

ORIGINAL

NEW APPLICATION



0000140796

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AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

9 GARY PIERCE, CHAIRMAN
10 PAUL NEWMAN
11 SANDRA D. KENNEDY
12 BOB STUMP
13 BRENDA BURNS

Arizona Corporation Commission
DOCKETED

NOV 14 2012

DOCKETED BY *me*

13 IN THE MATTER OF THE APPLICATION
14 OF SANDARIO WATER COMPANY, INC.
15 FOR AUTHORITY TO INCUR LONG-
16 TERM DEBT.

DOCKET NO. W-01831A-12-0467
FINANCE APPLICATION

17 Pursuant to A.R.S. § 40-301 *et seq.* and A.A.C. R14-3-106(F), Sandario Water
18 Company, Inc. ("Company" or "Applicant"), hereby files its application for authority to
19 incur debt to finance water system improvements.
20

21 **PRELIMINARY STATEMENT**

22 The Company is a public service corporation subject to regulation by the Arizona
23 Corporation Commission ("Commission") as a water utility. The Company holds a
24 Certificate of Convenience and Necessity ("CC&N") in Pima County, Arizona.
25

26 The Company is seeking to borrow an amount not to exceed \$633,450 primarily to
27 pay for the cost of installing a 100,000 gallon water storage tank. See Exhibit 1. In
28

1 addition, the Company needs to upgrade electrical equipment at well site 3.

2 Accordingly, the Company has applied to the Water Infrastructure Finance
3 Authority ("WIFA") for a loan to make the requisite equipment improvements. *See*
4 Exhibit 2. WIFA placed the Company on its Drinking Water Revolving Fund Priority
5 List for a loan in the amount not to exceed \$780,000. *See id.* Since the initial
6 application, the Company has been able to refine the project and reduce the borrowing
7 need to \$633,450.
8

9
10 **INFORMATION REQUESTED ON APPLICATION FORM**

11 **1. Applicant's Name and Address.**

12 Sandario Water Company, Inc.
13 Bonnie O'Connor
14 P.O. Box 85160
15 Tucson, Arizona 85754
16 Telephone: (520) 623-5172
17 Facsimile: (520) 792-0377

18 **2. Person Authorized to Receive Communications.**

19 Steve Wene, Esq.
20 Moyes Sellers & Hendricks
21 1850 North Central Ave., Suite 1100
22 Phoenix, Arizona 85004
23 Telephone: (602) 604-2189
24 Facsimile: (602) 274-9135

25 **3. Financing Description.**

26 If the Commission authorizes the proposed debt, the Company will request that
27 WIFA lend the Company an amount not to exceed \$633,450. Although the Company is
28 on the loan priority list, WIFA does not offer finance terms until the Commission
authorizes water providers like the Company to incur debt. The Company understands
that the Commission and WIFA have a standard working arrangement to accommodate

1 WIFA's loan practices. The Commission staff may want to contact the following WIFA
2 staff person:

3 Angie Valenzuela
4 Senior Loan Officer
5 Water Infrastructure Finance Authority
6 1110 W. Washington Street, Suite 290
7 Phoenix, Arizona 85007

7 **4. Proceeds Statement.**

8 Gross proceeds will be an amount not to exceed \$633,450. WIFA has a combined
9 interest and fee rate structure, so there are no issuance expenses. This means that the
10 Company will net an amount not to exceed \$633,450 from the proposed loan.

11 **5. Plant to be Acquired Using Net Proceeds.**

12 The proceeds will be used primarily to install a 100,000 gallon storage tank and
13 electrical equipment at well site 3 consistent with the opinion of probable cost set forth in
14 Exhibit 1.
15

16 **6. Consistency with A.R.S. § 40-301 et seq.**

17 The proposed financing is: (a) within the Company's corporate powers, (b)
18 compatible with the public interest; (c) compatible with sound financial practices; (d)
19 compatible with the proper performance by the applicant of service as a public service
20 corporation; and (e) will not impair the Company's ability to perform that service.

21 **7. Service Fees.**

22 WIFA does not charge service fees. Under WIFA's combined interest and fee rate
23 structure, the Company anticipates paying a fixed interest rate of prime plus 2%
24 multiplied by a subsidy rate index set by WIFA. WIFA may offer the Company an 85%
25 subsidy rate, so the effective interest rate could be Prime + 2% x 85%. This below-
26 market rate loan is reasonable for the Commission to approve.

