

ANNUAL REPORT

Of

Company Name:

Arroyo Water Company, Inc. PO Box 3077

Mailing Address: Payson AZ
85541

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

12/31/24

RECEIVED BY EMAIL
4/10/2025, 2:23PM
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:

Original Filing

Application Date:

3/27/2025

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

For the Calendar Year Ended: 12/31/24

Primary Address:

302 W. WILLIS STREET, SUITE 203			
City:	PRESCOTT	State:	Arizona
Zip Code:	86301		

Telephone Number:

928-445-0551

Date of Original Organization of Utility:

1/1/1989

Person to whom correspondence should be addressed concerning this report:

Name:

CHERYL IBBOTSON

Telephone No. :

928-445-0551

Address:

302 W. WILLIS STREET, SUITE 203			
City:	PRESCOTT	State:	Arizona
Zip Code:	86301		

Email:

cherylibbotson@gmail.com
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Owner
Name:

MICHAEL ARMSTEAD

Telephone No. :

928-951-4000

Address:

211 SADDLE ROAD			
City:	PAYSON	State:	Arizona
Zip Code:	85541		

Email:

ymepayson@msn.com
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On-Site Manager
Name:

DEAN SHAFFER

Telephone No. :

928-978-2286

Address:

605 W. ARABIAN WAY			
City:	PAYSON	State:	Arizona
Zip Code:	85541		

Email:

2swmlc@gmail.com
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NA
Name:

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Telephone No. :

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Address:

City:		State:	Arizona
Zip Code:			

Email:

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NA
Name:

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Telephone No. :

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Address:

City:		State:	Arizona
Zip Code:			

Email:

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Ownership:

"S" Corporation

Counties Served:

Gila

Important changes during the year
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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	\$57,000	\$33,000
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	24,997	61,829	0	86,825	20,538	66,287
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	9,659	341
311	Pumping Equipment	39,500	0	0	39,500	30,840	8,660
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	130,000	0	142,000	13,444	128,556
330.2	Pressure Tanks	3,000	0	0	3,000	3,000	0
331	Transmission and Distribution Mains	464,224	0	0	464,224	362,091	102,133
333	Services	65,000	0	0	65,000	65,000	0
334	Meters and Meter Installations	26,011	0	0	26,011	21,185	4,826
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	919	1,081
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	\$760,782	\$191,829	\$0	\$952,610	\$607,726	\$344,884

Arroyo Water Company, Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/24

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	24,997	61,829	0	86,825	0	86,825	3.33%	2,488
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	5.00%	9
311	Pumping Equipment	39,500	0	0	39,500	0	39,500	12.50%	577
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	130,000	0	142,000	0	142,000	2.22%	1,444
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	65,000	0	0	65,000	0	65,000	0.00%	0
334	Meters and Meter Installations	26,011	0	0	26,011	0	26,011	8.33%	603
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%	0
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	20.00%	120
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	\$760,782	\$191,829	\$0	\$952,610	\$0	\$952,610		\$20,525

Contribution(s) in Aid of Construction (Gross)	\$207,225
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$207,225
Times: Proposed Amortization Rate	2.15%
Amortization of CIAC	\$4,465

Less: Amortization of CIAC **\$4,465**

DEPRECIATION EXPENSE **\$16,060**

Arroyo Water Company, Inc.
Annual Report
Balance Sheet Assets
12/31/24

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2024)	Balance at End of Year (2024)
Account No.	Current and Accrued Assets			
131	Cash		\$16,196	\$17,242
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		8,957	14,854
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		\$32,453	\$39,396
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$760,782	\$952,610
103	Property Held for Future Use			
105	Construction Work in Progress		30,255	20,982
108	Accumulated Depreciation (enter as negative)*		(587,201)	(607,726)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$203,836	\$365,866
	Total Assets		\$236,289	\$405,262

*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 (2024)	Balance at End of Year (2024)
Account No.	Current Liabilities			
231	Accounts Payable		\$18,240	\$19,249
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies		10,949	12,704
235	Customer Deposits		4,048	4,333
236	Accrued Taxes			
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	Total Current Liabilities		\$33,237	\$36,286
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$48,422	
	Deferred Credits			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction		32,521	38,308
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction			207,225
272	Less: Amortization of Contributions			(4,465)
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$32,521	\$241,068
	Total Liabilities		\$114,180	\$277,355
	Capital Accounts			
201	Common Stock Issued			
211	Other Paid-In Capital			
215	Retained Earnings		122,109	127,907
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$122,109	\$127,907
	Total Liabilities and Capital		\$236,289	\$405,262

