

ANNUAL REPORT

Of

Company Name: Appaloosa Water Company

PO Box 3150

Mailing Address: Chino Valley AZ
86323

Docket No.: W-03443A

For the Year Ended: 12/31/19

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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@azcc.gov, mail or deliver the completed Annual Report to:

Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type: Original Filing

Application Date: 4/14/2020

Entered 6/29/2020

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Appaloosa Water Company
A Class Utility

For the Calendar Year Ended:

Primary Address:
City: State: Zip Code:

Telephone Number:

Date of Original Organization of Utility:

Person to whom correspondence should be addressed concerning this report:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Ownership:

Counties Served:

Appaloosa Water Company
Annual Report
Utility Plant in Service (Water)
12/31/19

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$264	\$0	\$0	\$264	\$0	\$264
302	Franchises	2,309	0	0	2,309	0	2,309
303	Land and Land Rights	3,161	0	0	3,161	0	3,161
304	Structures and Improvements	67,051	0	0	67,051	24,562	42,489
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	238,519	0	0	238,519	87,372	151,147
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	94,131	0	0	94,131	94,131	0
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	148,250	0	0	148,250	33,085	115,165
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	25,635	0	0	25,635	17,072	8,563
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0
330.1	Storage Tanks	100,438	0	0	100,438	38,489	61,949
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	745,102	0	0	745,102	163,922	581,180
333	Services	0	0	0	0	0	0
334	Meters and Meter Installations	15,055	0	0	15,055	13,791	1,264
335	Hydrants	48,876	0	0	48,876	10,757	38,119
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	1,850	0	0	1,850	1,355	495
340.1	Computer & Software	1,500	0	0	1,500	1,500	0
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	12,889	0	0	12,889	7,993	4,896
	Totals	\$1,505,030	\$0	\$0	\$1,505,030	\$494,029	\$1,011,001

Appaloosa Water Company
 Annual Report
 Depreciation Expense for the Current Year (Water)
 12/31/19

Depreciation Expense for the Current Year (Water)									
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$264	\$0	\$0	\$264	\$264	\$0	0.00%	\$0
302	Franchises	2,309	0	0	2,309	2,309	0	0.00%	0
303	Land and Land Rights	3,161	0	0	3,161	3,161	0	0.00%	0
304	Structures and Improvements	67,051	0	0	67,051	0	67,051	3.33%	2,233
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	0.00%	0
307	Wells and Springs	238,519	0	0	238,519	0	238,519	3.33%	7,943
308	Infiltration Galleries	0	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	0	0	0	0	0	0	0.00%	0
311	Pumping Equipment	94,131	0	0	94,131	94,131	0	0.00%	0
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	148,250	0	0	148,250	0	148,250	3.33%	4,937
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	25,635	0	0	25,635	0	25,635	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	100,438	0	0	100,438	0	100,438	2.22%	2,230
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	745,102	0	0	745,102	0	745,102	2.00%	14,902
333	Services	0	0	0	0	0	0	0.00%	0
334	Meters and Meter Installations	15,055	0	0	15,055	0	15,055	8.33%	1,254
335	Hydrants	48,876	0	0	48,876	0	48,876	2.00%	978
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	1,850	0	0	1,850	0	1,850	6.67%	123
340.1	Computer & Software	1,500	0	0	1,500	1,500	0	0.00%	0
341	Transportation Equipment	0	0	0	0	0	0	0.00%	0
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0.00%	0
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	0.00%	0
346	Communication Equipment	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	12,889	0	0	12,889	0	12,889	2.00%	258
	Subtotal	\$1,505,030	\$0	\$0	\$1,505,030	\$101,365	\$1,403,665		\$34,857

Contribution(s) in Aid of Construction (Gross)	\$1,240,943
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$1,240,943</u>
Times: Proposed Amortization Rate	2.48%
Amortization of CIAC	\$30,816