27 **8. Documents to be Executed in this Matter.**

28 There are no documents to be executed in the matter at this time.

1 **9. Pro Forma Balance Sheet and Income Statement.**

2 A Company pro forma balance sheet is attached as Exhibit 3. A Company pro
3 forma income statement is attached as Exhibit 4.

4 **10. Customer Notice.**

5 The Commission's required notice will be provided to customers pursuant to
6 Commission rules and the Company will file with the Commission a copy of the actual
7 notice sent and an affidavit stating when it was sent to the customers.

8 **REQUEST FOR APPROVAL**

9 As set forth in this Application, the Company requests that the Commission
10 authorize the financing described herein.

11
12 DATED this 14th day of November, 2012.

13 **MOYES SELLERS & HENDRICKS**

14
15 
16 _____
17 Steve Wene

18
19 Original and 13 copies of the foregoing
20 filed this 14th day of November, 2012, with:

21 Docket Control
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25 
26 _____

EXHIBIT 1

ITEM ONE STORAGE WELL SITE 2

ITEM DESCRIPTION	QTY	UNIT	UNIT PRICE	COST	NOTES
100,000 Gallon Storage tank	1	EA	\$300,000.00	\$300,000.00	Includes construction, Davis Bacon wages, and related materials and services
SUBTOTAL				\$300,000.00	
ATC application	1	LS	\$7,000.00	\$7,000.00	Application and permit fees for project
Engineering	-	-	20%	\$60,000.00	Includes design, reports, modeling, and regulatory approval services
Project management, legal, administration	-	-	20%	\$60,000.00	Includes bidding process, contracts and regulatory preparation, authorization, compliance and approvals.
Inspections	-	-	7%	\$19,500.00	Quality control of project, including reporting, coordination with engineers and contractors, etc.
Contingency	-	-	15%	\$45,000.00	Change orders and project revisions.
Sales Tax	-	-	4.60%	\$13,800.00	65% of tax rate to account only for taxed items
			SUBTOTAL	\$505,300.00	

ITEM TWO ELECTRICAL UPGRADES WELL SITE 3

ITEM DESCRIPTION	QTY	UNIT	UNIT PRICE	COST	NOTES
Electrical upgrades	1	EA	\$75,000.00	\$75,000.00	Includes construction, Davis Bacon wages, and related materials and services
SUBTOTAL				\$75,000.00	
ATC application	1	LS	\$3,200.00	\$3,200.00	Application and permit fees for project
Engineering	-	-	20%	\$15,000.00	Includes design, reports, modeling, and regulatory approval services
Project management, legal, administration	-	-	20%	\$15,000.00	Includes bidding process, contracts and regulatory preparation, authorization, compliance and approvals.
Inspections	-	-	7%	\$5,250.00	Quality control of project, including reporting, coordination with engineers and contractors, etc.
Contingency	-	-	15%	\$11,250.00	Change orders and project revisions.
Sales Tax	-	-	4.60%	\$3,450.00	65% of tax rate to account only for taxed items
			SUBTOTAL	\$128,150.00	

TOTAL **\$633,450.00**

EXHIBIT 2

DRINKING WATER APPLICATION
Water Infrastructure Finance Authority of Arizona (WIFA)
Financial Assistance Project Priority List Application

SECTION 1: APPLICATION INFORMATION

APPLICATION NUMBER: DW-014-2013 | Print

- 1.1 Applicant: Sandario Water Company Job Title: Manager
1.2 Contact Names: First Bonnie Middle Initial: Last: O'Connor
1.3 Address: PO Box 85160 City: Tucson State: AZ Zip: 85754
1.4 Phone: 520-623-5172 Fax: 520-792-0377 E-Mail: swumgmt@aol.com
1.5 County in Which Project is Located: Pima
1.6 Number of Connections to System: 327 Population Served by the System: 1000
1.7 Average Monthly Residential Fee (Base + Use): \$35.00
1.8 Existing Debt (principal only) Payable by System Users: \$0.00
1.9 Population of City or Town: 00 Median Household Income: \$30,981.00
1.10 ADEQ System Identification Number (PWS #): AZ0410093
1.11 Is the system ACC regulated? Yes No
1.12 Has this project received prior year WIFA funding?
1.13 Is your system registered with the E-Verify Program? Yes No

