

**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: 12/31/19

**RECEIVED  
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5/13/2020, 04:11 PM  
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: 5/14/2020

ARIZONA CORPORATION COMMISSION  
WATER UTILITY ANNUAL REPORT  
Halcyon Acres Annex No. 2 Water Company, Inc.  
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:

<b>Important changes during the year</b>
--

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.
	NA

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.
	NA

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
302	Franchises				0		0
303	Land and Land Rights	2,420			2,420	0	2,420
304	Structures and Improvements	6,809			6,809	2,348	4,461
305	Collecting & Improving Reservoirs				0		0
306	Lake, River, Canal Intakes				0		0
307	Wells and Springs	40,192			40,192	37,088	3,104
308	Infiltration Galleries				0		0
309	Supply Mains				0		0
310	Power Generation Equipment				0		0
311	Pumping Equipment	34,211	1,223		35,434	18,608	16,826
320	Water Treatment Equipment				0		0
320.1	Water Treatment Plants				0		0
320.2	Solution Chemical Feeders				0		0
320.3	Point-of-Use Treatment Devices				0		0
330	Distribution Reservoirs and Standpipes	4,465			4,465	4,465	0
330.1	Storage Tanks				0		0
330.2	Pressure Tanks				0		0
331	Transmission and Distribution Mains	183,934			183,934	37,815	146,119
333	Services	50,491			50,491	8,067	42,424
334	Meters and Meter Installations	12,654			12,654	5,187	7,467
335	Hydrants	1,000			1,000	1,000	0
336	Backflow Prevention Devices				0		0
339	Other Plant and Misc. Equipment				0		0
340	Office Furniture and Equipment				0		0
340.1	Computer & Software				0		0
341	Transportation Equipment				0		0
342	Stores Equipment				0		0
343	Tools, Shop and Garage Equipment				0		0
344	Laboratory Equipment				0		0
345	Power Operated Equipment				0		0
346	Communication Equipment				0		0
347	Miscellaneous Equipment	1,019			1,019	1,019	0
348	Other Tangible Plant				0		0
	<b>Totals</b>	<b>\$337,195</b>	<b>\$1,223</b>	<b>\$0</b>	<b>\$338,418</b>	<b>\$115,597</b>	<b>\$222,821</b>

Halcyon Acres Annex No. 2 Water Company, Inc.  
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	\$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	2,420	0		0
304	Structures and Improvements	6,809	0	0	6,809	1,760	5,049	3.33%	168
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	36,679	3,513	3.33%	117
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	34,211	1,223	0	35,434	6,337	29,097	12.50%	3,561
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	0.00%	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	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	12,654	0	0	12,654	1,813	10,841	8.33%	903
335	Hydrants	1,000	0	0	1,000	1,000	0	2.00%	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	1,019	0	0	1,019	1,019	0	10.00%	0
348	Other Tangible Plant	0	0	0	0		0		0
	<b>Subtotal</b>	<b>\$337,195</b>	<b>\$1,223</b>	<b>\$0</b>	<b>\$338,418</b>	<b>\$79,910</b>	<b>\$258,508</b>		<b>\$9,588</b>

Contribution(s) in Aid of Construction (Gross)	\$109,990
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<b>\$109,990</b>
Times: Proposed Amortization Rate	2.51%
<b>Amortization of CIAC</b>	<b>\$2,762</b>

<b>Less: Amortization of CIAC</b>	<b>\$2,762</b>
<b>DEPRECIATION EXPENSE</b>	<b>\$6,826</b>

<b>Balance Sheet Assets</b>				
	<b>Assets</b>		<b>Balance at Beginning of Year (2019)</b>	<b>Balance at End of Year (2019)</b>
<b>Account No.</b>	<b>Current and Accrued Assets</b>			
131	Cash		\$76,032	\$74,713
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		101	(754)
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			
	<b>Total Current and Accrued Assets</b>		<b>\$76,133</b>	<b>\$73,959</b>
<b>Account No.</b>	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$337,195	\$338,418
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation <b>(enter as negative)*</b>		(106,010)	(115,597)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	<b>Total Fixed Assets</b>		<b>\$231,185</b>	<b>\$222,821</b>
	<b>Total Assets</b>		<b>\$307,318</b>	<b>\$296,780</b>

