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**COMMISSIONERS**

GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

2012 MAY -9 P 4: 15 Arizona Corporation Commission  
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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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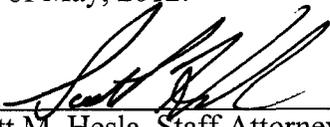
IN THE MATTER OF THE APPLICATION OF  
PICACHO WATER IMPROVEMENT  
CORPORATION FOR APPROVAL OF AN  
EMERGENCY RATE INCREASE.

DOCKET NO. W-01774A-12-0089

**STAFF'S NOTICE OF FILING LATE-FILED EXHIBITS**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby provides notice of filing the following late-filed exhibits as verbally directed by the Administrative Law Judge at the May 7, 2012 hearing: "Exhibit S-3 (Late-Filed)" explains the technical assistance grant discussed in the Staff Report filed on April 27, 2012, and corrects the name of the agency that administers that grant; "Exhibit S-4 (Late-Filed)" explains how Staff determined the capacity multipliers recommended in this case; and "Exhibit S-5 (Late-Filed)" is a copy of Picacho Water Improvement Corporation's Annual Report for the 2011 fiscal year.

RESPECTFULLY SUBMITTED this 9<sup>th</sup> day of May, 2012.

  
\_\_\_\_\_  
Scott M. Hesla, Staff Attorney  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
(602) 542-3402

Original and thirteen (13) copies of the foregoing were filed this 9<sup>th</sup> day of May, 2012 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

1 Copies of the foregoing were mailed  
2 this 10<sup>th</sup> day of May, 2012 to:

3 Hank Holmes, President  
4 PICACHO WATER IMPROVEMENT CORPORATION  
5 6240 East Monitor Street  
6 P.O. Box 10  
7 Picacho, Arizona 85141  
8 happyholmes904@yahoo.com

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**PICACHO WATER IMPROVEMENT CORPORATION  
DOCKET NO. W-01774A-12-0089  
APPLICATION FOR AN EMERGENCY RATE INCREASE**

**Exhibit S-3 (Late-Filed)**

**Witness: Del Smith**

In the Staff Report filed on April 27, 2012 (“Staff Report”), the Utilities Division (“Staff”) recommended that Picacho Water Improvement Corporation (“PWIC” or “Company”) seek a technical assistance grant from Arizona Department of Environmental Quality (“ADEQ”) to complete a more comprehensive evaluation of the water system post Arizona Department of Transportation (“ADOT”) construction prior to investing in any repairs to PWIC’s 200,000 Gallon Storage Tank. At the direction of the Administrative Law Judge, Staff has further researched the technical assistance grant process and now provides the following comments and information.

**I. The Technical Assistance Grant Process**

The technical assistance grant referred to in the Staff Report is more formally known as the Planning and Design Assistance Grant Program (“Program”). The Program was established by the Water Infrastructure Finance Authority of Arizona (“WIFA”) for the purpose of helping water entities with limited resources, including PWIC, that need assistance in completing the planning and/or design phase of an infrastructure project.<sup>1</sup>

Under the Program, WIFA offers grants to water entities during two cycles. In the first cycle, applications are accepted between July 1 and August 31, 2012, and awards are posted in October of 2012.<sup>2</sup> During the second cycle, applications are accepted between January 1 and February 28, 2013, and awards are posted in April of 2013.<sup>3</sup>

For more detailed information relating to the Program’s application process, requirements, and funding levels, please see WIFA’s *Applicant’s Guide, Planning and Design Assistance Grants*, attached as “Attachment A” to this Exhibit.

**II. Correction to the Staff Report**

In its Staff Report, Staff recommended that PWIC should seek a technical assistance grant from ADEQ. In light of the fact that WIFA, not ADEQ, administers the technical assistance grant discussed in the Staff Report, Staff hereby corrects and modifies that recommendation accordingly.

