

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:

12/31/25

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**ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION**

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:

4/20/2026

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Vernon Valley Water, Inc.
A Class ☐ Utility

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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

For the Calendar Year Ended: 12/31/25

Primary Address:

PO Box 85160
City: Tucson State: Arizona Zip Code: 85745

Telephone Number:

520-624-1460

Date of Original Organization of Utility:

10/25/1990

Person to whom correspondence should be addressed concerning this report:

Name:

Dorinda Chacon

Telephone No. :

520-624-1460

Address:

PO Box 85160
City: Tucson State: Arizona Zip Code: 85754

Email:

INFO@SOUTHWESTERNUTILITY.COM

Owner
Name:

Gary Wene

Telephone No. :

520-345-2122

Address:

PO Box 85160
City: Tucson State: Arizona Zip Code: 85754

Email:

gwene@southwesternutility.com

n/a
Name:

n/a

Telephone No. :

n/a

Address:

n/a
City: n/a State: n/a Zip Code: n/a

Email:

n/a

n/a
Name:

n/a

Telephone No. :

n/a

Address:

n/a
City: n/a State: n/a Zip Code: n/a

Email:

n/a

n/a
Name:

n/a

Telephone No. :

n/a

Address:

n/a
City: n/a State: n/a Zip Code: n/a

Email:

n/a

Ownership:

"C" Corporation

Counties Served:

Apache

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Vernon Valley Water, Inc.

Important changes during the year	
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N/A	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

N/A	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

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UTILITIES DIVISION

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	349	259
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	1,253	974
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	4,704	(0)
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	293	405
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	35,223	0	0	35,223	12,437	22,786
333	Services	1,367	0	0	1,367	691	676
334	Meters and Meter Installations	7,491	500	0	7,991	5,380	2,611
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	120	0	0	120	40	80
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	61	0	61	0	61
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$59,498	\$561	\$0	\$60,060	\$25,147	\$34,913

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	0	7,060	0.00%	0
304	Structures and Improvements	608	0	0	608	349	259	3.33%	9
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	1,253	974	3.33%	32
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	4,704	(0)	12.50%	(0)
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	293	405	3.33%	13
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	35,223	0	0	35,223	12,437	22,786	2.00%	456
333	Services	1,367	0	0	1,367	691	676	3.33%	23
334	Meters and Meter Installations	7,491	500	0	7,991	5,380	2,611	8.33%	197
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	120	0	0	120	40	80	5.00%	4
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	61	0	61	0	61	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	\$59,498	\$561	\$0	\$60,060	\$25,147	\$34,913		\$733

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	2.10%
Amortization of CIAC	\$0

Less: Amortization of CIAC **\$0**

DEPRECIATION EXPENSE **\$733**

Vernon Valley Water, Inc.
Annual Report
Balance Sheet Assets
12/31/25

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Account No.	Current and Accrued Assets			
131	Cash		\$2,326	\$3,414
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		193	184
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		789	66
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$3,308	\$3,663
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$59,498	\$60,060
103	Property Held for Future Use		0	0
105	Construction Work in Progress		1,290	1,290
108	Accumulated Depreciation (enter as negative)*		(22,809)	(25,147)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$37,979	\$36,203
	Total Assets		\$41,287	\$39,866

*Note these items feed automatically from AR3 UPIS Page 4

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

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Account No.	Current Liabilities			
231	Accounts Payable		\$9,156	\$11,791
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		0	0
236	Accrued Taxes		(532)	(397)
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$8,625	\$11,393
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	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 Liabilities		\$8,625	\$11,393
	Capital Accounts			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		3,377	3,377
215	Retained Earnings		34,311	27,760
218	Proprietary Capital (Sole Props and Partnerships)		(5,026)	(2,665)
	Total Capital		\$32,662	\$28,472
	Total Liabilities and Capital		\$41,287	\$39,866

