

ORIGINAL



0000084274

ARROYO WATER COMPANY

50

HC 6 BOX 1048 L
PAYSON, ARIZONA 85541
928-474-1766
FAX: 928-474-7812

Arizona Corporation Commission
DOCKETED

APR 22 2008

DOCKETED BY [Signature]

April 15, 2008

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

RE: Arroyo Water Company/Kacy Parker
W-04286A-04-0774
Decision #7026/3/20/08

The attached documents are in reference to the Compliance Notice attached and dated, 3/20/08.
These documents are included in Docket, dated 4-15-08

Compliance Action: Evidence of Final Sale & Transfer of assets to Arroyo Water Company

Docketed: 4-15-08

Compliance Date: 4-20-08

Compliance Action: Schedule of Approved Rates & Charges

Docketed: 4-15-08

Compliance Date: 4-20-08

Compliance Action: General Rate Application

Docketed: Will respond at later date

Compliance Date: 5-1-2012

Compliance Action: NARUC Uniform System of Accounts

Docketed: will be docketed by 8-31-08

Compliance Date: 8-31-08

Compliance Action: ADEQ Approval of Construction

Docketed: will be docketed by compliance date

Compliance Date: 8-31-08

Compliance Action: Install a Well Meter

Docketed: will be docketed by 5-30-08

Compliance Date: 5-30-08

RECEIVED
2008 APR 22 A 10:28
AZ CORP COMMISSION
DOCKET CONTROL

Compliance Action: Water Pumped and Sold for 12 months

Docketed: Reporting will begin June, 2008

Compliance date: 11-01-2009

Compliance Action: Monthly Monitoring required by ADEQ for coliform bacteria

Docket: 4-15-08

Compliance date: 4-20-08

Compliance Action: Compliance with ADEQ monitoring by docketing every 6 months w/ affidavit

Docketed: will be docketed on 6-30-08 & 12-31-08

Compliance date: 6-30-08

Compliance Action: ADWR registration of ownership of Arroyo Water System

Docketed: 4-15-08

Compliance date: 8-31-08

Compliance Action: File Curtailment Tariff

Docketed: 4-15-08

Compliance date: 5-1-08

Compliance Action: File Backflow Prevention Tariff

Docketed: 4-15-08

Compliance date: 5-1-08

Compliance Action: Certified Receipt/Cashiers Check/Cancelled Check from Gila County Treasurer's Office showing all taxes/liens have been paid.

Docketed: 4-20-08

Compliance date: 4-20-08

Compliance Action: File copy of Gila County Franchise

Docketed 4-15-08/

Compliance date: 4-20-08

Compliance Action: \$5,000 Performance Bond or irrevocable sight draft Letter of Credit

Docketed: will be docketed on or before 5-1-08

Compliance date: 5-1-08

Compliance Action: Performance Bond to be docketed annually

Docketed: will be complied with annually

Compliance date: Annually in May

Compliance Action: File Annual Reports for years 2003 to 2007

Docketed: 4-15-08

Compliance date: 5-4-08

Please feel free to call us if there are any questions at 928-474-1766.

Thank you,

Kyle Parker

STOCK PURCHASE AGREEMENT

This Agreement is by an among RICHARD S. AND JILL R. WILLIAMSON, (hereinafter referred to as "Sellers"; and Kacy Parker and Kyle Parker, (hereinafter referred to as "Purchasers").

1. Purchase and Sale. Sellers agree to sell and Purchaser agrees to purchase all the issued and outstanding capital stock (the "Shares") of Arroyo Water Company, an Arizona corporation (the "Corporation" on the terms and conditions of this Agreement.

2. Purchase Price. The total purchase price for the Shares shall be Ten Dollars (\$10.00) payable in cash to the Sellers at the Closing.

3. Closing. The closing (the "Closing") of the transactions contemplated hereby shall take place at the offices of Pleasant Valley Materials, State Route 288, M.P. 308.1, Young, Arizona, on March 19, 2003 at 1:00 p.m., or at such other time and place and on such other date as Sellers and Purchaser mutually agree (hereinafter called the "Closing Date"). At the Closing, Sellers shall deliver to Purchaser at Sellers' expense, certificates representing all the Shares, duly endorsed in blank. Sellers shall also deliver to Purchaser at Closing, at Sellers' expense, all other documents required of Seller of closing of the sale and purchase hereunder as well as all stock books, stock ledgers, seals and minute books and other records of the Corporation..

4. Effective Date. The purchase and sale shall be deemed effective as of the Closing, or such other date as may be agreed to in writing by Purchaser and Sellers (the "Effective Date").

5. Representations, Warranties and Covenants of Sellers. Sellers represent, warrant and covenant now and as of Closing as follows :

(a) Organization. The Corporation is a corporation duly organized, validly existing, and in good standing under the laws of the State of Arizona. The Corporation has all corporate power necessary to carry on its business as now being conducted.

(b) Capitalization. The Corporation's capitalization consists of One Million (1,000,000) authorized shares of common stock (all of one class), par value of one-tenth of one cent (\$.001), of which One thousand (1000) shares are issued and outstanding (the "Shares") and none are issued and held as treasury shares. All of the Shares are owned legally and beneficially by Sellers. Each Share is validly issued (including without limitation full compliance with all federal and state securities laws:), fully paid, and nonassessable.

(c) Articles and Bylaws. Attached as Exhibit "C" is a true and correct copy of the Articles of Incorporation of the Corporation, together with all amendments thereto and true and correct copy of the Bylaws of the Corporation, together with all amendments thereto, all certified by the secretary of the Corporation. The execution and delivery of this Agreement do not, and the consummation of the transaction contemplated hereby will not, conflict with the terms and provisions of the Articles of Incorporation, as amended, of the Bylaws of the Corporation, as amended.

(d) Financial Statements. Attached as Exhibit "D" are copies of the financial statements of the Corporation for the Corporation's fiscal year ending 12/31/2002..

(e) Absence of Undisclosed Liabilities. Except as shown on Exhibit "E", the Corporation has no liabilities or obligations of any nature whatsoever, whether accrued, absolute, contingent, or otherwise.

(f) Employment Matters; Directors, Officers, etc. . Attached as Exhibit "F" is a list of all directors , officers, employees, agents and independent contractors and consultants of the Corporation. No written or oral contracts of employment and no written or oral representations or warranties of continued employment have been made to any of the directors, officers, employees, agents or independent contractors of the Corporation, all of which relationships are terminable at will by the Corporation. At or before the Closing, Sellers shall deliver to Purchaser resignations effective at Closing of all the officers and directors of the Corporation.

(g) Assets Listing. Attached as Exhibit "G" is a list (including a description, the location and the nature of the Corporation's interest) of all property of the Corporation or used in connection with the business of the Corporation (the "assets") .The list is arranged into at least the following classifications: tangible property (such as equipment and inventory), realty, and intangible property (such as Registrations).

(h) Title to Assets. The Corporation has good and marketable title to all assets listed in Exhibit "G".

(i) Litigation. No litigation is pending or threatened, by, against or relating to the Sellers, the Shares, the Corporation or its business or assets except as listed on the notes to the Financial Statement

(j) Benefit, Pension and Profit-Sharing Plans .T h e Company has no employee benefit plans or policies of any kind whatsoever, including without limitation, group health or life insurance, sick leave, pension, holiday, vacation or profit--haring policies or plans.

(k) Freedom from Restrictions. The execution and delivery of this Agreement, the consummation of the transaction contemplated hereby, and the fulfillment of terms hereof by Sellers and the Corporation (i) do not violate or conflict with, and will not result in a breach or default, or in any occurrence that, with a lapse of time or action by a third party or both, could result in a breach or default, with respect to any Agreement or any contract, agreement, commitment, or undertaking, either written or oral, to which any of the Sellers or the Corporation is a party or by which any of the Sellers or the Corporation or its business or assets is bound; (ii) will not violate any applicable foreign or domestic law or public policy; (iii) will not result in an acceleration or increase of any amounts due from the Corporation; and (iv) will not result in an alteration to the detriment of the Corporation of the terms or conditions of any Agreement or Registration. No contract, agreement, commitment, or undertaking, either oral or written, or judgment, order, writ, injunction or decree exists that in any other manner restricts, limits, or affects the execution, delivery or performance of this Agreement, the transferability of the Shares, or the business or assets of the Corporation.

(l) Title to Shares: Power to Transfer. Each Seller will have and deliver to Purchaser at Closing good and marketable title to their respective Shares free and clear of all security interests, financing statements, pledges, liens, conditional sales agreements, encumbrances, charges, proxies, agreements among shareholders, claims, restrictions, qualifications, limitations or rights of any kind and will have at Closing the right, power and authority to transfer their Shares without breach or default with respect to any contract, agreement, commitment, or undertaking by which Sellers or the Shares are bound.

(m) System Connections. Attached as Exhibit "M" is a schedule of all service contracts and customer connections to operating systems owned and operated by the Company as of the date hereof. On the Closing Date, the Corporation shall have at least 90 such connections, all of which shall be in good working order and in compliance with all Registrations and Authorizations. Attached as Exhibit "Ma" is a complete schedule of accounts receivable with respect thereto, showing balances, age, and billing address for each account.

7. Representations Warranties and Covenants of Purchaser.

Purchaser represents warrants and covenants now and as of Closing to Sellers as follows:

(a) Investment Intent. Purchaser is purchasing the Shares for its own account for investment and not with a view to or for sale in connection with any distribution of common stock of the Corporation.

6. Volume of Exhibits. All Exhibits under this Agreement are incorporated herein by reference and will be bound in a separate volume (the "Volume of Exhibits") together with an index thereof and a certificate (the "Certificate of Completion") executed by the Sellers representing and warranting that the Volume of Exhibits contains true and complete Exhibits as called for in this Agreement. Sellers shall have until Two days prior to Closing, to complete the preparation of the Volume of Exhibits and deliver it to Purchaser

8. Brokers and Finders. Each party hereto represents and warrants to the other parties that it has not employed any broker or finder in connection with the transactions contemplated by this Agreement. Notwithstanding the preceding sentence, Sellers and Purchaser may retain the services of financial advisors and attorneys, the fees of such persons to be borne by the party hiring such advisors and attorneys. No expenses shall be borne by the Corporation in connection with this transaction.

9. Survival of Warranties. All representations, warranties, covenants, and agreements contained herein, and all lists, descriptions, financial statements, certificates, Exhibits and other documents delivered under this Agreement or in connection with the transactions contemplated hereby, are true now, will be true at Closing, and are binding and will survive the Closing regardless of the waiver or satisfaction of any condition precedent to Closing or of any investigation or express or implied approval or acceptance by or on behalf of any party hereto.

10. Conditions.

(a) Conditions of the Obligations of the Purchaser. The obligation of the Purchaser to purchase the Shares at the Closing is subject to the satisfaction in all material respects, of the following conditions:

(i) Representations True. The representations and warranties of Sellers herein shall have been true and correct in all material respects as of the date hereof; and shall further be true and correct in all material respects as of the Closing date with the same force and effect as if made as of the Closing Date.

(ii) Exhibits Satisfactory. All Exhibits delivered by Sellers after execution of this Agreement shall be reasonably satisfactory to Purchaser.

(iii) Actions by Arizona Corporation Commission. The Arizona Corporation Commission (the "ACC") shall rescind all fines against the Corporation and the assets it controls relative to those matters contained in ACC Decision Number _____ within 120 days from the Closing, and shall assign to the Corporation a Certificate of Convenience and Necessity ("CCN") which covers the service area of the Corporation's assets prior to September 1, 2003, or the transaction described herein shall be null and void, and the stock of the Corporation shall be returned to the Sellers.

(b) Conditions of the Obligations of Sellers. The obligation of Sellers to sell the shares at the Closing is subject to the satisfaction in all material respects, before the Closing Date, of the following conditions:

(i) Representations True. The representations and warranties of Purchaser herein shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made as of the Closing date.

each item stated in the singular shall include the plural, and the masculine, feminine, or neuter form shall include the masculine, feminine, and neuter forms.

11. No Publicity. Without prior consultation and agreement, neither the Corporation, the Sellers, or the Purchaser, nor their respective employees or agents, shall make any public disclosure of the facts of this transaction (although disclosure of the existence of the sale may be made by Sellers to creditors and suppliers in form satisfactory to Purchaser and may be made by Purchaser), the parties hereto, the terms or any other related matter; Until the Closing, Purchaser, its counsel, accountants, and other representatives, shall maintain in confidence all information provided by Sellers or the Corporation in connection with Purchaser's investigation of the business of the Corporation. Sellers shall maintain all information concerning the Corporation, its business and assets in confidence following execution hereof and at all times thereafter.

12. Additional Act or Documentation. Sellers, the Corporation and Purchaser agree to make, execute, and deliver such additional documents and instruments and take such actions as may be necessary or appropriate to carry out the full intent and purpose of this Agreement.

13. Notices. Any notices that may be required under this Agreement shall be in writing, shall be effective on the earlier of the date when received or the first day following mailing, and shall be given by personal service, or by certified or registered mail, return receipt requested, to the addresses set forth below, or to such other addresses as may be specified in writing to all parties hereto.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors in interest, but in no event shall any party be relieved of its obligations hereunder without the express written consent of each other party except as expressly provided herein.

15. Counterparts. This Agreement may be executed in any number of counterparts, all such counterparts shall be deemed to constitute one and the same instrument, and each of the executed counterparts shall be deemed an original hereof.

16. Governing Law. This Agreement shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the internal laws of the State of Arizona. Suit to enforce any provision of this Agreement or to obtain any remedy with respect hereto may be brought in Superior Court, Gila County, and each party hereto expressly and irrevocably consents to the jurisdiction of said court.

