

NEW APPLICATION ORIGINAL
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New Financial Application

W-02034A-08-0520

Presented by

Cienega Water Company, Inc.
P O Box 3518
Parker, AZ 85344
928-667-2590

Arizona Corporation Commission
DOCKETED
OCT -9 2008

Filed 10-06-08

DOCKETED BY
nr

ARIZONA CORPORATION COMMISSION



FINANCING APPLICATION

Cienega Water Co., Inc.
UTILITY NAME

NEW NO #
DOCKET NO(S)

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance.

IN ORDER TO PROCESS YOUR APPLICATION
PLEASE FORWARD THE ORIGINAL
AND THIRTEEN COPIES OF THE
APPLICATION PLUS
THREE PACKETS OF THE SUPPORTING
DOCUMENTATION TO:

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

FINANCIAL APPLICATION

Filed on October 6th, 2008

For: Cienega Water Company, Inc.
P O Box 3518
Parker, AZ 85344

Physical address: 7804 Riverside Drive [no mail received at this address]
Parker, AZ 85344

Phone: 928-667-2590

E-Mail: elliejack@npgcable.com

Authorized Person: tricia walker
C/o Cienega Water Co., Inc.
P O Box 3518
Parker, AZ 85344

NARRATIVE PORTION OF APPLICATION

1. GENERAL INFORMATION ON APPLICANT

BACKGROUND NARRATIVE Of CIENEGA WATER COMPANY, INC.

In the mid 1800's a miner named Billy Mack moved into the area about 5 miles north of what is now Parker along the Colorado River. Native Americans camped in that area because of the refreshing spring waters, which were found at this Oasis.

In 1878 Billy who was a prospector and miner, took possession of this beautiful spot, built an adobe house at Cienega Springs while seeking his fortune in gold from the nearby hills.

During those years everyone enjoyed and lived on the refreshing spring waters.

Billy Mack died in the early 1920's leaving his widow owning the 80 acres.

In 1927 William F. Stephan purchased the property known as Cienega Springs for 6,000 dollars and built Billy Mack's widow a three-room house to conclude the deal. The original home had been struck by lightning and burned to the ground. The springs located on the property were still putting out the refreshing and wonderful spring water. They built a lodge/hotel and even before the bridge was built over the Colorado River the quality of the spring water was a great draw to lots of people. They came over on the ferry that traversed the river.

The sole source of the water in this Oasis is a series of shallow wells, which withdraw groundwater from an aquifer known as the Cienega Springs. Cienega Springs is locally renowned for producing water of unusually good taste, high quality and is purported, by those who use the water, to have many beneficial characteristics, in contrast to water provided in the surrounding areas, which generally pump and/or withdraw water from the Colorado River or the river's sub flow.

As the years went by the lodge and spring water popularity grew and after they built the bridge even more people visited. In the mid 1930's the Parker Dam was constructed and since Stephan had a hotel & trailer court on his property it became a favorite spot for construction workers to stay during their time working on the dam.

During all these years the biggest draw was **"the water"** from the springs.

In the mid 1960's Mr. Stephan decided that he would take part of the property and turn it into a subdivision and sell the lots as deeded property. Because of this the Cienega Water Company, Inc. [the "Company"] an Arizona Corporation was born and engaged in furnishing water utility service within an unincorporated portion of what was Yuma Co. before it became La Paz County, in the general vicinity of Parker, Arizona.

The Company was and still is extremely small. Its certificated service area contains approximately 80 acres [map of certificated service area attached]. The Company was granted a certificate of convenience and necessity in 1965.

For many of those years the majority of the people living there didn't even pay for the water they used and those that did only paid 4.00 to 6.00 per month, then 1995 the company was directed by the ADEQ that we had to install meters at each of the locations where water was being received. The Company went from un-metered water to metered water and an initial rate structure was approved. Those people living in the sub-division tried their best to get this stopped as they felt because they owned the lot they owned the water but of course this was proved to be false and they had to pay for the water they used. We then requested additional rate increase's in 1997 and 2000, both of which were approved and also grossly needed but were opposed by the people. We presently have 70 sites of which 58 are being billed for the water they use. We are sure that when we file this next rate increase application they will also oppose that.

We, the company do not have the revenue to purchase a main fluoridation system so we keep going around & around. We can provide many papers were we were approved then dis-approved then approved again and the process went on and on.

Cienega Water Co., Inc. has throughout the years always provided to the best of our ability clean, quality and great tasting water and too this day **"the water"** is still the major draw of the people who come and enjoy it.

2. PURPOSES AND NEED FOR FINANCIAL ASSISTANCE

The company is seeking additional financial increases due to but not only to its current financial position but mostly for the installation of a fluoride system.

It is important to note that after the last two rate increases the gross revenue did not raise that much [see exhibit "A"] but the water usage dropped almost 50% [see exhibit "A"] from 1999 thru 2007 which we are sure was because of the rate increase.

Therefore even though we have increased our rates the financial position did not become as good as we had hoped [exhibit "B"] You will note that the company did pretty good for awhile then the net profit keep getting worse and worse and know we are running in the red every year.

ADEQ issues were addressed in our 1995,1997, 2001 thru 2007 ... narratives and most of those issues have been completed except for the fluoride system which, this request would allow us to do.

We again state that the primary purpose of this application is to request the funds needed to finalize the AOC on the replacements parts and to install the fluoride system.

3. DOLLAR STRUCTURE FOR THE APPLICATION

You find attached with this application an estimate for materials and labor to complete the AOC on the replacements and the materials and labor for the fluoride system from Stanley Consultants. [exhibit "C"] Since receiving this we have been doing additional investigation and feel that we actually could finish all that is needed for a lesser amount of money. Therefore, we are asking for 150,000.00 [see exhibit "D" -- 25,000.00 to finish the ATC and the AOC on the replacements lines etc. and 100,000 on the fluoride system. It is also important to note that asking for the original 250,000.00 is impossible because we would have to have our base tripled to 66.00 just to meet the interest payments. Therefore we will be asking for a rate increase of the base to 50.00 and said rate increase application will be in your office by the end of October.

