

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: 12/31/20

**RECEIVED
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**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: 4/12/2021

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

For the Calendar Year Ended: 12/31/20

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:

Heather Taylor

Telephone No. :

928-865-7383

Address:

PO Box 68

City:

Morenci

 State:

Arizona

 Zip Code:

85540

Email:

htaylor@fmi.com
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Regulatory and On-Site Manager Contact
Name:

John M. Key

Telephone No. :

602-366-7176

Address:

333 N Central Ave Ste. 20.030

City:

Phoenix

 State:

Arizona

 Zip Code:

85004

Email:

jkey@fmi.com
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Statutory Agent
Name:

Registered Agent Solutions, Inc.

Telephone No. :

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Address:

300 W. Clarendon Ave., Suite 240

City:

Phoenix

 State:

Arizona

 Zip Code:

85013

Email:

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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:

mpatten@swlaw.com
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Ownership:

"C" Corporation

Counties Served:

Greenlee

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Morenci Water and Electric Company

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.

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.

Morenci Water and Electric Company
Annual Report
Utility Plant in Service (Water)
12/31/20

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	0	151,784	0	151,784
304	Structures and Improvements	1,366,738	38,186	0	1,404,924	504,318	900,606
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	510,655	62,494	37,841	535,308	386,112	149,196
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	7,482,293	0	0	7,482,293	1,004,736	6,477,557
320.2	Solution Chemical Feeders	349,674	0	0	349,674	50,509	299,166
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0
330.1	Storage Tanks	2,863,519	0	0	2,863,519	1,317,584	1,545,935
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	3,663,670	1,082,316	0	4,745,985	1,198,815	3,547,170
333	Services	354,619	27,009	0	381,628	85,632	295,995
334	Meters and Meter Installations	499,852	101,302	0	601,154	400,573	200,581
335	Hydrants	28,990	0	0	28,990	3,361	25,629
336	Backflow Prevention Devices	776	0	0	776	776	0
339	Other Plant and Misc. Equipment	12,802	0	0	12,802	12,802	0
340	Office Furniture and Equipment	21,363	221	0	21,584	11,991	9,593
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	595,193	196,459	161,246	630,406	365,319	265,087
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	47,254	25,468	0	72,722	27,316	45,407
344	Laboratory Equipment	25,270	0	0	25,270	11,672	13,598
345	Power Operated Equipment	123,881	0	0	123,881	53,340	70,541
346	Communication Equipment	17,961	0	0	17,961	7,783	10,178
347	Miscellaneous Equipment	49,596	0	0	49,596	48,677	919
348	Other Tangible Plant	3,877	0	0	3,877	3,877	0
	Totals	\$18,169,767	\$1,533,454	\$199,087	\$19,504,134	\$5,495,192	\$14,008,942

Morenci Water and Electric Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/20

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	0	151,784	0	151,784	0.00%	0
304	Structures and Improvements	1,366,738	38,186	0	1,404,924	469,149	935,775	3.84%	35,170
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	510,655	62,494	37,841	535,308	350,667	184,641	20.57%	35,445
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	7,482,293	0	0	7,482,293	751,459	6,730,834	3.76%	253,277
320.2	Solution Chemical Feeders	349,674	0	0	349,674	38,853	310,821	3.75%	11,656
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	2,863,519	0	0	2,863,519	1,232,801	1,630,718	5.20%	84,783
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	3,663,670	1,082,316	0	4,745,985	1,120,766	3,625,220	2.53%	78,050
333	Services	354,619	27,009	0	381,628	75,478	306,149	3.47%	10,154
334	Meters and Meter Installations	499,852	101,302	0	601,154	362,726	238,428	20.16%	37,847
335	Hydrants	28,990	0	0	28,990	2,787	26,204	2.19%	575
336	Backflow Prevention Devices	776	0	0	776	776	0	0.00%	0
339	Other Plant and Misc. Equipment	12,802	0	0	12,802	12,802	0	0.00%	0
340	Office Furniture and Equipment	21,363	221	0	21,584	9,915	11,669	17.95%	2,075
340.1	Computer & Software	0	0	0	0	0	0	0.00%	0
341	Transportation Equipment	595,193	196,459	161,246	630,406	298,447	331,959	21.27%	66,872
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	47,254	25,468	0	72,722	25,204	47,518	6.07%	2,111
344	Laboratory Equipment	25,270	0	0	25,270	9,236	16,033	15.19%	2,435
345	Power Operated Equipment	123,881	0	0	123,881	48,002	75,879	7.03%	5,338
346	Communication Equipment	17,961	0	0	17,961	5,987	11,974	15.00%	1,796
347	Miscellaneous Equipment	49,596	0	0	49,596	46,337	3,259	71.80%	2,340
348	Other Tangible Plant	3,877	0	0	3,877	3,877	0	0.00%	0
	Subtotal	\$18,169,767	\$1,533,454	\$199,087	\$19,504,134	\$4,865,269	\$14,638,866		\$629,924