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
12/31/25

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2025 - 12/31/2025	Last Year 01/01/2024 - 12/31/2024
	Operating Revenue		
461	Metered Water Revenue	\$16,225	\$16,281
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	190	60
474	Other Water Revenue	0	0
	Total Revenues	\$16,414	\$16,341
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	1,446	1,222
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	477	0
620.2	Office Supplies and Expense	1,390	1,819
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	2,450	2,425
633	Contractual Services - Legal	130	120
634	Contractual Services - Management Fees	7,536	8,364
635	Contractual Services - Water Testing	1,049	616
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	359	295
657	Insurance - General Liability	0	0
657.1	Insurance - Health and Life	141	68
665	Regulatory Commission Expense - Rate	1,307	2,352
670	Bad Debt Expense	403	74
675	Miscellaneous Expense	397	0
403	Depreciation Expense (From Schedule AR4)	733	3,915
408	Taxes Other Than Income	0	0
408.11	Property Taxes	1,184	83
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$19,003	\$21,351
	Operating Income / (Loss)	(\$2,589)	(\$5,011)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$11
421	Non-Utility Income	4	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	(26)
	Total Other Income / (Expense)	\$4	(\$15)
	Net Income / (Loss)	(\$2,585)	(\$5,026)

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
Total	0.5	0.0	0.9	1.4

Vernon Valley Water, Inc.
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/25

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan	N/A	N/A	N/A	N/A
ACC Decision No.	N/A	N/A	N/A	N/A
Reason for Loan	N/A	N/A	N/A	N/A
Dollar Amt. Issued	N/A	N/A	N/A	N/A
Amount Outstanding	N/A	N/A	N/A	N/A
Date of Maturity	N/A	N/A	N/A	N/A
Interest Rate	N/A	N/A	N/A	N/A
Current Year Interest	N/A	N/A	N/A	N/A
Current Year Principal	N/A	N/A	N/A	N/A

Meter Deposit Balance at Test Year End:	\$0
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Meter Deposits Refunded During the Test Year:	\$0
---	-----

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

[illegible]

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

Name of system water received from:	NA	
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	50,950.00	44,900.00	0.00	0.00	0.00	\$383	2,319
February	67,797.00	58,170.00	0.00	0.00	0.00	414	2,741
March	82,438.00	72,910.00	0.00	0.00	0.00	379	2,380
April	38,080.00	34,210.00	0.00	0.00	0.00	367	2,220
May	85,228.00	75,810.00	0.00	0.00	0.00	282	1,540
June	169,550.00	153,280.00	0.00	0.00	0.00	341	2,006
July	108,051.00	93,270.00	0.00	0.00	0.00	280	1,877
August	122,750.00	109,770.00	0.00	0.00	0.00	273	1,757
September	99,220.00	84,570.00	0.00	0.00	0.00	367	1,757
October	60,077.00	53,440.00	0.00	0.00	0.00	296	1,638
November	53,890.00	48,080.00	0.00	0.00	0.00	293	1,605
December	41,997.00	38,170.00	0.00	0.00	0.00	315	1,700
Totals	980,028.00	866,580.00	0.00	0.00	0.00	\$3,989	23,540

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

N/A

- | | |
|---|---|
| 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:		A PETERSEN WATER CO	
ADEQ Public Water System Number:		AZ0409032	
ADWR PCC Number:		91-000386.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
3.00	ABS	650
4.00	ABS	4,350
4.00	AC/PVC	1,500
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

SERVICE LINES			
Material	Percent of system	Year installed	
PVC	95%	0	
HDPE	5%	0	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	

BOOSTER PUMPS		
Horsepower	GPM	Quantity
5	85	1
NA	NA	NA
NA	NA	NA
NA	NA	NA

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
10,000	Galvanized Steel	1	0
1,000	Fiberglass	1	0
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	16	6%	0%
0.75	2	100%	0%
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
3,000	Metal	1	0
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* 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:	None
STRUCTURES:	8x12 Building
OTHER:	None

Customer and Other Information	
Name of the System:	A PETERSEN WATER CO
ADEQ Public Water System Number:	AZ0409032
ADWR PCC Number:	91-000386.0000

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	17	0	0	0		0
October	18	0	0	0		0
November	16	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?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

NA

Vernon Valley Water, Inc.
Annual Report
Utility Shutoffs / Disconnects
12/31/25

Utility Shutoffs / Disconnects	
Name of the System:	A PETERSEN WATER CO
ADEQ Public Water System Number:	AZ0409032
ADWR PCC Number:	91-000386.0000

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
Total	0	0	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.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2025 was
--

\$914

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.

Vernon Valley Water, Inc.
Annual Report
Verification and Certification (Taxes)
12/31/25

PAGE RECEIVED BY EMAIL
4/27/2026, 4:05 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Verification and Certification (Taxes)

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

County of (county name): Apache
Name (owner or official) title: Dorinda Chacon
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: 12/31/25

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.

Dorinda Chacon

signature of owner/official

520-624-1460

telephone no.



Lacey Rane Merritt
Pima County
July 1st 2028