

Rec

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: 12/31/19

RECEIVED
UTILITIES DIVISION
2020 MAY 14 P 2:15
ARIZONA CORPORATION
COMMISSION

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@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: 5/13/2020

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

For the Calendar Year Ended:

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:

On-Site Manager
Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Management Contact
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
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	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.
	none

	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.
	none

Vernon Valley Water, Inc.
 Annual Report
 Utility Plant in Service (Water)
 12/31/19

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OC LD (OC less AD)
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	4,694	0	0	4,694	0	4,694
304	Structures and Improvements	608	0	0	608	240	368
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	814	1,413
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	3,953	0	0	3,953	3,953	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	182	516
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	35,223	0	0	35,223	8,452	26,771
333	Services	1,367	0	0	1,367	438	929
334	Meters and Meter Installations	4,166	0	0	4,166	2,737	1,429
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	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$52,936	\$0	\$0	\$52,936	\$16,816	\$36,120

Vernon Valley Water, Inc.
 Annual Report
 Depreciation Expense for the Current Year (Water)
 12/31/19

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	4,694	0	0	4,694	0	4,694	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	3,953	0	0	3,953	0	3,953	0.00%	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	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	4,166	0	0	4,166	0	4,166	8.33%	347
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	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$52,936	\$0	\$0	\$52,936	\$0	\$52,936	19.21	\$1,207

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 2.28%
 Amortization of CIAC \$0

Less: Amortization of CIAC \$0

DEPRECIATION EXPENSE \$1,207

Vernon Valley Water, Inc.
 Annual Report
 Balance Sheet Assets
 12/31/19

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current and Accrued Assets			
131	Cash		\$725	\$2,946
134	Working Funds		0	0
135	Temporary Cash Investments		1,441	0
141	Customer Accounts Receivable		0	0
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		\$2,166	\$2,946
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$52,936	\$52,936
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(15,684)	(16,816)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$37,252	\$36,120
	Total Assets		\$39,418	\$39,066

*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 (2019)	Balance at End of Year (2019)
Account No.	Current Liabilities			
231	Accounts Payable		\$0	\$0
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		100	300
236	Accrued Taxes		0	0
237	Accrued Interest		102	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$202	\$300
	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 Liabilites		\$202	\$300
	Capital Accounts			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		0	0
215	Retained Earnings		39,216	38,766
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$39,216	\$38,766
	Total Liabilities and Capital		\$39,418	\$39,066

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
12/31/19

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2019 - 12/31/2019	Last Year 01/01/2018 - 12/31/2018
	Operating Revenue		
461	Metered Water Revenue	\$17,015	\$17,010
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	65	75
	Total Revenues	\$17,080	\$17,085
	Operating Expenses		
601	Salaries and Wages	\$7,737	\$6,392
604	Employee Pensions and Benefits	0	3
610	Purchased Water	0	0
615	Purchased Power	0	862
618	Chemicals	0	1
620	Materials and Supplies	141	63
620.1	Repairs and Maintenance	67	9
620.2	Office Supplies and Expense	151	344
630	Contractual Services	949	773
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	1,545	1,125
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	760	80
635	Contractual Services - Water Testing	489	903
636	Contractual Services - Other	15	15
640	Rents	0	0
641	Rental of Building/Real Property	219	176
642	Rental of Equipment	414	438
650	Transportation Expenses	557	456
657	Insurance - General Liability	212	287
657.1	Insurance - Health and Life	0	137
665	Regulatory Commission Expense - Rate	0	3,242
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	0	3
403	Depreciation Expense (From Schedule AR4)	1,207	1,207
408	Taxes Other Than Income	313	1,047
408.11	Property Taxes	386	320
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$15,162	\$17,883
	Operating Income / (Loss)	\$1,918	(\$798)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	\$1,918	(\$798)

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.0	0.0	0.0	0.0
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	0.0	0.0
Meter reader	0.0	0.0	0.0	0.0
Customer Service	0.0	0.0	0.0	0.0
Accounting	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0

Vernon Valley Water, Inc.
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/19

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	0	0	0	0
ACC Decision No.	0	0	0	0
Reason for Loan	0	0	0	0
Dollar Amt. Issued	\$0	\$0	\$0	\$0
Amount Outstanding	\$0	\$0	\$0	\$0
Date of Maturity	N/A	N/A	N/A	N/A
Interest Rate	0.00%	0.00%	0.00%	0.00%
Current Year Interest	\$0	\$0	\$0	\$0
Current Year Principal	\$0	\$0	\$0	\$0

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 2010	Water level 2019	Meter Size (inches)	Flow measured:	Active
55-511289	5	32	400	6	SUBMERSIBLE	1985	300	300	1	Metered	Yes
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A
NONE	0	0	0	0	NONE	0	0	0	0	N/A	N/A

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

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

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	101,268.00	100,890.00	0.00	0.00	0.00	\$71	416
February	47,757.00	43,270.00	0.00	0.00	0.00	\$64	300
March	44,233.00	37,220.00	0.00	0.00	0.00	\$61	295
April	88,307.00	46,060.00	0.00	0.00	0.00	\$66	305
May	64,877.00	62,480.00	0.00	0.00	0.00	\$63	296
June	108,214.00	105,310.00	0.00	0.00	0.00	\$72	418
July	84,693.00	81,900.00	0.00	0.00	0.00	\$70	418
August	94,545.00	91,920.00	0.00	0.00	0.00	\$76	425
September	79,246.00	74,910.00	0.00	0.00	0.00	\$69	315
October	104,397.00	102,770.00	0.00	0.00	0.00	\$70	415
November	119,822.00	118,730.00	0.00	0.00	0.00	\$78	430
December	57,683.00	53,780.00	0.00	0.00	0.00	\$75	420
Totals	995,042.00	919,240.00	0.00	0.00	0.00	\$835	4,453

