

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-01049A

The Morenci Water and Electric Company  
PO Box 68  
Morenci, AZ 85540

RECEIVED  
APR 15 2015  
ACC UTILITIES DIRECTOR

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:  
\_\_\_\_\_

**ANNUAL REPORT**  
**Water**

FOR YEAR ENDING

12	31	2014
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FOR COMMISSION USE

ANN 04	14
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4-21-15

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>The Morenci Water and Electric Company</u>		
<b>Mailing Address</b> <u>P.O. Box 68</u> <small>(Street)</small>		
<u>Morenci</u> <small>(City)</small>	<u>Arizona</u> <small>(State)</small>	<u>85540</u> <small>(Zip)</small>
<u>(928) 865-2229</u> <small>Telephone No. (Include Area Code)</small>	<u>(928) 865-5261</u> <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>
<b>Email Address</b> <u>jeff_kincaid@fmi.com</u>		
<b>Local Office Mailing Address</b> <u>Same as above</u> <small>(Street)</small>		
 <small>(City)</small>	 <small>(State)</small>	 <small>(Zip)</small>
 <small>Local Customer Service Phone No. (Include Area Code)</small>		 <small>(1-800 or other long distance Customer Service Phone No.)</small>
<b>Email Address</b> _____ <b>Website address</b> _____		

## MANAGEMENT INFORMATION

<input type="checkbox"/> <b>Regulatory Contact:</b>		
<input type="checkbox"/> <b>Management Contact:</b> <u>Ruel Rogers</u> <u>Superintendent</u> <small>(Name) (Title)</small>		
<u>P.O. Box 68</u> <small>(Street)</small>	<u>Morenci</u> <small>(City)</small>	<u>Arizona</u> <u>85540</u> <small>(State) (Zip)</small>
<u>(928) 865-2229</u> <small>Telephone No. (Include Area Code)</small>	<u>(928) 865-5261</u> <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>
<b>Email Address</b> <u>ruel_rogersjr@fmi.com</u>		
<b>On Site Manager:</b> <u>Same as above</u> <small>(Name)</small>		
 <small>(Street)</small>	 <small>(City)</small>	 <small>(State) (Zip)</small>
 <small>Telephone No. (Include Area Code)</small>	 <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>
<b>Email Address</b> _____		

**Statutory Agent:** Mike McElrath  
 (Name)

P.O. Box 68 Morenci Arizona 85540  
 (Street) (City) (State) (Zip)

(928) 865-2229 (928) 865-5261 \_\_\_\_\_  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Attorney:** Snell and Wilmer  
 (Name)

One Arizona Center 400 East Van Buren Street Suite 1900 Phoenix Arizona 85004  
 (Street) (City) (State) (Zip)

(602) 382-6000 (602) 382-6070 \_\_\_\_\_  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**OWNERSHIP INFORMATION**

Check the following box that applies to your company:

Sole Proprietor (S)                       C Corporation (C) (Other than Association/Co-op)

Partnership (P)                               Subchapter S Corporation (Z)

Bankruptcy (B)                                 Association/Co-op (A)

Receivership (R)                               Limited Liability Company

Other (Describe) \_\_\_\_\_

**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

APACHE                                       COCHISE                                       COCONINO

GILA     GRAHAM                                       GREENLEE

LA PAZ      MARICOPA                                    MOHAVE

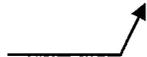
NAVAJO                                         PIMA      PINAL

SANTA CRUZ                                 YAVAPAI                                       YUMA

STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	151,165		151,165
304	Structures and Improvements	472,114	377,580	94,534
307	Wells and Springs			
311	Pumping Equipment	263,015	154,499	108,516
320	Water Treatment Equipment	121,796	74,780	47,016
320.1	Water Treatment Plants	1,360,596	1,352,862	7,734
320.2	Solution Chemical Feeders	71,222	40,889	30,333
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	2,725,453	791,782	1,933,671
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	2,838,012	792,816	2,045,196
333	Services	465,850	50,900	414,950
334	Meters and Meter Installations	513,120	243,338	269,782
335	Hydrants	427	427	0
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	45,418	45,418	0
340	Office Furniture and Equipment	9,915	8,223	1,692
340.1	Computers & Software			
341	Transportation Equipment	393,985	276,206	117,779
343	Tools, Shop and Garage Equipment	49,953	20,968	28,985
344	Laboratory Equipment	915	915	0
345	Power Operated Equipment	40,615	34,262	6,353
346	Communication Equipment			
347	Miscellaneous Equipment	47,558	21,720	25,838
348	Other Tangible Plant	10,611	10,065	546
	<b>TOTALS</b>	9,581,740	4,297,650	5,284,090

