

ORIGINAL NEW APPLICATION



0000067482

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

MAR 06 2007

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COMMISSIONERS

MIKE GLEASON, Chairman
JEFF HATCH-MILLER
WILLIAM A. MUNDELL
KRISTIN K. MAYES
GARY PIERCE

IN THE MATTER OF THE APPLICATION OF ICR WATER USERS ASSOCIATION, INC. FOR AUTHORIZATION TO ASSUME NEW DEBT.

DOCKET NO. W-02824A-07-0139

FINANCING APPLICATION

I. INTRODUCTION.

As more fully set forth below, ICR Water Users Association, Inc. ("ICR-WUA" or the "Company") submits this application ("Application") in accordance with A.R.S. §§ 40-285 and 40-301 et seq., requesting an Order from the Arizona Corporation Commission ("Commission") that:

- (1) Authorizes ICR-WUA to assume new debt in the form of a line of credit in the total amount of \$100,000 from The Stockmen's Bank1 (the "Line of Credit") according to the terms of the Line of Credit described in Section V of this Application;
(2) Authorizes ICR-WUA to use the proceeds of the Line of Credit for the purposes described in Section IV of this Application;
(3) Finds that the Line of Credit is reasonably necessary and appropriate for the purposes described in Section IV of this Application; and
(4) Authorizes ICR-WUA to pledge, mortgage, lien and/or encumber its real property and utility plant and assets as security for the Line of Credit as required by The Stockmen's Bank.

1 On February 20, 2007, Stockmen's Bank merged with National Bank of Arizona, a wholly owned subsidiary of Zions Bancorporation. The Line of Credit may reflect the name change to National Bank of Arizona.

1 ICR-WUA further requests that the Commission expedite its review and approval
2 of this Application, and that the Application be approved without a hearing.

3 II. DESCRIPTION OF THE COMPANY.

4 ICR-WUA is a public service corporation organized under the laws of Arizona
5 and engaged in providing water service in portions of Yavapai County, Arizona,
6 pursuant to various certificates of convenience and necessity granted by the
7 Commission. ICR-WUA presently provides water service to approximately 375
8 customers. The Company's principal business office is located at 246 N. Highway 89,
9 Suite A, Chino Valley, AZ 86323.

10 III. DESCRIPTION OF THE LENDER.

11 The Stockmen's Bank is an Arizona corporation and the largest state chartered
12 bank in Arizona. Backed by more than \$1 Billion in assets, The Stockmen's Bank
13 operates in over 43 offices throughout Arizona and California.

14 IV. PURPOSE OF BORROWING THE LOAN.

15 Pursuant to Decision No. 64360, ICR-WUA is required to file a rate case by July
16 15, 2007. Because the Company's water infrastructure is aging, the Company has a
17 current need to make capital improvements and repairs and anticipates making such
18 improvements prior to new rates going into effect. Within the next twelve months, the
19 Company anticipates the need to purchase a backup emergency generator in the amount
20 of \$40,000 as well as construct security fencing around one of its wells at the cost of
21 approximately \$10,000. The balance of the Line of credit amount will be available for
22 other unanticipated major capital repairs. In anticipation of making major capital
23 expenditures, the Company plans to secure a line of credit in the amount of \$100,000 to
24 ensure that the Company has adequate cash reserves to pay for such capital expenditures
25 without impeding its cash flow necessary for its normal operations. The Company
26 anticipates utilizing the Line of Credit, which will remain in place for one year, for
27 capital expenditures, if needed and will only drawdown on the Line of Credit if the
28 Company does not have enough cash on hand at the time these expenses are due. By

1 approving the Line of Credit, the Commission can be assured that the Company will
2 continue providing service and meeting its obligations associated with that service until
3 the Commission issues a decision on the Company's rate application.

4 V. TERMS OF THE LOAN.

5 The Line of Credit is for \$100,000 with interest at 0.5% over the Wall Street
6 Journal Prime Rate. Date of maturity is one year from the execution date. Finance
7 charges and fees reduce the available Line of Credit by a minimal amount. The
8 Company secures the Line of Credit with its assets, both real property and equipment.
9 The Company also has agreed to provide insurance to cover the full value of the
10 Company's real property and equipment. Subsequent to this filing, the Company will
11 provide a copy of the Line of Credit to the Commission Staff for review.

12 VI. ICR-WUA'S FINANCES.

13 Exhibit 1 is a copy of the Company's Comparative Balance Sheet, Income
14 Statement, and Statement of Cash Flows (unaudited) for twelve months ending
15 December 31, 2006. In reviewing Exhibits 1, the Company recognizes the need to file
16 for rate relief and will do so before July 15, 2007. In the interim, the Company needs to
17 the Line of Credit to meet its obligations to pay for capital projects until the Commission
18 issues a decision on the Company's rate application.

