

ORIGINAL



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2006 MAR 21 A 11: 29

1241 W. Calle De La Plaza
Sahuarita, Az. 85629
March 15, 2006
Phone (520) 625 - 3327

AZ CORP COMMISSION
DOCUMENT CONTROL

Mike Wood, L Q S Vice-President
Phelps Dodge Sierrita
P.O. Box 527,
Green Valley, Az 85622

AND

Rohn Householder, LQS Secretary
Phelps Dodge Sierrita
P.O. Box 527,
Green Valley, Az. 85622

Dear Mike and Rohn;

Docket Nos.

W-01583A-04-0178
W-01583A-05-0326
W-01583A-05-0340

Steve Gay, LQS Operator/Manager, and I have been asking and asking the two Phelps Dodge Directors to come forward with some suggestions on replacing Steve who notified us about one year ago that he was quitting on April 1st. Therefore, I was pleased to finally receive the 2/28/06 note from Kaycee, our office manager, that all three Directors had agreed to have a Directors meeting March 9th., (see attachment #1) and that an organizational chart for LQS would be submitted for the Board's approval.

At the Directors meeting we waited past starting time for Mike Wood to show, and I believe Rohn made some phone calls and he and Kaycee were unable to locate Mike, so we decided to go ahead. Mr. Ray Romero and Mr. Frank Nides were in attendance to present the plan. I met Frank in the morning at our Standpipe where I was picking up trash, and I met Ray in the afternoon at the meeting. I knew nothing about either man , but I learned at the meeting that they were both Phelps Dodge employees and that Frank lives in Ajo, Arizona and comes to Tucson on week ends, and that Phelps Dodge Directors were considering these two people for positions on the proposed organizational chart. (see attachment #2) Rohn voted to accept the chart in a general way and I agreed because I did not want to kill their first effort, even though Mike wasn't there, and gave us no notice that he would not attend.

I assumed at the meeting that Steve, LQS Operator/Manager, had interviewed the two men in depth, and had received their detailed resume and references, etc. It wasn't until after the meeting that I found out that Steve knew no more than I knew, and it was at the meeting when he first saw this Organizational Chart. Steve has been with LQS for over 20 years and I have been with LQS for over 40 years, so it upsets me

March 15, 2006 Page 2

greatly that this important information was withheld from us and then sprung at the last minute. I think there was even talk that Frank Nides who lives in Ajo was being considered as **Operations Manager**, whose duties as listed on the chart are " Operations/System Management". To me this would need somebody living in our franchise area to become aware of and fix major problems before customers are out of water, as we have now with Steve Gay, and myself and Kaycee Conger. (Community Water Co. has at least two people living in our franchise area.) In any case, we did not bring it up to a vote as to whether to hire either Frank Nides or Ray Romero. Another thought is that if Phelps Dodge feels that Frank or/and Ray are valuable to LQS either one or both of you, Mike and Rohn, could resign as directors and be replaced by Frank and/or Ray as there is no need for a resume and references for a director like LQS needs to look at for an employee.

It upsets me even more when I look at attachment #3. Date 3/3/06 (six days before our Directors meeting) From LQS Water, To Romero at Phelps Dodge and F. Nides at Phelps Dodge, with CC: to Householder at Phelps Dodge and M. Wood at Phelps Dodge. This again was another item that neither Steve or I knew about until the March 9th meeting.

I do not know what LQS office manager, Kaycee, and one or two of the LQS Phelps Dodge Directors are trying to pull, but since the two Phelps Dodge Directors have come aboard the company has not done very well financially. The ARTICLES OF INCORPORATION OF LAS QUINTAS SERENAS WATER CO. filed June 25, 1957 state in ARTICLE VI "The highest amount of indebtedness or liability to which the corporation may at any time subject itself is the sum of Six Hundred Sixty-Six Thousand (\$666,000) - - - - Dollars." As we received our DRAFT of the Jan. 19, 2006 meeting on March 9, 2006, and by that time I have forgotten the exact wording on some subjects, I am requesting a DRAFT of the stockholders meeting of Feb. 16, 2006 because at that Feb. meeting two stockholders voted to keep the \$666,000 limit and two stockholders voted to remove it.

