

ANNUAL REPORT

Of

Company Name:
PO Drawer 9

Mailing Address: Ajo AZ
85321

Docket No.:
For the Year Ended:

**RECEIVED
BY EMAIL
4/12/2024, 12:00 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION**

WASTEWATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:
Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type:
Application Date:

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT
Ajo Improvement Company
A Class Utility

For the Calendar Year Ended:

Primary Address:
City: State: Zip Code:

Telephone Number:

Date of Original Organization of Utility:

Person to whom correspondence should be addressed concerning this report:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Management Contact

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Statutory Agent

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Ownership:

Counties Served:

Important changes during the year

No	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.
	NA

No	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.
	NA

Utility Plant in Service (Wastewater)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
		\$0	\$0	\$0	\$0	\$0	\$0
351	Organization	0	0	0	0	0	0
352	Franchises	0	0	0	0	0	0
353	Land and Land Rights	0	0	0	0	0	0
354	Structures and Improvements	0	0	0	0	0	0
355	Power Generation Equipment	0	0	0	0	0	0
360	Collections Wastewater - Force	13,243,606	0	0	13,243,606	4,818,845	8,424,761
361	Collections Wastewater - Gravity	6,101,464	0	0	6,101,464	1,214,547	4,886,917
362	Special Collecting Structures	0	0	0	0	0	0
363	Services to Customers	0	0	0	0	0	0
364	Flow Measuring Devices	0	0	0	0	0	0
365	Flow Measuring Installations	0	0	0	0	0	0
366	Reuse Services	0	0	0	0	0	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0
370	Receiving Wells	0	0	0	0	0	0
371	Pumping Equipment	0	0	0	0	0	0
374	Reuse Distribution Reservoirs	0	0	0	0	0	0
375	Reuse Trans. And Distr. Equipment	0	0	0	0	0	0
380	Treatment and Disposal Equipment	1,823,144	0	0	1,823,144	729,258	1,093,886
381	Plant Sewers	0	0	0	0	0	0
382	Outfall Sewer Lines	0	0	0	0	0	0
389	Other Plant and Misc. Equipment	0	0	0	0	0	0
390	Office Furniture and Equipment	0	0	0	0	0	0
390.1	Computer & Software	0	0	0	0	0	0
391	Transportation Equipment	43,500	0	0	43,500	43,500	0
392	Stores Equipment	0	0	0	0	0	0
393	Tools, Shop and Garage Equipment	30,284	0	0	30,284	30,284	0
394	Laboratory Equipment	0	0	0	0	0	0
395	Power Operated Equipment	0	0	0	0	0	0
396	Communication Equipment	0	0	0	0	0	0
397	Miscellaneous Equipment	0	0	0	0	0	0
398	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$21,241,998	\$0	\$0	\$21,241,998	\$6,836,433	\$14,405,564

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Ajo Improvement Company
Annual Report
Depreciation Expense for the Current Year (Wastewater)
12/31/23

Depreciation Expense for the Current Year (Wastewater)								
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciation Percentages	Depreciation Expense
351	Organization	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
352	Franchises	0	0	0	0	0	0.00%	0
353	Land and Land Rights	0	0	0	0	0	0.00%	0
354	Structures and Improvements	0	0	0	0	0	0.00%	0
355	Power Generation Equipment	0	0	0	0	0	0.00%	0
360	Collections Wastewater - Force	13,243,606	0	0	13,243,606	4,410,439	4.62%	408,406
361	Collections Wastewater - Gravity	6,101,464	0	0	6,101,464	1,092,517	2.44%	122,029
362	Special Collecting Structures	0	0	0	0	0	0.00%	0
363	Services to Customers	0	0	0	0	0	0.00%	0
364	Flow Measuring Devices	0	0	0	0	0	0.00%	0
365	Flow Measuring Installations	0	0	0	0	0	0.00%	0
366	Reuse Services	0	0	0	0	0	0.00%	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0.00%	0
370	Receiving Wells	0	0	0	0	0	0.00%	0
371	Pumping Equipment	0	0	0	0	0	0.00%	0
374	Reuse Distribution Reservoirs	0	0	0	0	0	0.00%	0
375	Reuse Trans. And Distr. Equipment	0	0	0	0	0	0.00%	0
380	Treatment and Disposal Equipment	1,823,144	0	0	1,823,144	668,486	5.26%	60,771
381	Plant Sewers	0	0	0	0	0	0.00%	0
382	Outfall Sewer Lines	0	0	0	0	0	0.00%	0
389	Other Plant and Misc. Equipment	0	0	0	0	0	0.00%	0
390	Office Furniture and Equipment	0	0	0	0	0	0.00%	0
390.1	Computer & Software	0	0	0	0	0	0.00%	0
391	Transportation Equipment	43,500	0	0	43,500	43,500	0.00%	0
392	Stores Equipment	0	0	0	0	0	0.00%	0
393	Tools, Shop and Garage Equipment	30,284	0	0	30,284	30,284	0.00%	0
394	Laboratory Equipment	0	0	0	0	0	0.00%	0
395	Power Operated Equipment	0	0	0	0	0	0.00%	0
396	Communication Equipment	0	0	0	0	0	0.00%	0
397	Miscellaneous Equipment	0	0	0	0	0	0.00%	0
398	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$21,241,998	\$0	\$0	\$21,241,998	\$6,245,226		\$591,207