Less: Amortization of CIAC \$30,816

DEPRECIATION EXPENSE **\$4,041**

Appaloosa Water Company
Annual Report
Balance Sheet Assets
12/31/19

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current and Accrued Assets			
131	Cash		\$15,778	\$11,584
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		12,393	(6,217)
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	406
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$28,171	\$5,773
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,505,030	\$1,505,030
103	Property Held for Future Use		60,000	60,000
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(494,029)	(494,029)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$1,071,001	\$1,071,001
	Total Assets		\$1,099,172	\$1,076,774

*Note these items feed automatically from AR3 UPIS Page 4

Appaloosa Water Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current Liabilities			
231	Accounts Payable		\$845	\$0
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		7,000	0
235	Customer Deposits		6,400	6,400
236	Accrued Taxes		2,272	(276)
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$16,517	\$6,124
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$127,304	\$116,606
	Deferred Credits			
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		1,240,943	1,240,943
272	Less: Amortization of Contributions		(282,627)	(282,627)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$958,316	\$958,316
	Total Liabilities		\$1,102,137	\$1,081,046
	Capital Accounts			
201	Common Stock Issued		\$2,000	\$2,000
211	Other Paid-In Capital		0	0
215	Retained Earnings		28,567	28,567
218	Proprietary Capital (Sole Props and Partnerships)		(33,532)	(34,839)
	Total Capital		(\$2,965)	(\$4,272)
	Total Liabilities and Capital		\$1,099,172	\$1,076,774

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

Appaloosa Water Company
Annual Report
Water Comparative Income Statement
12/31/19

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2019 - 12/31/2019	Last Year 01/01/2018 - 12/31/2018
	Operating Revenue		
461	Metered Water Revenue	\$146,207	\$160,329
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	2,152
474	Other Water Revenue	0	0
	Total Revenues	\$146,207	\$162,481
	Operating Expenses		
601	Salaries and Wages	\$71,692	\$82,347
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	8,071	8,666
618	Chemicals	0	190
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	144	0
620.2	Office Supplies and Expense	8,486	2,731
630	Contractual Services	0	7,695
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	0	1,676
633	Contractual Services - Legal	600	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	867	1,670
636	Contractual Services - Other	8,884	7,652
640	Rents	0	0
641	Rental of Building/Real Property	7,200	7,200
642	Rental of Equipment	0	0
650	Transportation Expenses	0	0
657	Insurance - General Liability	4,473	7,001
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	20,123	1,100
403	Depreciation Expense (From Schedule AR4)	4,041	4,041
408	Taxes Other Than Income	0	0
408.11	Property Taxes	7,103	6,902
409	Income Taxes	45	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$141,729	\$138,871
	Operating Income / (Loss)	\$4,478	\$23,610
	Other Income / (Expense)		
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
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	\$4,478	\$23,610

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	1.0	1.0	0.0	2.0
Vice-president	0.0	0.0	0.0	0.0
Manager	1.0	1.0	0.0	2.0
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	0.0	0.0	0.0	0.0
Meter reader	0.0	0.0	0.0	0.0
Customer Service	0.0	0.0	0.0	0.0
Accounting	0.0	0.0	0.0	0.0
Business Office	0.0	0.0	0.0	0.0
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	2.0	2.0	0.0	4.0

Appaloosa Water Company
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/19

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	11/6/2007	NONE	NONE	NONE
Source of Loan	WIFA	0	0	0
ACC Decision No.	71236	0	0	0
Reason for Loan	Arsenic Equip.	0	0	0
Dollar Amt. Issued	\$200,000	\$0	\$0	\$0
Amount Outstanding	\$117,029	\$0	\$0	\$0
Date of Maturity	11/1/2029	NONE	NONE	NONE
Interest Rate	3.68%	0.00%	0.00%	0.00%
Current Year Interest	\$786	\$0	\$0	\$0
Current Year Principal	\$10,275	\$0	\$0	\$0