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<sup>1</sup> Information retrieved May 9, 2012 from <http://www.azwifa.gov/?pageid=pdgrant>

<sup>2</sup> *Id.*

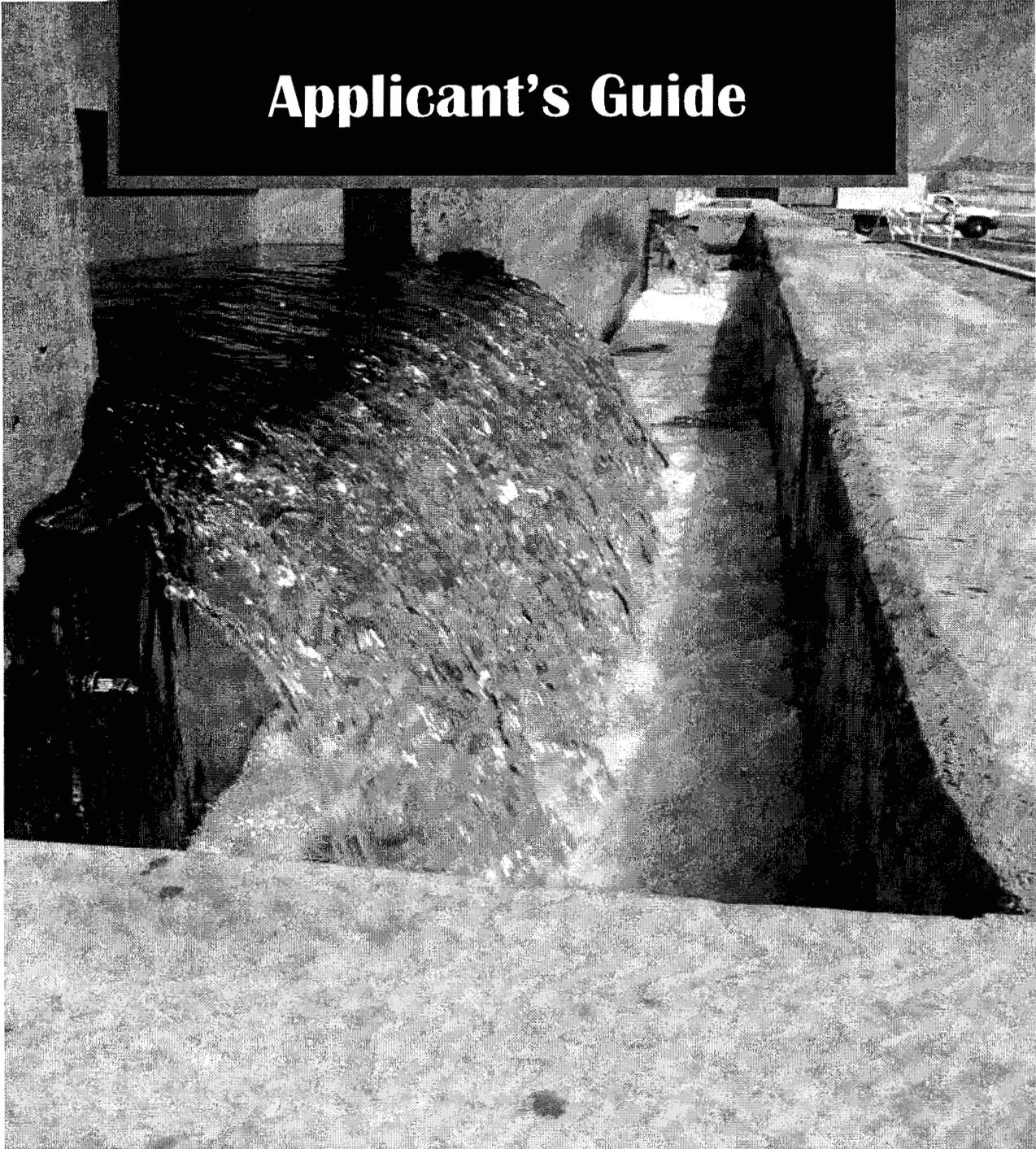
<sup>3</sup> *Id.*

# **ATTACHMENT**

## **A**

# Planning and Design Assistance Grants

## Applicant's Guide



**Water Infrastructure  
Finance Authority of Arizona**

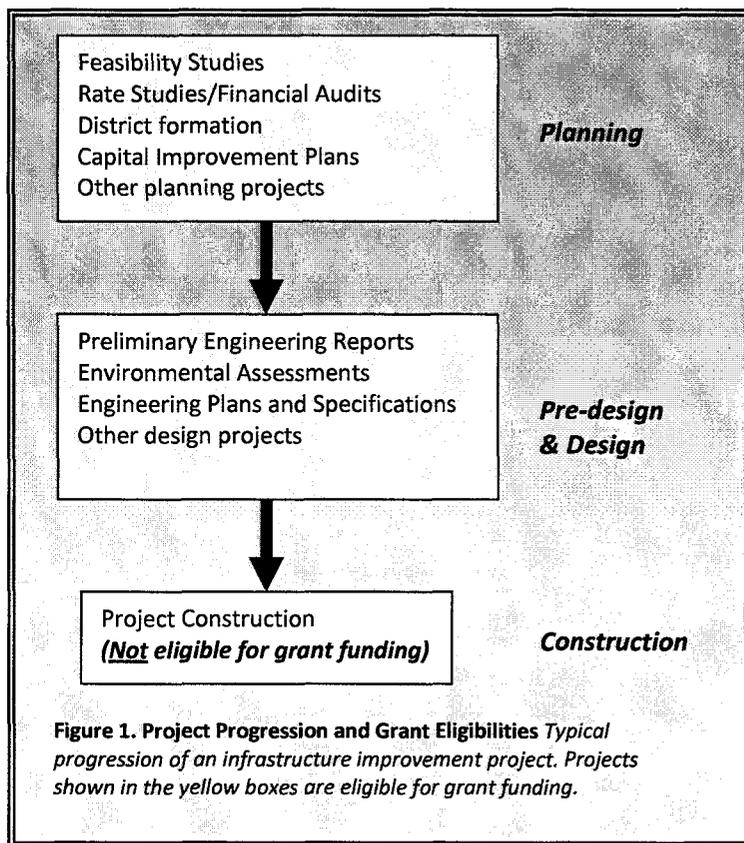
*September 1, 2011*

## Planning and Design Assistance Grants

### Program Overview

The Water Infrastructure Finance Authority's Planning and Design Assistance Grant Program allocates money from the Clean Water and Safe Drinking Water Revolving Funds for infrastructure **planning and design** projects.

The purpose of WIFA's Planning and Design Assistance Grant Program is to help prepare water and wastewater facilities for future infrastructure project construction. Typically, awards are made to facilities with limited resources that need assistance in completing the planning and/or design phase of an infrastructure project. Grant funding is provided to employ the services of an engineer or other consultant to complete these activities. Grant monies are released on a reimbursement basis as work is completed, and awards are capped at \$35,000 per project. Grant funding cannot be used for project construction or purchase of materials and equipment.



Examples of the types of projects that are eligible for grant funding are shown in the graphic above (yellow boxes). For specific project examples and descriptions, see **Appendix A**.

Construction of infrastructure improvements should be the ultimate goal of any Planning and Design Grant Project. For planning projects such as district formation or rate studies, applicants should demonstrate how these projects will facilitate future infrastructure improvements. Projects that are planned or designed using grant funds can be constructed through a WIFA loan, or can be financed through other methods. Infrastructure projects should be targeted at maintaining or achieving facility compliance, or meeting a critical need for the facility to function efficiently. WIFA cannot fund projects designed to expand the system in anticipation of future population growth.

