

ANNUAL REPORT

Of

Company Name: **Lord Arizona Water Systems, Inc.**
PO Box 3048

Mailing Address: Show Low AZ
85902

Docket No.: W-02479A
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
Lord Arizona Water Systems, Inc.
A Class Utility

For the Calendar Year Ended: 12/31/23

Primary Address:

PO BOX 85160		
City: Tucson	State: Arizona	Zip Code: 85754

Telephone Number:

520-623-5172

Date of Original Organization of Utility:

4/1/2003

Person to whom correspondence should be addressed concerning this report:

Name:

DORINDA CHACON

Telephone No. :

520-623-5172

Address:

PO BOX 86150		
City: Tucson	State: Arizona	Zip Code: 85754

Email:

INFO@SOUTHWESTERNUTILITY.COM

Name: <table border="1"><tr><td> </td></tr></table>					
Telephone No. : <table border="1"><tr><td> </td></tr></table>					
Address: <table border="1"><tr><td> </td></tr></table>					
City: <table border="1"><tr><td> </td></tr></table>		State: <table border="1"><tr><td> </td></tr></table>		Zip Code: <table border="1"><tr><td> </td></tr></table>	
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Ownership:

"C" Corporation

Counties Served:

Apache

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.
	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

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	\$10,500	\$0	\$0	\$10,500	\$0	\$10,500
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	24,300	0	0	24,300	0	24,300
304	Structures and Improvements	374,432	0	0	374,432	45,592	328,840
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	0	1,759	0	1,759	0	1,759
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	346,860	0	0	346,860	28,489	318,371
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	25,650	24,240	0	49,890	6,324	43,566
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	225,000	560	0	225,560	20,466	205,094
330.2	Pressure Tanks	10,353	0	0	10,353	2,094	8,259
331	Transmission and Distribution Mains	469,097	1,667	0	470,764	35,397	435,367
333	Services	86,400	2,063	0	88,463	11,632	76,831
334	Meters and Meter Installations	105,914	0	0	105,914	33,475	72,439
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	130	0	0	130	17	113
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	1,043	0	1,043	52	991
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,678,636	\$31,332	\$0	\$1,709,968	\$183,538	\$1,526,430

Lord Arizona Water Systems, 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	\$10,500	\$0	\$0	\$10,500	\$10,500	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	24,300	0	0	24,300	24,300	0	0.00%	0
304	Structures and Improvements	374,432	0	0	374,432	0	374,432	3.33%	12,469
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	2.50%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	2.50%	0
307	Wells and Springs	0	1,759	0	1,759	0	1,759	3.33%	29
308	Infiltration Galleries	0	0	0	0	0	0	6.67%	0
309	Supply Mains	346,860	0	0	346,860	0	346,860	2.00%	6,937
310	Power Generation Equipment	0	0	0	0	0	0	5.00%	0
311	Pumping Equipment	25,650	24,240	0	49,890	0	49,890	12.50%	4,721
320	Water Treatment Equipment	0	0	0	0	0	0	3.33%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	3.33%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	20.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	10.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	2.22%	0
330.1	Storage Tanks	225,000	560	0	225,560	0	225,560	2.22%	5,001
330.2	Pressure Tanks	10,353	0	0	10,353	0	10,353	5.00%	518
331	Transmission and Distribution Mains	469,097	1,667	0	470,764	0	470,764	2.00%	9,399
333	Services	86,400	2,063	0	88,463	0	88,463	3.33%	2,911
334	Meters and Meter Installations	105,914	0	0	105,914	0	105,914	8.33%	8,823
335	Hydrants	0	0	0	0	0	0	2.00%	0
336	Backflow Prevention Devices	0	0	0	0	0	0	6.67%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	6.67%	0
340	Office Furniture and Equipment	0	0	0	0	0	0	6.67%	0
340.1	Computer & Software	0	0	0	0	0	0	20.00%	0
341	Transportation Equipment	0	0	0	0	0	0	20.00%	0
342	Stores Equipment	0	0	0	0	0	0	4.00%	0
343	Tools, Shop and Garage Equipment	130	0	0	130	0	130	5.00%	7
344	Laboratory Equipment	0	0	0	0	0	0	10.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	5.00%	0
346	Communication Equipment	0	1,043	0	1,043	0	1,043	10.00%	52
347	Miscellaneous Equipment	0	0	0	0	0	0	10.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	20.00%	0
	Subtotal	\$1,678,636	\$31,332	\$0	\$1,709,968	\$34,800	\$1,675,168		\$50,867

Contribution(s) in Aid of Construction (Gross) \$0
Less: Non Amortizable Contribution(s) 0
Fully Amortized Contribution(s) 0
Amortizable Contribution(s) \$0
Times: Proposed Amortization Rate 3.04%
Amortization of CIAC \$0

