

NEW APPLICATION



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ARIZONA CORPORATION COMMISSION



W-03443A-15-0272

RECEIVED
2015 JUL 28 A 9:31
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

FINANCING APPLICATION

JUL 28 2015

ORIGINAL

DOCKETED BY

Appaloosa Water Company
UTILITY NAME

New Application
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

Arizona Corporation Commission
ATTN: Docket Control Center
Room 130
1200 West Washington Street
Phoenix AZ 85007-2927

Application for Financing Approval

1. Joseph Cordovana, 1460 West Road 4 North, Chino Valley, AZ 86323, P.O. Box 3150 Chino Valley, AZ 86323.
2. Person authorized to receive notices and communications regarding the application: Joseph Cordovana.
3. Attachment A
 - 1.1 December 31, 2014 Income Statement, Balance Sheet Exhibit A
 - 1.2 Three States Investment Group Inc., PO Box 3150, Chino Valley AZ, 86323. Terms: Consideration price to be paid in full contingent upon the extension of time (at lenders will) for the expected expansion of the water company through the development of the area that contains the customer base and would result in an increase to that customer base.
Loan amount: \$1,300,000.00
Closing Date: 03-09-06
Maturity Date: At Lenders Will
Principal Only
Copy of Closing Statement: Exhibit B
 - 1.3 To payoff current loan and replace with an interest bearing note that will be in line with income generated by the water company.
 - 1.4 No interim funding expected.
 - 1.5 No balances of "Advances in Aid of Construction" and "Contributions in Aid of Construction" as of the end of the Company's 2014 fiscal year.
 - 1.6 Financing application notification to customers were provided to customers with the August 1st Billing as an insert.
 - 1.7 Appaloosa has 232 active residential customers.
 - 1.8 WIFA Decision No. 71236
Amount approved: \$200,000 Amount drawn: \$200,000
 - 1.9 Three States Investment Group Inc.
PO Box 3150

Chino Valley AZ 86323

Initial Loan Amount: \$1,300,000

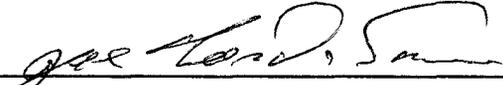
Current Outstanding:\$1,300,000

Inception date: 03/09/06

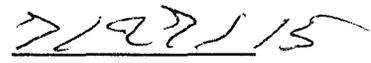
Maturity date: Called

- 1.10 All proceeds from the newly proposed debt will be used to retire the existing long-term loan. The company anticipates the calling in of the note.
- 1.11 Corporate authorization of filing of application provided.
- 1.12 Company's expectation for the next five years is stationary as to cash flows, operating income as sales growth is not forthcoming with the slow economic recovery. Unless company has a significant rate increase the current years Income Statement will be the estimated financial performance.
- 1.13 No revolving Line of Credit.
- 1.14 Company does not receive a credit agency financial review.
- 1.15 The Company's most recent general rate case is July 28, 2015
Test year is for 2014.
- 1.16 No future financing authorizations are contemplated from the commission in the next five years.

I, Joseph Cordovana, respectfully submit the attached application and its copies for financing approval by the Corporation Commission.