WIFA is offering this grant opportunity under the authority of *Arizona Revised Statutes* Title 41, Chapter 24 and the *Arizona Administrative Code* R18-15-503 and 504.

### Eligible Applicants

*Drinking Water* grants are available to community water systems as defined by the 40 CFR § 141.2: a public water system which serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents. Community water systems owned by cities, towns, tribal entities, water improvement districts and private, ACC-regulated water companies are all eligible.

*Clean Water* grants are available to wastewater systems owned by a governmental unit, or to other parties requesting a grant specifically for the purpose of forming a political subdivision to facilitate a wastewater infrastructure project. Eligible governmental units include cities, towns, tribal entities, sanitary districts and wastewater improvement districts.

To distribute grant funding throughout the state, consecutive grant awards are not permitted except under extenuating circumstances where the applicant can demonstrate exceptional need. Awards are considered consecutive if they are either cycle-to-cycle (if more than one cycle in a year) or year-to-year.

### Funding Priorities

WIFA has identified the following funding priorities:

- Projects that correct or prevent a public health or water quality concern (see text box at right)
- Projects that incorporate a significant portion of green components (see text box)

WIFA also places priority on projects that are developed and ready to begin. Description of project tasks, costs and work products must be provided in the grant application for WIFA to consider the project for award. To supply this information, applicants may need to solicit proposals from a consultant(s) before completing their application to WIFA. See **Evaluation Process**

### Project Benefits

Planning and design projects that correct an existing public health or water quality problem are a high priority for WIFA funding. Therefore, it is advantageous for applicants to include information on any compliance issues if the project is intended to correct them. Below are examples of the types of problems that a WIFA Planning and Design Assistance Grant (and subsequent construction loan) could be used to address.

