

ANNUAL REPORT

Of

Company Name:

Ajo Improvement Company

PO Drawer 9

Mailing Address: Ajo AZ
85321

Docket No.:

WS-01025A

For the Year Ended:

12/31/25

RECEIVED BY EMAIL

4/9/2026, 10:34 AM

**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:

Original Filing

Application Date:

4/8/2026

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

For the Calendar Year Ended: 12/31/25

Primary Address:

P. O. Drawer 9			
City:	Ajo	State:	Arizona
Zip Code:	85321		

Telephone Number:

(928) 865-7383

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:	85321		

Email:

dmedina@fmi.com

Management Contact
Name:

Francis R. McAllister, Jr.

Telephone No. :

(602) 618-3974

Address:

4340 E. Cotton Center Blvd.			
City:	Phoenix	State:	Arizona
Zip Code:	85040		

Email:

fmcallis@fmi.com

Statutory Agent
Name:

Registered Agent Solutions, Inc.

Telephone No. :

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Address:

300 W. Clarendon Ave. Ste. 240			
City:	Phoenix	State:	Arizona
Zip Code:	85013		

Email:

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Attorney
Name:

Michael Patten

Telephone No. :

(602) 920-4131

Address:

One East Washington Street, Suite 2700			
City:	Phoenix	State:	Arizona
Zip Code:	85004		

Email:

mpatten@swlaw.com

NA
Name:

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Telephone No. :

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Address:

City:		State:	Arizona
Zip Code:			

Email:

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Ownership:

"C" Corporation

Counties Served:

Pima

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Ajo Improvement Company

Important changes during the year
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N/A	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.
	N/A

N/A	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.
	N/A

Utility Plant in Service (Wastewater)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
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	5,635,658	7,607,948
361	Collections Wastewater - Gravity	6,101,464	0	0	6,101,464	1,458,605	4,642,858
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	98,294	0	98,294	6,143	92,151
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	850,800	972,343
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	0	0	0	0	0	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	43,500	0	0	43,500	43,500	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	\$98,294	\$0	\$21,340,292	\$8,024,991	\$13,315,301

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.

Ajo Improvement Company
Annual Report
Depreciation Expense for the Current Year (Wastewater)
12/31/25

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	5,227,251	5.09%	408,406
361	Collections Wastewater - Gravity	6,101,464	0	0	6,101,464	1,336,576	2.56%	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	98,294	0	98,294	0	12.50%	6,143
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	790,029	5.88%	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	0	0	0	0	0	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	43,500	0	0	43,500	43,500	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	\$98,294	\$0	\$21,340,292	\$7,427,640		\$597,350

Contribution(s) in Aid of Construction (Gross)	\$286,932
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	61,212
Amortizable Contribution(s)	\$225,720
Times: Proposed Amortization Rate	4.29%
Amortization of CIAC	\$9,691

Less: Amortization of CIAC \$9,691

DEPRECIATION EXPENSE \$587,659

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
12/31/25

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Account No.	Current and Accrued Assets			
131	Cash		\$171,968	\$137,637
132	Special Deposits		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		102,222	113,421
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		\$274,190	\$251,058
	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	\$21,340,292
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(7,427,640)	(8,024,991)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$13,814,357	\$13,315,301
	Total Assets		\$14,088,547	\$13,566,359

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.

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 (2025)	Balance at End of Year (2025)
Account No.	Current Liabilities			
231	Accounts Payable		\$9,989	\$9,544
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		13,459	10,015
235	Customer Deposits		7,455	8,635
236	Accrued Taxes		23,964	25,147
237	Accrued Interest		0	0
241	Miscellaneous Current and Accrued Liabilities		0	0
253	Other Deferred Credits		0	0
	Total Current Liabilities		\$54,868	\$53,340
	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		(55,473)	(61,212)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$231,458	\$225,720
	Total Liabilities		\$286,326	\$279,060
	Capital Accounts			
201	Common Stock Issued		\$130,667	\$130,667
211	Other Paid-In Capital		10,663,355	10,771,321
215	Retained Earnings		3,008,199	2,385,311
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$13,802,221	\$13,287,299
	Total Liabilities and Capital		\$14,088,547	\$13,566,359

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.

