

**ANNUAL REPORT**

Of

Company Name: **Vernon Valley Water, Inc.**  
PO Box 245

Mailing Address: Taylor AZ  
85939

Docket No.: W-20540A  
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  
Vernon Valley Water, 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)
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	7,060	0	0	7,060	0	7,060
304	Structures and Improvements	608	0	0	608	320	288
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	2,227	0	0	2,227	1,110	1,117
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	4,704	0	0	4,704	4,138	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	698	0	0	698	242	456
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	35,223	0	0	35,223	11,268	23,955
333	Services	1,367	0	0	1,367	622	745
334	Meters and Meter Installations	7,491	0	0	7,491	4,541	2,950
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	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	120	0	0	120	30	90
348	Other Tangible Plant	0	0	0	0	0	0
	<b>Totals</b>	<b>\$59,498</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,498</b>	<b>\$22,271</b>	<b>\$37,227</b>

Vernon Valley Water, 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	7,060	0	0	7,060	7,060	0	0.00%	0
304	Structures and Improvements	608	0	0	608	0	608	3.33%	20
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	2,227	0	0	2,227	0	2,227	3.33%	74
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	4,704	0	0	4,704	3,953	751	12.50%	94
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	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	698	0	0	698	0	698	2.22%	15
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	35,223	0	0	35,223	0	35,223	2.00%	704
333	Services	1,367	0	0	1,367	0	1,367	3.33%	46
334	Meters and Meter Installations	7,491	0	0	7,491	0	7,491	8.33%	624
335	Hydrants	0	0	0	0	0	0	0.00%	0
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	0	0	0	0	0	0	0.00%	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	120	0	0	120	0	120	10.00%	12
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	<b>Subtotal</b>	<b>\$59,498</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,498</b>	<b>\$11,013</b>	<b>\$48,485</b>		<b>\$1,590</b>

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	2.77%
Amortization of CIAC	\$0

Less: Amortization of CIAC

**DEPRECIATION EXPENSE**

Vernon Valley Water, Inc.  
Annual Report  
Balance Sheet Assets  
12/31/23

<b>Balance Sheet Assets</b>				
	<b>Assets</b>		<b>Balance at Beginning of Year (2023)</b>	<b>Balance at End of Year (2023)</b>
<b>Account No.</b>	<b>Current and Accrued Assets</b>			
131	Cash		\$370	\$2,063
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		2,947	1,090
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	374
174	Miscellaneous Current and Accrued Assets		0	0
	<b>Total Current and Accrued Assets</b>		<b>\$3,317</b>	<b>\$3,527</b>
<b>Account No.</b>	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$59,498	\$59,498
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(20,682)	(22,271)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	<b>Total Fixed Assets</b>		<b>\$38,816</b>	<b>\$37,227</b>
	<b>Total Assets</b>		<b>\$42,133</b>	<b>\$40,754</b>

\*Note these items feed automatically from AR3 UPIS Page 4

Vernon Valley Water, Inc.  
Annual Report  
Balance Sheet Liabilities and Owners Equity

<b>Balance Sheet Liabilities and Owners Equity</b>				
	<b>Liabilities</b>		<b>Balance at Beginning of Year (2023)</b>	<b>Balance at End of Year (2023)</b>
<b>Account No.</b>	<b>Current Liabilities</b>			
231	Accounts Payable		\$2,187	\$6,606
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		0	0
236	Accrued Taxes		(65)	(162)
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	<b>Total Current Liabilities</b>		<b>\$2,122</b>	<b>\$6,444</b>
	<b>Long Term Debt</b>			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	<b>Deferred Credits</b>			
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
	<b>Total Deferred Credits</b>		<b>\$0</b>	<b>\$0</b>
	<b>Total Liabilities</b>		<b>\$2,122</b>	<b>\$6,444</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		43,142	43,142
215	Retained Earnings		(3,131)	(8,832)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	<b>Total Capital</b>		<b>\$40,011</b>	<b>\$34,310</b>
	<b>Total Liabilities and Capital</b>		<b>\$42,133</b>	<b>\$40,754</b>

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

Vernon Valley Water, Inc.  
Annual Report  
Water Comparative Income Statement  
12/31/23

<b>Water Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$13,519	\$15,019
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	130	269
	<b>Total Revenues</b>	<b>\$13,649</b>	<b>\$15,288</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	1,367	1,012
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	121	0
620.2	Office Supplies and Expense	703	481
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	2,451	5,152
633	Contractual Services - Legal	0	83
634	Contractual Services - Management Fees	9,450	7,290
635	Contractual Services - Water Testing	1,960	716
636	Contractual Services - Other	1,147	0
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	216
650	Transportation Expenses	292	70
657	Insurance - General Liability	133	176
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	750
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	11	0
403	Depreciation Expense (From Schedule AR4)	1,590	1,415
408	Taxes Other Than Income	0	0
408.11	Property Taxes	83	520
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	<b>Total Operating Expenses</b>	<b>\$19,308</b>	<b>\$17,881</b>
	<b>Operating Income / (Loss)</b>	<b>(\$5,659)</b>	<b>(\$2,593)</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	1	0
426	Miscellaneous Non-Utility (Expense)	0	(3)
427	Interest (Expense)	0	0
	<b>Total Other Income / (Expense)</b>	<b>\$1</b>	<b>(\$3)</b>
	<b>Net Income / (Loss)</b>	<b>(\$5,658)</b>	<b>(\$2,596)</b>



