

ANNUAL REPORT

Of

Company Name: Naco Water Company, LLC
PO Box 85160

Mailing Address: Tucson AZ
85754

Docket No.: W-02860A
For the Year Ended: 12/31/19

**RECEIVED
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5/14/2020, 12:34 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
Naco Water Company, LLC
A Class Utility

For the Calendar Year Ended: 12/31/19

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
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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	\$198	\$0	\$0	\$198	\$0	\$198
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	4,345	0	0	4,345	0	4,345
304	Structures and Improvements	15,406	0	0	15,406	2,190	13,216
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	484,042	0	0	484,042	136,288	347,754
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	274,196	0	0	274,196	257,325	16,871
320	Water Treatment Equipment	1,824	0	0	1,824	1,621	203
320.1	Water Treatment Plants	0	0	0	0	0	0
320.2	Solution Chemical Feeders	2,132	0	0	2,132	1,373	759
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	128,969	0	0	128,969	81,560	47,409
330.1	Storage Tanks	305,997	0	0	305,997	43,848	262,149
330.2	Pressure Tanks	15,471	0	0	15,471	4,774	10,697
331	Transmission and Distribution Mains	1,737,121	513	0	1,737,634	504,172	1,233,462
333	Services	374,934	2,233	0	377,167	146,886	230,281
334	Meters and Meter Installations	101,621	404	0	102,025	81,346	20,679
335	Hydrants	34,717	0	0	34,717	20,220	14,497
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	20,298	0	0	20,298	20,298	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	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$3,501,271	\$3,150	\$0	\$3,504,421	\$1,301,901	\$2,202,520

Naco Water Company, LLC
 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	\$198	\$0	\$0	\$198	\$198	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	4,345	0	0	4,345	4,345	0	0.00%	0
304	Structures and Improvements	15,406	0	0	15,406	0	15,406	3.33%	513
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	484,042	0	0	484,042	0	484,042	3.33%	16,119
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	274,196	0	0	274,196	119,079	155,117	12.50%	19,390
320	Water Treatment Equipment	1,824	0	0	1,824	0	1,824	3.33%	61
320.1	Water Treatment Plants	0	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	2,132	0	0	2,132	0	2,132	20.00%	426
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	128,969	0	0	128,969	0	128,969	2.22%	2,863
330.1	Storage Tanks	305,997	0	0	305,997	0	305,997	2.22%	6,793
330.2	Pressure Tanks	15,471	0	0	15,471	0	15,471	5.00%	774
331	Transmission and Distribution Mains	1,737,121	513	0	1,737,634	0	1,737,634	2.00%	34,748
333	Services	374,934	2,233	0	377,167	0	377,167	3.33%	12,522
334	Meters and Meter Installations	101,621	404	0	102,025	28,061	73,964	8.33%	6,144
335	Hydrants	34,717	0	0	34,717	0	34,717	2.00%	694
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	20,298	0	0	20,298	20,298	0	20.00%	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	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$3,501,271	\$3,150	\$0	\$3,504,421	\$171,981	\$3,332,440		\$101,047

Contribution(s) in Aid of Construction (Gross) \$1,231,035
 Less: Non Amortizable Contribution(s) 0
 Fully Amortized Contribution(s) 0
 Amortizable Contribution(s) **\$1,231,035**
 Times: Proposed Amortization Rate 2.05%
Amortization of CIAC \$25,236

Less: Amortization of CIAC **\$25,236**

DEPRECIATION EXPENSE **\$75,811**

Naco Water Company, LLC
 Annual Report
 Balance Sheet Assets
 12/31/19

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current and Accrued Assets			
131	Cash		\$139,833	\$167,975
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		5,433	7,916
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		55,733	63,916
	Total Current and Accrued Assets		\$200,999	\$239,807
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$3,501,271	\$3,504,421
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(1,200,854)	(1,301,901)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$2,300,417	\$2,202,520
	Total Assets		\$2,501,416	\$2,442,327

*Note these items feed automatically from AR3 UPIS Page 4

Naco Water Company, LLC
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current Liabilities			
231	Accounts Payable		\$12,465	\$894
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		14,298	15,508
236	Accrued Taxes		1,278	8,711
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	11
	Total Current Liabilities		\$28,041	\$25,124
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$825,870	\$795,339
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		70,548	71,048
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		1,231,035	1,231,035
272	Less: Amortization of Contributions		(177,403)	(202,639)
281	Accumulated Deferred Income Tax		99,024	94,560
	Total Deferred Credits		\$1,223,204	\$1,194,004
	Total Liabilities		\$2,077,115	\$2,014,467
	Capital Accounts			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		204,824	204,824
215	Retained Earnings		219,477	223,036
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$424,301	\$427,860
	Total Liabilities and Capital		\$2,501,416	\$2,442,327