At the March 1st hearing near the end I think I heard Attorney Robertson questioning Staff (think this was Daniel Zivan) at length about LQS present and future ability to have money for a major expense like going to the Corporation Commission for a rate case, or repair a well.

I think I heard Mr. Zivan say a lot of his info came from our September 2005 financial papers. It was not presented as evidence and I was surprised that Mr. Robertson did not enter our December, or January 06, or February 06 Profit and Loss papers to answer Mr. Zivan. If it was September 2005 Profit and Loss that Mr. Zivan was talking about I can now see why they could not agree. At our March 9th Directors meeting I received Sept. 05, Oct. 05, Nov. 05, Dec. 05, January 06, and February 06 financial papers.

On the September 2005 Profit & Loss LQS had a net income of **\$41,108.36**. There were no footnotes to explain this absurd figure so I will try to explain them. Purchased power is usually about \$2,500 and it was listed as \$120.22. Depreciation is usually about \$4,600 and it was listed as **minus \$14,310.39**. Income taxes were listed as **+ \$21,501.00**. I think the footnote should have said the elec. power bill arrived a little late so it went on the following month's costs, and we had been prorating what we thought Depreciation and Income taxes should be for the previous 11 months and now that it is the end of the fiscal year we must make corrections, and really we should have gone back the previous 11 months and corrected them. I am no accountant, but maybe you get the idea.

The Profit & Loss for October 05	were minus	\$8,797.71	
"	"	November	" \$2,243.29 (See
"	"	December 05	" minus \$28,178.56 Attachments
"	"	January 2006	" \$1,219.85 #4 thru #9)
"	"	February 06	" minus \$4,718.48

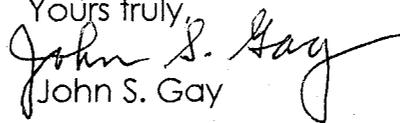
I hope these figures will help Staff and Mr. Robertson come to an agreement.

In my February 27, 2006 letter to LQS as President and an intervenor I asked Steve and Kaycee in item #9 to provide costs on non-ordinary subjects because I felt the Board Majority was spending imprudently. I have no answer on this subject as of now, but Jason Gellman, Judge Rodda, and others who are getting copies of this letter can see for themselves what is going on. On Attachment #4 (Sept. Profit & Loss) one notes under Expense , Contractual Services that we spent \$9,023.78 on Accounting, \$10,292.84 on Legal, and \$15,597.97 on Professional (Arsnc).

In the same area on Attachment #7 (Dec. Profit & Loss) one notes we spent \$1,615.66 on Accounting, \$4,519.01 on Legal, \$1,980.00 on

March 15, 2006 Page 4

Professional, and \$37,043.93 on Professional (Arsnc). On Attachment #9 (February Profit & Loss) \$1,037.50 was spent on Accounting, \$5,872.00 on Legal, and \$2,510.25 on Professional (Arsnc). These costs add up to a considerable figure for a small water co. like LQS. It is only my best guess, but I am quite sure that all of these costs went toward promoting the expensive, and not practical, Westland Proposal and nothing, or very little was spent to advance the Miller Brooks Proposal (about \$675,000 cheaper) or to promote the Community Water Co. idea where customers rates might not go **up any**. The Phelps Dodge two Directors seem bent on raising water rates as much as they can.

Yours truly,

John S. Gay

Twelve (12) copies to Docket Control
1200 West Washington Street
Phoenix, Az. 85007

Copies to:

Lawrence V. Robertson, Jr.
P.O. Box 1448, Tubac, Az. 85646

Jason D. Gellman, Legal Division Attorney
1200 West Washington Street
Phoenix, Az. 85007

Judge Jane L. Rodda
400 W. Congress, Suite 218
Tucson, Az. 85701

Steve Gay
Las Quintas Serenas Water Co.
P.O. Box 68, Sahuarita, Az. 85629

3-15-06 Doc

Mailed March 16, 2006

by 

Stockholders

Donald K. Gill
Jane Appleby
Clare Gay
Steve Gay
The Carolyn Joyce R. T.
John Guy Carlton

Interested Parties

Jane Constatine
Peter & Donna Martin
The Sahuarita Sun
Community Water Co.
of Green Valley

Subj: **LQS Board Meeting**
Date: 2/28/2006 4:19:40 PM US Mountain Standard Time
From: LQSWater
To: mwood@phelpsdodge.com, rhouseholder@phelpsdodge.com, rromero@phelpsdodge.com, fnides@phelpsdodge.com

Attachment #1

Good Afternoon Gentlemen;

After speaking with the LQS Board of Directors today, Tuesday, February 28, 2006, next **Thursday, March 9, 2006** has been confirmed as the date for the next board meeting.