#### Drinking Water

- Maximum contaminant level exceedances (e.g. treatment systems for arsenic, fluoride)
- Storage deficiencies
- Water supply outages/inadequacies

#### Clean Water

- Sewer overflow
- Wastewater treatment facility non-compliance
- Excessive inflow and infiltration

Other projects that are eligible for funding are those that prepare the facility for basic infrastructure improvements necessary for maintaining compliance over the long-term and ensuring system functionality and efficiency.

### Green Projects

WIFA continues to encourage green projects, which may qualify for a waiver on the local match funding requirement. The four categories of eligible green projects are shown below, with examples for each. The determination of eligibility for the match waiver will be made by WIFA and based on the percentage of the project that qualifies as green and the documentation provided by the applicant. For more information on green projects, visit WIFA's Green Project Reserve web page at [www.azwifa.gov](http://www.azwifa.gov).

<b>Water Efficiency</b> <ul style="list-style-type: none"><li>- Leak detection (drinking water)</li><li>- Water recycling</li><li>- Effluent Reuse</li></ul>	<b>Energy Efficiency</b> <ul style="list-style-type: none"><li>- Energy audits</li><li>- Energy efficient retrofits and upgrades</li><li>- Renewable energy</li></ul>
<b>Environmentally Innovative</b> <ul style="list-style-type: none"><li>- LEED certified buildings or renovations</li></ul>	<b>Green Stormwater Infrastructure</b> <ul style="list-style-type: none"><li>- Stormwater harvesting and reuse (at the facility)</li></ul>

**and Criteria** for further information on the project selection process.

### **Ineligible Projects and Project Components**

The following projects/activities are *not* eligible for TA Grant funding:

- Construction activities
- Projects designed to expand the system in anticipation of future population growth
- Compliance-related fees, such as permit fees
- Costs incurred prior to grant award. Some prior costs may be included in the local match funding if approved by WIFA in advance.
- Purchase of materials and equipment, except as local match. Local match can be used if the materials will be purchased specifically for the *planning/design* project. Examples include computer software, sampling equipment, leak detection equipment. Any materials or equipment associated with the *construction* phase of the project are NOT eligible.

As a general rule, grant funding is provided to facilities lacking technical staff who can complete planning and design activities for a particular project. Grant funding is then used to contract with an engineer or other consultant to complete these activities. Grant funding is *not* typically provided for payment of in-house staff, although staff time spent on the project can be part of the local match commitment. If an applicant chooses to request grant funding for payment of in-house staff, the application should include a justification of why grant funding is necessary.

### **Project Funding and Local Match Requirements**

For traditional projects, grant funding cannot exceed 60% of the total project costs up to a maximum grant award of \$35,000. (Total project cost refers to the planning and design work only, and does *not* include cost of project construction.) Applicants must commit local matching funds toward at least 40% of the total project costs and must clearly describe the local match funding component. Local match can be provided through one or more of the following methods:

- Cash
- In-kind services. Examples of in-kind services for grant projects include:
  - Time spent by facility staff on the grant project, including meetings, data review and compilation, other project management activities
  - Equipment purchased specifically for the project (such as computer software or water sampling equipment)
  - Rental of meeting spaces for public meetings
  - Office costs specifically associated with the project, such as copying, mailings and postage, education and outreach materials for customers, public notice publication

Projects that qualify as green are eligible for 100% of the total cost of the project up to \$35,000, depending on the percentage of the project that qualifies as green and the documentation provided by the applicant. To be considered for the local match waiver or reduction, the primary purpose of the project and the majority of the project costs must be green. Minor or incidental benefits will likely not qualify for the match waiver or reduction.

The table below provides examples of local match requirements for traditional and green projects. Whether the local match is waived or reduced for green projects will depend upon the total cost of the project. For projects up to \$35,000, the local match can be waived completely. However, for projects costing more than WIFA’s project funding cap of \$35,000, WIFA can only reduce the match funding until the WIFA funding cap of \$35,000 is reached.

TOTAL COST OF PROJECT	TRADITIONAL PROJECTS		GREEN PROJECTS	
	WIFA (60%)	Match (40%)	WIFA	Match
\$25,000	\$15,000	\$10,000	\$25,000	\$0
\$35,000	\$21,000	\$14,000	\$35,000	\$0
\$50,000	\$30,000	\$20,000	\$35,000	\$15,000 WIFA cannot exceed \$35,000 cap. Match is reduced but not waived.
\$65,000	\$35,000 60% is \$39,000, but WIFA cannot exceed \$35,000 cap.	\$30,000	\$35,000	\$30,000 Match cannot be reduced or waived because WIFA funding cap has been reached.

