

ANNUAL REPORT

Of

Company Name:

Morenci Water and Electric Company - Electric

PO Box 68

Mailing Address:

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Morenci

AZ

85540

Docket No.: E-01049A

For the Year Ended:

12/31/25

RECEIVED BY EMAIL

4/9/2026, 10:35 AM

ARIZONA CORPORATION COMMISSION

UTILITIES DIVISION

ELECTRIC

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:

Arizona Corporation Commission

Compliance Section - Utilities Division

1200 West Washington Street

Phoenix, Arizona 85007

Application Type:

Original Filing

Application Date:

4/8/2026

ARIZONA CORPORATION COMMISSION
ELECTRIC UTILITY ANNUAL REPORT
COMPANY INFORMATION

For the Calendar Year Ended: 12/31/25

Company/Business Name:	Morenci Water and Electric Company - Electric				
Mailing Address:	PO Box 68				
City:	Morenci	State:	Arizona	Zip Code:	85540
Telephone Number:	(928) 865-6264	Fax Number:			
Email:	dmedina@fmi.com				

Regulatory and On-Site Manager Contact					
Name:	Francis R. McAllister, Jr.				
Title:	President				
Telephone No. :	(602) 366-8014				
Address:	4340 E. Cotton Center Blvd				
City:	Phoenix	State:	Arizona	Zip Code:	85040
Email:	fmcallis@fmi.com				

Statutory Agent					
Name:	Registered Agent Solutions, Inc.				
Title:					
Telephone No. :					
Address:	300 W. Clarendon Ave., Suite 240				
City:	Phoenix	State:	Arizona	Zip Code:	85013
Email:					

Attorney					
Name:	Michael Patten				
Title:	Attorney				
Telephone No. :	(602) 290-4131				
Address:	One East Washington Street Suite 2700				
City:	Phoenix	State:	Arizona	Zip Code:	85004
Email:	mpatten@swlaw.com				

NA					
Name:					
Title:					
Telephone No. :					
Address:					
City:		State:	Arizona	Zip Code:	
Email:					

Ownership: C Corporation (C) (Other than Association/Co-op)

Counties Served: Greenlee

Important changes during the year
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N/A	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	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 - Electric
ELECTRIC UTILITY ANNUAL REPORT
AUTHORIZED SERVICES AND STATISTICAL INFORMATION
12/31/25

SERVICES AUTHORIZED TO PROVIDE

Yes	Electric
Yes	Investor Owned Electric
No	Rural Electric Cooperative
Yes	Utility Distributed Company
No	Electric Service Provider
N/A	Transmission Service Provider
N/A	Meter Service Provider
N/A	Meter Reading Service Provider
N/A	Billing and Collection
N/A	Ancillary Services
N/A	Generation Provider
N/A	Aggregator/Broker

N/A Other (Specify)

STATISTICAL INFORMATION

Retail Information

	Number of Arizona Customers	Number of kWh Sold in Arizona
Residential	2,229	21,016,363
Commercial	403	16,665,434
Industrial	2	2,898,054,220
Public Street and Highway Lighting	0	0
Irrigation	0	0
Total Retail	2,634	2,935,736,017

Wholesale Information

	Number of Customers	Number of kWh Sold
Resale	0	0
Short-term Sales (duration of less than one-year)	0	0
Total Wholesale	0	0

Total Sold	2,935,736,017
Maximum Peak Load	394,116
Distribution System Losses	0
Distribution Losses	0.00%
Transmission Losses	0.00%
System Average Interruption Duration Index (SAIDI)	17
Customer Average Interruption Duration Index (CAIDI)	13
System Average Interruption Frequency Index (SAIFI)	1