Contribution(s) in Aid of Construction (Gross)	\$1,105,335
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	20,594
Amortizable Contribution(s)	<u>\$1,084,741</u>
Times: Proposed Amortization Rate	4.30%
Amortization of CIAC	\$46,677

Less: Amortization of CIAC \$46,677

DEPRECIATION EXPENSE \$583,246

Morenci Water and Electric Company
Annual Report
Balance Sheet Assets
12/31/20

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2020)	Balance at End of Year (2020)
Account No.	Current and Accrued Assets			
131	Cash		\$356,344	\$86,155
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		118,097	51,852
146	Notes Receivable from Associated Companies		0	65,374
151	Plant Material and Supplies		151,656	121,316
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$626,097	\$324,697
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$18,169,767	\$19,504,134
103	Property Held for Future Use		0	0
105	Construction Work in Progress		628,231	47,067
108	Accumulated Depreciation (enter as negative)*		(5,026,624)	(5,495,192)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$13,771,374	\$14,056,009
	Total Assets		\$14,397,471	\$14,380,706

*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 (2020)	Balance at End of Year (2020)
Account No.	Current Liabilities			
231	Accounts Payable		\$162,107	\$39,681
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		2,552,900	4,433,065
235	Customer Deposits		10,896	9,734
236	Accrued Taxes		142,663	145,316
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		24,458	31,244
	Total Current Liabilities		\$2,893,024	\$4,659,039
	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		23,020	1,105,335
272	Less: Amortization of Contributions		(7,451)	(20,594)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$15,569	\$1,084,741
	Total Liabilities		\$2,908,593	\$5,743,780
	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)		4,226,192	1,374,241
	Total Capital		\$11,488,878	\$8,636,926
	Total Liabilities and Capital		\$14,397,471	\$14,380,706

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
12/31/20

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2020 - 12/31/2020	Last Year 01/01/2019 - 12/31/2019
	Operating Revenue		
461	Metered Water Revenue	\$1,039,330	\$1,064,016
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	77,958	72,318
	Total Revenues	\$1,117,289	\$1,136,334
	Operating Expenses		
601	Salaries and Wages	\$890,352	\$869,990
604	Employee Pensions and Benefits	193,452	269,451
610	Purchased Water	91,675	95,699
615	Purchased Power	17,678	12,785
618	Chemicals	122,863	102,146
620	Materials and Supplies	27,208	30,872
620.1	Repairs and Maintenance	155,128	83,052
620.2	Office Supplies and Expense	21,985	37,338
630	Contractual Services	0	0
631	Contractual Services - Engineering	93,198	93,116
632	Contractual Services - Accounting	0	0
633	Contractual Services - Legal	23,071	16,901
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	4,200	1,168
636	Contractual Services - Other	330,338	316,149
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	2,952	130
650	Transportation Expenses	9,594	20,342
657	Insurance - General Liability	16,831	15,037
657.1	Insurance - Health and Life	165,647	135,038
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	14,535	(55,063)
675	Miscellaneous Expense	42,883	40,218
403	Depreciation Expense (From Schedule AR4)	583,246	615,316
408	Taxes Other Than Income	0	0
408.11	Property Taxes	433	490
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$2,807,268	\$2,700,175
	Operating Income / (Loss)	(\$1,689,979)	(\$1,563,841)
	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)	(\$1,689,979)	(\$1,563,841)

Morenci Water and Electric Company
 Annual Report
 Full time equivalent employees
 12/31/20

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)	6.0	0.0	0.0	6.0
Meter reader	0.5	0.0	0.0	0.5
Customer Service	0.0	0.0	0.0	0.0
Accounting	2.0	0.0	0.0	2.0
Business Office	0.0	0.0	0.0	0.0
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	0.0	0.0	0.0	0.0
Other	1.5	0.0	0.0	1.5
Total	10.0	0.1	0.0	10.1

Morenci Water and Electric Company
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/20