Determination of qualifying green projects and waiver/reduction of local match funding is at WIFA’s discretion and based on EPA’s Green Project Reserve guidance. Applicants should commit to a local match funding component in their application in case the project does not qualify as a green project. If local match funding is not described, and the project does not qualify as green, then the application will be ineligible for award.

**Length of Project**

Projects should be completed within 18 months of the date of award. Extensions may be granted prior to the deadline upon request if the grantee provides evidence of progress and justification for the extension.

**Award Instrument**

Applicants awarded a Planning and Design Grant are paid as work is completed and invoices for applicable work are submitted. Disbursements of grant funds are made to grantees pending the submission and approval of proper disbursement request forms and reporting documents as described in the final grant agreement.

**Application Submittal Instructions and Deadlines**

To allow more opportunities for funding, WIFA offers two grant cycles per year according to the timeline shown in the table to the right. Grant applications must be submitted through WIFA’s e-application system by 3:00 p.m. on the deadline specified in the Request for Grant Applications. A hard copy must also be signed by an authorized facility representative and sent with original signature by US mail. Late applications will not be reviewed and exceptions cannot be made.

	Cycle 1	Cycle 2
<b>Request for Grant Applications</b>	First business day in March	First business day in September
<b>Grant Workshops</b>	March – April	--
<b>Application deadline</b>	Last business day in April	Last business day in October
<b>WIFA Application Review</b>	May – June	November - December
<b>Grant Awards</b>	Mid-June	Mid-December

E-applications can be accessed at [www.azwifa.gov](http://www.azwifa.gov) by clicking on Online Applications in the Main Menu.

Mail or deliver hard copy signed applications to:  
Water Infrastructure Finance Authority  
Attn: Grant Program Coordinator  
1110 W. Washington Street, Suite 290  
Phoenix, AZ 85007

### **Evaluation Process and Criteria**

The evaluation and selection process begins after the grant application submittal deadline. During evaluation, applications are held confidential. WIFA staff first reviews applications to ensure completeness and eligibility for funding. Incomplete applications and ineligible applications will not be evaluated.

During the evaluation process, additional information and/or revisions to applications may be requested. If the final outcome of a project is the final design of an infrastructure construction project, the applicant must complete an Environmental Review Checklist (ERC) that requests information about potential environmental impacts. WIFA will contact the applicant during the evaluation process if the ERC is required.

Specific evaluation criteria are established each year in the Request for Grant Applications. However, the following guidelines are also important to allow proper evaluation of the grant project:

- The application must provide sufficient description of the need for project. Supporting documentation, such as sanitary surveys or water quality violations, should be included.
- The project must assist the applicant in proceeding with construction of a future infrastructure improvement project that will ensure long-term facility compliance or efficiency.
- The application must sufficiently define the tasks, costs and work products to allow evaluation of the project.
- The project must be appropriate for the facility (size, complexity, associated maintenance, etc.).
- The cost of the project must be reasonable and appropriate.
- The applicant should demonstrate a need for grant funding.
- The application must provide sufficient explanation of how the local match component will be funded.

### **Project Selection**

Projects are selected for award based on the scores determined by the evaluation committee. Awards are limited by the amount of funding available; therefore, all qualifying projects may not be funded. WIFA may award less than the total available funding if applications of sufficient quality are not received, as determined by the funding priorities and evaluation criteria described in this guide and in the Request for Grant Applications.

Applicants will be notified as to whether or not they received a grant award after the evaluation process is completed. After evaluations are completed, all applications and the associated evaluations will be made available to the public upon request. Applicants who wish that any of the information contained in the application be held confidential after award must designate that information as “confidential” in the application and provide an explanation as to why it should be held confidential.

If an applicant does not receive a grant award, the applicant may request a meeting with the Planning and Design Grant Program Coordinator to discuss the evaluation and guidelines for developing a better application for the next funding cycle. Applicants also have the right to protest the award decision pursuant to A.R.S. 41-2704 .

#### **Consideration of Past Performance**

WIFA reserves the right to disqualify applications based on past performance of the applicant or applicant’s key personnel. Examples of past performance that may lead to disqualification may include, but are not limited to, defaulting on previous agreements, poor project management, and failure to maintain records.

