

ORIGINAL

NEW APPLICATION



0000174759

ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

NOV 07 2016



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2016 NOV -7 A 10:52

FINANCING APPLICATION

Q Mountain Mobile Home Park dba Q Mountain Vista Water
UTILITY NAME

W-02518A-16-0410

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

Financing Application Information Regarding Arizona Revised Statutes 40-285, 40-301 and 40-302

1. **Q Mountain Mobile Home Park dba Q Mountain Vista Water Co.**
605 Emerald St.
Quartzsite, AZ 85346
928-927-3088
qmntn@tds.net

Mailing Address:
PO Box 4930
Quartzsite, AZ 85359
2. **Michael A. Glover**
PO Box 4930
Quartzsite, AZ 85359
801-388-6941
mglover29@msn.com
3. **See Attachment A; Tabs 1.1 through 1.17**
4. (a) **The Applicant is a not for profit association of members in the business of delivering water utilities to its residents. The Company's members are residents in a Quartzsite community known as Q Mountain Mobile Home Park, a not for profit Home Owners Association. The Association is governed by its Articles of Incorporation, By-Laws and the Declaration of Covenants, Conditions and Restrictions of which are recorded with the State of Arizona in accordance with the Arizona Corporation Commission. It is within these documents that provides authorization for the Board of Directors to request funding for the operation, maintenance, repairs and replacement of the common areas.**

(b) **The existing drinking water pipeline is poorly designed and dilapidated and experiences a water loss rate in excess of 33%. See Docket No. W-02518A-13-0414. This water loss subjects the system to cross contamination risks and lost revenue. The system also lacks fire hydrants presenting a potential safety hazard to the community. The new design will provide a storage facility for water in the event of an emergency interruption to the water supply.**

(c) **If the water loss is uncorrected, the Company will not have the funds to remain solvent. Water Infrastructure Finance Authority (WIFA) Policy # III.6 Disadvantaged Community Designation provides for financing options that may mitigate the costs associated with debt servicing. As an Association/ Cooperative/Non-Profit, the Applicant may be deemed as qualified for, but not mandated or guaranteed, relief in the form of low interest or extended term financing and/or principal debt forgiveness. Additionally, the design includes the potential for a new source of water, thus eliminating some or all of the costs associated with purchased water. The Applicant has successfully secured a Technical Assistance and Planning Grant for the engineering and design of this project. To discontinue at this time would be a waste of the Applicant and taxpayer funds associated with this matching grant.**

(d) **The Applicant is required to provide safe drinking water to its customers and to ensure it performs as a reliable delivery system well into the future; financing is necessary to ensure**

needed repairs are completed. To obtain funding and complete this project would enhance this Applicant's ability to comply with all state and federal rules and regulations regarding safe drinking water.

(e) The history of Q Mountain Mobile Home Park has been for its water delivery system to be operated and maintained at a minimal cost to its customers. As a result past charges to customers has failed to cover operating costs of the company and furthermore, past Board Members have not provided for future capital improvements or general maintenance. Failure to eliminate the significant water loss currently experienced necessitates the complete replacement of the water system and the company does not have the revenue to cover the expense, nor does the current rate structure allow for the expense.

5. Financing will be utilized for the construction phase of the Q Mountain Vista Water Pipeline Replacement and Upgrade Project (TADW-015-2015). The construction project will be awarded based on a bidding process and will be governed by Arizona and/or Federal Government Rules and Regulations.

Currently NCS Engineers, 202 Earll Drive, Suite 110, Phoenix, Arizona completed the Planning and Design phase of the project and will remain to oversee the construction phase and receive a customary fee.

6. An Application for Rate Increase has been filed and the time clock suspended. See Docket No. W-02518A-16-0179.
7. Pursuant to A.R.S. § 40-302, Public Notice of the Financing Application will be mailed to water customers within the appropriate time frame. Proof of notice will be sent to Docket Control within 30 days of filing the application.
8. In accordance with Arizona Corporation Commission Notice of Change in Filing Requirement with Arizona Corporation Commission's Docket Control, as a Class D or Class E utility provider, an original plus one copy of this Application is submitted to Docket Control.

1.1

Attachment A

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.1 -Accountant's Compilation Report consisting of un-audited financial statements; statements of income and expenses and cash flows for the year ended Dec. 2015.

