

ANNUAL REPORT

Of

Company Name: **WATCO, Inc.**
PO Box 245

Mailing Address: Taylor AZ
85939

Docket No.: W-20475A
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
WATCO, 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	\$1,542	\$0	\$0	\$1,542	\$1,542	\$0
302	Franchises	7	0	0	7	7	0
303	Land and Land Rights	27,094	0	0	27,094	0	27,094
304	Structures and Improvements	47,958	0	0	47,958	26,606	21,352
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	48,807	0	0	48,807	47,014	1,793
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	56,114	0	0	56,114	46,939	9,175
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	74,796	0	0	74,796	41,064	33,732
330.2	Pressure Tanks	49,140	0	0	49,140	49,140	0
331	Transmission and Distribution Mains	1,119,753	2,842	0	1,122,595	653,097	469,498
333	Services	102,922	959	0	103,881	96,668	7,213
334	Meters and Meter Installations	30,919	2,506	0	33,425	28,182	5,243
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	1,257	1,360	0	2,617	191	2,426
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	\$1,560,309	\$7,667	\$0	\$1,567,976	\$990,450	\$577,526

WATCO, 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	\$1,542	\$0	\$0	\$1,542	\$1,542	\$0	0.00%	\$0
302	Franchises	7	0	0	7	7	0	0.00%	0
303	Land and Land Rights	27,094	0	0	27,094	27,094	0	0.00%	0
304	Structures and Improvements	47,958	0	0	47,958	0	47,958	3.33%	1,597
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	2.50%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	2.50%	0
307	Wells and Springs	48,807	0	0	48,807	0	48,807	3.33%	1,625
308	Infiltration Galleries	0	0	0	0	0	0	6.67%	0
309	Supply Mains	0	0	0	0	0	0	2.00%	0
310	Power Generation Equipment	0	0	0	0	0	0	5.00%	0
311	Pumping Equipment	56,114	0	0	56,114	44,821	11,293	12.50%	1,412
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	3.33%	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	20.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	10.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	74,796	0	0	74,796	0	74,796	2.22%	1,660
330.2	Pressure Tanks	49,140	0	0	49,140	49,140	0	5.00%	0
331	Transmission and Distribution Mains	1,119,753	2,842	0	1,122,595	0	1,122,595	2.00%	22,423
333	Services	102,922	959	0	103,881	0	103,881	3.33%	3,443
334	Meters and Meter Installations	30,919	2,506	0	33,425	27,389	6,036	8.33%	398
335	Hydrants	0	0	0	0	0	0	2.00%	0
336	Backflow Prevention Devices	0	0	0	0	0	0	6.67%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	6.67%	0
340	Office Furniture and Equipment	0	0	0	0	0	0	6.67%	0
340.1	Computer & Software	0	0	0	0	0	0	20.00%	0
341	Transportation Equipment	0	0	0	0	0	0	20.00%	0
342	Stores Equipment	0	0	0	0	0	0	4.00%	0
343	Tools, Shop and Garage Equipment	1,257	1,360	0	2,617	0	2,617	5.00%	97
344	Laboratory Equipment	0	0	0	0	0	0	10.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	5.00%	0
346	Communication Equipment	0	0	0	0	0	0	10.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0	10.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	5.00%	0
	Subtotal	\$1,560,309	\$7,667	\$0	\$1,567,976	\$149,993	\$1,417,983		\$32,656

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	2.30%
Amortization of CIAC	\$0

Less: Amortization of CIAC \$0

DEPRECIATION EXPENSE **\$32,656**

WATCO, 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		\$17,062	\$13,286
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		(22,793)	36,498
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		0	0
	Total Current and Accrued Assets		(\$5,731)	\$49,784
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,560,309	\$1,567,976
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(957,795)	(990,450)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$602,514	\$577,526
	Total Assets		\$596,783	\$627,310

