

ANNUAL REPORT

Of

Company Name: Ajo Improvement Company
PO Drawer 9

Mailing Address: Ajo AZ
85321

Docket No.: WS-01025A
For the Year Ended: 12/31/22

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: Util-Compliance@azcc.gov, mail or deliver the completed Annual Report to:
Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type: Original Filing
Application Date: 4/14/2023

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Ajo Improvement Company
A Class Utility

For the Calendar Year Ended: 12/31/22

Primary Address:

PO Drawer 9		
City: Ajo	State: Arizona	Zip Code: 85321

Telephone Number:

(520) 387-2010

Date of Original Organization of Utility:

1/1/1916

Person to whom correspondence should be addressed concerning this report:

Name:

Debra Medina

Telephone No. :

(928) 865-6264

Address:

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

Email:

dmedina@fmi.com
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Regulatory and Management Contact
Name:

John M. Key

Telephone No. :

(602)332-2334

Address:

333 N. Central Ave. Ste. 20.030		
City: Phoenix	State: Arizona	Zip Code: 85321

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. Ste. 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:

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Attorney
Name:

Michael Patten

Telephone No. :

(602)920-4131

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:

Pima

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.
	NA

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.
	NA

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	5,440	0	5,440	227	5,213
320	Water Treatment Equipment	455,606	0	0	455,606	159,351	296,255
320.1	Water Treatment Plants	562,945	0	0	562,945	158,678	404,267
320.2	Solution Chemical Feeders	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	85,779	0	0	85,779	43,779	42,000
330.1	Storage Tanks	1,620,573	0	0	1,620,573	460,631	1,159,942
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	6,615,435	9,954,654
333	Services	1,090,752	0	0	1,090,752	295,942	794,811
334	Meters and Meter Installations	964,684	5,640	0	970,324	843,010	127,314
335	Hydrants	507,700	0	0	507,700	104,553	403,148
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	30,008	0	0	30,008	8,724	21,284
340	Office Furniture and Equipment	0	0	0	0	0	0
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	282,487	0	96,587	185,900	182,781	3,119
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	94,225	316,345
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	3,352	0	0	3,352	1,257	2,095
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	16,159	0	0	16,159	15,522	637
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$22,600,705	\$11,080	\$96,587	\$22,515,198	\$8,984,114	\$13,531,083

Ajo Improvement Company
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/22

Depreciation Expense for the Current Year (Water)									
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0	0.00%	0
304	Structures and Improvements	0	0	0	0	0	0	0.00%	0
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	0	5,440	0	5,440	0	5,440	8.33%	227
320	Water Treatment Equipment	455,606	0	0	455,606	144,865	310,742	4.66%	14,487
320.1	Water Treatment Plants	562,945	0	0	562,945	147,477	415,468	2.70%	11,200
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	85,779	0	0	85,779	42,446	43,333	3.08%	1,333
330.1	Storage Tanks	1,620,573	0	0	1,620,573	425,327	1,195,245	2.95%	35,303
330.2	Pressure Tanks	0	0	0	0	0	0	0.00%	0
331	Transmission and Distribution Mains	16,570,089	0	0	16,570,089	6,074,970	10,495,119	5.15%	540,465
333	Services	1,090,752	0	0	1,090,752	259,584	831,169	4.37%	36,358
334	Meters and Meter Installations	964,684	5,640	0	970,324	762,483	207,841	39.28%	80,527
335	Hydrants	507,700	0	0	507,700	94,399	413,302	2.46%	10,154
336	Backflow Prevention Devices	0	0	0	0	0	0	0.00%	0
339	Other Plant and Misc. Equipment	30,008	0	0	30,008	6,724	23,284	8.59%	2,001
340	Office Furniture and Equipment	0	0	0	0	0	0	0.00%	0
340.1	Computer & Software	0	0	0	0	0	0	0.00%	0
341	Transportation Equipment	282,487	0	96,587	185,900	271,884	(85,984)	-19.86%	7,485
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	410,570	0	0	410,570	85,589	324,981	2.66%	8,636
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	3,352	0	0	3,352	1,089	2,263	7.41%	168
346	Communication Equipment	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	16,159	0	0	16,159	15,466	693	8.00%	55
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$22,600,705	\$11,080	\$96,587	\$22,515,198	\$8,332,302	\$14,182,896		\$748,399

