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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2007 NOV 14 P 1:51

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, FOR AN ORDER
AUTHORIZING THE EXECUTION OR
AMENDMENT TO AN EXISTING LOAN
AGREEMENT.

DOCKET NO. W-01445A-07-0238

CERTIFICATE OF FILING OF
COMPLIANCE DOCUMENT

On September 27, 2007 the Commission entered Decision No. 69925 (the "Decision") in this docket. The Decision, among other things, authorized Arizona Water Company (the "Company") to enter into a loan agreement with Bank America Arizona for a line of credit through June 1, 2008, not to exceed \$32.0 million, at an interest rate not to exceed the Bank's reference rate minus 0.25 percentage points. The Decision also ordered the Company to file with Docket Control, as a compliance item in this docket, a copy of all executed documents necessary to effectuate the authorization granted in the Decision within 90 days of the date of the Decision.

The Company is now filing, as a compliance item as directed by the Decision, a copy of the Eleventh Amendment to Business Loan Agreement, in fully executed form, attached hereto as Attachment A.

Arizona Corporation Commission
DOCKETED

NOV 14 2007

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RESPECTFULLY SUBMITTED this 13th day of November, 2007.

ARIZONA WATER COMPANY

By: Robert W. Geake

Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, AZ 85038-9006

1 Original and thirteen (13) copies of the
2 foregoing filed this 13th day of November, 2007:

3 Docket Control Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 A copy of the foregoing application mailed
8 this 13th day of November, 2007 to:

9 Ernest G. Johnson, Director
10 Utilities Division
11 ARIZONA CORPORATION COMMISSION
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Christopher Kempley, Chief Counsel
15 Legal Division
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Brian Bozzo, Compliance Director
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 By: Robert W. Cooke

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ATTACHMENT A

NOV-08-2007 15:03 From: BANK OF AMERICA COM1 6025234118

To: 16022406874

P. 2/4

NOV 08 2007 3:51 PM FR BANK OF AMERICA 2145084715 TO 918665249739

P. 02

ELEVENTH AMENDMENT TO BUSINESS LOAN AGREEMENT

THIS ELEVENTH AMENDMENT TO BUSINESS LOAN AGREEMENT (the "Amendment") dated as of ~~October 2~~ 7, 2007, is entered into between ARIZONA WATER COMPANY, an Arizona public service corporation (the "Borrower"), and BANK OF AMERICA, N. A. (the "Bank").

RECITALS

A. The Bank and the Borrower have entered into a Business Loan Agreement dated as of June 1, 2002, as amended by a First Amendment dated as of May 27, 2003, by an extension letter dated as of June 1, 2004, by a Second Amendment dated as of June 26, 2004, by a Third Amendment dated as of April 26, 2005, by a Fourth Amendment dated as of December 14, 2005, by a Fifth Amendment dated as of May 31, 2006, by a Sixth Amendment dated as of October 26, 2006, by a Seventh Amendment dated as of December 8, 2006, by an Eighth Amendment dated as of May 7, 2007, by a Ninth Amendment dated as of June 27, 2007, and by a Tenth Amendment dated as of August 10, 2007 (said loan agreement, as so amended, is referred to herein as the "Loan Agreement"), wherein the Bank established certain credit facilities for the Borrower.

B. The Borrower has requested that the Bank agree to amend the Loan Agreement in certain respects. The Bank is willing to amend the Loan Agreement, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Loan Agreement.

2. Amendments to Loan Agreement.

(a) The second sentence of Section 1.1(a) of the Loan Agreement is hereby amended to read in full as follows:

"The amount of the line of credit (the "Commitment") is Thirty-Two Million and no/100 Dollars (\$32,000,000.00)."

(b) Section 1.1(d) of the Loan Agreement is hereby amended by substituting the amount "\$32,000,000" for the amount "\$28,000,000."

3. Representations and Warranties. The Borrower hereby represents and warrants to the Bank as follows:

(a) No default or event of default has occurred and is continuing.

(b) The execution, delivery, and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, or notice to or action by, any person or entity (including any governmental authority) in order to be effective and enforceable other than such authorizations as the Borrower has already obtained. The Loan Agreement as amended by this Amendment constitutes the legal, valid, and binding obligations of the Borrower, enforceable against it in accordance with its respective terms, without defense, counterclaim, or offset.

(c) All representations and warranties of the Borrower contained in the Loan Agreement are true and correct.

(d) The Borrower is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Bank or any other person or entity.

4. Effective Date. This Amendment will become effective as of the date hereof (the "Effective Date"), provided that the following condition precedents have been satisfied:

(a) The Bank has received from the Borrower a duly executed original of this Amendment.

(b) The Bank has received from the Borrower evidence acceptable to the Bank that the Borrower's execution, delivery, and performance of this Amendment have been duly authorized by all necessary corporate action.

(c) The Bank has received from the Borrower a certified copy of any order of the Arizona Corporation Commission approving the execution of this Amendment by the Borrower, the obtaining of loans provided for in the Loan Agreement as amended hereby, and the purposes for which the proceeds of loans provided in the Loan Agreement as amended hereby are utilized by the Borrower.

5. Reservation of Rights. The Borrower acknowledges and agrees that the execution and delivery by the Bank of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Bank to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants, and provisions of the Loan Agreement are and shall remain in full force and effect and all references therein to such Loan Agreement shall henceforth refer to the Loan Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Loan Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of Arizona.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

(e) This Amendment, together with the Loan Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in writing and signed by a representative of each party.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Loan Agreement, respectively.

(g) The Borrower covenants to pay to or reimburse the Bank, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution, and delivery of this Amendment, including without limitation appraisal, audit, search, and filing fees incurred in connection therewith.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

ARIZONA WATER COMPANY,
an Arizona public service corporation

BANK OF AMERICA, N.A.,
a national banking association

By: [Signature]
Name: JOSUPE D. HERRERA
Title: VP - TREASURER

By: [Signature]
Name: JAMES E. POULSON JOHNE WALLING
Title: Asst. Vice President

By: [Signature]
Name: WILLIAM M. GARFIELD
Title: PRESIDENT