This amount goes on the Balance Sheet Acct. No. 108 

**WATER UTILITY CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1 x 2)
301	Organization			
302	Franchises			
303	Land and Land Rights	151,165		
304	Structures and Improvements	472,114	.87%	4,119
307	Wells and Springs			
311	Pumping Equipment	263,015	6.35%	16,696
320	Water Treatment Equipment	121,796	5.72%	6,963
320.1	Water Treatment Plants	1,360,596	.06%	814
320.2	Solution Chemical Feeders	71,222	6.33%	4,508
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	2,725,453	2.83%	77,191
330.2	Pressure Tanks			
331	Transmission and Distribution Mains	2,838,012	1.73%	49,185
333	Services	465,850	2.47%	11,490
334	Meters and Meter Installations	513,120	7.21%	36,999
335	Hydrants	427	0	0
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	45,418	0	0
340	Office Furniture and Equipment	9,915	6.61%	655
340.1	Computers & Software			
341	Transportation Equipment	393,985	1.46%	5,769
343	Tools, Shop and Garage Equipment	49,953	2.13%	1,065
344	Laboratory Equipment	915	0	0
345	Power Operated Equipment	40,615	1.40%	567
346	Communication Equipment			
347	Miscellaneous Equipment	47,558	8.77%	4,173
348	Other Tangible Plant	10,611	3.92%	416
	<b>SUBTOTAL</b>	9,581,740		220,610
	<b>LESS CIAC Amortization</b>			
	<b>TOTALS *</b>	9,581,740		220,610

\*This amount goes on the Comparative Statement of Income and Expense Acct. No. 403

**WATER UTILITY BALANCE SHEET**

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 158,099	\$ 90,520
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	522,233	64,692
146	Notes/Receivables from Associated Companies	8,498,151	20,536
151	Plant Material and Supplies	209,849	49,732
162	Prepayments	58,294	
174	Miscellaneous Current and Accrued Assets	15,109	
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 9,461,735	\$ 225,480
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 37,268,554	\$ 9,581,740
103	Property Held for Future Use		
105	Construction Work in Progress	219,876	664,122
108	Accumulated Depreciation – Utility Plant	(10,778,664)	(4,297,650)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 26,709,766	\$ 5,948,212
	<b>TOTAL ASSETS</b>	\$ 36,171,501	\$ 6,173,692

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**WATER UTILITY BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
<b>LIABILITIES</b>			
<b>CURRENT LIABILITES</b>			
231	Accounts Payable	\$ 4,754,709	\$ 50,781
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	8,277,060	2,365,680
235	Customer Deposits	28,140	12,283
236	Accrued Taxes	1,832,862	6,389
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	225,017	22,615
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 15,117,788</b>	<b>\$ 2,457,748</b>
<b>LONG-TERM DEBT (Over 12 Months)</b>			
224	Long-Term Notes and Bonds	\$	\$
<b>DEFERRED CREDITS</b>			
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	1,100,476	23,733
272	Less: Amortization of Contributions		(475)
281	Accumulated Deferred Income Tax	190,933	
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 1,291,409</b>	<b>\$ 23,258</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 16,409,197</b>	<b>\$ 2,481,006</b>
<b>CAPITAL ACCOUNTS</b>			
201	Common Stock Issued	\$ 14,525,370	\$ 706,907
211	Paid in Capital in Excess of Par Value	5,236,934	6,555,778
215	Retained Earnings		(3,569,999)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ 19,762,304</b>	<b>\$ 3,692,687</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 36,171,501</b>	<b>\$ 6,173,692</b>

**WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 929,420	\$ 1,002,887
460	Unmetered Water Revenue		
474	Other Water Revenues	58,854	45,996
	<b>TOTAL REVENUES</b>	<b>\$ 988,274</b>	<b>\$ 1,048,883</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 850,435	\$ 1,066,943
610	Purchased Water	94,321	93,532
615	Purchased Power	57,440	33,965
618	Chemicals	127,398	76,110
620	Repairs and Maintenance	90,372	110,142
621	Office Supplies and Expense	15,414	23,930
630	Outside Services	312,411	473,167
635	Water Testing		4,867
641	Rents		
650	Transportation Expenses	14,536	28,639
657	Insurance – General Liability	10,689	18,561
659	Insurance - Health and Life	124,353	153,612
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	16,671	31,467
403	Depreciation Expense	267,987	220,610
408	Taxes Other Than Income		
408.11	Property Taxes	717	239
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,982,635</b>	<b>\$ 2,332,784</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (994,361)</b>	<b>\$ (1,283,901)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$</b>	<b>\$</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (994,361)</b>	<b>\$ (1,283,901)</b>