**Q MOUNTAIN VISTA WATER COMPANY
P.O. BOX 4930
QUARTZITE, AZ 85346**

**COMPILATION REPORT FOR THE PERIOD
ENDED DECEMBER 31, 2015**

Geoffrey Caldwell, P. C.

Certified Public Accountant

301 East Bethany Home Road, Suite A233
Phoenix, Arizona 85012
(602) 241-9786 Fax (480) 287-9082
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geoff@geoffcaldwell.com

The Board of Directors
Q Mountain Vista Water Company
P. O. Box 4930
Quartzite, AZ 85346

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Q Mountain Vista Water Company which comprise the balance sheet as of December 31, 2015 and related statements of income and expense and cash flows for the year then ended, and related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA.

We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on these financial statements.

Geoffrey Caldwell, P.C.

October 17, 2016

Q MOUNTAIN VISTA WATER COMPANY
AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

CASH	\$	32,696
ACCOUNTS RECEIVABLE		1,586
LESS ALLOWANCES FOR DOUBTFUL ACCOUNTS		<u> -</u>

TOTAL CURRENT ASSETS \$ 34,282

PROPERTY AND EQUIPMENT

LAND AND LAND RIGHTS	\$	5,661
TRANSMISSION DISTRIBUTION LINES		33,585
METERS/BACKFLOW REDUCTION		29,112
OTHER PLANT EQUIPMENT		10,671
LESS ACCUMULATED DEPRECIATION		<u>(49,207)</u>

TOTAL PROPERTY AND EQUIPMENT \$ 29,822

TOTAL ASSETS \$ 64,104

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	-
SALES TAX PAYABLE		3,301

TOTAL CURRENT LIABILITIES \$ 3,301

EQUITY

MEMBERS EQUITY	\$	31,481
RETAINED EARNINGS		<u>29,322</u>

TOTAL EQUITY \$ 60,803

TOTAL LIABILITIES AND EQUITY \$ 64,104

Q MOUNTAIN VISTA WATER COMPANY
AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.
STATEMENT OF INCOME AND EXPENSES
DECEMBER 31, 2015

INCOME	YEAR TO DATE	Pct%
METERED WATER REVENUE	\$ 79,371	91.3
NON UTILITY REVENUE	7,606	8.74
TOTAL INCOME	86,977	100.0
TOTAL DIRECT EXPENSES	70,082	80.6
GROSS PROFIT	16,895	19.4
TOTAL GENERAL AND ADMINISTRATIVE	10,670	12.3
NET INCOME	\$ 6,225	7.2

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

Q MOUNTAIN VISTA WATER COMPANY
AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.
STATEMENT OF CASHFLOWS
DECEMBER 31, 2015

SOURCES (USES) OF CASH	
CASH FLOWS FROM OPERATING ACTIVITIES	
NET INCOME (LOSS)	\$ 6,225
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FLOW	
DEPRECIATION	\$ 1,912
INCREASE IN SALES TAX PAYABLE	2,483
NET CASH (USED) BY OPERATING ACTIVITIES	\$ 12,128
CASH FLOWS FROM INVESTING ACTIVITIES	
PURCHASE OF EQUIPMENT	\$ (6,629)
NET CASH (USED) BY INVESTING ACTIVITIES	\$ (6,629)
CASH FLOWS FROM FINANCING ACTIVITIES	
INCREASE IN MEMBERS EQUITY	\$ 7,035
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 7,035
NET DECREASE IN CASH	\$ 12,534
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,162
CASH AND CASH EQUIVALENTS AT END OF YEAR	32,696
	\$ 12,534

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

SUPPLEMENTAL SCHEDULE

**Q MOUNTAIN VISTA WATER COMPANY
AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.
STATEMENT OF INCOME AND EXPENSES
DECEMBER 31, 2015**

SUPPLEMENTAL SCHEDULE

DIRECT EXPENSES	YEAR TO DATE	Pct%
PURCHASED WATER	\$ 48,631	55.9
REPAIRS	12,132	13.9
CONTRACTORS-TESTING	3,005	3.5
CONTRACTORS-METER READING	720	0.8
FUEL	28	0.0
DEPRECIATION	2,318	2.7
SALES TAX	3,247	3.7
TOTAL COST OF SALES	\$ 70,082	80.6