It was decided that the meeting would be held at the **LQS Offices** located at 75 W. Calle de las Tiendas, Green Valley Arizona at **3:00 p.m.**

The agenda for the meeting will be forthcoming shortly. Other than the usual business (i.e. approval of minutes, manager's report, financial reports, etc.) an organizational chart for LQS will be submitted for the Board's approval. Mr. Ray Romero and Mr. Frank Nides will be in attendance to present the plan.

If there are other items of business which need to be included in the agenda, please contact me at the office (625-8040) as soon as possible in order that I may be able to revise the hard copy prior to the meeting.

Thank you,
[Signature]
Kaycee



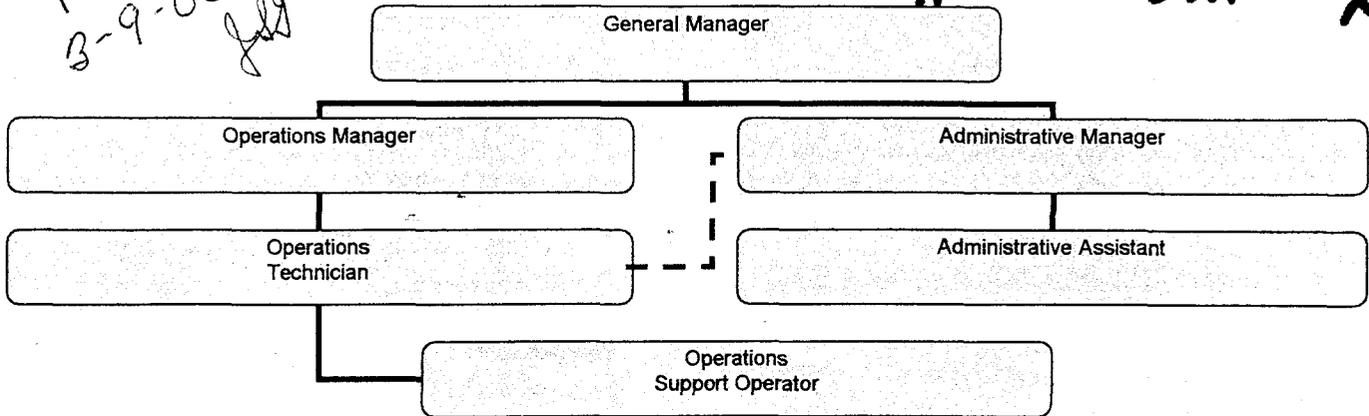
*Dan starts on Mar 13
Full time field man*

2nd field man

Las Quintas Serenas Water Company
Proposed Organizational Chart / Personnel Compensation
 February, 2006

*Rec'd
3-9-06 JLG*

Attachment #2



General Manager Compensation

- Hourly Wage No Cost to Las Quintas Serenas Water Company
- Benefits None

General Responsibilities

General Management of Company, Resource to Operations and Administration, General Engineering Design and Construction Oversight, General Compliance, Public Relations

*Romero
Ray (Employee of P.D.) Tucson*

Operations Manager Compensation

- Hourly Wage No Cost to Las Quintas Serenas Water Company
- Benefits None

General Responsibilities

Operations/System Management, Maintenance/Operations Budget, Scheduling, Various Costs Reporting, Primary Engineering Design and Construction Oversight, Interface with Professional Services Entities, Regulatory Agencies, State-County-Town Offices and with LQS Board of Directors, Operations Training, Public Relations

Frank Nides - once per week here live in Ajo (Employee of P.D.)