Contribution(s) in Aid of Construction (Gross)	\$286,932
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	49,735
Amortizable Contribution(s)	\$237,197
Times: Proposed Amortization Rate	3.94%
Amortization of CIAC	\$9,351
Less: Amortization of CIAC	<input type="text" value="\$9,351"/>
DEPRECIATION EXPENSE	<input type="text" value="\$581,856"/>

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Ajo Improvement Company
Annual Report
Balance Sheet Assets
12/31/23

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current and Accrued Assets			
131	Cash		\$208,040	\$263,784
132	Special Deposits		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		66,139	85,399
142	Other Accounts Receivable		0	0
143	Accumulated Provision for Uncollectable Accounts		0	0
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
173	Accrued Utility Revenue		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$274,179	\$349,184
	Deferred Debits			
186.1	Deferred Rate Case Expense		\$0	\$0
	Total Deferred Debits		\$0	\$0
	Fixed Assets			
101	Utility Plant in Service*		\$21,241,998	\$21,241,998
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(6,245,226)	(6,836,433)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$14,996,771	\$14,405,564
	Total Assets		\$15,270,950	\$14,754,748

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Note these items feed automatically from the adjusted end of year balance from AR4.

Ajo Improvement Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2023)	Balance at End of Year (2023)
Account No.	Current Liabilities			
231	Accounts Payable		\$12,213	\$13,150
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		137,259	223,556
235	Customer Deposits		4,667	5,822
236	Accrued Taxes		21,298	22,847
237	Accrued Interest		0	0
241	Miscellaneous Current and Accrued Liabilities		0	0
253	Other Deferred Credits		0	0
	Total Current Liabilities		\$175,436	\$265,374
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Total Long Term Debt		\$0	\$0
	Deferred Credits			
252	Advances in Aid of Construction		\$0	\$0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		286,932	286,932
272	Less: Amortization of Contributions		(43,996)	(49,735)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$242,936	\$237,197
	Total Liabilities		\$418,372	\$502,571
	Capital Accounts			
201	Common Stock Issued		\$130,667	\$130,667
211	Other Paid-In Capital		10,373,187	10,373,187
215	Retained Earnings		4,348,725	3,748,323
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$14,852,579	\$14,252,177
	Total Liabilities and Capital		\$15,270,950	\$14,754,748

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Note: Total liabilities and Capital must match total assets for the beginning and end of the year!

Ajo Improvement Company
Annual Report
Wastewater Comparative Income Statement
12/31/23

Wastewater Comparative Income Statement			
Account No.	Calendar Year	Current Year	
		01/01/2023 - 12/31/2023	01/01/2022 - 12/31/2022
	Operating Revenue		
521	Flat Rate Revenues	\$666,846	\$582,185
522	Measured Revenues	0	0
534	Rents from Wastewater Property	0	0
536	Other Wastewater Revenues	0	0
	Total Revenues	\$666,846	\$582,185
	Operating Expenses		
701	Salaries and Wages	\$27,569	\$43,766
704	Employee Pensions and Benefits	21,493	15,051
710	Purchased Wastewater Treatment	0	0
711	Sludge Removal Expense	0	0
715	Purchased Power	14,511	16,146
716	Fuel for Power Production	0	0
718	Chemicals	0	904
720	Materials and Supplies	6,119	4,778
720.1	Repairs and Maintenance	13,267	10,516
720.2	Office Supplies and Expense	17,165	16,460
721	Office Expense	0	0
731	Contractual Services -Engineering	0	0
732	Contractual Services - Accounting	26,064	26,064
733	Contractual Services - Legal	7,014	5,412
734	Contractual Services - Management Fees	54,027	43,227
735	Contractual Services - Testing	4,210	4,895
736	Contractual Services - Other	38,629	35,847
740	Rents - Building	15,000	15,000
742	Rents - Equipment	1,482	1,216
750	Transportation Expenses	26,937	31,579
757	Insurance - General Liability	2,106	2,733
758	Insurance - Worker's Compensation	0	0
759	Insurance - Other	135	0
760	Advertising Expense	0	0
766	Regulatory Commission Expense - Rate Case	0	0
767	Regulatory Commission Expense - Other	0	0
770	Bad Debt Expense	17,886	3,753
775	Miscellaneous Expense	4,022	3,383
403	Depreciation Expense (From Schedule AR4)	581,856	581,993
408	Taxes Other Than Income	0	0
408.11	Property Taxes	11,148	7,849
408.12	Payroll Taxes	0	0
409	Income Taxes	0	0
	Total Operating Expenses	\$890,641	\$870,572
	Operating Income / (Loss)	(\$223,795)	(\$288,387)
	Other Income / (Expense)		
414	Gain (Loss) on Dispositions	\$0	\$0
419	Interest and Dividend Income	0	0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$223,795)	(\$288,387)

