

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

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

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

Application Type: Original Filing
Application Date: 4/8/2026

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

For the Calendar Year Ended: 12/31/25

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:

P.O Box 68

City:

Morenci

 State:

Arizona

 Zip Code:

85540

Email:

dmedina@fmi.com

Regulatory and 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. :

--

Address:

300 W. Clarendon Ave. Ste. 240

City:

Phoenix

 State:

Arizona

 Zip Code:

85013

Email:

--

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:

--

Telephone No. :

--

Address:

--

City:

--

 State:

Arizona

 Zip Code:

--

Email:

--

Ownership:

"C" Corporation

Counties Served:

Pima

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Ajo Improvement Company

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.
	N/A

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.
	N/A

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$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	32,720	0	0	32,720	7,382	25,339
320	Water Treatment Equipment	455,606	0	0	455,606	202,811	252,796
320.1	Water Treatment Plants	562,945	0	0	562,945	192,279	370,666
320.2	Solution Chemical Feeders	0	5,616	0	5,616	1,966	3,651
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	85,779	0	0	85,779	47,779	38,000
330.1	Storage Tanks	1,620,573	0	0	1,620,573	566,540	1,054,032
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	8,236,830	8,333,259
333	Services	1,090,752	0	0	1,090,752	405,018	685,735
334	Meters and Meter Installations	973,201	19,980	0	993,181	966,374	26,807
335	Hydrants	507,700	0	0	507,700	135,015	372,686
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	30,008	0	0	30,008	14,727	15,282
340	Office Furniture and Equipment	0	0	0	0	0	0
340.1	Computer & Software	10,354	0	0	10,354	4,818	5,535
341	Transportation Equipment	298,122	0	0	298,122	228,461	69,661
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	120,134	290,436
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	3,352	0	0	3,352	1,760	1,592
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	16,159	0	0	16,159	15,688	471
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$22,667,931	\$25,596	\$0	\$22,693,528	\$11,147,581	\$11,545,947

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

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	32,720	0	0	32,720	3,292	29,429	13.90%	4,090
320	Water Treatment Equipment	455,606	0	0	455,606	188,324	267,282	5.42%	14,487
320.1	Water Treatment Plants	562,945	0	0	562,945	181,078	381,867	2.93%	11,200
320.2	Solution Chemical Feeders	0	5,616	0	5,616	0	5,616	70.00%	1,966
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	46,446	39,333	3.39%	1,333
330.1	Storage Tanks	1,620,573	0	0	1,620,573	531,237	1,089,336	3.24%	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	7,696,365	8,873,724	6.09%	540,465
333	Services	1,090,752	0	0	1,090,752	368,659	722,094	5.04%	36,358
334	Meters and Meter Installations	973,201	19,980	0	993,181	961,006	32,176	24.20%	5,369
335	Hydrants	507,700	0	0	507,700	124,861	382,840	2.65%	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	12,726	17,282	11.58%	2,001
340	Office Furniture and Equipment	0	0	0	0	0	0	0.00%	0
340.1	Computer & Software	10,354	0	0	10,354	2,743	7,611	27.27%	2,076
341	Transportation Equipment	298,122	0	0	298,122	206,017	92,105	24.37%	22,444
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	111,498	299,072	2.89%	8,636
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	3,352	0	0	3,352	1,592	1,760	9.52%	168
346	Communication Equipment	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	16,159	0	0	16,159	15,632	526	10.53%	55
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$22,667,931	\$25,596	\$0	\$22,693,528	\$10,451,475	\$12,242,053		\$696,105

Contribution(s) in Aid of Construction (Gross)	\$394,940
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	108,691
Amortizable Contribution(s)	\$286,249
Times: Proposed Amortization Rate	5.69%
Amortization of CIAC	\$16,277

Less: Amortization of CIAC **\$16,277**

DEPRECIATION EXPENSE \$679,828

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
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		152,984	162,810
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		\$324,951	\$300,447
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$22,667,931	\$22,693,528
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(10,451,475)	(11,147,581)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$12,216,456	\$11,545,947
	Total Assets		\$12,541,408	\$11,846,394

*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 (2025)	Balance at End of Year (2025)
Account No.	Current Liabilities			
231	Accounts Payable		\$33,101	\$96,529
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		24,823	25,147
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$78,839	\$140,326
	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		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		394,940	394,940
272	Less: Amortization of Contributions		(98,501)	(108,691)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$296,439	\$286,249
	Total Liabilities		\$375,278	\$426,576
	Capital Accounts			
201	Common Stock Issued		\$130,667	\$130,667
211	Other Paid-In Capital		10,663,355	10,771,322
215	Retained Earnings		1,372,109	517,830
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$12,166,130	\$11,419,818
	Total Liabilities and Capital		\$12,541,408	\$11,846,394

