

ORIGINAL



0000040929

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

2001 AUG 23 P 4: 26
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE
APPLICATION OF BLACK MOUNTAIN
GAS COMPANY FOR AUTHORITY TO
ESTABLISH A FINANCING
AGREEMENT WITH ITS PARENT
COMPANY, XCEL ENERGY, INC.

DOCKET NO. G-03703A-01-0213
Arizona Corporation Commission
AMENDED APPLICATION (FINANCING)
DOCKETED

AUG 23 2001

DOCKETED BY

Pursuant to Section 40-302 of the Arizona Revised Statutes, Black Mountain Gas Company ("BMG"), a Minnesota corporation, respectfully requests that the Arizona Corporation Commission (the "Commission") issue an order authorizing BMG to enter into a financing agreement with its parent company, Xcel Energy Inc. ("Xcel"), on the terms and conditions set forth below. The purpose of the financing agreement is to provide funds for the improvement of existing utility plant and for the construction of new plant. In support of its application, BMG states as follows:

1. Xcel, a Minnesota corporation, is a registered holding company under the Public Utility Holding Company Act of 1935 ("PUHCA"). Xcel is subject to the jurisdiction of the United States Securities and Exchange Commission ("SEC").

2. BMG is a wholly owned subsidiary of XCEL Energy Inc. as described in Decision No. 62341 dated March 6, 2000. BMG provides natural gas and propane service in Arizona, and is subject to the jurisdiction of the Arizona Corporation

1 Commission.

2 3. In response to tremendous growth and increased
3 demand in BMG's service area, BMG requires capital for
4 improvement to its existing plant and for the construction of
5 new plant. A detailed list of BMG's projected capital
6 expenditures is provided in Exhibit A.

7 4. In order to obtain the necessary capital, BMG
8 desires to enter into a financing agreement with Xcel to
9 provide funding on the following terms: (a) in an amount not
10 to exceed \$6,000,000; (b) for a term not to exceed 20 years
11 with no penalty for prepayment; and (c) at an interest rate
12 equal to the daily weighted average interest rate payable by
13 Xcel on its notes and commercial paper. An inter-company
14 loan analysis is attached as Exhibit G. In addition, under the
15 terms of the financing agreement, Xcel has agreed to provide
16 BMG with guarantees, letters of credit, expense agreements
17 and/or other forms of credit support. Copies of the financing
18 agreement and the proposed schedule of loans and payments of
19 principal and interest are attached as Exhibit B. BMG seeks
20 Commission approval for the financing agreement.

21 5. BMG's Board of Directors has authorized the Company
22 to enter into this financing agreement with Xcel. A copy of
23 the Board of Directors' Resolution, enacted December 27, 2000,
24 is attached as Exhibit C.

25 6. Due to an immediate need for revenues, an inter-
26 company loan from Xcel to BMG was executed on January 19, 2001
27 in the amount of \$3,518,913.36. BMG now seeks Commission
28 approval of this loan. This money will be used to fund the

1 capital projects set forth in Exhibit A. The remainder of the
2 funds was used to pay off a previous line of credit with Bank
3 One. The money borrowed from Bank One was used to finance
4 capital projects for the year 2000. A list of 2000 plant
5 additions is attached as Exhibit H.

6 7. Attached as Exhibits D-F are copies of BMG's
7 financial statements in support of this application. These
8 schedules consist of the following:

9 (a) Balance Sheet as of December 31, 2000 (Exhibit
10 D);

11 (b) Income statement for year ended December 31,
12 2000 (Exhibit E);

13 (c) Cash Flow Statement for year ended December 31,
14 2000 (Exhibit F).

