

ANNUAL REPORT

Of

Company Name: Morenci Water and Electric Company
PO Box 68

Mailing Address: Morenci AZ
85540

Docket No.: W-01049A
For the Year Ended: 12/31/22

RECEIVED BY EMAIL

4/17/2023 8:54 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: 4/14/2023

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Morenci Water and Electric Company
A Class ☐ Utility

For the Calendar Year Ended: 12/31/22

Primary Address:

PO Box 68		
City: Morenci	State: Arizona	Zip Code: 85540

Telephone Number:

928-865-2229

Date of Original Organization of Utility:

10/17/1898

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:

jkey@fmi.com
--

Regulatory and On-Site Manager Contact
Name:

John M. Key

Telephone No. :

602-332-2334

Address:

333 N Central Ave Ste. 20.030		
City: Phoenix	State: Arizona	Zip Code: 85004

Email:

jkey@fmi.com
--

Statutory Agent
Name:

Registered Agent Solutions, Inc.

Telephone No. :

--

Address:

300 W. Clarendon Ave., Suite 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. :

602-290-4131

Address:

One Arizona Center 400 East Van Buren Street Suite 1900		
City: Phoenix	State: Arizona	Zip Code: 85004

Email:

--

Ownership:

"C" Corporation

Counties Served:

Greenlee

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Morenci Water and Electric 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	151,784	0	147,483	4,301	0	4,301
304	Structures and Improvements	1,410,087	1,181,327	0	2,591,414	592,671	1,998,743
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	535,308	0	0	535,308	443,496	91,812
320	Water Treatment Equipment	2,677,957	0	0	2,677,957	592,578	2,085,379
320.1	Water Treatment Plants	4,832,206	0	0	4,832,206	946,581	3,885,625
320.2	Solution Chemical Feeders	349,674	0	0	349,674	73,820	275,854
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	2,272,314	0	0	2,272,314	1,309,733	962,582
330.1	Storage Tanks	591,205	0	0	591,205	167,508	423,697
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	4,739,187	0	0	4,739,187	1,371,582	3,367,605
333	Services	381,740	0	0	381,740	106,653	275,087
334	Meters and Meter Installations	662,735	235,569	0	898,303	457,461	440,843
335	Hydrants	35,789	0	0	35,789	5,780	30,009
336	Backflow Prevention Devices	6,343	0	0	6,343	3,977	2,366
339	Other Plant and Misc. Equipment	12,802	0	0	12,802	12,802	0
340	Office Furniture and Equipment	21,584	0	11,669	9,915	9,915	0
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	630,406	0	48,129	582,277	470,330	111,947
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	83,945	0	0	83,945	32,991	50,954
344	Laboratory Equipment	26,070	0	0	26,070	16,851	9,219
345	Power Operated Equipment	141,707	197,977	0	339,684	88,751	250,933
346	Communication Equipment	17,961	0	0	17,961	11,375	6,586
347	Miscellaneous Equipment	3,100	0	0	3,100	2,783	316
348	Other Tangible Plant	3,877	0	0	3,877	3,877	0
	Totals	\$19,587,780	\$1,614,872	\$207,281	\$20,995,371	\$6,721,516	\$14,273,856

Morenci Water and Electric Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/22