Contribution(s) in Aid of Construction (Gross) \$394,940
Less: Non Amortizable Contribution(s) 0
Fully Amortized Contribution(s) 78,121
Amortizable Contribution(s) \$316,819
Times: Proposed Amortization Rate 5.28%
Amortization of CIAC \$16,718

Less: Amortization of CIAC \$16,718

DEPRECIATION EXPENSE \$731,681

Ajo Improvement Company
Annual Report
Balance Sheet Assets
12/31/22

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	Current and Accrued Assets			
131	Cash		\$12,639	\$208,040
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		117,839	114,098
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$130,478	\$322,138
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$22,600,704	\$22,515,198
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(8,332,302)	(8,984,114)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$14,268,402	\$13,531,083
	Total Assets		\$14,398,879	\$13,853,222

*Note these items feed automatically from AR3 UPIS Page 4

Ajo Improvement Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2022)	Balance at End of Year (2022)
Account No.	Current Liabilities			
231	Accounts Payable		\$14,494	\$66,730
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		29,024	121,882
235	Customer Deposits		4,445	4,667
236	Accrued Taxes		19,794	21,890
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$67,756	\$215,169
	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		394,940	394,940
255	Accumulated Deferred Investment Tax Credits		(68,781)	(78,121)
271	Contributions in Aid of Construction		0	0
272	Less: Amortization of Contributions		0	0
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$326,159	\$316,819
	Total Liabilities		\$393,916	\$531,987
	Capital Accounts			
201	Common Stock Issued		\$392,000	\$130,667
211	Other Paid-In Capital		31,119,561	10,373,187
215	Retained Earnings		(17,506,597)	2,817,381
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$14,004,964	\$13,321,234
	Total Liabilities and Capital		\$14,398,879	\$13,853,222

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
12/31/22

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2022 - 12/31/2022	Last Year 01/01/2021 - 12/31/2021
	Operating Revenue		
461	Metered Water Revenue	\$975,831	\$817,004
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	\$975,831	\$817,004
	Operating Expenses		
601	Salaries and Wages	\$480,023	\$416,637
604	Employee Pensions and Benefits	101,941	73,950
610	Purchased Water	170,582	151,872
615	Purchased Power	0	0
618	Chemicals	228,833	114,312
620	Materials and Supplies	30,157	8,529
620.1	Repairs and Maintenance	14,079	46,997
620.2	Office Supplies and Expense	25,572	64,643
630	Contractual Services	0	1,497
631	Contractual Services - Engineering	1,434	54,982
632	Contractual Services - Accounting	26,064	26,064
633	Contractual Services - Legal	5,412	1,984
634	Contractual Services - Management Fees	47,652	0
635	Contractual Services - Water Testing	300	0
636	Contractual Services - Other	27,525	0
640	Rents	0	0
641	Rental of Building/Real Property	600	600
642	Rental of Equipment	1,365	1,521
650	Transportation Expenses	3,971	11,281
657	Insurance - General Liability	2,524	2,320
657.1	Insurance - Health and Life	68,663	71,949
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	3,753	8,632
675	Miscellaneous Expense	3,610	0
403	Depreciation Expense (From Schedule AR4)	731,681	731,797
408	Taxes Other Than Income	1,850	0
408.11	Property Taxes	17,265	17,419
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$1,994,857	\$1,806,985
	Operating Income / (Loss)	(\$1,019,026)	(\$989,981)
	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)	(\$1,019,026)	(\$989,981)

Ajo Improvement Company
 Annual Report
 Full time equivalent employees
 12/31/22

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President	0.0	0.1	0.0	0.1
Vice-president	0.0	0.0	0.0	0.0
Manager	0.5	0.0	0.0	0.5
Engineering Staff	0.0	0.1	0.0	0.1
System Operator(s)	4.9	0.0	0.0	4.9
Meter reader	0.0	0.0	0.0	0.0
Customer Service	0.3	0.0	0.0	0.3
Accounting	0.0	0.0	0.4	0.4
Business Office	0.3	0.0	0.0	0.3
Rates Department	0.0	0.0	0.0	0.0
Administrative Staff	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	6.1	0.2	0.4	6.7

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

Meter Deposit Balance at Test Year End:	NA
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Meter Deposits Refunded During the Test Year:	NA
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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.