Administrative Manager Compensation - Full Time

- Hourly Wage \$19.80 - \$24.75
- Call Outs Minimum of 1 Hour/Call Out @ Administrative Manager's Discretion to be Compensated @ Time and One Half (1-1/2) Hourly Wage
- Weekend Pager Currently the Burden of Operations Technician Position (Refer to On Call Compensation)
- Holidays 10
- Vacation 15 Days
- Insurance \$5,500.00 / Year with G-125 (Cafeteria) Plan option
- Bonus To Be Determined

General Responsibilities

Office/Administrative Management, Public Relations, Budget, Scheduling, Contracts/Agreements, Investments, Primary Interface with Professional Services Entities, Regulatory Agencies, State-County-Town Offices, and with LQS Board of Directors, Responsible for Company Regulatory Compliance, Submittal of Compliance Reports (such as Payroll, Tax, Agency), Vulnerability Assessment and Emergency Response Plans, Publication of Company Policies, Procedures, and Manuals, On Call / Call Out

Kayce

Las Quintas Serenas Water Company
Proposed Organizational Chart / Personnel Compensation
February, 2006

Operations Technician

on property

Compensation – Full Time

- Hourly Wage \$17.55 - \$21.95
- Call Outs *Minimum of 1 Hour/Call Out @ Operation or Administrative Manager's Discretion to be Compensated @ Time and One Half (1-1/2) Hourly Wage*
- On Call (Pager) \$1.75/Hour @ 16 Hours/Weekday (Monday through Friday) and 24 Hours/Weekend (Saturday and Sunday)
Use of Company Vehicle excluding Holidays and Vacation
- Holidays 10
- Vacation 5 Days First Year / 10 Days Second – Fifth Years / 15 Days Sixth Year
- Insurance \$2,750.00 / Year with G-125 (Cafeteria) Plan option
- License Incentive(s) To Be Determined
- Bonus To Be Determined

General Responsibilities

System Maintenance – i.e. Flushing Mains, Chlorinating System, Exercising Valves, Trouble Shooting – Repair (Electrical and Mechanical), Replacing Pipes/Equipment, Meter Reading, Water Sampling Turn On/Turn Offs, Area Oversight, Inventory, 24-Hour On-Call

Operations Support Operator

Compensation – Part Time

- Hourly Wage \$13.75 - \$17.20
- Call Outs *Minimum of 1 Hour/Call Out @ Operation or Administrative Manager's Discretion to be Compensated @ Time and One Half (1-1/2) Hourly Wage*
- Weekend Pager *Currently the Burden of Operations Technician Position (Refer to On Call Compensation)*
- Holidays 0
- Vacation 0
- Insurance 0

General Responsibilities

Meter Reading, Installation / Replacement Meters, Blue Staking, Basic System Maintenance, Turn On/Turn Offs, On-Call Support to Operations Technician

Administrative Assistant

Compensation – Part Time

- Hourly Wage \$11.40 - \$14.25
- Call Outs *Minimum of 1 Hour/Call Out @ Administrative Manager's Discretion to be Compensated @ Time and One Half (1-1/2) Hourly Wage*
- Weekend Pager *Currently the Burden of Operations Technician Position (Refer to On Call Compensation)*
- Holidays 0
- Vacation 0
- Insurance 0

General Responsibilities

Basic Office Duties, Customer Accounts Management, Accounts Payable/Receivable, Office Supplies, Various Reports and Spreadsheets, Correspondence, Support to Administrative Manager

Subj: **Classified Advertisement**
 Date: 3/3/2006 12:00:09 PM US Mountain Standard Time
 From: LQSWater
 To: rromero@phelpsdodge.com, fnides@phelpsdodge.com
 CC: rhouseholder@phelpsdodge.com, mwood@phelpsdodge.com

Rec'd
 3-9-06
 JLG

Attachment #3

Good Morning Gentlemen;

I have placed a classified advertisement this morning with the Green Valley News and Sahuarita Sun for the field technician (Gary Hatcher's position). The ad will run a total of five (5) times in the GV News beginning Sunday, March 5, 2006 and ending Wednesday, March 15, 2006 and twice in the Sahuarita Sun Wednesday, March 8, 2006 and Wednesday, March 15, 2006.