Vernon Valley Water, Inc.  
 Annual Report  
 Full time equivalent employees  
 12/31/23

**Full time equivalent employees**

	Direct Company	Allocated	Outside service	Total
President	0.5	0.0	0.0	0.5
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	0.0	0.0
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
<b>Total</b>	0.5	0.0	0.9	1.4

Vernon Valley Water, 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:	\$0
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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		VERNON VALLEY WATER CO									
ADEQ Public Water System Number		AZ0401054									
ADWR PCC Number:		91-000020.0000									
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
55-511289	5	32	400	6	SUBMERSIBLE	1985	300	300	1	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: \_\_\_\_\_  
 Source of water received: \_\_\_\_\_ NA  
 Well registry 55# (55-XXXXXX): \_\_\_\_\_ NA

Month	Water withdrawn (gallons) <sup>1</sup>	Water sold (gallons) <sup>2</sup>	Water delivered (sold) to other systems (gallons) <sup>3</sup>	Water received (purchased) from other systems (gallons) <sup>4</sup>	Estimated authorized use (gallons) <sup>5</sup>	Purchased Power Expense <sup>6</sup>	Purchased Power (kWh) <sup>7</sup>
January	75,725.00	68,800.00	0.00	0.00	0.00	\$88	528
February	67,888.00	64,625.00	0.00	0.00	0.00	121	1,115
March	35,710.00	31,915.00	0.00	0.00	0.00	113	1,001
April	76,650.00	59,720.00	0.00	0.00	0.00	112	1,001
May	72,420.00	69,680.00	0.00	0.00	0.00	194	1,050
June	62,774.00	113,680.00	0.00	0.00	0.00	184	650
July	51,490.00	51,490.00	0.00	0.00	0.00	169	450
August	81,531.00	59,800.00	0.00	0.00	0.00	58	255
September	67,841.00	87,793.00	0.00	0.00	0.00	47	155
October	68,141.00	90,810.00	0.00	0.00	0.00	105	350
November	75,410.00	69,890.00	0.00	0.00	0.00	63	261
December	65,141.00	40,010.00	0.00	0.00	0.00	113	1,001
<b>Totals</b>	<b>800,721.00</b>	<b>808,213.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$1,367</b>	<b>7,817</b>

If applicable, in the space below please provide a description for all un-metered water use along with amounts:  
 NONE

<sup>1</sup> Water withdrawn - Total gallons of water withdrawn from pumped sources.  
<sup>2</sup> Water sold - Total gallons from customer meters, and other sales such as construction water.  
<sup>3</sup> Water delivered (sold) to other systems - Total gallons of water delivered to other systems.  
<sup>4</sup> Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.  
<sup>5</sup> 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.  
<sup>6</sup> Enter the total purchased power costs for the power meters associated with this system.  
<sup>7</sup> Enter the total purchased kWh used by the power meters associated with this system.



<b>Water Utility Plant Description (Continued)</b>
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For the following three items, list the utility owned assets in each category for each system.

<b>TREATMENT EQUIPMENT:</b>	NONE
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<b>STRUCTURES:</b>	8X12 BUILDING
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<b>OTHER:</b>	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	123
Method used:	(a)

Customer and Other Information	
Name of the System:	VERNON VALLEY WATER CO
ADEQ Public Water System Number:	AZ0401054
ADWR PCC Number:	91-000020.0000

Month	Number of Customers				Other Non-Residential
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	
January	18	0	0	0	0
February	18	0	0	0	0
March	18	0	0	0	0
April	18	0	0	0	0
May	18	0	0	0	0
June	18	0	0	0	0
July	18	0	0	0	0
August	18	0	0	0	0
September	18	0	0	0	0
October	18	0	0	0	0
November	18	0	0	0	0
December	18	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.

Vernon Valley Water, Inc.  
 Annual Report  
 Utility Shutoffs / Disconnects  
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	VERNON VALLEY WATER CO
ADEQ Public Water System Number:	AZ0401054
ADWR PCC Number:	91-000020.0000

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	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Other (description):**

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.

Vernon Valley Water, Inc.  
Annual Report  
Property Taxes  
12/31/23

**Property Taxes**

Amount of actual property taxes paid during Calendar Year 2023 was

\$83

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 Ar iz oa, the undersigned of the  
(state name)

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

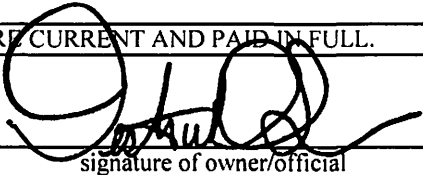
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

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.