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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT

Of

Company Name: Los Cerros Water Company, Inc.
4003 N. Flowing Wells Rd., Ste. 111

Mailing Address: Tucson AZ
85705-2499

Docket No.: W-02747A
For the Year Ended: 12/31/21

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: 5/17/2022

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Los Cerros 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:

Important changes during the year

N/A	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	

Los Cerros Water Company, Inc.
Annual Report
Utility Plant in Service (Water)
12/31/21

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
303	Land and Land Rights	7,221			7,221		7,221
304	Structures and Improvements	18,211			18,211	16,436	1,775
305	Collecting & Improving Reservoirs	0			0		0
306	Lake, River, Canal Intakes	0			0		0
307	Wells and Springs	514,470			514,470	434,247	80,223
308	Infiltration Galleries	0			0		0
309	Supply Mains	0			0		0
310	Power Generation Equipment	0			0		0
311	Pumping Equipment	183,238		748	182,490	125,466	57,024
320	Water Treatment Equipment	0			0		0
320.1	Water Treatment Plants	0			0		0
320.2	Solution Chemical Feeders	5,288	1,197		6,485	4,013	2,472
320.3	Point-of-Use Treatment Devices	0			0		0
330	Distribution Reservoirs and Standpipes	0			0		0
330.1	Storage Tanks	56,617			56,617	55,690	927
330.2	Pressure Tanks	4,764			4,764	2,867	1,897
331	Transmission and Distribution Mains	483,797			483,797	483,797	0
333	Services	141,726			141,726	139,289	2,437
334	Meters and Meter Installations	186,613	12,815	2,484	196,944	169,638	27,306
335	Hydrants	24,357			24,357	15,023	9,334
336	Backflow Prevention Devices	0			0		0
339	Other Plant and Misc. Equipment	2,739			2,739	130	2,609
340	Office Furniture and Equipment	0			0	(2,706)	2,706
340.1	Computer & Software	8,886	1,758	353	10,291	6,155	4,136
341	Transportation Equipment	32,082			32,082	19,051	13,031
342	Stores Equipment	0			0		0
343	Tools, Shop and Garage Equipment	0			0		0
344	Laboratory Equipment	0			0		0
345	Power Operated Equipment	0			0		0
346	Communication Equipment	6,867	672		7,539	1,750	5,789
347	Miscellaneous Equipment	590			590	590	0
348	Other Tangible Plant	0			0		0
	Totals	\$1,677,466	\$16,442	\$3,585	\$1,690,323	\$1,471,436	\$218,887

Los Cerros Water Company, Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/21

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
302	Franchises	0	0	0	0	0	0		0
303	Land and Land Rights	7,221	0	0	7,221	7,221	0		0
304	Structures and Improvements	18,211	0	0	18,211		18,211	3.33%	606
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	514,470	0	0	514,470		514,470	3.33%	17,132
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	183,238	0	748	182,490	97,490	85,000	12.50%	10,625
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	5,288	1,197	0	6,485	3,081	3,404	20.00%	561
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	56,617	0	0	56,617	55,578	1,039	2.22%	23
330.2	Pressure Tanks	4,764	0	0	4,764		4,764	5.00%	238
331	Transmission and Distribution Mains	483,797	0	0	483,797	483,797	0	2.00%	0
333	Services	141,726	0	0	141,726	138,946	2,780	3.33%	93
334	Meters and Meter Installations	186,613	12,815	2,484	196,944	159,845	37,099	8.33%	3,458
335	Hydrants	24,357	0	0	24,357		24,357	2.00%	487
336	Backflow Prevention Devices	0	0	0	0		0		0
339	Other Plant and Misc. Equipment	2,739	0	0	2,739		2,739	6.67%	200
340	Office Furniture and Equipment	0	0	0	0		0		461
340.1	Computer & Software	8,886	1,758	353	10,291		10,291	20.00%	1,918
341	Transportation Equipment	32,082	0	0	32,082		32,082	20.00%	6,416
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	6,867	672	0	7,539		7,539	10.00%	806
347	Miscellaneous Equipment	590	0	0	590	590	0	10.00%	0
348	Other Tangible Plant	0	0	0	0		0		0
	Subtotal	\$1,677,466	\$16,442	\$3,585	\$1,690,323	\$946,548	\$743,775		\$43,025