4. MISCELLANEOUS INFORMATION

I have included the following items;

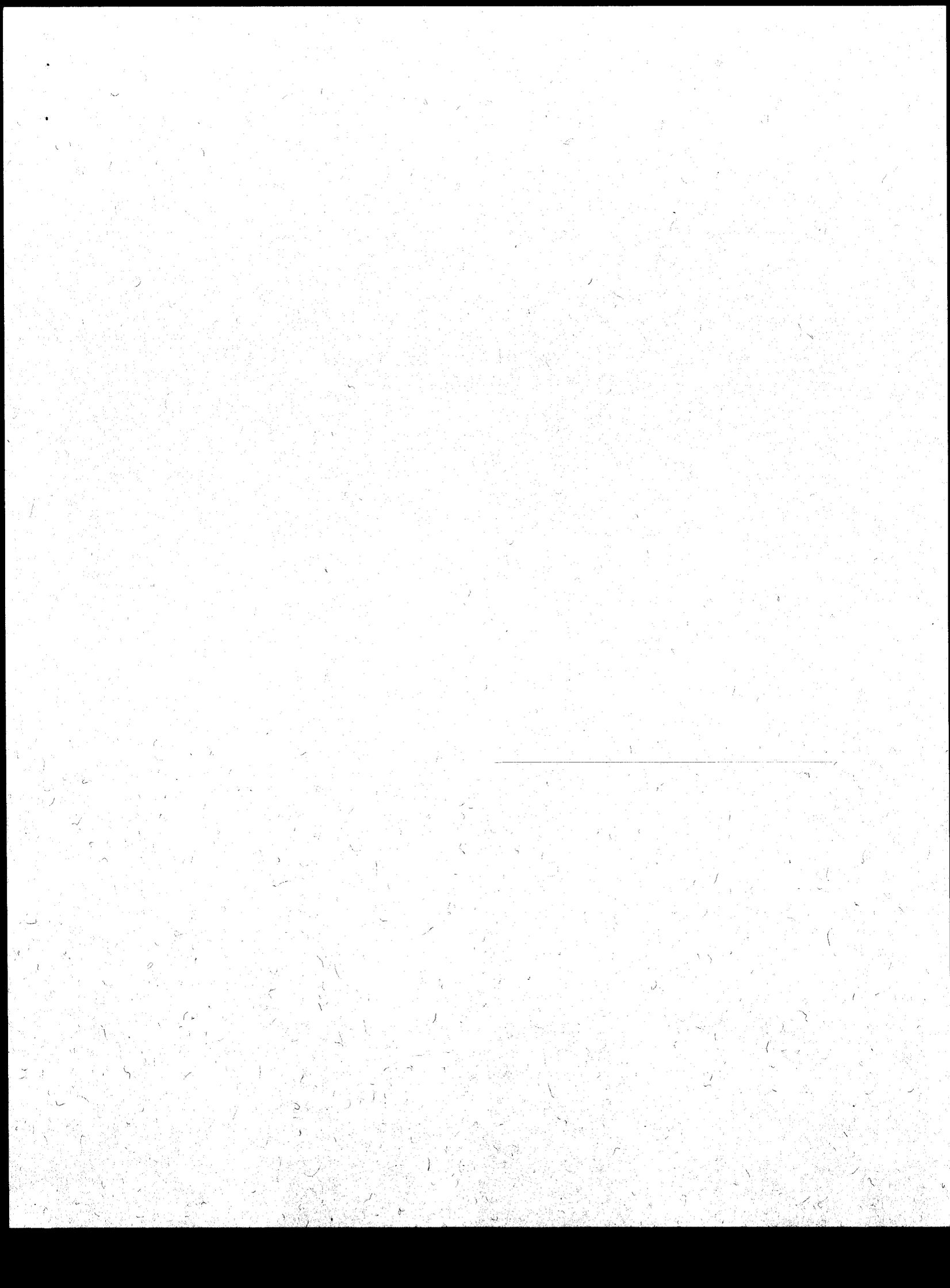
- a) An un-audited current financial stmt as of 08-31-08
[exhibit "E"]
- b) A spread sheet reflecting the first year Performa with no rate increase showing the 150,000.00 note as debt on the company, then a first year Performa with a rate increase to 50.00 base showing the 150,000.00 note as debt on the company. [exhibit "F "]

This request is within the powers of the applicant Mrs. Stephan holds 100% of the company known as Cienega Water Co., Inc. This is completely within the public's interest because it will bring our water up to the standards, which ADEQ requires. As for being financial sound we fill complete comfortable with this move the only true issue will be is that the current water co. customers are going to get up in arms for the increase to make this possible.

I would like to take this opportunity to thank the personnel in your office for their assistance and if I have overlooked any information or you have any questions please don't hesitate to contact me.

Regards,

Tricia walker
Corporate Accountant -- Cienega Water Co., Inc.
For Mrs. Eleanor Stephan
President - Cienega Water Co., Inc.



Cienega Water Co., Inc.
 Year 2000 thru 2007
 dollar income
 gallons sold

	1999	2000	2001	2002	2003	2004	2005	2006	2007	TOTAL
Income										
410 - Metered Water Sales	22,579.98	22,501.29	25,350.56	29,448.19	33,058.45	35,156.26	30,805.15	30,027.23	31,204.25	260,131.36
Total Income	<u>22,579.98</u>	<u>22,501.29</u>	<u>25,350.56</u>	<u>29,448.19</u>	<u>33,058.45</u>	<u>35,156.26</u>	<u>30,805.15</u>	<u>30,027.23</u>	<u>31,204.25</u>	<u>260,131.36</u>
Gallons										
Gallons sold each year	4,950,650	3,726,980	3,019,820	2,814,680	3,363,692	2,866,457	2,687,257	2,552,000	2,713,200	28,694,736
Total Gallons	<u>4,950,650</u>	<u>3,726,980</u>	<u>3,019,820</u>	<u>2,814,680</u>	<u>3,363,692</u>	<u>2,866,457</u>	<u>2,687,257</u>	<u>2,552,000</u>	<u>2,713,200</u>	<u>28,694,736</u>