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	151,784	0	147,483	4,301	0	4,301	0.00%	0
304	Structures and Improvements	1,410,087	1,181,327	0	2,591,414	540,282	2,051,132	3.59%	52,389
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	535,308	0	0	535,308	417,887	117,421	21.81%	25,609
320	Water Treatment Equipment	2,677,957	0	0	2,677,957	504,242	2,173,715	4.06%	88,336
320.1	Water Treatment Plants	4,832,206	0	0	4,832,206	781,641	4,050,565	4.07%	164,940
320.2	Solution Chemical Feeders	349,674	0	0	349,674	62,164	287,510	4.05%	11,656
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	2,272,314	0	0	2,272,314	1,249,611	1,022,703	5.88%	60,122
330.1	Storage Tanks	591,205	0	0	591,205	147,801	443,404	4.44%	19,707
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	4,739,187	0	0	4,739,187	1,284,700	3,454,487	2.52%	86,882
333	Services	381,740	0	0	381,740	96,199	285,541	3.66%	10,454
334	Meters and Meter Installations	662,735	235,569	0	898,303	419,288	479,015	10.57%	38,173
335	Hydrants	35,789	0	0	35,789	5,069	30,720	2.31%	711
336	Backflow Prevention Devices	6,343	0	0	6,343	3,699	2,644	10.53%	278
339	Other Plant and Misc. Equipment	12,802	0	0	12,802	12,802	0	0.00%	0
340	Office Furniture and Equipment	21,584	0	11,669	9,915	14,151	(4,235)	0.00%	0
340.1	Computer & Software	0	0	0	0	0	0	0.00%	0
341	Transportation Equipment	630,406	0	48,129	582,277	443,009	139,268	46.19%	75,450
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	83,945	0	0	83,945	30,107	53,838	5.36%	2,884
344	Laboratory Equipment	26,070	0	0	26,070	14,389	11,681	21.08%	2,462
345	Power Operated Equipment	141,707	197,977	0	339,684	76,053	263,631	7.71%	12,698
346	Communication Equipment	17,961	0	0	17,961	9,579	8,382	21.43%	1,796
347	Miscellaneous Equipment	3,100	0	0	3,100	2,754	345	8.33%	29
348	Other Tangible Plant	3,877	0	0	3,877	3,877	0	0.00%	0
	Subtotal	\$19,587,780	\$1,614,872	\$207,281	\$20,995,371	\$6,119,303	\$14,876,068		\$654,577

Contribution(s) in Aid of Construction (Gross)	\$1,105,335
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	64,919
Amortizable Contribution(s)	\$1,040,416
Times: Proposed Amortization Rate	4.40%
Amortization of CIAC	\$45,780

Less: Amortization of CIAC **\$45,780**

DEPRECIATION EXPENSE \$608,797

Morenci Water and Electric Company
Annual Report
Balance Sheet Assets
12/31/22

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	Current and Accrued Assets			
131	Cash		\$54,671	\$267,725
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		55,541	19,593
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		100,435	30,004
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$210,647	\$317,323
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$19,587,780	\$20,995,371
103	Property Held for Future Use		0	0
105	Construction Work in Progress		1,013,689	1,130,021
108	Accumulated Depreciation (enter as negative)*		(6,119,303)	(6,721,516)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$14,482,166	\$15,403,877
	Total Assets		\$14,692,813	\$15,721,200

*Note these items feed automatically from AR3 UPIS Page 4

Morenci Water and Electric Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	Current Liabilities			
231	Accounts Payable		\$26,805	\$110,145
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		8,479,869	35,181
235	Customer Deposits		8,436	6,706
236	Accrued Taxes		219,049	16,301
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		36,395	26,625
	Total Current Liabilities		\$8,770,554	\$194,959
	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		1,105,335	1,105,335
272	Less: Amortization of Contributions		(42,757)	(64,191)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$1,062,579	\$1,041,144
	Total Liabilities		\$9,833,133	\$1,236,103
	Capital Accounts			
201	Common Stock Issued		\$706,908	\$706,908
211	Other Paid-In Capital		6,555,778	6,555,778
215	Retained Earnings		0	0
218	Proprietary Capital (Sole Props and Partnerships)		(2,403,006)	7,222,411
	Total Capital		\$4,859,680	\$14,485,097
	Total Liabilities and Capital		\$14,692,813	\$15,721,200

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

Morenci Water and Electric Company
Annual Report
Water Comparative Income Statement
12/31/22