15 8. Requests for information concerning this application
16 should be directed to:

17 Fennemore Craig
18 Attn: Timothy Berg
19 3003 N. Central Avenue
20 Suite 2600
Phoenix, AZ 85012
(602) 916-5000

21 Black Mountain Gas Company
22 Attn: John Reiber
6021 East Cave Creek Road
Cave Creek, AZ 85327
23 (480) 488-3402

24 Xcel Energy, Inc.
25 Attn: Scott Wilensky
800 Nicollet Mall
Suite 2900
26 Minneapolis, MN 55402
(612) 215-4590

27

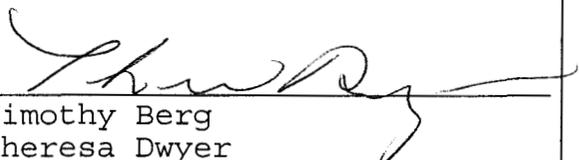
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1 9. BMG has already published notice of its original
2 application filed in this docket on March 8, 2001. Publication
3 occurred on April 4, 2001 in the Sonoran News, which is the
4 newspaper of general circulation in the Company's service
5 territory. BMG filed a copy of the notice and proof of
6 publication with the Commission on May 3, 2001.

7 WHEREFORE, BMG respectfully requests that the Commission
8 issue an order granting BMG authority to enter into this
9 financing agreement on the terms and conditions set forth above
10 and approving the inter-company financing agreement in the
11 amount of \$6,000,000.00.

12 DATED this 23rd day of August, 2001.

13 FENNEMORE CRAIG

14
15 By 

16 Timothy Berg
17 Theresa Dwyer
18 3003 N. Central Avenue
19 Suite 2600
20 Phoenix, AZ 85012
21 (602) 916-5000

22 Scott Wilensky
23 Assistant General Counsel
24 Xcel Energy, Inc.
25 800 Nicollet Mall-Suite 2900
26 Minneapolis MN 55402
27 (612) 215-4590
28 Attorneys for Black Mountain
Gas Company

24 ORIGINAL and 10 copies of the
25 foregoing filed this 23rd day of
26 August, 2001, with:

26 Docket Control
27 ARIZONA CORPORATION COMMISSION
28 1200 W. Washington Street
Phoenix, AZ 85007

1 COPY of the foregoing hand-delivered
2 this 23rd day of August, 2001, to:

3 Lyn Farmer, Chief Hearing Officer
4 Hearing Division
5 ARIZONA CORPORATION COMMISSION
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 Steve Olea, Acting Director
9 Utilities Division
10 ARIZONA CORPORATION COMMISSION
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

13 Christopher Kempsey, Chief Legal Counsel
14 Janice Alward
15 Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Linda A. Jaress
20 Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 
25 _____

