



MEMORANDUM

Date: January 15, 2020

To: Diana Durazo
Special Projects Manager
County Administrator's Office

From: C.H. Huckelberry
County Administrator 

Re: **Ajo Utility Rate Case**

I briefly met with Supervisor Bronson and Mr. Robert Sorrels regarding the Ajo utility rate case. Mr. Sorrels discussed a document related to the Phelps-Dodge to Freeport McMoRan purchase, transfer or merger that indicated there was an approximate \$50 million holdback in the transfer and sale to accommodate system deficiencies or unknown occurrences. The deficiencies may have included the utility systems operated in Ajo by Phelps-Dodge.

Please see what you can find about any of these transfer/merger/sale documents between Phelps-Dodge and Freeport McMoRan. I ask that you begin by asking Freeport McMoRan to disclose the documents. If they are not forthcoming in the provision the documents, please consult with our County Attorney's Office to determine how best to compel compliance. I believe the documents are required and may also be available through the Arizona Corporation Commission (ACC) or other State entities.

As a separate item, please ask our Facilities Management Energy Manager to review the frequency of power outages in the Ajo community. Apparently, there have been a number of outages this past year. It would be helpful to determine if we have any data regarding the number of outages, their duration and cause and activities related to the restoration of power. There are some concerns that the Arizona Public Service Corporation may consider Ajo an outpost and restore their power last when other areas with a higher customer base or financial capacity obtain their power restoration sooner. We need to determine if this is occurring and what steps we need to take to ask the ACC to investigate the allegations that outlying poorer communities are being discriminated against due to their financial generating capabilities – something that is inherently unfair.

CHH/anc

c: The Honorable Sharon Bronson, District 3 Member, Pima County Board of Supervisors