19 ICR-WUA affirmatively states that this financing is (a) within the corporate
20 powers of the Company; (b) compatible with the public interest; (c) compatible with
21 sound financial practices; and (d) compatible with the proper performance by the
22 Company, as a public service corporation, and will not impair its ability to perform that
23 service.

24 VII. PUBLICATION OF NOTICE.

25 ICR-WUA will publish notice of the Application as the Commission may
26 require pursuant to A.R.S. § 40-302(A).

27
28

1 VIII. NOTICE TO THE COMPANY.

2 All communications and correspondence regarding this Application, as well as
3 communications and pleadings filed by any other parties, should be served on the
4 following:

5 Robert M. Busch
6 ICR Water Users Association, Inc.
7 P.O. Box 5669
8 Chino Valley, Arizona 86323
9 Phone: (928) 583-0741
10 Fax: (928) 636-9771
11 Email: rmbusch@cableone.net

12 Robert Metli, Esq.
13 Marcie Montgomery, Esq.
14 Snell & Wilmer L.L.P.
15 One Arizona Center
16 Phoenix, Arizona 85004-2202
17 Phone: (602) 382-6000
18 Fax: (602) 382-6070
19 Email: rmetli@swlaw.com
20 mamontgomery@swlaw.com

21 IX. CONCLUSION.

22 WHEREFORE, ICR-WUA respectfully requests that the Commission issue its
23 Order in accordance with A.R.S. §§ 40-285 and 40-301 *et seq.* as follows:

24 (1) Authorizing ICR-WUA to assume new debt in the total amount of
25 \$100,000 from The Stockmen's Bank according to the terms of the Line of Credit
26 described in this Application;

27 (2) Authorizing ICR-WUA to use the proceeds of the Line of Credit for the
28 purposes described in this Application;

(3) Finding that the Line of Credit is reasonably necessary and appropriate for
the purposes described in this Application; and

(4) Authorizing ICR-WUA to pledge, mortgage, lien and/or encumber its real
property and utility plant and assets as security for the Line of Credit as required by The
Stockmen's Bank.

1 ICR-WUA further requests that the Commission expedite its review and approval
2 of this Application, and that the Application be approved without hearing.

3 RESPECTFULLY SUBMITTED this 6th day of March, 2007.

4 SNELL & WILMER L.L.P.

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8 Robert Metli
9 Marcie Montgomery
10 One Arizona Center
11 400 East Van Buren
12 Phoenix, Arizona 85004-2202
13 Attorneys for ICR Water Users Association, Inc.

12 ORIGINAL and 13 copies of the foregoing
13 filed this 6th day of March, 2007, with:

14 Docket Control
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, AZ 85007

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Snell & Wilmer

LLP
LAW OFFICES
One Arizona Center, 400 E. Van Buren
Phoenix, Arizona 85004-2202
(602) 382-6000

EXHIBIT 1

ICR Water Users Association
 Years Ended December 31
 Comparative Balance Sheets
 Unaudited

Exhibit 1
 Page 1 of 3

Line No.		Year Ended <u>12/31/2006</u>	Year Ended <u>12/31/2005</u>
1	<u>ASSETS</u>		
2	Plant In Service	\$ 5,331,978	\$ 5,302,911
3			
4	Non-Utility Plant	-	-
5	Construction Work in Progress	1,200	-
6	Less: Accumulated Depreciation	(601,004)	(465,033)
7	Net Plant	<u>\$ 4,732,174</u>	<u>\$ 4,837,878</u>
8			
9	Debt Reserve Fund	\$ -	\$ -
10			
11		<u>\$ -</u>	<u>\$ -</u>
12			
13	CURRENT ASSETS		
14	Cash and Equivalents	\$ 129,437	\$ 82,819
15	Restricted Cash	-	-
16	Accounts Receivable, Net	12,372	10,074
17	Unbilled Revenues	-	-
18	Materials and Supplies	-	-
19	Prepayments	-	-
20	Other Current Assets	3,673	-
21	Total Current Assets	<u>\$ 145,482</u>	<u>\$ 92,893</u>
22			
23	Deferred Debits	\$ -	\$ -
24			
25	Other Investments & Special Funds	\$ -	\$ -
26			
27	TOTAL ASSETS	<u>\$ 4,877,656</u>	<u>\$ 4,930,771</u>
28			
29			
30	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
31			
32	Common Equity	\$ (420,856)	\$ (396,325)
33			
34	Long-Term Debt	\$ -	\$ -
35			
36	CURRENT LIABILITIES		
37	Accounts Payable	\$ -	\$ -
38	Current Portion of Long-Term Debt	-	-
39	Payables to Associated Companies	-	-
40	Customer Meter Deposits, Current	-	-
41	Accrued Taxes	1,009	929
42	Accrued Interest	-	-
43	Other Current Liabilities	151	151
44	Total Current Liabilities	<u>\$ 1,160</u>	<u>\$ 1,080</u>
45	DEFERRED CREDITS		
46	Customer Meter Deposits, less current	\$ 20,550	\$ 11,550
47	Advances in Aid of Construction	3,932,263	3,930,773
48	Accumulated Deferred Income Taxes	-	-
49	Contributions In Aid of Construction, Net	1,344,539	1,383,693
50	Asset Retirement Obligations	-	-
51	Total Deferred Credits	<u>\$ 5,297,352</u>	<u>\$ 5,326,016</u>
52			
53	Total Liabilities & Common Equity	<u>\$ 4,877,656</u>	<u>\$ 4,930,771</u>
54			
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57			