**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 Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ \_\_\_\_\_

Meter Deposits Refunded During the Test Year \$ \_\_\_\_\_

**COMPANY NAME** The Morenci Water and Electric Company

**Name of System:** ADEQ Public Water System Number: AZ04-06-002

**WATER UTILITY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-624-247	60	500	148'	20"	8"	1972
55-624-246	60	500	148'	20"	8"	1972

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
2	2	60	
25	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	1	N/A	
10,000	1		
5,000	1		

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME The Morenci Water and Electric Company

Name of System: ADEQ Public Water System Number: AZ04-06-002

**WATER UTILITY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	Steel, PVC	3,981
3	Steel, PVC	9,671
4	Steel, PVC	7,624
5		
6	Steel, PVC	16,466
8	Steel, PVC	12,391
10	Steel, PVC	11,476
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	644
3/4	6
1	19
1 1/2	1
2	13
Comp. 3	
Turbo 3	3
Comp. 4	
Turbo 4	1
Comp. 6	
Turbo 6	
	687

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Clorinator

STRUCTURES:

Pumping Station

Chlorination Building

Pump house

OTHER:

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

**COMPANY NAME** The Morenci Water and Electric Company

**Name of System:**

**ADEQ Public Water System Number:** AZ04-06-003

**WATER UTILITY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
1	1	240	
20	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
500,000	4		
7,500	1		
355,000	1		
101,000	1		
228,000	1		

COMPANY NAME The Morenci Water and Electric Company

Name of System: ADEQ Public Water System Number: AZ04-06-003

**WATER UTILITY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	Steel, AC, PVC	3,720
3	Steel, AC, PVC	1,672
4	Steel, AC, PVC	21,363
5		
6	Steel, AC, PVC	11,230
8	Steel, AC, PVC	48,752
10	Steel, AC, PVC	10,012
12	Steel, AC, PVC	27,790
14	AC	7,810

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	1,588
3/4	4
1	15
1 1/2	1
2	57
Comp. 3	
Turbo 3	8
Comp. 4	
Turbo 4	2
Comp. 6	
Turbo 6	1
	1,676

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

- Calcium Hypochlorinator
- Turbidity Analyzer
- Alum Polymer Metering Pumps
- Chlorine Analyzer
- Floc Mixer

STRUCTURES:

- Water treatment plant control building

OTHER:

- 
- 
- 

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME: The Morenci Water and Electric Company</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number: AZ04-06-002</b>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED (Thousands)</b>	<b>GALLONS PURCHASED (Thousands)</b>
JANUARY	686	3,752	8,871	
FEBRUARY	688	4,759	8,202	
MARCH	690	5,380	9,532	
APRIL	692	5,968	11,140	
MAY	694	7,405	11,859	
JUNE	698	9,501	14,890	
JULY	694	7,917	13,664	
AUGUST	692	8,326	12,684	
SEPTEMBER	690	6,617	11,346	
OCTOBER	688	6,110	12,140	
NOVEMBER	692	4,081	10,093	
DECEMBER	691	3,548	8,896	
<b>TOTALS →</b>		<b>73,364</b>	<b>133,317</b>	

What is the level of arsenic for each well on your system? <0.0030 mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? 250 GPM for      hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes                       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
 Yes                       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
 Yes                       No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME: The Morenci Water and Electric Company</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number: AZ04-06-003</b>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED (Thousands)</b>	<b>GALLONS PURCHASED (Thousands)</b>
JANUARY	1,685	36,022		36,022
FEBRUARY	1,689	34,128		34,128
MARCH	1,697	41,153		41,153
APRIL	1,963	40,896		40,896
MAY	1,690	45,805		45,805
JUNE	1,706	55,311		55,311
JULY	1,707	46,598		46,598
AUGUST	1,698	42,425		42,425
SEPTEMBER	1,687	38,030		38,030
OCTOBER	1,682	35,635		35,635
NOVEMBER	1,681	29,902		29,902
DECEMBER	1,676	25,990		25,990
<b>TOTALS →</b>		<b>471,895</b>		<b>471,895</b>