\*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

<b>Balance Sheet Liabilities and Owners Equity</b>				
	<b>Liabilities</b>		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	<b>Current Liabilities</b>			
231	Accounts Payable		\$1,852	\$1,153
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies			
235	Customer Deposits			
236	Accrued Taxes		313	292
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	<b>Total Current Liabilities</b>		<b>\$2,165</b>	<b>\$1,445</b>
	<b>Long Term Debt</b>			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	<b>Deferred Credits</b>			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		110,204	108,373
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction		109,990	109,990
272	Less: Amortization of Contributions		(15,115)	(17,877)
281	Accumulated Deferred Income Tax			
	<b>Total Deferred Credits</b>		<b>\$205,079</b>	<b>\$200,486</b>
	<b>Total Liabilites</b>		<b>\$207,244</b>	<b>\$201,931</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$5,800	\$5,800
211	Other Paid-In Capital		5,175	5,175
215	Retained Earnings		89,099	83,874
218	Proprietary Capital (Sole Props and Partnerships)			
	<b>Total Capital</b>		<b>\$100,074</b>	<b>\$94,849</b>
	<b>Total Liabilities and Capital</b>		<b>\$307,318</b>	<b>\$296,780</b>

**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  
12/31/19

<b>Water Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2019 - 12/31/2019	Last Year 01/01/2018 - 12/31/2018
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$31,251	\$31,102
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues		
474	Other Water Revenue	294	1,030
	<b>Total Revenues</b>	<b>\$31,545</b>	<b>\$32,132</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits		
610	Purchased Water	1,530	1,717
615	Purchased Power	5,866	5,315
618	Chemicals	293	169
620	Materials and Supplies		
620.1	Repairs and Maintenance	578	1,009
620.2	Office Supplies and Expense	1,007	1,182
630	Contractual Services		
631	Contractual Services - Engineering		544
632	Contractual Services - Accounting	2,845	3,281
633	Contractual Services - Legal	240	811
634	Contractual Services - Management Fees	12,000	12,000
635	Contractual Services - Water Testing	1,111	403
636	Contractual Services - Other	272	293
640	Rents		
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	800	776
657	Insurance - General Liability	1,250	1,250
657.1	Insurance - Health and Life		
665	Regulatory Commission Expense - Rate		
670	Bad Debt Expense		
675	Miscellaneous Expense	901	589
403	Depreciation Expense (From Schedule AR4)	6,826	6,739
408	Taxes Other Than Income		
408.11	Property Taxes	1,308	1,266
409	Income Taxes	50	184
427.1	Customer Security Deposit Interest		
	<b>Total Operating Expenses</b>	<b>\$36,877</b>	<b>\$37,528</b>
	<b>Operating Income / (Loss)</b>	<b>(\$5,332)</b>	<b>(\$5,396)</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$16	\$16
421	Non-Utility Income	91	25
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	<b>Total Other Income / (Expense)</b>	<b>\$107</b>	<b>\$41</b>
	<b>Net Income / (Loss)</b>	<b>(\$5,225)</b>	<b>(\$5,355)</b>



Halcyon Acres Annex No. 2 Water Company, Inc.  
 Annual Report  
 Full time equivalent employees  
 12/31/19

**Full time equivalent employees**

	Direct Company	Allocated	Outside service	Total
President				0.0
Vice-president				0.0
Manager				0.0
Engineering Staff			difficult to	0.0
System Operator(s)			determine	0.0
Meter reader			without	0.0
Customer Service			substantial	0.0
Accounting			analysis	0.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
<b>Total</b>	0.0	0.0	0.0	0.0

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

Meter Deposit Balance at Test Year End:	\$7,080
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Meter Deposits Refunded During the Test Year:	\$880
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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.***





<b>Water Utility Plant Description (Continued)</b>
--

For the following three items, list the utility owned assets in each category for each system.