UTILITY PLANT IN SERVICE (ELECTRIC)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
Intangible Plant							
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
302	Franchises and consents	0	0	0	0	0	0
303	Miscellaneous intangible plan	0	0	0	0	0	0
Steam Production							
310	Land and land rights	0	0	0	0	0	0
311	Structures and improvements	0	0	0	0	0	0
312	Boiler plant equipment	0	0	0	0	0	0
313	Engines and engine-driven generator	0	0	0	0	0	0
314	Turbogenerator units	0	0	0	0	0	0
315	Accessory electric equipment	0	0	0	0	0	0
316	Miscellaneous power plant equipment	0	0	0	0	0	0
317	Asset retirement costs	0	0	0	0	0	0
Nuclear Production							
320	Land and land rights	0	0	0	0	0	0
321	Structures and improvements	0	0	0	0	0	0
322	Reactor plant equipment	0	0	0	0	0	0
323	Turbogenerator units	0	0	0	0	0	0
324	Accessory electric equipment	0	0	0	0	0	0
325	Miscellaneous power plant equipment	0	0	0	0	0	0
326	Asset retirement costs	0	0	0	0	0	0
Hydraulic Production							
330	Land and land rights	0	0	0	0	0	0
331	Structures and improvements	0	0	0	0	0	0
332	Reservoirs, dams and waterways	0	0	0	0	0	0
333	Water wheels, turbines and generators	0	0	0	0	0	0
334	Accessory electric equipment	0	0	0	0	0	0
335	Miscellaneous power plant equipment	0	0	0	0	0	0
336	Roads, railroads and bridges	0	0	0	0	0	0
337	Asset retirement costs	0	0	0	0	0	0
Other Production							
340	Land and land rights	0	0	0	0	0	0
341	Structures and improvements	0	0	0	0	0	0
342	Fuel holders, producers, and accessories	0	0	0	0	0	0
343	Prime movers	0	0	0	0	0	0
344	Generators	26,894	0	0	26,894	7,396	19,498
345	Accessory electric equipment	0	0	0	0	0	0
346	Miscellaneous power plant equipment	0	0	0	0	0	0
347	Asset retirement costs	0	0	0	0	0	0
348	Energy Storage Equipment-Production	0	0	0	0	0	0
Transmission Plant							
350	Land and land rights	0	0	0	0	0	0
352	Structures and improvements	2,340,605	0	0	2,340,605	1,067,556	1,273,049
353	Station equipment	5,018,021	0	0	5,018,021	2,791,471	2,226,550
354	Towers and fixtures	133,955	0	0	133,955	79,381	54,574
355	Poles and fixtures	1,823,693	0	0	1,823,693	1,341,567	482,126
356	Overhead conductors and devices	2,614,128	0	0	2,614,128	1,429,380	1,184,748
357	Underground conduit	45,337	0	0	45,337	32,870	12,468
358	Underground conductors and devices	55,754	0	0	55,754	43,975	11,780
359	Road and trails	776,927	0	0	776,927	382,803	394,124
359.1	Asset retirement costs for transmission plan	0	0	0	0	0	0
Distribution Plant							
360	Land and land rights	0	0	0	0	0	0
361	Structures and improvements	63,726	0	0	63,726	63,726	0
362	Station equipment	1,095,559	189,418	0	1,284,977	462,745	822,232
363	Storage battery equipment	0	0	0	0	0	0
364	Poles, towers and fixtures	1,284,127	9,213,345	0	10,497,471	990,452	9,507,019
365	Overhead conductors and devices	731,192	0	0	731,192	369,168	362,024
366	Underground conduit	5,864,989	127,507	0	5,992,496	1,749,125	4,243,371
367	Underground conductors and devices	695,048	0	0	695,048	194,515	500,532
368	Line transformers	9,103,826	0	0	9,103,826	4,411,097	4,692,729
369	Services	326,224	0	0	326,224	203,127	123,097
370	Meters	288,310	0	0	288,310	162,756	125,554
371	Installations on customers' premise	194,000	0	0	194,000	177,694	16,306
372	Leased property on customers' premises	0	0	0	0	0	0
373	Street lighting and signal system	0	0	0	0	0	0
374	Asset retirement costs for distribution plan	0	0	0	0	0	0
Regional Transmission and Market Operation Plant							
380	Land and land rights	0	0	0	0	0	0
381	Structures and improvements	0	0	0	0	0	0
382	Computer hardware	0	0	0	0	0	0
383	Computer software	0	0	0	0	0	0
384	Communications equipment	0	0	0	0	0	0
385	Miscellaneous regional transmission and market operation plan	0	0	0	0	0	0
386	Asset retirement costs for regional transmission and market operation plan	0	0	0	0	0	0
General Plant							
389	Land and land rights	147,483	0	0	147,483	0	147,483
390	Structures and improvements	90,803	0	0	90,803	64,176	26,627
391	Office furniture and equipment	28,551	0	0	28,551	24,170	4,380
392	Transportation equipment	1,505,090	52,475	0	1,557,565	1,443,138	114,426
393	Stores equipment	0	0	0	0	0	0
394	Tools, shop and garage equipment	301,344	192,425	0	493,769	148,626	345,142
395	Laboratory equipment	27,212	0	0	27,212	14,688	12,524
396	Power operated equipment	143,774	0	0	143,774	62,302	81,472
397	Communications equipment	72,269	0	0	72,269	62,646	9,623
398	Miscellaneous equipment	6,103	0	0	6,103	6,103	0
399	Other tangible property	0	0	0	0	0	0
399.1	Asset retirement costs for general plan	0	0	0	0	0	0
	Totals	\$34,804,943	\$9,775,169	\$0	\$44,580,112	\$17,786,653	\$26,793,459