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

Naco Water Company, LLC
Annual Report
Water Comparative Income Statement
12/31/19

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2019 - 12/31/2019	Last Year 01/01/2018 - 12/31/2018
	Operating Revenue		
461	Metered Water Revenue	\$277,688	\$262,166
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	4,357	5,437
474	Other Water Revenue	0	0
	Total Revenues	\$282,045	\$267,603
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	13,778	14,394
618	Chemicals	1,011	1,417
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	2,258	8,333
620.2	Office Supplies and Expense	2,050	2,853
630	Contractual Services	0	0
631	Contractual Services - Engineering	1,940	0
632	Contractual Services - Accounting	7,099	5,446
633	Contractual Services - Legal	2,494	1,034
634	Contractual Services - Management Fees	98,240	90,867
635	Contractual Services - Water Testing	3,330	3,278
636	Contractual Services - Other	21,728	358
640	Rents	0	1,080
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	12,062	10,231
657	Insurance - General Liability	1,532	4,006
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	1,298
675	Miscellaneous Expense	1,377	557
403	Depreciation Expense (From Schedule AR4)	75,811	74,125
408	Taxes Other Than Income	0	0
408.11	Property Taxes	14,607	13,156
409	Income Taxes	(6,835)	1,495
427.1	Customer Security Deposit Interest	269	184
	Total Operating Expenses	\$252,751	\$234,112
	Operating Income / (Loss)	\$29,294	\$33,491
	Other Income / (Expense)		
419	Interest and Dividend Income	\$2,543	\$20
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	(97,529)
427	Interest (Expense)	(31,569)	(32,732)
	Total Other Income / (Expense)	(\$29,026)	(\$130,241)
	Net Income / (Loss)	\$268	(\$96,750)

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President				0.0
Vice-president				0.0
Manager			unable to	0.0
Engineering Staff			determine	0.0
System Operator(s)			without	0.0
Meter reader			significant	0.0
Customer Service			analysis	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

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	4/1/2008			
Source of Loan	WIFA			
ACC Decision No.	69393			
Reason for Loan	Improvements			
Dollar Amt. Issued	\$1,160,000			
Amount Outstanding	\$795,339			
Date of Maturity	1/1/2041			
Interest Rate	3.00%			
Current Year Interest	\$31,569			
Current Year Principal	\$30,531			

Meter Deposit Balance at Test Year End:	\$16,911
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Meter Deposits Refunded During the Test Year:	\$270
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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:		NACO WATER CO LLC-BISBEE									
ADEQ Public Water System Number:			AZ0402112								
ADWR PCC Number:			91-000075.0000								
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2019	Meter Size (inches)	How measured:	Active
55-551849	5	20	462	10	Submersible	1995			4	Metered	Yes

Name of system water delivered to:	
ADWR PCC Number:	NA
Source of water delivered to another system	

Name of system water received from:	NACO WATER CO
ADWR PCC Number:	91-000043.0000
Source of water received:	Ground Water
Well registry 55# (55-XXXXXX):	55-551849 and 55-575700

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	298,100.00	204,560.00	0.00	11,200.00	0.00	\$397	3,290
February	272,700.00	165,520.00	0.00	9,600.00	0.00	458	3,686
March	302,500.00	204,560.00	0.00	36,000.00	0.00	397	2,257
April	239,800.00	139,670.00	0.00	17,600.00	0.00	402	3,147
May	360,300.00	273,260.00	0.00	112,000.00	0.00	445	3,683
June	266,100.00	245,580.00	0.00	108,800.00	0.00	377	3,203
July	338,900.00	362,690.00	0.00	84,800.00	0.00	414	3,551
August	131,100.00	231,020.00	0.00	132,000.00	0.00	426	3,692

September	179,300.00	282,630.00	0.00	33,600.00	0.00	354	3,246
October	260,130.00	221,700.00	0.00	46,400.00	0.00	378	3,296
November	279,240.00	222,630.00	0.00	105,600.00	0.00	368	3,462
December	255,100.00	174,460.00	0.00	91,200.00	0.00	351	3,295
Totals	3,183,270.00	2,728,280.00	0.00	788,800.00	0.00	\$4,767	39,808