Joseph Cordovana, President



Date

EXHIBIT A

APPALOOSA WATER COMPANY INC
INCOME STATEMENT
Wednesday, December 31, 2014

	CURRENT	Percentage	YEAR TO DATE	Percentage
Net Income (Loss)				
Operating Income (Loss)				
Gross Profit (Loss)				
Income				
WATER SALES	8,781.26	93.02	141,175.85	99.22
SERVICE ESTABLISHMENT FEES	0.00	0.00	150.00	0.11
SERVICE DISCONNECT FEES	0.00	0.00	50.00	0.04
OFFICE ADMINISTRATIVE FEES	0.00	0.00	50.00	0.04
CREDITS AND ADJUSTMENTS	0.00	0.00	(962.59)	(0.68)
PREPAY/OVERPAYS	645.22	6.83	1,555.85	1.09
LATE FEES	13.62	0.14	263.02	0.18
Total Income:	9,440.10	100.00	142,282.13	100.00
Cost of Sales	0.00	0.00	0.00	0.00
Total Gross Profit (Loss):	9,440.10	100.00	142,282.13	100.00
Operating and Non-Cash Expenses				
Operating Expenses				
Salaries & Wages	19,599.36	207.62	52,084.47	36.61
PAYROLL TAX EXPENSE	1,541.36	16.33	4,068.47	2.86
BANK CHARGES	20.00	0.21	318.80	0.22
INSURANCE	291.46	3.09	3,653.09	2.57
OFFICE SUPPLIES	0.00	0.00	562.32	0.40
POSTAGE AND DELIVERY	0.00	0.00	1,898.86	1.33
PROF FEE LEGAL	0.00	0.00	3,178.83	2.23
PROF FEE ACCOUNTING	350.00	3.71	3,750.00	2.64
RENT	500.00	5.30	6,000.00	4.22
REPAIRS & MAINTENANCE	0.00	0.00	25,508.13	17.93
SUPPLIES	0.00	0.00	2,236.33	1.57
REAL PROPERTY TAXES	0.00	0.00	7,390.91	5.19
TAXES/LICENSES/FEES	409.85	4.34	18,814.55	13.22
TELEPHONE	132.61	1.40	1,901.25	1.34
UTILITIES	536.29	5.68	8,326.44	5.85
WATER ANALYSIS EXPENSE	610.00	6.46	6,810.00	4.79
LOAN INTEREST WIFA	92.22	0.98	1,129.71	0.79
CR CARD INT FOR ARSENIC	0.00	0.00	1,566.86	1.10
Total Operating Expenses:	24,083.15	255.12	149,199.02	104.86
Non-Cash Expenses	0.00	0.00	0.00	0.00
Total Operating and Non-Cash Expenses:	24,083.15	255.12	149,199.02	104.86
Total Operating Income (Loss):	(14,643.05)	(155.12)	(6,916.89)	(4.86)
Other Income				
SALES TAX INCOME	908.81	9.63	14,612.11	10.27
INTEREST EARNED	0.00	0.00	0.08	0.00
Total Other Income:	908.81	9.63	14,612.19	10.27
Other Expenses				
EMPLOYEE MEDICAL	0.00	0.00	1,176.00	0.83
VEHICLE EXPENSE	390.14	4.13	4,207.15	2.96
INTEREST EXP 3 STATES	0.00	0.00	16,008.36	11.25
Total Other Expenses:	390.14	4.13	21,391.51	15.03
Total Net Income (Loss):	(14,124.38)	(149.62)	(13,696.21)	(9.63)

APPALOOSA WATER COMPANY INC
Balance Sheet
Wednesday, December 31, 2014

Wednesday, December 31, 2014

Assets		
Current Assets		
BANK		(11,843.74)
ACCOUNTS RECEIVABLE		1,331.75
CUSTOMER DEPOSIT ACCOUNT		9.32
LOAN RECEIVABLE ARTESIAN HOLDINGS LLC		648.20
LOAN RECEIVABLE JOE CORDOVANA		92,034.99
WIFA DEBT SERVICE RESERVE		11,505.12
Total Current Assets:		93,685.64
Fixed Assets		
OPERATING PLANT AND EQUIPMENT		195,225.37
ADVANCES IN AID OF CONSTRUCTION BOOK		43,942.75
ADVANCES IN AID OF CONSTRUCTION TAX BASIS		9,931.43
LAND		3,160.96
OFFICE EQUIPMENT		2,611.67
PLANT AND EQUIPMENT		701,295.88
WELLS		88,130.00
ACCUMULATED DEPRECIATION		(641,150.00)
Total Fixed Assets:		403,148.06
Other Assets		
LAND HELD FOR FUTURE PLANT USE		60,000.00
Total Other Assets:		60,000.00
Total Assets:		556,833.70
Liabilities and Owner's Equity		
Liabilities		
Current Liabilities		
SOCIAL SECURITY PAYABLE		3,269.50
MEDICARE PAYABLE		764.64
FUTA PAYABLE		84.00
CUSTOMER DEPOSIT PAYABLE		4,300.00
LOAN SEARS CR CARD		9,700.00
Total Current Liabilities:		18,118.14
Other Liabilities		
NOTES PAYABLE WIFA		166,933.43
HOOKUP FEES PAYABLE		19,896.00
Total Other Liabilities:		186,829.43
Total Liabilities:		204,947.57
Owner's Equity		
NET INCOME		(13,696.21)
COMMON STOCK		2,000.00
RETAINED EARNINGS BEG YR		(130,625.69)
PAID IN CAPITAL		494,208.03
Total Owner's Equity:		351,886.13
Total Liabilities and Owner's Equity:		556,833.70