Well and Water Usage

Name of the System: FRIEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*												
ADEQ Public Water System Number: AZ/0410001												
ADWR PCC Number: 91-000410.0000												
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2012	Water level 2022	Meter Size (inches)	How measured:	Active	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	

Name of system water delivered to:	FRIEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*
ADWR PCC Number:	91-000410.0000
Source of water delivered to another system:	Ground Water

Name of system water received from:	
ADWR PCC Number:	
Source of water received:	Ground Water
Well registry 55# (55-XXXXXX):	55-600488, 55-600490

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	0.00	6,671,400.00	4,469,200.00	10,647,800.00	11,139,236.00	\$130	1,089
February	0.00	6,955,100.00	4,682,100.00	12,267,300.00	11,636,211.00	96	859
March	0.00	6,586,400.00	3,562,300.00	11,838,000.00	10,147,370.00	133	1,011
April	0.00	6,680,300.00	3,779,700.00	11,861,000.00	10,459,044.00	108	876
May	0.00	9,265,400.00	5,192,600.00	15,197,000.00	14,455,653.00	138	1,166
June	0.00	8,812,100.00	4,553,100.00	13,846,000.00	13,364,129.00	140	1,134
July	0.00	8,838,900.00	5,392,300.00	13,833,000.00	14,230,038.00	151	1,225
August	0.00	7,172,700.00	4,465,500.00	13,685,000.00	11,635,722.00	145	1,177
September	0.00	5,949,600.00	3,667,200.00	11,211,000.00	9,615,293.00	151	1,144
October	0.00	7,149,300.00	4,585,900.00	15,019,000.00	11,732,196.00	0	1,202
November	0.00	6,045,200.00	3,892,800.00	10,751,000.00	9,936,264.00	0	881
December	0.00	5,382,100.00	3,125,600.00	12,987,800.00	8,506,197.00	0	831
Totals	0.00	85,508,500.00	51,368,300.00	153,143,900.00	136,857,353.00	\$1,192	12,595

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

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

Water Utility Plant Description

Name of the System:		FREEPORT MC.MORAN COPPER AND GOLD, INC. - AJO IMPR*
ADJQ Public Water System Number:	AZ0410001	
ADWR PCC Number:	91-000410.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
4.00	Ductile Iron	634
6.00	Ductile Iron	43,392
8.00	Ductile Iron	35,852
10.00	Ductile Iron	4,762
12.00	Ductile Iron	3,503
6.00	Stainless Steel	120
8.00	Stainless Steel	65
10.00	Ductile Iron	645
12.00	Stainless Steel	8
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0
0.00	NA	0

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	1,004	0%	0%
1	24	0%	0%
1.5	2	0%	0%
2	11	45%	0%
3	3	33%	0%
4	5	60%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%
NA	0	0%	0%

SERVICE LINES		
Material	Percent of system	Year installed
Copper	100%	008-2012
NA	0%	NA
NA	0%	NA
NA	0%	NA
NA	0%	NA

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 (gallons)	Material	Quantity	Year installed
500,000	Steel	2	2008
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

* 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:	Two filter vessels using Activated Alumina as a filter medium, 8' diameter by 13'.
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STRUCTURES:	One water treatment plant building 110' by 40'
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OTHER:	None
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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	181
Method used:	(a)

Customer and Other Information	
Name of the System:	FREEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*
ADEQ Public Water System Number:	AZ0410001
ADWR PCC Number:	91-000410.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	987	0	125	5	0
February	987	0	127	5	0
March	991	0	130	5	0
April	988	0	126	5	0
May	978	0	129	5	0
June	967	0	130	5	0
July	962	0	128	5	0
August	962	0	127	5	0
September	966	0	127	5	0
October	970	0	126	5	0
November	981	0	126	5	0
December	978	0	127	5	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.