26 1217484/70232.001

27
28

A

BMG
Projected Capital Expenditures
Cave Creek
2001

	Feet / Unit		Price per Unit / Foot	Total Cost
Meters & services (AFE 1 & 4)				
BMG Services	925 u	\$	509	\$ 470,918
Replacement projects			9	-
Boulders 4"	6,864 '		11	72,158
Boulders 2"	9,963 '		22	215,202
Boulders Service Replacement	100		309	30,910
Subdivisions & other projects				
Desert Mountain - Cochise 4"	2,250 '		13	29,768
Desert Mountain - Cochise 2"	3,750 '		12	43,725
Desert Mountain - Coshise Service	500 u		12	5,975
Desert Mountain - Saquaro Forest 6 6"	3,000 '		16	47,430
Desert Mountain - Saquaro Forest 6 2"	4,500 '		12	52,470
Desert Mountain - Saquaro Forest 6 Services	750 u		12	8,963
Desert Mountain - Saquaro Forest 8 6"	1,500 '		16	23,715
Desert Mountain - Saquaro Forest 8 2"	1,125 '		13	14,138
Desert Mountain - Saquaro Forest 8 Services	265 u		12	3,167
Desert Mountain - Saquaro Forest 7 4"	1,875 '		13	24,807
Desert Mountain - Saquaro Forest 7 2"	750 '		12	8,745
Desert Mountain - Saquaro Forest 7 Services	265 u		12	3,167
Desert Mountain - Saquaro Forest 9 4"	1,500 '		13	19,845
Desert Mountain - Saquaro Forest 9 2"	1,500 '		12	17,490
Desert Mountain - Saquaro Forest 9 Services	300 u		12	3,585
Desert Mountain - Saquaro Forest Pkwy 6"	1,875 '		16	29,644
Desert Mountain - Saquaro Forest 10 6"	3,750 '		16	59,288
Desert Mountain - Saquaro Forest 10 2"	3,000 '		12	34,980
Desert Mountain - Saquaro Forest 10 Services	675 u		12	8,066
Desert Mountain - Saquaro Forest 4 4"	2,250 '		13	29,768
Desert Mountain - Saquaro Forest 4 2"	1,500 '		12	17,490
Desert Mountain - Saquaro Forest 4 Services	375 u		12	4,482
Desert Mountain - Saquaro Forest 5 4"	2,250 '		13	29,768
Desert Mountain - Saquaro Forest 5 2"	1,500 '		12	17,490
Desert Mountain - Saquaro Forest 5 Services	375 u		12	4,482
Vista Valle 4"	2,650 '		14	37,763
Vista Valle Services	300 u		12	3,730
Vista Valle Bores	5 u		1,009	5,046
Stonehaven 1 4"	2,500 '		21	52,750
Stonehaven 2 4"	2,135 '		22	46,429
Richmond American 4"	1,380 '		14	19,665
Richmond American 2"	3,150 '		13	40,005
Richmond American Service	900 u		12	10,755
Maracay 4"	1,730 '		14	24,653
Maracay 2"	3,810 '		13	48,387
Maracay Services	850 u		12	10,158
Deer Valley CNG 6"	4,250 '		21	89,675
Deer Valley CNG Meter	1 u		3,009	3,009
Deer Valley CNG Service	1 u		1,009	1,009
Knoll's 2"	705 '		18	12,416

Knoll's Services	10	u	109	1,091
Tramonto Backbone 6"	7,980	'	21	168,378
Tramonto Backbone 4"	9,720	'	19	180,792
Tramonto Village E5 2"	3,040	'	18	54,416
Tramonto Village E5 Services	10	u	209	2,091
Tramonto Village E16 2" & 4"	2,580	'	19	48,310
Tramonto Village E16 Services	10	u	209	2,091
Tramonto Village W17 2" & 4"	4,320	'	19	83,092
Tramonto Village W17 Services	11	u	209	2,300
Tramonto Village E9 2"	1,980	'	18	35,442
Tramonto Village E9 Services	7	u	223	1,564
Tramonto Village E11 2" & 4"	2,400	'	19	44,940
Tramonto Village E11 Services	10	u	209	2,091
Tramonto Village E7 2" & 4"	2,520	'	19	47,187
Tramonto Village E7 Services	10	u	209	2,091
Tramonto Village E10 2"	1,080	'	18	19,332
Tramonto Village E10 Services	5	u	209	1,046
Tramonto Village W19 2" & 4"	2,520	'	19	47,187
Tramonto Village W19 Services	9	u	209	1,882
Tramonto Village W20 2" & 4"	3,425	'	18	61,168
Tramonto Village W20 Services	10	u	209	2,091
Estada El Questionarro	2,350	'	18	41,385
Monterey Homes 6"	2,640	'	18	47,144
	<u>130,246</u>		<u>8,638</u>	<u>2,634,191</u>

B

INTERCOMPANY NOTE

\$6,000,000

January 19, 2001

Black Mountain Gas, a Minnesota corporation, and wholly owned subsidiary of Xcel Energy Inc., a Minnesota corporation ("XCEL"), promises to pay to the order of XCEL Energy Inc. the lesser of the principal amount of \$6,000,000 or the aggregate unpaid principal amount of all loans made by XCEL, to BMG, from the date hereof to January 19, 2021, in the aggregate principal amount not to exceed \$6,000,000, at any time outstanding. The interest is to be paid monthly on the average outstanding balance for the prior month at the rate equal to the daily weighted average interest rate payable by XCEL on its notes payable to banks and/or commercial paper plus XCEL's current Facility Fee. BMG shall pay the principal of and accrued and unpaid interest on the outstanding loans in full on January 19, 2021, unless the Note is otherwise extended. Outstanding loans may also be prepaid in part or in full at any time without penalty.

