services - Other	10,289	10,300
635	Water Testing	0	0
640	Rents		
641	Rental of Building/Real Property	3,600	3,600
642	Rental of Equipment	0	0
650	Transportation Expenses	80	105
657	Insurance - General Liability	1,308	1,399
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	145	148
675	Miscellaneous Expense	0	0
403	Depreciation Expense (From Schedule AR4)	2,414	3,063
408	Taxes Other Than Income	0	0
408.11	Property Taxes	2,011	1,763
409	Income Taxes	0	0
	<b>Total Operating Expenses</b>	<b>\$42,122</b>	<b>\$34,061</b>
	<b>Operating Income / (Loss)</b>	<b>\$2,755</b>	<b>\$9,815</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	<b>Total Other Income / (Expense)</b>	<b>\$0</b>	<b>\$0</b>
	<b>Net Income / (Loss)</b>	<b>\$2,755</b>	<b>\$9,815</b>

**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	NA	NA	NA	NA
Source of Loan	NA	NA	NA	NA
ACC Decision No.	NA	NA	NA	NA
Reason for Loan	NA	NA	NA	NA
Dollar Amt. Issued	NA	NA	NA	NA
Amount Outstanding	NA	NA	NA	NA
Date of Maturity	NA	NA	NA	NA
Interest Rate	NA	NA	NA	NA
Current Year Interest	NA	NA	NA	NA
Current Year Principal	NA	NA	NA	NA

Meter Deposit Balance at Test Year End:	NA
---	----

Meter Deposits Refunded During the Test Year:	NA
---	----

***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 (Continued)				
MAINS			CUSTOMER METERS	
Sizes (inches)	Material	Length (feet)	Size (inches)	Quantity
2			5/8 X 3/4	
3			3/4	
4			1	
5			1 1/2	1
6	CL 150	6949 LF	Compound 2	2
8	CL 150	6403 LF	Turbine 2	
10	CL 150	1173 LF	Compound 3	
12			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.

<b>TREATMENT EQUIPMENT:</b>	Sentry 1 Chlorinator
-----------------------------	----------------------

<b>STRUCTURES:</b>	8'x12' Storage Shed; 8'x10' Cantra Shed
--------------------	---

<b>OTHER:</b>	
---------------	--

**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:		Gadsden Water Co.			
ADEO Public Water System Number:		14037			
Month	Number of Customers	Gallons Sold (thousands) <sup>1</sup>	Gallons Pumped (thousands) <sup>2</sup>	Gallons Purchased (thousands) <sup>3</sup>	Estimated Gallons Authorized Use (thousands) <sup>4</sup>
January	188	1,170	1,344	0	NA
February	192	1,344	1,548	0	NA
March	190	1,732	1,909	0	NA
April	191	1,586	1,762	0	NA
May	190	1,947	2,124	0	NA
June	188	2,796	2,974	0	NA
July	190	2,186	2,236	0	NA
August	187	2,554	2,730	0	NA
September	190	2,520	2,698	0	NA
October	190	1,893	2,072	0	NA
November	189	2,154	2,332	0	NA
December	189	1,508	1,682	0	NA
<b>Totals</b>		<b>23,390</b>	<b>25,411</b>	<b>0</b>	<b>0</b>

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 relevent 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.

Gadsden Water Company, Inc.  
 Annual Report  
 Utility Shutoffs / Disconnects  
 12/31/16

ADEQ System No. :	14037
-------------------	-------

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	2	0
March	0	1	0
April	0	3	0
May	0	1	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	3	0
October	0	6	0
November	0	3	0
December	0	2	0
<b>Total</b>	<b>0</b>	<b>21</b>	<b>0</b>

Other (description):

<b>Instructions:</b> 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.
---

Gadsden Water Company, Inc.  
Annual Report  
Property Taxes  
12/31/16

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2015 was	\$2,011

If no property taxes paid, explain why.

**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.

Verification and Statement (Taxes)

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

County of (county name): Yuma  
Name (owner or official) title: Jimmy A. Deere, President  
Company name: Gadsden Water Company, Inc.

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

FOR THE YEAR ENDING: 12/31/16

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.

*Jimmy A. Deere*

signature of owner/official

928-344-4222

telephone no.

RECEIVED

MAR 29 2017

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

THIS

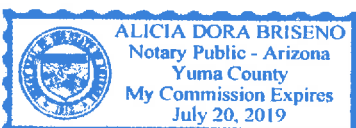
27th

DAY OF

Yuma  
(county name)  
March 2017  
(month) and (year)

MY COMMISSION EXPIRES

July 20, 2019  
(date)



*Alicia Dora Briseno*  
(signature of notary public)

Verification and Statement

Verification:

State of Arizona I, the undersigned of the  
(state name)  
County of (county name): Yuma  
Name (owner or official) title: Jimmy A. Deere, President  
Company name: Gadsden Water Company, Inc.

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

FOR THE YEAR ENDING: 12/31/16

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:

RECEIVED  
MAR 29 2017  
ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

Arizona Intrastate Gross Operating Revenues Only (\$) \$47,784  
(The amount in the box above includes \$2,907 in sales taxes billed or collected)

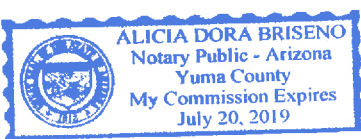
[Signature]  
signature of owner/official

928-344-4222  
telephone no.

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

THIS 27th DAY OF March 2017  
(month) and (year)

MY COMMISSION EXPIRES July 20, 2019  
(date)



[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): Yuma  
Name (owner or official) title: Jimmy A. Deere, President  
Company name: Gadsden Water Company, Inc.

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

FOR THE YEAR ENDING: 12/31/16

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 (\$)

\$36,660

(The amount in the box above includes

\$2,209 in sales taxes  
billed or collected)



signature of owner/official

928-344-4222

telephone no.

RECEIVED

MAR 29 2017

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

Yuma

(county name)

THIS

27th

DAY OF

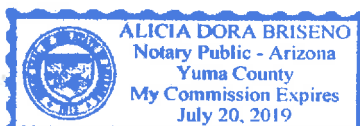
March 2017

(month) and (year)

MY COMMISSION EXPIRES

July 20, 2019

(date)



(signature of notary public)