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. |

Well and Water Usage											
Name of the System:		NACO WATER CO									
ADEQ Public Water System Number:		AZ0402024									
ADWR PCC Number:		91-000043.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2019	Meter Size (inches)	How measured:	Active
55-575700 Well 6	15	182	340	8	Submersible	1999	144	162	4	Metered	Yes
55-627683 Well 2	10	120	210	8	Submersible	1959	150	168	3	Metered	Yes
55-627684 Well 3	NA	NA	160	8	Submersible	1930	96	Offline			No

Name of system water delivered to:	NACO WATER CO LLC-BISBEE
ADWR PCC Number:	91-000075.0000
Source of water delivered to another system	Ground Water

Name of system water received from:	
ADWR PCC Number:	NA
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	1,347,100.00	1,229,247.00	11,200.00	0.00	0.00	\$1,203	5,955
February	1,201,900.00	912,190.00	9,600.00	0.00	0.00	639	2,988
March	631,800.00	1,101,019.00	36,000.00	0.00	0.00	473	2,400
April	789,300.00	920,290.00	17,600.00	0.00	0.00	466	693
May	1,923,600.00	1,653,980.00	112,000.00	0.00	0.00	967	3,394
June	1,489,400.00	1,207,122.00	108,800.00	0.00	0.00	740	3,303
July	2,594,000.00	1,879,831.00	84,800.00	0.00	0.00	952	5,258
August	1,458,400.00	1,228,289.00	132,000.00	0.00	0.00	797	4,318
September	1,783,500.00	1,295,246.00	33,600.00	0.00	0.00	798	3,951
October	1,755,200.00	1,288,475.00	46,400.00	0.00	0.00	749	3,364
November	1,957,800.00	1,288,347.00	105,600.00	0.00	0.00	905	5,143

December	2,446,800.00	1,213,739.00	91,200.00	0.00	0.00	322	1,484
Totals	19,378,800.00	15,217,775.00	788,800.00	0.00	0.00	\$9,011	42,251

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

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.

- 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.
- #VALUE!
- 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:	NACO WATER CO LLC-BISBEE
ADEQ Public Water System Number:	AZ0402112
ADWR PCC Number:	91-000075.0000

MAINS		
Sizes (inches)	Material	Length (feet)
1.00	PVC, Steel	6,180
2.00	PVC	5,500
2.00	PVC Sch 80	1,755
4.00	PVC C900	5,985

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	66	0%	41%
1	1	100%	0%

SERVICE LINES		
Material	Percent of system	Year installed
PVC	20%	1968
Copper	20%	through
Black poly	60%	1999

BOOSTER PUMPS		
Horsepower	GPM	Quantity
5	25	2

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
22,800	Steel	1	1999

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
1,700	Steel	1	1999

* 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:	Chlorinator
STRUCTURES:	1,100 feet of 6 foot chain link fence
OTHER:	N/A

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	132
Method used:	(a)

Water Utility Plant Description

Name of the System:		NACO WATER CO
ADEQ Public Water System Number:	AZ0402024	
ADWR PCC Number:	91-000043.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC, Steel	1,470
4.00	PVC	10,711
6.00	PVC	17,220
8.00	PVC	330

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	285	6%	41%
0.75	1	0%	100%
1	4	50%	75%
1.5	1	100%	100%
Compound 2	9	66%	100%
Compound 3	2	50%	0%

SERVICE LINES			
Material	Percent of system	Year installed	
PVC	20%	1968	
Copper	20%	through	
Black poly	60%	1999	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
5	25	3	
7.5	150	1	
25	500	2	

FIRE HYDRANTS	
Type	Quantity
Standard *	18
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
20,000	Steel	2	2012
55,000	Steel	1	<2000
101,500	Steel	1	2012

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
85	Steel/rubber	4	2014
2,100	Steel	1	2012
4,600	Steel	1	1999

* 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)
--

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

TREATMENT EQUIPMENT:	Two chlorinators
STRUCTURES:	1700 feet of 6 foot chain link fence, 6 x 6 foot chlorine shed
OTHER:	altitude valve in 4 x 6 foot vault

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 days.
- (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	146
Method used:	(a)

Customer and Other Information	
Name of the System:	NACO WATER CO LLC-BISBEE
ADEQ Public Water System Number:	AZ0402112
ADWR PCC Number:	91-000075.0000

Month	Number of Customers				Other Non-Residential
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	
January	53	0	1	0	0
February	53	0	1	0	0
March	55	0	1	0	0
April	54	0	1	0	0
May	55	0	1	0	0
June	55	0	1	0	0
July	55	0	1	0	0
August	56	0	1	0	0
September	56	0	1	0	0
October	56	0	1	0	0
November	55	0	1	0	0
December	55	0	1	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.