XCEL, shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each loan made by XCEL, to BMG, and the date and amount of each principal payment hereunder.

Xcel Energy Inc.

By: _____

Name: James McIntyre

Title: Vice President and Chief Financial Officer

Black Mountain Gas Company

By: _____

Name: John Reiber

Title: President

PROPOSED SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL & INTEREST

Loans from Xcel Energy Inc. to Black Mountain Gas Company

DATED _____

Date	Principal Amount of Loan	Amount of Principal Payment	Estimated Interest Payments	Unpaid Principal Balance	Endorsement Made By
1/19/01	\$ 3,518,913			\$ 3,518,913	
9/30/01	1,000,000			4,518,913	
12/31/01		210,946	200,946	4,307,967	
6/30/02	1,481,087			5,789,054	
12/31/02		304,687	252,426	5,484,367	
3/31/03				5,484,367	
12/31/03		304,687	274,218	5,179,680	
12/31/04		304,687	284,882	4,874,993	
12/31/05		304,687	268,125	4,570,306	
12/31/06		304,687	251,367	4,265,619	
12/31/07		304,687	234,609	3,960,932	
12/31/08		304,687	234,609	3,656,245	
12/31/09		304,687	201,093	3,351,558	
12/31/10		304,687	184,336	3,046,870	
12/31/11		304,687	167,578	2,742,183	
12/31/12		304,687	150,820	2,437,496	
12/31/13		304,687	134,062	2,132,809	
12/31/14		304,687	117,305	1,828,122	
12/31/15		304,687	100,547	1,523,435	
12/31/16		304,687	83,789	1,218,748	
12/31/17		304,687	67,031	914,061	
12/31/18		304,687	50,273	609,374	
12/31/19		304,687	33,516	304,687	
12/31/20		304,687	16,758	(0)	
	\$ 6,000,000	6,000,000			

Note: This is a planned schedule of payments. The schedule could change due to the variability of the interest rate and the ability for early payments without penalty. Further, the principal and interest payments are represented annually. Re-payments may be made quarterly or monthly depending on cash flows.

C

**WRITTEN CONSENT RESOLUTION
OF THE BOARD OF DIRECTORS OF
BLACK MOUNTAIN GAS COMPANY**

The undersigned, being all of the members of the Board of Directors of Black Mountain Gas Company, a Minnesota corporation (the "Company"), do hereby adopt, pursuant to the provisions of Section 302A.239 and 302A.011, Subd. 36, of the Minnesota Business Corporation Act and the Bylaws of the Company, the following resolutions, effective as of December 27, 2000:

Intra-System Financings and Guaranties

WHEREAS, the Company desires to finance certain subsidiaries and affiliates, and, singularly or with certain of its subsidiaries, to enter into guaranties, obtain letters of credit, enter into expense agreements or otherwise provide credit support with respect to obligations of its subsidiaries and affiliates as may be appropriate to enable such subsidiaries to carry on in the ordinary course of their respective businesses (collectively, "Intra-System Financings and Guaranties"); and

WHEREAS, it is proposed that Intra-System Financings and Guaranties include (i) loans by the Company to any of its subsidiaries and affiliates for the benefit of such subsidiaries and affiliates having maturities not to exceed forty years (the "Loans"); and (ii) guaranties, letters of credit, expense agreements or other credit support to the obligations of its subsidiaries and affiliates (the "Other Credit Support").

RESOLVED, that this Board determines that it is in the best interest of the Company and its shareholders to authorize and the Board does hereby authorize Intra-System Financings and Guaranties, including Loans and Other Credit Support, in an aggregate principal amount not to exceed \$6 million outstanding at any one time or such lesser amount as may be authorized by the appropriate regulatory authorities.

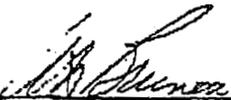
RESOLVED FURTHER, subject to compliance with all required regulatory approvals and the aforementioned limitations, the proper officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to execute and deliver any agreements, instruments, reports, schedules, statements, consents, documents and information necessary to effect the Intra-System Financings and Guaranties, including Loans and Other Credit Support, the execution thereof by any such proper officers conclusively to evidence the due authorization and approval of such agreements, instruments, reports, schedules, statements, consents, documents and information by this Board.