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
12/31/25

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2025 - 12/31/2025	Last Year 01/01/2024 - 12/31/2024
	Operating Revenue		
461	Metered Water Revenue	\$1,211,757	\$1,187,434
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	\$1,211,757	\$1,187,434
	Operating Expenses		
601	Salaries and Wages	\$497,099	\$440,814
604	Employee Pensions and Benefits	102,254	96,677
610	Purchased Water	161,072	156,122
615	Purchased Power	2,235	1,473
618	Chemicals	117,960	156,403
620	Materials and Supplies	114,736	58,458
620.1	Repairs and Maintenance	136,555	106,318
620.2	Office Supplies and Expense	38,393	33,395
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	28,739
632	Contractual Services - Accounting	0	26,064
633	Contractual Services - Legal	16,929	16,697
634	Contractual Services - Management Fees	58,416	45,822
635	Contractual Services - Water Testing	0	0
636	Contractual Services - Other	192,507	223,569
640	Rents	0	0
641	Rental of Building/Real Property	0	600
642	Rental of Equipment	2,499	2,248
650	Transportation Expenses	1,725	1,454
657	Insurance - General Liability	2,425	2,760
657.1	Insurance - Health and Life	69,745	64,644
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	17,973	17,139
675	Miscellaneous Expense	18,387	6,263
403	Depreciation Expense (From Schedule AR4)	679,828	701,234
408	Taxes Other Than Income	0	2,000
408.11	Property Taxes	28,499	26,056
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$2,259,239	\$2,214,947
	Operating Income / (Loss)	(\$1,047,482)	(\$1,027,513)
	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)	(\$1,047,482)	(\$1,027,513)

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

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
---	-----

Meter Deposits Refunded During the Test Year:	N/A
---	-----

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.

Name of system water received from	FREEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*	
ADWR PCC Number:	91-000410.0000	
Source of water received	Ground Water	
Well registry 55# (55-XXXXXX):	55-600488, 55-600490	

Month	Water withdrawn (gallons)1	Water sold (gallons)2	Water delivered (sold) to other systems (gallons)3	Water received (purchased) from other systems (gallons)4	Estimated authorized use (gallons)5	Purchased Power Expense6	Purchased Power (kWh)7
January	0.00	7,001,900.00	3,686,300.00	9,182,000.00	10,576,200.00	\$139	886
February	0.00	6,321,260.00	3,179,800.00	9,478,000.00	9,388,060.00	139	759
March	0.00	6,217,270.00	3,388,600.00	9,747,000.00	9,374,870.00	139	796
April	0.00	6,241,380.00	3,317,700.00	10,038,000.00	9,526,080.00	139	859
May	0.00	7,069,670.00	4,523,400.00	9,885,000.00	11,430,070.00	139	1,032
June	0.00	6,961,865.00	4,108,400.00	13,025,000.00	10,884,265.00	140	1,225
July	0.00	8,381,158.00	5,143,900.00	13,250,000.00	13,361,858.00	141	1,323
August	0.00	7,555,745.00	4,159,100.00	10,124,000.00	11,582,645.00	140	1,282
September	0.00	5,898,749.00	3,373,700.00	13,630,000.00	9,152,549.00	144	1,351
October	0.00	7,618,935.00	4,250,200.00	13,014,000.00	11,730,535.00	80	924
November	0.00	5,399,864.00	2,761,887.00	9,364,000.00	7,921,335.00	82	1,139
December	0.00	4,151,057.00	3,999,559.00	8,875,000.00	8,043,362.00	101	669
Totals	0.00	78,818,853.00	45,892,546.00	129,612,000.00	122,971,829.00	\$1,525	12,245

If applicable, in the space below please provide a description for all un-metered water use along with amounts:

Page 11

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

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

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

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	1,004	0%	100%
1	24	0%	100%
1.5	2	0%	100%
2	11	36%	100%
3	3	33%	100%
4	5	60%	80%
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%

FIRE HYDRANTS	
Type	Quantity
Standard *	156
Other	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)
--

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

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	975	0	128	6	0
February	973	0	128	6	0
March	965	0	128	6	0
April	962	0	125	6	0
May	943	0	125	6	0
June	934	0	126	6	0
July	930	0	124	6	0
August	930	0	123	6	0
September	934	0	125	6	0
October	946	0	125	6	0
November	949	0	124	6	0
December	953	0	125	6	0

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

Does the system have chlorination treatment?

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

If yes, provide the GPCPD amount:

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

If yes, which AMA?

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

No plans at the moment.

Ajo Improvement Company
Annual Report
 Utility Shutoffs / Disconnects
 12/31/25

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	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):

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

Property Taxes	
----------------	--

Amount of actual property taxes paid during Calendar Year 2025 was
--

\$29,005

If no property taxes paid, explain why.

N/A

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

Verification and Certification (Taxes)

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

County of (county name): 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.