17. Time. Time is of the essence of this Agreement and each and every provision hereof. Any extension of time granted for the performance of any duty under this Agreement shall not be considered an extension of time for the performance of any other duty under this Agreement.

18. Gender and Number. Wherever from the context it appears appropriate, each item stated in the singular shall include the plural and vice versa, and the masculine, feminine, or neuter form shall include the masculine, feminine, and neuter forms.

19. Modifications and Waivers. No change, modification or waiver of any provision of this Agreement shall be valid or binding unless it is in writing dated after the date hereof and signed by the parties intended to be bound.

20. Corporate Liability. Prior to Closing (but not following) the Corporation shall be considered to have made and shall be jointly and severally liable for all of the covenants, representations and warranties of Sellers herein.

Executed this 16th day of NOVEMBER, 2003.

"Sellers"

"Buyers"



K _____
Kacy Parker

Richard S. Williamson


Jill R. Williamson

X _____
Kyle Parker

"Corporation"



Richard S. Williamson, President
Arroyo Water Company, Inc.

SCOPE OF WORK

EXHIBIT "A"

CONTRACT NO. 030725

=====

Williamson Environmental Engineers, Inc. shall perform the following work pursuant to the terms of this Agreement:

1. Assist Client with management of the Arroyo Water Company from the effective date of this Agreement until April 1, 2007.
2. If the Client does not receive approval from the Arizona Corporation Commission for a Certificate of Convenience and Necessity by September 1, 2004 (or such date that may be reasonably extended by mutual agreement between WE and the Client) then WE shall refund to Client the sum of \$40,000, upon Client's return of all outstanding shares of Arroyo Water Company, Inc. stock.

AGREEMENT

CONTRACT NO. 050325

THIS AGREEMENT is entered into this 25th day of March, 2003 by and between Williamson Environmental Engineers, Inc., an Arizona corporation (hereinafter referred to as "WEE") and Kyle Parker & Amy Parker, (hereinafter referred to as "Client").

WITNESSETH:

Whereas, WEE is a valid corporation in the State of Arizona; and,

Whereas, Client is desirous of having WEE provide certain services as described herein.

I. SCOPE OF WORK

WEE shall provide the services as described in Exhibit "A", appended hereto. The work to be performed is limited to the attached Scope of Work without the written approval of WE and the Client.

II. PAYMENT

1. Client agrees to pay WEE a fee of \$40,000.00 at the time that this Agreement is entered into.

III. GENERAL PROVISIONS

1. Governing Law. The parties agree that the laws of the State of Arizona will govern all disputes under this agreement, and determine all rights thereunder.

2. Binding Effect. The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives, successors and permitted assigns of the parties hereto, and all covenants are to be construed as conditions of this agreement.

3. Entire Agreement. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding; all prior conversations, agreements or representations relating thereto, or to the transaction contemplated hereby, and no modification hereof shall be binding unless in writing signed by the parties and executed with the same formalities of this instrument.

4. Further Assurances. Client and WEE agree to execute, acknowledge and deliver such further instruments and to do such further acts and things as may be required to carry out the intent and purpose of this agreement.

5. Attorney's Fees. In the event that any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this agreement, the prevailing party shall be entitled to its reasonable attorney's fees and cost incurred in such action, which fees and costs may be set by the court in the same action or a separate brought for that purpose, in addition to any other relief to which the parties may be entitled.

6. Client's Responsibilities. The Client shall provide to WEE all documents and maps available to Client for the use of WEE in the performance of its work, and shall execute such documents as are necessary and as requested by WEE for the performance of WEE's tasks pursuant to the attached Scope of Work.

IN WITNESS WHEREOF, the parties have executed this agreement at Tucson, Arizona the day and year first above written.

WILLIAMSON ENVIRONMENTAL
ENGINEERS, INC.:

BY: 
Richard S. Williamson
President

Mailing Address:

P.O. Box 65646
Tucson, Arizona 85728
(520) 275-2236

CLIENT:

By: _____

Kyle Parker / Lacy Parker
(Printed Name)

Mailing Address:

Phone: _____

CERTIFICATE OF COMPLETION

The undersigned on behalf of the Sellers hereby certifies that the attached Volume of Exhibits contains true and complete Exhibits as provided for in the Purchase Agreement.

Certified as of this 5th day of March, 2003.



Richard S. Williamson

KYLE AND KACY PARKER
HC6 BOX 1048 H
PAYSON, ARIZONA 85541
928-474-1766

ADDENDUM TO PURCHASE AGREEMENT
FOR
ALL ASSETS OF ARROYO WATER COMPANY INC.

It is hereby agreed upon to the following terms and conditions listed below by seller (Rich Williamson) and Buyer (Kyle and Kacy Parker).

All previous obligations prior to March 26th, 2003; made by Rich Williamson or his representatives in reference to Arroyo Water Company will remain the responsibility of Rich Williamson, as will any past due financial obligations. An APS meter reading will be done and prorated to reflect any changes to be divided proportionately.

All Incorporation documents shall be transferred and become property of Buyer upon exchange of funds.

Total price for all assets of Arroyo Water Company, Inc. , will be \$45,000 payable with \$5,000 exchange for labor and materials (replace engine and misc.on Freightliner Truck) already completed, and \$40,000 Cashiers Check #0629004058 received on 3-25-03 for final payment in full.

Seller will provide all paperwork to buyer in reference to ADEQ-ACC Water Studies and Sampling Records and ect., plus names and addresses of customers and any other pertinent information.

Rich Williamson will remain on staff as a Registered Water Operator and Professional Engineer for a period of 4 years from the transfer date.

Both Parties are aware that this transfer must be approved by the Arizona Corporation Commission and should Arizona Corporation Commission fail to approve then all funds plus interest will be returned upon their denial to the Buyer.

As a stipulation for approval, the Buyer insists that any and all fines or levey on System be removed as condition prior to final transfer.

Richard Williamson

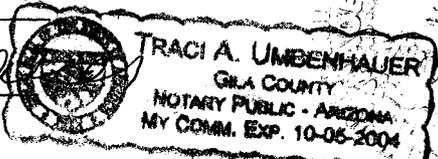
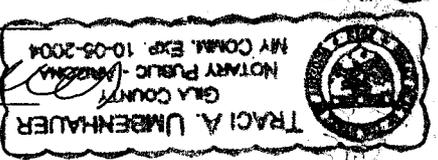
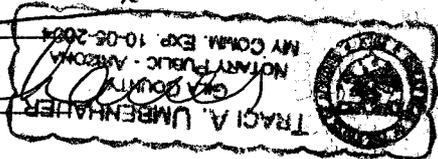
Notary

Kyle O. Parker

Notary

Kacy Parker

Notary



LAP CONTRACTING

DBA/PARKER EXCAVATING

HC 6 BOX 1048-H

PAYSON, ARIZONA 85541

928-474-1766

928-474-7812 FAX

PROPOSAL

February 27, 2004

Mr. Rich Williamson
P. O. Box 65646
Tucson, Arizona 85728

Phone: 520-275-2236

Re: Arroyo Water Company

We made an appointment with the Arizona Corporation Commission in an effect to expand the boundaries of our current service area.

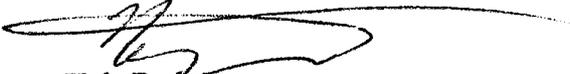
The outcome was quite educational, out 1st 2 hours was with Jim Fisher, researching the current status of the company. In short, he informed us that Arroyo never existed and Shear Speed was dissolved in 1999.

Later, we met with Pat (he is retired and was only there as a consultant) who confirmed Jim's findings.

We need to have you research this matter as we thought we were purchasing a Corporation in good standing and you issued the Stock Certificate accordingly.

Time is of the essence on this matter, so your timely response is expected.

Thank you,



Kyle Parker

*sent Certified Return #7002 3150 0001 3911 5585

TARIFF SCHEDULE

UTILITY: TONTO BASIN WATER CO.
DOCKET NO: U-2337-91-052

PAGE 1 OF 2
DECISION NO. 57512
EFFECTIVE: SEPT. 1, 1991

RATES AND CHARGESCUSTOMER/MINIMUM CHARGE
PER MONTH

<u>METER</u>	<u>CHARGE</u>	<u>GALLONS</u>
5/8 X 3/4"	\$ 16.00 FOR	1,000
3/4"	\$ 16.00 FOR	1,000
1"	\$ 20.00 FOR	1,000
1 1/2"	\$ 75.00 FOR	1,000
2"	\$120.00 FOR	1,000
3"	\$225.00 FOR	1,000
4"	\$375.00 FOR	1,000
5"	\$562.50 FOR	1,000
6"	\$750.00 FOR	1,000

SERVICE LINE & METER
INSTALLATION CHARGES

<u>METER</u>	<u>CHARGE</u>
5/8 X 3/4"	\$ 265.00
3/4"	\$ 295.00
1"	\$ 345.00
1 1/2"	\$ 520.00
2"	\$ 725.00
3"	\$ 975.00
4"	\$1550.00
5"	\$2338.00
6"	\$3125.00

COMMODITY CHARGE (EXCESS OF MINIMUM):

\$0.75 PER 1,000 GALLONS

SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-403.D.1)	\$15.00
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2)	\$30.00
3. RECONNECTION/DELINQUENT (R14-2-403.D.1)	\$15.00
4. NSF CHECK (R14-2-409)	\$10.00
5. METER REREAD/IF CORRECT (R14-2-408.C.2)	\$10.00
6. METER TEST/IF CORRECT (R14-2-408.F.1)	\$25.00
7. DEFERRED PAYMENT (R14-2-409.G.6)	1% PER MONTH
8. DEPOSIT INTEREST (R14-2-403.B.3)	PER RULE
9. DEPOSIT (R14-2-403.B.7)	PER RULE
10. LATE FEE (\$0-\$30) 15+ DAYS POST BILLING	1.5% PER MONTH
11. LATE FEE (\$30.01-\$60) 15+ DAYS POST BILLING	1.5% PER MONTH
12. TEMPORARY TURNOFF	1.5% PER MONTH
13. REESTABLISHMENT W/N 12 MOS (R14-2-403.D.1)	MONTHS OFF THE SYSTEM TIMES THE MINIMUM

OTHER RATES AND CHARGES APPROVED BY ORDER:

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

TARIFF SCHEDULE

TONTO BASIN WATER CO.
DECISION #57512
EFFECTIVE SEPT. 1, 1991
PAGE 2

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLERS:

4" OR SMALLER	\$ 16.00
6"	20.00
8"	75.00
10"	120.00
LARGER THAN 10"	225.00

ARROYO WATER COMPANY

HC 6 BOX 1048 L
PAYSON, ARIZONA 85541

December 12, 2006

Docket Control Center
Deborah Regan
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85001
Phone: 602-364-0236

Docket # W-04286A-04-0774

Dear Ms. Regan;

Attached is the Tariff Schedule for Arroyo Water Company as requested on Item # 4 of the Proposed Rates and Charges in Staff recommendations.

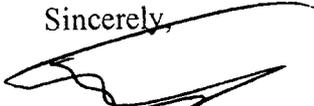
*This attachment (Exhibit I) addresses numbers, 1, 2, and 3.

Arroyo has no plans to increase the rates until the CC&N has been finalized and all issues are resolved.

We are operating under general practice accrual accounting principals.

Thank you for your assistance.

Sincerely,



Kacy Parker

TARIFF SCHEDULE

UTILITY: ARROYO WATER COMPANY
DOCKET # U-2337-91-052

PAGE 1 OF 2
DECISION #57512

EFFECTIVE: SEPT 1, 1991

**CUSTOMER/MINIMUM CHARGE
PER MONTH**

**SERVICE LINE & METER
INSTALLATION CHARGES**

METER	CHARGE	GALLONS	METER	CHARGE
5/8 X 3/4"	\$ 16.00 for	1,000	5/8 x 3/4"	\$265.00
3/4"	\$ 16.00 for	1,000	3/4"	\$295.00
1"	\$ 20.00 for	1,000	1"	\$345.00
1 1/2"	\$ 75.00 for	1,000	1 1/2"	\$520.00
2"	\$120.00 for	1,000	2"	\$725.00
3"	\$225.00 for	1,000	3"	\$975.00
4"	\$375.00 for	1,000	4"	\$1550.00
5"	\$562.50 for	1,000	5"	\$2338.00
6"	\$750.00 for	1,000	6"	\$3125.00

COMMODITY CHARGE (EXCESS OF MINIMUM):
\$0.75 PER 1,000 GALLONS

SERVICE CHARGES:

1.	ESTABLISHMENT (R14-2-403.D.1)	\$15.00
2.	ESTABLISHMENT/AFTER HOURS (R14-2-403.D.1)	\$30.00
3.	RECONNECTION/DELINQUENT (R14-2-403.D.1)	\$15.00
4.	NSF CHECK (R14-2-409)	\$10.00
5.	METER REREAD/IF CORRECT (R14-2-408.C.2)	\$10.00
6.	METER TEST/IF CORRECT (R14-2-408.F.1.)	\$25.00
7.	DEFERRED PAYMENT (R14-2-409.G.6)	1% PER MONTH
8.	DEPOSIT INTEREST (R14-2-403.B.3)	PER RULE
9.	DEPOSIT (R14-2-403.B.7)	PER RULE
10.	LATE FEE (\$0-\$30) 15+ DAYS POST BILLING	1.5% PER MONTH
11.	LATE FEE(\$30.01-\$60.00) 15+ DAYS POST BILLING	1.5% PER MONTH
12.	TEMPORARY TURNOFF	1.5% PER MONTH
13.	RE-ESTABLISHMENT W/N 12 MOS. (R14-2-403.D1)	MONTHS OFF THE SYSTEM TIMES THE MINIMUM

OTHER RATES AND CHARGES APPROVED BY ORDER:

IN ADDITION TO THE COLLECTION OF IT'S REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM IT'S CUSTOMERS, THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH (R14-2-409.D.5)

TARRIF SCHEDULE

ARROYO WATER COMPANY

DECISION #57512

EFFECTIVE SEPT. 1, 1991

PAGE 2

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLERS:

<u>4' OR SMALLER</u>	<u>\$16.00</u>
<u>6"</u>	<u>\$20.00</u>
<u>8"</u>	<u>\$75.00</u>
<u>10"</u>	<u>\$120.00</u>
<u>LARGER THAN 10"</u>	<u>\$225.00</u>

Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
1110 W. Washington Street, 5415B-2
Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name: Arroyo Water Co. Inc.