last rate
 increase
 in 2001

gallons down by -24.72%	gallons down by -18.97%	gallons down by -6.79%	gallons up by 19.51%	gallons down by -14.78%	gallons down by -6.25%	gallons down by -5.03%	gallons up by 6.32%
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Sub "A"

prepared by tricia walker consulting
 10/6/2008

Cienega Water Co., Inc.
Profit & Loss
January 1999 through December 2007

	Jan - Dec...	Jan - Dec...	Jan - Dec...	Jan - Dec...	Jan - Dec...	TOTAL				
Income										
410 · Metered Water Sales	22,589.78	22,501.29	25,350.56	29,448.19	33,058.45	35,156.26	30,805.15	30,027.23	43,948.25	272,885.16
460 · last yr water sales pd thi...	0.00	0.00	0.00	450.00	0.00	0.00	0.00	0.00	0.00	450.00
480 · Liens prior to 01/01/94	0.00	0.00	0.00	0.00	1,049.76	0.00	0.00	0.00	0.00	1,049.76
490 · Miscellaneous Income	0.00	0.00	30.00	101.64	508.60	62.13	0.00	344.53	148.37	1,195.27
Total Income	22,589.78	22,501.29	25,380.56	29,999.83	34,616.81	35,218.39	30,805.15	30,371.76	44,096.62	275,580.19
Expense										
610 · Automobile Expenses	1,175.79	1,390.00	0.00	2,136.88	0.00	574.53	31.04	0.00	0.00	5,308.24
611 · Bank Charges	58.68	266.22	259.91	198.41	298.97	235.94	25.15	277.00	174.85	1,795.13
612 · Depreciation	566.00	3,376.55	1,116.66	2,710.35	9,069.48	8,970.35	8,970.15	8,970.15	11,570.35	55,320.04
615 · Dues & Subscriptions	0.00	30.00	235.00	240.00	170.00	120.00	105.00	195.00	347.00	1,442.00
617 · Education	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,411.28	1,411.28
618 · Equipment R & M	0.00	0.00	0.00	2,151.73	2,400.00	2,400.00	2,400.00	1,200.00	1,200.00	11,751.73
620 · Insurance	0.00	0.00	0.00	0.00	0.00	53.36	0.00	0.00	0.00	53.36
625 · Interest Pd	0.00	0.00	0.00	2,410.15	14,654.34	9,581.04	10,360.66	6,278.36	19,397.69	62,682.24
630 · Licenses	365.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	365.00
631 · Management Services	0.00	0.00	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00	8,400.00	51,600.00
635 · Office Exp & Postage	554.08	1,363.72	997.49	909.34	439.15	199.69	119.60	270.90	168.00	5,021.97
640 · Prof. Fees (Legal/Acct)	1,206.88	1,418.75	587.50	724.79	1,103.75	1,601.25	1,272.00	1,206.50	1,362.50	10,483.92
645 · Supplies	109.60	0.00	2,311.45	1,332.90	3,095.65	3,598.15	116.01	3,132.52	2,130.50	15,826.78
647 · Water Testing	961.60	1,028.81	1,499.69	778.69	867.02	1,249.73	876.69	764.19	642.19	8,668.61
650 · Sales Taxes	1,987.80	1,502.47	1,440.23	1,975.97	2,232.81	1,788.32	1,763.42	1,158.33	1,558.78	15,408.13
655 · Telephone	15.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.33
665 · Travel	0.00	1,035.00	637.82	1,798.02	3,041.58	0.00	0.00	0.00	0.00	6,512.42
670 · Meals & Entertainment	0.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	50.00
675 · Repairs & Maintenance	590.99	421.31	11.56	0.00	0.00	0.00	0.00	3,200.00	1,319.59	5,543.45
685 · Utilities	2,521.45	3,245.64	1,954.51	1,868.69	1,253.83	1,062.18	1,277.38	1,571.04	1,484.79	16,239.51
690 · Income Taxes	50.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	50.00	150.00
695 · Miscellaneous	7,200.00	7,200.00	0.00	0.00	0.00	0.00	-20.00	897.90	0.00	15,277.90
698 · Property Taxes	3,600.00	813.16	863.64	910.44	1,025.00	1,156.26	1,326.64	1,220.98	1,135.54	12,051.66
Total Expense	20,963.20	23,091.63	19,115.46	27,346.36	46,901.58	39,840.80	35,823.74	37,542.87	52,353.06	302,978.70
Net Income	1,626.58	-590.34	6,265.10	2,653.47	-12,284.77	-4,622.41	-5,018.59	-7,171.11	-8,256.44	-27,398.51

Exb "B"



Stanley Consultants INC.

A Stanley Group Company
Engineering, Environmental and Construction Services - Worldwide

EXB "C"
3pp

July 7, 2008

Ms. Tricia Walker
Tricia Walker Consulting
601 Riverside Drive Suite 5-C
Parker, AZ 85344

Dear Tricia:

**Subject: Cienega Water Company
Professional Engineering & Fluoride Treatment System**

This letter generally describes the type of professional engineering work and estimated costs that Stanley Consultants, Inc. (Stanley) anticipates for the Cienega Water Company (Company). It also briefly explores the additional anticipated costs for construction of a Fluoride treatment system. The work is needed to meet the requirements of the Arizona Corporation Commission (ACC), Environmental Protection Agency (EPA), and the Arizona Department of Environmental Quality (ADEQ). The following is our current understanding of the background of the Company and the work necessary to bring them into compliance.

In 2003, the Company installed approximately 5,700 linear feet of 6-inch C-900 PVC Water Pipe and four 5,000 gallon water storage tanks. This project replaced an existing system which had been installed in 1965. The Company did not apply for an Approval to Construct (ATC) from ADEQ prior to construction activities or obtain an Approval of Construction (AOC) upon the completion of this replacement project. ADEQ has informed the Company that an ATC and AOC for the system are needed. ADEQ has indicated that a Design Report, engineering plans, and project specifications must be completed. The ATC will be approved by ADEQ, then an Engineers Certification of Completion (ECC), Record Drawings, and Operations & Maintenance (O&M) manuals must be provided with the application for the AOC. The Company will then use this information to pursue recovery of the project costs.