*Note these items feed automatically from AR3 UPIS Page 4

WATCO, 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		(\$1,108)	\$12,965
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		0	0
236	Accrued Taxes		(2,394)	190
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		(\$3,502)	\$13,155
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$31,273	\$11,370
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		0	0
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$0	\$0
	Total Liabilites		\$27,771	\$24,525
	Capital Accounts			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		634,690	681,359
215	Retained Earnings		(65,678)	(78,574)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$569,012	\$602,785
	Total Liabilities and Capital		\$596,783	\$627,310

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

WATCO, 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	\$209,933	\$174,000
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	2,066	1,555
	Total Revenues	\$211,999	\$175,555
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	15,597	15,024
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	2,467	9,284
620.2	Office Supplies and Expense	3,652	2,898
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	8,495	80,185
633	Contractual Services - Legal	998	163
634	Contractual Services - Management Fees	142,008	75,283
635	Contractual Services - Water Testing	4,364	3,229
636	Contractual Services - Other	0	2,080
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	3,492
650	Transportation Expenses	6,389	2,549
657	Insurance - General Liability	1,530	1,965
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	2,005
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	969	1,190
403	Depreciation Expense (From Schedule AR4)	32,656	33,926
408	Taxes Other Than Income	0	0
408.11	Property Taxes	5,784	0
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$224,909	\$233,273
	Operating Income / (Loss)	(\$12,910)	(\$57,718)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$550	\$0
421	Non-Utility Income	51	0
426	Miscellaneous Non-Utility (Expense)	0	(4)
427	Interest (Expense)	(587)	(754)
	Total Other Income / (Expense)	\$14	(\$758)
	Net Income / (Loss)	(\$12,896)	(\$58,476)

WATCO, 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	0.5	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	0.5	0.0	1.4	1.9

WATCO, 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	6/1/2008	NA	NA	NA
Source of Loan	WIFA	NA	NA	NA
ACC Decision No.	70055	NA	NA	NA
Reason for Loan	INFRASTRUCTU	NA	NA	NA
Dollar Amt. Issued	\$600,000	NA	NA	NA
Amount Outstanding	\$31,273	NA	NA	NA
Date of Maturity	6/26/2028	NA	NA	NA
Interest Rate	1.90%	NA	NA	NA
Current Year Interest	\$587	NA	NA	NA
Current Year Principal	\$5,522	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.

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

TREATMENT EQUIPMENT:	NONE
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STRUCTURES:	12X30 BUILDING, 20X20 BUILDING
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OTHER:	NONE
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Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC

126

 Method used:

(a)

Customer and Other Information	
Name of the System:	BOURDON RANCH ESTATES
ADEQ Public Water System Number:	AZ0409049
ADWR PCC Number:	91-000393.0000

Month	Number of Customers				Other Non-Residential
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	
January	328	0	0	0	0
February	328	0	0	0	0
March	328	0	0	0	0
April	329	0	0	0	0
May	329	0	0	0	0
June	329	0	0	0	0
July	328	0	0	0	0
August	329	0	0	0	0
September	329	0	0	0	0
October	329	0	0	0	0
November	329	0	0	0	0
December	329	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.

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

WATCO, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of the System:	BOURDON RANCH ESTATES
ADEQ Public Water System Number:	AZ0409049
ADWR PCC Number:	91-000393.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	0	0
February	0	2	0
March	0	1	0
April	0	4	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	1	0
September	0	2	0
October	0	4	0
November	0	2	0
December	0	4	0
Total	0	20	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.

WATCO, Inc.
Annual Report
Property Taxes
12/31/23

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2023 was	\$5,784
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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 Arizona, the undersigned of the
(state name)

County of (county name): Cochise
Name (owner or official) title: DUSTI NDESPAIN
Company name: WATCO, Inc.

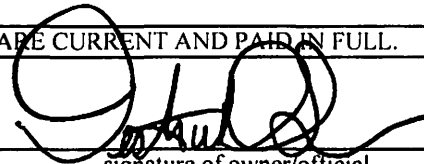
DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

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.