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

**Q MOUNTAIN VISTA WATER COMPANY
AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.
STATEMENT OF INCOME AND EXPENSES
DECEMBER 31, 2015**

SUPPLEMENTAL SCHEDULE

GENERAL AND ADMINISTRATIVE	YEAR	
	TO DATE	Pct%
BANK SERVICE CHARGES	\$ 83	0.1
INSURANCE	511	0.6
MISCELLANEOUS EXPENSES	512	0.6
OFFICE SUPPLIES	2,344	2.7
POSTAGE EXPENSE	918	1.1
PROFESSIONAL FEES	4,642	5.3
TAXES - PROPERTY	268	0.3
UTILITIES	1,392	1.6
TOTAL GENERAL AND ADMINISTRATIVE	\$ 10,670	12.3

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

Q MOUNTAIN VISTA WATER COMPANY
FOOTNOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Q Mountain Vista Water Company (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity.

Nature of Operations

The Company is a not for profit association of members in the business of delivering water utilities to some 245 residents in Quartzsite Arizona. The company is a regulated utility under the authority of the Arizona Corporation Commission to provide services to the public at prescribed utility rates.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles required management to make estimates and assumptions that affect the amounts reported and contingent assets and liabilities disclosed in the financial statements and accompanying notes. Actual results will inevitably differ from those estimates and such differences may be material to the financial statements.

Revenue Recognition

The Company recognizes revenue generally when water is delivered and billed to the customer using meters to measure and bill the customer. Billings are generated each month. In accordance with ASC 605-45-50-3 Revenue is stated on a gross revenue basis, meaning that revenue may include sales, use or excise tax, travel, per diem or other charges or credits or discounts not normally found in revenue producing accounts. These non-revenue items are expensed and remitted to proper regulatory bodies or adjustments are made which are properly recorded as an offset to gross revenue collected or accrued.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Company considers all short-term debt purchased with the maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates the accounts receivables and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs, collections and current credit conditions. A trade receivable is considered past due when it is 90 days or older. In the event of nonpayment, the Company will lock delivery valves closed to prevent further delivery to the non-paying customer. Every reasonable effort is made by the Company to collect prior to discontinuance of service or legal action.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by using the straight-line method for financial reporting purposes and for federal and state income tax purposes. Expenditures for maintenance and

**Q MOUNTAIN VISTA WATER COMPANY
FOOTNOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. The Estimated Useful Lives of depreciable assets are:

	<u>Estimated Useful Lives</u>
Leasehold Improvements	3-15 years
Equipment	5 years
Furniture and Fixtures	5-7 years
Vehicles	5 years

Income Taxes

The members have elected to have the Company treated as not for profit association for income tax purposes as provided in Section 528 of the Internal Revenue Code. Accordingly, an association organized for the sole purpose of maintaining property on behalf of its members where sources of income are derived primarily by its membership is generally not subject to federal income tax.

NOTE B - COMPREHENSIVE INCOME

In accordance, Financial Accounting Standard Number 130, all adjustments which reflect market variation or apparent holding profits contained in assets such as marketable securities or foreign currency adjustments should be disclosed in the body of the financial statements. No such adjustments exist. Therefore, Statement of Comprehensive Income and related Statement of Changes in shareholders' equity are not presented.

NOTE C - SUBSEQUENT EVENTS

Management has evaluated subsequent event through August 15, 2016 the date the financial statements were issued. The company suffers from water losses due to leakage or faulty metering or other suspected malfeasance as yet undetermined. As of June 30, 2016, Said losses amount to 1,391,051 gallons of water purchased from a nearby city utility but not sold to customers. This loss is documented to the Arizona Corporation Commission on Docket #W-02518A-13-0414. Repairs of the entire delivery system are planned and management is certain that water losses will be remedied.

NOTE D - CONTINGENCIES

There are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

NOTE E - BUSINESS AND CREDIT CONCENTRATIONS OF RISK

The Company is required to disclose information about significant off balance sheet and credit risk concentrations regardless of the degree of such risk. The Company's customer base is comprised primarily of home owners. Consequently, the Company's ability to collect its receivables is affected by economic

Q MOUNTAIN VISTA WATER COMPANY
FOOTNOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

fluctuations of the economy in general. Further, the Company is located in small town where most of its residents/customers are winter visitors only. Such seasonal fluctuations can adversely affect cash flows.