DEPRECIATION EXPENSE FOR THE CURRENT YEAR (ELECTRIC)								
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
Intangible Plant								
301	Organization	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises and consents	0	0	0	0	0	0.00%	0
303	Miscellaneous intangible plan	0	0	0	0	0	0.00%	0
Steam Production								
310	Land and land rights	0	0	0	0	0	0.00%	0
311	Structures and improvements	0	0	0	0	0	0.00%	0
312	Boiler plant equipment	0	0	0	0	0	0.00%	0
313	Engines and engine-driven generator	0	0	0	0	0	0.00%	0
314	Turbogenerator units	0	0	0	0	0	0.00%	0
315	Accessory electric equipmen	0	0	0	0	0	0.00%	0
316	Miscellaneous power plant equipmen	0	0	0	0	0	0.00%	0
317	Asset retirement costs	0	0	0	0	0	0.00%	0
Nuclear Production								
320	Land and land rights	0	0	0	0	0	0.00%	0
321	Structures and improvements	0	0	0	0	0	0.00%	0
322	Reactor plant equipment	0	0	0	0	0	0.00%	0
323	Turbogenerator units	0	0	0	0	0	0.00%	0
324	Accessory electric equipmen	0	0	0	0	0	0.00%	0
325	Miscellaneous power plant equipmen	0	0	0	0	0	0.00%	0
326	Asset retirement costs	0	0	0	0	0	0.00%	0
Hydraulic Production								
330	Land and land rights	0	0	0	0	0	0.00%	0
331	Structures and improvements	0	0	0	0	0	0.00%	0
332	Reservoirs, dams and waterways	0	0	0	0	0	0.00%	0
333	Water wheels, turbines and generators	0	0	0	0	0	0.00%	0
334	Accessory electric equipmen	0	0	0	0	0	0.00%	0
335	Miscellaneous power plant equipmen	0	0	0	0	0	0.00%	0
336	Roads, railroads and bridges	0	0	0	0	0	0.00%	0
337	Asset retirement costs	0	0	0	0	0	0.00%	0
Other Production								
340	Land and land rights	0	0	0	0	0	0.00%	0
341	Structures and improvements	0	0	0	0	0	0.00%	0
342	Fuel holders, producers, and accessories	0	0	0	0	0	0.00%	0
343	Prime movers	0	0	0	0	0	0.00%	0
344	Generators	26,894	0	0	26,894	6,499	4.40%	897
345	Accessory electric equipmen	0	0	0	0	0	0.00%	0
346	Miscellaneous power plant equipmen	0	0	0	0	0	0.00%	0
347	Asset retirement costs	0	0	0	0	0	0.00%	0
348	Energy Storage Equipment-Production	0	0	0	0	0	0.00%	0
Transmission Plant								
350	Land and land rights	0	0	0	0	0	0.00%	0
352	Structures and improvements	2,340,605	0	0	2,340,605	1,014,040	4.03%	53,515
353	Station equipment	5,018,021	0	0	5,018,021	2,658,436	5.64%	133,035
354	Towers and fixtures	133,955	0	0	133,955	75,660	6.38%	3,721
355	Poles and fixtures	1,823,693	0	0	1,823,693	1,278,681	11.54%	62,886
356	Overhead conductors and devices	2,614,128	0	0	2,614,128	1,362,279	5.36%	67,100
357	Underground conduit	45,337	0	0	45,337	30,603	15.38%	2,267
358	Underground conductors and devices	55,754	0	0	55,754	42,704	9.74%	1,271
359	Road and trails	776,927	0	0	776,927	363,130	4.75%	19,674
359.1	Asset retirement costs for transmission plant	0	0	0	0	0	0.00%	0
Distribution Plant								
360	Land and land rights	0	0	0	0	0	0.00%	0
361	Structures and improvements	63,726	0	0	63,726	63,726	0.00%	0
362	Station equipment	1,095,559	189,418	0	1,284,977	425,963	4.81%	36,782
363	Storage battery equipment	0	0	0	0	0	0.00%	0
364	Poles, towers and fixtures	1,284,127	9,213,345	0	10,497,471	763,637	4.42%	226,815
365	Overhead conductors and devices	731,192	0	0	731,192	346,806	5.82%	22,362
366	Underground conduit	5,864,989	127,507	0	5,992,496	1,550,861	4.53%	198,264
367	Underground conductors and devices	695,048	0	0	695,048	171,280	4.44%	23,235
368	Line transformers	9,103,826	0	0	9,103,826	4,106,258	6.10%	304,840
369	Services	326,224	0	0	326,224	194,037	6.88%	9,090
370	Meters	288,310	0	0	288,310	153,268	7.03%	9,488
371	Installations on customers' premises	194,000	0	0	194,000	173,035	22.22%	4,659
372	Leased property on customers' premises	0	0	0	0	0	0.00%	0
373	Street lighting and signal systems	0	0	0	0	0	0.00%	0
374	Asset retirement costs for distribution plant	0	0	0	0	0	0.00%	0
Regional Transmission and Market Operation Plant								
380	Land and land rights	0	0	0	0	0	0.00%	0
381	Structures and improvements	0	0	0	0	0	0.00%	0
382	Computer hardware	0	0	0	0	0	0.00%	0
383	Computer software	0	0	0	0	0	0.00%	0
384	Communications equipmen	0	0	0	0	0	0.00%	0
385	Miscellaneous regional transmission and market operation plan	0	0	0	0	0	0.00%	0
386	Asset retirement costs for regional transmission and market operation plan	0	0	0	0	0	0.00%	0
General Plant								
389	Land and land rights	147,483	0	0	147,483	0	0.00%	0
390	Structures and improvements	90,803	0	0	90,803	61,153	10.20%	3,023
391	Office furniture and equipmen	28,551	0	0	28,551	23,715	9.41%	455
392	Transportation equipment	1,505,090	52,475	0	1,557,565	1,408,512	28.19%	34,626
393	Stores equipment	0	0	0	0	0	0.00%	0
394	Tools, shop and garage equipment	301,344	192,425	0	493,769	137,572	4.25%	11,054
395	Laboratory equipment	27,212	0	0	27,212	13,748	6.98%	939
396	Power operated equipment	143,774	0	0	143,774	52,717	10.53%	9,585
397	Communications equipmen	72,269	0	0	72,269	60,147	20.62%	2,499
398	Miscellaneous equipmen	6,103	0	0	6,103	6,103	0.00%	0
399	Other tangible property	0	0	0	0	0	0.00%	0
399.1	Asset retirement costs for general plant	0	0	0	0	0	0.00%	0
Depreciation expense		\$34,804,943	\$9,775,169	\$0	\$44,580,112	\$16,544,571		\$1,242,082