The ACC has informed the Company that since the Fluoride in the system exceeds the Federal limits, the Company is required to take the steps necessary to remove excess Fluoride from the system and bring it into compliance with Federal regulations. Performing this work will first require a Design Report, engineering plans and project specifications to apply for an ATC from ADEQ. The Fluoride treatment system can then be constructed and a ATC obtained for those improvements. By following these steps the Company will be able to pursue a rate increase to cover the cost of the improvements.

Based on this understanding and background, Stanley would propose the following professional engineering services are needed for the Company. The goal would be to first obtain an AOC for the existing improvements and an ATC for the proposed improvements. To accomplish this, these tasks and potentially others will be required:

This document was sent electronically

- Field survey all bends, tees, valves, and dead end sections of the installed waterlines (The Company would excavate potholes to expose all of these items for survey during a one day trip by a survey crew. There must also be at least one location every 200 feet along the water line alignments to insure that the minimum depth has been maintained);
- Review any shop drawings of the water storage tanks as well as field evaluate the construction of the water storage tanks;
- Prepare a Design Report for the improvement project to meet the requirements of ADEQ;
- Prepare engineering design plans and project specifications for the water system showing only the main line sections (water meter locations would be surveyed and the services would be shown to the water meter locations along the water mains perpendicular to the meter box locations);
- Obtain the necessary geotechnical and material testing (at least 4 compaction tests along the pipeline and 2 at the tank site);
- Have a chlorine residual test performed as required by ADEQ (The Company would be responsible for turning of the meters, coordinating, and informing the customers when this testing was to occur);
- Submit the required numbers of copies to ADEQ of the ATC, AOC, ECC, plans, specifications, Design Report, and test information (The Company would be required to pay the necessary fees to ADEQ); and
- Address comments by ADEQ.

If any of the existing infrastructure does not meet the requirements of ADEQ or the ACC, an additional scope and fee may be required to design replacements, repairs or upgrades. These work items would not include any review of work on the wells that the Company operates since no modifications were made to the wells in 2003.

For addressing the Fluoride removal requirements, comprehensive services for the design and permitting would be required. Those services would include:

- A Design Report detailing options and an identification of the preferred option for the removal of the Fluoride;
- Engineering plans and project specifications detailing the installation of the Fluoride removal system including any survey and geotechnical evaluation;
- Construction inspection and survey during construction in order to obtain an AOC from ADEQ; and
- Preparation of ATC, ECC, Record Drawings and AOC documentation and submittal to ADEQ (The Company would be required to pay the necessary fees to ADEQ).

The Company would be required to provide the most recent water quality tests prior to the preparation of a Design Report or design activities on the Fluoride removal system.

The Company is going to pursue a rate increase with the ACC. This rate case is anticipated to include all of the costs of the 2003 improvements and all of the costs for the proposed (required) Fluoride treatment system. Stanley does not know at this time what efforts might be required of the Engineer for this effort.

Ms. Tricia Walker
July 7, 2008
Page 3

It would seem prudent to anticipate engineering support will be needed for this effort. We include a budget amount for planning purposes only on this activity.

Based on the previously described work tasks and Company needs, Stanley would propose several budgetary amounts at this time. For the professional engineering services required to obtain an AOC on the 2003 improvements, a cost of \$50,000.00 is estimated. Our estimate for the cost of designing the Fluoride system and obtaining an ATC is \$25,000.00. Our estimate for post-design, construction administration, ECC and AOC for the Fluoride system is \$25,000.00. We propose that \$25,000.00 be budgeted to assist the Company with their rate case. The total that we suggest budgeting for professional services is \$125,000. At this juncture, we would propose that these professional services be performed and billed on a time and materials basis. There are very many unknowns at this time for the Company and a Professional Engineer to be able to accurately predict the effort and cost.

We have made some preliminary inquiries into budgetary costs for Fluoride removal systems. The information we have received to date is only for the costs of equipment with no expenses included for site specific work that will be required. These preliminary estimates place the costs for equipment only between \$40,000 and \$65,000. Our past experience has been that the cost of equipment can be from 25% to 50% of the cost of construction on a project of this nature. With that in mind, we would suggest that the Company budget \$200,000.00 for the cost of installation of the Fluoride system at this time.

The cost data we have presented in this letter are budgetary in nature. The exact scope of work required both professional and construction are not known at this time. This is not intended to be comprehensive of all of the needs that the Company may currently have. It is only intended to address the items that have been identified to Stanley at this time. We are looking forward to assisting the Company in addressing their needs and helping them move forward in clearing up these issues. Please do not hesitate to contact me (602-333-2236) or John Malone (602-333-2363) if you have any further questions at this time.

Sincerely,

Stanley Consultants, Inc.



David S. Fabiano, P.E.
Project Principal

Cc: John Malone, P.E., Stanley

DSF/jgm

Interest Vision

Amortization Schedule

EXB "D"
1508

Loan or Annuity Variables:

Start Date: Oct 6, 2008 End Date: Oct 6, 2028
 Start Payment: Oct 6, 2008 No. of Payments: 240
 Start Interest: Oct 6, 2008 Interest Rate: 6.500%
 Payment Freq.: Monthly Initial Principal: \$150000.00
 Compound Freq.: Monthly Payment Amount: \$1118.33
 Days in Mo./Yr.: Actual No. Balloon: \$0.00
 Payment Mode: In Arrears Amortization Method: Simple Int.

