

ANNUAL REPORT

Of

Company Name:

WATCO, Inc. PO Box 245

Mailing Address: Taylor AZ
85939

Docket No.: W-20475A
For the Year Ended:

12/31/25

RECEIVED BY EMAIL
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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
WATCO, Inc.

A Class ☐ Utility

For the Calendar Year Ended: 12/31/25

Primary Address:

PO BOX 85160
City: TUCSON State: Arizona Zip Code: 85754

Telephone Number:

520-623-5172

Date of Original Organization of Utility:

9/1/1963

Person to whom correspondence should be addressed concerning this report:

Name:

DORINDA CHACON

Telephone No. :

520-623-5172

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

NA
Name:

n/a

Telephone No. :

n/a

Address:

n/a
City: n/a State: Arizona Zip Code: 85754

Email:

n/a

NA
Name:

n/a

Telephone No. :

n/a

Address:

n/a
City: n/a State: Arizona Zip Code: 85754

Email:

n/a

NA
Name:

n/a

Telephone No. :

n/a

Address:

n/a
City: n/a State: Arizona Zip Code: 85754

Email:

n/a

Ownership:

"S" Corporation

Counties Served:

Navajo

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
WATCO, Inc.

Important changes during the year

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

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	27,094	0
304	Structures and Improvements	47,958	0	0	47,958	30,238	17,720
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	49,227	164,870	0	214,097	57,421	156,676
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	62,791	120,881	0	183,673	68,379	115,294
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	211,262	0	286,058	50,734	235,324
330.2	Pressure Tanks	49,635	0	0	49,635	49,190	445
331	Transmission and Distribution Mains	1,126,054	18,893	0	1,144,947	722,585	422,362
333	Services	102,644	14,806	0	117,450	103,744	13,706
334	Meters and Meter Installations	46,153	18,585	0	64,738	31,580	33,158
335	Hydrants	0	5,902	0	5,902	59	5,843
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	1,360	0	0	1,360	182	1,178
340	Office Furniture and Equipment	446	0	446	(0)	446	(446)
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	2,065	0	913	1,152	1,152	(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	\$1,591,772	\$555,199	\$1,359	\$2,145,612	\$1,144,353	\$1,001,260

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	49,227	164,870	0	214,097	0	214,097	3.33%	4,384
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	62,791	120,881	0	183,673	44,821	138,852	12.50%	9,801
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	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	74,796	211,262	0	286,058	0	286,058	2.22%	4,005
330.2	Pressure Tanks	49,635	0	0	49,635	49,140	495	5.00%	25
331	Transmission and Distribution Mains	1,126,054	18,893	0	1,144,947	0	1,144,947	2.00%	22,710
333	Services	102,644	14,806	0	117,450	0	117,450	3.33%	3,665
334	Meters and Meter Installations	46,153	18,585	0	64,738	27,389	37,349	8.33%	2,337
335	Hydrants	0	5,902	0	5,902	0	5,902	2.00%	59
336	Backflow Prevention Devices	0	0	0	0	0	0	6.67%	0
339	Other Plant and Misc. Equipment	1,360	0	0	1,360	0	1,360	6.67%	91
340	Office Furniture and Equipment	446	0	446	(0)	0	(0)	6.67%	15
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	2,065	0	913	1,152	913	239	5.00%	35
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	0.00%	0
	Subtotal	\$1,591,772	\$555,199	\$1,359	\$2,145,612	\$150,906	\$1,994,706		\$48,724

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	2.44%
Amortization of CIAC	\$0

Less: Amortization of CIAC
\$0

DEPRECIATION EXPENSE
\$48,724

WATCO, 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		\$16,344	\$34,387
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		12,244	239
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		5,679	1,849
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$34,268	\$36,476
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,591,772	\$2,145,612
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	4,141
108	Accumulated Depreciation (enter as negative)*		(1,171,821)	(1,144,353)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$419,951	\$1,005,400
	Total Assets		\$454,219	\$1,041,876

*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 (2025)	Balance at End of Year (2025)
Account No.	Current Liabilities			
231	Accounts Payable		\$49,447	\$94,700
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		2,238	4,398
236	Accrued Taxes		0	0
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$51,686	\$99,099
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$34,334	\$29,530
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		(4,389)	(5,564)
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		0	526,291
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		(\$4,389)	\$520,727
	Total Liabilities		\$81,630	\$649,356
	Capital Accounts			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		(104,205)	0
215	Retained Earnings		574,022	372,588
218	Proprietary Capital (Sole Props and Partnerships)		(97,229)	19,932
	Total Capital		\$372,588	\$392,520
	Total Liabilities and Capital		\$454,218	\$1,041,876

