

ANNUAL REPORT

Of

Company Name:
PO Box 3077

Mailing Address: Payson AZ
85541

Docket No.: W-04286A
For the Year Ended:

RECEIVED BY EMAIL
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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@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:
Application Date:

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Arroyo Water Company, Inc.
A Class Utility

For the Calendar Year Ended: 12/31/23

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:

Important changes during the year

No	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.

No	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.

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	\$90,000	\$0	\$0	\$90,000	\$51,000	\$39,000
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	9,600	0	0	9,600	9,600	0
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	10,000	0	0	10,000	10,000	0
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	10,000	0	0	10,000	9,650	350
311	Pumping Equipment	39,500	0	0	39,500	30,263	9,237
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0
330.1	Storage Tanks	12,000	0	0	12,000	12,000	0
330.2	Pressure Tanks	3,000	0	0	3,000	3,000	0
331	Transmission and Distribution Mains	464,224	0	0	464,224	352,807	111,417
333	Services	80,397	0	0	80,397	73,450	6,947
334	Meters and Meter Installations	25,139	872	0	26,011	20,582	5,429
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	3,000	0	0	3,000	3,000	0
339	Other Plant and Misc. Equipment	1,550	0	0	1,550	1,550	0
340	Office Furniture and Equipment	1,500	0	0	1,500	1,500	0
340.1	Computer & Software	2,000	0	0	2,000	799	1,201
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	8,000	0	0	8,000	8,000	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	0	0	0	0	0	0
	Totals	\$759,910	\$872	\$0	\$760,782	\$587,201	\$173,581

Arroyo Water Company, Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/23

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	\$90,000	\$0	\$0	\$90,000	\$0	\$90,000	0.00%	\$6,000
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0	0.00%	0
304	Structures and Improvements	9,600	0	0	9,600	0	9,600	0.00%	0
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	10,000	0	0	10,000	0	10,000	0.00%	0
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	10,000	0	0	10,000	0	10,000	2.00%	250
311	Pumping Equipment	39,500	0	0	39,500	0	39,500	0.00%	0
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	12,000	0	0	12,000	0	12,000	0.00%	0
330.2	Pressure Tanks	3,000	0	0	3,000	0	3,000	0.00%	0
331	Transmission and Distribution Mains	464,224	0	0	464,224	0	464,224	2.00%	9,284
333	Services	80,397	0	0	80,397	0	80,397	3.33%	2,322
334	Meters and Meter Installations	25,139	872	0	26,011	0	26,011	8.33%	543
335	Hydrants	0	0	0	0	0	0	0.00%	0
336	Backflow Prevention Devices	3,000	0	0	3,000	0	3,000	0.00%	199
339	Other Plant and Misc. Equipment	1,550	0	0	1,550	0	1,550	0.00%	0
340	Office Furniture and Equipment	1,500	0	0	1,500	0	1,500	0.00%	0
340.1	Computer & Software	2,000	0	0	2,000	0	2,000	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	8,000	0	0	8,000	0	8,000	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	0	0	0	0	0	0	0.00%	0
	Subtotal	\$759,910	\$872	\$0	\$760,782	\$0	\$760,782		\$18,598

Contribution(s) in Aid of Construction (Gross)	\$0
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$0</u>
Times: Proposed Amortization Rate	2.44%
Amortization of CIAC	\$0

Less: Amortization of CIAC \$0

DEPRECIATION EXPENSE **\$18,598**

Arroyo Water Company, Inc.
Annual Report
Balance Sheet Assets
12/31/23

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current and Accrued Assets			
131	Cash		\$9,557	\$16,196
134	Working Funds		0	
135	Temporary Cash Investments		0	
141	Customer Accounts Receivable		9,868	8,957
146	Notes Receivable from Associated Companies		7,300	7,300
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		\$26,725	\$32,453
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$759,910	\$760,782
103	Property Held for Future Use			
105	Construction Work in Progress			30,255
108	Accumulated Depreciation (enter as negative)*		(568,603)	(587,201)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$191,307	\$203,836
	Total Assets		\$218,032	\$236,289