Public Water System ID #: 04-083

Public Water System Type: Community Non-transient Non-community Transient Non-community

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Comments: None

- Major unresolved/ongoing operation and maintenance deficiencies:
- unable to maintain 20psi
 - cross connection/backflow problems
 - treatment deficiencies
 - certified operator
 - inadequate storage
 - surface water treatment rule
 - approval of construction
 - other

Date of last inspection / sanitary survey: 10-22-07

Administrative Orders:
Is an ADEQ administrative order in effect? Yes No
Comments: None

System Information:

Number of Entry Points to the Distribution System 1 Number of Sources 1

Population Served 150 Service Connections 120 Initial Monitoring Year 1993

Evaluation completed by: Donna Calderon, Manager, Drinking Water Monitoring and Protection Unit
Phone: 602-771-4641
Date: April 4, 2008

Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

Arizona Department of Environmental Quality
Drinking Water Microbiological Analysis Report
 (This form is only for DISTRIBUTION SYSTEM compliance samples)

04-083 _____ Arroyo Water Co. _____
 PWS ID Number _____ Name of Public Water System _____
 03/30/08 15:00 _____ Jay Harrell 928-472-3109 _____
 Sample Date Time _____ Owner/Contact Person and 10-Digit Phone Number _____
 (24- hour clock)

 Sampling Site ID or Name

Only use if Initial Sample was Positive-	
PRB0816-01	
_____ Specimen ID Number of Initial Sample	
<input checked="" type="checkbox"/>	Repeat, Original Location
<input type="checkbox"/>	Repeat, Other Location
<input type="checkbox"/>	Repeat, Downstream Location
<input type="checkbox"/>	Repeat, Upstream Location
<input type="checkbox"/>	400mL Repeat (Single Tap Only)
<input type="checkbox"/>	300mL Repeat (Single Tap Only)

Microbiological Analysis

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
9223	Present/2 or more coliform)	Total Coliform	3100	04/01/2008 08:15	ABSENT

Only Report Fecal/E.Coli Result if Total Coliform Result is Positive

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
_____	Present/2 or more coliform)	Fecal Coliform	3013	_____	_____
9223	Present/2 or more coliform)	<i>Escherichia coli</i> or <i>E. Coli</i>	3014	_____	_____

***MCL:** If system is \leq 33,000, then MCL is 2 or more total coliform-positive.
 If system is \geq 33,000, then no more than 5% of the samples may be total coliform-positive.

Laboratory Information

(To be filled out by laboratory personnel)

Specimen Number: PRC1757-01A Lab ID Number: AZ0728
 Lab Name: TestAmerica Phoenix
 Printed Name and Phone Number of Lab Contact: _____
 Authorized Signature: Jana Paulauskas
 Date Public Water System Notified: [04/02/2008]
 Comments: _____

Please mail completed form to:

Arizona Department of Environmental Quality
 Water Quality Data Unit 5415B-1

1110 West Washington Street, Phoenix, Arizona 85007

For Questions Call: (602) 771-4641 or within AZ (800) 234-5677 ext. 771-4641

Instructions for the Arizona Drinking Water Microbiological Analysis Reporting Form

Arizona Department of Environmental Quality
Drinking Water Microbiological Analysis Report
 (This form is only for DISTRIBUTION SYSTEM compliance samples)

04-083 _____ Arroyo Water Co. _____
 PWS ID Number _____ Name of Public Water System _____
 03/30/08 15:30 _____ Jay Harrell 928-472-3109 _____
 Sample Date Time _____ Owner/Contact Person and 10-Digit Phone Number _____
 (24- hour clock)

Only use if Initial Sample was Positive-
 PRB0816-01

 Specimen ID Number of Initial Sample

Repeat, Original Location
 Repeat, Other Location
 Repeat, Downstream Location
 Repeat, Upstream Location
 400mL Repeat (Single Tap Only)
 300mL Repeat (Single Tap Only)

 Sampling Site ID or Name

Microbiological Analysis

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
9223	Present/2 or more coliform)	Total Coliform	3100	04/01/2008 08:15	ABSENT

Only Report Fecal/E.Coli Result if Total Coliform Result is Positive

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
	Present/2 or more coliform)	Fecal Coliform	3013		
9223	Present/2 or more coliform)	<i>Escherichia coli</i> or <i>E. Coli</i>	3014		

*MCL: If system is \leq 33,000, then MCL is 2 or more total coliform-positive.
 If system is \geq 33,000, then no more than 5% of the samples may be total coliform-positive.

Laboratory Information

(To be filled out by laboratory personnel)

Specimen Number: PRC1757-04A Lab ID Number: AZ0728
 Lab Name: TestAmerica Phoenix
 Printed Name and Phone Number of Lab Contact: _____
 Authorized Signature: Jana Pauluska
 Date Public Water System Notified: [04/02/2008]
 Comments: _____

Please mail completed form to:

Arizona Department of Environmental Quality
 Water Quality Data Unit 5415B-1

1110 West Washington Street, Phoenix, Arizona 85007

For Questions Call: (602) 771-4641 or within AZ (800) 234-5677 ext. 771-4641

Instructions for the Arizona Drinking Water Microbiological Analysis Reporting Form

Arizona Department of Environmental Quality
Drinking Water Microbiological Analysis Report
 (This form is only for DISTRIBUTION SYSTEM compliance samples)

04-083 _____ Arroyo Water Co. _____
 PWS ID Number _____ Name of Public Water System _____
 03/30/08 15:15 _____ Jay Harrell 928-472-3109 _____
 Sample Date Time _____ Owner/Contact Person and 10-Digit Phone Number _____
 (24- hour clock)

 Sampling Site ID or Name

Only use if Initial Sample was Positive-
PRB0816-01

 Specimen ID Number of Initial Sample

Repeat, Original Location
 Repeat, Other Location
 Repeat, Downstream Location
 Repeat, Upstream Location
 400mL Repeat (Single Tap Only)
 300mL Repeat (Single Tap Only)

Microbiological Analysis

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
9223	Present/2 or more coliform)	Total Coliform	3100	04/01/2008 08:15	ABSENT

Only Report Fecal/E.Coli Result if Total Coliform Result is Positive

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
	Present/2 or more coliform)	Fecal Coliform	3013		
9223	Present/2 or more coliform)	<i>Escherichia coli</i> or <i>E. Coli</i>	3014		

*MCL: If system is \leq 33,000, then MCL is 2 or more total coliform-positive.
 If system is \geq 33,000, then no more than 5% of the samples may be total coliform-positive.

Laboratory Information

(To be filled out by laboratory personnel)

Specimen Number: PRC1757-02A Lab ID Number: AZ0728
 Lab Name: TestAmerica Phoenix
 Printed Name and Phone Number of Lab Contact: _____
 Authorized Signature: Jira Paulus
 Date Public Water System Notified: [04/02/2008]
 Comments: _____

Please mail completed form to:

Arizona Department of Environmental Quality
 Water Quality Data Unit 5415B-1

1110 West Washington Street, Phoenix, Arizona 85007

For Questions Call: (602) 771-4641 or within AZ (800) 234-5677 ext. 771-4641

Instructions for the Arizona Drinking Water Microbiological Analysis Reporting Form

Arizona Department of Environmental Quality
Drinking Water Microbiological Analysis Report
 (This form is only for DISTRIBUTION SYSTEM compliance samples)

04-083 _____ Arroyo Water Co. _____
 PWS ID Number _____ Name of Public Water System _____
 03/30/08 15:10 _____ Jay Harrell 928-472-3109 _____
 Sample Date Time _____ Owner/Contact Person and 10-Digit Phone Number _____
 (24- hour clock)

Only use if Initial Sample was Positive-
 PRB0816-01

 Specimen ID Number of Initial Sample

Repeat, Original Location
 Repeat, Other Location
 Repeat, Downstream Location
 Repeat, Upstream Location
 400mL Repeat (Single Tap Only)
 300mL Repeat (Single Tap Only)

 Sampling Site ID or Name

Microbiological Analysis

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
9223	Present/2 or more coliform)	Total Coliform	3100	04/01/2008 08:15	ABSENT

Only Report Fecal/E.Coli Result if Total Coliform Result is Positive

Analysis Method	MCL*	Contaminant Name	Cont Code	Analysis Run Date/Time	Result "P" = Present "A" = Absent
	Present/2 or more coliform)	Fecal Coliform	3013		
9223	Present/2 or more coliform)	<i>Escherichia coli</i> or <i>E. Coli</i>	3014		

*MCL: If system is \leq 33,000, then MCL is 2 or more total coliform-positive.
 If system is \geq 33,000, then no more than 5% of the samples may be total coliform-positive.

Laboratory Information

(To be filled out by laboratory personnel)

Specimen Number: PRC1757-03A Lab ID Number: AZ0728
 Lab Name: TestAmerica Phoenix
 Printed Name and Phone Number of Lab Contact: _____
 Authorized Signature: Jira Paulhus
 Date Public Water System Notified: [04/02/2008]
 Comments: _____

Please mail completed form to:

Arizona Department of Environmental Quality
 Water Quality Data Unit 5415B-1
 1110 West Washington Street, Phoenix, Arizona 85007
 For Questions Call: (602) 771-4641 or within AZ (800) 234-5677 ext. 771-4641

Instructions for the Arizona Drinking Water Microbiological Analysis Reporting Form

LABORATORY REPORT

Prepared For: Water System Services
P.O. Box 2916
Payson, AZ 85547
Attention: James Harrell

Project: Repeat PRB0816-01 Arroyo Water
Co.

Sampled: 03/30/08
Received: 03/31/08
Issued: 04/01/08 14:06

NELAP #01109CA Arizona DHS#AZ0728

The results listed within this Laboratory Report pertain only to the samples tested in the laboratory. The analyses contained in this report were performed in accordance with the applicable certifications as noted. All soil samples are reported on a wet weight basis unless otherwise noted in the report. This Laboratory Report is confidential and is intended for the sole use of TestAmerica and its client. This report shall not be reproduced, except in full, without written permission from TestAmerica. The Chain of Custody, 1 page, is included and is an integral part of this report.

This entire report was reviewed and approved for release.

CASE NARRATIVE

LABORATORY ID

PRC1757-01
PRC1757-02
PRC1757-03
PRC1757-04

CLIENT ID

Original
Below
Above
Random

MATRIX

Drinking Water
Drinking Water
Drinking Water
Drinking Water

SAMPLE RECEIPT: Samples were received intact, at 1°C, on ice and with chain of custody documentation.

HOLDING TIMES: All samples were analyzed within prescribed holding times and/or in accordance with the TestAmerica Sample Acceptance Policy unless otherwise noted in the report.

PRESERVATION: Samples requiring preservation were verified prior to sample analysis.

QA/QC CRITERIA: All analyses met method criteria, except as noted in the report with data qualifiers.

COMMENTS: No significant observations were made.

SUBCONTRACTED: No analyses were subcontracted to an outside laboratory.

Reviewed By:

Tina Paulauskas

America Phoenix

Tina Paulauskas
Project Manager

Water System Services
P.O. Box 2916
Payson, AZ 85547
Attention: James Harrell

Project ID: Repeat PRB0816-01 Arroyo Water Co.

Report Number: PRC1757

Sampled: 03/30/08
Received: 03/31/08

MICROBIOLOGICALS

Analyte	Method	Batch	Reporting Limit	Sample Result	Dilution Factor	Date Extracted	Date Analyzed	Data Qualifiers
Sample ID: PRC1757-01 (Original - Drinking Water)								
Reporting Units: Present/Absent								
E. Coli	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Total Coliform	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Sample ID: PRC1757-02 (Below - Drinking Water)								
Reporting Units: Present/Absent								
E. Coli	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Total Coliform	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Sample ID: PRC1757-03 (Above - Drinking Water)								
Reporting Units: Present/Absent								
E. Coli	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Total Coliform	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Sample ID: PRC1757-04 (Random - Drinking Water)								
Reporting Units: Present/Absent								
E. Coli	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	
Total Coliform	M9223 B	P8D0101	NA	Absent	1	3/31/2008	4/1/2008	

TestAmerica Phoenix

Tina Paulauskas
Project Manager

ter System Services
Box 2916
Payson, AZ 85547
Attention: James Harrell

Project ID: Repeat PRB0816-01 Arroyo Water Co.

Report Number: PRC1757

Sampled: 03/30/08
Received: 03/31/08

SHORT HOLD TIME DETAIL REPORT

	Hold Time (in days)	Date/Time Sampled	Date/Time Received	Date/Time Extracted	Date/Time Analyzed
Sample ID: Original (PRC1757-01) - Drinking Water					
M9223 B	1	03/30/2008 15:00	03/31/2008 12:42	03/31/2008 14:15	04/01/2008 08:15
Sample ID: Below (PRC1757-02) - Drinking Water					
M9223 B	1	03/30/2008 15:15	03/31/2008 12:42	03/31/2008 14:15	04/01/2008 08:15
Sample ID: Above (PRC1757-03) - Drinking Water					
M9223 B	1	03/30/2008 15:10	03/31/2008 12:42	03/31/2008 14:15	04/01/2008 08:15
Sample ID: Random (PRC1757-04) - Drinking Water					
M9223 B	1	03/30/2008 15:30	03/31/2008 12:42	03/31/2008 14:15	04/01/2008 08:15

TestAmerica Phoenix

Tina Paulauskas
Project Manager

*The results pertain only to the samples tested in the laboratory. This report shall not be reproduced,
except in full, without written permission from TestAmerica.*

PRC1757 <Page 3 of 5>

er System Services
Box 2916
Payson, AZ 85547
Attention: James Harrell

Project ID: Repeat PRB0816-01 Arroyo Water Co.