What is the level of arsenic for each well on your system? <0.0016 mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? 250 GPM for      hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes                       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
 Yes                       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
 Yes                       No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME: The Morenci Water and Electric Company</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number: AZ04-06-002</b>

**UTILITY SHUTOFFS / DISCONNECTS**

<b>MONTH</b>	<b>Termination without Notice R14-2-410.B</b>	<b>Termination with Notice R14-2-410.C</b>	<b>OTHER</b>
JANUARY		3	
FEBRUARY			
MARCH		1	
APRIL		2	
MAY		1	
JUNE		4	
JULY		1	
AUGUST		7	
SEPTEMBER		1	
OCTOBER		2	
NOVEMBER		4	
DECEMBER		2	
<b>TOTALS →</b>		28	

OTHER (description):

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**COMPANY NAME: The Morenci Water and Electric Company**

**Name of System: ADEQ Public Water System Number: AZ04-06-003**

**UTILITY SHUTOFFS / DISCONNECTS**

<b>MONTH</b>	<b>Termination without Notice R14-2-410.B</b>	<b>Termination with Notice R14-2-410.C</b>	<b>OTHER</b>
<b>JANUARY</b>		2	
<b>FEBRUARY</b>			
<b>MARCH</b>		1	
<b>APRIL</b>		2	
<b>MAY</b>		1	
<b>JUNE</b>			
<b>JULY</b>			
<b>AUGUST</b>		1	
<b>SEPTEMBER</b>			
<b>OCTOBER</b>			
<b>NOVEMBER</b>			
<b>DECEMBER</b>			
<b>TOTALS →</b>		7	

OTHER (description):

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**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2014 was: \$ 477.16

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

RECEIVED

**APR 15 2015**

VERIFICATION

ACC UTILITIES DIRECTOR

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Greenlee
NAME (OWNER OR OFFICIAL) TITLE	Ruel Rogers Superintendent
COMPANY NAME	The 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

MONTH	DAY	YEAR
12	31	2014

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 OF OWNER OR OFFICIAL  
  
928-865-2229  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

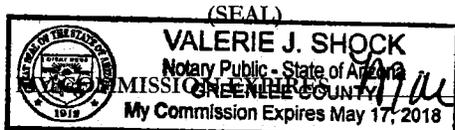
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

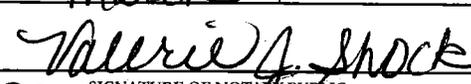
THIS

19

DAY OF

COUNTY NAME	Greenlee
MONTH	March
	2015



  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED

**APR 15 2015**

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Greenlee</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Ruel Rogers Superintendent</u>
COMPANY NAME <u>The Morenci Water and Electric Company</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

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 REQUIREMENT 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 CALENDAR YEAR 2014 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>1,103,530</u>

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 54,648  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Ruel Rogers  
SIGNATURE OF OWNER OR OFFICIAL  
928-865-2229  
TELEPHONE NUMBER

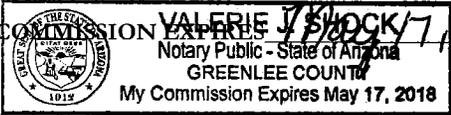
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 19 DAY OF

COUNTY NAME <u>Greenlee</u>	
MONTH <u>March</u>	20 <u>15</u>

(SEAL)

MY COMMISSION EXPIRES 7/17/2018  
  
 VALERIE J. SHOCK  
 Notary Public - State of Arizona  
 GREENLEE COUNTY  
 My Commission Expires May 17, 2018

Valerie J. Shock  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

RECEIVED

**APR 15 2015**

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Greenlee</u>	
NAME (OWNER OR OFFICIAL) <u>Ruel Rogers</u>	TITLE <u>Superintendent</u>
COMPANY NAME <u>The Morenci Water and Electric Company</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2014</u>

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 40-401.01, 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 CALENDAR YEAR 2014 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>635,227</u>

THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 36,521  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

Ruel Rogers  
SIGNATURE OF OWNER OR OFFICIAL

928-865-2229  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

<u>19</u>
-----------

DAY OF

NOTARY PUBLIC NAME <u>Valerie Shock</u>	
COUNTY NAME <u>Greenlee</u>	
MONTH <u>March 19</u>	20 <u>15</u>

(SEAL) VALERIE J. SHOCK  
Notary Public - State of Arizona  
MY COMMISSION EXPIRES ON 5/17/2018  
My Commission Expires May 17, 2018