*Note these items feed automatically from AR3 UPIS Page 4

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

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current Liabilities			
231	Accounts Payable		\$14,632	\$18,241
232	Notes Payable (Current Portion)		0	
234	Notes Payable to Associated Companies		10,949	10,949
235	Customer Deposits		4,082	4,048
236	Accrued Taxes		24,727	
237	Accrued Interest		0	
242	Miscellaneous Current and Accrued Liabilities		0	
	Total Current Liabilities		\$54,390	\$33,237
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$18,167	\$48,422
	Deferred Credits			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction		31,099	32,521
255	Accumulated Deferred Investment Tax Credits		0	
271	Contributions in Aid of Construction		0	
272	Less: Amortization of Contributions		0	
281	Accumulated Deferred Income Tax		0	
	Total Deferred Credits		\$31,099	\$32,521
	Total Liabilities		\$103,656	\$114,180
	Capital Accounts			
201	Common Stock Issued		\$0	
211	Other Paid-In Capital		0	
215	Retained Earnings		114,376	122,109
218	Proprietary Capital (Sole Props and Partnerships)		0	
	Total Capital		\$114,376	\$122,109
	Total Liabilities and Capital		\$218,032	\$236,289

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

Arroyo Water Company, Inc.
Annual Report
Water Comparative Income Statement
12/31/23

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	Operating Revenue		
461	Metered Water Revenue	\$106,895	\$97,470
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenue	1,768	2,145
	Total Revenues	\$108,664	\$99,615
	Operating Expenses		
601	Salaries and Wages		
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	3,749	3,099
618	Chemicals	480	0
620	Materials and Supplies	748	2,102
620.1	Repairs and Maintenance	2,751	3,000
620.2	Office Supplies and Expense	2,749	3,310
630	Contractual Services		0
631	Contractual Services - Engineering		0
632	Contractual Services - Accounting	8,704	8,126
633	Contractual Services - Legal		0
634	Contractual Services - Management Fees	36,430	32,100
635	Contractual Services - Water Testing	1,188	1,967
636	Contractual Services - Other	7,577	6,713
640	Rents		0
641	Rental of Building/Real Property		0
642	Rental of Equipment		450
650	Transportation Expenses	3,819	6,489
657	Insurance - General Liability	5,740	2,780
657.1	Insurance - Health and Life		0
665	Regulatory Commission Expense - Rate		0
670	Bad Debt Expense	1,085	4,337
675	Miscellaneous Expense	395	1,158
403	Depreciation Expense (From Schedule AR4)	18,598	20,152
408	Taxes Other Than Income		0
408.11	Property Taxes	3,491	2,872
409	Income Taxes		0
427.1	Customer Security Deposit Interest	63	46
	Total Operating Expenses	\$97,569	\$98,701
	Operating Income / (Loss)	\$11,095	\$914
	Other Income / (Expense)		
419	Interest and Dividend Income		\$65
421	Non-Utility Income	74	0
426	Miscellaneous Non-Utility (Expense)		0
427	Interest (Expense)		(243)
	Total Other Income / (Expense)	\$74	(\$178)
	Net Income / (Loss)	\$11,168	\$736

Arroyo Water Company, Inc.
Annual Report
Full time equivalent employees
12/31/23

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	1.0			1.0
Vice-president				0.0
Manager				0.0
Engineering Staff				0.0
System Operator(s)			1.0	1.0
Meter reader			1.0	1.0
Customer Service			1.0	1.0
Accounting			1.0	1.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
Total	1.0	0.0	4.0	5.0

