

NEW APPLICATION
ORIGINAL
ARIZONA CORPORATION COMM



0000018714



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AZ CORP COMMISSION
DOCUMENT CONTROL

FINANCING APPLICATION

W-01782A-05-0236

ABRA WATER Co Inc.
UTILITY NAME

Arizona Corporation Commission
DOCKETED
APR - 1 2005

DOCKETED BY 

You must complete all items in the application according to the instructions provided. If you have any questions regarding the application, call the Chief, Financial & Regulatory Analysis Section at (602) 542-0743 for assistance.

Send the original and sixteen copies of the application and cover sheet to the following address:

DOCKET CONTROL CENTER
1200 W WASHINGTON STREET
PHOENIX AZ 85007-2927

Financing Application For
ABRA WATER CO., INC.

Application Information Regarding Arizona Revised Statutes 40-301 and 40-302

1. ABRA WATER CO., INC.
PO Box 515
25000 N. Hwy 89
Paulden, Az 86334
2. Kevan Larson, President
22425 N. Malapai Ridge Rd.
Paulden, Az 86334
3. Abra Water Co., Inc. request debt financing approval for a loan from WIFA in the amount of \$250,000.00, payable in monthly payments as shown on the attachment. The assets of the company will be encumbered by this debt.
4. Gross proceeds: \$250,000.00
Expected Issuance Expenses: \$5,000.00
Net Proceeds: \$245,000.00
5. Proceeds will be used to install an arsenic removal treatment facility which will include building expansion and capital investment in the purchase of a satisfactory arsenic removal system.
6. This financing is within the corporate powers of the applicant, compatible with the public interest, compatible with sound financial practices, and compatible with the proper performance by the applicant of service as a public service corporation and will not impair its ability to perform that service.
7. There are no fees to any person for service in connection with this financing agreement except for customary fees required by WIFA and/or the financing institution.
8. Required executable documents will be provided by WIFA.
9. Current financials included. Pro-forma financials to follow.
10. Notice to customers affidavit enclosed.
11. Original with 16 copies of this application enclosed.

Kevan Larson-President

Prescott Newspapers

Legal Department
P.O. Box 312
Prescott, AZ 86302
(928)445-3333

Acknowledgement of Classified Advertising

Date: 03/24/05

Customer No: 1399

Kevan Larson
Po Box 985

Paulden AZ 86334

Your current balance owing is: \$ 0.00

Your current credit balance is: \$ 0.00

<u>Ad #</u>	<u>Words</u>	<u>Charge</u>	<u>Paid</u>	<u>Owing</u>
4569	245	\$39.97	\$39.97	\$0.00

Ad Text or Copy

**PUBLIC NOTICE OF AN APPLICATION
FOR AN ORDER AUTHORIZING THE
ISSUANCE OF DEBT FINANCING,
BY ABRA WATER CO., INC.**

Abra Water Co., Inc. filed an Application with the Arizona Corporation Commission (Commission) for an order authorizing Applicant to issue \$__ (gross proceeds) of 250,000 of Debt Financing. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Company's offices in Paulden, Arizona.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.

Publication Issues Starts Ends

Courier
Chino Valley
Prescott Val

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
County of Yavapai) ss.

I, **Aileen A. Kemper**, being first duly sworn on her oath says:
That she is the **Legal Clerk** of **PRESCOTT NEWSPAPERS, INC.**, an Arizona corporation, which owns and publishes the **COURIER**, a Daily Newspaper published in the City of Prescott, County of Yavapai that the notice attached hereto, namely,

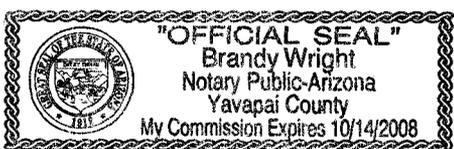
PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF DEBT FINANCING, BY ABRA WATER CO., INC.

has, to the personal knowledge of affidavit, been published in the news paper aforesaid, according to law, on **24** day of **MARCH, 2005** to **24** day of **MARCH, 2005** both inclusive without change, interruption or omission, amounting in all 1 insertions, made on the following dates:
MARCH 24, 2005

By: 
Dated this **24** Day of **MARCH, 2005**

By: 
Notary Public

My commission expires:



PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF DEBT FINANCING, BY ABRA WATER CO., INC.