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2022 - 12/31/2022	Last Year 01/01/2021 - 12/31/2021
	Operating Revenue		
461	Metered Water Revenue	\$983,189	\$980,005
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	61,920	63,607
	Total Revenues	\$1,045,109	\$1,043,612
	Operating Expenses		
601	Salaries and Wages	\$1,108,329	\$720,447
604	Employee Pensions and Benefits	229,047	129,187
610	Purchased Water	89,008	82,899
615	Purchased Power	39,031	45,156
618	Chemicals	95,313	77,768
620	Materials and Supplies	34,498	55,667
620.1	Repairs and Maintenance	347,528	127,676
620.2	Office Supplies and Expense	15,671	9,366
630	Contractual Services	0	0
631	Contractual Services - Engineering	226,592	207,628
632	Contractual Services - Accounting	0	0
633	Contractual Services - Legal	20,772	0
634	Contractual Services - Management Fees	72,380	0
635	Contractual Services - Water Testing	6,279	6,088
636	Contractual Services - Other	731,952	394,885
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	(6,505)	2,012
650	Transportation Expenses	49,156	0
657	Insurance - General Liability	22,722	20,509
657.1	Insurance - Health and Life	144,950	141,539
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	(2,862)	2,031
675	Miscellaneous Expense	(52,199)	15,001
403	Depreciation Expense (From Schedule AR4)	608,797	560,327
408	Taxes Other Than Income	0	0
408.11	Property Taxes	193	173
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$3,780,649	\$2,598,361
	Operating Income / (Loss)	(\$2,735,540)	(\$1,554,749)
	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)	(\$2,735,540)	(\$1,554,749)

Morenci Water and Electric Company
Annual Report
Full time equivalent employees
12/31/22

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	0.0	0.0	0.0	0.0
Engineering Staff	0.0	0.0	0.0	0.0
System Operator(s)	7.0	0.0	0.0	7.0
Meter reader	1.0	0.0	0.0	1.0
Customer Service	0.0	0.0	0.0	0.0
Accounting	1.5	0.0	0.0	1.5
Business Office	0.0	0.0	0.0	0.0
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	1.5	0.0	0.0	1.5
Other	0.0	0.0	0.0	0.0
Total	11.0	0.1	0.0	11.1

Morenci Water and Electric Company
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/22

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	\$0	\$0	\$0	\$0
Amount Outstanding	\$0	\$0	\$0	\$0
Date of Maturity	NA	NA	NA	NA
Interest Rate	0.00%	0.00%	0.00%	0.00%
Current Year Interest	\$0	\$0	\$0	\$0
Current Year Principal	\$0	\$0	\$0	\$0

Meter Deposit Balance at Test Year End:	NA
---	----

Meter Deposits Refunded During the Test Year:	NA
---	----

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.

Well and Water Usage

[illegible]

Name of system water delivered to:	MORENCI WATER ELEC CO (CLIFTON)		
ADWR PCC Number:	91-000174.0000		
Source of water delivered to another system	NA		
Name of system water received from			
ADWR PCC Number:			
Source of water received	NA		
Well registry 55# (55-XXXXXX):	NA		

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	11,287,500.00	11,287,500.00	0.00	0.00	11,287,500.00	\$2,376	23,508
February	12,148,900.00	12,148,900.00	0.00	0.00	12,148,900.00	2,595	25,691
March	12,194,100.00	12,194,100.00	0.00	0.00	12,194,100.00	2,107	20,826
April	14,319,100.00	14,319,100.00	0.00	0.00	14,319,100.00	1,958	19,340
May	21,745,300.00	21,745,300.00	0.00	0.00	21,745,300.00	1,788	17,640
June	25,380,600.00	25,380,600.00	0.00	0.00	25,380,600.00	2,308	21,856
July	19,960,800.00	19,960,800.00	0.00	0.00	19,960,800.00	2,239	21,203
August	22,393,500.00	22,393,500.00	0.00	0.00	22,393,500.00	2,625	24,884
September	17,752,800.00	17,752,800.00	0.00	0.00	17,752,800.00	2,120	20,066
October	18,309,600.00	18,309,600.00	0.00	0.00	18,309,600.00	2,201	20,839
November	13,800,500.00	13,800,500.00	0.00	0.00	13,800,500.00	1,735	16,335
December	13,800,500.00	13,800,500.00	0.00	0.00	13,800,500.00	2,129	20,089
Totals	203,093,200.00	203,093,200.00	0.00	0.00	203,093,200.00	\$26,182	252,277