SECTION 2: PROPOSED DRINKING WATER FINANCIAL ASSISTANCE PROJECT

- 2.1 Project Title/Name: Capital Improvements (Storage & Electriccal)
2.2 Type of loan required during this funding cycle? Design \$85,200.00 and/or Construction \$548,250.00
2.3 Briefly summarize the problem below. (Mail or upload any supporting documentation)

Water loss in 2009 was over 4,000,000 gallons. The system does not have adequate storage at well #2for 331 connections and the electric panel at Well #3 issubstandard.

- 2.4 Briefly summarize the solution below.

Add additional storage to support the system. Electrical upgrades.

- 2.5 Project Purpose: (Select only one)
Assist Non-Compliant Systems to Achieve Compliance
Assist Compliant Systems to Meet Future Requirements
Assist Compliant Systems to Maintain Compliance
Other (Not Compliance Related)

SECTION 3: EXISTING CONDITIONS AND PROJECT BENEFITS

- 3.1 Select Expected Project Benefit(s)
Compliance - Existing Requirements Compliance - Future Requirements Expanded Service
Reduce Public Health Risks

3.2 Water System Improvement

Proposed Project addresses deficiencies identified by ADEQ

3.3 Consolidation and Regionalization

Interconnecting the physical facilities of two or more existing water systems. Extending service to existing areas currently served by another water system.
 Consolidating the operations of multiple water systems. Consolidating the ownership of multiple water systems.

3.4 Water and Energy Efficiency Index

50 to 100% of total project costs are for water or energy efficiency components or environmentally innovative approaches.
 10% to 49% of project costs are for water or energy efficiency components or environmentally innovative approaches.
 less than 10% of the project costs are for any water or energy efficiency components or environmentally innovative approaches.

Project's green components

3.5 System Compliance **must mail or upload supporting documents*

Notice of violations and/or consent orders from regulatory agency *
 In compliance

SECTION 4: READINESS TO PROCEED INDICATORS

4.1 Debt Authorization?

(For more information, see [WIFA Debt Authorization Guidance Document](#))

Yes No
 Enter authorization/expected authorization date: 3/26/2013 [mm/dd/yyyy]
(mail or upload copy of official governing body debt authorization resolution, election results or ACC order)

4.2 Project Design *(Select only one)*

Project is in planning stages Engineer has been selected Currently under design Ready for construction
 Enter design completion/anticipated design completion date: 6/25/2013 [mm/dd/yyyy]

4.3 Applicable Plan and Specification Approvals *(Select only one)*

Approval to construct has been obtained
 Plans and specification have been submitted to permitting agency for approval
 Design has not been completed
 Other or not applicable
 Enter permit/anticipated permit(s) receipt date: _____ [mm/dd/yyyy]
 If not applicable or if multiple permits are required, please explain:

4.4 Project Bids *(Select only one)*

Project is not ready for bid Project is currently out for bid Bidding is complete
 Enter bid/anticipated bid award date: date: _____ [mm/dd/yyyy]

4.5 Project Construction

When do you plan to begin project construction? If you may need to begin the project before the requested financial assistance is awarded, please provide details.

x

SECTION 5: REQUESTED AMOUNT AND CERTIFICATION/APPROVAL

5.1 Estimated Date WIFA Funding Required: 10/1/2013 [mm/dd/yyyy]

5.2 Estimated Financial Assistance Costs & Funding Source

Funding Source	Project Costs
Amount funded locally:	<u>\$0.00</u>

Amount requested from WIFA for this project: \$633,450.00
 Other source: \$0.00

Total: \$633,450.00

5.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

First Name Bonnie Last Name O'Connor Title Secretary

5.4 File Attachments

Reference Name	Document Name	Original Name	Date Added
Sandario explnation of financing needs	DOC-260001.docx [14.1KB]	andario Financing back up information..docx	4/27/2012
Sandario Revised OPC for Financing	DOC-260002.xls [41KB]	AN OPC 5-9-2012.xls	10/12/2012

Authorized Signature: _____ Date: _____

Environmental Review Checklist Drinking Water Projects

Please complete the following checklist to allow WIFA to determine the necessary environmental review requirements for the proposed project. Please contact Sara Konrad at (602) 364-1319 or skonrad@azwifa.gov with any questions. Once completed, please print it, sign the last page, and upload it to your e-Apps application.