#### **Execution of Grant Agreements**

The grantee is required to do the following after they are notified of a grant award:

- Submit a copy of the contract(s) with the consultants that will be performing work funded by the grant or the local match (this may occur either before or after the grant agreement is signed)
- Set up a project file to maintain a record of all correspondence, receipts, invoices, and copies of all reports and documents associated with the project
- Be aware of and comply with WIFA’s Fair Share Policy for Disadvantaged Business Enterprises (see Appendix C)

WIFA may schedule a meeting and/or facility visit to review the agreement and project plan before executing the Grant Agreement. By entering into a Grant Agreement with WIFA’s Planning and Design Assistance Grant Program, grantees must abide by the standard terms and conditions of the Grant Agreement as well as any additional “special conditions” that may be incorporated into individual Grant Agreements. WIFA will issue two copies of the Grant Agreement to the grantee. The grantee must sign both copies of the agreement and return them within 30 days of receipt. WIFA will execute the Grant Agreement and return an original to the grantee along with the Notice to Proceed letter.

Please note: Work cannot start on a project until the Notice to Proceed has been issued. Exceptions *may* be made for work to be included in the local match funding component, if a request is made and approved by WIFA in advance.

#### **Project Execution**

Grant funds are paid to the recipient on a reimbursement basis. The Notice to Proceed (issued after the Grant Agreement is signed by both parties) will include forms for requesting payment. Projects should be completed within 18 months of the start of the grant funding cycle (July 1 for Cycle 1 and January 1 for Cycle 2). Extensions may be requested prior to the 18-month grant expiration date.

Recipients requesting an extension must provide justification for the extension and evidence of progress on the project.

Requests for disbursement of funds as work proceeds must include:

- Invoices to document work completed and the amount of payment the grantee is requesting from WIFA
- Invoices or other documentation to document work completed as part of the local match funding
- Narrative description of work completed
- Signature of consultant and grantee certifying that all information is current and correct
- Disadvantaged Business Enterprise form

WIFA will not disburse the final 10% of the grant funds until the final work product has been received, reviewed, and all requirements of the Grant Agreement have been fulfilled.

Questions about WIFA's Planning and Design Assistance Grants should be directed to Arcelious Stephens, Environmental Program Specialist, at [astephens@azwifa.gov](mailto:astephens@azwifa.gov) or (602) 364-1325.

### Appendices

- Appendix A Example Projects
- Appendix B ADEQ Technical Assistance
- Appendix C Fair Share Policy for Disadvantaged Business Enterprises

### Having trouble getting started?

*The Rural Water Infrastructure Committee can help!*

For small drinking water and wastewater facilities facing long-term, multi-phase infrastructure improvements, the project development process can be daunting. Tasks can include:

- Budgeting and planning
- Requesting proposals and hiring a consultant
- Determining the best funding options
- Preparing funding applications

The Arizona Rural Water Infrastructure Committee (RWIC), coordinated by WIFA, is composed of representatives from various infrastructure loan and grant programs, federal and state lending authorities, and technical assistance providers. This committee can assist small drinking water and wastewater systems to navigate the federal, state and local financial and technical assistance programs. RWIC can serve as a "one stop" funding entity for communities and small water systems in need of assistance.

Please visit RWIC's website at <http://rwic.azwifa.gov/> for helpful information and resources:

- Project Information Form – By filling out a short information form about your facility, RWIC can evaluate facility needs, contact the applicant, and begin the process of finding the appropriate assistance. (Click on *Project Information Form*)
- Project Meetings – RWIC holds quarterly project meetings, where interested parties can attend and speak to the committee about their funding needs. (Click on *Project Meetings*)

The RWIC website also offers links to valuable training opportunities, helpful resources, and more information about participating funding agencies. Applicants unable to access the website should contact Veronica Rivera, RWIC Coordinator and WIFA Communications Director, at (602) 364-1236 or [vrivera@azwifa.gov](mailto:vrivera@azwifa.gov).

For more help, please see WIFA's guidance document *How to Hire an Engineer* at <http://www.azwifa.gov/?pageid=publications> and **Appendix B** of this document for information on free technical assistance for small drinking water systems.

**PICACHO WATER IMPROVEMENT CORPORATION  
DOCKET NO. W-01774A-12-0089  
APPLICATION FOR AN EMERGENCY RATE INCREASE**

**Exhibit S-4 (Late-Filed)**

**Witness: Jeffrey Michlik**

The Capacity Multipliers in the following table show the relative water flow rate capacities of the various meter sizes as reflected in an American Water Works Association Manual.

