

ANNUAL REPORT

Of

Company Name:
PO Drawer 9

Mailing Address: Ajo AZ
85321

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

Docket No.: WS-01025A
For the Year Ended:

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

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

Application Type:
Application Date:

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

For the Calendar Year Ended: 12/31/23

Primary Address:

PO Drawer 9		
City: Ajo	State: Arizona	Zip Code: 85321

Telephone Number: (520) 387-2010

Date of Original Organization of Utility: 1/1/1916

Person to whom correspondence should be addressed concerning this report:

Name: Debra Medina
Telephone No. : (928) 865-6264
Address: PO Box 68
City: Morenci State: Arizona Zip Code: 85540
Email: dmedina@fmi.com

Regulatory and Management Contact

Name: John M. Key
Telephone No. : (602)332-2334
Address: 333 N. Central Ave. Ste. 20.030
City: Phoenix State: Arizona Zip Code: 85321
Email: jkey@fmi.com

Statutory Agent

Name: Registered Agent Solutions, Inc.
Telephone No. :
Address: 300 W. Clarendon Ave. Ste. 240
City: Phoenix State: Arizona Zip Code: 85013
Email:

Attorney

Name: Douglas N. Currault II
Telephone No. : (602)366-8093
Address: 333 N. Central Ave. Ste. 25.009
City: Phoenix State: Arizona Zip Code: 85004
Email:

Attorney

Name: Michael Patten
Telephone No. : (602)920-4131
Address: One Arizona Center 400 East Van Buren Street Suite 1900
City: Phoenix State: Arizona Zip Code: 85004
Email: mpatten@swlaw.com

Ownership: "C" Corporation

Counties Served: Pima

Important changes during the year	
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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 (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	0	0	0	0	0	0
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	0	0	0	0	0	0
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	5,440	0	0	5,440	907	4,533
320	Water Treatment Equipment	455,606	0	0	455,606	173,838	281,769
320.1	Water Treatment Plants	562,945	0	0	562,945	169,878	393,067
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	85,779	0	0	85,779	45,112	40,667
330.1	Storage Tanks	1,620,573	0	0	1,620,573	495,934	1,124,639
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	7,155,900	9,414,189
333	Services	1,090,752	0	0	1,090,752	332,300	758,452
334	Meters and Meter Installations	970,324	2,878	0	973,201	924,138	49,063
335	Hydrants	507,700	0	0	507,700	114,707	392,994
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	30,008	0	0	30,008	10,725	19,283
340	Office Furniture and Equipment	0	0	0	0	0	0
340.1	Computer & Software	0	10,129	0	10,129	675	9,453
341	Transportation Equipment	185,900	58,719	0	244,619	189,815	54,804
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	102,861	307,709
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	3,352	0	0	3,352	1,425	1,927
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	16,159	0	0	16,159	15,577	582
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$22,515,198	\$71,725	\$0	\$22,586,923	\$9,733,792	\$12,853,131

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

Depreciation Expense for the Current Year (Water)									
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0	0.00%	0
304	Structures and Improvements	0	0	0	0	0	0	0.00%	0
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	0.00%	0
307	Wells and Springs	0	0	0	0	0	0	0.00%	0
308	Infiltration Galleries	0	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	0	0	0	0	0	0	0.00%	0
311	Pumping Equipment	5,440	0	0	5,440	227	5,213	13.04%	680
320	Water Treatment Equipment	455,606	0	0	455,606	159,351	296,255	4.89%	14,486
320.1	Water Treatment Plants	562,945	0	0	562,945	158,678	404,267	2.77%	11,200
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	85,779	0	0	85,779	43,779	42,000	3.17%	1,333
330.1	Storage Tanks	1,620,573	0	0	1,620,573	460,631	1,159,942	3.04%	35,303
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	6,615,435	9,954,654	5.43%	540,465
333	Services	1,090,752	0	0	1,090,752	295,942	794,811	4.57%	36,358
334	Meters and Meter Installations	970,324	2,878	0	973,201	843,010	130,191	63.01%	81,128
335	Hydrants	507,700	0	0	507,700	104,553	403,148	2.52%	10,154
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	30,008	0	0	30,008	8,724	21,284	9.40%	2,001
340	Office Furniture and Equipment	0	0	0	0	0	0	0.00%	0
340.1	Computer & Software	0	10,129	0	10,129	0	10,129	13.33%	675
341	Transportation Equipment	185,900	58,719	0	244,619	182,781	61,837	21.66%	7,033
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
345	Tools, Shop and Garage Equipment	410,570	0	0	410,570	94,225	316,345	2.73%	8,636
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	3,352	0	0	3,352	1,257	2,095	8.00%	168
346	Communication Equipment	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	16,159	0	0	16,159	15,522	637	8.70%	55
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$22,515,198	\$71,725	\$0	\$22,586,923	\$8,984,114	\$13,602,808		\$749,677

Contribution(s) in Aid of Construction (Gross)	\$394,940
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	88,311
Amortizable Contribution(s)	\$306,629
Times: Proposed Amortization Rate	5.51%
Amortization of CIAC	\$16,899