Morenci Water and Electric Company - Electric
ELECTRIC UTILITY ANNUAL REPORT
BALANCE SHEET ASSETS
12/31/25

BALANCE SHEET ASSETS			
Assets and Other Debits		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Utility Plant			
Plant in service		\$34,804,943	\$44,580,112
Accumulated depreciation and amortization		(16,544,571)	(17,786,653)
Construction work in progress		10,867,791	2,996,352
Palo Verde sale leaseback (net of accumulated amortization)		0	0
Nuclear fuel (net of accumulate amortization)		0	
Total Utility Plant		\$29,128,163	\$29,789,811
Other Property and Investments			
Non-utility property (net)		0	0
Investments in associated companies/organizations		0	0
Investments in subsidiary companies/organizations		0	0
Nuclear decommissioning trust		0	0
Other investments		0	0
Total Other Property and Investments		\$0	\$0
Current and Accrued Assets			
Cash and cash equivalents		\$126,054	\$61,090
Customer and other receivables		95,360	253,594
Accounts receivable		11,217,535	12,062,820
Allowance for doubtful accounts		74,448	92,338
Materials and supplies (at average cost)		560,630	547,556
Notes receivable (related party due within one year)		0	0
Fossil fuel (at average cost)		0	0
Regulatory assets		0	0
Deferred debits		0	0
Other current assets		0	0
Total Fixed Assets		\$12,074,027	\$13,017,399
Total Assets and Other Debits		\$41,202,190	\$42,807,209

Morenci Water and Electric Company - Electric
ELECTRIC UTILITY ANNUAL REPORT
BALANCE SHEET LIABILITIES AND OWNERS EQUITY
12/31/25