Meter	Monthly Minimum Charge	Capacity Multiplier
5/8" x 3/4"	\$ 13.00	
3/4"	19.50	1.5
1"	32.50	2.5
1 1/2"	65.00	5
2"	104.00	8
3"	208.00	16
4"	325.00	25
6"	650.00	50
8"	1,040.00	80
10"	1,495.00	115
12"	2,795.00	215

The Utilities Division ("Staff") uses the capacity multipliers as a guide for setting the relative Monthly Minimum Charges by water meter size while also considering other factors. Since the capacity multiplier for a 2" meter is 8 times that for a 5/8" x 3/4" meter, the Monthly Minimum Charge for a 2" meter should be 8 times that for a 5/8" x 3/4" meter assuming no other factors are considered. However, the ratio of Monthly Minimum Charges for 2" meters compared to 5/8" x 3/4" meters in present rates is only 1.5. To recognize the principle of gradualism and the potential rate impact to customers, Staff recommends using 2 as the capacity multiplier for 2" meters for the rates established in this proceeding.

**Exhibit S-5**  
**(Late-Filed)**

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

<p>W-01774A Picacho Water Improvement Corporation 6240 E. Monitor Picacho, AZ 85141</p>	<p><b>RECEIVED</b> MAR 30 2012 AZ CORP COMM Director - Utilities</p>
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**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2011
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FOR COMMISSION USE

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4-2-12



<b>Statutory Agent:</b> _____		Ed Kile	
		(Name)	
6240 E. MONITOR	Picacho	AZ	85141
(Street)	(City)	(State)	(Zip)
520-466-3787			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Attorney:</b> _____		Robert Lynch	
		(Name)	
340 E. Palm Lane	Phoenix	AZ	85004
(Street)	(City)	(State)	(Zip)
602-254-5908			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input checked="" type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

See Accountant's Compilation Report.

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	700	---	700
304	Structures and Improvements	933	933	---
307	Wells and Springs	7479	6389	1090
311	Pumping Equipment	80381	80381	---
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619	25619	---
331	Transmission and Distribution Mains	61778	61778	---
333	Services			
334	Meters and Meter Installations	4320	4320	---
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555	1555	---
341	Transportation Equipment	9245	9245	---
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3251	3251	---
	<b>TOTALS</b>	<b>195261</b>	<b>193471</b>	<b>1790</b>

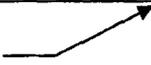
This amount goes on the Balance Sheet Acct. No. 108



See Accountant's Compilation Report.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		
304	Structures and Improvements	933		
307	Wells and Springs	7479	20%	274
311	Pumping Equipment	80381	20%	995
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619		
331	Transmission and Distribution Mains	61778		
333	Services			
334	Meters and Meter Installations	4320		
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555		
341	Transportation Equipment	9245		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3251		
	<b>TOTALS</b>	195261		1269

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403. 

**BALANCE SHEET**

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 6814	\$ 7761
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	18513	22755
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	325	325
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 25652</b>	<b>\$ 30841</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 195261	\$ 195261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(192202)	(193471)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 3059</b>	<b>\$ 1790</b>
	<b>TOTAL ASSETS</b>	<b>\$ 28711</b>	<b>\$ 32631</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
231	Accounts Payable		
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	\$ 3802	\$ 3802
236	Accrued Taxes	373	269
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 4175</b>	<b>\$ 4071</b>
<b>LONG-TERM DEBT (Over 12 Months)</b>			
224	Long-Term Notes and Bonds	\$ 44000	\$ 53150
<b>DEFERRED CREDITS</b>			
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ ---</b>	<b>\$ ---</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 48175</b>	<b>\$ 57221</b>
<b>CAPITAL ACCOUNTS</b>			
201	Common Stock Issued	\$ 13339	\$ 13339
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(32803)	(37929)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$(19464)</b>	<b>\$(24590)</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$28711</b>	<b>\$ 32631</b>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 52513	\$ 54354
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	<b>\$ 52513</b>	<b>\$ 54354</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages		
610	Purchased Water		
615	Purchased Power	\$ 9635	\$ 12011
618	Chemicals		
620	Repairs and Maintenance	5071	1310
621	Office Supplies and Expense	5147	4117
630	Outside Services	24281	29328
635	Water Testing	1079	1089
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1986	993
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1500	535
403	Depreciation Expense	1497	1269
408	Taxes Other Than Income	3743	3559
408.11	Property Taxes	2909	2904
409	Income Tax	50	50
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 56898</b>	<b>\$ 57165</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$(4385)</b>	<b>\$(2811)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3388)	(2315)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$(3388)</b>	<b>\$(2315)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$(7773)</b>	<b>\$(5126)</b>