To lower the cost of the advertisement I made a few changes. The original ad read:

Field technician position available at local water company. Parttime - average 20 hours per week. Must be available for emergency system repair. Applications will be accepted at the office of Las Quintas Serenas Water Company located at 75 W. Calle de las Tiendas, Green Valley Arizona 85614 through Friday, March 17, 2006.

The placed ad will read:

FIELD POSITION. Part-time -- avg 20 hrs/wk. Must be available for emergency system repair. Applications accepted @ LQS Water Company, 75 W Calle de las Tiendas, 9A-1P M-F. Deadline March 17, 2006.

Total Cost: \$128.50

LQS will be invoiced and, once received, a check will be cut and mailed to GV News, PO Box 567 Green Valley AZ 85622.

Kaycee

11:21 AM
 03/07/06
 Accrual Basis

3-9-06

Las Quintas Serenas Water Company
Profit & Loss
 September 2005

Sep 05

+ 41,108

Ordinary Income/Expense	
Income	
Interest & Dividend Income	
419.0 · Interest Income	2.36
419.1 · Dividend Income	611.51
Total Interest & Dividend Income	613.87
461.0 · Metered Water Revenue	27,017.18
474.0 · Other Revenues	618.62
Total Income	28,249.67
Expense	
Contractual Services	
631.0 · Accounting	-9,023.78
631.1 · Legal	-10,292.84
631.3 · Professional (Arsnc)	-15,597.97
635.0 · Environmental/Sampling	72.00
Total Contractual Services	-34,842.59
Insurance Expense	
655.0 · Insurance - Employee	460.00
655.1 · Insurance - Liability	199.00
655.2 · Insurance - Workmen's Comp	151.00
Total Insurance Expense	810.00
Materials & Supplies	
620.1 · Repairs to Plant	-12,877.57
Total Materials & Supplies	-12,877.57
Miscellaneous Expenses	
675.2 · Telephone	78.22
675.3 · Directors Fees	150.00
Total Miscellaneous Expenses	228.22
Rents	
640.0 · Office	901.00
Total Rents	901.00
Taxes Not Property/Income	
680.0 · Payroll Taxes	663.88
Total Taxes Not Property/Income	663.88
Transportation Expenses	
650.0 · Vehicle Expense	371.35
Total Transportation Expenses	371.35
Wages	
601.1 · Manager - Wages	5,198.60
601.2 · Manager - Wages (Arsnc)	0.00
602.0 · Other - Wages	4,169.11
Total Wages	9,367.71
403.0 · Depreciation Expenses	-14,310.39
410.0 · Deferred Income Taxes	10,411.00
615.0 · Purchased Power	120.22
616.0 · Fuel for Power Production (Gas)	124.99
621.0 · Office Supplies & Expense	1,524.22
666.0 · Regulatory Commission RC Expnse	500.00
681.0 · Property Taxes	2,235.18
Total Expense	-34,772.78
Net Ordinary Income	63,022.45
Other Income/Expense	
Other Income	
Other Income	
421.0 · Miscellaneous Income	3.31
421.3 · Investment Gains/Losses	-416.40

Attachment #4

11:21 AM

03/07/06

Accrual Basis

Las Quintas Serenas Water Company

Profit & Loss

September 2005

	<u>Sep 05</u>
Total Other Income	-413.09
Total Other Income	-413.09
Other Expense	
409.0 - Income Taxes	21,501.00
<u>Total Other Expense</u>	<u>21,501.00</u>
Net Other Income	-21,914.09
Net Income	<u><u>41,108.36</u></u>

