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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT

Of

Company Name: Halcyon Acres Annex No. 2 Water Company, Inc.
PO Box 85160

Mailing Address: Tucson AZ
85754

Docket No.: W-02312A
For the Year Ended: 12/31/23

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: 6/20/2024

ARIZONA CORPORATION COMMISSION
 WATER UTILITY ANNUAL REPORT
 Halcyon Acres Annex No. 2 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.
	N/A

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.
	N/A

Halcyon Acres Annex No. 2 Water Company, Inc.
Annual Report
Utility Plant in Service (Water)
12/31/23

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	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	2,420	0	0	2,420	0	2,420
304	Structures and Improvements	6,809	21	0	6,830	3,021	3,809
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	40,192	0	0	40,192	37,556	2,636
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	56,584	385	0	56,969	39,790	17,179
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	4,465	0	0	4,465	4,465	0
330.1	Storage Tanks	0	0	0	0	0	0
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	183,934	0	0	183,934	50,774	133,160
333	Services	50,491	0	0	50,491	14,463	36,028
334	Meters and Meter Installations	14,311	0	0	14,311	9,066	5,245
335	Hydrants	1,000	0	0	1,000	1,000	0
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	0	0	0	0	0	0
340.1	Computer & Software	0	0	0	0	0	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	1,129	0	0	1,129	1,036	93
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$361,335	\$406	\$0	\$361,741	\$161,171	\$200,570

Halcyon Acres Annex No. 2 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	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	2,420	0	0	2,420	2,420	0	0.00%	0
304	Structures and Improvements	6,809	21	0	6,830	1,760	5,070	3.33%	168
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	40,192	0	0	40,192	36,679	3,513	3.33%	117
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	56,584	385	0	56,969	6,337	50,632	12.50%	6,305
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	4,465	0	0	4,465	4,465	0	0.00%	0
330.1	Storage Tanks	0	0	0	0	0	0	0.00%	0
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	183,934	0	0	183,934	21,947	161,987	2.00%	3,240
333	Services	50,491	0	0	50,491	2,470	48,021	3.33%	1,599
334	Meters and Meter Installations	14,311	0	0	14,311	1,813	12,498	8.33%	1,041
335	Hydrants	1,000	0	0	1,000	1,000	0	2.00%	0
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	0	0	0	0	0	0	0.00%	0
340.1	Computer & Software	0	0	0	0	0	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	1,129	0	0	1,129	1,019	110	10.00%	11
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$361,335	\$406	\$0	\$361,741	\$79,910	\$281,831		\$12,481

Contribution(s) in Aid of Construction (Gross)	\$109,990
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$109,990
Times: Proposed Amortization Rate	2.51%
Amortization of CIAC	\$2,761

Less: Amortization of CIAC \$2,761

DEPRECIATION EXPENSE **\$9,721**

Halcyon Acres Annex No. 2 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		\$53,611	\$52,561
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		(955)	(248)
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$52,656	\$52,313
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$361,335	\$361,741
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(148,690)	(161,171)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$212,645	\$200,570
	Total Assets		\$265,301	\$252,883

*Note these items feed automatically from AR3 UPIS Page 4

Halcyon Acres Annex No. 2 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		\$76	\$14,444
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		5,441	5,005
236	Accrued Taxes		340	355
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		423	0
	Total Current Liabilities		\$6,280	\$19,804
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		97,849	96,561
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		109,990	109,990
272	Less: Amortization of Contributions		(26,162)	(28,923)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$181,677	\$177,628
	Total Liabilites		\$187,957	\$197,432
	Capital Accounts			
201	Common Stock Issued		\$6,000	\$6,000
211	Other Paid-In Capital		5,105	5,066
215	Retained Earnings		66,239	44,385
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$77,344	\$55,451
	Total Liabilities and Capital		\$265,301	\$252,883

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

Halcyon Acres Annex No. 2 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	\$35,646	\$35,483
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	494	6
	Total Revenues	\$36,140	\$35,489
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	18,979	4,047
615	Purchased Power	5,840	5,205
618	Chemicals	368	266
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	745	220
620.2	Office Supplies and Expense	1,389	1,734
630	Contractual Services	0	1,204
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	1,300	2,445
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	11,956	12,000
635	Contractual Services - Water Testing	1,259	519
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	959	1,006
657	Insurance - General Liability	1,250	1,250
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	1,610	0
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	1,140	31
403	Depreciation Expense (From Schedule AR4)	9,721	9,652
408	Taxes Other Than Income	0	2
408.11	Property Taxes	1,538	1,585
409	Income Taxes	13	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$58,067	\$41,166
	Operating Income / (Loss)	(\$21,927)	(\$5,677)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$58	\$7
421	Non-Utility Income	(24)	6
426	Miscellaneous Non-Utility (Expense)	0	(31)
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$34	(\$18)
	Net Income / (Loss)	(\$21,893)	(\$5,695)