Contribution(s) in Aid of Construction (Gross)	\$524,744
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	99,199
Amortizable Contribution(s)	<u>\$425,545</u>
Times: Proposed Amortization Rate	3.93%
Amortization of CIAC	\$16,763

Less: Amortization of CIAC \$16,763

DEPRECIATION EXPENSE **\$26,262**

Los Cerros Water Company, Inc.
 Annual Report
 Balance Sheet Assets
 12/31/21

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2021)	Balance at End of Year (2021)
Account No.	Current and Accrued Assets			
131	Cash		\$29,719	\$7,274
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		26,817	37,784
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets			1,758
	Total Current and Accrued Assets		\$56,536	\$46,816
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,677,466	\$1,690,323
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(1,431,996)	(1,471,436)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$245,470	\$218,887
	Total Assets		\$302,006	\$265,703

*Note these items feed automatically from AR3 UPIS Page 4

Los Cerros Water Company, Inc.
 Annual Report
 Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2021)	Balance at End of Year (2021)
Account No.	Current Liabilities			
231	Accounts Payable		\$20,124	\$357
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies			
235	Customer Deposits		6,178	6,300
236	Accrued Taxes		4,086	3,366
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities		(3)	118
	Total Current Liabilities		\$30,385	\$10,141
	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		98,670	97,063
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction		524,744	524,744
272	Less: Amortization of Contributions		(264,168)	(280,931)
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$359,246	\$340,876
	Total Liabilites		\$389,631	\$351,017
	Capital Accounts			
201	Common Stock Issued		\$100,000	\$100,000
211	Other Paid-In Capital		103,550	103,550
215	Retained Earnings		(291,175)	(288,864)
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		(\$87,625)	(\$85,314)
	Total Liabilities and Capital		\$302,006	\$265,703

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

Los Cerros Water Company, Inc.
Annual Report
Water Comparative Income Statement
12/31/21

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2021 - 12/31/2021	Last Year 01/01/2020 - 12/31/2020
	Operating Revenue		
461	Metered Water Revenue	\$386,670	\$400,557
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	4,103	3,974
	Total Revenues	\$390,773	\$404,531
	Operating Expenses		
601	Salaries and Wages	\$115,541	\$99,210
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	48,732	52,949
618	Chemicals	1,920	2,651
620	Materials and Supplies	1,136	3,532
620.1	Repairs and Maintenance	3,750	323
620.2	Office Supplies and Expense	15,008	15,732
630	Contractual Services	7,745	18,504
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	4,238	2,360
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	104,908	107,805
635	Contractual Services - Water Testing	1,504	2,168
636	Contractual Services - Other	952	2,255
640	Rents	1,135	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	6,453	4,037
657	Insurance - General Liability	4,203	5,253
657.1	Insurance - Health and Life	12,830	20,070
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	985
675	Miscellaneous Expense	4,291	3,976
403	Depreciation Expense (From Schedule AR4)	26,262	35,690
408	Taxes Other Than Income	8,988	7,923
408.11	Property Taxes	19,270	20,067
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	313	266
	Total Operating Expenses	\$389,179	\$405,756
	Operating Income / (Loss)	\$1,594	(\$1,225)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	242	270
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	(133)	0
	Total Other Income / (Expense)	\$109	\$270
	Net Income / (Loss)	\$1,703	(\$955)

Los Cerros Water Company, Inc.
 Annual Report
 Full time equivalent employees
 12/31/21

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)	1.0			1.0
Meter reader				0.0
Customer Service				0.0
Accounting	1.0			1.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
Total	2.0	0.0	0.0	2.0

Los Cerros Water Company, Inc.
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/21

Supplemental Financial Data (Long-Term Debt)				
	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:	\$6,176
---	---------

Meter Deposits Refunded During the Test Year:	\$934
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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)
--