11:09 AM
03/09/06
Actual Basis

3-9-06

Las Quintas Serenas Water Company
Profit & Loss
October 2005

	Oct 05
Ordinary Income/Expense	
Income	
Interest & Dividend Income	
419.0 · Interest Income	2.43
419.1 · Dividend Income	744.50
Total Interest & Dividend Income	746.93
461.0 · Metered Water Revenue	24,993.18
474.0 · Other Revenues	654.07
Total Income	26,394.18
Expense	
Contractual Services	
631.0 · Accounting	292.92
631.1 · Legal	1,166.65
631.2 · Professional	610.50
631.3 · Professional (Arsnc)	864.46
635.0 · Environmental/Sampling	36.00
Total Contractual Services	2,970.53
Insurance Expense	
655.0 · Insurance - Employee	460.00
655.1 · Insurance - Liability	199.00
Total Insurance Expense	659.00
Materials & Supplies	
620.1 · Repairs to Plant	291.42
Total Materials & Supplies	291.42
Miscellaneous Expenses	
675.1 · Conference Fees	370.00
675.2 · Telephone	246.66
675.3 · Directors Fees	150.00
Total Miscellaneous Expenses	766.66
Rents	
640.0 · Office	901.00
Total Rents	901.00
Taxes Not Property/Income	
680.0 · Payroll Taxes	1,407.43
Total Taxes Not Property/Income	1,407.43
Transportation Expenses	
650.0 · Vehicle Expense	220.36
Total Transportation Expenses	220.36
Wages	
601.1 · Manager - Wages	11,019.11
601.2 · Manager - Wages (Arsnc)	0.00
602.0 · Other - Wages	7,288.22
Total Wages	18,307.33
403.0 · Depreciation Expenses	4,641.53
615.0 · Purchased Power	4,817.93
616.0 · Fuel for Power Production (Gas)	592.25
621.0 · Office Supplies & Expense	830.12
681.0 · Property Taxes	1,736.46
Total Expense	38,142.02
Net Ordinary Income	-11,747.84
Other Income/Expense	
Other Income	
Other Income	
421.0 · Miscellaneous Income	18.13
Total Other Income	18.13

- 8,797

#5
Attachment

11:09 / M
03/09 \$
Accrual Basis

Las Quintas Serenas Water Company
Profit & Loss
October 2005

	<u>Oct 05</u>
Total Other Income	18.13
Other Expense	
409.0 - Income Taxes	<u>-2,932.00</u>
Total Other Expense	<u>-2,932.00</u>
Net Other Income	<u>2,950.13</u>
Net Income	<u><u>-8,797.71</u></u>

11:34 AM
03/09/06
Accrual Basis

3-9-06

Las Quintas Serenas Water Company
Profit & Loss
November 2005

+ 2243

	<u>Nov 05</u>
Ordinary Income/Expense	
Income	
Interest & Dividend Income	
419.0 · Interest Income	2.34
Total Interest & Dividend Income	2.34
461.0 · Metered Water Revenue	25,571.28
474.0 · Other Revenues	630.00
Total Income	26,203.62
Expense	
Contractual Services	
635.0 · Environmental/Sampling	84.00
635.1 · Environmental/Sampling (Arsnc)	75.00
Total Contractual Services	159.00
Insurance Expense	
655.0 · Insurance - Employee	460.00
655.1 · Insurance - Liability	199.00
Total Insurance Expense	659.00
Materials & Supplies	
620.1 · Repairs to Plant	866.56
Total Materials & Supplies	866.56
Miscellaneous Expenses	
675.2 · Telephone	170.72
675.3 · Directors Fees	150.00
Total Miscellaneous Expenses	320.72
Rents	
640.0 · Office	901.00
640.1 · Equipment	84.00
Total Rents	985.00
Taxes Not Property/Income	
680.0 · Payroll Taxes	756.45
Total Taxes Not Property/Income	756.45
Transportation Expenses	
650.0 · Vehicle Expense	321.85
Total Transportation Expenses	321.85
Wages	
601.1 · Manager - Wages	5,241.12
601.2 · Manager - Wages (Arsnc)	0.00
602.0 · Other - Wages	4,603.85
Total Wages	9,844.97
403.0 · Depreciation Expenses	4,641.53
615.0 · Purchased Power	2,506.42
621.0 · Office Supplies & Expense	428.37
681.0 · Property Taxes	1,736.46
Total Expense	23,226.33
Net Ordinary Income	2,977.29
Other Income/Expense	
Other Income	
Other Income	
421.0 · Miscellaneous Income	14.00
Total Other Income	14.00
Total Other Income	14.00
Other Expense	
409.0 · Income Taxes	748.00