BALANCE SHEET LIABILITIES AND OWNERS EQUITY			
Liabilities and Other Credits		Balance at Beginning of Year (2025)	Balance at End of Year (2025)
Current Liabilities			
Accounts payable		\$559,245	\$664,132
Customer/Member deposits		9,229	4,374
Current maturities of Long-Term Debt		0	0
Accrued expenses		0	0
Accrued taxes		407,559	457,364
Accrued interest		0	0
Notes payable to associated companies		13,196,004	11,252,085
Short-term borrowing		0	0
Common dividends payable		0	0
Other regulatory liabilities		0	0
Liabilities for asset retirement		0	0
Other current liabilities		28,456	30,473
Total Current Liabilities		\$14,200,493	\$12,408,427
Long Term Debt			
Long-Term Debt		\$0	\$0
Deferred Credits			
Deferred income tax		\$0	\$0
Regulatory liabilities		831,777	12,305
Accumulated deferred investment tax credits		0	0
Liabilities for assest retirements		0	0
Liabilities for pension benefits		0	0
Customer advances		0	0
Coal mine reclamation		0	0
Deferred revenues		0	0
Construction advances		7,318,603	16,531,947
Deferred investment tax credit		(1,592,379)	(2,020,701)
Unrecognized tax benefits		0	0
Other deferred credits		0	0
Total Deferred Credits		\$6,558,000	\$14,523,552
Total Liabilites		\$20,758,493	\$26,931,979
Capital Accounts			
Common stock		\$1,006,266	\$1,006,266
Additional paid-in capital		6,555,778	6,555,778
Retained earnings		0	0
Memberships		0	0
Patronage capital		0	0
Accumulated other comprehensive		12,881,654	8,313,188
Total Capital		\$20,443,697	\$15,875,231
Total Liabilities and Capital		\$41,202,190	\$42,807,210

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

Morenci Water and Electric Company - Electric
ELECTRIC UTILITY ANNUAL REPORT
ELECTRIC COMPARATIVE INCOME STATEMENT
12/31/25

ELECTRIC COMPARATIVE INCOME STATEMENT			
Account No.	Calendar Year	Last Year 01/01/2024 - 12/31/2024	Current Year 01/01/2025 - 12/31/2025
	Operating Revenue		
440	Residential sales	\$3,244,063	\$951,247
442	Commercial and industrial sales	127,784,310	142,066,109
444	Public street and highway lighting	0	0
445	Other sales to public authorities	0	0
446	Sales to railroads and railways	0	0
447	Sales for resale	0	0
448	Interdepartmental sales	0	0
449	Othe sales	0	0
449.1	Provision for rate refunds	0	0
	Total Revenues	\$131,028,373	\$143,017,356
	Operating Expenses		
Steam Power Generation			
500	Operation supervision and engineering	\$0	\$0
501	Fuel	0	0
502	Steam expenses	0	0
503	Steam from other sources	0	0
504	Steam transferred-Credit	0	0
505	Electric expenses	0	0
506	Miscellaneous steam power expense	0	0
507	Rents	0	0
508	Operation supplies and expenses	0	0
509	Allowances	0	0
510	Maintenance supervision and engineering	0	0
511	Maintenance of structures	0	0
512	Maintenance of boiler plant	0	0
513	Maintenance of electric plant	0	0
514	Maintenance of miscellaneous steam plant	0	0
515	Maintenance of steam production plant	0	0
Other Power Supply Expense			
555	Purchased Power	124,996,594	136,971,914
Customer Accounts Expense			
904	Uncollectible Accounts	11,953	12,471
Operation Administrative and General Expenses			
920	Administrative and General Salaries	937,584	950,132
921	Office Supplies and Expenses	30,634	53,661
923	Outside Services Employed	331,575	261,875
926	Employee Pensions and Benefits	171,677	270,858
930.2	Miscellaneous General Expenses	(9,463)	(200,496)
931	Rents	4,547	14,643
933	Transportation Expenses	24,081	27,575
935	Maintenance of General Plant	470,289	256,724
403	Depreciation Expense	1,089,505	1,242,082
408	Taxes Other Than Income	0	0
408.11	Property Taxes	157,396	164,095
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$128,216,372	\$140,025,535
	Operating Income / (Loss)	\$2,812,001	\$2,991,821
	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)	\$2,812,001	\$2,991,821
Total number of employees		8	8

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 - Electric
ELECTRIC UTILITY ANNUAL REPORT
UTILITY SHUTOFFS / DISCONNECTS
12/31/25

UTILITY SHUTOFFS / DISCONNECTS			
Month	Termination without Notice R14-2-211.B	Termination with Notice R14-2- 211.C	Other
January	0	1	0
February	0	2	0
March	0	6	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	4	0
December	0	1	0
Total	0	14	0

Other (description):

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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.