Valerie J. Shock  
SIGNATURE OF NOTARY PUBLIC

**Freeport-McMoran Copper & Gold  
Appropriation Request (AR-1EZ)**

<b>Project:</b> 13.8 Electrical Distribution Upgrade		<b>Date:</b> 2/23/2015	
<b>Unit:</b> Morenci Water & Electric		<b>Location:</b> Morenci	
<b>Department:</b> Electric		<b>Prioritization Category:</b> C. Critical Sustaining	
<b>IS Project Type:</b> <input checked="" type="checkbox"/> Infrastructure <input type="checkbox"/> Strategic <input type="checkbox"/> Customer Service <input type="checkbox"/> QFZ Project			
<b>Request Type:</b> <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Revision		<b>Risk Rating:</b> Medium <b>Score:</b> 3.00	
<b>Budgeted?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Mandatory or <input type="checkbox"/> Discretionary	

Capital Required: <small>(Thousands of Dollars)</small>				Budget Reference Nos.	
	This Request	Previous	Total		
Capital	\$ 100	\$ -	\$ 100	<b>Appropriation Request No.</b> _____	
Start-up Costs	\$ -	\$ -	\$ -	Estimated Start Date: 1-Apr	
Transfer Amount	\$ -	\$ -	\$ -	Estimated Finish Date: 31-May	
Expense	\$ -	\$ -	\$ -	Additional <input type="checkbox"/> Replacement <input checked="" type="checkbox"/>	
<b>Total</b>	\$ 100	\$ -	\$ 100	Asset Disposal <input type="checkbox"/> AR-2 No.: _____	
				Subject to PCE? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Spending by Period: <small>(Thousands of Dollars)</small>					Financial Support:	
	Prior Years	Current Year	Future Years	Total		
Capital	\$ -	\$ 100	\$ -	\$ 100	IRR (%): _____ NPV @ _____ (k\$) N/A	
Start-up Costs	\$ -	\$ -	\$ -	\$ -	NPV <sub>10</sub> (k\$) _____	
Transfer Amount	\$ -	\$ -	\$ -	\$ -	NPV <sub>12</sub> (k\$) _____	
Expense	\$ -	\$ -	\$ -	\$ -	NPV <sub>15</sub> (k\$) _____	
<b>Total</b>	\$ -	\$ 100	\$ -	\$ 100	PVR: _____	
					Economic Life: 20 (years)	

JV Contributions:					Exchange Rates:	
	Prior Years	Current Year	Future Years	Total		
Capital to Sites	\$ -	\$ -	\$ -	\$ -	AR: _____ Budget: _____	
Expense to Sites	\$ -	\$ -	\$ -	\$ -		
<b>Spending In:</b>					<b>Financial Benefit - Is it included in:</b>	
Current Forecast	\$ -	\$ 100	\$ -	\$ 100	Current Forecast <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Current Budget	\$ -	\$ 100	\$ -	\$ 100	Current Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

**Project Summary/Description:**

Morenci Water & Electric (MW&E) is requesting \$100 thousand of capital funding to purchase transformers, power poles, conductor wire and all the necessary electrical apparatuses to provide critical upgrades for MW&E's electrical distribution systems. This is an ongoing project to upgrade both the Morenci and Clifton electrical distribution systems from the existing 2400 volt 40+ year old systems with new 13.8 volt systems. The existing 2400 volt systems were constructed in the 1970's and the designed capacity is inadequate for the increased demand placed on them today. If the systems are not upgraded, there is a high likelihood of major outages occurring frequently because of the increased load. The Morenci Water & Electric Company's management recommends that this AFE be approved to continue to provide regional customers and employees safe and reliable electrical service.

Ruel Rogers	Date 2/23/15				
Roy Archer	Date 2-25-15				
Kenneth Dister	Date 2-25-2015				
Edward Lopez	Date 3-17-15				
Ryan Henry	Date 3-4-15				
Bobby Collier	Date 3-7-15				
	Date				

**The Morenci Water & Electric Company**  
**13.8 Electrical Distribution Upgrade**

Authorization for Expenditure Number 1322-CAP-15-003-135-2015

February 23, 2015

**Authorization for Expenditure: \$100,000**

**Executive Summary / Recommendation**

Morenci Water & Electric (MW&E) is requesting \$100 thousand of capital funding to purchase transformers, power poles, conductor wire and all the necessary electrical apparatuses to provide critical upgrades for MW&E's electrical distribution systems.