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
12/31/24

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2024 - 12/31/2024	Last Year 01/01/2023 - 12/31/2023
	Operating Revenue		
461	Metered Water Revenue	\$114,657	\$106,895
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenue	2,807	1,768
	Total Revenues	\$117,465	\$108,663
	Operating Expenses		
601	Salaries and Wages		
604	Employee Pensions and Benefits		
610	Purchased Water		3,749
615	Purchased Power	4301	480
618	Chemicals	2,596	748
620	Materials and Supplies	1,565	2,751
620.1	Repairs and Maintenance	4,233	2,749
620.2	Office Supplies and Expense	2,928	
630	Contractual Services		
631	Contractual Services - Engineering	3,000	
632	Contractual Services - Accounting	11,158	8,704
633	Contractual Services - Legal		
634	Contractual Services - Management Fees	34,750	36,430
635	Contractual Services - Water Testing	2,263	1,188
636	Contractual Services - Other	9,000	7,577
640	Rents		
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	4,031	3,819
657	Insurance - General Liability	4,581	5,740
657.1	Insurance - Health and Life		
665	Regulatory Commission Expense - Rate		
670	Bad Debt Expense		1,085
675	Miscellaneous Expense	780	395
403	Depreciation Expense (From Schedule AR4)	16,060	18,598
408	Taxes Other Than Income		
408.11	Property Taxes	3,786	3,491
409	Income Taxes	50	
427.1	Customer Security Deposit Interest	44	63
	Total Operating Expenses	\$105,126	\$97,567
	Operating Income / (Loss)	\$12,339	\$11,096
	Other Income / (Expense)		
419	Interest and Dividend Income		
421	Non-Utility Income	78	74
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)	(36)	
	Total Other Income / (Expense)	\$42	\$74
	Net Income / (Loss)	\$12,381	\$11,170

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.0	0.0	0.0	0.0
Vice-president	0.0	0.0	0.0	0.0
Manager	0.0	0.0	1.0	1.0
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	1.0	1.0
Accounting	0.0	0.0	1.0	1.0
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	0.0	0.0	3.0	3.0

Arroyo Water Company, Inc.
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/24

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:	\$38,308
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Meter Deposits Refunded During the Test Year:	\$3,612
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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.

Name of system water received from:		
ADWR PCC Number:		
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 Expense6	Purchased Power (kWh)7
January		673,008.00	0.00	0.00	0.00	\$226	1,827
February		818,632.00	0.00	0.00	0.00	223	1,193
March		300,230.00	0.00	0.00	0.00	207	1,057
April	1,905,200.00	851,831.00	0.00	0.00	0.00	242	1,187
May	389,600.00	673,276.00	0.00	0.00	0.00	317	1,486
June	1,071,900.00	813,160.00	0.00	0.00	0.00	411	1,979
July	1,530,200.00	610,393.00	0.00	0.00	0.00	415	1,993
August	545,800.00	1,305,011.00	0.00	0.00	0.00	367	1,759
September	1,009,500.00	519,632.00	0.00	0.00	0.00	396	1,880
October	969,600.00	584,572.00	0.00	0.00	0.00	515	2,070
November	1,038,500.00	1,856,513.00	0.00	0.00	0.00	436	1,981
December	1,111,700.00	1,015,841.00	0.00	0.00	0.00	399	1,867
Totals	9,572,000.00	10,022,099.00	0.00	0.00	0.00	\$4,153	20,279

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

Page 11

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	

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

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
11,000	STEEL	1	
60,000	STEEL	1	2023

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	187	69%	69%
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

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:	SUPPLIES, EQUIPMENT & MATERIALS. BACKHOE, TRENCHER, GENERATORS

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 = (Total SFR gallons sold (Omit 000) / 365 days / 350 gallons per day)

ERC	78
Method used:	(b)

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	185				
February	190				
March	189				
April	192				
May	194				
June	195				
July	194				
August	196				
September	191				
October	195				
November	192				
December	189				

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
 12/31/24

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			
February			
March		2	
April		1	
May			
June			
July			
August			
September		2	
October			
November			
December			
Total	0	5	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	
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Amount of actual property taxes paid during Calendar Year 2021 was
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\$5,385

If no property taxes paid, explain why.

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):

Gila

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:

12/31/24

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.

Michael Armstead

signature of owner/official

928-951-4000

telephone no.

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

THIS

31st

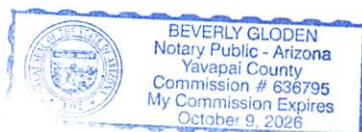
DAY OF

Yavapai
(county name)

March 2025
(month) and (year)

MY COMMISSION EXPIRES

Oct 9, 2026
(date)



Beverly Gloden
(signature of notary public)