

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:

12/31/25

RECEIVED BY EMAIL
4/3/2026, 2:29 PM
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:

4/3/2026

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

For the Calendar Year Ended: 12/31/25

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:

arroyowateraz@gmail.com

Owner
Name:

MICHAEL ARMSTEAD

Telephone No. :

928-951-4000

Address:

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

Email:

ymepayson@msn.com

On-Site Manager
Name:

DEAN SHAFFER

Telephone No. :

928-978-2286

Address:

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

Email:

swmlc@gmail.com

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	\$63,000	\$27,000
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	86,825	0	0	86,825	23,112	63,713
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	20,982	0	30,982	10,350	20,632
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	9,677	323
311	Pumping Equipment	39,500	0	0	39,500	31,995	7,505
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	142,000	0	0	142,000	16,333	125,667
330.2	Pressure Tanks	3,000	0	0	3,000	3,000	0
331	Transmission and Distribution Mains	464,224	0	0	464,224	371,375	92,849
333	Services	65,000	0	0	65,000	65,000	0
334	Meters and Meter Installations	26,011	0	0	26,011	21,766	4,245
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	1,159	841
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	\$952,610	\$20,982	\$0	\$973,592	\$630,817	\$342,775

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	86,825	0	0	86,825	0	86,825	3.33%	2,574
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	20,982	0	30,982	0	30,982	3.33%	350
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%	18
311	Pumping Equipment	39,500	0	0	39,500	0	39,500	12.50%	1,155
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	142,000	0	0	142,000	0	142,000	2.22%	2,889
330.2	Pressure Tanks	3,000	0	0	3,000	3,000	0	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	65,000	0	0.00%	0
334	Meters and Meter Installations	26,011	0	0	26,011	0	26,011	8.33%	581
335	Hydrants	0	0	0	0	0	0	0.00%	0
336	Backflow Prevention Devices	3,000	0	0	3,000	3,000	0	0.00%	0
339	Other Plant and Misc. Equipment	1,550	0	0	1,550	1,550	0	0.00%	0
340	Office Furniture and Equipment	1,500	0	0	1,500	1,500	0	0.00%	0
340.1	Computer & Software	2,000	0	0	2,000	0	2,000	20.00%	240
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	8,000	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	0	0	0	0	0	0	0.00%	0
	Subtotal	\$952,610	\$20,982	\$0	\$973,592	\$82,050	\$891,542		\$23,091

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	2.59%	
Amortization of CIAC	\$5,367	
Less: Amortization of CIAC		\$5,367
DEPRECIATION EXPENSE		\$17,724

Arroyo Water Company, Inc.
Annual Report
Balance Sheet Assets
12/31/25

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Account No.	Current and Accrued Assets			
131	Cash		\$17,242	\$40,226
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		14,854	12,845
146	Notes Receivable from Associated Companies		7,300	8,731
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		\$39,396	\$61,802
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$952,610	\$973,592
103	Property Held for Future Use			
105	Construction Work in Progress		20,982	
108	Accumulated Depreciation (enter as negative)*		(607,726)	(630,817)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$365,866	\$342,775
	Total Assets		\$405,262	\$404,577

*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 (2025)	Balance at End of Year (2025)
Account No.	Current Liabilities			
231	Accounts Payable		\$19,249	\$2,553
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies		12,704	4,688
235	Customer Deposits		4,333	4,505
236	Accrued Taxes			
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	Total Current Liabilities		\$36,286	\$11,746
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction		38,308	39,684
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction		207,225	207,225
272	Less: Amortization of Contributions		(4,465)	(4,915)
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$241,068	\$241,995
	Total Liabilities		\$277,354	\$253,740
	Capital Accounts			
201	Common Stock Issued			
211	Other Paid-In Capital			
215	Retained Earnings		127,908	150,837
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$127,908	\$150,837
	Total Liabilities and Capital		\$405,262	\$404,577

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
12/31/25

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2025 - 12/31/2025	Last Year 01/01/2024 - 12/31/2024
	Operating Revenue		
461	Metered Water Revenue	\$123,610	\$114,657
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenue	3,507	2,807
	Total Revenues	\$127,117	\$117,464
	Operating Expenses		
601	Salaries and Wages		
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	4,901	4,301
618	Chemicals	912	2,596
620	Materials and Supplies		1,565
620.1	Repairs and Maintenance	2,622	4,233
620.2	Office Supplies and Expense	5,264	2,928
630	Contractual Services		
631	Contractual Services - Engineering		3,000
632	Contractual Services - Accounting	11,767	11,158
633	Contractual Services - Legal	2,193	
634	Contractual Services - Management Fees	45,000	34,750
635	Contractual Services - Water Testing	1,213	2,263
636	Contractual Services - Other	9,950	9,000
640	Rents		
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	3,112	4,031
657	Insurance - General Liability	3,465	4,581
657.1	Insurance - Health and Life		
665	Regulatory Commission Expense - Rate		
670	Bad Debt Expense		
675	Miscellaneous Expense		780
403	Depreciation Expense (From Schedule AR4)	17,724	16,060
408	Taxes Other Than Income		
408.11	Property Taxes	3,825	3,786
409	Income Taxes	50	50
427.1	Customer Security Deposit Interest	107	44
	Total Operating Expenses	\$112,103	\$105,126
	Operating Income / (Loss)	\$15,014	\$12,338
	Other Income / (Expense)		
419	Interest and Dividend Income		
421	Non-Utility Income	83	78
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		(36)
	Total Other Income / (Expense)	\$83	\$42
	Net Income / (Loss)	\$15,097	\$12,380

Arroyo Water Company, Inc.
Annual Report
Full time equivalent employees
12/31/25

Full time equivalent employees

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

Arroyo Water Company, Inc.
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/25

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:	\$39,684
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Meter Deposits Refunded During the Test Year:	\$4,408
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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.

[illegible]

Name of system water delivered to:	ARROYO WATER CO INC		
ADWR PCC Number:	91-000151.0000		
Source of water delivered to another system	NA		

Name of system water received from:	ARROYO WATER CO INC	
ADWR PCC Number:		91-000151.0000
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	888,410.00	855,410.00			0.00	\$336	1,502
February	905,300.00	844,513.00			0.00	301	1,339
March	629,200.00	618,126.00			0.00	271	1,145
April	731,100.00	691,906.00			0.00	366	1,643
May	861,600.00	820,500.00			0.00	414	1,759
June	931,200.00	899,707.00			0.00	570	2,505
July	1,134,300.00	1,085,693.00			0.00	547	2,787
August	1,123,500.00	1,101,416.00			0.00	538	2,716
September	1,206,900.00	1,133,113.00			0.00	571	2,526
October	2,225,110.00	2,193,310.00			0.00	350	1,411
November	701,211.00	657,878.00			0.00	319	1,396
December	704,400.00	679,192.00			0.00	325	1,396
Totals	12,042,231.00	11,580,764.00	0.00	0.00	0.00	\$4,907	22,125

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	

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	221	32%	80%
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 SSITE
OTHER:	SUPPLIES, EQUIPMENT & MATERIALS. BACKHOE, TRENCHER, GENERATORS

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	200				
February	196				
March	197				
April	195				
May	214				
June	212				
July	212				
August	212				
September	208				
October	211				
November	218				
December	220				

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?

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

Arroyo Water Company, Inc.
Annual Report
 Utility Shutoffs / Disconnects
 12/31/25

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	3	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	3	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 2025 was
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\$5,718

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 Certification (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:

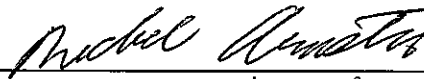
12/31/25

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 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.