Customer and Other Information	
Name of the System:	NACO WATER CO
ADEQ Public Water System Number:	AZ0402024
ADWR PCC Number:	91-000043.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	234	0	22	0	0
February	238	0	22	0	0
March	237	0	22	0	0
April	238	0	23	0	0
May	237	0	23	0	0
June	240	0	23	0	0
July	240	0	23	0	0
August	240	0	21	0	0
September	240	0	21	0	0
October	240	0	21	0	0
November	239	0	22	0	0
December	240	0	21	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 12b.

Naco Water Company, LLC
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/19

Utility Shutoffs / Disconnects	
Name of the System:	NACO WATER CO LLC-BISBEE
ADEQ Public Water System Number:	AZ0402112
ADWR PCC Number:	91-000075.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	0	0
February	0	1	0
March	0	1	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	1	0
October	0	3	0
November	0	1	0
December	0	0	0
Total	0	7	0

Other (description):

NA

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.

Naco Water Company, LLC
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/19

Utility Shutoffs / Disconnects	
Name of the System:	NACO WATER CO
ADEQ Public Water System Number:	AZ0402024
ADWR PCC Number:	91-000043.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	8	0
February	0	2	0
March	0	3	0
April	0	1	0
May	0	7	0
June	0	6	0
July	0	5	0
August	0	8	0
September	0	3	0
October	0	9	0
November	0	14	0
December	0	11	0
Total	0	77	0

Other (description):

NA

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.

Naco Water Company, LLC
Annual Report
Property Taxes
12/31/19

Property Taxes	
-----------------------	--

Amount of actual property taxes paid during Calendar Year 2019 was	
--	--

\$13,882

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 Sworn Statement (Taxes)

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

County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Naco Water Company, LLC

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.

**RECEIVED
BY EMAIL**

4/30/2020, 03:04 PM

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

B. Thomas
signature of owner/official

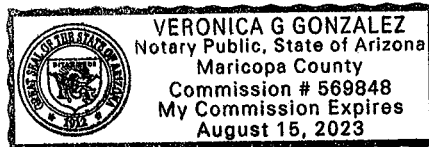
623-935-1100
telephone no.

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

THIS 30th DAY OF April 2020
(month) and (year)

MY COMMISSION EXPIRES

8/15/23
(date)



Veronica G Gonzalez
(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Naco Water Company, LLC

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 (\$)
\$299,354
(The amount in the box above includes
\$17,309 in sales taxes
billed or collected)

**RECEIVED
BY EMAIL**

4/30/2020, 03:04 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Bj T
signature of owner/official
623-935-1100
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Maricopa (county name)
THIS 30th DAY OF April 2020 (month) and (year)

MY COMMISSION EXPIRES 8/15/23 (date)



Veronica G Gonzalez
(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): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Naco Water Company, LLC

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 (\$) \$259,111
(The amount in the box above includes \$14,982 in sales taxes billed or collected)

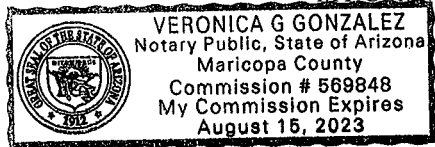
**RECEIVED
BY EMAIL**
4/30/2020, 03:04 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By [Signature]
signature of owner/official
623-935-1100
telephone no.

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

THIS 30th DAY OF April 2020
(month) and (year)

MY COMMISSION EXPIRES 8/15/23
(date)



Veronica G Gonzalez
(signature of notary public)

Gross-up Sharing Method for Income Tax Statement of Certification

Verification:

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

County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Naco Water Company, LLC

FOR THE YEAR ENDING: 12/31/19

Sworn Statement:

IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS NOT INCURRED NOR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.

Bryan Thomas
signature of owner/official

623-935-1100
telephone no.

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

Maricopa
(county name)

THIS 30th DAY OF April 2020
(month) and (year)

MY COMMISSION EXPIRES 8/15/23
(date)



Veronica G Gonzalez
(signature of notary public)