Less: Amortization of CIAC \$0

DEPRECIATION EXPENSE \$50,867

Lord Arizona Water Systems, 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		\$1,701	\$9,937
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		21,304	26,390
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	4,355
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$23,005	\$40,682
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,678,636	\$1,709,968
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(132,672)	(183,538)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$1,545,964	\$1,526,430
	Total Assets		\$1,568,969	\$1,567,112

*Note these items feed automatically from AR3 UPIS Page 4

Lord Arizona Water Systems, 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		\$137,359	\$213,457
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		2,667	2,667
236	Accrued Taxes		126	79
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$140,152	\$216,203
	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		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		0	0
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$0	\$0
	Total Liabilites		\$140,152	\$216,203
	Capital Accounts			
201	Common Stock Issued		\$431,399	\$14,000
211	Other Paid-In Capital		1,123,909	1,548,374
215	Retained Earnings		(126,491)	(211,465)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$1,428,817	\$1,350,909
	Total Liabilities and Capital		\$1,568,969	\$1,567,112

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

Lord Arizona Water Systems, 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	\$177,918	\$185,131
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	887	1,131
	Total Revenues	\$178,805	\$186,262
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	400	0
615	Purchased Power	25,965	23,303
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	1,237	3,206
620.2	Office Supplies and Expense	1,171	1,335
630	Contractual Services	0	3,424
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	10,075	25,432
633	Contractual Services - Legal	14,493	0
634	Contractual Services - Management Fees	117,290	59,728
635	Contractual Services - Water Testing	2,821	1,744
636	Contractual Services - Other	23,625	77,160
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	5,735	5,686
657	Insurance - General Liability	1,623	1,533
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	1,008	220
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	59	0
403	Depreciation Expense (From Schedule AR4)	50,867	47,087
408	Taxes Other Than Income	0	0
408.11	Property Taxes	7,348	0
409	Income Taxes	0	50
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$263,717	\$249,908
	Operating Income / (Loss)	(\$84,912)	(\$63,646)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	(62)	0
426	Miscellaneous Non-Utility (Expense)	0	(382)
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	(\$62)	(\$382)
	Net Income / (Loss)	(\$84,974)	(\$64,028)

Lord Arizona Water Systems, Inc.
 Annual Report
 Full time equivalent employees
 12/31/23

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	1.0	0.0	0.0	1.0
Vice-president	0.0	0.0	0.0	0.0
Manager	0.0	0.0	0.0	0.0
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	0.0	0.0	0.5	0.5
Meter reader	0.0	0.0	0.5	0.5
Customer Service	0.0	0.0	0.3	0.3
Accounting	0.0	0.0	0.2	0.2
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	1.0	0.0	1.5	2.5

Lord Arizona Water Systems, 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:	\$2,667
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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.

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:	NONE
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STRUCTURES:	8X8 PUMP HOUSE, 15X25 BUILDING
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OTHER:	NONE
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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

114

 Method used:

(a)

Customer and Other Information	
Name of the System:	LORD AZ WATER
ADEQ Public Water System Number:	AZ0401373
ADWR PCC Number:	91-000023.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	436	0	0	0	0
February	436	0	0	0	0
March	436	0	0	0	0
April	435	0	0	0	0
May	434	0	0	0	0
June	436	0	0	0	0
July	436	0	0	0	0
August	436	0	0	0	0
September	435	0	0	0	0
October	434	0	0	0	0
November	435	0	0	0	0
December	435	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.

Lord Arizona Water Systems, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	LORD AZ WATER
ADEQ Public Water System Number:	AZ0401373
ADWR PCC Number:	91-000023.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	2	0
February	0	1	0
March	0	5	0
April	0	0	0
May	0	1	0
June	0	4	0
July	0	1	0
August	0	5	0
September	0	1	0
October	0	1	0
November	0	5	0
December	0	0	0
Total	0	26	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.

Lord Arizona Water Systems, Inc.
Annual Report
Property Taxes
12/31/23

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2023 was	\$7,348
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If no property taxes paid, explain why. n/a
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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, the undersigned of the
(state name)

County of (county name): Cochise
Name (owner or official) title: DUSTIN DESPAIN
Company name: Lord Arizona Water Systems, Inc.

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

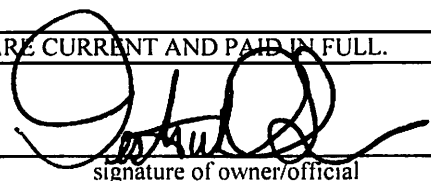
FOR THE YEAR ENDING: 12/31/23

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.