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
12/31/25

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	\$223,168	\$211,303
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	5,985	2,319
474	Other Water Revenue	0	0
	Total Revenues	\$229,153	\$213,622
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	17,698	16,515
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	3,264	821
620.2	Office Supplies and Expense	10,174	10,298
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	12,960	12,860
633	Contractual Services - Legal	1,502	4,046
634	Contractual Services - Management Fees	154,585	144,079
635	Contractual Services - Water Testing	4,852	7,223
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	6,578	6,448
657	Insurance - General Liability	1,617	777
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	1,401	2,602
670	Bad Debt Expense	10,509	23,212
675	Miscellaneous Expense	581	762
403	Depreciation Expense (From Schedule AR4)	48,724	77,165
408	Taxes Other Than Income	9,465	3,587
408.11	Property Taxes	0	0
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	367	550
	Total Operating Expenses	\$284,276	\$310,945
	Operating Income / (Loss)	(\$55,123)	(\$97,323)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$1	\$0
421	Non-Utility Income	148	94
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$149	\$94
	Net Income / (Loss)	(\$54,974)	(\$97,229)

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)
12/31/25

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	\$0	NA	NA	NA
Date of Maturity	6/26/2028	NA	NA	NA
Interest Rate	1.90%	NA	NA	NA
Current Year Interest	\$2,636	NA	NA	NA
Current Year Principal	\$33,705	NA	NA	NA

Meter Deposit Balance at Test Year End:	\$1,072
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Meter Deposits Refunded During the Test Year:	\$101
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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.

[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 Expense6	Purchased Power (kWh)7
January	1,575,175.00	1,334,977.00	0.00	0.00	0.00	\$1,493	9,400
February	1,658,339.00	1,379,061.00	0.00	0.00	0.00	1,750	11,696
March	1,129,872.00	938,380.00	0.00	0.00	0.00	1,458	8,599
April	1,340,107.00	1,103,540.00	0.00	0.00	0.00	1,572	9,478
May	1,498,061.00	1,166,540.00	0.00	0.00	0.00	1,693	10,049
June	2,399,307.00	1,858,079.00	0.00	0.00	0.00	1,844	11,100
July	2,228,776.00	1,770,311.00	0.00	0.00	0.00	1,392	11,429
August	2,566,856.00	2,090,556.00	0.00	0.00	0.00	1,386	10,311
September	1,798,135.00	1,498,335.00	0.00	0.00	0.00	1,479	9,130
October	1,587,208.00	1,310,616.00	0.00	0.00	0.00	1,165	7,019
November	1,542,969.00	1,315,626.00	0.00	0.00	0.00	1,165	6,988
December	1,244,295.00	1,065,747.00	0.00	0.00	0.00	1,301	7,851
Totals	20,569,100.00	16,831,768.00	0.00	0.00	0.00	\$17,698	113,050

If applicable, in the space below please provide a description for all un-metered water use along with amounts: NA	
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- | |
|---|
| 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:		BOURDON RANCH ESTATES	
ADEQ Public Water System Number:		AZ0409049	
ADWR PCC Number:		91-000393.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC	33,872
4.00	PVC	9,206
6.00	PVC	1,700
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	61%	NA	
HDPE	39%	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	

BOOSTER PUMPS		
Horsepower	GPM	Quantity
2	50	7
NA	NA	NA
NA	NA	NA
NA	NA	NA

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
10,000	Metal	1	NA
25,000	Metal	1	NA
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	382	1%	0%
0.75	4	0%	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
NA	NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	1
Other	0

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
3,000	Metal	1	NA
12	Metal	4	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
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STRUCTURES:	12x30 Building, 20x20 Building
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OTHER:	None
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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				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	346	0	2	0	0
February	341	0	2	0	0
March	340	0	2	0	0
April	344	0	2	0	0
May	346	0	2	0	0
June	336	0	2	0	0
July	337	0	2	0	0
August	342	0	2	0	0
September	347	0	2	0	0
October	347	0	2	0	0
November	344	0	2	0	0
December	344	0	2	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

WATCO, Inc.
Annual Report
Utility Shutoffs / Disconnects
12/31/25

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	11	0
February	0	15	0
March	0	16	0
April	0	12	0
May	0	17	0
June	0	10	0
July	0	12	0
August	0	15	0
September	0	15	0
October	0	14	0
November	0	8	0
December	0	10	0
Total	0	155	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.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2025 was
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\$5,448

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 I, the undersigned of the
(state name)

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

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 Merritt
Pima County
July 1st 2028