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Ajo Improvement Company
 Annual Report
 Full time equivalent employees
 12/31/23

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.0	0.1	0.0	0.1
Vice-president	0.0	0.0	0.0	0.0
Manager	0.5	0.0	0.0	0.5
Engineering Staff	0.0	0.1	0.0	0.1
System Operator(s)	0.9	0.0	0.0	0.9
Customer Service	0.3	0.0	0.0	0.3
Accounting	0.0	0.0	0.4	0.4
Business Office	0.3	0.0	0.0	0.3
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	2.1	0.2	0.4	2.7

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. A full-time employee is based on 2080 total hours per year. Please calculate partial employees using 2080 hours.

Ajo Improvement Company
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/23

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

Meter Deposit Balance at Test Year End:	NA
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Meter Deposits Refunded During the Test Year:	NA
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Wastewater Utility Plant Description (Continued)					
GRAVITY MAINS			SERVICES/LATERALS		
Sizes (inches)	Material	Length (feet)	Size (inches)	Material	Quantity
4	Fiberglass line transite	2,700	4	PVC	1,200
6	Fiberglass line transite	9,468	6	NA	0
8	PVC	58,600	8	NA	0
10	PVC	2,990	10	NA	0
12	PVC	1,820			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			
NA	NA	0			

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

SOLIDS PROCESSING AND HANDLING FACILITIES	Waste Water Treatment Plant.
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	None
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	None
STRUCTURES (Buildings, Fences, Etc.)	6' Chain link enclosed fence.
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Utility Pickup, 10,000 gallon surge tank, two (2) centrifugal effluent pumps.

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

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow (Gallons)	Sewage Flow on Peak Day	Purchased Power Expense ¹	Purchased Power (kWh) ²
January	1,114	2,998,380	144,387	(\$11,337)	24,919
February	1,109	3,934,412	336,004	(5,919)	28,471
March	1,124	3,494,626	176,242	3,401	21,779
April	1,116	2,684,531	132,172	2,586	22,754
May	1,103	2,363,561	131,512	2,722	25,123
June	1,093	1,829,236	82,227	2,993	22,566
July	1,089	2,812,300	160,218	2,680	22,176
August	1,090	2,812,300	168,811	6,163	27,436
September	1,087	2,435,220	124,045	10	27,726
October	1,095	2,732,996	121,548	3,420	27,125
November	1,106	3,149,707	135,166	3,519	27,979
December	1,107	3,564,504	169,812	3,682	31,163
	Totals	34,811,773	1,882,144	\$13,921	309,217

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Other
Groundwater Permit Number	None
ADEQ Aquifer Protection Permit ("APP") Number	P-101687
ADEQ Reuse Permit Number	None
EPA NPDES Permil Number	None
APP Effluent Treatment Requirement (Class)?	Primary
Permitted Flow Rate	250,000 GPD
Permitted Organic Capacity	NA
Hydraulic Capacity	NA
Type of Biological Treatment	N/A

In the space below, list all violations within the past 12 months:

None

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

- 1 Enter the total purchased power costs for the power meters associated with this system.
- 2 Enter the total purchased kWh used by the power meters associated with this system.

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Other Wastewater System Information

Provide a calculation used to determine the value of one wastewater equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons treated (Omit 000)} / 365 \text{ days} / 280 \text{ gallons per day})$

For wastewater only utilities:

Subtract all general use and other non residential customer gallons from the total gallons treated. Divide the remainder (SFR customers) by 365 days to reveal single family residence customer gallons per day.

NOTE: Total gallons treated includes both treated and purchased treatment.

ERC
Method used:

What is the present system connection capacity (in ERCs *) using existing lines?

What is the future system connection capacity (in ERCs *) upon service area buildout?

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

None at the moment.

If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known.

NA

If the utility does not engage in reuse, has a reuse feasibility study been completed?

If so, when?

NA

Ajo Improvement Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/23

Utility Shutoffs / Disconnects	
Name of System:	ADEQ Public Water System Number: 10-001
Wastewater Inventory Number (if applicable):	10-001

Month	Termination without Notice R14-2-609.B	Termination with Notice R14-2-609.C	Other
January	0	9	0
February	0	8	0
March	0	1	0
April	0	1	0
May	0	2	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	9	0
December	0	5	0
Total	0	35	0

Other (description):

NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Ajo Improvement Company
Annual Report
Property Taxes
12/31/23

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2023 was	
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\$12,186

If no property taxes paid, explain why.

NA

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Verification and Certification (Taxes)

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

County of (county name):	Maricopa
Name (owner or official) title:	John M. Key
Company name:	Ajo Improvement Company

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

FOR THE YEAR ENDING: 12/31/23

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

CERTIFICATION I 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.

_____ s  Digitally signed by
Johnny Key
Date: 2024.04.12
08:34:12 -07'00'

_____ (602) 332-2334
telephone no.