Attachment #6

= -14,310
SEPT

11:34 AM

03/09/06

Accrual Basis

Las Quintas Serenas Water Company
Profit & Loss
November 2005

	<u>Nov 05</u>
Total Other Expense	748.00
Net Other Income	<u>-734.00</u>
Net Income	<u><u>2,243.29</u></u>

11:57 AM
 03/09/06
 Accrual Basis

3-9-06

Las Quintas Serenas Water Company
Profit & Loss
 December 2005

Dec 05

-28,178

Ordinary Income/Expense	
Income	
Interest & Dividend Income	
419.0 · Interest Income	2.42
419.1 · Dividend Income	2,480.44
Total Interest & Dividend Income	2,482.86
461.0 · Metered Water Revenue	25,642.81
474.0 · Other Revenues	559.90
Total Income	28,685.57
Expense	
Contractual Services	
631.0 · Accounting	1,615.66
631.1 · Legal	4,519.01
631.2 · Professional	1,980.00
631.3 · Professional (Arsnc)	37,043.93
635.0 · Environmental/Sampling	84.00
Total Contractual Services	45,242.60
Insurance Expense	
655.0 · Insurance - Employee	810.00
655.1 · Insurance - Liability	199.00
Total Insurance Expense	1,009.00
Materials & Supplies	
620.1 · Repairs to Plant	4,158.17
Total Materials & Supplies	4,158.17
Miscellaneous Expenses	
675.0 · Membership Dues	30.00
675.2 · Telephone	177.71
675.3 · Directors Fees	150.00
675.4 · License/Permit Fees	45.00
675.5 · General Expense	
675.51 · Business - Meals	17.47
675.5 · General Expense - Other	195.07
Total 675.5 · General Expense	212.54
Total Miscellaneous Expenses	615.25
Rents	
640.0 · Office	901.00
Total Rents	901.00
Taxes Not Property/Income	
680.0 · Payroll Taxes	744.64
Total Taxes Not Property/Income	744.64
Transportation Expenses	
650.0 · Vehicle Expense	220.63
Total Transportation Expenses	220.63
Wages	
601.1 · Manager - Wages	5,584.80
601.2 · Manager - Wages (Arsnc)	0.00
602.0 · Other - Wages	4,105.80
Total Wages	9,690.60
403.0 · Depreciation Expenses	4,641.53
615.0 · Purchased Power	2,403.99
616.0 · Fuel for Power Production (Gas)	707.73
621.0 · Office Supplies & Expense	1,402.57
681.0 · Property Taxes	1,736.46
Total Expense	73,474.17
Net Ordinary Income	-44,788.60

Attachment # 7

11:57 AM

03/09/06

Accrual Basis

Las Quintas Serenas Water Company

Profit & Loss

December 2005

	<u>Dec 05</u>
Other Income/Expense	
Other Income	
Other Income	
421.0 · Miscellaneous Income	94.00
421.3 · Investment Gains/Losses	7,123.04
Total Other Income	<u>7,217.04</u>
Total Other Income	7,217.04
Other Expense	
409.0 · Income Taxes	-9,393.00
Total Other Expense	<u>-9,393.00</u>
Net Other Income	<u>16,610.04</u>
Net Income	<u><u>-28,178.56</u></u>