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
12/31/25

Wastewater Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2025 - 12/31/2025	Last Year 01/01/2024 - 12/31/2024
	Operating Revenue		
521	Flat Rate Revenues	\$718,148	\$660,736
522	Measured Revenues	0	0
534	Rents from Wastewater Property	0	0
536	Other Wastewater Revenues	0	0
	Total Revenues	\$718,148	\$660,736
	Operating Expenses		
701	Salaries and Wages	\$35,036	\$6,933
704	Employee Pensions and Benefits	21,154	15,165
710	Purchased Wastewater Treatment	0	0
711	Sludge Removal Expense	0	0
715	Purchased Power	51,778	64,479
716	Fuel for Power Production	0	0
718	Chemicals	0	13,997
720	Materials and Supplies	12,494	25,075
720.1	Repairs and Maintenance	10,450	6,000
720.2	Office Supplies and Expense	19,194	17,564
721	Office Expense	0	0
731	Contractual Services -Engineering	0	0
732	Contractual Services - Accounting	0	26,064
733	Contractual Services - Legal	16,929	16,697
734	Contractual Services - Management Fees	44,625	47,240
735	Contractual Services - Testing	7,786	4,062
736	Contractual Services - Other	152,276	79,293
740	Rents - Building	0	15,000
742	Rents - Equipment	16,732	2,064
750	Transportation Expenses	25,803	29,573
757	Insurance - General Liability	2,425	2,760
758	Insurance - Worker's Compensation	0	0
759	Insurance - Other	160	153
760	Advertising Expense	0	0
766	Regulatory Commission Expense - Rate Case	0	0
767	Regulatory Commission Expense - Other	0	0
770	Bad Debt Expense	17,973	17,139
775	Miscellaneous Expense	14,948	6,137
403	Depreciation Expense (From Schedule AR4)	587,659	581,708
408	Taxes Other Than Income	0	0
408.11	Property Taxes	15,930	13,184
408.12	Payroll Taxes	0	0
409	Income Taxes	0	0
	Total Operating Expenses	\$1,053,354	\$990,287
	Operating Income / (Loss)	(\$335,205)	(\$329,551)
	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)	(\$335,205)	(\$329,551)

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.

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)
12/31/25

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

Meter Deposit Balance at Test Year End:	N/A
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Meter Deposits Refunded During the Test Year:	N/A
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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	
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<u>Name of System:</u>	ADEQ Public Water System Number: 10-001
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<u>Wastewater Inventory Number (if applicable):</u>	10-001
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Type of Treatment	Extended Aeration
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<u>Design Capacity of Plant (Gallons per day)</u>	400,000+/-
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LIFT STATION FACILITIES	
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[illegible]

FORCE MAINS	
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[illegible]

MANHOLES

Type	Quantity
Standard	296
Drop	0

CLEANOUTS

Quantity
1100
0
0
0

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 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				

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, 10k 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 relevent 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.

Ajo Improvement Company
Annual Report
Wastewater Flows
12/31/25

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	1,106	3,262,574	140,711	\$4,729	31,252
February	1,106	2,826,794	137,860	4,430	29,270
March	1,101	2,888,454	111,447	3,622	23,915
April	1,095	2,225,981	103,592	3,871	24,710
May	1,079	1,928,826	93,429	3,753	24,357
June	1,076	1,737,323	103,676	3,874	24,467
July	1,072	1,867,917	79,967	3810.05	24,062
August	1,072	2,046,453	102,729	3,867	24,422
September	1,073	2,370,399	118,013	4,424	26,516
October	1,080	3,194,643	161,584	4,133	25,435
November	1,108	3,434,972	176,834	4,658	28,300
December	1,121	3,026,138	119,505	4,482	26,539
	Totals	30,810,474	1,449,347	\$49,653	313,245

Provide the following information as applicable per wastewater system:

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

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

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 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
Utility Shutoffs / Disconnects
12/31/25

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	3	0
February	0	0	0
March	0	3	0
April	0	5	0
May	0	6	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	13	0
November	0	0	0
December	0	3	0
Total	0	33	0

Other (description):

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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.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2025 was
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\$16,546

If no property taxes paid, explain why.

N/A

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):

Pima

Name (owner or official) title:

Francis R. McAllister, Jr.

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:

12/31/25

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

CERTIFICATION I CERTIFY THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I CERTIFY THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Francis McAllister

signature of owner/official

602-366-8014

telephone no.