

ANNUAL REPORT

Of

Company Name: Ajo Improvement Company
PO Drawer 9

Mailing Address: Ajo AZ
85321

Docket No.: WS-01025A
For the Year Ended: 12/31/17

RECEIVED

APR 19 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@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: 4/5/2018

4-20-18

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT

Ajo Improvement Company

A Class Utility

1. For the Calendar Year Ended:

2. Address:

PO Drawer 9			
City:	<input type="text" value="Ajo"/>	State:	<input type="text" value="Arizona"/>
		Zip Code:	<input type="text" value="85321"/>

3. Telephone Number:

4. Date of Original Organization of Utility:

5. Person to whom correspondence should be addressed concerning this report:

Name:	<input type="text" value="Debra Medina"/>		
Telephone No. :	<input type="text" value="928-865-6264"/>		
Address:	<input type="text" value="PO Box 68"/>		
City:	<input type="text" value="Morenci"/>	State:	<input type="text" value="Arizona"/>
		Zip Code:	<input type="text" value="85540"/>
Email:	<input type="text" value="dmedina@fmi.com"/>		

6. On-Site Manager:

Name:	<input type="text" value="Roy Archer"/>		
Telephone No. :	<input type="text" value="520-387-2010"/>		
Address:	<input type="text" value="333 N Central Ave"/>		
City:	<input type="text" value="Phoenix"/>	State:	<input type="text" value="Arizona"/>
		Zip Code:	<input type="text" value="85004"/>
Email:	<input type="text" value="rarcher@fmi.com"/>		

7. Ownership:

8. Counties Served:

Ajo Improvement Company
Annual Report
Utility Plant in Service (Water)
12/31/17

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	0	0	0	0	0	0
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	455,606	0	0	455,606	86,919	368,688
320.2	Solution Chemical Feeders	562,945	0	0	562,945	92,243	470,703
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	25,779	0	0	25,779	25,779	0
330.1	Storage Tanks	1,620,573	0	0	1,620,573	284,114	1,336,458
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	3,913,109	12,656,980
333	Services	1,090,752	0	0	1,090,752	114,150	976,603
334	Meters and Meter Installations	1,024,684	0	0	1,024,684	452,335	572,349
335	Hydrants	507,700	0	0	507,700	53,783	453,917
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	4,713	0	0	4,713	4,713	0
340.1	Computer & Software	6,225	0	0	6,225	6,225	0
341	Transportation Equipment	329,809	0	0	329,809	270,933	58,876
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	51,044	359,526
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	3,352	0	0	3,352	419	2,933
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	25,929	0	0	25,929	25,015	914
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$22,638,726	\$0	\$0	\$22,638,726	\$5,380,781	\$17,257,945

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 (Water)
12/31/17

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	Depreciation Percentages	Depreciation Expense
301	Organization	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0.00%	0
304	Structures and Improvements	0	0	0	0	0	0.00%	0
305	Collecting & Improving Reservoirs	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0.00%	0
307	Wells and Springs	0	0	0	0	0	0.00%	0
308	Infiltration Galleries	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	0	0	0	0	0	0.00%	0
311	Pumping Equipment	0	0	0	0	0	0.00%	0
320	Water Treatment Equipment	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	455,606	0	0	455,606	86,919	3.93%	14,486
320.2	Solution Chemical Feeders	562,945	0	0	562,945	92,243	3.27%	15,374
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	25,779	0	0	25,779	25,779	0.00%	0
330.1	Storage Tanks	1,620,573	0	0	1,620,573	284,114	2.64%	35,303
330.2	Pressure Tanks	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	3,913,109	4.27%	540,465
333	Services	1,090,752	0	0	1,090,752	114,150	3.72%	36,358
334	Meters and Meter Installations	1,024,684	0	0	1,024,684	452,335	14.28%	81,704
335	Hydrants	507,700	0	0	507,700	53,783	2.24%	10,154
336	Backflow Prevention Devices	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	4,713	0	0	4,713	4,713	0.00%	0
340.1	Computer & Software	6,225	0	0	6,225	6,225	0.00%	0
341	Transportation Equipment	329,809	0	0	329,809	270,933	22.09%	13,007
342	Stores Equipment	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	51,044	2.40%	8,636
344	Laboratory Equipment	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	3,352	0	0	3,352	419	5.71%	168
346	Communication Equipment	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	25,929	0	0	25,929	25,015	6.06%	55
348	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$22,638,726	\$0	\$0	\$22,638,726	\$5,380,781		\$755,711

Contribution(s) in Aid of Construction (Gross)	\$394,940
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	27,173
Amortizable Contribution(s)	<u>\$367,767</u>
Times: Proposed Amortization Rate	4.38%
Amortization of CIAC	\$16,104
Less: Amortization of CIAC	<input type="text" value="\$16,104"/>
DEPRECIATION EXPENSE	<input type="text" value="\$739,607"/>