Report Number: PRC1757

Sampled: 03/30/08

Received: 03/31/08

DATA QUALIFIERS AND DEFINITIONS

ND Analyte NOT DETECTED at or above the reporting limit or MDL, if MDL is specified.
RPD Relative Percent Difference

TestAmerica Phoenix

Gina Paulauskas
Project Manager

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except in full, without written permission from TestAmerica.*

PRC1757 <Page 4 of 5>

Water System Services
P.O. Box 2916
Payson, AZ 85547
Attention: James Harrell

Project ID: Repeat PRB0816-01 Arroyo Water Co.

Report Number: PRC1757

Sampled: 03/30/08
Received: 03/31/08

Certification Summary

TestAmerica Phoenix

Method	Matrix	Nelac	Arizona
M9223 B	Drinking Water		

Nevada and NELAP provide analyte specific accreditations. Analyte specific information for TestAmerica may be obtained by contacting the laboratory or visiting our website at www.testamericainc.com

TestAmerica Phoenix

Fina Paulauskas
Project Manager



The results pertain only to the samples tested in the laboratory. This report shall not be reproduced, except in full, without written permission from TestAmerica.

PRC1757 <Page 5 of 5>

Run Date: 02/28/2008

AZ DEPARTMENT OF WATER RESOURCES

WELL REGISTRY REPORT - WELLS55

Location A 6.0 10.0 14 A B 0 Well Reg.No 55 - 805621 AMA NOT WITHIN ANY AMA OR INA

Registered Name ARROYO WATER COMPANY INC
HC 6 BOX 1048L

File Type LATE REGISTRATION
Application/Issue Date 11/02/1989

PAYSON AZ 85541

Owner OWNER
Driller No. 0
Driller Name
Driller Phone
County GILA

Well Type NON-EXEMPT
SubBasin TONTO CREEK
Watershed SALT RIVER
Registered Water Uses DOMESTIC
Registered Well Uses WATER PRODUCTION
Discharge Method NONE
Power NO POWER CODE LISTED

Intended Capacity GPM 0.00

Well Depth	61.00	Case Diam	6.00	Tested Cap	0.00
Pump Cap.	350.00	Case Depth	61.00	CRT	
Draw Down	0.00	Water Level	55.00	Log	
		Acres Irrig	0.00	Finish	NO CASING CODE LISTED

Contamination Site: NO - NOT IN ANY WQARF SITE

Comments DBA-SHEER SPEED WTR

Current Action

7/3/2007 860 CHANGE OF WELL OWNERSHIP
Action Comment: TB

Action History

12/31/1974 755 WELL CONSTRUCTION COMPLETED
Action Comment:

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



BRIAN C. McNEIL
Executive Director

ARIZONA CORPORATION COMMISSION

August 13, 2007

Mr. Kacy Parker
President
Arroyo Water Company
HC 6, Box 1048 L
Payson, Arizona 85541

RE: ARROYO WATER COMPANY
DOCKET NO. W-02593A-07-0406

Dear Mr. Parker:

Enclosed is a stamped copy of the tariffs that becomes effective by operation of law on August 1, 2007.

By copy of this letter, the Docket Control Center is instructed to administratively close Docket No. W-02593A-07-0406. If you have questions regarding the filing of these tariffs, please contact me at (602) 542-4251.

Sincerely,

Lori H. Miller
Programs & Projects Specialist II
Utilities Division

/lhm

Enclosures

cc: Docket Control Center
Legal Division

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

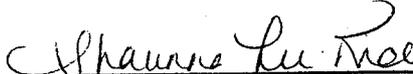
IN THE MATTER OF THE) DOCKET NO. W-02593A-07-0406
APPLICATION OF ARROYO)
WATER COMPANY, INC., FOR) ADMINISTRATIVE CLOSURE
APPROVAL OF A CURTAILMENT)
TARIFF TO IMPLEMENT WATER) NUMBER 69773
CONSERVATION MEASURES.)

A request to close the above-referenced matter was filed on August 13, 2007, by Lori Miller, Programs & Projects Specialist II for the Utilities Division. By memo, this tariff became effective by operation of law on August 1, 2007.

An Administrative Closure Number has been assigned to this matter which officially closes the docket. **This is not a signed order of the Commission and is for record keeping purposes only.**

If you have any questions regarding this matter, please contact me at (602) 542-3477.

Administrative Closure Number issued
On this 15th day of August, 2007.



Shaunna Lee-Rice
Docket Administrator
Docket Control

Arizona Corporation Commission
DOCKETED

AUG 13 2007

DOCKETED BY	
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ORIGINAL

TARIFF SCHEDULE

Utility: Water Company
Docket No. W-04286A
Phone No.: 928-474-1766

Tariff Sheet No.: 1 of 4
Decision No.: _____
Effective: 8.1.07

CURTAILMENT PLAN FOR

(Template 063004)

ADEQ Public Water System No: AZ 0404083

ARROYO WATER CO. INC. ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

REVISED: June 30, 2004

ADMINISTRATIVELY
APPROVED FOR FILING

ORIGINAL

TARIFF SCHEDULE

Utility: WATER
Docket No.: W-04286A
Phone No.: 928-474-1766

Tariff Sheet No.: 2 of 4
Decision No.: _____
Effective: 9.1.07

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, Company shall post at least 5 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

REVISED: June 30, 2004

ADMINISTRATIVELY
APPROVED FOR FILING

ORIGINAL

TARIFF SCHEDULE

Utility: WATEK
Docket No.: W-04286A-
Phone No.: 928-474-1766

Tariff Sheet No.: 3 of 4
Decision No.: _____
Effective: 4.1.07

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ The use of construction water is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least 5 signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

REVISED: June 30, 2004

ADMINISTRATIVELY
APPROVED FOR FILING

ORIGINAL

TARIFF SCHEDULE

Utility: Water
Docket No.: W-04286A
Phone No.: 928-474-1766

Tariff Sheet No.: 4 of 4
Decision No.: _____
Effective: 4.1.07

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

REVISED: June 30, 2004

ADMINISTRATIVELY
APPROVED FOR FILING

Hard Copy
Friday, April 11, 2008

Gila County Treasurer

Debora Savage

PO Box 1093

Globe, AZ 85502

Phone:(928) 425-3231 x8703 or x8702, Fax:(928) 425-7268

dsavage@co.gila.az.us

Owner

Arroyo Water Company Inc C/O Kyle & I TOTAL VALUE OF OPERATING PROPERTY
Hc 6 Box 1048-47

Payson AZ 85541

Parcel ID: 920-73-300

Figures below based on 04/11/2008

Year	Roll #	Status	Taxes	CP Amount	Feet(s)	Interest	Payments	Balance Due
2007	36820	Tax	\$863.76	\$0.00	\$0.00	\$34.55	\$0.00	\$898.31
2006	36391	CP State Iss	\$972.96	\$972.96	\$58.65	\$194.60	\$0.00	\$1,226.21
2005	36022	CP State Iss	\$890.58	\$890.58	\$54.53	\$320.61	\$0.00	\$1,265.72
2004	35853	CP State Iss	\$907.12	\$907.12	\$55.36	\$471.70	\$0.00	\$1,434.18
2003	35369	CP State Iss	\$678.42	\$678.42	\$43.92	\$461.32	\$0.00	\$1,183.66
2002	35186	CP State Iss	\$571.82	\$571.82	\$38.59	\$480.33	\$0.00	\$1,090.74
2001	34821	CP State Iss	\$478.84	\$478.84	\$33.94	\$478.84	\$0.00	\$991.62
2000	34642	CP Investor C	\$701.72	\$868.44	\$0.00	\$856.86	\$0.00	\$1,725.30
1999	34306	CP Investor C	\$429.32	\$462.94	\$0.00	\$580.22	\$0.00	\$1,043.16
1998	33454	CP Investor C	\$410.70	\$517.43	\$0.00	\$676.11	\$0.00	\$1,193.54
1997	32525	CP Investor C	\$435.62	\$475.47	\$0.00	\$741.73	\$0.00	\$1,217.20
1996	31539	CP Investor C	\$450.82	\$570.50	\$24.00	\$928.01	\$0.00	\$1,522.51
1995	30947	Tax	\$252.10	\$0.00	\$0.00	\$5.04	\$257.14	\$0.00
			\$8,043.78	\$7,394.52	\$308.99	\$6,229.92	\$257.14	\$14,792.15

NATIONAL BANK OF ARIZONA

335 N. Wilcox Road • Tucson, AZ 85711-2601

REMITTER: P.F. PARLUFF

PAY TO THE ORDER OF: NATIONAL BANK OF ARIZONA

\$ 414,992.15

APR 11 11 2008

DRAWER: NATIONAL BANK OF ARIZONA

AUTHORIZED SIGNATURE

331892831

ISSUED BY: IntegriPay Payment Systems, Inc., Englewood, Colorado
Contract: Bank For Arizona, CA 00-03141228

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

OFFICIAL CHECK

ARROYO WATER COMPANY, INC.
HC 6 BOX 1048 L
PAYSON, ARIZONA 85541

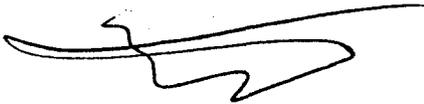
November 13, 2006

Docket No. W-04286A-04-0774

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 850007

Attached is an application by Arroyo Water Company, for approval of a Cross-Connection Tariff. The purpose of this tariff is to protect Arroyo Water Company water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kyle Parker', with a long horizontal stroke extending to the left.

Kyle Parker

CROSS-CONNECTION OR BACKFLOW TARIFF

PURPOSE:

The purpose of this tariff is to protect ARROYO WATER COMPANY, Inc. ("Company") water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code ("A.A.C.") R14-2-405.B.6 and A.A.C. R18-4-115.

REQUIREMENTS:

In compliance with the Rules of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

1. The Company may require a customer to pay for and to have installed a backflow-prevention assembly if A.A.C. R18-4-115.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-115.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.

****FOR OFFICIAL USE ONLY****

Effective Date: _____

5. Testing shall be in conformance with the requirements of A.A.C. R18-4-115.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests.
6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester; and
 - e. the tester's name and certificate number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

****FOR OFFICIAL USE ONLY****

Effective Date: _____

Tommie C. Martin, District I
P.O. Box 2297, Payson 85547
(928) 474-2029
tmartin@co.gila.az.us

José M. Sanchez, District II
(928) 402-8753
jsanchez@co.gila.az.us

Shirley L. Dawson, District III
(928) 402-8511
sdawson@co.gila.az.us



GILA COUNTY
BOARD OF SUPERVISORS
1400 E. Ash
Globe, Arizona 85501

**Steven L. Besich, County Manager/
Clerk of the Board of Supervisors**
(928) 402-8761
sbesich@co.gila.az.us

John F. Nelson, Deputy County Manager
(928) 402-8754
jnelson@co.gila.az.us

March 5, 2008

Mr. Kyle Parker
Arroyo Water Company, Inc.
HC 6 Box 1048 L
Payson, Arizona 85541

Dear Mr. Parker:

Enclosed please find two originals of Amendment No. 1 to Resolution No. 07-02-01,
which was approved by the Board of Supervisors on March 4, 2008.

Please sign both originals, retain one for your files and return one to my attention for
recording purposes. Thank you.

Sincerely,


Marilyn Brewer
Deputy Clerk of the Board

/mb

Attachments

When recorded, deliver to:

Marian Sheppard, Chief Deputy Clerk
Board of Supervisors

AMENDMENT NO. 1 TO RESOLUTION NO. 07-02-01

A RESOLUTION OF THE GILA COUNTY BOARD OF SUPERVISORS GRANTING
A 15-YEAR NON-EXCLUSIVE WATER FRANCHISE TO ARROYO WATER
COMPANY, INC. EFFECTIVE FEBRUARY 6, 2007.

This Amendment to Resolution No. 07-02-01 is entered into as of this 4th day of March 2008 between the Gila County Board of Supervisors (the "County") and Arroyo Water Company, Inc. ("Arroyo").

Paragraphs 9 and 10 of the Resolution reads as follows:

9. This franchise is granted upon the express condition that a Certificate of Convenience and Necessity be acquired from the Arizona Corporation Commission within twelve (12) months of the date of this franchise and all delinquent property taxes are paid to the Gila County Treasurer within 30 days of receiving the Certificate of Convenience and Necessity; and if such Certificate is not acquired within twelve (12) months from this date and the property taxes are not paid within the required time frame, this franchise shall be null and void.

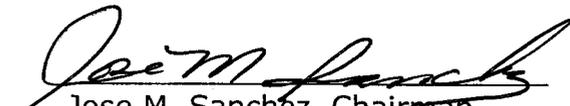
10. A copy of the Certificate of Convenience and Necessity must be submitted to the Clerk of the Board of Supervisors within the twelve (12) month period along with proof of payment of the delinquent property taxes.

AGREEMENT

The County and Arroyo agree to amend Paragraphs 9 and 10 of Resolution No. 07-02-01 as follows:

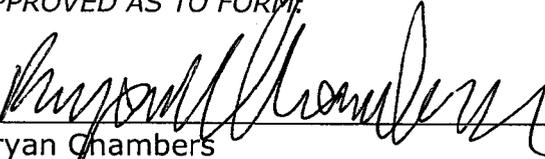
9. This franchise is granted upon the express condition that a Certificate of Convenience and Necessity be acquired from the Arizona Corporation Commission within **twenty-four (24)** months of the date of this franchise and all delinquent property taxes are paid to the Gila County Treasurer within 30 days of receiving the Certificate of Convenience and Necessity; and if such Certificate is not acquired within **twenty-four (24)** months from this date and the property taxes are not paid within the required time frame, this franchise shall be null and void.