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
	Oct 6, 2008	0.00	0.00	0.000	0.00	150000.00
1	Nov 6, 2008	1118.33	825.82	6.500	292.51	149707.49
2	Dec 6, 2008	1118.33	797.62	6.500	320.71	149386.78
3	Jan 6, 2009	1118.33	824.70	6.500	293.63	149093.14
4	Feb 6, 2009	1118.33	823.08	6.500	295.26	148797.89
5	Mar 6, 2009	1118.33	741.95	6.500	376.38	148421.51
6	Apr 6, 2009	1118.33	819.37	6.500	298.96	148122.55
7	May 6, 2009	1118.33	791.34	6.500	326.99	147795.55
8	Jun 6, 2009	1118.33	815.91	6.500	302.42	147493.14
9	Jul 6, 2009	1118.33	787.98	6.500	330.35	147162.78
10	Aug 6, 2009	1118.33	812.42	6.500	305.91	146856.87
11	Sep 6, 2009	1118.33	810.73	6.500	307.60	146549.27
12	Oct 6, 2009	1118.33	782.93	6.500	335.40	146213.87
13	Nov 6, 2009	1118.33	807.18	6.500	311.15	145902.72
14	Dec 6, 2009	1118.33	779.48	6.500	338.85	145563.87
15	Jan 6, 2010	1118.33	803.59	6.500	314.74	145249.13
16	Feb 6, 2010	1118.33	801.85	6.500	316.48	144932.66
17	Mar 6, 2010	1118.33	722.68	6.500	395.65	144537.00
18	Apr 6, 2010	1118.33	797.92	6.500	320.41	144216.59
19	May 6, 2010	1118.33	770.47	6.500	347.86	143868.74
20	Jun 6, 2010	1118.33	794.23	6.500	324.10	143544.64
21	Jul 6, 2010	1118.33	766.88	6.500	351.45	143193.19
22	Aug 6, 2010	1118.33	790.50	6.500	327.83	142865.36
23	Sep 6, 2010	1118.33	788.70	6.500	329.64	142535.73
24	Oct 6, 2010	1118.33	761.49	6.500	356.84	142178.89
25	Nov 6, 2010	1118.33	784.91	6.500	333.43	141845.46
26	Dec 6, 2010	1118.33	757.80	6.500	360.53	141484.94
27	Jan 6, 2011	1118.33	781.07	6.500	337.26	141147.68
28	Feb 6, 2011	1118.33	779.21	6.500	339.12	140808.56
29	Mar 6, 2011	1118.33	702.11	6.500	416.22	140392.34
30	Apr 6, 2011	1118.33	775.04	6.500	343.29	140049.05
31	May 6, 2011	1118.33	748.21	6.500	370.12	139678.93
32	Jun 6, 2011	1118.33	771.10	6.500	347.23	139331.70
33	Jul 6, 2011	1118.33	744.37	6.500	373.96	138957.75
34	Aug 6, 2011	1118.33	767.12	6.500	351.21	138606.54

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
35	Sep 6, 2011	1118.33	765.18	6.500	353.15	138253.39
36	Oct 6, 2011	1118.33	738.61	6.500	379.72	137873.67
37	Nov 6, 2011	1118.33	761.14	6.500	357.19	137516.48
38	Dec 6, 2011	1118.33	734.68	6.500	383.65	137132.83
39	Jan 6, 2012	1118.33	754.98	6.500	363.35	136769.48
40	Feb 6, 2012	1118.33	752.98	6.500	365.35	136404.12
41	Mar 6, 2012	1118.33	702.52	6.500	415.81	135988.31
42	Apr 6, 2012	1118.33	748.68	6.500	369.65	135618.66
43	May 6, 2012	1118.33	722.56	6.500	395.77	135222.89
44	Jun 6, 2012	1118.33	744.46	6.500	373.87	134849.02
45	Jul 6, 2012	1118.33	718.46	6.500	399.87	134449.15
46	Aug 6, 2012	1118.33	740.21	6.500	378.13	134071.02
47	Sep 6, 2012	1118.33	738.12	6.500	380.21	133690.81
48	Oct 6, 2012	1118.33	712.29	6.500	406.04	133284.77
49	Nov 6, 2012	1118.33	733.79	6.500	384.54	132900.23
50	Dec 6, 2012	1118.33	708.08	6.500	410.26	132489.98
51	Jan 6, 2013	1118.33	731.42	6.500	386.91	132103.06
52	Feb 6, 2013	1118.33	729.28	6.500	389.05	131714.01
53	Mar 6, 2013	1118.33	656.77	6.500	461.57	131252.45
54	Apr 6, 2013	1118.33	724.59	6.500	393.75	130858.70
55	May 6, 2013	1118.33	699.11	6.500	419.22	130439.48
56	Jun 6, 2013	1118.33	720.10	6.500	398.23	130041.24
57	Jul 6, 2013	1118.33	694.74	6.500	423.59	129617.65
58	Aug 6, 2013	1118.33	715.56	6.500	402.77	129214.88
59	Sep 6, 2013	1118.33	713.34	6.500	404.99	128809.89
60	Oct 6, 2013	1118.33	688.16	6.500	430.17	128379.72
61	Nov 6, 2013	1118.33	708.73	6.500	409.60	127970.12
62	Dec 6, 2013	1118.33	683.68	6.500	434.66	127535.46
63	Jan 6, 2014	1118.33	704.07	6.500	414.27	127121.19
64	Feb 6, 2014	1118.33	701.78	6.500	416.55	126704.64
65	Mar 6, 2014	1118.33	631.79	6.500	486.54	126218.10
66	Apr 6, 2014	1118.33	696.79	6.500	421.54	125796.56
67	May 6, 2014	1118.33	672.06	6.500	446.27	125350.29
68	Jun 6, 2014	1118.33	692.00	6.500	426.33	124923.96
69	Jul 6, 2014	1118.33	667.40	6.500	450.93	124473.03
70	Aug 6, 2014	1118.33	687.16	6.500	431.17	124041.86
71	Sep 6, 2014	1118.33	684.78	6.500	433.55	123608.31
72	Oct 6, 2014	1118.33	660.37	6.500	457.96	123150.35
73	Nov 6, 2014	1118.33	679.86	6.500	438.47	122711.88
74	Dec 6, 2014	1118.33	655.58	6.500	462.75	122249.13
75	Jan 6, 2015	1118.33	674.88	6.500	443.45	121805.68
76	Feb 6, 2015	1118.33	672.43	6.500	445.90	121359.79
77	Mar 6, 2015	1118.33	605.14	6.500	513.19	120846.59
78	Apr 6, 2015	1118.33	667.14	6.500	451.19	120395.40
79	May 6, 2015	1118.33	643.21	6.500	475.12	119920.28
80	Jun 6, 2015	1118.33	662.03	6.500	456.31	119463.97
81	Jul 6, 2015	1118.33	638.23	6.500	480.10	118983.87
82	Aug 6, 2015	1118.33	656.86	6.500	461.48	118522.40
83	Sep 6, 2015	1118.33	654.31	6.500	464.02	118058.37
84	Oct 6, 2015	1118.33	630.72	6.500	487.61	117570.77
85	Nov 6, 2015	1118.33	649.06	6.500	469.28	117101.49
86	Dec 6, 2015	1118.33	625.61	6.500	492.72	116608.77

