

2026 MAY 26 A 10:27

ANNUAL REPORT

Of

Company Name: **Heckethorn Water Company**
4400 E. Button Lane

Mailing Address: **Flagstaff** **AZ**
86005

Docket No.: **W-03782A**
For the Year Ended: **12/31/25**

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: **1/14/2026**

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Heckethorn Water Company
A Class ☒ Utility

For the Calendar Year Ended: 12/31/25

Primary Address: 4400 E. BUTTON LANE
City: FLAGSTAFF State: ARIZONA Zip Code: 86005

Telephone Number: 928-326-1060

Date of Original Organization of Utility: 2/1959

Person to whom correspondence should be addressed concerning this report:

Name: MICHAEL S. LESKO
Telephone No.: 928-326-1060
Address: 5210 E. DAPHNE LANE
City: FLAGSTAFF AZ State: ARIZONA Zip Code: 86005
Email:

Name: LINNEA M. NORTON
Telephone No.: 928-642-4701
Address: 5210 E. DAPHNE LANE
City: FLAGSTAFF State: ARIZONA Zip Code: 86005
Email:

Name: JOANN O. LESKO
Telephone No.: 928-380-8745
Address: 5210 E. DAPHNE LANE
City: FLAGSTAFF AZ State: ARIZONA Zip Code: 86005
Email:

Name:
Telephone No.:
Address:
City: State: Zip Code:
Email:

Name:
Telephone No.:
Address:
City: State: Zip Code:
Email:

Ownership:

Counties Served:

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Heckethorn Water Company

Important changes during the year

	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year? YES
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	If yes, please provide specific details in the box below.
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	PRIOR OWNER WILLIAM LESKO PASSED AWAY OCTOBER 4, 2020. MICHAEL LESKO HIS SON HAS TAKEN OVER DIRECT CONTROL OF THE WATER COMPANY.
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	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
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	If yes, please provide specific details in the box below.
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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
302	Franchises				0		0
303	Land and Land Rights	8000			8000	0	8000
304	Structures and Improvements	4259			4259	2442	1817
305	Collecting & Improving Reservoirs				0		0
306	Lake, River, Canal Intakes				0		0
307	Wells and Springs	6976			6976	5744	1232
308	Infiltration Galleries				0		0
309	Supply Mains				0		0
310	Power Generation Equipment				0		0
311	Pumping Equipment	21637			21637	12092	9545
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				0		0
330.1	Storage Tanks	32298			32298	13655	18643
330.2	Pressure Tanks	9507			9507	5800	3707
331	Transmission and Distribution Mains	1180			1180	971	209
333	Services	886			886	886	0
334	Meters and Meter Installations				0		0
335	Hydrants				0		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	2443			2443	2443	0
346	Communication Equipment				0		0
347	Miscellaneous Equipment				0		0
348	Other Tangible Plant				0		0
	Totals	87186 \$0	\$0	\$0	87186 \$0	44033 \$0	43153 \$0

Heckethorn Water Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/25

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	8000	0	0	8000	8000	0		0
304	Structures and Improvements	4259	0	0	4259		0	2.47	105
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	6976	0	0	6976		0	2.97	207
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	21637	0	0	21637		0	5.05	1093
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	32298	0	0	32298		0	1.80	581
330.2	Pressure Tanks	9527	0	0	9527		0	2.20	209
331	Transmission and Distribution Mains	1182	0	0	1182		0	2.96	35
333	Services	886	0	0	886		0	3.82	0
334	Meters and Meter Installations	0	0	0	0		0		0
335	Hydrants	0	0	0	0		0		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	2443	0	0	2443		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
	Subtotal	87186	\$0	\$0	87186	\$0	\$0		2230

Contribution(s) in Aid of Construction (Gross)
Less: Non Amortizable Contribution(s)
Fully Amortized Contribution(s)
Amortizable Contribution(s)
Times: Proposed Amortization Rate
Amortization of CIAC

\$0

Less: Amortization of CIAC

DEPRECIATION EXPENSE

Heckethorn Water Company
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		77594	66047
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable			
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		77594 \$0	66047 \$0
Account No.	Fixed Assets			
101	Utility Plant in Service*		87186 \$0	87186 \$0
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(41803)	(44033) 0
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		45383 \$0	43153 \$0
	Total Assets		122977 \$0	109200 \$0