Section 1. General Information

Applicant Name: Sandario Water Company
 Project Contact: Bonnie O'Connor Phone Number: 520-623-5172 Date: 4/30/2010 2:17:27 PM
 Project Title: DW-014-2013 - Capital Improvements (Storage & Electrical)
 Physical Location: Pima County AZ

Section 2. Categorical Exclusions

A project for which the answer to statements 1 is "yes" may be eligible for a Categorical Exclusion. However, if any of the statements from 1a. through 1e. is answered "yes," then the project is not eligible for a Categorical Exclusion. [A.A.C. R-18-15-106(B)]

1. Yes No The project relates to existing infrastructure systems and involves minor upgrading, minor expansion of system capacity, rehabilitation (including functional replacement) of the existing system and system components, or construction of new minor ancillary facilities adjacent to or on the same property as existing facilities.
- 1a. Yes No The project involves new or relocated discharges to surface water or groundwater.
- 1b. Yes No The project will likely result in the substantial increase in the volume or the loading of pollutant to the receiving water.
- 1c. Yes No The project will provide capacity to serve a population 30% greater than the existing population.
- 1d. Yes No A state or other regional growth plan or strategy does not support this project. *Answering "yes" indicates that the project is not supported.*
- 1e. Yes No The project directly or indirectly involves or relates to upgrading or extending infrastructure systems primarily for the purposes of future development.

Section 3. Extraordinary Circumstances

[A.A.C. R-18-15-106(C)] If any of the following extraordinary circumstances apply to the project, it is not eligible for a Categorical Exclusion.

1. Yes No The project is known or expected to have potentially significant adverse environmental impacts on the quality of the human environment either individually or cumulatively over time.
2. Yes No The project is known or expected to have disproportionately high and adverse human health or environmental effects on any community, including minority, low-income, or federally-recognized Indian tribal communities.
3. Yes No The project is known or expected to significantly affect federally listed threatened or endangered species or their critical habitat.
4. Yes No The project is known or expected to significantly affect national natural landmarks or any property with nationally significant historic, architectural, prehistoric, archeological, or cultural value, including but not limited to, property listed on or eligible for the Arizona or National Registers of Historic Places. <http://azstateparks.com/SHPO/review.html>
5. Yes No The project is known or expected to significantly affect environmentally important natural resource areas such as:
- 5a. Yes No wetlands
- 5b. Yes No floodplains,
- 5c. Yes No significant agricultural lands,

- 5d. Yes No aquifer recharge zones.
- 5e. Yes No wild and scenic rivers. <http://www.rivers.gov/wildriverslist.html>
- 5f. Yes No significant fish or wildlife habitat Complete the Arizona Game and Fish On-Line Environmental Review Tool at <http://www.azgfd.gov/hgis> and upload receipt to e-Apps.
- 5g. Yes No other environmentally important natural resource areas.
- 6. Yes No The project is known or expected to cause significant adverse air quality effects.
- 7. Yes No The project is known or expected to have a significant effect on the pattern and type of land use or growth and distribution of population, including altering the character of existing residential areas, or may not be consistent with state or local government, or federally-recognized Indian tribe approved land use or federal land management plans.
- 8. Yes No The project is known or expected to cause significant public controversy about a potential environmental impact of the proposed action.
- 9. Yes No The project is known or expected to be associated with providing financial assistance to a federal agency through an interagency agreement for a project that is known or expected to have potentially significant environmental impacts.
- 10. Yes No The project is known or expected to conflict with federal, state, or local government, or federally-recognized Indian tribe environmental, resource-protection, or land-use laws or regulations.

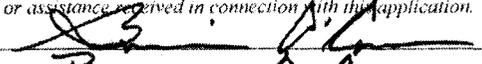
Section 4. Special conditions

- 1. Yes No The project is for planning purposes only and does not include design or construction.
**If yes, the project may be exempt from environmental review requirements.*
- 2. Yes No An Environmental Assessment under NEPA has been conducted for this project or earlier phases of this project.
**If yes, provide a copy of the Environmental Assessment.*

Section 5. Certification

Once completed, please print this document, sign below, and upload it to your eApps application.

I certify that the information provided is accurate and complete. I understand that any material misstatement or misleading statement herein is cause for denial or rescission of any approval or assistance received in connection with this application.

Authorized Signature  Date: 11/1/12

Printed Name BONNIE O. LANDER

Title SECRETARY

Company/Agency/Tribal Authority SAN JUAN WATER CO

**Arizona's Drinking Water Revolving Fund
2013 Funding Cycle - Priority List for Drinking Water Revolving Fund
October 2012**

PPL Rank	Applicant	Population	County	Project Name	Project Number	Amount Requested / Probable Green Amount	Subsidy Rate
1	*Cienega Water Company	140	La Paz	Fluoride Treatment and System Upgrades	007 2013	\$50,000.00	80%
2	*Sulger Water Company #2	50	Cochise	Well, Tank and Disinfection System Improvements	022 2013	\$56,000.00	80%
3	Surland Water Company	170	Pinal	New Well and Blending Plan for Arsenic Compliance	008 2013	\$122,050.00	80%
4	*Humboldt Water System	690	Yavapai	Water Treatment Facility Humboldt Water System	027 2013	\$160,000.00	80%
5	**Truxton Canyon Water Company	2,136	Mohave	Arsenic Treatment, Transmission Replacement, & Well Electric Changover	024 2013	\$419,208.00	85%
6	*Clear Springs Utility Company	1,180	Cochise	Clear Springs Utility Consolidation & Upgrades	009 2013	\$511,000.00	75%
7	**Rim Trail Domestic Water Improvement District	25	Gila	Rim Trail Surface and Groundwater Sustainability Upgrade	004 2013	\$250,000.00 / Categorical \$23,700.00	80%
8	***Litchfield Park Service Company	39,000	Maricopa	Airline Reservoir Solar Project / LPSC	017 2013	\$1,170,000.00	85%
9	Litchfield Park Service Company	39,000	Maricopa	LPSCO Recharge Wells	018 2013	\$1,755,000.00	85%
10	Payson, Town of	15,500	Gila	Payson Cragin Project Phase II	006 2013	\$6,250,000.00	80%
11	*Clarkdale, Town of	4,097	Yavapai	Twin 5s Water Main Replacement	002 2013	\$1,600,000.00	80%
12	Livco Water Company	850	Apache	Refurbish exterior of water tank #1	019 2013	\$30,000.00	80%
13	Springerville, Town of	1,900	Apache	Water System Improvements	016 2013	\$1,100,000.00	80%
14	East Slope Water Company	3,787	Cochise	System Improvements (Storage, Booster Pumps, Well Improvements, Main Replacement)	010 2013	\$282,748.00	90%
15	Sonoita Valley Water Company	327	Santa Cruz	System Consolidation	013 2013	\$228,000.00	85%
16	Clarkdale, Town of	4,026	Yavapai	Water System Security Improvements	003 2013	\$68,000.00	80%
17	Buckeye, Town of	25,000	Maricopa	Sundance to Historic Town Water Connection	001 2013	\$5,500,000.00	80%
18	Sandario Water Company	1,000	Pima	Capital Improvements (Storage, Pipe Replacement)	014 2013	\$780,000.00	80%
19	Payson Water Company, Inc	1,148	Gila	Mesa del Caballo Supplemental Water Supply Project	005 2013	\$1,150,000.00	80%
20	Southland Water Company	1,958	Cochise	System Improvements	020 2013	\$1,045,941.00	85%
21	San Luis, City of	25,505	Yuma	Well Upgrades, Interconnect and Filtration System	023 2013	\$2,800,000.00	85%
22	**Appaloosa Water Company	630	Yavapai	Backup Generator	025 2013	\$60,000.00	85%
23	**Metro Domestic Water Improvement District	47,954	Pima	Equip Riverside Well	028 2013	\$400,000.00	85%
24	**Prescott, City of	39,843	Yavapai	Zone 12, 19 and 27 Water Infrastructure Improvements	026 2013	\$15,921,582.00	85%

Total: \$41,709,529.00

* Disadvantaged communities

** New project on PPL

*** Eligible for Green Project Reserve

EXHIBIT 3

Sandario Water Company, Inc.
Balance Sheet as of 06/30/12
Includes Proforma Adjustments for WIFA Financing

Acct. No.	ASSETS	TEST YEAR END BALANCE @ 06/30/2012	WIFA LOAN PROFORMA ADJUSTMENTS	TEST YEAR END 06/30/2012 ADJUSTED FOR WIFA LOAN
	Current and Accrued Assets			
131	Cash	\$ 6,033		\$ 6,033
134	Working Funds			
135	Temporary Cash Investments			-
141	Customer Accounts Receivable	3,732		3,732
146	Notes/Receivables from Assoc Co			-
151	Plant Material and Supplies			-
162	Prepayments			-
174	Misc Current and Accrued Assets			-
	Total Current and Accrued Assets	\$ 9,765	\$ -	\$ 9,765
	Fixed Assets			
101	Utility Plant in Service	\$ 921,052	\$ 633,450	\$ 1,554,502
103	Property Held for Future Use			
105	Construction Work In Progress			
108	Accumulated Depreciation - Utility Plant	(637,273)		(637,273)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets	\$ 283,779	\$ 633,450	\$ 917,229
	TOTAL ASSETS	\$ 293,544	\$ 633,450	\$ 926,994

Sandario Water Company, Inc.
Balance Sheet as of 06/30/2012 (continued)
Includes Proforma Adjustments for WIFA Financing

Acct. No.	LIABILITIES	TEST YEAR END BALANCE @ 06/30/2012	WIFA LOAN PROFORMA ADJUSTMENTS	TEST YEAR END 06/30/2012 ADJUSTED FOR WIFA LOAN
Current Liabilities				
231	Accounts Payable	\$ 24,637		\$ 24,637
232	Notes Payable (Current Portion)			-
234	Notes/Accounts Payable to Assoc Co			-
235	Customer Deposits	8,628		8,628
236	Accrued Taxes	1,000		1,000
237	Accrued Interest			-
241	Misc Current and Accrued Liabilities			-
	Total Current Liabilities	<u>\$ 34,265</u>	<u>\$ -</u>	<u>\$ 34,265</u>
LONG-TERM DEBT (Over 12 Months)				
224	Long-Term Notes and Bonds	\$ -	\$ 633,450	\$ 633,450
Deferred Credits				
251	Unamortized Premium on Debt			
252.1	Advances in Aid of Construction	\$ 105,287		\$ 105,287
252.2	Meter Deposits	5,057		5,057
255	Accum Def Investment Tax Credits			-
271	Gross Contrib in Aid of Construction	356,257		356,257
272	Less: Amortization of contributions	(202,449)		(202,449)
281	Accumulated Deferred Income Tax			-
	Total Deferred Credits	<u>\$ 264,152</u>	<u>\$ -</u>	<u>\$ 264,152</u>
	TOTAL LIABILITIES	<u>\$ 298,417</u>	<u>\$ 633,450</u>	<u>\$ 931,867</u>
CAPITAL ACCOUNTS				
201	Common Stock Issued	\$ 1,000		\$ 1,000
211	Paid in Capital in Excess of Par Value			-
215	Retained Earnings	(5,873)		(5,873)
218	Proprietary Capital			-
	TOTAL CAPITAL	<u>\$ (4,873)</u>	<u>\$ -</u>	<u>\$ (4,873)</u>
	TOTAL LIABILITIES AND CAPITAL	<u>\$ 293,544</u>	<u>\$ 633,450</u>	<u>\$ 926,994</u>

EXHIBIT 4

Sandario Water Company, Inc.
Income Statement from July 2011 through June 2012
Includes Rate Case Proforma Adjustments and WIFA Financing