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
 12/31/17

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2017)	Balance at End of Year (2017)
Account No.	Current and Accrued Assets			
131	Cash		\$114,484	\$29,318
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		55,019	46,765
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		8,826	8,039
162	Prepayments		0	51,925
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$178,329	\$136,048
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$22,638,726	\$22,638,726
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(4,625,070)	(5,380,781)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$18,013,656	\$17,257,945
	Total Assets		\$18,191,985	\$17,393,993

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 AR3 UPIS Page 3

Ajo Improvement Company
 Annual Report
 Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2017)	Balance at End of Year (2017)
Account No.	Current Liabilities			
231	Accounts Payable		\$2,840	\$7,761
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies		3,556,745	3,118,682
235	Customer Deposits			
236	Accrued Taxes		833	2,550
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities			
	Total Current Liabilities		\$3,560,418	\$3,128,992
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)			
	Deferred Credits			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction		394,940	394,940
255	Accumulated Deferred Investment Tax Credits		(16,983)	(27,173)
271	Contributions in Aid of Construction			
272	Less: Amortization of Contributions			
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$377,957	\$367,767
	Total Liabilities		\$3,938,375	\$3,496,759
	Capital Accounts			
201	Common Stock Issued		\$392,000	\$392,000
211	Other Paid-In Capital		24,275,043	24,275,043
215	Retained Earnings		(10,413,433)	(10,769,810)
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$14,253,610	\$13,897,233
	Total Liabilities and Capital		\$18,191,985	\$17,393,993

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
Water Comparative Income Statement
12/31/17

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2017 - 12/31/2017	Last Year 01/01/2016 - 12/31/2016
	Operating Revenue		
461	Metered Water Revenue	\$518,788	\$527,064
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	\$518,788	\$527,064
	Operating Expenses		
601	Salaries and Wages	\$405,444	\$436,790
604	Employee Pensions and Benefits	125,853	100,582
610	Purchased Water	172,510	177,035
615	Purchased Power	0	0
618	Chemicals	107,615	89,535
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	6,645	18,524
620.2	Office Supplies and Expense	50,917	20,685
630	Contractual Services	79,292	28,505
631	Contractual Services -Engineering	0	0
632	Contractual Services - Accounting	13,082	26,064
633	Contractual Services - Legal	8,745	8,987
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	0	0
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	51,415	50,411
642	Rental of Equipment	0	0
650	Transportation Expenses	13,273	12,768
657	Insurance - General Liability	2,452	3,356
657.1	Insurance - Health and Life	82,896	89,357
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	3,509	0
675	Miscellaneous Expense	0	0
403	Depreciation Expense (From Schedule AR4)	739,607	739,864
408	Taxes Other Than Income	0	0
408.11	Property Taxes	7,210	12,416
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$1,870,465	\$1,814,879
	Operating Income / (Loss)	(\$1,351,676)	(\$1,287,815)
	Other Income / (Expense)		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$1,351,676)	(\$1,287,815)

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
 Supplemental Financial Data (Long-Term Debt)
 12/31/17

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	1/0/1900	1/0/1900	1/0/1900	1/0/1900
Source of Loan	0	0	0	0
ACC Decision No.	0	0	0	0
Reason for Loan	0	0	0	0
Dollar Amt. Issued	\$0	\$0	\$0	\$0
Amount Outstanding	\$0	\$0	\$0	\$0
Date of Maturity	1/0/1900	1/0/1900	1/0/1900	1/0/1900
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:	\$0
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Meter Deposits Refunded During the Test Year:	\$0
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Water Utility Plant Description

Name of the System: AIC Water Distribution System
 ADEQ Public Water System Number: 10-001

WELLS								
ADWR ID No *	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Meter Size (inches)	Year Drilled	Arsenic Level (mg/L)
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000
0	0	0	0	0	0	0	0	0.0000

OTHER WATER SOURCES		
Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Freeport McMoran Ajo Operati	500	0
0	0	0

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

FIRE HYDRANTS	
Type	Quantity
Standard ***	156
Other	0

STORAGE TANKS		
Capacity	Material	Quantity
500,000	0	0
0	0	0
0	0	0

PRESSURE/BLADDER TANKS	
Capacity	Quantity
0	0
0	0
0	0

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.

* Arizona Department of Water Resources ("ADWR") well identification number. For example 55-XXXXXX.

