

NEW APPLICATION



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Arizona Corporation Commission

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DOCKETED BY	<i>WJ</i>
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FINANCING APPLICATION

EagleTail Water Co., LLC  
UTILITY NAME

W-03936A-16-0095 *n 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



no less than 12-point bold type and the body in no less than 10-point regular type. Within 10 days of filing the financing application, either mail a copy of the notice to customers or have it published at least once in a newspaper of general circulation in the area in which the Company serves. Companies are also encouraged to post the notice on their websites, if possible. File proof of noticing customers with Docket Control within 30 days of filing the financing application. Proof of public notice consists of a signed statement from the Company verifying that notice was timely mailed to customers together with a copy of the dated mailed notice, or a copy of the notice as it appeared in the newspaper, accompanied by a notarized affidavit of publication.

The finance customer notice will be mailed within the next 10 days (along with the customer notice for the proposed rate increase,) and the notice along with an affidavit of mailing will be filed in this docket within 30 days.

8. Submit an original and thirteen (13) copies of the application and three (3) copies of the supporting documents.

**Eagletail Water Co., LLC**  
**Docket No. W-03936A-**  
**Application for Approval of Financing**  
**January , 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

**1.1 – Provide audited financial statements for the Company’s most recent fiscal year end to include, but not limited to, balance sheets, income statements, reconciliation of retained earnings (membership capital or equity), cash flow statements, footnotes, disclosures, and any other pertinent documentation including a schedule of general and administrative costs, and all management and accountants opinion letters. Un-audited financial statements will suffice if audited statements are not routinely generated. If the financial statements provided are not for the fiscal year immediately preceding the calendar year in which the current financing approval application is docketed, indicate when the more recent financial statements are expected to be available and provide them as soon as they become available.**

**The Company does not routinely generate audited financial statements. The balance sheet and income statement data that the Company is going to be filing as part of the rate increase application with a Test Year of July 1, 2014 to June 30, 2015 along with adjusted test year revenue is included in this filing. The Company is also including the Balance Sheet for 2014.**

**1.2 –Provide the name and address of the lender or debt placement agent, and the expected terms of the planned financing, including but not limited to, loan amount, inception date, maturity date, interest rate (for variable interest rates state the basis upon which the rate is dependent and the time interval or frequency the changes are implemented), numerical covenants such as debt service coverage (“DSC”), times interest earned coverage (“TIER”), cash coverage ratio (“CCR”), equity-to-total capital ratio, etc. For amortizing loans, provide an amortization schedule showing the scheduled payments for principal and interest for the full duration of the loan.**

**An estimated fiscal impact statement from WIFA is included. The proposed loan is for a term of 20 years at a combined interest and fee rate of 5.95% with a monthly payment of \$1,493.74.**

**1.3 – Provide an explanation of the proposed use of the financing proceeds. If the proceeds of the financing are for funding multiple projects/uses or a construction work plan (“CWP”), provide a detailed list of the projects/uses or a copy of the CWP and the associated cost and the expected funding dates for each. Also provide a copy of any independent external engineering review of the CWP.**

**The proposed use of the proceeds is to cover the full cost of replacing the existing 500,000 gallon water storage tank with a new 250,000 gallon tank including site preparation and interconnection with the existing water system. An estimate from Cashion Tank and Steel Co. is included.**

**1.4 – If interim funding is to be utilized for the projects in the CWP, identify the source of all elements of this expected interim funding and when the interim funding is expected to be retired and replaced with permanent funding from this new financing arrangement.**

**Not applicable.**

**1.5 - Provide the balances, if any, of “Advances in Aid of Construction” and “Contributions in Aid of Construction,” as of the end of the Company’s most recent fiscal year.**

**The AIAC balance at the end of 2014 and the end of the Test Year was \$4,190.00 There has not been a CIAC balance.**

**1.6 - Provide proof of notice of this matter duly published within newspapers of general circulation within the Company’s service territory, as specified in the finance application form at <http://www.azcc.gov/divisions/utilities/forms.asp>. Identify any other method (e.g., direct mail) used to provide customer notice of the financing application, provide a copy of the notice and specify the date the notice was provided to customers and provide an affidavit attesting to the provision of the supplemental or alternate notice method.**

**The customer notice and affidavit of mailing will be filed in this docket within 30 days.**

1.7 - Provide the number of customers currently served by rate class, and a brief description of each class of customers (residential, commercial, etc.).

The company served 50 residential customers at the end of the Test Year. This was comprised of 41 customers with 3/4" meters, 3 customers with 1" meters and 6 customers with 5/8" x 3/4" meters.

1.8 - Provide a schedule detailing all financing approvals obtained by the Arizona Corporation Commission ("Commission") that remain in effect and indicate docket numbers, amounts approved, amounts drawn and any balances not yet drawn. For any balances not yet drawn, provide an explanation of why the funds have not been drawn and how the Company intends to utilize this currently available borrowing capacity.

A financial data page is included detailing the Company's 2 approved loans.

1.9 - If not clearly identified with the financial statements and footnotes of the financial statements provided in response to 1.1, provide a complete list of all long-term debt obligations (including capital leases). For each obligation provide: the lender's name and contact information, the initial loan amount, the current outstanding (unpaid) balance, the inception date, the maturity date(s), the annual interest rate (for variable interest rates state the basis upon which the rate is dependent and the time interval or frequency the changes are implemented), the numerical covenants such as DSC, TIER, CCR, equity-to-total capital ratio, etc. For amortizing loans, provide an amortization schedule showing the scheduled payments for principal and interest. Also, provide any other information pertinent for gaining an essential understanding of the Company's debt obligations.

A loan schedule is included for the Company's 2 approved loans.

1.10 - If any of the proceeds from the newly proposed debt will be used to retire existing long-term or short-term debt, identify the specific loans, amounts and anticipated dates for the refunding.

Not applicable.

1.11 - Provide a certificate of resolution from the board of directors authorizing the filing of this application.

A certificate of resolution from the board of directors is attached.

1.12 - Provide financial information projecting the Company's estimated financial performance (cash flows, operating income) for each of the next five years, identifying all significant assumptions (e.g., rate increases, customer/sales grow, inflation, etc.)

The number of customers is expected to remain steady or slightly decline, continuing recent trends. If the financing and proposed rate increase is approved, the Company expects to have adequate cash flow to make necessary repairs and replacements over the next 5 years. An unknown factor is if and when the Company's only well will need to be deepened or replaced at some point due to cracks in the casing and the lowering water table.

1.13 - If the Company has a revolving line-of-credit facility ("LOC"), provide the following: the execution date, the termination date, the maximum borrowing capacity, the balance for each of the most recent 12 months, the name of the lender, the basis and term for the interest rate charged (e.g., LIBOR plus 2.0 percent), a detailed explanation of any fees other than interest (e.g., a commitment fee) and an explanation of any changes the Company anticipates to the line-of-credit during the next five years.

The Company has a credit card issued by Chase Bank with a limit of \$16,500. It is only used for emergency expenses such as well repairs. The interest rate is 13.49% variable. There has been a balance once during the last 12 months. The charge was \$5,000 and it was paid off within 2 months. Most or all of the recent well repair is being charged to this card. No changes are anticipated.

1.14 - If applicable, provide the Company's most recent credit agency(ies) financial review(s).

A credit report is attached.

1.15 - Provide the Commission decision number and date for the Company's most recent general rate case and state the date of the test year end used in that rate case.