Halcyon Acres Annex No. 2 Water Company, Inc.
 Annual Report
 Full time equivalent employees
 12/31/23

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.3	0.0	0.0	0.3
Vice-president	0.0	0.0	0.0	0.0
Manager	0.0	0.0	0.3	0.3
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	0.0	0.0	0.3	0.3
Meter reader	0.0	0.0	0.0	0.0
Customer Service	0.0	0.0	0.3	0.3
Accounting	0.0	0.0	0.1	0.1
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	0.3	0.0	1.0	1.3

Halcyon Acres Annex No. 2 Water Company, Inc.
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/23

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

Meter Deposit Balance at Test Year End:	\$5,441
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Meter Deposits Refunded During the Test Year:	\$0
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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:		DRAGOON WATER CO									
ADEQ Public Water System Number		AZ0402013									
ADWR PCC Number		91-000036 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
55-404418	30	150	750	12	SUBMERSIBLE	1981	150	150	4	Metered	Yes

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

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	42,540.00	668,130.00	0.00	0.00	660,000.00	\$336	1,771
February	596,330.00	548,260.00	0.00	0.00	0.00	361	1,910
March	544,890.00	528,270.00	0.00	0.00	0.00	375	1,987
April	736,890.00	692,180.00	0.00	0.00	0.00	467	2,533
May	734,010.00	680,885.00	0.00	0.00	0.00	566	2,931
June	1,196,770.00	1,089,024.00	0.00	0.00	0.00	707	3,506
July	1,196,060.00	1,135,663.00	0.00	0.00	0.00	788	3,933
August	1,061,880.00	1,048,750.00	0.00	0.00	0.00	657	3,348
September	1,422,560.00	1,352,260.00	0.00	0.00	0.00	766	3,481
October	729,740.00	816,570.00	0.00	0.00	89,000.00	526	2,269
November	787,890.00	946,520.00	0.00	0.00	165,000.00	231	928
December	0.00	720,108.00	0.00	0.00	749,496.00	60	49
Totals	9,069,560.00	10,226,620.00	0.00	0.00	1,663,496.00	\$5,840	28,646

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

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:		DRAGOON WATER CO	
ADEQ Public Water System Number:		AZ0402015	
ADWR PCC Number:		91-000036.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
4.00	VARIOUS	70,505
6.00	DIP/ACP	1,143
6.00	PVC	912

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	67	6%	70%
0.75	2	50%	50%
2	1	100%	100%

SERVICE LINES		
Material	Percent of system	Year installed
Galvanized steel	100%	1952-53

BOOSTER PUMPS		
Horsepower	GPM	Quantity
NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
5,000	STEEL	1	1952

* 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:	NA
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STRUCTURES:	16X16FT SHED
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OTHER:	TWO 2INCH FIREFIGHTER STAND PIPES
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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
- (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	418
Method used:	(a)

Customer and Other Information	
Name of the System:	DRAGOON WATER CO
ADEQ Public Water System Number:	AZ0402015
ADWR PCC Number:	91-000036.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	67	0	0	0	0
February	67	0	0	0	0
March	67	0	0	0	0
April	67	0	0	0	0
May	67	0	0	0	0
June	67	0	0	0	0
July	67	0	0	0	0
August	67	0	0	0	0
September	67	0	0	0	0
October	67	0	0	0	0
November	67	0	0	0	0
December	67	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.

NA

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

Halcyon Acres Annex No. 2 Water Company, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	DRAGOON WATER CO
ADEQ Public Water System Number:	AZ0402015
ADWR PCC Number:	91-000036.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	1	0
February	0	2	0
March	0	0	0
April	0	0	0
May	0	2	0
June	0	0	0
July	0	1	0
August	0	2	0
September	0	0	0
October	0	1	0
November	0	0	0
December	0	0	0
Total	0	9	0

Other (description):

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.

Halcyon Acres Annex No. 2 Water Company, Inc.
Annual Report
Property Taxes
12/31/23

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2023 was	\$1,538

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): Cochise
Name (owner or official) title: DUSTIN DESPAIN
Company name: Halcyon Acres Annex No. 2 Water Company, Inc.

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

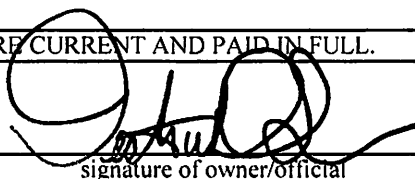
FOR THE YEAR ENDING: 12/31/23

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 CURRENT AND PAID IN FULL.

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



signature of owner/official

520-265-5350
telephone no.