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Governor



SANDRA SUTTON
Executive Director

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Water Infrastructure Finance Authority of Arizona

2015 MAR 27 P 12:48
Arizona's water and wastewater funding source
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March 27, 2015
AZ CORP. COMMISSION
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Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

W-02031A-10-0168
W-01906A-10-0170
W-02031A-10-0171
W-01906A-10-0183

W-02327A-10-0169
W-01906A-10-0171
W-02327A-10-0171
W-02031A-10-0184
W-02327A-10-0185

Re: East Slope Water Company Request to Amend Decision No. 73091
Docket Nos. W-02031A-10-0168, ET.AL.

Dear Chairman Bitter Smith and Commissioners:

The Water Infrastructure Finance Authority (WIFA) submits this letter to request action on East Slope Water Company's request to amend Decision No. 73091.

On April 5, 2012, in Decision No. 73091, the ACC authorized the Company to obtain a WIFA loan in the amount of \$2,748,504 for various system improvements for East Slope Water Company. On December 12, 2012, in Decision No. 73615, the ACC amended Decision No. 73091 to authorize a two-step loan process, beginning with a design loan in the amount of \$282,748, which would then be incorporated into a second, consolidated loan to finance construction of the projects.

WIFA's design loans have a three-year term, with a balloon payment due at the end of that term. However, the standard process is that before the end of the three years, the borrower will submit an application for a construction loan, allowing the design loan to be incorporated into the construction loan and loan repayments.

WIFA executed the Company's three-year design loan on September 21, 2012. Since that time, the Company has engaged the services of an engineering consultant, who conducted a thorough system evaluation and assisted the Company in modifying the ACC-approved project list to better meet the needs of the system. The Company is now requesting ACC approval of the revised project list.

Please be aware of the following important items:

- Without ACC action that will allow WIFA to consider and approve a construction loan, the Company's design loan of \$282,748 must be repaid in full by September 1, 2015. WIFA is concerned that the Company would not be capable of making this payment.

In addition to modifying the project list, WIFA requests that the calculation of the surcharge also include the debt service reserve.

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Chairman Bitter Smith

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Given the upcoming repayment date, WIFA requests prompt consideration of these requests.
Thank you in advance for your time.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Sutton", with a long horizontal flourish extending to the right.

Sandra Sutton
Executive Director

cc: East Slope Water Company