10. A copy of the Certificate of Convenience and Necessity must be submitted to the Clerk of the Board of Supervisors within the **twenty-four (24)** month period along with proof of payment of the delinquent property taxes.


Jose M. Sanchez, Chairman
Gila County Board of Supervisors


Steven L. Besich, Clerk
Gila County Board of Supervisors

APPROVED AS TO FORM:


Bryan Chambers
Chief Deputy County Attorney

The foregoing terms and conditions are hereby accepted by the Franchisee.

By 

Title owner

Date 3-10-08

L. A. P. CONTRACTING

DBA/PARKER EXCAVATING

HC 6 BOX 1048 H

PAYSON, ARIZONA 85541

928-474-1766

FAX: 928-474-7812

February 6, 2008

Ms. Marion Sheppard
Gila County Board of Supervisors
1400 E. Ash
Globe, Arizona 85501
Phone: 928-402-8757
Fax: 928-402-8755

Re: Arroyo Water Company Franchise

Dear Ms. Sheppard;

We are concerned as to the status of our Franchise with Gila County. We do understand the conditions granted on February 6, 2007 to February 6, 2008.

We have spoke to Arizona Corporation Commission staff on various occasions within the last 3 months. On December 10, 2007 we docketed an inquiry as to the status of the CC&N, to the Commission staff, and included a summary of the past dockets since November of 2006. This instigated a call from the Commission Attorney, Ken Tory. He stated the dockets were before the Judge for an opinion and order and no one could go before the Judge during this process, but he did state everything looked favorable.

Attached you will find a response from Ms. Blessing Chukwu, Utilities Division, Arizona Corporation Commission staff, stating that they recommend the Company (Arroyo) submit a copy of the Franchise granted within the 365 days date from granting the CC&N.

If it be in your power, may we request an extension of time, to allow the Judge to grant the CC&N. We are in full compliance with the Corporation Commission and will continue to comply with State, County and Federal regulations regarding Arroyo Water Company.

We appreciate your time and efforts on our behalf.

Sincerely,



Kyle Parker

Enclosures: Arizona Corporation Commission letter dated February 5, 2008
Copy of Arroyo Water Company Franchise

MEMORANDUM

RECEIVED

2008 FEB -5 P 1:51

AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

Date: February 5, 2008

RE: STAFF'S RESPONSE TO KACY PARKER DBA ARROYO WATER
COMPANY, INC.'S FEBRUARY 1, 2008 LETTER IN DOCKET NO. W-
04286A-04-0774

On October 19, 2004, Kacy Parker dba Arroyo Water Company, Inc ("Arroyo Water" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for issuance of a new Certificate of Convenience and Necessity (CC&N") to provide water service in a portion of Gila County, Arizona, and for approval of the sale of assets to Kacy Parker.

On May 14, 2007, Staff filed its Direct Testimony in the docket.

Hearing on the matter was held on June 12, 2007, before a duly authorized Administrative Law Judge. The matter was taken under advisement pending submission of a Recommended Opinion and Order to the Commission.

On February 1, 2008, the Company filed a letter in the docket informing the Commission that its Gila County franchise will expire on February 6, 2008.

Analysis

Every applicant for a CC&N and/or CC&N Transfer is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority. If the applicant operates in an unincorporated area, the Company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the Company has to obtain the franchise from the City/Town.

On February 15, 2007, Arroyo Water filed, in the docket, a copy of its Gila County franchise agreement. According to the franchise agreement, the franchise was granted upon the express condition that a CC&N be acquired from the ACC within 12 months of the date of the franchise (February 6, 2007) and that all delinquent property taxes are paid to the Gila County Treasurer within 30 days of receiving the CC&N; and if the CC&N is not acquired within 12

months from February 6, 2007, and all the property taxes are not paid within the required time frame, this franchise will be null and void.

The Company's franchise agreement with Gila County will expire on February 6, 2008, absent a CC&N being granted by the ACC. Staff has no objection to Arroyo being granted 365 days from the date of the decision in this matter to file a new Gila County franchise agreement.

Recommendations

Staff recommends that any order issued in this docket granting the CC&N and approving the sale of assets to Kacy Packer, includes a requirement that the Company be required to file with Docket Control, as a compliance item in this docket, a copy of the franchise agreement from Gila County for the requested area, within 365 days of the decision in this matter.

EGJ:BNC:red

Originators: Blessing Chukwu

Service List for: Arroyo Water Company, Inc.
Docket Nos. W-04286A-04-0774

Mr. Kacy Parker, President
Arroyo Water Company, Inc.
HC6 Box 1048-H
Payson, Arizona 85541

Mr. Richard Williamson
Arroyo Water Company, Inc.
Post Office Box 231
Young, Arizona 85554

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

When recorded, deliver to:

Marian Sheppard, Chief Deputy Clerk
Board of Supervisors

RESOLUTION NO. 07-02-01

BEFORE THE BOARD OF SUPERVISORS

GILA COUNTY, STATE OF ARIZONA

In the Matter of:)

Application of ARROYO WATER COMPANY, INC.)

for a water franchise.)
_____)

FRANCHISE

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF GILA COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, ARROYO WATER COMPANY, INC. ("Franchisee") on January 2, 2007, presented to the Gila County Board of Supervisors an application petitioning that the Board grant it a non-exclusive water franchise for public utility purposes pursuant to A.R.S. §40-283 to enter upon all present and future public highways, roads, streets, alleys, thoroughfares (except state highways and except within the present confines of any incorporated city or town) within the unincorporated area of Gila County known as Punkin Center Village to construct, operate and maintain water system facilities along, over, under and across said public highways, roads, streets, alleys and thoroughfares for the provision of water utility service; and,

WHEREAS, the proposed water service area is legally described as the East half of Section 11, all of Section 12, all of Section 13 and the East half of Section 14 of Township 6 North, Range 10 East, Gila and Salt River Base Meridian; and,

WHEREAS, the above named petitioner is an Arizona public service corporation that will operate its water utility service in Gila County pursuant to a Certificate of Convenience and Necessity granted by the Arizona Corporation Commission; and,

WHEREAS, upon filing of said application, the Board of Supervisors ordered the public notice of the intention of the Board to make such a grant by publication in the *Arizona Silver Belt*, once a week, three times consecutively on January 17, 2007, January 24, 2007, and January 31, 2007, and noticing that on Tuesday, February 6, 2007, the Gila County Board of Supervisors would consider the application at the courthouse at 1400 E. Ash Street in Globe; and,

WHEREAS, the *Arizona Silver Belt* has provided the Gila County Board of Supervisors with an affidavit that the notice had been published at least once a week for three consecutive weeks in the newspaper; and,

WHEREAS, notice was also regularly given pursuant to A.R.S. §38-431; and,

WHEREAS, this matter appeared before the Gila County Board of Supervisors on February 6, 2007, and no one appeared in opposition thereto; and,

WHEREAS, it appears that it will benefit the public safety, health or welfare in the granting of this franchise and that the Franchisee has complied with all necessary laws to enable it to receive such a franchise.

NOW, THEREFORE, IT IS RESOLVED that a franchise be granted to ARROYO WATER COMPANY, INC. for the purpose of entering all present and future

public highways, roads, streets, alleys, thoroughfares (except state highways and except within the present confines of any incorporated city or town) for the period of fifteen (15) years, unless earlier terminated, to construct, operate and maintain water service facilities within the unincorporated areas of Gila County, specifically providing, however, that:

1. All rights hereunder are granted under the express condition that the Board of Supervisors of Gila County shall have the power at any time to impose such restrictions and limitations and to make such regulations on such highways, roads, streets, alleys and thoroughfares as may be deemed best for the public safety, welfare and convenience.

2. All rights hereunder are granted on the express condition that the Franchisee shall bear all expenses, including damage and compensation, for any alteration of the direction, surface grade or alignment of a county road or any other such highway, road, street, alley, or thoroughfare occasioned by the exercise of its franchise rights. If such road improvements are necessary and the Franchisee fails to make such improvements or bear all expenses necessary within 45 days after notification by Gila County, this grant shall be immediately rescinded and without any force or effect. Franchisee shall erect and maintain all necessary safety precautions throughout the period of the improvements.

3. All rights hereby granted shall be exercised so as not to interfere or conflict with any easement or right-of-way heretofore granted by said Board of Supervisors. Before Franchisee enters upon any highway, road, street, alley or thoroughfare that requires a right-of-way permit from the Gila County Public Works

Division pursuant to Ordinance 97-3, Franchisee shall apply for and receive such a permit.

4. All water system facilities constructed, operated and maintained pursuant to this franchise shall be placed, removed or relocated, initially and throughout the term of this franchise, along, in, or, under, over and across the said highways, roads and thoroughfares in such manner and location as the Board of Supervisors or its duly authorized agents may approve. Such placement, removal or relocation shall be done at the sole expense of the Franchisee upon a determination by the Board of Supervisors of Gila County that such facilities interfere unduly with vehicular traffic over any such highway, road, street, alley, or thoroughfare. In all other instances, the costs incurred in relocating such facilities shall be borne by and added to the costs of the public or private improvement causing or resulting in such relocation.

5. Franchisee shall indemnify, defend, and save harmless Gila County from all costs, expenses and liabilities in connection with the grant of this franchise and exercise of the same by Franchisee.

6. The franchise granted herein shall not be deemed exclusive and the Board of Supervisors expressly reserves the right to grant from time to time similar franchises over the same territory, highways, roads, streets, alleys and thoroughfares.

7. The right, privilege and franchise granted herein shall be binding upon and inure to the benefit of Franchisee, its successors and assigns; provided, however, that no transfer or assignment shall be made without prior written notice to the Board of Supervisors.

8. In the event Gila County takes action to dispose of unnecessary public roadways in accordance with the provisions of Arizona Revised Statutes 28-7201, et seq., Gila County shall recognize and preserve each of Grantee's prior rights-of-way, easements, and rights under this Franchise which are affected thereby, as they existed prior to such disposition.

9. This franchise is granted upon the express condition that a Certificate of Convenience and Necessity be acquired from the Arizona Corporation Commission within twelve (12) months of the date of this franchise and all delinquent property taxes are paid to the Gila County Treasurer within 30 days of receiving the Certificate of Convenience and Necessity; and if such Certificate is not acquired within twelve (12) months from this date and the property taxes are not paid within the required time frame, this franchise shall be null and void.

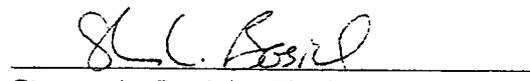
10. A copy of the Certificate of Convenience and Necessity must be submitted to the Clerk of the Board of Supervisors within the twelve (12) month period along with proof of payment of the delinquent property taxes.

11. This franchise supercedes and revokes any other existing franchise between Gila County and Arroyo Water Company, Inc.

IN WITNESS THEREOF the Board of Supervisors of Gila County, State of Arizona, by its chairman and clerk, have hereunto set their hand and caused its official seal to be affixed this 6th day of February 2007.



Jose M. Sanchez, Chairman
Gila County Board of Supervisors



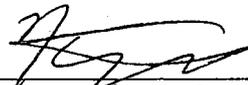
Steven L. Besich, Clerk
Gila County Board of Supervisors

APPROVED AS TO FORM:



Bryan Chambers
Chief Deputy County Attorney

The foregoing terms and conditions are hereby accepted by the Franchisee.

By  _____
Rylee PARKER
Title owner
Date 2-6-07

ARROYO WATER COMPANY

HC 6 BOX 1048 L
PAYSON, ARIZONA 85541
928-474-1766
FAX: 928-474-7812

January 30, 2007

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007
Phone: 800-222-7000

Re: Arroyo Water Company
W-04286A-04-0774

Dear Arizona Corporation Commission,

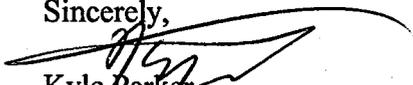
We want to inform the Corporation Commission, our Arroyo Water Company Franchise will expire on February 6, 2008.

This Franchise was awarded contingent upon our receiving our Certificate of Convenience and Necessity.

Please see attached copy of the Franchise, page 5, underlined.

Please feel free to call if there are any questions.

Sincerely,


Kyle Parker

Attachments: Copy of Gila County Board of Supervisors awarded Franchise 2007

Clear Day

Page 1 of 1

Renee De La Fuente

To: arroyonpg@npgcable.com
Cc: Kim Battista
Subject: 2004 - 2006 annual reports

Nancy,

Per our phone conversation this morning, I just wanted to confirm that Arroyo Water Company, Docket No W-04286A, is complete on all filings regarding their annual reports from 2004 through 2006 .

If you have any questions, please feel free to contact me.

Renee de la Fuente
Annual Reports Administrator
Administrative Assistant III
Arizona Corporation Commission
Utilities Division
Phone: 602-364-0706
Fax: 602-542-2129

3/10/2008

Carmel Hood

To: arroyo@npg@npgcable.com
Cc: Brian Bozzo; Shannon Kanlan; Renee De La Fuente; Kim Battista
Subject: Compliance Request On Arroyo Water Company, Inc.

Hello Nancy,

As a follow-up to our conversation earlier today:

A check of the Compliance Database indicates that there are currently no delinquencies for Arroyo Water Company, Inc.

If additional information is required or if I can be of more assistance, please feel free to contact me.

Thank you for your inquiry.