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1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant. The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.
1TC PUB March 24 2005 ad 4569

**Clifford K. Wadhams
Accountant**

ABRA

830 South Main Street, Ste 1F
Cottonwood, AZ 86326

Phone (928) 634-8821

Board of Directors
ABRA Water Company, Inc.
Paulden, Arizona

We have compiled the accompanying financial statements of the ABRA Water Company, Inc. for the twelve-months ended December 31, 2004.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position. Accordingly, these financial statements are not designed for those who are not informed about such matters.


February 9, 2005

ABRA WATER CO., INC.

Balance Sheet

As of December 31, 2004

Dec 31, 04

ASSETS

Current Assets

Checking/Savings

Bank Account

Checking-Stockmans	20,686.42
Customer Deposit Savings	13,031.85
Hook Up Fee Savings Account	12,269.50
Hook Up Fee - Checking	2,223.27
Stockmen's Bank - Construct	2,459.50

Total Bank Account 50,670.54

clearing -1,340.48

Total Checking/Savings 49,330.06

Other Current Assets

Pre-Paid Rents/Lease	1,331.81
WIFA Reserve	2,054.10
Customer Accounts Receivable	15,837.17
Returned Checks	428.72

Total Other Current Assets 19,651.80

Total Current Assets 68,981.86

Fixed Assets

Fixed Assets

Utility Plant in Service

Organization Costs	508.00
Franchises	787.00
Land and Land Rights	15,044.14
Structures & Improvements	7,643.90
Wells and Springs	63,078.39
Electric Pumping Equipment	18,082.91
Water Treatment Equipment	4,070.93
Solution Chemical Feeder	1,794.07
Storage Tanks	119,086.67
Transmission & Dist Mains	517,884.02
Services	108,199.75
Meters and Installations	18,236.50
Other Plant and Misc. Equip	9,742.92
Office Furniture & Fixtures	277.50
Computers & Software	2,837.38
Tools & Work Equipment	65.00
Other Tangible Equipment	4,545.00

Total Utility Plant in Service 891,884.08

Property Held for Future Use 31,000.00

Accum Depr - Utility Plant -339,052.71

Total Fixed Assets 583,831.37

Total Fixed Assets 583,831.37

TOTAL ASSETS 652,813.23

ABRA WATER CO., INC.

Balance Sheet

As of December 31, 2004

Dec 31, 04

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

Short term loan	9,729.80
Customer Deposits	13,000.06
Accrued Taxes	
Sales Tax Payable	758.22
Payroll Liabilities	
FICA Payable	133.04
FWH Payable	42.00
SWH Payable	49.98
FUTA Payable	56.00

Total Payroll Liabilities 281.02

Accrued Property Taxes 2,153.04

Total Accrued Taxes 3,192.28

Unclaimed Refunds 467.13

Total Other Current Liabilities 26,389.27

Total Current Liabilities 26,389.27

Long Term Liabilities

Long Term Liabilities

Loan for Improvements Big Chi	11,377.91
WIFA Loan	89,693.68

Total Long Term Liabilities 101,071.59

Deferred Credits

Contributions in Aid of Const	334,530.91
Less: Amort of Contributions	-155,066.94

Total Deferred Credits 179,463.97

Advances in Aid to Construct

Main Line Extensions	166,523.72
Service Line	49,297.20

Total Advances in Aid to Construct 215,820.92

Total Long Term Liabilities 496,356.48

Total Liabilities 522,745.75

Equity

Common Stock issued	10,000.00
APIC	238,508.15
Retained Earnings	-150,692.27
Net Income	32,251.60

Total Equity 130,067.48

TOTAL LIABILITIES & EQUITY 652,813.23

ABRA WATER CO., INC.
Profit & Loss
 January through December 2004

Jan - Dec 04

Ordinary Income/Expense	
Income	
Operating Revenue	
Metered Water Sales	180,562.23
Other Water Revenue	
Establishment Fees	2,480.00
Re-connect Fees	1,860.00
NSF Revenue	135.00
Line Repair Income	275.00
Misc. Income	418.02
Installations	
Hook-up Fees	11,200.00
Total Installations	11,200.00
Late Fees	1,092.25
Total Other Water Revenue	17,460.27
Total Operating Revenue	198,022.50
Total Income	198,022.50
Gross Profit	198,022.50
Expense	
Operating Expenses	
Salaries & Wages	
Commissions	547.50
Wages - Employees	18,900.00
Total Salaries & Wages	19,447.50
Purchased Power	
APS	11,206.90
Total Purchased Power	11,206.90
Chemicals	335.70
Repairs & Maintenance	
Materials	517.36
Well expense	316.86
Repairs & Maintenance - Other	1,653.51
Total Repairs & Maintenance	2,487.73
Office Supplies	
Corporation Expense	113.82
Credit Cards	40.91
Bank Service Charges	60.00
Postage	1,711.56
Office Supplies	317.27
Telephone	1,879.57
Office Supplies - Other	745.38
Total Office Supplies	4,868.51
Contractual Services - Billin	150.00
Contractual Services - Prof	
Accounting Fees	3,870.00
Legal Fees	462.50
Total Contractual Services - Prof	4,332.50
Contractual Services - Testin	2,642.10
Contractual Services - Other	
Management Fees	30,000.00