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	n/a	n/a	n/a	n/a
Source of Loan	n/a	n/a	n/a	n/a
ACC Decision No.	n/a	n/a	n/a	n/a
Reason for Loan	n/a	n/a	n/a	n/a
Dollar Amt. Issued	n/a	n/a	n/a	n/a
Amount Outstanding	n/a	n/a	n/a	n/a
Date of Maturity	n/a	n/a	n/a	n/a
Interest Rate	n/a	n/a	n/a	n/a
Current Year Interest	n/a	n/a	n/a	n/a
Current Year Principal	n/a	n/a	n/a	n/a

Meter Deposit Balance at Test Year End:	\$32,521
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Meter Deposits Refunded During the Test Year:	\$2,889
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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:											ARROYO WATER CO INC	
ADEQ Public Water System Number:			AZ0404083									
ADWR PCC Number:			91-000151.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2013	Water level 2023	Meter Size (inches)	How measured:	Active	
	5HP	90	61	9		1996				Metered	Yes	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	
										N/A	N/A	

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

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	597,729.00	555,822.00				\$181	997
February	272,800.00	247,172.00				177	969
March	586,650.00	569,563.00				158	802
April	298,942.00	278,879.00				210	1,129
May	704,022.00	640,842.00				391	2,050
June	927,100.00	841,880.00				407	2,154
July	1,131,100.00	1,067,034.00				434	2,301
August	1,241,400.00	1,172,631.00				434	2,285
September	995,500.00	946,808.00				428	2,253
October	948,300.00	864,353.00				426	2,230
November	916,500.00	891,151.00				325	1,854
December	645,544.00	620,716.00				261	1,438
Totals	9,265,587.00	8,696,851.00	0.00	0.00	0.00	\$3,833	20,462

If applicable, in the space below please provide a description for all un-metered water use along with amounts:

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:	ARROYO WATER CO INC		
ADEQ Public Water System Number:	AZ0404083		
ADWR PCC Number:	91-000151.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC	2,000
3.00	PVC	6,200
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	
NA	NA	

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	184	33%	71%
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			

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

BOOSTER PUMPS		
Horsepower	GPM	Quantity
5	53	1
5	53	1

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
6,000		1	

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
80			

* 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:	N/A
STRUCTURES:	CHAIN LINK FENCE AROUND WELL SITE
OTHER:	OPERATION COMPANY SUPPLIES EQUIPMENT & MATERIALS SUCH AS BACKHOE, TRENCHERS, GENERATORS ECT

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	132
Method used:	(a)

Customer and Other Information	
Name of the System:	ARROYO WATER CO INC
ADEQ Public Water System Number:	AZ0404083
ADWR PCC Number:	91-000151.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	175	0	0	0	0
February	170	0	0	0	0
March	179	0	0	0	0
April	179	0	0	0	0
May	181	0	0	0	0
June	181	0	0	0	0
July	178	0	0	0	0
August	183	0	0	0	0
September	182	0	0	0	0
October	183	0	0	0	0
November	183	0	0	0	0
December	184	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.

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

Arroyo Water Company, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	ARROYO WATER CO INC
ADEQ Public Water System Number:	AZ0404083
ADWR PCC Number:	91-000151.0000

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	2	0
August	0	2	0
September	0	0	0
October	0	1	0
November	0	0	0
December	0	1	0
Total	0	6	0

Other (description):

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 2023 was

\$12,894

If no property taxes paid, explain why.

ALL DELINQUENT AND CURRENT PROPERTY TAXES THROUGH 12/31/23 HAVE BEEN PAID IN FULL!

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 Certification (Taxes)

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

County of (county name): Yavapai
Name (owner or official) title: MICHAEL ARMSTEAD
Company name: Arroyo Water Company, Inc.

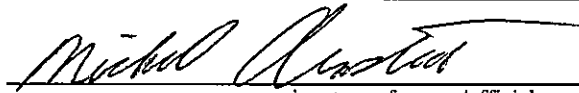
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/23

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.

Certification: I CERTIFY THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE NOT CURRENT AND PAID IN FULL.

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


signature of owner/official

928-951-4000
telephone no.