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

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 (CLIFFTON)	
ADWR PCC Number:	91-000174.0000	
Source of water delivered to another system	NA	
Name of system water received from:	NA	
ADWR PCC Number:	#N/A	
Source of water received	NA	
Well registry 55# (35-XXXXXXXX):	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	8,765,955.00	2,791,200.00	0.00	0.00	2,791,200.00	\$945	11,152
February	9,816,648.00	2,725,800.00	0.00	0.00	2,725,800.00	1,096	12,997
March	10,779,798.00	3,042,000.00	0.00	0.00	3,042,000.00	1,171	13,816
April	10,252,266.00	4,075,200.00	0.00	0.00	4,075,200.00	1,136	13,445
May	11,563,270.00	5,846,600.00	0.00	0.00	5,846,600.00	1,250	14,708
June	14,253,732.00	7,466,600.00	0.00	0.00	7,466,600.00	1,826	21,032
July	13,820,171.00	8,493,600.00	0.00	0.00	8,493,600.00	2,018	23,125
August	14,611,889.00	6,331,900.00	0.00	0.00	6,331,900.00	2,220	25,701
September	11,073,544.00	6,449,500.00	0.00	0.00	6,449,500.00	1,637	19,114
October	9,608,344.00	5,875,500.00	0.00	0.00	5,875,500.00	1,355	16,010
November	8,277,665.00	4,612,700.00	0.00	0.00	4,612,700.00	1,201	14,300
December	10,218,888.00	3,878,400.00	0.00	0.00	3,878,400.00	1,442	17,152
Totals	133,042,170.00	61,589,000.00	0.00	0.00	61,589,000.00	\$17,297	202,552

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

- | | |
|---|---|
| 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:	PHELPS DODGE - MORENCI WATER & ELEC (MAIN)	
ADWR PCC Number:	91-000175.0000	
Source of water delivered to another system	Other	
Name of system water received from:	PHELPS DODGE - MORENCI WATER & ELEC (MAIN)	
ADWR PCC Number:	91-000175.0000	
Source of water received	Other	
Well registry 55# (55-XXXXXX):	None	

Month	Water withdrawn (gallons)1	Water sold (gallons)2	Water delivered (sold) to other systems (gallons)3	Water received (purchased) (sold) from other systems (gallons)4	Estimated authorized use (gallons)5	Purchased Power Expense ⁶	Purchased Power (kWh)
January	9,828,800.00	9,828,800.00	0	0	9,828,800.00	\$2,475	23,505
February	10,184,200.00	10,184,200.00	0	0	10,184,200.00	1,702	25,071
March	10,652,900.00	10,652,900.00	0	0	10,652,900.00	1,738	21,517
April	12,221,800.00	12,221,800.00	0	0	12,221,800.00	1,305	19,224
May	19,586,000.00	19,586,000.00	0	0	19,586,000.00	1,575	19,239
June	28,955,000.00	28,955,000.00	0	0	28,955,000.00	1,363	16,537
July	18,431,500.00	18,431,500.00	0	0	18,431,500.00	1,322	21,188
August	24,912,600.00	24,912,600.00	0	0	24,912,600.00	1,500	17,007
September	23,157,700.00	23,157,700.00	0	0	23,157,700.00	1,458	15,961
October	19,610,500.00	19,610,500.00	0	0	19,610,500.00	1,370	14,274
November	16,356,100.00	16,356,100.00	0	0	16,356,100.00	1,948	18,519
December	12,334,000.00	12,334,000.00	0	0	12,334,000.00	2,005	21,074
Totals	206,231,100.00	206,231,100.00	0.00	0.00	206,231,100.00	\$19,762	233,116

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

[illegible]

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
0.00	NA	
0.00	NA	
0.00	NA	
0.00	NA	
0.00	NA	
0.00	NA	
0.00	NA	

SERVICE LINES		
Material	Percent of system	Year installed
Black poly	100%	1968
NA		
NA		
NA		
NA		

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	626	90%	90%
0.75	4	90%	90%
1	19	90%	90%
1.5	1	90%	90%
2	11	90%	90%
3	3	90%	90%
4	1	90%	90%
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			

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

FIRE HYDRANTS	
Type	Quantity
Standard *	60
Other	

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

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 2 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	201
Method used:	(a)

Water Utility Plant Description			
Name of the System:	PHELPS DODGE - MORENCI WATER & ELEC (MAIN)		
ADEQ Public Water System Number:	AZ0406003		
ADWR PCC Number:	91-000175.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC/AC/Steel	3,720
3.00	PVC/AC/Steel	1,672
4.00	PVC/AC/Steel	21,363
6.00	PVC/AC/Steel	14,130
8.00	PVC/AC/Steel	45,852
10.00	PVC/AC/Steel	10,012
12.00	PVC/AC/Steel	29,890
14.00	PVC/AC/Steel	7,810
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	90%	1968	
Black poly	10%	2020	
NA			
NA			
NA			

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
20	90	2	

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
500,000	Steel	1	2014
500,000	Steel	1	2012
500,000	Steel	1	1995
355,000	Steel	1	2008
228,000	Steel	1	1966
101,000	Steel	1	1966

