

ANNUAL REPORT

Of

Company Name: **Southland Utilities Company, Inc.**
PO Box 85160

Mailing Address: Tucson AZ
85754

Docket No.: W-02062A
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: 7/11/2024

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Southland Utilities Company, Inc.
A Class Utility

For the Calendar Year Ended: 12/31/23

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

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)
		\$0	\$0	\$0	\$0	\$0	\$0
301	Organization	0	0	0	0	0	0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	1,070	0	0	1,070	0	1,070
304	Structures and Improvements	53,992	1,690	0	55,682	24,290	31,392
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	49,951	50,386	0	100,337	36,504	63,833
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	492,091	459	0	492,550	484,503	8,047
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	6,560	0	0	6,560	2,074	4,486
320.2	Solution Chemical Feeders	4,732	0	0	4,732	4,732	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	653,678	0	0	653,678	245,245	408,433
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	252,719	22,156	0	274,875	262,246	12,629
333	Services	44,522	0	0	44,522	41,724	2,798
334	Meters and Meter Installations	137,455	0	0	137,455	100,562	36,893
335	Hydrants	153,743	0	0	153,743	29,212	124,531
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	57,617	0	0	57,617	6,482	51,135
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	9,972	0	0	9,972	7,986	1,986
347	Miscellaneous Equipment	9,683	0	0	9,683	9,290	393
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,927,785	\$74,691	\$0	\$2,002,476	\$1,254,850	\$747,626

Southland Utilities Company, 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	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	1,070	0	0	1,070	1,070	0	0.00%	0
304	Structures and Improvements	53,992	1,690	0	55,682	0	55,682	3.33%	1,826
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	49,951	50,386	0	100,337	30,144	70,193	3.33%	1,499
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	492,091	459	0	492,550	136,209	356,341	12.50%	44,514
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	6,560	0	0	6,560	0	6,560	3.33%	218
320.2	Solution Chemical Feeders	4,732	0	0	4,732	4,732	0	20.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	653,678	0	0	653,678	0	653,678	2.22%	14,512
330.2	Pressure Tanks	0	0	0	0	0	0	5.00%	0
331	Transmission and Distribution Mains	252,719	22,156	0	274,875	209,091	65,784	2.00%	1,094
333	Services	44,522	0	0	44,522	41,070	3,452	3.33%	115
334	Meters and Meter Installations	137,455	0	0	137,455	64,853	72,602	8.33%	6,048
335	Hydrants	153,743	0	0	153,743	0	153,743	2.00%	3,075
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	57,617	0	0	57,617	0	57,617	4.50%	2,593
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	9,972	0	0	9,972	0	9,972	10.00%	997
347	Miscellaneous Equipment	9,683	0	0	9,683	1,850	7,833	10.00%	783
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$1,927,785	\$74,691	\$0	\$2,002,476	\$489,019	\$1,513,457		\$77,274

Contribution(s) in Aid of Construction (Gross)	\$87,956
Less: Non Amortizable Contribution(s)	74,688
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$13,268</u>
Times: Proposed Amortization Rate	2.00%
Amortization of CIAC	\$265

Less: Amortization of CIAC \$265

DEPRECIATION EXPENSE **\$77,008**

Southland Utilities Company, 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		\$166,803	\$206,516
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		25,012	14,693
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		43,547	26,706
174	Miscellaneous Current and Accrued Assets		82,164	82,164
	Total Current and Accrued Assets		\$317,526	\$330,079
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,927,785	\$2,002,476
103	Property Held for Future Use		0	0
105	Construction Work in Progress		14,787	19,662
108	Accumulated Depreciation (enter as negative)*		(1,177,576)	(1,254,850)
121	Non-Utility Property		11,716	11,716
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$776,712	\$779,004
	Total Assets		\$1,094,238	\$1,109,083