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

NA

- | | |
|---|--|
| 1 | Water withdrawn - Total gallons of water withdrawn from pumped sources. |
| 2 | Water sold - Total gallons from customer meters, and other sales such as construction water. |
| 3 | Water delivered (sold) to other systems - Total gallons of water delivered to other systems. |
| 4 | Water received (purchased) from other systems - Total gallons of water purchased/received from other systems |
| 5 | Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft. |
| 6 | Enter the total purchased power costs for the power meters associated with this system. |
| 7 | Enter the total purchased kWh used by the power meters associated with this system. |

Well and Water Usage

[illegible]

Name of system water delivered to:	MORENCI WATER ELEC. CO. (CLIFTON)		
ADWR PCC Number:	91-000174.0000		
Source of water delivered to another system	Other		
Name of system water received from:			
ADWR PCC Number:			
Source of water received			
Well registry 55# (55-XXXXXX):			

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 Expense ⁶	Purchased Power (kWh)
January	11,998,764.00	2,754,200.00	0.00	0.00	2,754,200.00	\$1,510	\$14,691
February	11,548,116.00	3,090,500.00	0.00	0.00	3,090,500.00	1,828	17,857
March	12,921,718.00	3,295,300.00	0.00	0.00	3,295,300.00	1,769	17,276
April	6,456,279.00	4,225,700.00	0.00	0.00	4,225,700.00	1,477	14,356
May	8,739,164.00	5,649,700.00	0.00	0.00	5,649,700.00	1,156	11,160
June	10,184,846.00	7,464,700.00	0.00	0.00	7,464,700.00	1,917	17,953
July	11,012,453.00	5,944,800.00	0.00	0.00	5,944,800.00	2,016	18,899
August	10,294,445.00	6,548,800.00	0.00	0.00	6,548,800.00	2,565	24,135
September	9,787,451.00	4,518,600.00	0.00	0.00	4,518,600.00	2,012	18,859
October	8,611,498.00	5,911,300.00	0.00	0.00	5,911,300.00	2,008	18,818
November	7,843,864.00	3,727,100.00	0.00	0.00	3,727,100.00	1,679	15,675
December	7,961,338.00	3,364,900.00	0.00	0.00	3,364,900.00	1,570	14,635
Totals	117,359,936.00	56,495,600.00	0.00	0.00	56,495,600.00	\$21,506	204,314

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

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.

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.

2 Water sold - Total gallons from customer meters, and other sales such as construction water.

3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.

4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.

#VALUE!

6 Enter the total purchased power costs for the power meters associated with this system.

7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description			
Name of the System:	MORENCI WATER ELEC CO (CLIFTON)		
ADEQ Public Water System Number:	AZ0406002		
ADWR PCC Number:	91-000174.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC/AC/Steel	3,981
3.00	PVC/AC/Steel	9,671
4.00	PVC/AC/Steel	7,026
6.00	PVC/AC/Steel	17,066
8.00	PVC/AC/Steel	12,891
10.00	PVC/AC/Steel	11,476
12.00	PVC/AC/Steel	2,250
0.00	NA	0
0.00	NA	0
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
Black poly	100%	1968
NA	0%	0
NA	0%	0
NA	0%	0
NA	0%	0

BOOSTER PUMPS		
Horsepower	GPM	Quantity
1.4	50	2
7.5	40	1
15	252	2

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
750,000	Steel	1	1995
10,000	Steel	1	1985
5,000	Steel	1	1995

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	630	90%	90%
0.75	5	90%	90%
1	19	90%	90%
1.5	1	90%	90%
2	11	90%	90%
3	3	90%	90%
4	2	90%	90%
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 *	60
Other	0

