

ORIGINAL

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Our File Number 40947-00001

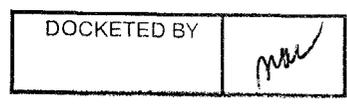
August 31, 2001

Arizona Corporation Commission
DOCKETED

Via Hand-Delivery

AUG 31 2001

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007



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AZ CORP COMMISSION
DOCKET CONTROL

Re: Second Amendment to Application
ICR Water Users Association, Inc.
Docket No. W-02824A-01-0450

Docket Control:

On July 26, 2001, ICR Water Users Association, Inc. ("ICR") filed its First Amendment to Application revising its projected operating expenses. Recently, ICR discovered an error in those calculations. Attached as Exhibit 1 are revised Projected Statement of Income and revised Projection of Cash Flow for the first five years. Based on these projections, the projected operating expenses for the first five years should be as follows:

Year One	\$73,772
Year Two	\$127,991
Year Three	\$195,983
Year Four	\$264,777
Year Five	\$333,913

ICR respectfully requests that the Commission amend ICR's pending Application to include these revised estimates.

Very truly yours,

Michael T. Hallam

MTH/jw

cc: Swayze McCraine
Karen Errant
Teena Wolfe (via hand-delivery)
Jim Fisher (via hand-delivery)
Marc Stern (via hand-delivery)
Tom Campbell

ICR Water Users Association
Projected Statements of Income
For the Year Ended:

(Includes Revision for Purchased Water, and 15% Payback on Advances)

Exhibit
 Schedule 2
 Page 1
 Witness: Kozoman

Line No.	Description	Expense per Customer or per M Gallon					
		Year Ended 2000	Year 1	Year 2	Year 3	Year 4	Year 5
1	Total estimated Revenues	30,304	43,469	93,498	156,198	218,899	281,599
2	Variable Expenses						
3	Purchased Water / Per M Gallon (1)	1,772	1,858	3,355	5,590	7,978	10,526
4	Pumping Power: / Per M Gallons	6,983	14,026	24,470	39,391	54,312	69,233
5	Repairs & Maint. / Per Customer	3,786	5,199	10,143	17,207	24,270	31,333
6	Insurance / Per Customer	845	1,160	2,264	3,840	5,417	6,993
7							
8							
9	Water Testing / Per Customer (a)	398	585	1,210	1,835	2,460	3,085
10							
11							
12	Total Variable Expense	13,784	22,828	41,443	67,864	94,437	121,170
13	Other Expenses						
14	Depreciation from Schedule 1a	26,641	39,934	65,201	91,742	118,283	144,824
15	Outside Services / Per Customer	6,181	8,487	16,560	28,091	39,623	51,155
16							
17							
18	Office Supplies / Per Customer	813	1,116	2,178	3,695	5,212	6,728
19							
20							
21	Taxes other than Income	59	59	59	59	59	59
22	Miscellaneous Exp. / Per Customer	60	82	161	273	385	497
23	Property Taxes Per Sch. 2b	6,096	1,214	2,341	4,210	6,729	9,430
24	Income Tax	50	50	50	50	50	50
25	Total Other Expense	39,900	50,944	86,549	128,119	170,340	212,743
26							
27							
28	Total Operating Expenses	53,684	73,772	127,991	195,983	264,777	333,913
29							
30	Operating income (loss)	(23,380)	(30,303)	(34,494)	(39,785)	(45,878)	(52,314)
31	Interest Income (Expense)	(1,409)	210	954	2,137	3,507	5,147
32	Net Income	(24,789)	(30,093)	(33,540)	(37,647)	(42,371)	(47,166)
33	(1) Purchased Water at \$0.15/1,000 gallons, with estimated inflation factor of 3.50% per year hereafter.						
34	(a) Per WUAA New Estimate for ADEQ Testing						

ICR Water Users Association
 Projection of Cash Flow
 The Five Years Ended
 (Includes Revision for Purchased Water, and 15% Payback on Advances)

Exhibit
 Schedule 3
 Page 1

Line No.		Year 1	Year 2	Year 3	Year 4	Year 5
1	Cash from Operations					
2	Beginning Cash Balance	975	11,011	43,485	78,654	121,740
3						
4	Income from Operations	(30,303)	(34,494)	(39,785)	(45,878)	(52,314)
5	Add Depreciation expense	39,934	65,201	91,742	118,283	144,824
6						
7	Total cash From Operations	10,606	41,718	95,442	151,059	214,251
8						
9	Cash from Financing					
10	Security Deposits	\$ 4,460	\$ 11,150	\$ 11,150	\$ 11,150	\$ 11,150
11	Long-Term Debt					
12	Advances in Aid of Construction	947,159	1,030,398	1,030,398	1,030,398	1,030,398
13	Contribution in Aid of Construction					
14	Customer Meter Deposits	12,500	31,250	31,250	31,250	31,250
15						
16	Total cash from Financing	964,119	1,072,799	1,072,799	1,072,799	1,072,799
17						
18	Total Cash Sources	974,726	1,114,517	1,168,240	1,223,857	1,287,049
19						
20	Uses of Cash:					
21	Long-term debt Repayment					
22	Advances in Aid, Repayments at 15%					
23	Meter Deposit Refunds	1,605	2,069	8,933	18,338	27,743
24	Security Deposit Repayments	2,450	2,855	7,855	10,980	14,105
25	Capital Improvements - Plant	959,659	4,460	11,150	11,150	11,150
26	Total Cash Uses	963,714	1,061,648	1,061,648	1,061,648	1,061,648
27						
28	Ending Cash Balance	11,011	43,485	78,654	121,740	172,402
29						
30	Ending Cash Balance	11,011	43,485	78,654	121,740	172,402
31	Interest Income: Assuming Earning Equal to Interest Income on Average Cash Balance of:					
32	Average Cash Balance	5,993	27,248	61,069	100,197	147,071
33	Estimated Interest Earned	210	954	2,137	3,507	5,147
34						