*Note these items feed automatically from AR3 UPIS Page 4

Heckethorn Water Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
Account No.	Liabilities		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
	Current Liabilities			
231	Accounts Payable			
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies			
235	Customer Deposits			
236	Accrued Taxes		165	165
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	Total Current Liabilities		165 \$0	165 \$0
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)			
	Deferred Credits			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction			
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction			
272	Less: Amortization of Contributions			
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$0	\$0
	Total Liabilities		165 \$0	165 \$0
	Capital Accounts			
201	Common Stock Issued			
211	Other Paid-In Capital			
215	Retained Earnings			
218	Proprietary Capital (Sole Props and Partnerships)		122812	109635
	Total Capital		122812 \$0	109035 \$0
	Total Liabilities and Capital		122977 \$0	109200 \$0

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

Heckethorn Water Company
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	9654		0	
460	Unmetered Water Revenue				
462	Fire Protection Revenue				
469	Guaranteed Revenues (Surcharges)				
471	Miscellaneous Service Revenues				
474	Other Water Revenue				
	Total Revenues	9654	\$0	0	\$0
	Operating Expenses				
601	Salaries and Wages			650	
604	Employee Pensions and Benefits				
610	Purchased Water				
615	Purchased Power	9649		9594	
618	Chemicals				
620	Materials and Supplies			2065	
620.1	Repairs and Maintenance	2355		700	
620.2	Office Supplies and Expense	6336		5494	
630	Contractual Services				
631	Contractual Services - Engineering				
632	Contractual Services - Accounting				
633	Contractual Services - Legal				
634	Contractual Services - Management Fees				
635	Contractual Services - Water Testing	785		1530	
636	Contractual Services - Other				
640	Rents				
641	Rental of Building/Real Property				
642	Rental of Equipment				
650	Transportation Expenses				
657	Insurance - General Liability	1536		2031	
657.1	Insurance - Health and Life				
665	Regulatory Commission Expense - Rate				
670	Bad Debt Expense				
675	Miscellaneous Expense				
403	Depreciation Expense (From Schedule AR4)	2230		2240	
408	Taxes Other Than Income				
408.11	Property Taxes	540		546	
409	Income Taxes				
427.1	Customer Security Deposit Interest				
	Total Operating Expenses	23431	\$0	24850	\$0
	Operating Income / (Loss)	(13777)	\$0	(24850)	\$0
	Other Income / (Expense)				
419	Interest and Dividend Income				
421	Non-Utility Income				
426	Miscellaneous Non-Utility (Expense)				
427	Interest (Expense)				
	Total Other Income / (Expense)		\$0		\$0
	Net Income / (Loss)	(13777)	\$0	(24850)	\$0

Full time equivalent employees

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

Heckethorn Water Company
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				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amt. Issued		N/A		
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principal				

Meter Deposit Balance at Test Year End:	
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Meter Deposits Refunded During the Test Year:	
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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

[illegible]

Name of system water delivered to:	
ADWR PCC Number:	
Source of water delivered to another system	
Name of system water received from:	
ADWR PCC Number:	
Source of water received	
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	234,000					689.40	401.0
February	289,000					915.40	402.8
March	299,000					748.30	414.6
April	387,000					642.97	446.0
May	267,000					487.02	546.6
June	331,000					620.27	588.3
July	360,000					643.07	446.7
August	440,000					873.61	452.6
September	369,000					877.10	448.2
October	284,000					631.23	36.24
November	167,000					731.28	81.24
December	16,000					600.18	84.23
Totals	3,409,000	0.00	0.00	0.00	0.00	\$0	0

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 (Continued)

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

TREATMENT EQUIPMENT:	N/A
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STRUCTURES:	1
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OTHER:	/
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Heckethorn Water Company
Annual Report
Customer and Other Information
12/31/25

Customer and Other Information	
Name of the System:	0 HECKETHORN WATER COMPANY
ADEQ Public Water System Number:	
ADWR PCC Number:	

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	49	1	4	1	1
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

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.

Heckethorn Water Company
Annual Report
Utility Shutoffs / Disconnects
12/31/25

Utility Shutoffs / Disconnects	
Name of the System:	0 HECKETHORN WATER COMPANY
ADEQ Public Water System Number:	AZ 0403011
ADWR PCC Number:	

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

Other (description):

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.

Heckethorn Water Company
Annual Report
Property Taxes
12/31/25

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2025 was	\$ 540.24

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 Certification (Taxes)

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

County of (county name):

COCONINO

Name (owner or official) title:

JOANN O. LESKO, OWNER

Company name:

Heckethorn Water Company

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:



signature of owner/official

928-380-8745

telephone no.