EXHIBIT B

BUYER/SELLER CLOSING STATEMENT

Arizona Escrow & Financial Corporation
 3700 N. 24th Street Suite 130
 Phoenix, Arizona 85016
 (602) 956-2629

Escrow No. 26-5508 Closing date: 3-09-06
Escrow Officer: V. La Ritchie Proration Date: 3-10-06

SELLER: F & F Investments, Inc.
 and Mitchell C. Laird Family Trust UAD 6-29-88

BUYER: Artesian Holdings, LLC

BROKER: None

	SELLER		BUYER	
	Debit	Credit	Debit	Credit
CONSIDERATION PRICE		\$1,300,000.00	\$1,300,000.00	
Earnest Money Deposit				
Cash in AWC Checking Account		\$41,181.43	\$41,181.43	
Meter readings	\$89,168.78			\$89,168.78
Account Receivable		\$10,690.23	\$10,690.23	
ADJUSTMENTS				
All Real Estate taxes 2005 Paid in full	\$81.20			\$81.20
Prorate Real Estate taxes on 2005 figure 1-1 to 3-10-06				
Personal Property Taxes #932-05-131	\$567.00			\$567.00
DISBURSEMENTS				
COMMISSIONS				
Escrow Fee	\$1,090.75		\$1,090.75	
Title Insurance Fee			\$1,127.00	
Annual Service fees to CSS				
Document fee	\$9.50		\$9.50	
Recording fee				
UCC Lien and Judgement Search	\$187.50		\$187.50	
Loan Signing fees				
Overnite/courier & Misc. Fees	\$50.00		\$50.00	
Payoff Basnk Midwest #2000205608	\$505,833.33			
(Payoff comes out of F & F Inv. Inc., proceeds				
Hold back of Sellers funds for Offset	\$50,000.00			
Funds due Mitchell C. Laird Family Trust UAD 6-29-88	\$605,358.47			
SUBTOTALS	\$1,252,346.53	\$1,351,871.66	\$1,354,336.41	\$89,816.98

Annual Service fees to CSS				
Document fee	\$9.50		\$9.50	
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(Payoff comes out of F & F Inv. Inc., proceeds				
Hold back of Sellers funds for Offset	\$50,000.00			
Funds due Mitchell C. Laird Family Trust				
UAD 6-29-88	\$605,358.47			
SUBTOTALS	\$1,252,346.53	\$1,351,871.66	\$1,354,336.41	\$89,816.98
REMAINING TO F & F Investments, Inc.	\$99,525.13			
AMOUNT DUE FROM BUYER				(\$1,264,519.43)
TOTALS	\$1,351,871.66	\$1,351,871.66	\$1,354,336.41	(\$1,174,702.45)

WE THE UNDERSIGNED, DO HEREBY CERTIFY TO ARIZONA ESCROW & FINANCIAL CORPORATION THAT:

We have examined carefully and thoroughly understand the above Closing Statement of the therein Escrow. The above represents a complete and accurate accounting of all funds or instruments received and disbursed in connection therewith. We understand and agree that the above Escrow Services DO NOT any representation of expressed or implied, and that you assume no liability or no responsibility for the condition of title; sufficiency of instruments conveying title or agreements therefor; payment of utilities; receipt of delivery of possession; future performances of Buyer or Seller; transfer of any insurance policies; or any other matters related to the above-described property or this Escrow, not specifically included herein. AND THAT all, or any ITEMS NOT INCLUDED in the above Closing Statement (or shown as "Outside of Escrow") are in fact CLOSING OUT OF ESCROW by and between and become the EXPRESS RESPONSIBILITY OF, the herein Buyer and Seller and you are hereby released from any liability thereof. It is agreed that all services, for which said Escrow Agent was employed, have been and NOW ARE fully and satisfactorily discharged and we agree to save harmless said Escrow Agent from any liability herein whatsoever, and that we have received a copy of this Closing Statement.

RESOLUTION

PURSUANT to Article 3.3 of the Bylaws of Appaloosa Water Company corporation, the undersigned, representing all of the members of the Board of Directors of said corporation hereby enact the following resolution:
Authorization to file the financing application with the Arizona Corporation Commission.

Dated this 27th Day of July 2015.

Joseph Cordovana