ABRA WATER CO., INC.
Profit & Loss
 January through December 2004

	Jan - Dec 04
Contractor Expense	
Gene Baker	34,800.40
Contractor Expense - Other	2,160.00
Total Contractor Expense	36,960.40
Contractual Services - Other - Other	150.00
Total Contractual Services - Other	67,110.40
Rents	
State Land Lease	3,995.19
Total Rents	3,995.19
Transportation Expense	
Gasoline	1,827.70
Vehicle Repairs	1,017.77
Transportation Expense - Other	1,603.64
Total Transportation Expense	4,449.11
Insurance - General Liability	
Gen Liab Ins	1,022.00
Total Insurance - General Liability	1,022.00
Miscellaneous Expense	1,652.46
Total Operating Expenses	123,700.10
Depreciation Expense	17,847.44
Taxes Other Than Income	
Property Taxes	14,884.15
Payroll Taxes	1,785.55
Sales Tax	905.62
Penalties	100.00
Total Taxes Other Than Income	17,675.32
Income Taxes, Util Op Income	55.00
Total Expense	159,277.86
Net Ordinary Income	38,744.64
Other Income/Expense	
Other Income	
Interest and Dividend Income	146.16
Total Other Income	146.16
Other Expense	
Misc Nonutility Expenses	
Refunds-Cash	
Main Line Refund	0.00
Total Refunds-Cash	0.00
Total Misc Nonutility Expenses	0.00
Interest Expense	6,639.20
Total Other Expense	6,639.20
Net Other Income	-6,493.04
Net Income	<u>32,251.60</u>