Less: Amortization of CIAC

DEPRECIATION EXPENSE

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
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		114,098	131,856
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$322,138	\$395,640
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$22,515,198	\$22,586,923
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(8,984,114)	(9,733,792)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$13,531,083	\$12,853,131
	Total Assets		\$13,853,222	\$13,248,771

*Note these items feed automatically from AR3 UPIS Page 4

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		\$66,730	\$34,017
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		121,882	209,759
235	Customer Deposits		4,667	5,822
236	Accrued Taxes		21,890	23,357
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$215,169	\$272,955
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		394,940	394,940
255	Accumulated Deferred Investment Tax Credits		(78,121)	(88,311)
271	Contributions in Aid of Construction		0	0
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$316,819	\$306,629
	Total Liabilities		\$531,987	\$579,584
	Capital Accounts			
201	Common Stock Issued		\$130,667	\$130,667
211	Other Paid-In Capital		10,373,187	10,373,187
215	Retained Earnings		2,817,381	2,165,334
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$13,321,234	\$12,669,187
	Total Liabilities and Capital		\$13,853,222	\$13,248,771

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

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

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	Operating Revenue		
461	Metered Water Revenue	\$1,124,201	\$975,831
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	0	0
	Total Revenues	\$1,124,201	\$975,831
	Operating Expenses		
601	Salaries and Wages	\$485,199	\$480,023
604	Employee Pensions and Benefits	109,988	101,941
610	Purchased Water	194,922	170,582
615	Purchased Power	0	0
618	Chemicals	123,779	228,833
620	Materials and Supplies	130,610	30,157
620.1	Repairs and Maintenance	23,090	14,079
620.2	Office Supplies and Expense	27,097	25,572
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	1,434
632	Contractual Services - Accounting	26,064	26,064
633	Contractual Services - Legal	7,014	5,412
634	Contractual Services - Management Fees	54,991	47,652
635	Contractual Services - Water Testing	0	300
636	Contractual Services - Other	119,411	27,525
640	Rents	0	0
641	Rental of Building/Real Property	600	600
642	Rental of Equipment	1,618	1,365
650	Transportation Expenses	1,704	3,971
657	Insurance - General Liability	2,106	2,524
657.1	Insurance - Health and Life	76,456	68,663
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	17,886	3,753
675	Miscellaneous Expense	4,287	3,610
403	Depreciation Expense (From Schedule AR4)	732,778	731,681
408	Taxes Other Than Income	0	1,850
408.11	Property Taxes	23,186	17,265
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$2,162,788	\$1,994,857
	Operating Income / (Loss)	(\$1,038,587)	(\$1,019,026)
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$1,038,587)	(\$1,019,026)

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)	4.9	0.0	0.0	4.9
Meter reader	0.0	0.0	0.0	0.0
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	6.1	0.2	0.4	6.7

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.

Water Utility Plant Description	
Name of the System:	FREEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*
ADEQ Public Water System Number:	AZ0410001
ADWR PCC Number:	91-000410.0000

MAINS		
Sizes (inches)	Material	Length (feet)
4.00	Ductile Iron	634
6.00	Ductile Iron	43,392
8.00	Ductile Iron	35,852
10.00	Ductile Iron	4,762
12.00	Ductile Iron	3,503
6.00	Stainless Steel	120
8.00	Stainless Steel	65
10.00	Ductile Iron	645
12.00	Stainless Steel	8
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	1,004	0%	0%
1	24	0%	0%
1.5	2	0%	0%
2	11	36%	0%
3	3	33%	0%
4	5	60%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%

SERVICE LINES		
Material	Percent of system	Year installed
Copper	100%	008-2012
NA	0%	NA
NA	0%	NA
NA	0%	NA
NA	0%	NA

BOOSTER PUMPS		
Horsepower	GPM	Quantity
0	0	0
0	0	0
0	0	0
0	0	0

FIRE HYDRANTS	
Type	Quantity
Standard *	156
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
500,000	Steel	2	2008
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	Two filter vessels using Activated Alumina as a filter medium, 8' diameter by 13'.
STRUCTURES:	One water treatment plant building 110' by 40'
OTHER:	None

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

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC:

179

 Method used:

(a)

Customer and Other Information	
Name of the System:	FREEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*
ADEQ Public Water System Number:	AZ0410001
ADWR PCC Number:	91-000410.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	989	0	120	5	0
February	984	0	120	5	0
March	997	0	122	5	0
April	989	0	122	5	0
May	975	0	123	5	0
June	962	0	126	5	0
July	961	0	123	5	0
August	961	0	124	5	0
September	960	0	122	5	0
October	968	0	122	5	0
November	979	0	122	5	0
December	979	0	123	5	0

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment?

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

If yes, provide the GPCPD amount:

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

If yes, which AMA?

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.

No plans at the moment

* an ERC is based on the calculation on the bottom of AR9 page 12.

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

Utility Shutoffs / Disconnects	
Name of the System:	FREEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*
ADEQ Public Water System Number:	AZ0410001
ADWR PCC Number:	91-000410.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.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	\$24,405
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If no property taxes paid, explain why.
NA

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

Verification and 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
08:34:54 -07'00'

(602) 332-2334
telephone no.