COMPANY NAME Picacho Water Improvement Corporation

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10/28/03	03/01/06	03/01/07	06/01/11
Source of Loan	Great Western Bank	Mrs. Holmes	Hank Holmes	Hank Holmes
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 25000	\$ 5000	\$ 15000	\$ 10000
Amount Outstanding	\$ 23150	\$ 5000	\$ 15000	\$ 10000
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$ 2315			
Current Year Principle	\$ 850			

Meter Deposit Balance at Test Year End \$ 3802

Meter Deposits Refunded During the Test Year \$ -0-

<b>COMPANY NAME</b> Picacho Water Improvement Corporation	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
622043	40	300	14"	20"	6"	1961
622044	25	65	112"	10"	3"	1961

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
50	1		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
200,000	1	7500	1

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b> Picacho Water Improvement Corporation	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

**CUSTOMER METERS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		3000
5		
6		5000
8		6000
10		
12		
2		
3		
4		
6		

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

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

**TREATMENT EQUIPMENT:**

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**STRUCTURES:**

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**OTHER:**

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME:</b> Picacho Water Improvement Corporation	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	140	1833	2000	
FEBRUARY	140	1152	2000	
MARCH	140	2708	2000	
APRIL	140	2978	2000	
MAY	140	1764	2000	
JUNE	140	1328	2000	
JULY	140	2403	2000	
AUGUST	140	2610	2000	
SEPTEMBER	140	2439	2000	
OCTOBER	140	1969	2000	
NOVEMBER	140	(3456)	2000	
DECEMBER	140	1501	2000	
<b>TOTALS →</b>		<b>9229</b>	<b>20000</b>	

**NOTE:** Well meters malfunctioned due to sediment build up.

What is the level of arsenic for each well on your system? 0.0094 mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? \_\_\_ GPM for \_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes                       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
 Yes                       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
 Yes                       No

If yes, provide the GPCPD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

<b>COMPANY NAME:</b> Picacho Water Improvement Corporation	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**UTILITY SHUTOFFS / DISCONNECTS**

<b>MONTH</b>	<b>Termination without Notice R14-2-410.B</b>	<b>Termination with Notice R14-2-410.C</b>	<b>OTHER</b>
JANUARY		6	
FEBRUARY		2	
MARCH		0	
APRIL		9	
MAY		0	
JUNE		0	
JULY		4	
AUGUST		0	
SEPTEMBER		7	
OCTOBER		0	
NOVEMBER		0	
DECEMBER		0	
<b>TOTALS →</b>		<b>28</b>	---

OTHER (description):

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**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2011 was: \$ 2904

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) Pinal
NAME (OWNER OR OFFICIAL) TITLE Hank Holmes, President
COMPANY NAME Picacho Water Improvement Corporation

RECEIVED  
MAR 30 2012  
ACC UTILITIES DIRECTOR

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2011

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.



SIGNATURE OF OWNER OR OFFICIAL

520-466-3787

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  DAY OF

(SEAL)

COUNTY NAME	
MONTH	.20__

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES \_\_\_\_\_

See Accountant's Compilation Report.



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED  
MAR 30 2012  
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	Pinal
NAME (OWNER OR OFFICIAL) TITLE	Hank Holmes, President
COMPANY NAME	Picacho Water Improvement Corporation

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2011

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 REQUIREMENT 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 CALENDAR YEAR 2011 WAS:

Arizona Intrastate Gross Operating Revenues Only ( )
\$ <u>54354</u>

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 3559  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

*Arline Kile*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
520 251-1732  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  DAY OF

(SEAL)

COUNTY NAME	
MONTH	<u>20</u>

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES \_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

RECEIVED  
MAR 30 2012  
ACC UTILITIES DIRECTOR

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) Pinal	
NAME (OWNER OR OFFICIAL) Hank Holmes	TITLE President
COMPANY NAME Picacho Water Improvement Corporation	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2011

**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 40-401.01, 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 2011 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>33488</u>

**THE AMOUNT IN BOX AT LEFT INCLUDES \$ 2193 IN SALES TAXES BILLED, OR COLLECTED)**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

*Arden Kile*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
520 251-1732  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

**DAY OF**

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	, 20__

**(SEAL)**

**MY COMMISSION EXPIRES**

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC