

NEW APPLICATION



0000137335

ARIZONA CORPORATION COMMISSION



Arizona Corporation Commission
DOCKETED

MAY 31 2012

DOCKETED BY	nr
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RECEIVED
2012 MAY 31 P 1:29
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

FINANCING APPLICATION

Montezuma Rimrock Water Company LLC
UTILITY NAME

W-04254A-12-0206

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

Application for financing approval pursuant to ARS 40-301 and 40-302 information:

1. Montezuma Rimrock Water Company LLC

Patricia D. Olsen, Manager

P.O. Box 10, 4615 E. Goldmine Rd., Rimrock, AZ 86335

928-592-9211

2. Statutory Agent:

Patricia D. Olsen

P.O. Box 10, 4615 E. Goldmine Rd., Rimrock, AZ 86335

928-592-9211

3. Promissory Note

Sergei Arias

Proposal submittal: \$15,000.00

Purchase of 8,000 gallon hydro-pneumatic tank

4. The Finance Application is within the corporate powers of the applicant and compatible with the public interest. The hydro-pneumatic tank provides an additional 8,000 gallons of water storage to the system.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 101961	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 101961	\$ 101276
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 14802	\$
610	Purchased Water	994	686
615	Purchased Power	6600	6064
618	Chemicals	610	711
620	Repairs and Maintenance	19490	8047
621	Office Supplies and Expense	9620	13160
630	Outside Services	7132	15890
635	Water Testing	2675	1000
641	Rents	5800	7983
650	Transportation Expenses	9279	9352
657	Insurance – General Liability	5897	4948
659	Insurance - Health and Life	3902	1597
666	Regulatory Commission Expense – Rate Case	1870	886
675	Miscellaneous Expense	2675	2477
403	Depreciation Expense	10935	7367
408	Taxes Other Than Income	9020	10291
408.11	Property Taxes	3484	3098
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 114785	\$ 93537
	OPERATING INCOME/(LOSS)	\$ <12824>	\$ 7739
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<292>	
427	Interest Expense	<2244>	<2773>
	TOTAL OTHER INCOME/(EXPENSE)	\$ <2536>	\$ <2773>
	NET INCOME/(LOSS)	\$ <15360>	\$ 4946

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1514	\$ 1894
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1891	\$ 2271
	FIXED ASSETS		
101	Utility Plant in Service	\$ 529342	\$ 547477
103	Property Held for Future Use		
105	Construction Work in Progress		155
108	Accumulated Depreciation – Utility Plant	<220868>	<234721>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 306474	\$ 312911
	TOTAL ASSETS	\$ 310365	\$ 315182

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 2000	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	26855	32163
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 27055	\$ 32163
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 28611	\$ 17728
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	28575	30986
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	252556	257742
272	Less: Amortization of Contributions	<73388>	<36891>
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 207743	\$ 251837
	TOTAL LIABILITIES	\$ 263209	\$ 301726
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	4712	11901
218	Proprietary Capital (Sole Props and Partnerships)	40444	1555
	TOTAL CAPITAL	\$ 45156	\$ 13456
	TOTAL LIABILITIES AND CAPITAL	\$ 310365	\$ 315182

INVOICE

Sergei Arias

DATE: JUNE 19, 2011

[REDACTED]
[REDACTED]
[REDACTED]

TO Montezuma Rimrock Water Co., LLC
4615 E. Goldmine Rd.
Rimrock, AZ 86335
(928) 300-3291

	PAYMENT TERMS
	Due on receipt

DESCRIPTION	TOTAL
Hydro-Pneumatic 8,000-gallon tank	\$15,000.00
TOTAL DUE	\$15,000.00

Make all checks payable to Sergei Arias
THANK YOU FOR YOUR BUSINESS!

LOAN AGREEMENT

\$15,000

DATE: July 1, 2011

For value received, the undersigned Montezuma Rimrock Water Company LLC (the "Borrower"), at Rimrock Arizona, promises to pay to the order of Sergei Arias, (the "Lender"), at 2126 S. Tombaugh Way, Flagstaff, Arizona 86001, (or at such other place as the Lender may designate in writing) the sum of \$15,000 with interest from July 1, 2011, on the unpaid principal at the rate of 6% per annum.

I. TERMS OF REPAYMENT

A. Payments

The unpaid principal and accrued interest shall be payable in monthly installment of \$289.99, beginning on July 1, 2011, and continuing until July 1, 2016, (the "due Date"), at which time the remaining unpaid principal and interest shall be due in full.

B. Application of Payments

All payments on this Note shall be applied first in payment of accrued interest and any remainder in payment of principal.

C. Late Fee

The Borrower promises to pay a late charge of \$5.00 for each installment that remains unpaid more than 15 day(s) after its Due Date. This late charge shall be paid as liquidated damages in lieu of actual damages, and not as a penalty.

D. Acceleration of Debt

If any payment obligation under this Note is not paid when due, the remaining unpaid principal balance and any accrued interest shall become due immediately at the option of the Lender.

II. PREPAYMENT

The Borrower reserves the right to prepay this Note (in whole or in part) prior to the Due Date with no prepayment penalty.

III. COLLECTION COSTS

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

IV. DEFAULT

If any of the following events of default occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

- 1) the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
- 2) the death of the Borrower or Lender;
- 3) the filing of bankruptcy proceedings involving the Borrower as a debtor;
- 4) the application for the appointment of a receiver of the Borrower;
- 5) the making of a general assignment for the benefit of the Borrower's creditors;
- 6) the insolvency of the Borrower;
- 7) a misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

V. SEVERABILITY OF PROVISIONS

If any one or more of the provisions of this Note are determined to be unenforceable in whole or in part, for any reason, the remaining provisions shall remain fully operative.

VI. MISCELLANEOUS

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. The Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability or the obligations of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

VII. GOVERNING LAW

This Note shall be construed in accordance with the laws of the State of Arizona

IN WITNESS WHEREOF, this Agreement has been executed and delivered in the manner prescribed by law as of the date first written above.

Signed this 30th day of June, 2011.

Borrower:

Montezuma Rimrock Water Company LLC

BY:

Sergei Arias, Manager

Lender:

Sergei Arias



Loan Amortization Schedule

Enter values	
Loan amount	\$ 15,000.00
Annual interest rate	6.00 %
Loan period in years	5
Number of payments per year	12
Start date of loan	7/1/2011
Optional extra payments	

Lender name: **Sergel Arias**

Loan summary	
Scheduled payment	\$ 289.99
Scheduled number of payments	60
Actual number of payments	60
Total early payments	-
Total interest	2,939.52

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	8/1/2011	\$ 15,000.00	\$ 289.99	\$ -	\$ 289.99	\$ 21.89	\$ 75.00	\$ 14,785.01	\$ 75.00
2	9/1/2011	\$ 14,785.01	\$ 289.99	\$ -	\$ 289.99	\$ 21.64	\$ 73.93	\$ 14,568.94	\$ 148.93
3	10/1/2011	\$ 14,568.94	\$ 289.99	\$ -	\$ 289.99	\$ 21.35	\$ 72.84	\$ 14,351.79	\$ 221.77
4	11/1/2011	\$ 14,351.79	\$ 289.99	\$ -	\$ 289.99	\$ 21.03	\$ 71.76	\$ 14,133.56	\$ 295.53
5	12/1/2011	\$ 14,133.56	\$ 289.99	\$ -	\$ 289.99	\$ 20.67	\$ 70.67	\$ 13,914.24	\$ 364.20
6	1/1/2012	\$ 13,914.24	\$ 289.99	\$ -	\$ 289.99	\$ 20.27	\$ 69.57	\$ 13,693.82	\$ 433.77
7	2/1/2012	\$ 13,693.82	\$ 289.99	\$ -	\$ 289.99	\$ 19.82	\$ 68.47	\$ 13,472.29	\$ 502.21
8	3/1/2012	\$ 13,472.29	\$ 289.99	\$ -	\$ 289.99	\$ 19.34	\$ 67.36	\$ 13,249.66	\$ 570.60
9	4/1/2012	\$ 13,249.66	\$ 289.99	\$ -	\$ 289.99	\$ 18.82	\$ 66.25	\$ 13,025.92	\$ 638.85
10	5/1/2012	\$ 13,025.92	\$ 289.99	\$ -	\$ 289.99	\$ 18.26	\$ 65.13	\$ 12,801.06	\$ 706.98
11	6/1/2012	\$ 12,801.06	\$ 289.99	\$ -	\$ 289.99	\$ 17.66	\$ 64.01	\$ 12,575.07	\$ 774.98
12	7/1/2012	\$ 12,575.07	\$ 289.99	\$ -	\$ 289.99	\$ 17.02	\$ 62.88	\$ 12,347.95	\$ 842.86
13	8/1/2012	\$ 12,347.95	\$ 289.99	\$ -	\$ 289.99	\$ 16.35	\$ 61.74	\$ 12,119.20	\$ 910.60
14	9/1/2012	\$ 12,119.20	\$ 289.99	\$ -	\$ 289.99	\$ 15.64	\$ 60.60	\$ 11,889.31	\$ 978.20
15	10/1/2012	\$ 11,889.31	\$ 289.99	\$ -	\$ 289.99	\$ 14.90	\$ 59.45	\$ 11,658.77	\$ 1,045.65
16	11/1/2012	\$ 11,658.77	\$ 289.99	\$ -	\$ 289.99	\$ 14.13	\$ 58.30	\$ 11,428.17	\$ 1,112.95
17	12/1/2012	\$ 11,428.17	\$ 289.99	\$ -	\$ 289.99	\$ 13.33	\$ 57.14	\$ 11,195.22	\$ 1,180.09
18	1/1/2013	\$ 11,195.22	\$ 289.99	\$ -	\$ 289.99	\$ 12.50	\$ 55.98	\$ 10,961.21	\$ 1,247.07
19	2/1/2013	\$ 10,961.21	\$ 289.99	\$ -	\$ 289.99	\$ 11.64	\$ 54.81	\$ 10,726.02	\$ 1,313.87
20	3/1/2013	\$ 10,726.02	\$ 289.99	\$ -	\$ 289.99	\$ 10.75	\$ 53.63	\$ 10,490.66	\$ 1,380.50
21	4/1/2013	\$ 10,489.66	\$ 289.99	\$ -	\$ 289.99	\$ 9.83	\$ 52.45	\$ 10,252.11	\$ 1,447.04
22	5/1/2013	\$ 10,252.11	\$ 289.99	\$ -	\$ 289.99	\$ 8.88	\$ 51.26	\$ 10,013.38	\$ 1,513.27
23	6/1/2013	\$ 10,013.38	\$ 289.99	\$ -	\$ 289.99	\$ 7.90	\$ 50.07	\$ 9,773.46	\$ 1,579.14
24	7/1/2013	\$ 9,773.46	\$ 289.99	\$ -	\$ 289.99	\$ 6.89	\$ 48.87	\$ 9,532.23	\$ 1,644.67
25	8/1/2013	\$ 9,532.23	\$ 289.99	\$ -	\$ 289.99	\$ 5.85	\$ 47.66	\$ 9,290.00	\$ 1,709.88
26	9/1/2013	\$ 9,290.00	\$ 289.99	\$ -	\$ 289.99	\$ 4.78	\$ 46.45	\$ 9,046.46	\$ 1,774.78
27	10/1/2013	\$ 9,046.46	\$ 289.99	\$ -	\$ 289.99	\$ 3.68	\$ 45.21	\$ 8,801.70	\$ 1,839.31
28	11/1/2013	\$ 8,801.70	\$ 289.99	\$ -	\$ 289.99	\$ 2.55	\$ 44.01	\$ 8,555.72	\$ 1,903.48
29	12/1/2013	\$ 8,555.72	\$ 289.99	\$ -	\$ 289.99	\$ 1.39	\$ 42.78	\$ 8,308.50	\$ 1,967.27
30	1/1/2014	\$ 8,308.50	\$ 289.99	\$ -	\$ 289.99	\$ 0.21	\$ 41.54	\$ 8,060.05	\$ 2,030.61
31	2/1/2014	\$ 8,060.05	\$ 289.99	\$ -	\$ 289.99	\$ -	\$ 40.30	\$ 7,810.36	\$ 2,092.57
32	3/1/2014	\$ 7,810.36	\$ 289.99	\$ -	\$ 289.99	\$ -	\$ 39.05	\$ 7,559.82	\$ 2,154.06
33	4/1/2014	\$ 7,559.82	\$ 289.99	\$ -	\$ 289.99	\$ -	\$ 37.80	\$ 7,307.23	\$ 2,215.06

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
34	5/1/2014	7,407.23	289.99		289.99	253.46	36.54	7,153.77	1,913.50
35	6/1/2014	7,053.77	289.99		289.99	254.72	35.27	6,799.05	1,948.77
36	7/1/2014	6,799.05	289.99		289.99	255.00	34.00	6,543.05	1,982.76
37	8/1/2014	6,543.05	289.99		289.99	257.28	32.72	6,285.77	2,015.48
38	9/1/2014	6,285.77	289.99		289.99	258.56	31.43	6,027.21	2,046.91
39	10/1/2014	6,027.21	289.99		289.99	259.86	30.14	5,767.36	2,077.04
40	11/1/2014	5,767.36	289.99		289.99	261.16	28.84	5,506.20	2,105.88
41	12/1/2014	5,506.20	289.99		289.99	262.46	27.53	5,243.74	2,133.41
42	1/1/2015	5,243.74	289.99		289.99	263.77	26.22	4,979.97	2,159.63
43	2/1/2015	4,979.97	289.99		289.99	265.09	24.90	4,714.87	2,184.53
44	3/1/2015	4,714.87	289.99		289.99	266.42	23.57	4,448.46	2,208.10
45	4/1/2015	4,448.46	289.99		289.99	267.75	22.24	4,180.71	2,230.35
46	5/1/2015	4,180.71	289.99		289.99	269.09	20.90	3,911.62	2,251.25
47	6/1/2015	3,911.62	289.99		289.99	270.43	19.56	3,641.18	2,270.81
48	7/1/2015	3,641.18	289.99		289.99	271.79	18.21	3,369.40	2,289.01
49	8/1/2015	3,369.40	289.99		289.99	273.15	16.85	3,096.25	2,305.86
50	9/1/2015	3,096.25	289.99		289.99	274.51	15.48	2,821.74	2,321.34
51	10/1/2015	2,821.74	289.99		289.99	275.88	14.11	2,545.86	2,335.45
52	11/1/2015	2,545.86	289.99		289.99	277.26	12.73	2,268.60	2,348.18
53	12/1/2015	2,268.60	289.99		289.99	278.63	11.34	1,989.95	2,359.52
54	1/1/2016	1,989.95	289.99		289.99	280.04	9.95	1,709.90	2,369.47
55	2/1/2016	1,709.90	289.99		289.99	281.44	8.55	1,428.46	2,378.02
56	3/1/2016	1,428.46	289.99		289.99	282.85	7.14	1,145.61	2,385.17
57	4/1/2016	1,145.61	289.99		289.99	284.26	5.73	861.35	2,390.89
58	5/1/2016	861.35	289.99		289.99	285.69	4.31	575.66	2,395.20
59	6/1/2016	575.66	289.99		289.99	287.11	2.88	288.55	2,398.08
60	7/1/2016	288.55	289.99		289.99	287.11	1.44		2,399.52

ARIZONA CORPORATION COMMISSION

CERTIFICATE OF PUBLIC NOTICE

APPLICANT'S NAME: Patricia D. Olsen

BUSINESS NAME: Montezuma Rimrock Water Company LLC

On May 31, 2011, I mailed a copy of the attached Public Notices: Application for a Rate Case, and Application for an Order for Financing. A copy of each of the attached notices was mailed to each customer along with their billing statement.

May 31, 2012

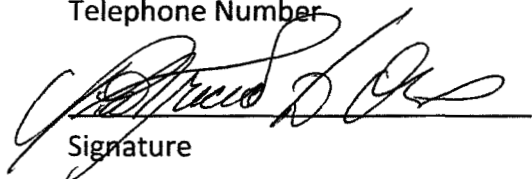
(Date)

Patricia D. Olsen, Manager

Name and Title

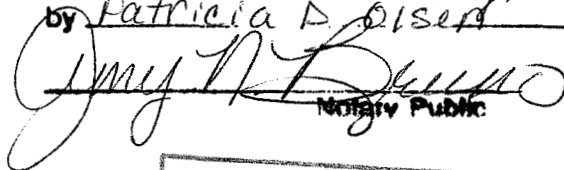
(928) 592-9211

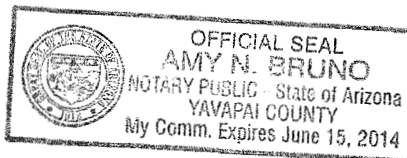
Telephone Number


Signature

STATE OF ARIZONA
COUNTY OF YAVAPAI

The foregoing instrument was acknowledged
before me this 31st day of May, 2012
by Patricia D. Olsen


Notary Public



PUBLIC NOTICE
OF
AN APPLICATION FOR AN ORDER

AUTHORIZING THE ISSUANCE OF Promissory Note (security)
BY Montezuma Rimrock Water Company LLC (company)

Montezuma Rimrock Water Co ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$ 15,000.00 (gross proceeds) of Promissory Note (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 Rimrock, 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.