Carmel L. Hood

Compliance Program & Project Specialist II
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007
Phone: 602.542.0847
Email: chood@azcc.gov

ARROYO WATER COMPANY

DOCKETS/RESPONSES TO ARIZONA CORPORATION COMMISSION

DOCKETS:

- 9-13-04 ORIGINAL APPLICATION FOR CC&N
- 11-03-06 APPLICATION FOR CROSS CONNECTION/BACKFLOW TARIFF
- 11-14-06 RESPONSE TO STAFF REPORT DATED JUNE 5, 2005 ALL EIGHT ITEMS
WATER USE DATA SHEET
CUSTOMER SERVICE REQUEST FOR OUTSIDE AREA
ARROYO NOTICE TO CUSTOMERS OF ADDRESS
APPLICATION FOR SERVICE
NOTICE TO CUSTOMERS OF CC&N APPLICATION
LETTER TO CUSTOMERS OF OWNERSHIP CHANGE
LETTER ADDRESSING ITEMS #5 AND #8
WELL SITE MAP
- 12-5-06 RESPONSE TO 7 CUSTOMER COMPLAINTS FOR 2005/06
- 12-12-06 TARIFF SCHEDULE (2ND TIME)
- 12-15-06 AFFIDAVIT - ARROYO CUSTOMERS-INFORMED PER BLESSING (2ND
TIME)
- 12-20-06 CUSTOMERS REQUESTS FOR WATER SERVICE PER BLESSINGS LETTER
DATED 12-6-06 INCLUDING CROSS CONNECTION
TARIFF/BACKFLOW TARIFF AND AFFIDAVIT AS REQUESTED
- 1-17-07 PLANT DESCRIPTION AND WATER USE DATA SHEET TO DEL SMITH
FAXED AND DOCKETED 3 TIMES (11/14-2/05-2/7/07)
- 1-17-07 NEWSPAPER AD AND NOTICE FROM GILA COUNTY BOARD OF
SUPERVISORS FOR FRANCHISE HEARING AND PROCESS
- 2-7-07 RE-DOCKET AND FAX TO DEL SMITH PLANT DESCRIPTION, ADEQ
PLANT DESCRIPTION AND ACC'S PREVIOUS PLANT
DESCRIPTION
- 2-12-07 GILA COUNTY BOARD OF SUPERVISORS FRANCHISE
- 2-15-07 CONSUMER CONFIDENCE REPORTS 2004/2005/2006

**2-19-07 RESPONSE TO ADEQ PAT FENTON INSPECTION VIOLATIONS (12-15-07)
 COMPLIED WITH 8 OUT OF 9**

2-28-07 ANNUAL REPORTS (HAND CARRIED) AND DOCKETED FOR 2004/2005/2006

**3-1-07 NOTICE TO CUSTOMERS OF WATER REPORT AND CONSUMER
 CONFIDENCE REPORT NOTICE ON BULLENTIN BOARD PUNKIN
 CENTER**

**3-2-07 LETTER TO JOHN GIBBON, ADEQ UPDATE ON COMPLIANCE AND TIME
 FRAME FOR STORAGE TANK**

3-12-07 WELL NAME CHANGE TO ARROYO COMPANY

**3-15-07 LETTER TO BRIAN BOZZO UPDATE ON DOCKETS, RESPONSES, CC& N
 STATUS**

3-15-07 CORPORATE FILING FOR 2004/2005/2006

**3-26-07 RESPONSE LETTER TO KIM BATTISTA FOR JAKES CORNER
 WATER SYSTEM REGARDS TO STORAGE TANK**

4-16-07 PUBLIC NOTICE FOR NEWSPAPER & AFFIDAVIT FOR CC&N HEARING

**4-18-07 APOLOGY LETTER TO KIM BATTISTA FOR MARCH 26 LETTER JAKE
 CORNER**

5-2-07 ADEQ SITE VISIT & INSPECTION REPORTS

5-9-07 ANNUAL REPORT 2006 (DOCKETED 2ND TIME)

6-20-07 LEGEND COLIFORM, LEAD & COPPER RESULTS

**7-20-07 ANNUAL REPORTS, ADOR 2006, FOR ARROYO & JAKES
 WATER TEST RESULTS, 6/20 FOR ARROYO
 LEAD & COPPER ANALYSIS REPORT 6/28 ARROYO**

**7-26-07 COVER LETTER AND INVOICE FOR NEW PUMP AT JAKES CORNER,
 ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY LEAD AND
 COPPER RESULTS AND INFORMATION.**

**8-6-07 AMENDMENT LETTER FOR JAKES CORNER STORAGE TANK, FAX COPY
 TO BRIAN BOZZO.**

8-13-07 CURTAILMENT TARIFF FOR ARROYO

10-9-07 LETTER TO ACC FOR STATUS ON CC&N WITH ATTACHMENTS

12-10-07 LETTER TO KIM BATTISTA, STATUS INQUIRY ON CC&N WITH ATTACHMENTS

***NOTE: ALL CONSUMER CONFIDENCE REPORTS ARE CURRENT TO 2007**

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04286A
Kacy Parker
Arroyo Water Co.
HC6 Box 1048 L
Payson, AZ 85541

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>L.A.P. CONTRACTING</u>			
Mailing Address <u>HC6 BOX 1048L</u>			
(Street)			
(City)	<u>PAYSON</u>	<u>ARIZONA</u>	<u>85541</u>
	(State)		(Zip)
<u>928-474-1766</u>	<u>928-474-7812</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>HC6 BOX 1048L</u>			
(Street)			
(City)	<u>PAYSON</u>	<u>ARIZONA</u>	<u>85541</u>
	(State)		(Zip)
<u>928-474-1766</u>	<u>928-474-7812</u>		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>KACYD PARKER</u>			
(Name)			<u>OWNER</u>
			(Title)
<u>HC6 BOX 1048L</u>	<u>PAYSON</u>	<u>ARIZONA</u>	<u>85541</u>
(Street)	(City)	(State)	(Zip)
<u>928-474-1766</u>	<u>928-474-7812</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>KACYD PARKER</u>			
(Name)			
<u>HC6 BOX 1048L</u>	<u>PAYSON</u>	<u>ARIZONA</u>	<u>85541</u>
(Street)	(City)	(State)	(Zip)
<u>928-474-1766</u>	<u>928-474-7812</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	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: LLOYD PARKER
(Name)

AC 6 B+ 1048L THAYSON ARIZONA 85341
(Street) (City) (State) (Zip)

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

Attorney: _____
(Name)

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

Telephone No. (Include Area Code) Fax No. (Include Area Code) 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.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

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

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input checked="" type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Aroyo 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	22,856.00	17,144.00
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5,000.00		5,000.00
307	Wells and Springs	75,000.00		75,000.00
311	Pumping Equipment	10,000.00		10,000.00
320	Water Treatment Equipment	0		0
330	Distribution Reservoirs and Standpipes	N/A		N/A
331	Transmission and Distribution Mains	N/A		N/A
333	Services	N/A		N/A
334	Meters and Meter Installations	32,850.00		32,850.00
335	Hydrants	N/A		N/A
336	Backflow Prevention Devices	3,000.00		3,000.00
339	Other Plant and Misc. Equipment	1,550.00		1,550.00
340	Office Furniture and Equipment	1,500.00		1,500.00
341	Transportation Equipment	42,000.00	11,610.00	30,390.00
343	Tools, Shop and Garage Equipment	8,000.00		8,000.00
344	Laboratory Equipment	N/A		N/A
345	Power Operated Equipment	N/A		N/A
346	Communication Equipment	N/A		N/A
347	Miscellaneous Equipment	0		0
348	Other Tangible Plant	0		0
	TOTALS	218,900.00	34,466.00	184,434.00

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

COMPANY NAME

Atroyo 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	5,000.00		5000.00
307	Wells and Springs	7,500.00		7500.00
311	Pumping Equipment	10,000.00		10,000.00
320	Water Treatment Equipment	0		0
330	Distribution Reservoirs and Standpipes	N/A		N/A
331	Transmission and Distribution Mains	N/A		N/A
333	Services	N/A		N/A
334	Meters and Meter Installations	32,850.00		32,850.00
335	Hydrants	N/A		N/A
336	Backflow Prevention Devices	3,000.00		3,000.00
339	Other Plant and Misc. Equipment	1,550.00		1550.00
340	Office Furniture and Equipment	1,500.00		1500.00
341	Transportation Equipment	3,600.00		3600.00
343	Tools, Shop and Garage Equipment	8,000.00		8000.00
344	Laboratory Equipment	N/A		N/A
345	Power Operated Equipment	N/A		N/A
346	Communication Equipment	N/A		N/A
347	Miscellaneous Equipment	0		0
348	Other Tangible Plant	0		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	\$ 2,601.00	\$ 1,898.00
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	7465.00	1167.00
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 10,066.00	\$ 3,065.00
	FIXED ASSETS		
101	Utility Plant in Service	\$ 193,298.00	\$ 184,434.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	25,602.00	34,466.00
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 218,900.00	\$ 218,900.00
	TOTAL ASSETS	\$ 228,966.00	\$ 221,965.00

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.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	320.00	240.00
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 320.00	\$ 240.00
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
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	\$ 0	\$ 0
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,000.00	\$ 1,000.00
211	Paid in Capital in Excess of Par Value	227,646.00	220,725.00
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 228,646.00	\$ 221,725.00
	TOTAL LIABILITIES AND CAPITAL	\$ 228,966.00	\$ 221,965.00

COMPANY NAME

*Arroyo Water Company***COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 16,816.00	\$ 26,761.64
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 16,816.00	\$ 26,761.64
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 5,200.00	\$ 7237.93
610	Purchased Water		
615	Purchased Power	4,921.00	5186.93
618	Chemicals		
620	Repairs and Maintenance	863.00	1085.00
621	Office Supplies and Expense	2,807.00	433.07
630	Outside Services		
635	Water Testing	600.00	212.00
641	Rents		
650	Transportation Expenses	4,135.00	4789.00
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	495.00	
403	Depreciation Expense		
408	Taxes Other Than Income	645.00	586.86
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 19,666.00	\$ 19,530.79
	OPERATING INCOME/(LOSS)	\$ < 2,850.00 >	\$ 7230.85
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ < 2,850.00 >	\$ 7230.85

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	<i>N/A</i>			
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	<i>Arroyo Water Company</i>
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

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

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
<i>3</i>	<i>1</i>		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>11,000</i>	<i>1</i>	<i>2,500</i>	<i>1</i>

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:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

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

CUSTOMER METERS

Size (in inches)	Quantity
<i>5/8 X 3/4</i>	<i>102</i>
<i>3/4</i>	
<i>1</i>	
<i>1 1/2</i>	
<i>2</i>	
<i>Comp. 3</i>	
<i>Turbo 3</i>	
<i>Comp. 4</i>	
<i>Tubo 4</i>	
<i>Comp. 6</i>	
<i>Tubo 6</i>	

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 such as, back hoe, trenchers, generators, etc.

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

COMPANY NAME:	<i>Arroyo Water Company</i>
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	<i>102</i>	<i>369,590</i>		
FEBRUARY	<i>102</i>	<i>229,580</i>		
MARCH	<i>102</i>	<i>268,870</i>		
APRIL	<i>102</i>	<i>509,770</i>		
MAY	<i>102</i>	<i>677,770</i>		
JUNE	<i>102</i>	<i>859,910</i>		
JULY	<i>102</i>	<i>1,146,870</i>		
AUGUST	<i>102</i>	<i>1,304,350</i>		
SEPTEMBER	<i>102</i>	<i>873,570</i>		
OCTOBER	<i>102</i>	<i>944,220</i>		
NOVEMBER	<i>102</i>	<i>822,110</i>		
DECEMBER	<i>102</i>	<i>729,180</i>		
TOTALS →		<i>8,752,790</i>		

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 No *N/A*

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes 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 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 698.63

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. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	GILA
NAME (OWNER OR OFFICIAL) TITLE	Kathy J. Parker
COMPANY NAME	Arroyo Water Co.

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	2007

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

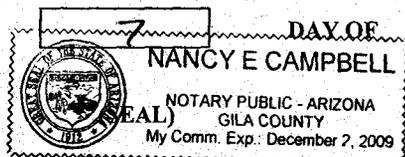
928-474-1766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

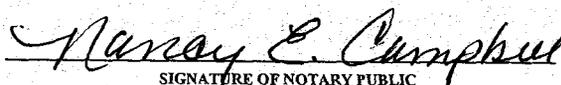
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



MY COMMISSION EXPIRES 12.2.09

COUNTY NAME	GILA	
MONTH	MARCH	2008



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Arroyo Water Company YEAR ENDING 12/31/2007

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

March 7, 2008
DATE

KACY PARKER/KYLE PARKER
PRINTED NAME

OWNER
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>GILA</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>KACY J. PARKER</u>
COMPANY NAME	<u>ARROYO WATER COMPANY</u>

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

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.