** Pump motor type, turbine or submersible.

*** 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)			CUSTOMER METERS	
MAINS			Size (inches)	Quantity
Sizes (inches)	Material	Length (feet)		
4.00	Ductile Iron	634	5/8 X 3/4	1,004
6.00	Ductile Iron	43,392	1	26
8.00	Ductile Iron	35,852	1.5	4
10.00	Ductile Iron	4,762	Turbine 2	16
12.00	Ductile Iron	3,503	Turbine 3	4
6.00	Stainless Steel	120	Compound 4	3
8.00	Stainless Steel	65	NA	0
10.00	Stainless Steel	645	NA	0
12.00	Stainless Steel	8	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0
NA	NA	0	NA	0

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 x 13' high.
STRUCTURES:	One water treatment plant building 110' x 40'.
OTHER:	None

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.

Water Use Data Sheet							
Name of the System:		AIC Water Distribution System					
ADEQ Public Water System Number:			10-001				
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴	Purchased Power Expense ⁵	Purchased Power (kWh) ⁶
January	991	8,643	0	9,893	9,893	\$123	1,109
February	986	7,901	0	12,554	12,554	135	1,074
March	995	10,204	0	12,273	12,273	151	1,285
April	988	11,054	0	12,524	12,524	129	1,087
May	987	10,462	0	14,049	14,049	138	1,170
June	973	13,115	0	15,920	15,920	213	1,334
July	973	14,141	0	18,068	18,068	155	1,327
August	978	12,318	0	14,123	14,123	159	1,362
September	977	9,872	0	13,620	13,620	144	1,223
October	997	11,981	0	13,544	13,544	147	1,333
November	995	8,574	0	12,767	12,767	128	999
December	983	11,929	0	10,398	10,398	133	1,128
Totals		130,194	0	159,732	159,732	\$1,755	14,431

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

Does the system have chlorination treatment?

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

If yes, which AMA?

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

If yes, provide the GPCPD amount:

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 None

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 Gallons sold - Total gallons from customer meters, and other sold gallons such as Construction water.
- 2 Gallons pumped - Total gallons from pumped sources.
- 3 Gallons purchased - Total gallons purchased from other sources.
- 4 Estimated gallons authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized use such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc.
- 5 Enter the total purchased power costs for the power meters associated with this system.
- 6 Enter the total purchased kWh used by the power meters associated with this system.

Ajo Improvement Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/17

ADEQ System No. :	10-001
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Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January		12	
February		2	
March		3	
April		1	
May		10	
June		5	
July		4	
August		14	
September		10	
October		13	
November		21	
December		6	
Total	0	101	0

Other (description):

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<p>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.</p>
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Ajo Improvement Company
Annual Report
Property Taxes
12/31/17

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2017 was	\$7,210
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If no property taxes paid, explain why.

Not Applicable

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 Sworn Statement (Taxes)

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

County of (county name): Pima
Name (owner or official) title: Roy Archer, President
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: 12/31/17

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.

Roy Archer
signature of owner/official

(520)387-2010
telephone no.

RECEIVED

APR 19 2018

ARIZONA CORP. UTILITIES DIVISION - DIRECTOR'S OFFICE

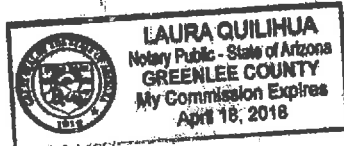
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS 6TH DAY OF

State of Arizona
Greenlee
(county name)
April 2018
(month) and (year)

MY COMMISSION EXPIRES

April 18, 2018
(date)



Laura Quihua
(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Pima
Name (owner or official) title: Roy Archer, President
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: 12/31/17

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:

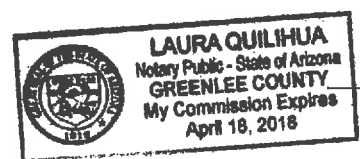
Arizona Intrastate Gross Operating Revenues Only (\$)
\$549,033
(The amount in the box above includes
\$30,245 in sales taxes
billed or collected)

RECEIVED
APR 19 2018
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Roy Archer
signature of owner/official
0
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC State of Arizona
IN AND FOR THE COUNTY Greenlee
(county name)
THIS 6TH DAY OF April 2018
(month) and (year)

MY COMMISSION EXPIRES April 18, 2018
(date)



Laura Quilhua
(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): Roy Archer, President
Name (owner or official) title: 0
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: 12/31/17

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 (\$)

\$278,580

(The amount in the box above includes

\$16,016 in sales taxes

billed or collected)

RECEIVED

APR 19 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

[Signature]
signature of owner/official

0
telephone no.

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

state of Arizona

Greenlee
(county name)

THIS

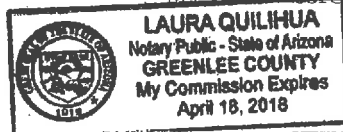
6TH

DAY OF

April 2018
(month) and (year)

MY COMMISSION EXPIRES

April 18, 2018
(date)



[Signature]
(signature of notary public)