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:	VERNON VALLEY WATER CO
ADEQ Public Water System Number:	AZ0401054
ADWR PCC Number:	91-000020.0000

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC	660
4.00	PVC	2,880
6.00	PVC	1,495
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	18	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%

SERVICE LINES			
Material	Percent of system	Year installed	
PVC	90%	0	
HDPE	10%	0	
NA	0%	0	
NA	0%	0	
NA	0%	0	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
2	50	2	
0	0	0	
0	0	0	
0	0	0	

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS				
Capacity (gallons)	Material	Quantity	Year installed	
10,000	METAL	1	0	
0	NONE	0	0	
0	NONE	0	0	
0	NONE	0	0	
0	NONE	0	0	
0	NONE	0	0	

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
120	METAL	1	0
0	NA	0	0
0	NA	0	0
0	NA	0	0
0	NA	0	0
0	NA	0	0
0	NA	0	0

* 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
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STRUCTURES:	8'X12' 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 365
- (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
 Method used:

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				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
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	16	0	0	0	0
November	17	0	0	0	0
December	17	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 (GCPCPD) 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.

Vernon Valley Water, Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/19

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	1	0
August	0	0	0
September	0	0	0
October	0	1	0
November	0	1	0
December	0	0	0
Total	0	3	0

Other (description):

NA

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
12/31/19

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2019 was	\$386

If no property taxes paid, explain why.

NA

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 Sworn Statement (Taxes)

RECEIVED
UTILITIES DIVISION

2020 MAY 14 P 2:16

ARIZONA CORPORATION
COMMISSION

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

County of (county name):

Apache

Name (owner or official) title:

DUSTIN DESPAIN, CFO

Company name:

Vernon Valley Water, Inc.

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

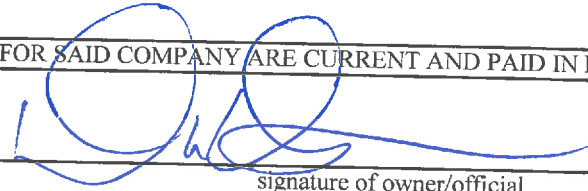
FOR THE YEAR ENDING:

12/31/19

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/official

800-713-8905

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS

13

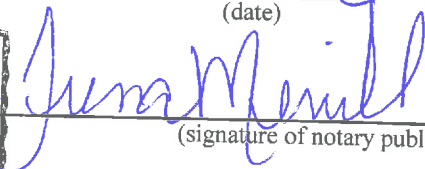
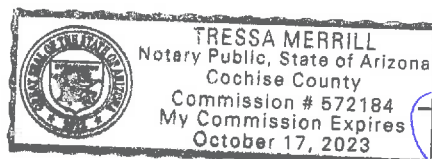
DAY OF

Cochise
(county name)

May 2020
(month) and (year)

MY COMMISSION EXPIRES

10-17-23
(date)



(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Apache
Name (owner or official) title: DUSTIN DESPAIN, CFO
Company name: Vernon Valley Water, Inc.

RECEIVED
UTILITIES DIVISION
2020 MAY 14 P 2:16

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

FOR THE YEAR ENDING: 12/31/19

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, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$17,080

(The amount in the box above includes

\$313 in sales taxes billed or collected)

signature of owner/official

800-713-8905

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS

13

DAY OF

Cochise

(county name)

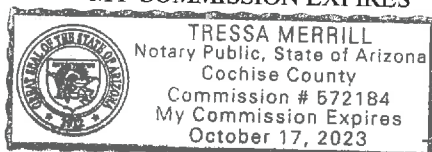
May 2020

(month) and (year)

MY COMMISSION EXPIRES

10-17-23

(date)



(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

Verification:

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

RECEIVED
UTILITIES DIVISION

County of (county name):

Apache

2020 MAY 14 P 2:16

Name (owner or official) title:

DUSTIN DESPAIN, CFO

Company name:

Vernon Valley Water, Inc.

ARIZONA CORPORATION
COMMISSION

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

FOR THE YEAR ENDING: 12/31/19

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, 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 THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$17,080

(The amount in the box above includes

\$313 in sales taxes billed or collected)

signature of owner/official

800-713-8905

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Cochise

(county name)

THIS

13

DAY OF

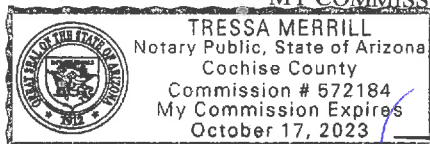
May 2020

(month) and (year)

MY COMMISSION EXPIRES

10-17-23

(date)



(signature of notary public)

Full Gross-up Method for Income Tax Statement of Certification

Verification:

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

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

FOR THE YEAR ENDING: 12/31/19

Sworn Statement:

IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS NOT INCURRED NOR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.


signature of owner/official

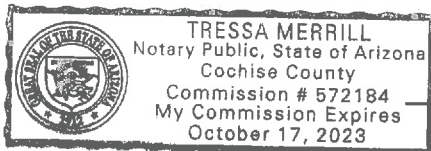
800-713-8905
telephone no.

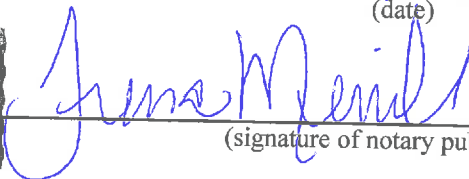
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Cochise
(county name)

THIS 13 DAY OF May 2020
(month) and (year)

MY COMMISSION EXPIRES 10-17-23
(date)




(signature of notary public)