<b>TREATMENT EQUIPMENT:</b>	N/A
<b>STRUCTURES:</b>	16 x 16 foot shed
<b>OTHER:</b>	Two 2-inch firefighter standpipes

**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	335
Method used:	(a)

Customer and Other Information	
Name of the System:	HALCYON ACRES NO. 2
ADEQ Public Water System Number:	AZ0410058
ADWR PCC Number:	91-000424.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	61	0	9	0	0
February	61	0	9	0	0
March	61	0	9	0	0
April	61	0	9	0	0
May	61	0	9	0	0
June	61	0	9	0	0
July	61	0	9	0	0
August	61	0	9	0	0
September	61	0	9	0	0
October	61	0	9	0	0
November	61	0	9	0	0
December	61	0	9	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.

**Annual Report**

Utility Shutoffs / Disconnects

12/31/19

<b>Utility Shutoffs / Disconnects</b>	
Name of the System:	HALCYON ACRES NO. 2
ADEQ Public Water System Number:	AZ0410058
ADWR PCC Number:	91-000424.0000

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	1	0
May	0	1	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	1	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>0</b>

**Other (description):**

NA
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**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.

Halcyon Acres Annex No. 2 Water Company, Inc.  
Annual Report  
Property Taxes  
12/31/19

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2019 was	
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	\$1,287
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If no property taxes paid, explain why.
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NA
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<b>Instructions:</b> 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): Pima  
Name (owner or official) title: Paul Juhl, Manager  
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: 12/31/19

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.

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UTILITIES DIVISION

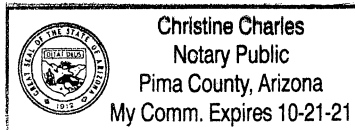
[Signature]  
signature of owner/official

(520) 623-5172  
telephone no.

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

THIS 29 DAY OF Pima County  
April, 2020  
(month) and (year)

MY COMMISSION EXPIRES 10-21-21  
(date)



[Signature]  
(signature of notary public)

**Verification and Sworn Statement**

**Verification:**

State of Arizona I, the undersigned of the  
(state name)  
County of (county name): Pima  
Name (owner or official) title: Paul Juhl, Manager  
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: 12/31/19

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:

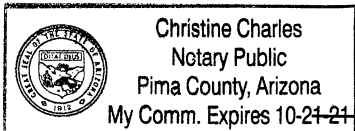
Arizona Intrastate Gross Operating Revenues Only (\$)  
\$35,969  
(The amount in the box above includes  
\$4,424 in sales taxes  
billed or collected)

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UTILITIES DIVISION

[Signature]  
signature of owner/official  
(520) 623-5172  
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC  
IN AND FOR THE COUNTY Pima County  
(county name)  
THIS 29 DAY OF April, 2020  
(month) and (year)

MY COMMISSION EXPIRES 10/21/2021  
(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): Pima  
Name (owner or official) title: Paul Juhl, Manager  
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: 12/31/19

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 (\$)

\$31,932  
(The amount in the box above includes  
\$3,724 in sales taxes  
billed or collected)

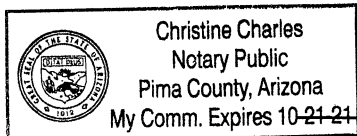
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UTILITIES DIVISION

[Signature]  
signature of owner/official  
(520) 623-5172  
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC  
IN AND FOR THE COUNTY Pima County  
(county name)

THIS 29 DAY OF April, 2020  
(month) and (year)

MY COMMISSION EXPIRES 10-21-2021  
(date)



[Signature]  
(signature of notary public)