ICR Water Users Association
12 Months Ended December 31
Comparative Income Statements
Unaudited

Exhibit 1
Page 2 of 3

Line No.		Year Ended <u>12/31/2006</u>	Prior Year Ended <u>12/31/2005</u>
1	Revenues		
2	Metered Water Revenues	\$ 217,394	\$ 132,894
3	Unmetered Water Revenues	-	-
4	Other Water Revenues	53,403	14,172
5	Total Revenues	<u>\$ 270,797</u>	<u>\$ 147,067</u>
6	Operating Expenses		
7	Salaries and Wages - Employees	\$ -	\$ -
8	Purchased Water	6,388	4,460
9	Purchased Power	15,577	15,656
10	Fuel for Power Production	-	-
11	Chemicals	2,516	612
12	Water Testing	4,946	1,294
13	Repairs and Maintenance	8,170	12,137
14	Office Expense	1,720	4,410
15	Contractual Services - Accounting	5,507	2,771
16	Contractual Services - Legal	2,911	-
17	Contractual Services - Operations	107,325	74,598
18	Contractual Services - Other	27,041	11,955
19	Rental of Building/Real Property	3,600	1,200
20	Rental of Equipment	-	-
21	Transportation Expenses	-	-
22	Telephone	751	465
23	Insurance	8,995	2,489
24	Reg. Comm. Exp. - Amortization of Rate Case	-	-
25	Bad Debt Expense	-	-
26	Miscellaneous Expenses	235	10,159
27	Depreciation Expenses	96,817	98,985
28	Property Taxes	2,795	-
29	Payroll Taxes	-	2,095
30	Sales Tax Expense	-	680
31	Income Tax	-	-
32	Provision for Deferred Income Taxes	45	50
33		-	-
34	Total Operating Expenses	<u>\$ 295,341</u>	<u>\$ 244,016</u>
35	Operating Income	<u>\$ (24,543)</u>	<u>\$ (96,949)</u>
36	Other Income (Expense)		
37	Interest Income	180	97
38	Other income	-	5,983
39	Interest Expense	-	-
40	Other Expense	-	(1,528)
41			
42	Total Other Income (Expense)	<u>\$ 180</u>	<u>\$ 4,552</u>
43	Net Profit (Loss)	<u>\$ (24,363)</u>	<u>\$ (92,397)</u>
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ICR Water Users Association
For 12 Monthed Ended December 31
Statements of Cash Flows
Unaudited

Exhibit 1
Page 3 of 3

Line No.	Year Ended <u>12/31/2006</u>
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Cash Flows from Operating Activities	
Net Income	\$ (24,363)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	96,817
Deferred Income Taxes	-
Other	-
Changes in Certain Assets and Liabilities:	
Accounts Receivable	(2,298)
Unbilled Revenues	-
Materials and Supplies Inventory	-
Prepaid Expenses	-
Deferred Charges	-
Accounts Payable	-
Intercompany payable	-
Customer Deposits	9,000
Taxes Payable	80
Other assets and liabilities	(3,673)
Net Cash Flow provided by Operating Activities	<u>\$ 75,563</u>
Cash Flow From Investing Activities:	
Capital Expenditures	(30,267)
Plant Held for Future Use	-
Changes in debt reserve fund	-
Net Cash Flows from Investing Activities	<u>\$ (30,267)</u>
Cash Flow From Financing Activities	
Change in Restricted Cash	-
Change in net amounts due to parent and affiliates	-
Receipt of advances for and contributions in aid of construction	1,490
Net receipts of advances in aid of construction	-
Repayments of Long-Term Debt	-
Dividends Paid	-
Deferred Financing Costs	-
Paid in Capital	(168)
Net Cash Flows Provided by Financing Activities	<u>\$ 1,322</u>
Increase(decrease) in Cash and Cash Equivalents	46,618
Cash and Cash Equivalents at Beginning of Year	82,819
Cash and Cash Equivalents at End of Year	<u>\$ 129,437</u>