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
87	Jan 6, 2016	1118.33	641.99	6.500	476.35	116132.42
88	Feb 6, 2016	1118.33	639.36	6.500	478.97	115653.45
89	Mar 6, 2016	1118.33	595.65	6.500	522.68	115130.77
90	Apr 6, 2016	1118.33	633.85	6.500	484.48	114646.29
91	May 6, 2016	1118.33	610.82	6.500	507.51	114138.78
92	Jun 6, 2016	1118.33	628.39	6.500	489.94	113648.83
93	Jul 6, 2016	1118.33	605.51	6.500	512.83	113136.01
94	Aug 6, 2016	1118.33	622.87	6.500	495.46	112640.54
95	Sep 6, 2016	1118.33	620.14	6.500	498.19	112142.35
96	Oct 6, 2016	1118.33	597.48	6.500	520.85	111621.50
97	Nov 6, 2016	1118.33	614.53	6.500	503.80	111117.70
98	Dec 6, 2016	1118.33	592.02	6.500	526.31	110591.38
99	Jan 6, 2017	1118.33	610.53	6.500	507.81	110083.58
100	Feb 6, 2017	1118.33	607.72	6.500	510.61	109572.97
101	Mar 6, 2017	1118.33	546.36	6.500	571.97	109001.00
102	Apr 6, 2017	1118.33	601.75	6.500	516.59	108484.42
103	May 6, 2017	1118.33	579.57	6.500	538.76	107945.66
104	Jun 6, 2017	1118.33	595.92	6.500	522.41	107423.25
105	Jul 6, 2017	1118.33	573.91	6.500	544.43	106878.82
106	Aug 6, 2017	1118.33	590.03	6.500	528.30	106350.52
107	Sep 6, 2017	1118.33	587.11	6.500	531.22	105819.30
108	Oct 6, 2017	1118.33	565.34	6.500	553.00	105266.31
109	Nov 6, 2017	1118.33	581.13	6.500	537.20	104729.10
110	Dec 6, 2017	1118.33	559.51	6.500	558.82	104170.28
111	Jan 6, 2018	1118.33	575.08	6.500	543.25	103627.03
112	Feb 6, 2018	1118.33	572.08	6.500	546.25	103080.78
113	Mar 6, 2018	1118.33	513.99	6.500	604.34	102476.44
114	Apr 6, 2018	1118.33	565.73	6.500	552.61	101923.83
115	May 6, 2018	1118.33	544.52	6.500	573.81	101350.02
116	Jun 6, 2018	1118.33	559.51	6.500	558.82	100791.20
117	Jul 6, 2018	1118.33	538.47	6.500	579.86	100211.34
118	Aug 6, 2018	1118.33	553.22	6.500	565.11	99646.23
119	Sep 6, 2018	1118.33	550.10	6.500	568.23	99078.00
120	Oct 6, 2018	1118.33	529.32	6.500	589.01	98488.99
121	Nov 6, 2018	1118.33	543.71	6.500	574.62	97914.38
122	Dec 6, 2018	1118.33	523.10	6.500	595.23	97319.15
123	Jan 6, 2019	1118.33	537.26	6.500	581.08	96738.07
124	Feb 6, 2019	1118.33	534.05	6.500	584.28	96153.79
125	Mar 6, 2019	1118.33	479.45	6.500	638.88	95514.91
126	Apr 6, 2019	1118.33	527.29	6.500	591.04	94923.87
127	May 6, 2019	1118.33	507.13	6.500	611.20	94312.67
128	Jun 6, 2019	1118.33	520.66	6.500	597.67	93715.00
129	Jul 6, 2019	1118.33	500.67	6.500	617.66	93097.33
130	Aug 6, 2019	1118.33	513.95	6.500	604.38	92492.95
131	Sep 6, 2019	1118.33	510.61	6.500	607.72	91885.23
132	Oct 6, 2019	1118.33	490.89	6.500	627.44	91257.79
133	Nov 6, 2019	1118.33	503.79	6.500	614.54	90643.26
134	Dec 6, 2019	1118.33	484.26	6.500	634.07	90009.18
135	Jan 6, 2020	1118.33	495.54	6.500	622.79	89386.39
136	Feb 6, 2020	1118.33	492.11	6.500	626.22	88760.18
137	Mar 6, 2020	1118.33	457.14	6.500	661.19	88098.98
138	Apr 6, 2020	1118.33	485.03	6.500	633.31	87465.68