ABRA WATER CO., INC.
Profit & Loss Prev Year Comparison

January through December 2004

	Jan - Dec 04	Jan - Dec 03	\$ Change	% Change
Ordinary Income/Expense				
Income				
Operating Revenue				
Metered Water Sales	180,562.23	159,813.33	20,748.90	13.0%
Other Water Revenue				
Establishment Fees	2,480.00	2,940.00	-460.00	-15.7%
Re-connect Fees	1,860.00	1,950.00	-90.00	-4.6%
NSF Revenue	135.00	100.00	35.00	35.0%
Reimbursed Expenses	0.00	92.27	-92.27	-100.0%
Line Repair Income	275.00	0.00	275.00	100.0%
Misc. Income	418.02	190.22	227.80	119.8%
Installations				
Hook-up Fees	11,200.00	9,250.00	1,950.00	21.1%
Total Installations	11,200.00	9,250.00	1,950.00	21.1%
Late Fees	1,092.25	644.41	447.84	69.5%
Total Other Water Revenue	17,460.27	15,166.90	2,293.37	15.1%
Total Operating Revenue	198,022.50	174,980.23	23,042.27	13.2%
Total Income	198,022.50	174,980.23	23,042.27	13.2%
Gross Profit	198,022.50	174,980.23	23,042.27	13.2%
Expense				
Operating Expenses				
Salaries & Wages				
Commissions	547.50	930.00	-382.50	-41.1%
Wages - Employees	18,900.00	19,680.00	-780.00	-4.0%
Salaries & Wages - Other	0.00	300.00	-300.00	-100.0%
Total Salaries & Wages	19,447.50	20,910.00	-1,462.50	-7.0%
Purchased Power				
APS	11,206.90	10,400.21	806.69	7.8%
Total Purchased Power	11,206.90	10,400.21	806.69	7.8%
Chemicals	335.70	878.54	-542.84	-61.8%
Repairs & Maintenance				
Materials	517.36	6,029.39	-5,512.03	-91.4%
Well expense	316.86	930.18	-613.30	-65.9%
Repairs & Maintenance - Other	1,653.51	0.00	1,653.51	100.0%
Total Repairs & Maintenance	2,487.73	6,959.55	-4,471.82	-64.3%
Office Supplies				
Corporation Expense	113.82	45.00	68.82	152.9%
Credit Cards	40.81	0.00	40.81	100.0%
Bank Service Charges	60.00	160.00	-100.00	-62.5%
Postage	1,711.56	1,509.80	201.76	13.4%
Office Supplies	317.27	779.24	-461.97	-59.3%
Copies	0.00	18.52	-18.52	-100.0%
Telephone	1,879.57	2,128.78	-249.21	-11.7%
Office Supplies - Other	745.38	1,231.62	-486.24	-39.5%
Total Office Supplies	4,868.51	5,872.96	-1,004.45	-17.1%
Contractual Services - Billin				
Contractual Services - Billin - Other	150.00	0.00	150.00	100.0%
Total Contractual Services - Billin	150.00	0.00	150.00	100.0%
Contractual Services - Prof				
Accounting Fees	3,870.00	4,445.00	-575.00	-12.9%
Legal Fees	462.50	4,668.31	-4,205.81	-90.1%
Total Contractual Services - Prof	4,332.50	9,113.31	-4,780.81	-52.5%
Contractual Services - Testin	2,642.10	2,425.44	216.66	8.9%
Contractual Services - Other				
Management Fees	30,000.00	30,000.00	0.00	0.0%
Contractor Expense				
Gene Baker	34,800.40	29,300.00	5,500.40	18.8%
Contractor Expense - Other	2,160.00	13,825.85	-11,665.85	-84.4%
Total Contractor Expense	38,960.40	43,125.85	-6,165.45	-14.3%
Misc Labor	0.00	20.00	-20.00	-100.0%
Contractual Services - Other - Other	150.00	0.00	150.00	100.0%
Total Contractual Services - Other	67,110.40	73,145.85	-6,035.45	-8.3%
Rents				
State Land Lease	3,995.19	5,558.22	-1,563.03	-28.1%
Total Rents	3,995.19	5,558.22	-1,563.03	-28.1%
Transportation Expense				
Gasoline	1,827.70	1,480.73	346.97	23.4%
Vehicle Repairs	1,017.77	39.05	978.72	2,506.3%
Transportation Expense - Other	1,603.64	108.00	1,495.64	1,384.9%
Total Transportation Expense	4,449.11	1,627.78	2,821.33	173.3%
Insurance - General Liability				
Gen Lab Ins	1,022.00	924.00	98.00	10.6%
Total Insurance - General Liability	1,022.00	924.00	98.00	10.6%
Regulatory Commission Exp	0.00	1,103.35	-1,103.35	-100.0%
Miscellaneous Expense	1,652.46	922.33	730.13	79.2%
Operating Expenses - Other	0.00	293.30	-293.30	-100.0%
Total Operating Expenses	123,700.10	140,134.84	-16,434.74	-11.7%
Depreciation Expense	17,847.44	11,864.06	5,983.38	50.4%
Taxes Other Than Income				
Property Taxes	14,884.15	10,778.30	4,105.85	38.1%
Payroll Taxes	1,785.55	2,251.36	-465.81	-20.7%
Sales Tax	905.62	1.25	904.37	72,349.6%
Penalties	100.00	66.77	33.23	49.8%
Total Taxes Other Than Income	17,875.32	13,097.68	4,777.64	35.0%

ABRA WATER CO., INC.
Profit & Loss Prev Year Comparison
 January through December 2004

	Jan - Dec 04	Jan - Dec 03	\$ Change	% Change
Income Taxes, Util Op Income	55.00	55.00	0.00	0.0%
Total Expense	159,277.86	165,151.58	-5,873.72	-3.6%
Net Ordinary Income	38,744.64	9,828.65	28,915.99	294.2%
Other Income/Expense				
Other Income				
Interest and Dividend Income	146.16	223.63	-77.47	-34.6%
Nonutility Income				
Nonutility Income - Other	0.00	1,448.70	-1,448.70	-100.0%
Total Nonutility Income	0.00	1,448.70	-1,448.70	-100.0%
Total Other Income	146.16	1,672.33	-1,526.17	-91.3%
Other Expense				
Misc Nonutility Expenses				
Refunds-Cash				
Contra Water Sales	0.00	13.21	-13.21	-100.0%
Total Refunds-Cash	0.00	13.21	-13.21	-100.0%
Total Misc Nonutility Expenses	0.00	13.21	-13.21	-100.0%
Interest Expense	6,639.20	209.08	6,430.12	3,075.4%
Total Other Expense	6,639.20	222.29	6,416.91	2,886.7%
Net Other Income	-6,493.04	1,450.04	-7,943.08	-547.8%
Net Income	32,251.60	11,278.69	20,972.91	186.0%