RESOLVED FURTHER, that the proper officers of the Company be, and each of them hereby is, authorized and directed, on behalf of and in the name of the Company, to prepare, sign and file, or cause to be filed, all applications, requests for approval, consents, interpretations or other determinations, notices and other information and documents, and any modifications or supplements thereto, as may be necessary or convenient in order to carry out the foregoing resolutions, the transactions contemplated thereby and the transactions relating thereto, together with all agreements and other information and documents required or appropriate, and any publications required, in connection therewith.

RESOLVED FURTHER, that the proper officers of the Company are authorized, directed and empowered to do any and all other acts and things necessary or in their judgment advisable in order to carry out the foregoing resolutions, including (but not limited to) the negotiation, execution, delivery and filing of any and all agreements, written instruments, notes or other obligations of the Company which shall be necessary or desirable in order to carry out and fulfill the spirit and intent of the foregoing resolutions and consummate the transactions contemplated thereby:

RESOLVED FURTHER, that all action heretofore taken by any of the officers, representatives or agents of the Company or any of its affiliates in connection with the Intra-System Financings and Guaranties and any other transactions referred to in the foregoing resolutions be, and each of the same hereby is, ratified, confirmed and approved in all respects as the act and deed of the Company.

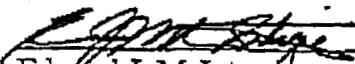
The undersigned consent and agree to the foregoing action for the adoption of said resolutions with the same force and effect as though said resolutions had been adopted by the unanimous action of all members at a regular meeting of the Board, duly called, held and convened according to law and the Bylaws of the Company.



Wayne H. Brunetti



Richard C. Kelly



Edward J. McIntyre

D

LONG-TERM BONDS	3,000,000
DEFERRED TAX & OTHER LIABILITIES	1,476,782
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	478,196
ACCRUED EXPENSES	376,031
SHORT TERM LOAN	0
LINE OF CREDIT	1,806,094
ACCRUED VACATION	102,987
CUSTOMER DEPOSITS	216,117
INCOME TAXES	(84,887)
OTHER TAXES	284,291
MISC. CURRENT LIABILITIES	1,170,548
TOTAL CURRENT LIABILITIES	4,349,377
TOTAL LIABILITIES	8,826,159
TOTAL LIABILITIES & OWNERS' EQUITY	20,096,055

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BLACK MOUNTAIN GAS COMPANY
TOTAL DIVISION
31-Dec-00

ASSETS

UTILITY PLANT

GAS PLANT	21,515,676
ACCUM. DEPR. UTILITY	5,344,273

NET PLANT IN SERVICE	16,171,403
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WORK IN PROGRESS	445,980
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TOTAL PLANT IN SERVICE	16,617,383
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OTHER PROP & INVESTMENTS

NON UTILITY PLANT	920,942
ACCUM. DEPR. OTHER PROP	509,009

NET NON UTILITY PLANT	411,933
------------------------------	----------------

BOND SINKING FUND	10
UNAMORTIZED DEBT COST	57,429
DEFERRED GAS COST	506,033

TOTAL OTHER PROPERTY	975,405
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CURRENT ASSETS

CASH	251,150
SHORT TERM INVESTMENTS	8,032
ACCOUNTS RECEIVABLE (NET)	1,476,776
INVENTORIES	622,490
OTHER CURRENT ASSETS	144,819

TOTAL CURRENT ASSETS	2,503,267
-----------------------------	------------------

TOTAL ASSETS	20,096,055
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OWNERS' EQUITY