**Background**

MW&E owns and operates the electric and water utilities that serve the Morenci and Clifton Arizona town sites and surrounding areas. MW&E operates as a private utility company regulated by the Arizona Corporation Commission (ACC) and provides electric and water services to Morenci and Clifton customers.

This is an ongoing project to upgrade both the Morenci and Clifton electrical distribution systems from the existing 2400 volt 40+ year old systems with new 13.8 volt systems.

**Project Objective**

The objective of the project is to complete another phase of the systems in Morenci and Clifton with the ultimate goal of completing the entire system which will insure MW&E has the ability to meet ADEQ / ACC requirements in providing customers with safe, reliable electrical power.

**Scope of Work**

This year's focus is on one residential section in Morenci. These areas were identified in a load study as problematic due to the voltage drop incurred on the old 2400 volt system.

**Discussion of Key Issues**

The existing 2400 systems were constructed in the 1970's and the designed capacity is inadequate for the increased demand placed on them today. If the systems are not upgraded there is a high likelihood of major outages occurring frequently because of the increased load.

**Economic Justification**

In accordance with state regulations and codes enforced by the ACC and ADEQ for operating a public utility, MW&E is required by law to supply and maintain reliable electrical services to customers and continually improve the system for reliability and safety. This critical sustaining project will help provide MW&E the needed electrical distribution capacity to meet the current and long term demands for reliable electrical service.

**Recommendation**

The Morenci Water and Electric Company's management recommends that this AFE be approved to continue to provide regional customers and employees safe and reliable electrical service.

**Gila Street 13.8 Upgrade**

QTY	UNIT	DESCRIPTION	Unit Price	Total Price
		<b>Poles</b>		
6	ea	40' Class 3	\$1,277.00	\$ 7,662.00
19	ea	45' Class 3	\$1,317.00	\$ 25,023.00
5	ea	45' Engineered	\$5,000.00	\$ 25,000.00
		<b>Transformers</b>		
5	ea	50kva 138/7970 CSP	\$2,000.00	\$ 10,000.00
				\$ -
		<b>Wire</b>		\$ -
6000	ft	#2 ACSR	\$0.20	\$ 1,200.00
3000	ft	1/0 AL Triplex	\$1.40	\$ 4,200.00
5000	ft	#2 AL Triplex	\$0.82	\$ 4,100.00
1200	ft	1/0 ACSR ( Nuetral )	\$0.42	\$ 504.00
1200	ft	5/16 Galvanized Wire ( Static )	\$0.26	\$ 312.00
4000	ft	336.4 ACSR	\$1.05	\$ 4,200.00
500	ft	3/8 Galv. Wire ( Guy )	\$0.36	\$ 180.00
		<b>Hardware</b>		
5	ea	100 Amp Cutouts	\$75.00	\$ 375.00
5	ea	Cutout Brackets	\$38.96	\$ 194.80
5	ea	Strirrups	\$27.66	\$ 138.30
15	ea	Transformer Lugs	\$8.15	\$ 122.25
30	ea	6' Gound Rods	\$10.98	\$ 329.40
4	ea	Anchors	\$32.05	\$ 128.20
4	ea	Anchors Rods	\$23.13	\$ 92.52
20	ea	18" Pole Top Pins	\$10.00	\$ 200.00
20	ea	Insulators	\$5.72	\$ 114.40
4	ea	8' Tangent Arms	\$110.00	\$ 440.00
4	ea	8' Deadend Arms	\$233.00	\$ 932.00
20	ea	Deadend Shoes	\$9.41	\$ 188.20
15	ea	Polymers	\$11.60	\$ 174.00
15	ea	336 Deadend Shoes	\$17.54	\$ 263.10
15	ea	25kv Polymers	18.33	\$ 274.95
5	ea	Hotline Clamps	\$11.00	\$ 55.00
60	ea	Square D	\$1.85	\$ 111.00
60	ea	3" Spools	\$1.28	\$ 76.80
1	bx	W-62 Deadends	\$200.00	\$ 200.00
1	bx	W-20 Deadends	\$150.00	\$ 150.00
8	ea	3/8 Preforms	\$3.20	\$ 25.60
8	ea	Guy Guards	\$6.25	\$ 50.00
8	ea	18" Link Rods	\$13.25	\$ 106.00
1	ea	Misc ( Bolts -Washers Connectors )	\$2,000.00	\$ 2,000.00

**Total \$ 89,122.52**

*does not include*

~~XXXXXXXXXX~~