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

* 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:	2 Submersible wells, calcium hypochlorite chlorinator, chlorine/ ph analyzer, SCADA systems
STRUCTURES:	Chlorination building and 3 pump houses
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	217
Method used:	(a)

Customer and Other Information		
Name of the System:	MORENCI WATER ELEC CO (CLIFTON)	
ADEQ Public Water System Number:	AZ0406002	
ADWR PCC Number:	91-000174.0000	

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	1,999	0	222	0	0
February	2,033	0	224	0	0
March	2,057	0	226	0	0
April	2,082	0	228	0	0
May	2,113	0	229	0	0
June	1,923	0	228	0	0
July	1,934	0	229	0	0
August	1,955	0	228	0	0
September	1,977	0	228	0	0
October	2,005	0	230	0	0
November	2,022	0	230	0	0
December	2,052	0	232	0	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.

A new 150,000 gal tank, pipe line and pressure reducing station 1,200 feet 8' steel 900 feet 8' PVC pipe will replace existing 10,000 gal tank (Shonnon Hill Tank).

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

Morenci Water and Electric Company
Annual Report
 Utility Shutoffs / Disconnects
 12/31/22

Utility Shutoffs / Disconnects	
Name of the System:	MORENCI WATER ELEC CO (CLIFTON)
ADEQ Public Water System Number:	AZ0406002
ADWR PCC Number:	91-000174.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2- 410.C	Other
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	0	0

Other (description):

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.

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

Amount of actual property taxes paid during Calendar Year 2022 was
--

\$205

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 Sworn Statement (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: Morenci Water and Electric Company

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

FOR THE YEAR ENDING: 12/31/22

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.

John M Key

signature of owner/official

602-332-2334

telephone no.

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

THIS 17 DAY OF

Maricopa

(county name)

April 17

(month) and (year)

MY COMMISSION EXPIRES

12/4/2025

(date)



STEPHANIE RENINGER
Notary Public - Arizona
Maricopa County
Commission # 617846
My Comm. Expires December 4, 2025

Stephanie Reninger
(signature of notary public)

Verification and Sworn Statement

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: Morenci Water and Electric Company

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

FOR THE YEAR ENDING: 12/31/22

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, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$1,113,041

(The amount in the box above includes

\$67,932 in sales taxes

billed or collected)

John M Key

signature of owner/official

602-332-2334

telephone no.

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

Maricopa

(county name)

THIS 17 DAY OF April 2023
(month) and (year)

MY COMMISSION EXPIRES

12/4/2025

(date)



STEPHANIE RENINGER
Notary Public - Arizona
Maricopa County
Commission # 617846
My Comm. Expires December 4, 2025

Stephanie Reninger

(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

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: Morenci Water and Electric Company

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

FOR THE YEAR ENDING: 12/31/22

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, 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 THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$605,353

(The amount in the box above includes

\$34,804 in sales taxes
billed or collected)

John M Key

signature of owner/official

602-332-2334

telephone no.

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

(county name)

THIS 17 DAY OF April 2023
(month) and (year)

MY COMMISSION EXPIRES 12/4/2025
(date)



STEPHANIE RENINGER
Notary Public - Arizona
Maricopa County
Commission # 617846
My Comm. Expires December 4, 2025

Stephanie Reninger

(signature of notary public)

Full Gross-up Method for Income Tax Statement of Certification

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: Morenci Water and Electric Company

FOR THE YEAR ENDING: 12/31/22

Sworn Statement:

IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS INCURRED OR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.

John M Key

signature of owner/official

602-332-2334

telephone no.

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

Maricopa

(county name)

THIS 17 DAY OF April 2023
(month) and (year)

MY COMMISSION EXPIRES

12/4/2023

(date)



STEPHANIE RENINGER
Notary Public - Arizona
Maricopa County
Commission # 617846
My Comm. Expires December 4, 2025

Stephanie Reninger

(signature of notary public)