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
139	May 6, 2020	1118.33	466.01	6.500	652.33	86813.35
140	Jun 6, 2020	1118.33	477.95	6.500	640.38	86172.97
141	Jul 6, 2020	1118.33	459.12	6.500	659.21	85513.76
142	Aug 6, 2020	1118.33	470.79	6.500	647.54	84866.22
143	Sep 6, 2020	1118.33	467.23	6.500	651.10	84215.12
144	Oct 6, 2020	1118.33	448.69	6.500	669.64	83545.47
145	Nov 6, 2020	1118.33	459.96	6.500	658.37	82887.10
146	Dec 6, 2020	1118.33	441.61	6.500	676.72	82210.38
147	Jan 6, 2021	1118.33	453.85	6.500	664.48	81545.89
148	Feb 6, 2021	1118.33	450.18	6.500	668.15	80877.74
149	Mar 6, 2021	1118.33	403.28	6.500	715.05	80162.69
150	Apr 6, 2021	1118.33	442.54	6.500	675.79	79486.90
151	May 6, 2021	1118.33	424.66	6.500	693.68	78793.22
152	Jun 6, 2021	1118.33	434.98	6.500	683.35	78109.87
153	Jul 6, 2021	1118.33	417.30	6.500	701.03	77408.84
154	Aug 6, 2021	1118.33	427.34	6.500	690.99	76717.85
155	Sep 6, 2021	1118.33	423.52	6.500	694.81	76023.04
156	Oct 6, 2021	1118.33	406.15	6.500	712.18	75310.86
157	Nov 6, 2021	1118.33	415.76	6.500	702.57	74608.29
158	Dec 6, 2021	1118.33	398.59	6.500	719.74	73888.55
159	Jan 6, 2022	1118.33	407.91	6.500	710.43	73178.12
160	Feb 6, 2022	1118.33	403.98	6.500	714.35	72463.78
161	Mar 6, 2022	1118.33	361.33	6.500	757.00	71706.77
162	Apr 6, 2022	1118.33	395.86	6.500	722.47	70984.30
163	May 6, 2022	1118.33	379.23	6.500	739.10	70245.20
164	Jun 6, 2022	1118.33	387.79	6.500	730.54	69514.66
165	Jul 6, 2022	1118.33	371.38	6.500	746.95	68767.71
166	Aug 6, 2022	1118.33	379.64	6.500	738.70	68029.02
167	Sep 6, 2022	1118.33	375.56	6.500	742.77	67286.24
168	Oct 6, 2022	1118.33	359.47	6.500	758.86	66527.38
169	Nov 6, 2022	1118.33	367.27	6.500	751.06	65776.32
170	Dec 6, 2022	1118.33	351.41	6.500	766.92	65009.40
171	Jan 6, 2023	1118.33	358.89	6.500	759.44	64249.95
172	Feb 6, 2023	1118.33	354.69	6.500	763.64	63486.32
173	Mar 6, 2023	1118.33	316.56	6.500	801.77	62684.55
174	Apr 6, 2023	1118.33	346.05	6.500	772.28	61912.27
175	May 6, 2023	1118.33	330.76	6.500	787.57	61124.70
176	Jun 6, 2023	1118.33	337.44	6.500	780.89	60343.81
177	Jul 6, 2023	1118.33	322.38	6.500	795.95	59547.87
178	Aug 6, 2023	1118.33	328.74	6.500	789.59	58758.27
179	Sep 6, 2023	1118.33	324.38	6.500	793.95	57964.32
180	Oct 6, 2023	1118.33	309.67	6.500	808.66	57155.66
181	Nov 6, 2023	1118.33	315.53	6.500	802.80	56352.86
182	Dec 6, 2023	1118.33	301.06	6.500	817.27	55535.59
183	Jan 6, 2024	1118.33	305.75	6.500	812.58	54723.01
184	Feb 6, 2024	1118.33	301.28	6.500	817.06	53905.95
185	Mar 6, 2024	1118.33	277.63	6.500	840.70	53065.25
186	Apr 6, 2024	1118.33	292.15	6.500	826.18	52239.07
187	May 6, 2024	1118.33	278.32	6.500	840.01	51399.06
188	Jun 6, 2024	1118.33	282.98	6.500	835.36	50563.71
189	Jul 6, 2024	1118.33	269.40	6.500	848.93	49714.77
190	Aug 6, 2024	1118.33	273.70	6.500	844.63	48870.15

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
191	Sep 6, 2024	1118.33	269.05	6.500	849.28	48020.87
192	Oct 6, 2024	1118.33	255.85	6.500	862.48	47158.38
193	Nov 6, 2024	1118.33	259.63	6.500	858.70	46299.68
194	Dec 6, 2024	1118.33	246.68	6.500	871.65	45428.03
195	Jan 6, 2025	1118.33	250.79	6.500	867.54	44560.49
196	Feb 6, 2025	1118.33	246.00	6.500	872.33	43688.15
197	Mar 6, 2025	1118.33	217.84	6.500	900.49	42787.66
198	Apr 6, 2025	1118.33	236.21	6.500	882.12	41905.54
199	May 6, 2025	1118.33	223.88	6.500	894.45	41011.09
200	Jun 6, 2025	1118.33	226.40	6.500	891.93	40119.16
201	Jul 6, 2025	1118.33	214.34	6.500	904.00	39215.17
202	Aug 6, 2025	1118.33	216.49	6.500	901.84	38313.33
203	Sep 6, 2025	1118.33	211.51	6.500	906.82	37406.51
204	Oct 6, 2025	1118.33	199.84	6.500	918.49	36488.02
205	Nov 6, 2025	1118.33	201.43	6.500	916.90	35571.12
206	Dec 6, 2025	1118.33	190.04	6.500	928.29	34642.83
207	Jan 6, 2026	1118.33	191.25	6.500	927.08	33715.74
208	Feb 6, 2026	1118.33	186.13	6.500	932.20	32783.54
209	Mar 6, 2026	1118.33	163.47	6.500	954.86	31828.68
210	Apr 6, 2026	1118.33	175.71	6.500	942.62	30886.06
211	May 6, 2026	1118.33	165.01	6.500	953.32	29932.74
212	Jun 6, 2026	1118.33	165.25	6.500	953.09	28979.65
213	Jul 6, 2026	1118.33	154.82	6.500	963.51	28016.14
214	Aug 6, 2026	1118.33	154.66	6.500	963.67	27052.47
215	Sep 6, 2026	1118.33	149.34	6.500	968.99	26083.49
216	Oct 6, 2026	1118.33	139.35	6.500	978.98	25104.51
217	Nov 6, 2026	1118.33	138.59	6.500	979.74	24124.77
218	Dec 6, 2026	1118.33	128.89	6.500	989.45	23135.32
219	Jan 6, 2027	1118.33	127.72	6.500	990.61	22144.71
220	Feb 6, 2027	1118.33	122.25	6.500	996.08	21148.63
221	Mar 6, 2027	1118.33	105.45	6.500	1012.88	20135.75
222	Apr 6, 2027	1118.33	111.16	6.500	1007.17	19128.58
223	May 6, 2027	1118.33	102.19	6.500	1016.14	18112.44
224	Jun 6, 2027	1118.33	99.99	6.500	1018.34	17094.10
225	Jul 6, 2027	1118.33	91.32	6.500	1027.01	16067.10
226	Aug 6, 2027	1118.33	88.70	6.500	1029.63	15037.46
227	Sep 6, 2027	1118.33	83.02	6.500	1035.32	14002.15
228	Oct 6, 2027	1118.33	74.81	6.500	1043.53	12958.62
229	Nov 6, 2027	1118.33	71.54	6.500	1046.79	11911.83
230	Dec 6, 2027	1118.33	63.64	6.500	1054.69	10857.14
231	Jan 6, 2028	1118.33	59.77	6.500	1058.56	9798.58
232	Feb 6, 2028	1118.33	53.95	6.500	1064.39	8734.19
233	Mar 6, 2028	1118.33	44.98	6.500	1073.35	7660.85
234	Apr 6, 2028	1118.33	42.18	6.500	1076.15	6584.69
235	May 6, 2028	1118.33	35.08	6.500	1083.25	5501.44
236	Jun 6, 2028	1118.33	30.29	6.500	1088.04	4413.40
237	Jul 6, 2028	1118.33	23.51	6.500	1094.82	3318.58
238	Aug 6, 2028	1118.33	18.27	6.500	1100.06	2218.52
239	Sep 6, 2028	1118.33	12.21	6.500	1106.12	1112.40
240	Oct 6, 2028	1118.33	5.93	6.500	1112.40	0.00