*Note these items feed automatically from AR3 UPIS Page 4

Southland Utilities Company, 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		\$12,630	\$20,106
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		19,165	20,104
236	Accrued Taxes		1,926	1,768
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$33,721	\$41,978
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$596,113	\$519,671
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		23,452	25,206
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		87,956	87,956
272	Less: Amortization of Contributions		(83,309)	(83,574)
281	Accumulated Deferred Income Tax		7,597	7,597
	Total Deferred Credits		\$35,696	\$37,185
	Total Liabilities		\$665,530	\$598,834
	Capital Accounts			
201	Common Stock Issued		\$6,000	\$6,000
211	Other Paid-In Capital		184,727	184,627
215	Retained Earnings		237,981	319,622
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$428,708	\$510,249
	Total Liabilities and Capital		\$1,094,238	\$1,109,083

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

Southland Utilities Company, 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	\$406,747	\$373,224
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	328	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	13,155	12,628
	Total Revenues	\$420,230	\$385,852
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	37,706	34,805
618	Chemicals	0	1,203
620	Materials and Supplies	60	1,923
620.1	Repairs and Maintenance	2,140	19,059
620.2	Office Supplies and Expense	11,249	7,377
630	Contractual Services	1,243	3,913
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	3,818	6,125
633	Contractual Services - Legal	4,907	1,055
634	Contractual Services - Management Fees	157,024	163,364
635	Contractual Services - Water Testing	4,580	3,632
636	Contractual Services - Other	0	2,011
640	Rents	0	864
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	3,182	3,172
657	Insurance - General Liability	1,581	3,732
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	200	0
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	579	3,206
403	Depreciation Expense (From Schedule AR4)	77,008	75,425
408	Taxes Other Than Income	2	11
408.11	Property Taxes	15,954	0
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	572	703
	Total Operating Expenses	\$321,805	\$331,580
	Operating Income / (Loss)	\$98,424	\$54,272
	Other Income / (Expense)		
419	Interest and Dividend Income	\$458	\$30
421	Non-Utility Income	288	2,083
426	Miscellaneous Non-Utility (Expense)	(20,422)	0
427	Interest (Expense)	(8,169)	(15,477)
	Total Other Income / (Expense)	(\$27,845)	(\$13,364)
	Net Income / (Loss)	\$70,579	\$40,908

Southland Utilities Company, 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	0.2	0.2
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	1.4	2.4

Southland Utilities Company, 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	9/8/2012	NA	NA	NA
Source of Loan	WIFA	NA	NA	NA
ACC Decision No.	72429	NA	NA	NA
Reason for Loan	MAIN/STORAGE	NA	NA	NA
Dollar Amt. Issued	\$1,014,193	NA	NA	NA
Amount Outstanding	\$519,671	NA	NA	NA
Date of Maturity	9/1/2032	NA	NA	NA
Interest Rate	4.20%	NA	NA	NA
Current Year Interest	\$8,169	NA	NA	NA
Current Year Principal	\$60,098	NA	NA	NA

Meter Deposit Balance at Test Year End:	\$9,792
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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.

Well and Water Usage											
Name of the System		SOUTHLAND UTL-GOLDEN ACR									
ADEQ Public Water System Number		AZ0402029									
ADWR PCC Number		91-000047 0000									
Well registry 55# (55-XXXXXX)	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2013	Water level 2023	Meter Size (inches)	How measured	Active
55-626149 SITE 1	40	150	600	12	SUBMERSIBLE	1967	430	420	4	Metered	Yes
55-626150 SITE 2	30	170	600	14-12-10	SUBMERSIBLE	1968	390	400	6	Metered	Yes

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

Name of system water received from: _____
 ADWR PCC Number: _____ NA
 Source of water received: _____ NA
 Well registry 55# (55-XXXXXX): _____ NA