COMMON STOCK	3,634,193
TREASURY STOCK	(1,746)
RETAINED EARNINGS	6,326,123
CURRENT YEAR INCOME	1,311,326

TOTAL OWNERS' EQUITY	11,269,896
-----------------------------	-------------------

E

BLACK MOUNTAIN GAS COMPANY
TOTAL DIVISION
Year Ended December 31, 2000

REGULATED GAS SALES	6,507,800
REGULATED SERVICE	55,506
MERCHANDISE SALES	375,223
NON REGULATED GAS	775,420
NON UTILITY SALES	48,711
TOTAL SALES	7,762,660
REGULATED GAS COSTS	2,125,679
SERVICE CALL COSTS	910
MERCHANDISE COSTS	106,803
NON REGULATED GAS COSTS	488,635
OTHER COSTS OF SALES	3,567
TOTAL COST OF SALES	2,725,594
TOTAL GROSS MARGIN	5,037,066
DISTRIBUTION EXP	74,339
MAINTENANCE EXP	363,158
MAINTENANCE OTHER EQUIP	57,352
CUSTOMER ACCTG.	163,935
SALES EXPENSE	180,792
PAYROLL & PAYROLL TAXES	
PAYROLL (GROSS)	1,486,380
PAYROLL TAXES	103,206
TOTAL PAYROLL	1,589,586
PAYROLL COST CAPITALIZED	(460,159)
PAYROLL COST ALLOCATED	(591,573)
PAYROLL (NET)	537,854
OFFICE SUPPLIES	40,297
SMALL TOOLS	24,671
PROFESSIONAL SERVICES	175,748
INSURANCE	33,289
BENEFITS	146,990
INCENTIVE BONUS	109,137
RENT	119,106
TELEPHONE	63,966
UTILITIES	15,709
VEHICLES	34,945
TRAVEL & ENTERTAINMENT	9,225
TAXES & LICENSES	267,595
POSTAGE	35,801

DONATIONS	12,330
INTEREST	269,629
MISCELLANEOUS	20,845
RATE CASE	46,872
DEPRECIATION	751,400
AMORTIZATION	
CORPORATE O/H	110,191
TOTAL EXPENSES	3,665,176
OPERATING INCOME	1,371,890
INTEREST INCOME	181,364
PRE-TAX INCOME	1,553,254
INCOME TAX EXPENSE	241,887
NET INCOME AFTER TAX	1,311,367

Doc.#1156757

F

BLACK MOUNTAIN GAS COMPANY
TOTAL DIVISION
Test Year Ended December 31, 2000

<u>DESCRIPTION</u>	<u>12/31/00</u>
Cash Flows From Operating Activities:	
Net Income	\$ 1,311,326
Non-Cash Adjustments	
Depreciation	751,400
AFUDC	(248,376)
Deferred Income Taxes	272,381
Amortization of Debt Costs	13,004
Total Non-Cash Adjustments	<u>788,409</u>
Change in Current Assets	202,285
Change in Current Liabilities	441,318
Change in Post-Merger Liability	(254,104)
Change in Rate Refund Provision	(696,150)
Change in Deferred Gas Cost	(173,102)
Cash Expenditures - Utility Plant	(3,585,937)
Financing Activities:	
Proceeds From Bank One Line of Credit	1,806,094
Proceeds From Long Term Debt	-
Payment of Bond Issue Costs	-
Stock Revaluation	-
Redemption of Fractional Shares	-
Treasury Stock	-
Sinking Fund Payment	-
Total Financing Activities	<u>1,806,094</u>
Increase (Decrease) in Cash & Cash Equivalents	(159,861)
Cash & Cash Equivalents - Beginning of Year	419,043
Cash & Cash Equivalents - End of Year	<u>\$ 259,182</u>