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	1,499	90%	90%
0.75	3	90%	90%
1	15	90%	90%
1.5	1	100%	100%
2	55	90%	60%
3	6	90%	50%
4	3	90%	90%
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			
NA			

FIRE HYDRANTS	
Type	Quantity
Standard *	240
Other	

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:	Calcium hypochlorite chlorinator, polymer blender, polymer scale, alum tank, alum pumps, chorine analyzers, turbidity analyzers, Ph analyzers, SCADA system
STRUCTURES:	Water treatment plant building, storage building, 3 clarifier tanks, 6 sand filters
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 days.
- (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

246

 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	556	0	110	0	0
February	563	0	112	0	0
March	562	0	111	0	0
April	566	0	114	0	0
May	553	0	114	0	0
June	553	0	114	0	0
July	554	0	114	0	0
August	553	0	114	0	0
September	564	0	114	0	0
October	550	0	110	0	0
November	553	0	111	0	0
December	554	0	111	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.

None

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

Morenci Water and Electric Company
Annual Report
Customer and Other Information
12/31/20

Customer and Other Information	
Name of the System:	PHELPS DODGE - MORENCI WATER & ELEC (MAIN)
ADEQ Public Water System Number:	AZ0406003
ADWR PCC Number:	91-000175.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	1,502	0	120	0	0
February	1,531	0	121	0	0
March	1,542	0	121	0	0
April	1,545	0	121	0	0
May	1,520	0	122	0	0
June	1,550	0	122	0	0
July	1,505	0	121	0	0
August	1,532	0	122	0	0
September	1,550	0	122	0	0
October	1,429	0	121	0	0
November	1,459	0	121	0	0
December	1,496	0	123	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.

None

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

Morenci Water and Electric Company
Annual Report
Utility Shutoffs / Disconnects
12/31/20

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-	Other
January	0	6	0
February	0	1	0
March	0	2	0
April	0	2	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	2	0
December	0	2	0
Total	0	17	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.

Morenci Water and Electric Company
Annual Report
Property Taxes
12/31/20

Property Taxes

Amount of actual property taxes paid during Calendar Year 2020 was

\$433

If no property taxes paid, explain why.

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: 12/31/20

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.

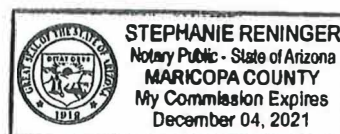
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

[Signature]
signature of owner/official
602-366-7176
telephone no.

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

THIS 15 DAY OF April 2021
(month) and (year)

MY COMMISSION EXPIRES 12-4-2021
(date)



[Signature]
(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: 12/31/20

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 (\$)

\$1,119,095

(The amount in the box above includes

\$68,265 in sales taxes

billed or collected)

[Signature]
signature of owner/official

602-366-7176

telephone no.

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

THIS

15

DAY OF

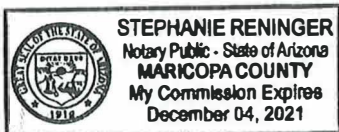
April 2021

(month) and (year)

MY COMMISSION EXPIRES

12-31-2021

(date)



[Signature]
(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: 12/31/20

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 (\$)

\$659,000

(The amount in the box above includes

\$40,199

in sales taxes
billed or collected)

John M. Key
signature of owner/official

602-366-7176

telephone no.

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

Maricopa
(county name)

THIS

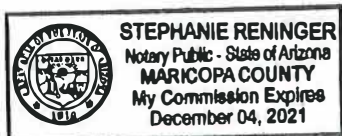
15

DAY OF

April 2021
(month) and (year)

MY COMMISSION EXPIRES

12-4-2021
(date)



Stephanie Reninger
(signature of notary public)

Morenci Water and Electric Company
Annual Report
Full Gross-up Method for Income Tax Statement of Certification
12/31/20

Full Gross-up Method for Income Tax Statement of Certification

Verification:

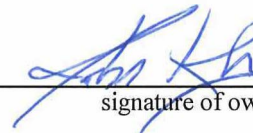
State of Arizona I, the undersigned of the
(state name)

County of (county name): Maricopa
Name (owner or official) title: John M. Key
Company name: Morenci Water and Electric Company

FOR THE YEAR ENDING: 12/31/20

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.



signature of owner/official

602-366-7176
telephone no.

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

Maricopa
(county name)

THIS

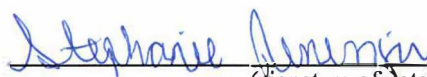
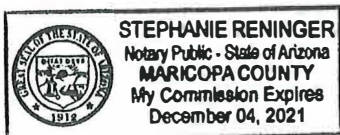
15

DAY OF

April 2021
(month) and (year)

MY COMMISSION EXPIRES

12-31-2021
(date)



(signature of notary public)