Acct No.	Description	Actual for Test Year July 2011 - June 2012	Rate Case Proforma Adjustments	REF #	ADJUSTED TEST YEAR	Proposed Rate Increase and WIFA Adjustment	Adjusted Test Year with Rate Increase and WIFA Loan
461	Metered Water Revenue	\$ 110,856			\$ 110,856	\$ 45,000	\$ 155,856
461.1	Surcharge Revenue	-			-	60,199	60,199
474	Other Water Revenues	2,147			2,147		2,147
	TOTAL OPERATING REVENUES	\$ 113,003	\$ -		\$ 113,003	\$ 105,199	\$ 218,202
	OPERATING EXPENSES						
601	Salaries and Wages	\$ -	\$ -		\$ -		\$ -
610	Purchased Water	-			-		-
615	Purchased Power	26,600			26,600		26,600
618	Chemicals	1,955			1,955		1,955
620	Repairs and Maintenance	10,985	(1,810)	1	9,175		9,175
621	Office Supplies and Expense	4,704			4,704		4,704
630	Outside Services	54,089			54,089		54,089
635	Water Testing	1,555			1,555		1,555
641	Rents	-			-		-
650	Transportation Expenses	1,473	1,052	2	2,525		2,525
657	Insurance - General Liability	4,763			4,763		4,763
666	Rate Case Expense	-	1,250	3	1,250		1,250
670	Bad Debt Expense	4,113	(3,548)	4	565		565
675	Miscellaneous Expense	3,651	(223)	5	3,428		3,428
403	Depreciation Expense	18,864	(18,864)	6	-	25,597	25,597
408	Taxes Other Than Income	-			-		-
408.11	Property Taxes	7,691			7,691		7,691
409	Income Tax	-			-		-
427.4	Interest on Customer Deposits	180			180		180
	TOTAL OPERATING EXPENSES	\$ 140,623	\$ (22,143)		\$ 118,480	\$ 25,597	\$ 144,077
	OPERATING INCOME/(LOSS)	\$ (27,620)	\$ 22,143		\$ (5,477)	\$ 79,602	\$ 74,125
	OTHER INCOME/(EXPENSE)						
419	Interest and Dividend Income	\$ 1	\$ -		\$ 1		\$ 1
421	Non-Utility Income	-			-		-
426	Miscellaneous Non-Utility Expenses	-			-		-
427	Interest Expense	-			-	\$ (31,243)	(31,243)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 1	\$ -		\$ 1	\$ (31,243)	\$ (31,242)
	NET INCOME/(LOSS)	\$ (27,619)	\$ 22,143		\$ (5,476)	\$ 48,360	\$ 42,883

EXHIBIT 5

Sandario Water Company, Inc.
Company Calculation of Surcharge Amount for Proposed WIFA Loan

Line		<u>WIFA Loan</u>	
1	Annual Interest and Fees	\$ 31,243	
2	Annual Principal	18,923	
3	Annual Debt Reserve	10,033	
4	Total Annual WIFA Payments	<u>\$ 60,199</u>	
5	Annual Surcharge Necessary		\$ 60,199
6	Surcharge Calculation per Customer:		
7	Number of 5/8 x 3/4-inch Customers		322
8	Months in Year		<u>12</u>
9	Annual Bills		3,864
10	Number of 3/4-inch Customers	2	
11	Months in Year	<u>12</u>	
12	Annual Bills		24
13	Meter Multiplier		<u>1.5</u>
14	Annual Equivalent Bills		36
15	Number of 1-inch Customers	5	
16	Months in Year	<u>12</u>	
17	Annual Bills		60
18	Meter Multiplier		<u>2.5</u>
19	Annual Equivalent Bills		150
20	Number of 1.5-inch Customers	2	
21	Months in Year	<u>12</u>	
22	Annual Bills		24
23	Meter Multiplier		<u>5</u>
24	Annual Equivalent Bills		<u>120</u>
25	Total Annual Equivalent Bills		4,170
26	5/8 x 3/4-inch Surcharge Amount per Month	\$ 14.44	(Line 5 / Line 25)
27	3/4-inch Surcharge Amount per Month	21.65	(Line 26 times 1.5 MM) ¹
28	1-inch Surcharge Amount per Month	36.09	(Line 26 times 2.5 MM)
29	1.5-inch Surcharge Amount per Month	72.18	(Line 26 times 5 MM)
30	<i>Revenue Check:</i>	<u>Surcharge</u>	<u>Annual Bills</u> <u>Total</u>
31	5/8 x 3/4-inch meters	\$ 14.44	3,864 \$ 55,782
32	3/4-inch meters	21.65	24 520
33	1-inch meters	36.09	60 2,165
34	1.5-inch meters	72.18	24 1,732
35	Totals		<u>3,972</u> <u>\$ 60,199</u>

36 ¹ MM = AWWA Meter Multiplier