Doc.#1156767

G

BLACK MOUNTAIN GAS
Intercompany Loan Analysis

<i>Month</i>	<i>Bank Prime</i>	<i>IC Loan Rate</i>	<i>Difference</i>	<i>BMG IC Loan</i>	<i>Est. Savings</i>	<i>Cummulative</i>
Jan-2000	8.50%	5.96%	-2.54%			
Feb-2000	8.73%	6.05%	-2.68%			
Mar-2000	8.83%	6.13%	-2.70%			
Apr-2000	9.00%	6.27%	-2.73%			
May-2000	9.24%	6.60%	-2.64%			
Jun-2000	9.50%	6.88%	-2.62%			
Jul-2000	9.50%	6.90%	-2.60%			
Aug-2000	9.50%	6.86%	-2.64%			
Sep-2000	9.50%	6.79%	-2.71%			
Oct-2000	9.50%	6.76%	-2.74%			
Nov-2000	9.50%	6.83%	-2.67%			
Dec-2000	9.50%	6.96%	-2.54%			
Jan-2001	9.05%	6.63%	-2.42%	\$3,518,913.36	-\$2,797.16	-\$2,797.16
Feb-2001	8.50%	6.12%	-2.38%	\$3,518,913.36	-\$6,965.10	-\$9,762.26
Mar-2001	8.32%	5.71%	-2.61%	\$3,518,913.36	-\$7,660.38	-\$17,422.64
Apr-2001	7.80%	5.36%	-2.44%	\$3,518,913.36	-\$7,156.59	-\$24,579.23
May-2001	7.24%	4.62%	-2.62%	\$3,518,913.36	-\$7,693.52	-\$32,272.75
Jun-2001	6.98%	4.27%	-2.71%	\$3,518,913.36	-\$7,958.02	-\$40,230.77

-2.61% <= Avg. Difference 1/2000 - 6/2001

KEY

- Bank Prime Rate - Federal Reserve Statistical Release H.15
- IC Loan Rate - Actual InterCompany Loan Rate
- Difference - IC Loan Rate less Bank Prime
- BMG IC Loan - Borrowing beginning 1/19/01
- Est. Savings - Based on average monthly BMG IC Loan time Difference
- Cummulative Savings - Sum of Est. Monthly Savings

C:\WINDOWS\TEMP\[BMG IC Loan.xls]Sheet2

John Lentz
Sr. Cash Mngt Analyst
8/2/01

H

**Black Mountain Gas
Plant Additions
December 31, 2000
Cave Creek**

	Dec-99	Additions	Retirements	Dec-00
03010	Intangible Plant - Organization	628,561.87	1,228.99	629,790.86
03013	AFUDC - Debt	21,931.89	20,553.00	42,484.89
03016	AFUDC - Equity	554,217.40	119,114.00	673,331.40
03020	Franchises and Consents	286,862.81	873.50	287,736.31
03030	Misc. Intangible Plant	5,833.18	-	5,833.18
03600	Storage Plant - Land	4,134.65	-	4,134.65
03740	Dist. Land & Rights	1,767.50	-	1,767.50
03760	Distribution Mains	8,660,801.38	2,118,818.30	11,197,190.68
03780	Dist. Measuring & Reg.	189,902.99	-	189,902.99
03800	Distribution Services	2,254,728.97	-	2,254,728.97
03810	Distribution Meters	808,719.52	417,571.00	808,719.52
03820	Dist. Meter Installations	363,127.90	-	363,127.90
03830	Dist. House Regulators	19,154.32	-	19,154.32
03840	House Regulator Install	55,837.48	-	55,837.48
03850	Indus. Meas. & Regulator	971.23	-	971.23
03860	Dist. Prop On Cust Prem.	245.00	-	245.00
03870	Dist. Other Equipment	3,873.51	-	3,873.51
03880	Interest Capitalized	1,985.53	-	1,985.53
03890	General Land and Rights	502,044.00	-	502,044.00
03900	General Structure and Improvement	217,546.82	415,798.02	633,344.84
03910	Office Furniture & Equipment	578,893.31	267,552.54	846,445.85
03920	Transportation Equipment	314,029.58	26,231.03	340,260.61
03940	Tools, Shop & Garage Equip.	128,483.42	11,641.99	140,125.41
03960	Power Operated Equip.	23,116.42	-	23,116.42
03970	Communication Equip.	40,578.02	9,104.70	49,682.72
03980	Misc. Equipment	10,026.20	-	10,026.20
03990	Other Tangible Property	68,060.26	-	68,060.26
	Utility Plant	15,745,435.16	3,408,487.07	19,153,922.23