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2012 JAN -6 P 3: 37  
CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**  
JAN 6 2012



Attorneys for Pima Utility Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF PIMA UTILITY COMPANY, AN  
ARIZONA CORPORATION, FOR  
AUTHORITY TO: (1) ISSUE EVIDENCE OF  
INDEBTEDNESS IN AN AMOUNT NOT TO  
EXCEED \$8,370,000 IN CONNECTION  
WITH (A) INFRASTRUCTURE  
IMPROVEMENTS TO THE UTILITY  
SYSTEM AND (B) THE PURCHASE OF  
EQUITY; AND (2) ENCUMBER REAL  
PROPERTY AND PLANT AS SECURITY  
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-02199A-11-0403

IN THE MATTER OF THE APPLICATION  
OF PIMA UTILITY COMPANY, AN  
ARIZONA CORPORATION, FOR  
AUTHORITY TO: (1) ISSUE EVIDENCE OF  
INDEBTEDNESS IN AN AMOUNT NOT TO  
EXCEED \$8,370,000 IN CONNECTION  
WITH (A) INFRASTRUCTURE  
IMPROVEMENTS TO THE UTILITY  
SYSTEM AND (B) THE PURCHASE OF  
EQUITY; AND (2) ENCUMBER REAL  
PROPERTY AND PLANT AS SECURITY  
FOR SUCH INDEBTEDNESS.

DOCKET NO: SW-02199A-11-0404

**NOTICE OF FILING AMENDED  
EXHIBIT**

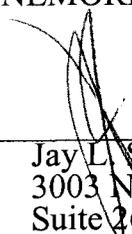
Pima Utility Company ("Pima") hereby files this Notice of Filing Amended Exhibit in the above-captioned matter.

Attached as **Exhibit A** is the revised Term Sheet which reflects the subject financing to be provided at a lower interest rate and with a maturity of 5 years. The

1 revised Term Sheet replaces the Term Sheet attached to Pima's Application at Exhibit 3.

2 RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of January, 2012.

3 FENNEMORE CRAIG, P.C.

4  
5 By   
6 Jay L. Shapiro  
7 3003 North Central Avenue  
8 Suite 2600  
Phoenix, Arizona 85012  
Attorneys for Pima Utility Company

9 ORIGINAL and thirteen (13) copies of the  
10 foregoing were delivered  
this 6<sup>th</sup> day of January, 2012, to:

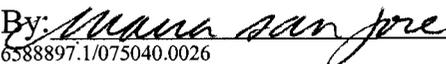
11 Docket Control  
12 Arizona Corporation Commission  
1200 W. Washington St.  
13 Phoenix, AZ 85007

14 COPY of the foregoing delivered  
this 6<sup>th</sup> day of January, 2012, to:

15 Teena Jibilian, ALJ  
16 Hearing Division  
Arizona Corporation Commission  
1200 W. Washington St.  
17 Phoenix, AZ 85007

18 Robin Mitchell, Esq.  
19 Nancy Scott, Esq.  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington St.  
20 Phoenix, AZ 85007

21 Steve Olea, Director  
22 Utilities Division  
Arizona Corporation Commission  
1200 W. Washington St.  
23 Phoenix, AZ 85007

24  
25 By:   
6588897.1/075040.0026

26

# EXHIBIT

A



## Pima Utility Company Term Sheet

This Conceptual Term Sheet is not intended to constitute a commitment or offer to lend on the part of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), but only to summarize for discussion purposes our thoughts on a possible structure for the contemplated financing so that we can get your input into structuring and designing a customized financing structure for the company.

<b>Borrower:</b>	<b>Pima Utility Company</b>
<b>Term Loan Amount:</b>	\$8,370,000
<b>Maturity:</b>	5 Years
<b>Amortization:</b>	15 Years
<b>Interest Rate:</b>	5-Year Term: L + 2.00% / P + 0.00%
<b>Interest Rate Hedge*:</b>	Borrower can use an Interest Rate Swap to synthetically fix the Libor portion of the interest rate. Based on current market rates, which are subject to change, indicative rates are as follows:  5 year Libor: 1.65% + 2.00% = 3.65% all-in rate
<b>Upfront Fee:</b>	None
<b>Guarantors:</b>	None
<b>Collateral:</b>	Pledge of all allowable Borrower assets including revenue pledge. Negative pledge on plant assets/infrastructure.
<b>Indicative Covenants:</b>	Mutually agreed-upon levels of fixed charge coverage ratio and balance sheet leverage.
<b>Other Covenants:</b>	Standard and customary for transactions of this nature including, but not limited to: Borrower to maintain minimum of \$1 million in cash and cash equivalents with Wells Fargo at all times; Limitation on pledge of assets, Restriction on mergers/acquisitions, and Restriction on additional indebtedness.
<b>Expenses:</b>	Borrower agrees to pay all reasonable out-of-pocket costs and expenses incurred by the Bank in connection with initiating and administering the loan, including, but not limited to, closing, legal, and administrative costs.

**Other:**

Borrower will establish primary Pima Utility depository/treasury management relationship with Wells Fargo Bank.

*\* Notwithstanding anything herein to the contrary, on and after July 16, 2011 the availability of any swap or other derivative mentioned herein is subject to the condition that borrower is an "eligible contract participant" (as defined in the Commodities Exchange Act) on the date the swap or derivative is entered into. Any discussion herein that a swap or other derivative is or may be available to borrower is subject to borrower demonstrating to Bank's satisfaction that this and all other applicable legal requirements are met. Nothing herein shall be construed as an offer or commitment by Bank to enter into a swap or other derivative.*