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

Ajo Improvement Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/22

Utility Shutoffs / Disconnects	
Name of the System:	FREEPORT MCMORAN COPPER AND GOLD, INC. - AJO IMPR*
ADEQ Public Water System Number:	AZ0410001
ADWR PCC Number:	91-000410.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	3	0
February	0	3	0
March	0	3	0
April	0	4	0
May	0	5	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	6	0
December	0	0	0
Total	0	24	0

Other (description):

NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Ajo Improvement Company
Annual Report
Property Taxes
12/31/22

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

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

	\$21,854
--	----------

If no property taxes paid, explain why.

NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Verification and Sworn Statement (Taxes)

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

County of (county name): Maricopa
Name (owner or official) title: John M. Key
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: 12/31/22

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

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

John M Key

signature of owner/official

(602)332-2334

telephone no.

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

Maricopa

(county name)

THIS 17 DAY OF

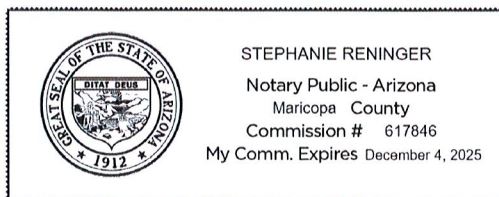
April 2023

(month) and (year)

MY COMMISSION EXPIRES

12/4/2025

(date)



Stephanie Reninger

(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Maricopa
Name (owner or official) title: John M. Key
Company name: Ajo Improvement Company

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

FOR THE YEAR ENDING: 12/31/22

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$1,039,260

(The amount in the box above includes

\$63,429 in sales taxes billed or collected)

John M Key

signature of owner/official

(602)332-2334

telephone no.

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

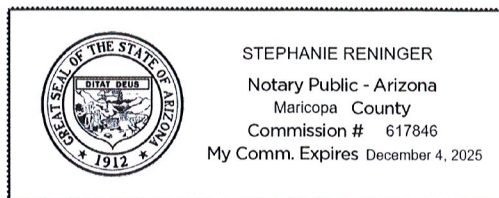
(county name)

THIS 17 DAY OF April 2023

(month) and (year)

MY COMMISSION EXPIRES 12/4/2025

(date)



Stephanie Reninger

(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: Ajo Improvement Company

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

FOR THE YEAR ENDING: 12/31/22

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$544,214
(The amount in the box above includes
\$33,215 in sales taxes
billed or collected)

John M Key

signature of owner/official

(602)332-2334

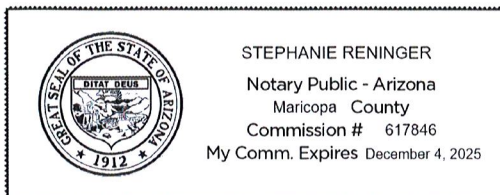
telephone no.

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

(county name)

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

MY COMMISSION EXPIRES 12/4/2025
(date)



Stephanie Reninger

(signature of notary public)

This notarial act involved the use of communication technology

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: Ajo Improvement Company

FOR THE YEAR ENDING: 12/31/22

Sworn Statement:

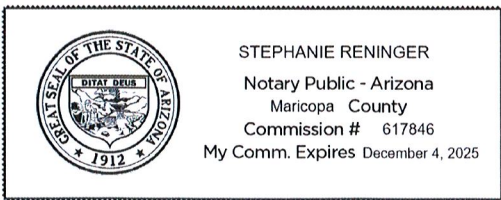
IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS INCURRED OR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD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

John M Key
signature of owner/official
(602)332-2334
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Maricopa
(county name)

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

MY COMMISSION EXPIRES 12/4/2025
(date)



Stephanie Reninger
(signature of notary public)