Meter Deposit Balance at Test Year End:	\$6,050
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Meter Deposits Refunded During the Test Year:	\$600
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Well and Water Usage											
Name of the System:		APPALOOSA WATER COMPANY									
ADEQ Public Water System Number:		AZ0413208									
ADWR PCC Number:		91-000680.0000									
Well registry 55# (55-XXXXXX)	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2019	Meter Size (inches)	How measured:	Active
55-607204	7.5	90	660	16	submersible	1999	175	185	6	Estimated	Yes
55-607203	10	100	260	12	submersible	2004	175	185	6	Estimated	Yes
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A
NONE	0	0	0	0	0	0	0	0	0	N/A	N/A

Name of system water delivered to:	NA
ADWR PCC Number:	0
Source of water delivered to another system	NA
Name of system water received from:	NA
ADWR PCC Number:	0
Source of water received	NA
Well registry 55# (55-XXXXXX):	0

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	1,906,900.00	1,906,900.00	0.00	0.00	0.00	\$511	3,448
February	2,467,560.00	2,467,560.00	0.00	0.00	0.00	424	2,726
March	3,942,280.00	3,942,280.00	0.00	0.00	0.00	415	2,727
April	2,922,780.00	2,922,780.00	0.00	0.00	0.00	540	3,791
May	5,654,480.00	5,654,480.00	0.00	0.00	0.00	721	5,549
June	5,212,152.00	5,212,152.00	0.00	0.00	0.00	783	6,050
July	4,913,482.00	4,913,482.00	0.00	0.00	0.00	968	7,443
August	3,758,094.00	3,758,094.00	0.00	0.00	0.00	952	7,121
September	3,365,966.00	3,365,966.00	0.00	0.00	0.00	1,042	7,957
October	1,550,600.00	1,550,600.00	0.00	0.00	0.00	810	6,439
November	1,649,894.00	1,649,894.00	0.00	0.00	0.00	624	4,769
December	1,582,100.00	1,582,100.00	0.00	0.00	0.00	281	3,141
Totals	38,926,288.00	38,926,288.00	0.00	0.00	0.00	\$8,071	61,161

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NONE

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.
 2 Water sold - Total gallons from customer meters, and other sales such as construction water.
 3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
 4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
 5 Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
 6 Enter the total purchased power costs for the power meters associated with this system.
 7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description	
Name of the System:	APPALOOSA WATER COMPANY
ADEQ Public Water System Number:	AZ0413208
ADWR PCC Number:	91-000680.0000

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC	3,589
3.00	NA	0
4.00	PVC	1,657
5.00	NA	0
6.00	PVC	22,933
8.00	PVC	5,395
10.00	NA	0
12.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	187	100%	99%
1	49	100%	100%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	236	100%	100%

SERVICE LINES		
Material	Percent of system	Year installed
PVC	100%	1995
NA	0%	0
NA	0%	0
NA	0%	0
NA	0%	0

BOOSTER PUMPS		
Horsepower	GPM	Quantity
10	175	2
7.5	125	1
10	175	1
100	100	1

FIRE HYDRANTS	
Type	Quantity
Standard *	26
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
65,000	Steel	1	1995
0	N/A	0	0
0	N/A	0	0
0	N/A	0	0
0	N/A	0	0
0	N/A	0	0

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
5,500	Steel	1	1995
0	N/A	0	0
0	N/A	0	0
0	N/A	0	0
0	N/A	0	0
0	N/A	0	0

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	Arsenic and 5000 Gallon wash tank
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STRUCTURES:	60x40 slump block wall plant w/ block wall surround and iron entrance gates. 38x48 65000 gallon steel storage tank.
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OTHER:	350 feet fire hoses, pipe, wrenches and othe misc tools. Ladder. 290 degree blow off extension and chlorination system
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Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC	452
Method used:	(a)

Customer and Other Information	
Name of the System:	APPALOOSA WATER COMPANY
ADEQ Public Water System Number:	AZ0413208
ADWR PCC Number:	91-000680.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	236	0	0	0	0
February	235	0	0	0	0
March	235	0	0	0	0
April	235	0	0	0	0
May	236	0	0	0	0
June	236	0	0	0	0
July	236	0	0	0	0
August	235	0	0	0	0
September	236	0	0	0	0
October	236	0	0	0	0
November	236	0	0	0	0
December	235	0	0	0	0

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment?