12:20 PM
03/09/06
Accrual Basis

Las Quintas Serenas Water Company
Profit & Loss
January 2006

3-9-06

+1,219

	Jan 06
Ordinary Income/Expense	
Income	
Interest & Dividend Income	
419.0 · Interest Income	2.41
419.1 · Dividend Income	695.00
Total Interest & Dividend Income	697.41
461.0 · Metered Water Revenue	23,152.53
474.0 · Other Revenues	599.91
Total Income	24,449.85
Expense	
Contractual Services	
631.0 · Accounting	1,462.50
635.0 · Environmental/Sampling	2,820.00
Total Contractual Services	4,282.50
Insurance Expense	
655.0 · Insurance - Employee	460.00
655.1 · Insurance - Liability	199.00
Total Insurance Expense	659.00
Materials & Supplies	
620.1 · Repairs to Plant	328.48
Total Materials & Supplies	328.48
Miscellaneous Expenses	
675.2 · Telephone	171.32
675.3 · Directors Fees	150.00
Total Miscellaneous Expenses	321.32
Rents	
640.0 · Office	901.00
Total Rents	901.00
Taxes Not Property/Income	
680.0 · Payroll Taxes	804.67
Total Taxes Not Property/Income	804.67
Transportation Expenses	
650.0 · Vehicle Expense	255.90
Total Transportation Expenses	255.90
Wages	
601.1 · Manager - Wages	5,004.84
601.2 · Manager - Wages (Arsnc)	0.00
602.0 · Other - Wages	3,110.58
Total Wages	8,115.42
403.0 · Depreciation Expenses	4,641.53
615.0 · Purchased Power	64.73
621.0 · Office Supplies & Expense	726.35
681.0 · Property Taxes	1,736.46
Total Expense	22,837.36
Net Ordinary Income	1,612.49
Other Income/Expense	
Other Income	
Other Income	
421.0 · Miscellaneous Income	14.36
Total Other Income	14.36
Total Other Income	14.36
Other Expense	
409.0 · Income Taxes	407.00

Attachment #8

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03/09/06

Accrual Basis

Las Quintas Serenas Water Company
Profit & Loss
January 2006

	<u>Jan 06</u>
Total Other Expense	<u>407.00</u>
Net Other Income	<u>-392.64</u>
Net Income	<u><u>1,219.85</u></u>

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Accrual Basis

Las Quintas Serenas Water Company
Profit & Loss
February 2006

3-9-06

	Feb 06
Ordinary Income/Expense	
Income	
Interest & Dividend Income	
419.0 · Interest Income	2.17
419.1 · Dividend Income	116.12
Total Interest & Dividend Income	118.29
461.0 · Metered Water Revenue	28,383.80
474.0 · Other Revenues	240.00
Total Income	28,742.09
Expense	
Contractual Services	
631.0 · Accounting	1,037.50
631.1 · Legal	5,872.00
631.3 · Professional (Arsnc)	2,510.25
635.0 · Environmental/Sampling	150.00
635.1 · Environmental/Sampling (Arsnc)	75.00
636.0 · Operation / Maintenance	60.00
Total Contractual Services	9,704.75
Insurance Expense	
655.0 · Insurance - Employee	460.00
655.1 · Insurance - Liability	195.25
655.2 · Insurance - Workmen's Comp	1,041.00
Total Insurance Expense	1,696.25
Materials & Supplies	
620.1 · Repairs to Plant	86.08
Total Materials & Supplies	86.08
Miscellaneous Expenses	
675.0 · Membership Dues	298.04
675.2 · Telephone	78.28
675.3 · Directors Fees	150.00
Total Miscellaneous Expenses	526.32
Rents	
640.0 · Office	901.00
640.1 · Equipment	32.00
Total Rents	933.00
Taxes Not Property/Income	
680.0 · Payroll Taxes	843.53
Total Taxes Not Property/Income	843.53
Transportation Expenses	
650.0 · Vehicle Expense	147.08
Total Transportation Expenses	147.08
Wages	
601.1 · Manager - Wages	6,186.24
601.2 · Manager - Wages (Arsnc)	0.00
602.0 · Other - Wages	4,797.04
Total Wages	10,983.28
403.0 · Depreciation Expenses	4,641.53
615.0 · Purchased Power	2,192.89
616.0 · Fuel for Power Production (Gas)	373.20
621.0 · Office Supplies & Expense	1,182.17
681.0 · Property Taxes	1,736.46
Total Expense	35,046.54
Net Ordinary Income	-6,304.45
Other Income/Expense	
Other Income	
Other Income	

-4,718

Attachment # 9

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03/09/06

Accrual Basis

Las Quintas Serenas Water Company
Profit & Loss
February 2006

	<u>Feb 06</u>
421.0 · Miscellaneous Income	<u>12.97</u>
Total Other Income	<u>12.97</u>
Total Other Income	12.97
Other Expense	
409.0 · Income Taxes	<u>-1,573.00</u>
Total Other Expense	<u>-1,573.00</u>
Net Other Income	<u>1,585.97</u>
Net Income	<u><u>-4,718.48</u></u>