ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

Arroyo Water Company
PO Box 1048L
Payson, AZ 85541

RECEIVED

W-04286A

MAY 11 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006

FOR COMMISSION USE

ANN 04	06

PROCESSED BY: 5-16-07

SCANNED 6-11-07

COMPANY INFORMATION

Company Name (Business Name) Arroyo Water Company

Mailing Address HC61 Box 1048L
(Street)

Payson Az 85541
(City) (State) (Zip)

928-474-1766 928-474-7812
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

Local Office Mailing Address Same As Above
(Street)

(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact: Kacy J. Parker Owner
(Name) (Title)

HC61 Box 1048L Payson Az 85541
(Street) (City) (State) (Zip)

928-474-1766 928-474-7812
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

On Site Manager: Kacy J. Parker
(Name)

HC61 Box 1048L Payson Az 85541
(Street) (City) (State) (Zip)

928-474-1766 928-474-7812
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

☐ **Please mark this box if the above address(es) have changed or are updated since the last filing.**

Statutory Agent: Kacy L. Parker
(Name)

HC 6 Box 1048L Payson AZ 85541
(Street) (City) (State) (Zip)

928-474-1766 928-474-7812
Telephone No. (Include Area Code) Fax No. (Include Area Code Pager/Cell No. (Include Area Code)

Attorney: _____
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ **Please mark this box if the above address(es) have changed or are updated since the last filing.**

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- ☐ **Sole Proprietor (S)**
- ☒ **C Corporation (C) (Other than Association/Co-op)**
- ☐ **Partnership (P)**
- ☐ **Subchapter S Corporation (Z)**
- ☐ **Bankruptcy (B)**
- ☐ **Association/Co-op (A)**
- ☐ **Receivership (R)**
- ☐ **Limited Liability Company**
- ☐ **Other** (Describe)_____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE	☐ COCHISE	☐ COCONINO
☒ GILA	☐ GRAHAM	☐ GREENLEE
☐ LA PAZ	☐ MARICOPA	☐ MOHAVE
☐ NAVAJO	☐ PIMA	☐ PINAL
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUMA
☐ STATEWIDE		

COMPANY NAME Arroyo Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	40,000.00	17,142.00	22,858.00
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5000.00		5000.00
307	Wells and Springs	75000		75,000.00
311	Pumping Equipment	10000.00		10,000.00
320	Water Treatment Equipment	0		
330	Distribution Reservoirs and Standpipes	N/A		
331	Transmission and Distribution Mains	n/A		
333	Services	n/A		
334	Meters and Meter Installations	32,850.00		32,850.00
335	Hydrants	n/A		
336	Backflow Prevention Devices	3,000		3,000.00
339	Other Plant and Misc. Equipment	1550		1550.00
340	Office Furniture and Equipment	1500		1500.00
341	Transportation Equipment	~~5,000.00~~ 36,000	8460.00	33,540.00
343	Tools, Shop and Garage Equipment	8,000		8000.00
344	Laboratory Equipment	n/A		
345	Power Operated Equipment	n/A		
346	Communication Equipment	n/A		
347	Miscellaneous Equipment	0		
348	Other Tangible Plant	0		
	TOTALS	218,900.00	25602.00	193,298.00

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Arroyo Water Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	40,000.00		40,000.00
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5000.00		5,000.00
307	Wells and Springs	7500.00		7500.00
311	Pumping Equipment	10,000.00		10,000.00
320	Water Treatment Equipment	0		
330	Distribution Reservoirs and Standpipes	n/a		
331	Transmission and Distribution Mains	n/a		
333	Services	n/a		
334	Meters and Meter Installations	32,850.00		32850.00
335	Hydrants	n/a		
336	Backflow Prevention Devices	3,000.00		3,000.00
339	Other Plant and Misc. Equipment	1550.00		1550.00
340	Office Furniture and Equipment	1500.00		1500.00
341	Transportation Equipment	3600.00		3600.00
343	Tools, Shop and Garage Equipment	8000.00		8000.00
344	Laboratory Equipment	n/a		
345	Power Operated Equipment	n/a		
346	Communication Equipment	n/a		
347	Miscellaneous Equipment	0		
348	Other Tangible Plant	0		
	TOTALS	113,000.00		113,000.00

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME	Arroyo Water Company

BALANCE SHEET

Acct .No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	$ 8179	$ 2601
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	2809.00	7465
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	$ 10,988.00	$ 10,066.00
	FIXED ASSETS		
101	Utility Plant in Service	$ 218,900.00	$ 193,298.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	14,688.00	25602.00
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	$ 204 21200	$ 218,900.00
	TOTAL ASSETS	$ 215,200.00	$ 228,966.00

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Arroyo Water Company

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	$	$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	240.00	320.00
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	$ 240.00	$ 320.00
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	$ Ø	$ Ø
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	$ Ø	$ Ø
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	$ Ø	$ Ø
	TOTAL LIABILITIES	$	$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	$ 1,000.00	$ 1,000.00
211	Paid in Capital in Excess of Par Value	213,960.00	227,646.00
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	$ 214,960.00	$ 228,646.00
	TOTAL LIABILITIES AND CAPITAL	$ 215,200.00	$ 228,966.00