Cienega Water Co., Inc.

Balance Sheet

As of August 31, 2008

CFB
 10/6/08

	Aug 31, 08
ASSETS	
Current Assets	
Checking/Savings	
105 · Cash in Bank - Bank One	8,881.76
Total Checking/Savings	8,881.76
Total Current Assets	8,881.76
Fixed Assets	
185 · Utility Plant in Serv	14,154.00
190 · Orig. Meters 1995	17,879.78
191 · New-Repl'd Construction '02-'03	
191-A · Storage Tanks	39,204.00
191-B · Trans & Distrib. Mains	61,812.00
191-C · Update Service Loc.	20,637.00
191-D · Power Operated Equipment	12,155.00
191-E · Other Misc Plant	3,545.00
Total 191 · New-Repl'd Construction '02...	137,353.00
192 · Small Equipment & Tools	2,408.29
193 · Office Equipment	1,176.67
195 · XX- Accum. Depreciation	-69,166.04
Total Fixed Assets	103,805.70
Other Assets	
197 · Computers	2,239.74
Total Other Assets	2,239.74
TOTAL ASSETS	114,927.20
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
205 · Accts Payables	9,515.10
Total Accounts Payable	9,515.10
Total Current Liabilities	9,515.10
Long Term Liabilities	
240 · LongTerm Notes/Bonds	43,648.00
245 · LongTerm CSDC-Loans	12,000.00
250 · Work Loan from Merco	126,737.07
Total Long Term Liabilities	182,385.07
Total Liabilities	191,900.17
Equity	
325 · Capital Stock	5,700.00
350 · Retained Earnings	-86,928.67
Net Income	4,255.70
Total Equity	-76,972.97
TOTAL LIABILITIES & EQUITY	114,927.20

5:50 PM

10/06/08

Accrual Basis

Cienega Water Co., Inc.

Profit & Loss

August 2008

	<u>Aug 08</u>	<u>Jan - Aug ...</u>
Income		
410 · Metered Water Sales	2,689.45	19,111.48
490 · Miscellaneous Income	0.00	125.94
Total Income	<u>2,689.45</u>	<u>19,237.42</u>
Expense		
610 · Automobile Expenses	4,924.65	4,924.65
611 · Bank Charges	-4.00	-4.00
615 · Dues & Subscriptions	50.00	173.77
617 · Education	130.00	130.00
625 · Interest Pd	0.00	4,452.22
635 · Office Exp & Postage	103.82	103.82
640 · Prof. Fees (Legal/Acct)	250.00	1,420.00
645 · Supplies	336.15	649.96
647 · Water Testing	20.00	350.00
650 · Sales Taxes	145.60	1,101.82
675 · Repairs & Maintainan...	0.00	750.00
685 · Utilities	0.00	753.67
690 · Income Taxes	0.00	50.00
695 · Miscellaneous	0.00	125.81
Total Expense	<u>5,956.22</u>	<u>14,981.72</u>
Net Income	<u>-3,266.77</u>	<u>4,255.70</u>

Cienega Water Co., Inc.
Profit & Loss
January through December 2007

Cienega Water Company, Inc.
profit & loss review with the 150,000 note

EXB "F"

	<u>no rate inc.</u>	<u>with rate inc.</u>
Income		
410 · Metered Water Sales	43,948.25	63,100.25
490 · Miscellaneous Income	148.37	148.37
Total Income	<u>44,096.62</u>	<u>63,248.62</u>
Expense		
611 · Bank Charges	174.85	174.85
612 · Depreciation	11,570.35	11,570.35
615 · Dues & Subscriptions	347.00	347.00
617 · Education	1,411.28	1,411.28
618 · Equipment R & M	1,200.00	1,200.00
625 · Interest Pd	29,925.34	29,925.34
631 · Management Services	8,400.00	8,400.00
635 · Office Exp & Postage	168.00	168.00
640 · Prof. Fees (Legal/Acct)	1,362.50	1,362.50
645 · Supplies	2,130.50	2,130.50
647 · Water Testing	642.19	642.19
650 · Sales Taxes	1,558.78	1,558.78
675 · Repairs & Maintainance	1,319.59	1,319.59
685 · Utilities	1,484.79	1,484.79
690 · Income Taxes	50.00	50.00
698 · Property Taxes	1,135.54	1,135.54
Total Expense	<u>62,880.71</u>	<u>62,880.71</u>
Net Income	<u>-18,784.09</u>	<u>367.91</u>

As you can see the 150,000 loan will increase our financial situation even more in the red

The next one with the rate increase of 50.00 base will just almost make us even
if the gallonage used doesn't drop

prepared by tricia walker consulting
10/6/2008

PUBLIC NOTICE
OF
AN APPLICATION FOR AN ORDER

AUTHORIZING THE ISSUANCE OF 150,000⁰⁰ (security)
BY Ciénega Water Co., Inc. (company)

Ciénega Water Co., Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$ 150,000 (gross proceeds) of 150,000 (security to be issued). 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 Parker, 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.
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.