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	6,912,015.00	2,581,154.00	0.00	0.00	0.00	\$2,440	14,641
February	6,375,913.00	1,604,660.00	0.00	0.00	0.00	2,341	13,742
March	2,617,429.00	4,383,508.00	0.00	0.00	0.00	2,611	14,891
April	2,387,109.00	3,383,366.00	0.00	0.00	0.00	2,844	15,661
May	2,978,491.00	3,322,698.00	0.00	0.00	0.00	3,544	20,111
June	5,841,444.00	4,058,475.00	0.00	0.00	0.00	3,814	23,844
July	5,843,166.00	3,863,881.00	0.00	0.00	0.00	3,581	20,135
August	6,999,078.00	4,345,603.00	0.00	0.00	0.00	3,350	23,584
September	6,290,135.00	4,154,518.00	0.00	0.00	0.00	3,327	22,855
October	3,493,929.00	3,019,980.00	0.00	0.00	0.00	3,384	23,041
November	3,487,749.00	3,274,030.00	0.00	0.00	0.00	3,259	22,515
December	2,373,929.00	2,614,154.00	0.00	0.00	0.00	3,211	20,534
Totals	55,600,387.00	40,606,027.00	0.00	0.00	0.00	\$37,706	235,554

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

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			
Name of the System:	SOUTHLAND UTL-GOLDEN ACR		
ADEQ Public Water System Number:	AZ0402029		
ADWR PCC Number:	91-000047.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	Stainless Steel	1,000
4.00	AC/PVC	18,122
4.00	PVC	526
6.00	PVC	2,711
6.00	AC/PVC	28,260

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	666	2%	39%
0.75	2	50%	50%
2	2	100%	50%
3	1	100%	100%

SERVICE LINES			
Material	Percent of system	Year installed	
Galvanized steel	80%	1970S	
PVC	10%	1970S	
Black poly	10%	1970S	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
5	100	1	
10	200	1	
20	400	3	
30	600	3	

FIRE HYDRANTS	
Type	Quantity
Standard *	46
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
62,000	STEEL	1	1970S
165,000	STEEL	2	2009

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
90	EEL/RUBBER	2	2009
5,000	STEEL	1	1970S
125	EEL/RUBBER	1	1970S

* 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:	2 CHLORINATORS
-----------------------------	----------------

STRUCTURES:	554FT OF 6FT TALL CHAIN LINK FENCE, 10X12FT BRICK STORAGE STRUCTURES, 16X20FT BOOSTER BUILDING
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OTHER:	BACKUP GENERATOR
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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	177
Method used:	(a)

Customer and Other Information	
Name of the System:	SOUTHLAND UTL-GOLDEN ACR
ADEQ Public Water System Number:	AZ0402029
ADWR PCC Number:	91-000047.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	592	0	35	0	0
February	592	0	37	0	0
March	593	0	37	0	0
April	598	0	38	0	0
May	598	0	38	0	0
June	598	0	38	0	0
July	600	0	38	0	0
August	600	0	38	0	0
September	598	0	38	0	0
October	598	0	38	0	0
November	598	0	38	0	0
December	594	0	38	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.

NONE

* an ERC is based on the calculation on the bottom of AR9 page 12.

Southland Utilities Company, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	SOUTHLAND UTL-GOLDEN ACR
ADEQ Public Water System Number:	AZ0402029
ADWR PCC Number:	91-000047.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	9	0
February	0	3	0
March	0	3	0
April	0	6	0
May	0	9	0
June	0	10	0
July	0	4	0
August	0	3	0
September	0	9	0
October	0	14	0
November	0	2	0
December	0	5	0
Total	0	77	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.

Southland Utilities Company, Inc.
Annual Report
Property Taxes
12/31/23

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2023 was	\$15,954

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 Certification (Taxes)

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

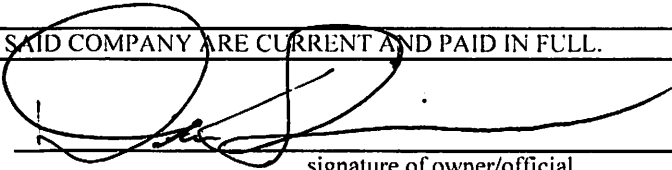
County of (county name):
Name (owner or official) title:
Company name:

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:


signature of owner/official

telephone no.