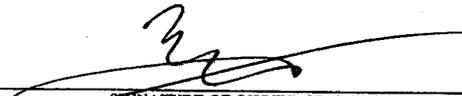
SWORN STATEMENT

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 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>27366.00</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 1849.92 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

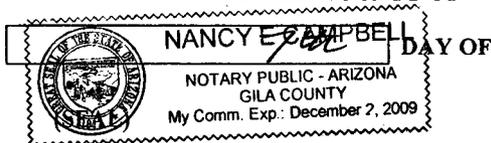
928-474-1766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME	<u>Gila</u>
MONTH	<u>March</u> .20 <u>09</u>



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12-2-09

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) <i>GILA</i>	
NAME (OWNER OR OFFICIAL) <i>KACY S. PARKER</i>	TITLE <i>OWNER</i>
COMPANY NAME <i>Arroyo Water Company</i>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2007

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 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES <i>\$ 27366.00</i>

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1849.92
IN SALES TAXES BILLED, OR COLLECTED)

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

[Signature]

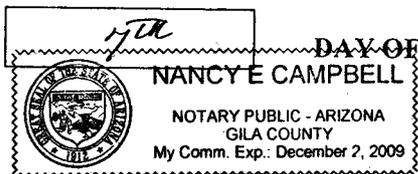
SIGNATURE OF OWNER OR OFFICIAL

928-474-1766

TELEPHONE NUMBER

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

**THIS
(SEAL)**



MY COMMISSION EXPIRES 12. 2. 09

NOTARY PUBLIC NAME <i>Nancy E. Campbell</i>	
COUNTY NAME <i>Gila</i>	
MONTH <i>March</i>	.20 <u>09</u>

[Signature]

SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

Arroyo Water Company
DC 6 Box 1048L
Flagson, AZ 85541



ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>ARROYO WATER COMPANY</u>		
Mailing Address _____ (Street)	<u>11061 Box 10482</u>	
_____ (City)	<u>Payson</u> (State)	<u>AZ</u> (Zip)
<u>928-474-1766</u> Telephone No. (Include Area Code)	<u>928-474-7812</u> Fax No. (Include Area Code)	<u>85541</u> Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>Same AS Above</u> (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: <u>KACY J. PARKER</u> (Name)			<u>OWNER</u> (Title)
_____ (Street)	<u>11061 Box 10482</u> (City)	<u>Payson</u> (State)	<u>AZ</u> (Zip)
<u>928-474-1766</u> Telephone No. (Include Area Code)	<u>928-474-7812</u> Fax No. (Include Area Code)	<u>85541</u> Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>KACY J. PARKER</u> (Name)			
_____ (Street)	<u>11061 Box 10482</u> (City)	<u>Payson</u> (State)	<u>AZ</u> (Zip)
<u>928-474-1766</u> Telephone No. (Include Area Code)	<u>928-474-7812</u> Fax No. (Include Area Code)	<u>85541</u> 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 S. PARKER

(Name)

1016 Box 1048L Payson

(Street)

(City)

AZ

(State)

85541

(Zip)

928-474-1766

Telephone No. (Include Area Code)

928-474-7812

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

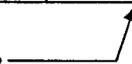
YUMA

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	5,000.00		5,000.00
307	Wells and Springs	75,000		75,000.00
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		32,850.00
335	Hydrants	N/A		
336	Backflow Prevention Devices	3,000		3,000.00
339	Other Plant and Misc. Equipment	1,550		1,550.00
340	Office Furniture and Equipment	1,500		1,500.00
341	Transportation Equipment	5,000.00 36,000	8,460.00	33,540.00
343	Tools, Shop and Garage Equipment	8,000		8,000.00
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	25,602.00	193,298.00

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

COMPANY NAME

*Mayo 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	5,000. ⁰⁰		5,000. ⁰⁰
307	Wells and Springs	7,500. ⁰⁰		7,500. 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		32,850. ⁰⁰
335	Hydrants	n/a		
336	Backflow Prevention Devices	3,000. ⁰⁰		3,000. ⁰⁰
339	Other Plant and Misc. Equipment	1,550. ⁰⁰		1,550. ⁰⁰
340	Office Furniture and Equipment	1,500. ⁰⁰		1,500. ⁰⁰
341	Transportation Equipment	3,600. ⁰⁰		3,600. ⁰⁰
343	Tools, Shop and Garage Equipment	8,000. ⁰⁰		8,000. 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	\$ 204,212.00	\$ 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.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
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	\$ ϕ	\$ ϕ
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ ϕ	\$ ϕ
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	\$ ϕ	\$ ϕ
	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	\$ 16,816.00
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 28,719.00	\$ 16,816.00
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 5,220.00	\$ 5,200.00
610	Purchased Water		
615	Purchased Power	4,876.00	4,921.00
618	Chemicals		
620	Repairs and Maintenance	392.00	863.00
621	Office Supplies and Expense	3,272.00	2,807.00
630	Outside Services	0	
635	Water Testing	2,150.00	600.00
641	Rents		
650	Transportation Expenses	6,889.00	4,135.00
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	2,858.00	645.00
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 26,120.00	\$ 19,666.00
	OPERATING INCOME/(LOSS)	\$ 2,599.00	\$ <2,850.00>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ 2,599.00	\$ <2,850.00>

COMPANY NAME	<i>Arroyo Water Company</i>
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
<i>55-805621</i>	<i>5+3</i>	<i>90</i>	<i>61'</i>	<i>19"</i>		<i>1996</i>

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

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

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>11,000</i>	<i>1</i>	<i>2,500</i>	<i>1</i>

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

COMPANY NAME	<i>Arroyo Water Company</i>
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

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

CUSTOMER METERS	
Size (in inches)	Quantity
<i>5/8 X 3/4</i>	<i>100</i>
<i>3/4</i>	
<i>1</i>	
<i>1 1/2</i>	
<i>2</i>	
<i>Comp. 3</i>	
<i>Turbo 3</i>	
<i>Comp. 4</i>	
<i>Tubo 4</i>	
<i>Comp. 6</i>	
<i>Tubo 6</i>	

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 - Main Link

OTHER:

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

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

COMPANY NAME:	<i>Arroyo Water Company</i>	
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	<i>105</i>	<i>426</i>		
FEBRUARY	<i>105</i>	<i>463</i>		<i>0</i>
MARCH	<i>105</i>	<i>463</i>		
APRIL	<i>105</i>	<i>665</i>		
MAY	<i>105</i>	<i>892</i>		
JUNE	<i>105</i>	<i>1033</i>		
JULY	<i>105</i>	<i>1024</i>		
AUGUST	<i>105</i>	<i>896</i>		
SEPTEMBER	<i>105</i>	<i>803</i>		
OCTOBER	<i>105</i>	<i>693</i>		
NOVEMBER	<i>105</i>	<i>710</i>		
DECEMBER	<i>105</i>	<i>390</i>		
TOTALS →		<i>8458</i>		

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 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. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>GILA</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>KACQ J. PARKER</u>
COMPANY NAME	<u>ARROYO WATER COMPANY</u>

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

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
928-474-1764

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF
NANCY E CAMPBELL
THIS 9th DAY OF May
NOTARY PUBLIC - ARIZONA
GILA COUNTY
My Comm. Exp.: December 2, 2009
(SEAL)

COUNTY NAME	<u>GILA</u>	
MONTH	<u>MAY</u>	<u>2007</u>

Nancy E. Campbell

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12-2-09

COMPANY NAME Arroyo 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]
SIGNATURE

5-9-07
DATE

KACED. PARKER
PRINTED NAME

OWNER
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>GILIA</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Nancy J. Parker</u>
COMPANY NAME <u>ARROYO WATER Company</u>

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.

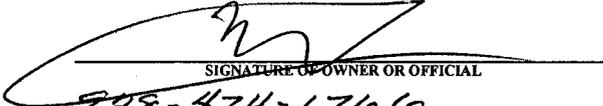
SWORN STATEMENT

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 (\$) <u>\$ 16,816.00</u>
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(THE AMOUNT IN BOX ABOVE INCLUDES \$ 1219.16 IN SALES TAXES BILLED, OR COLLECTED)

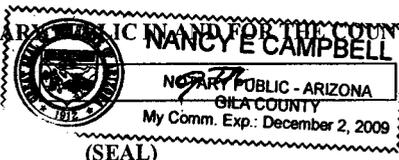
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
938-474-1766
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



(SEAL)

COUNTY NAME <u>GILIA</u>	
MONTH <u>MAY</u>	YEAR <u>2007</u>

DAY OF

Nancy E. Campbell
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12-2-09

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>Coila</i>	
NAME (OWNER OR OFFICIAL) <i>Kathy L. Parker</i>	TITLE <i>OWNER</i>
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 <i>\$ 116,816⁰⁰</i>

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]
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

<i>5th</i>

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME <i>Coila</i>	
MONTH <i>MAY</i>	, 20 <i>07</i>

(SEAL)



NANCY E CAMPBELL

NOTARY PUBLIC - ARIZONA

MY COMMISSION EXPIRES *12-2-09*
My Comm. Exp. December 2, 2009

X *Nancy E. Moreno*
SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

<input type="checkbox"/>
<p>AZ-0404083 AKROYO WATER Company ACB BX1048L PAYSON, AZ 85541 0230935-0</p>

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE
ANN04 05

COMPANY INFORMATION

Company Name (Business Name) KACY PARKER - ARROYO WATER COMPANY

Mailing Address _____
(Street) HCB Box 1048L

(City) Payson, AZ (State) 85541 (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 arroyo@npq.cable.com

Local Office Mailing Address _____
(Street) Same as above

(City) (State) (Zip)

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

Email Address arroyo@npq.cable.com

MANAGEMENT INFORMATION

Management Contact: _____
(Name) KACY PARKER (Title)

(Street) HCB Box 1048L (City) PAYSON (State) AZ (Zip) 85541

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: _____
(Name) KACY PARKER

(Street) HCB Box 1048L (City) PAYSON (State) AZ (Zip) 85541

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

Email Address arroyo@npq.cable.com

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

Statutory Agent: KACI PARKER
 (Name)

106 B + 1048 C Payson AZ 85541
 (Street) (City) (State) (Zip)

928-474-1766 928-474-1766
 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:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

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

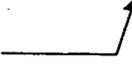
- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input checked="" type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> 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	40000	11428.00	28572.00
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5000.00		5000.00
307	Wells and Springs	75000		75000
311	Pumping Equipment	10000.00		10000.00
320	Water Treatment Equipment	0		0
330	Distribution Reservoirs and Standpipes	N/A		N/A
331	Transmission and Distribution Mains	N/A		N/A
333	Services	N/A		N/A
334	Meters and Meter Installations	32850.00		32850.00
335	Hydrants	N/A		N/A
336	Backflow Prevention Devices	3,000		3000
339	Other Plant and Misc. Equipment	1550		1550
340	Office Furniture and Equipment	1500		1500
341	Transportation Equipment	36,000		36000
343	Tools, Shop and Garage Equipment	8,000		8000
344	Laboratory Equipment	N/A		N/A
345	Power Operated Equipment	N/A		N/A
346	Communication Equipment	N/A		N/A
347	Miscellaneous Equipment	0		0
348	Other Tangible Plant	0		0
	TOTALS			

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	1%	
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5000.00		
307	Wells and Springs	7500.00		
311	Pumping Equipment	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	32850.00		
335	Hydrants	N/A		
336	Backflow Prevention Devices	31000		
339	Other Plant and Misc. Equipment	1550		
340	Office Furniture and Equipment	1500		
341	Transportation Equipment	36000		
343	Tools, Shop and Garage Equipment	8000		
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			

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

COMPANY NAME

ARROYO WATER CO.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 5236	\$ 8179
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	2302	2809
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property	56,466.00	82,517.00
122	Accumulated Depreciation – Non Utility	16,624.00	30,573.00
	TOTAL FIXED ASSETS	\$	\$
	TOTAL ASSETS	\$ 80628.00	\$ 113,090.00

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

COMPANY NAME

ARROYO WATER CO.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITES			
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	320	240
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$	\$
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$	\$
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	\$	\$
	TOTAL LIABILITIES	\$	\$
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 1000.00	\$ 1000.00
211	Paid in Capital in Excess of Par Value	79,308.00	111,850.00
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$ 80,628.00	\$ 113,090.00

COMPANY NAME

ARROYO WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 26,802	\$ 28,719.00
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 26,802	\$ 28,719.00
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 1100.00	\$ 5220.00
610	Purchased Water		
615	Purchased Power	3426.00	4876.00
618	Chemicals		
620	Repairs and Maintenance		393.00
621	Office Supplies and Expense	1171.00	3272.00
630	Outside Services	856.00	-0-
635	Water Testing	4140.00	2150.00
641	Rents		
650	Transportation Expenses	3030.00	6889.00
657	Insurance -- General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense -- Rate Case		
675	Miscellaneous Expense	302.00	462.00
403	Depreciation Expense		
408	Taxes Other Than Income	4644	2858.00
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 18669.00	\$ 26120.00
	OPERATING INCOME/(LOSS)	\$ 8133.00	\$ 2599.00
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$
	NET INCOME/(LOSS)	\$ 8133.00	\$ 2599.00

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				
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

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<i>55-805621</i>	<i>5+3hp</i>	<i>90</i>	<i>41'</i>	<i>19"</i>		<i>1996</i>

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

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

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>11,000</i>	<i>1</i>	<i>2,500</i>	<i>1</i>

COMPANY NAME *Arroyo Water Company*

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	<i>PVC</i>	<i>2000</i>
3		
4	<i>PVC</i>	<i>6200</i>
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
<i>5/8 X 3/4</i>	<i>103</i>
<i>3/4</i>	
<i>1</i>	
<i>1 1/2</i>	
<i>2</i>	
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.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Fence around well site (chain link)

OTHER:

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

COMPANY NAME:

Arroyo Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	80	354290	
FEBRUARY	80	423050	
MARCH	80	473290	
APRIL		507410	
MAY		696520	
JUNE		907510	
JULY		1046950	
AUGUST		1035900	
SEPTEMBER		907290	
OCTOBER		811520	
NOVEMBER		683310	
DECEMBER		499750	
TOTAL		8346790	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

() No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

() No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

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 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 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. N/A

COMPANY NAME Arroyo Water Company YEAR ENDING 12/31/2005

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]
SIGNATURE

2-21-07
DATE

KACY PARKER
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	GILA
NAME (OWNER OR OFFICIAL) TITLE	LACY PARKER
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	2005

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 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ 28,792.00

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 2082.12 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]

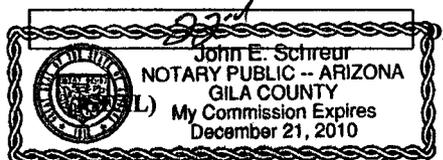
 SIGNATURE OF OWNER OR OFFICIAL
 928-474-1766