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 If yes, provide the GPCPD amount:

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 If yes, which AMA?

What is the present system connection capacity (in ERCs *) using existing lines?

What is the future system connection capacity (in ERCs *) upon service area buildout?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

NONE

* an ERC is based on the calculation on the bottom of AR9 page 12.

Appaloosa Water Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/19

Utility Shutoffs / Disconnects	
Name of the System:	APPALOOSA WATER COMPANY
ADEQ Public Water System Number:	AZ0413208
ADWR PCC Number:	91-000680.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	0	0

Other (description):

N?A

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.

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2019 was	\$7,103

If no property taxes paid, explain why.

n/a

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.

Verification and Sworn Statement (Taxes)

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

County of (county name): YAVAPAI
Name (owner or official) title: Joe Cordovana
Company name: Appaloosa Water Company

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

FOR THE YEAR ENDING: 12/31/19

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

**RECEIVED
BY EMAIL**
4/15/2020, 01:37 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

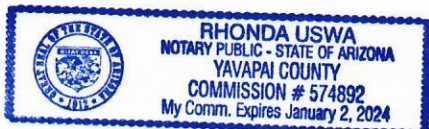
Joe Cordovana
signature of owner/official

928-237-6128
telephone no.

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

THIS 15 DAY OF April, 2020
(month) and (year)

MY COMMISSION EXPIRES 1-2-24
(date)



Rhonda Uswa
(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): YAVAPAI
Name (owner or official) title: Joe Cordovana
Company name: Appaloosa Water Company

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

FOR THE YEAR ENDING: 12/31/19

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

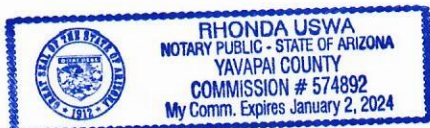
Arizona Intrastate Gross Operating Revenues Only (\$)
\$146,207
(The amount in the box above includes
\$14,955 in sales taxes
billed or collected)

RECEIVED
BY EMAIL

4/15/2020, 01:37 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

[Signature]
signature of owner/official
928-237-6128
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY YAVAPAI
(county name).
THIS 15 DAY OF April 2020
(month) and (year)
MY COMMISSION EXPIRES 1-2-24
(date)



[Signature]
(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

Verification:

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

County of (county name): YAVAPAI
Name (owner or official) title: Joe Cordovana
Company name: Appaloosa Water Company

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

FOR THE YEAR ENDING: 12/31/19

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 (\$)

\$146,207

(The amount in the box above includes

\$14,955 in sales taxes billed or collected)

**RECEIVED
BY EMAIL**

4/15/2020, 01:37 PM

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Joe Cordovana
signature of owner/official

928-237-6128
telephone no.

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

YAVAPAI
(county name)

THIS

15

DAY OF

April 2020
(month) and (year)

MY COMMISSION EXPIRES

1-2-24
(date)



Rhonda Usua
(signature of notary public)

Full Gross-up Method for Income Tax Statement of Certification

Verification:

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

County of (county name): YAVAPAI
Name (owner or official) title: Joe Cordovana
Company name: Appaloosa Water Company

FOR THE YEAR ENDING: 12/31/19

Sworn Statement:

IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS NOT INCURRED NOR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.

**RECEIVED
BY EMAIL**

4/15/2020, 01:37 PM

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Joe Cordovana
signature of owner/official

928-237-6128
telephone no.

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

YAVAPAI
(county name)

THIS

15

DAY OF

April, 2020
(month) and (year)

MY COMMISSION EXPIRES

1-2-24
(date)



Rhonda Usawa
(signature of notary public)