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

TREATMENT EQUIPMENT:	Fiesta well has a chemical feed pump, and the other four wells have a tablet-sidestream style chlorinator.
STRUCTURES:	Six foot chain link fencing with 3-strand barbed wire on top surrounds four of the well sites and the Swan Road pressure tank. The fifth well site has a six foot masonry block wall with two chainlink gates. Chainlink fence enclosures surround pumping stations and electrical equipment. There is a shet at the Wilds well site.
OTHER:	Communications equipment, 2019 Toyota

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

252

 Method used:

(a)

Customer and Other Information	
Name of the System:	LOS CERROS WATER CO
ADEQ Public Water System Number:	AZ0410128
ADWR PCC Number:	91-000445.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	848	0	2	6	6
February	849	0	2	6	6
March	850	0	2	6	6
April	857	0	2	6	6
May	855	0	2	6	6
June	858	0	2	6	6
July	857	0	2	6	6
August	856	0	2	6	6
September	852	0	2	6	6
October	864	0	2	6	6
November	855	0	2	6	6
December	854	0	2	6	6

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 (GCPCPD) requirement?
 If yes, provide the GCPCPD 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.

Los Cerros Water Company, Inc.
Annual Report
 Utility Shutoffs / Disconnects
 12/31/21

Utility Shutoffs / Disconnects	
Name of the System:	LOS CERROS WATER CO
ADEQ Public Water System Number:	AZ0410128
ADWR PCC Number:	91-000445.0000

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	2	0
April	0	2	0
May	0	1	0
June	0	1	0
July	0	3	0
August	0	2	0
September	0	0	0
October	0	0	0
November	0	3	0
December	0	0	0
Total	0	14	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.

Los Cerros Water Company, Inc.
Annual Report
Property Taxes
12/31/21

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2021 was	\$19,270

If no property taxes paid, explain why.
NA

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.

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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Los Cerros Water Company, Inc.
Annual Report
Verification and Sworn Statement (Taxes)
12/31/21

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: Jody Carlson, President
Company name: Los Cerros Water Company, Inc.

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

FOR THE YEAR ENDING: 12/31/21

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.

Jody Carlson
signature of owner/official
(520) 744-7844
telephone no.

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

THIS 3rd DAY OF May 2022
(month) and (year)

MY COMMISSION EXPIRES 5/24/25
(date)

Brittney Danley
(signature of notary public)



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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Los Cerros Water Company, Inc.
Annual Report
Verification and Sworn Statement
12/31/21

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: Jody Carlson, President
Company name: Los Cerros Water Company, Inc.

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

FOR THE YEAR ENDING: 12/31/21

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.

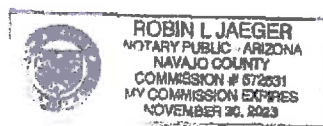
Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREBY REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$415,093

(The amount in the box above includes

\$24,321 in sales taxes
billed or collected)



Jody Carlson
signature of owner/official

(520) 744-7844
telephone no.

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

NAVAJO

(county name)

THIS

13TH

DAY OF

APRIL 2022

(month) and (year)

MY COMMISSION EXPIRES

NOV 30 2023

(date)

Robin L. Jaeger
(signature of notary public)

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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Los Cerros Water Company, Inc.
Annual Report
Verification and Sworn Statement (Residential Revenue)
12/31/21

Verification and Sworn Statement (Residential Revenue)

Verification:

State of Arizona, the undersigned of the
(state name)

County of (county name): Pima
Name (owner or official) title: Jody Carlson, President
Company name: Los Cerros Water Company, Inc.

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

FOR THE YEAR ENDING: 12/31/21

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 HEREBIN 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 (\$)
\$385,318
(The amount in the box above includes
\$22,576 in sales taxes
billed or collected)

ROBIN L. JAEGER
NOTARY PUBLIC - ARIZONA
NAVAJO COUNTY
COMMISSION # 572831
MY COMMISSION EXPIRES
NOVEMBER 30, 2023

Jody Carlson
signature of owner/official
(520) 744-7844
telephone no.

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

THIS 13TH DAY OF APRIL 2022
(month) and (year)

MY COMMISSION EXPIRES NOV 30 2023
(date)

Robin L. Jaeger
(signature of notary public)