COMPANY NAME	Arroyo Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	$ 28,719.00	$ 16816.00
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	$ 28,719.00	$ 16816.00
	OPERATING EXPENSES		
601	Salaries and Wages	$ 5220.00	$ 5200.00
610	Purchased Water		
615	Purchased Power	4876.00	4921.00
618	Chemicals		
620	Repairs and Maintenance	795.00	863.00
621	Office Supplies and Expense	3272.00	2807.00
630	Outside Services	Ø	
635	Water Testing	2150.00	600.00
641	Rents		
650	Transportation Expenses	6289.00	4135.00
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	462.00	495.00
403	Depreciation Expense		
408	Taxes Other Than Income	2858.00	645.00
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	$ 26120.00	$ 19,666.00
	OPERATING INCOME/(LOSS)	$ 2599.00	$ <2850.00>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	$ Ø	$ Ø
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	$ Ø	$ Ø
	NET INCOME/(LOSS)	$ 2,599.00	$ <2850.00>

COMPANY NAME	Arroyo Water Company

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan		N/A		
Dollar Amount Issued	$	$	$	$
Amount Outstanding	$	$	$	$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	$	$	$	$
Current Year Principle	$	$	$	$

Meter Deposit Balance at Test Year End $ _____

Meter Deposits Refunded During the Test Year $ _____

COMPANY NAME	Arroyo Water Company
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-805621	5+3	90	61'	19"		1996

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1		
		N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
11,000	1	2,500	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Arroyo Water Company
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	2,000
3		
4	PVC	6,200
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	100
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

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

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Fence around well site - Chain link

OTHER:

Operations Company provides equipment & materials - back hoe - trenches & generator, etc

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	Arroyo Water Company
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	105	426		
FEBRUARY	105	463		0
MARCH	105	463		
APRIL	105	665		
MAY	105	892		
JUNE	105	1033		
JULY	105	1024		
AUGUST	105	896		
SEPTEMBER	105	803		
OCTOBER	105	693		
NOVEMBER	105	710		
DECEMBER	105	390		
	TOTALS →	8458		

What is the level of arsenic for each well on your system? _____mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A **GPM for ____hrs**

If system has chlorination treatment, does this treatment system chlorinate continuously?
( ) Yes N/A ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes ( ) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Arroyo Water Company **YEAR ENDING 12/31/2006**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: $_____

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why._____

_____

_____

_____

_____

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MAY 11 2007
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION AND SWORN STATEMENT
Taxes

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	GILA
NAME (OWNER OR OFFICIAL) TITLE	KACY L. PARKER
COMPANY NAME	ARROYO WATER COMPANY

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

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.

SIGNATURE OF OWNER OR OFFICIAL

928-474-1766
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9TH DAY OF May

NANCY E CAMPBELL
NOTARY PUBLIC - ARIZONA
GILA COUNTY
My Comm. Exp.: December 2, 2009

(SEAL)

COUNTY NAME	GILA
MONTH MAY	2007

Nancy E. Campbell
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12-2-09

JAN-22-2005 SAT 08:03 AM FAX NO. P. 02/05

COMPANY NAME Hereford Water Company YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE _____ DATE 5-9-07

PRINTED NAME Kacy D. Parker TITLE Owner

JAN-22-2005 SAT 08:03 AM FAX NO. P. 03/05

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MAY 11 2007
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Gila
NAME (OWNER OR OFFICIAL) TITLE	Lacy J. Tarker
COMPANY NAME	Arroyo Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

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 REQUIREMENT 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 CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only ($)
$ 16,816.00

(THE AMOUNT IN BOX ABOVE INCLUDES $ 1219.16 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

288-474-1766
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9th DAY OF

NANCY E CAMPBELL
NOTARY PUBLIC - ARIZONA
GILA COUNTY
My Comm. Exp.: December 2, 2009

(SEAL)

COUNTY NAME	Gila
MONTH May	2007

Nancy E. Campbell
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12-2-07

JAN-22-2005 SAT 08:03 AM FAX NO. P. 04/05

RECEIVED
MAY 11 2007
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION AND SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA — COUNTY OF (COUNTY NAME): Gila

I, THE UNDERSIGNED — NAME (OWNER OR OFFICIAL): Hayley L. Parker — TITLE: Owner

OF THE — COMPANY NAME:

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

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 40-401.01, 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 CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
$ 116,816.00

THE AMOUNT IN BOX AT LEFT INCLUDES $ 1219.16 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

928-474-1766
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF Gila

THIS 9th **DAY OF** May, 2007

NOTARY PUBLIC NAME:

(SEAL) NANCY E CAMPBELL
NOTARY PUBLIC - ARIZONA
GILA COUNTY
My Comm. Exp. December 2, 2009

MY COMMISSION EXPIRES 12-2-09

x Nancy E. Moreno
SIGNATURE OF NOTARY PUBLIC

JAN-22-2005 SAT 08:04 AM FAX NO. P. 05/05