 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME	GILA
MONTH	FEB 2007

MY COMMISSION EXPIRES DEC 21, 2010

[Signature]

 SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

<small>COUNTY OF (COUNTY NAME)</small> <i>Gila</i>	
<small>NAME (OWNER OR OFFICIAL)</small> <i>Kacy Parker</i>	<small>TITLE</small> <i>President</i>
<small>COMPANY NAME</small> <i>Arroyo Water Company</i>	

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

FOR THE YEAR ENDING

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
<i>12</i>	<i>31</i>	<i>2005</i>

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 2005 WAS:

<small>ARIZONA INTRASTATE GROSS OPERATING REVENUES</small> <i>\$ 2,879.00</i>
--

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 2082.12 IN SALES TAXES BILLED, OR COLLECTED)

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

[Signature]

SIGNATURE OF OWNER OR OFFICIAL

928-474-1766

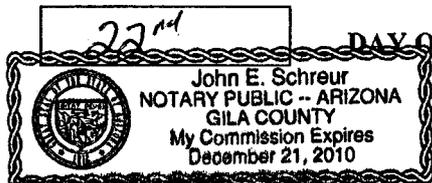
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS *22nd* **DAY OF**

(SEAL)



MY COMMISSION EXPIRES

DEC 21, 2010

<small>NOTARY PUBLIC NAME</small> <i>John Schreur</i>	
<small>COUNTY NAME</small> <i>GILA</i>	
<small>MONTH</small> <i>FEB</i>	<small>YEAR</small> <i>2007</i>

X

[Signature]

SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

AZ 0404083
AKROYD WATER COMPANY
P.O. Box 1048L
Payson, AZ 85341
0230935-0

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
----	----	------

FOR COMMISSION USE

ANN04	04
-------	----

COMPANY INFORMATION

Company Name (Business Name) KACY PARKER - ARROYO WATER COMPANY

Mailing Address _____
(Street) HCB Box 1048L

(City) Payson, AZ (State) 85541 (Zip)

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

Email Address arroyo@np9cable.com

Local Office Mailing Address _____
(Street) Same as above

(City) _____ (State) _____ (Zip)

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

Email Address arroyo@np9cable.com

MANAGEMENT INFORMATION

Management Contact: _____
(Name) KACY PARKER (Title) _____

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

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

Email Address _____

On Site Manager: _____
(Name) KACY PARKER

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

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

Email Address arroyo@np9cable.com

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

Statutory Agent: Nancy Parker
 (Name)

106 B+1048L Payson AZ 85341
 (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	5714.00	34286
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5000.00		
307	Wells and Springs	75000		
311	Pumping Equipment	10000.00		
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	32850.00		
335	Hydrants	N/A		
336	Backflow Prevention Devices	3,000		
339	Other Plant and Misc. Equipment	1550		
340	Office Furniture and Equipment	1500		
341	Transportation Equipment	36000		
343	Tools, Shop and Garage Equipment	8000		
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			

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		
302	Franchises	0		
303	Land and Land Rights	0.00		
304	Structures and Improvements	5000.00		
307	Wells and Springs	7500.00		
311	Pumping Equipment	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		
335	Hydrants	N/A		
336	Backflow Prevention Devices	3,000.00		
339	Other Plant and Misc. Equipment	1,550.00		
340	Office Furniture and Equipment	1,500.00		
341	Transportation Equipment	36,000.00		
343	Tools, Shop and Garage Equipment	8,000.00		
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			

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	\$ ϕ	\$ 5236
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	ϕ	2302
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ ϕ	\$ ϕ
	FIXED ASSETS		
101	Utility Plant in Service	\$ ϕ	\$ ϕ
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ ϕ	\$ 56,466
			16,624
	TOTAL ASSETS	\$ ϕ	\$ 80,628.00

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.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 0	\$
232	Notes Payable (Current Portion)	0	
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		320
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
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	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$ 1000.00
211	Paid in Capital in Excess of Par Value		79,308.00
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$ 0	\$ 80,628.00

COMPANY NAME

*Arroyo Water Company***COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 0	\$ 26,802
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 0	\$ 26,802
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 1100.00
610	Purchased Water		
615	Purchased Power	0	3426.00
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense	0	1171.00
630	Outside Services	0	856.00
635	Water Testing	0	4140.00
641	Rents		
650	Transportation Expenses	0	3030.00
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	0	302.00
403	Depreciation Expense		
408	Taxes Other Than Income	0	4644
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 0	\$ 18,669.00
	OPERATING INCOME/(LOSS)	\$ 0	\$ 8133.00
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ 0	\$ 8133.00

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				
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

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<i>55-805621</i>	<i>543 hp</i>	<i>90</i>	<i>61'</i>	<i>19"</i>		<i>1996</i>

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

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

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>14,000</i>	<i>1</i>	<i>2,500</i>	<i>1</i>

COMPANY NAME

ARROYO WATER COMPANY

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 3/4	160
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.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Fence around well site (chain link)

OTHER:

Operations company provides equipment & materials - backhoe - trenchers - generators, etc.

COMPANY NAME: Arroyo Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	80	354 290	
FEBRUARY	80	42 3050	
MARCH	80	47 3290	N/A
APRIL	83	507 410	
MAY	85	696 520	
JUNE	86	907 510	
JULY	86	904 6950	
AUGUST	86	103 5900	
SEPTEMBER	86	907 290	
OCTOBER	85	811 520	
NOVEMBER	80	683 310	
DECEMBER			
TOTAL			

no meter on well we do not buy water

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 (X) No

If yes, provide the GPCPD amount: _____

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

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

COMPANY NAME _____ YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 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. _____

N/A

COMPANY NAME Arroyo Water Company YEAR ENDING 12/31/2004

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

2-21-07
DATE

KACY PARKER
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Gila</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Lacy Parker</u>
COMPANY NAME	<u>Arroyo Water Company</u>

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	200 <u>4</u>

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 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>26802</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ _____ 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

928-474-1766

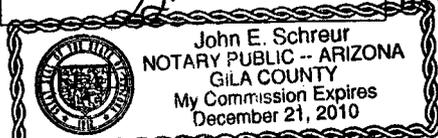
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

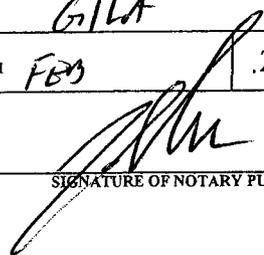
22nd DAY OF



John E. Schreur
NOTARY PUBLIC -- ARIZONA
GILA COUNTY
My Commission Expires
December 21, 2010

MY COMMISSION EXPIRES DEC 21, 2010

COUNTY NAME	<u>GILA</u>
MONTH	<u>FEB</u> .20 <u>07</u>



SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>GILA</i>	
NAME (OWNER OR OFFICIAL) <i>KACY PARKER</i>	TITLE <i>President</i>
COMPANY NAME <i>Arroyo Water Company</i>	

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

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 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>26802</u>
--

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 1943.14 IN SALES TAXES BILLED, OR COLLECTED)

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

[Signature]

SIGNATURE OF OWNER OR OFFICIAL

928-474-1766

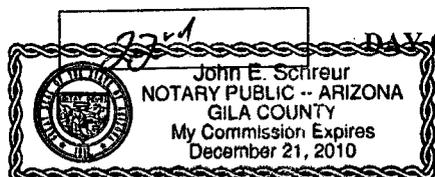
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 27th DAY OF

(SEAL)



MY COMMISSION EXPIRES

Dec 21, 2010

NOTARY PUBLIC NAME <i>John Schreier</i>	
COUNTY NAME <i>GILA</i>	
MONTH <i>FEB</i>	.20 <u>07</u>

X

[Signature]

SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

10065

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

<input type="checkbox"/>
<p><i>AZ.0404083</i> <i>ARROYO WATER COMPANY</i> <i>P.O. Box 1048L</i> <i>FAYSON, ARIZONA 85541</i></p>

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
----	----	-----------------

2003

FOR COMMISSION USE

ANN04	04
-------	----

COMPANY INFORMATION

Company Name (Business Name) <u>Arroyo Water Company</u>		
Mailing Address <u>HCB Bx 1048 L</u>		
(Street)	(City)	(State)
<u>Payson, Az</u>	<u>85541</u>	
(Zip)		
<u>928-474-1766</u>	<u>928-474-7812</u>	<u>0</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>0</u>		
Local Office Mailing Address <u>HCB Bx 1048 L</u>		
(Street)	(City)	(State)
<u>Payson, Az</u>	<u>85541</u>	
(Zip)		
<u>928-474-1766</u>	<u>928-474-7812</u>	<u>0</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>0</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Kacy J. PARKER</u>		<u>OWNER</u>
(Name)	(Title)	
<u>HCB Bx 1048 L Payson Az 85541</u>		
(Street)	(City)	(State)
<u>85541</u>		
(Zip)		
<u>928-474-1766</u>	<u>928-474-7812</u>	<u>0</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>0</u>		
On Site Manager: _____		
(Name)		
_____	_____	_____
(Street)	(City)	(State)
_____	_____	_____
(Zip)		
_____	_____	_____
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: _____

(Name)

(Street)

(City)

(State)

(Zip)

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	0	0
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5,000.00		
307	Wells and Springs	7,500.00		
311	Pumping Equipment	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		
335	Hydrants	N/A		
336	Backflow Prevention Devices	2,000.00		
339	Other Plant and Misc. Equipment	1,550.00		
340	Office Furniture and Equipment	1,500.00		
341	Transportation Equipment	3,600.00		
343	Tools, Shop and Garage Equipment	8,001.00		
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		0	

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		
302	Franchises	0		
303	Land and Land Rights	0		
304	Structures and Improvements	5,000.00		
307	Wells and Springs	7,500.00		
311	Pumping Equipment	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		
335	Hydrants	N/A		
336	Backflow Prevention Devices	3,000.00		
339	Other Plant and Misc. Equipment	450.00		
340	Office Furniture and Equipment	1,500.00		
341	Transportation Equipment	3,000.00		
343	Tools, Shop and Garage Equipment	8,000.00		
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			

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	\$ 0	\$ 0
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	0	0
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 0	\$ 0
	FIXED ASSETS		
101	Utility Plant in Service	\$ 0	\$ 0
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 0	\$ 0
	TOTAL ASSETS	\$ 0	\$ 0

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.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)	0	
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		0
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
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	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$ 1,000.00
211	Paid in Capital in Excess of Par Value		0
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 0	\$ 1,000.00
	TOTAL LIABILITIES AND CAPITAL	\$ 0	\$ 1,000.00

COMPANY NAME

*Arroyo Water Company***COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 0	\$ 0
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 0	\$ 0
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water		
615	Purchased Power	0	0
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense	0	
630	Outside Services	0	
635	Water Testing	0	
641	Rents		
650	Transportation Expenses	0	
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	0	
403	Depreciation Expense		
408	Taxes Other Than Income	0	
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 0	\$
	OPERATING INCOME/(LOSS)	\$ 0	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$
	NET INCOME/(LOSS)	\$ 0	\$ 0

COMPANY NAME

Arroyo Water Company

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<i>55-805621</i>	<i>543 hp</i>	<i>90</i>	<i>61'</i>	<i>19"</i>		<i>1996</i>

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

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

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>11,000</i>	<i>1</i>	<i>2,500</i>	<i>1</i>

COMPANY NAME

ARROYO WATER COMPANY

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 3/4	160
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.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Fence around well site (chain link)

OTHER:

Operations company provides equipment & materials - backhoe - trenchers - generators, etc.

COMPANY NAME:

Arroyo Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	80	249,360	
FEBRUARY	80	268,740	
MARCH	80	193,570	
APRIL	80	193,020	
MAY	80	492,420	
JUNE	80	754,720	
JULY	80	934,980	
AUGUST	80	951,980	
SEPTEMBER	80	665,000	
OCTOBER	80	664,510	
NOVEMBER	80	673,830	
DECEMBER	80	347,290	
TOTAL		638,942	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

Yes

No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

Yes

No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

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/~~2004~~
2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year ~~2004~~²⁰⁰³ 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. _____

COMPANY NAME _____

YEAR ENDING 12/31/2004

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 _____

N/A

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

4-15-08

DATE

KACY J. PARKER

PRINTED NAME

OWNER

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<i>Coila</i>
NAME (OWNER OR OFFICIAL) TITLE	<i>KACY J. PARKER</i>
COMPANY NAME	<i>Mayo Water Company</i>

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	<i>2003</i>

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.

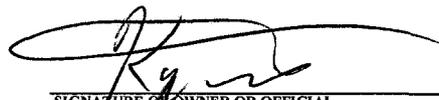
SWORN STATEMENT

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 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u> <i>0</i> </u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ *0* 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 _____

928-474-1766

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS _____ DAY OF

(SEAL)

COUNTY NAME	
MONTH	.20__

MY COMMISSION EXPIRES _____

SIGNATURE OF NOTARY PUBLIC _____

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) <u>GILA</u>	
NAME (OWNER OR OFFICIAL) <u>KACY S. PARKER</u>	TITLE <u>OWNER</u>
COMPANY NAME <u>ARROYO WATER COMPANY</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004 <u>2003</u>

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 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>0</u>

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 0 IN SALES TAXES BILLED, OR COLLECTED)

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

[Signature]
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 15 **DAY OF**

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

MY COMMISSION EXPIRES 12-2-09

NOTARY PUBLIC NAME <u>Nancy E. Campbell</u>	
COUNTY NAME <u>GILA</u>	
MONTH <u>April</u>	YEAR <u>2008</u>

X Nancy E. Campbell
SIGNATURE OF NOTARY PUBLIC