NOTE F – ESTIMATED FAIR VALUE

The carrying values of cash equivalents, short-term investments, other long-term investments and short-term debt approximate fair values. Fair values were estimated based on market prices, where available, or dealer quotes. The fair value of certain long-term debt is based on redemption value. The estimated fair values of the Company's financial instruments at December 31, 2015 are as follows:

	<u>Carrying Amount</u>		<u>Fair Value</u>
Receivables (net of allowance)	\$ 1,586	\$	1,586
Accounts, Notes Payable and Current Maturities	\$ 3,301	\$	3,301

NOTE G – RELATED PARTIES

The Company's members are also residents in a neighborhood community know as Q Mountain Vista home owners' association. The Association provides accounting and billing services to the Company in order to keep common costs down. As of December 31, 2015 there were no non-trade receivables between the two entities.

1.2

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.2 - Funding has not yet been requested. It is the intent of the Applicant to apply for financing through the Water Infrastructure Finance Authority (WIFA). WIFA will not accept the financing application until Debt Authorization has been approved through ACC.

Attached is the estimate of the Capitol Improvement Costs and estimated loan amount(s) and financing terms.

Also attached is WIFA Policy # III.6 outlining the potential range, loan longevity and debt forgiveness for Disadvantaged Communities.

Q Mountain Water System - Capital Improvement Cost Estimate

Component	Quantity	Unit Price	Amount
6-inch PVC Pipeline, Installed	17,000 ft	\$30/ft	\$510,000
Excavation + Backfill	17,000 ft x 5 ft x 5 ft	\$10/CY	\$157,407
Pavement replacement	5667	\$10/SY	\$56,667
New Customer Service Connections	245 customers	\$100 / Connection	\$24,500
New meters	245 customers	\$150	\$36,750
Rehabilitated Well and Equipping	1	LS	\$75,000
New 50,000 gallon storage tank	1	LS	\$100,000
Booster Station and Hydro Tank	1	LS	\$75,000
Construction Subtotal			\$1,035,324
Contingency (20%)			\$207,100
Sub-Total 2			\$1,242,424
Taxes, Insurance, & Bonding (8.5%)			\$105,600
Sub-Total 3			\$1,348,024
Design and CM Fee (18%)			\$242,600
Total Estimated Capital Cost			\$1,590,600

LS = Lumpsum

Disadvantaged Community Designation

WIFA Policy #: III.6

Purpose:

Outline the criteria to designate a drinking water system or wastewater system as a Disadvantaged Community and define the additional benefits available to Disadvantaged Communities.

Policy:

Section 1: Disadvantaged Community Designation

The Board may designate an applicant as a Disadvantaged Community if the applicant satisfies one of the following:

1. The community is a designated "colonia" community through the federal government, or
2. The community received 60 or more Local Fiscal Capacity points on the DWRP or CWRP PPL.

Section 2: Disadvantaged Community Financing Options

After the Board designates a drinking water or wastewater system as a Disadvantaged Community, and the applicant fails to meet the applicable WIFA financial capability requirements as defined by WIFA Policies III.7 and III.8, WIFA may reduce the Combined Interest and Fee Rate (CIFR); extend the term beyond the standard financial assistance term; and/or provide forgivable principal in accordance with the financing options listed below. WIFA may reduce the CIFR calculated in accordance with Procedure III.3.1 at the time of loan closing. "Standard Financial Assistance Term" is defined by Policies III.7 and III.8 as follows:

Standard Financial Assistance Term: The standard loan term for design loans shall be three years. The standard loan term for long-term loans shall not exceed 20 years or the useful life of the facilities financed if the useful life is less than 20 years. In accordance with WIFA Policy III.6, the Board may designate an applicant as disadvantaged and extend the term for long-term loans beyond 20 years up to a maximum of 30 years.

Note: Extended loan terms for Clean Water financing must have EPA approval.

The Disadvantaged Community financing options include:

Option 1: WIFA may either

- a) reduce the CIFR on a standard financial assistance term to a rate lower than would otherwise apply, but not below the minimum rate of 2.0%, or
- b) extend the term to longer than 20 years, but not beyond the maximum of 30 years, whichever permits the Disadvantaged Community to obtain the required debt service coverage in each case, the term may be extended only to the extent necessary to

obtain the required debt service coverage but no longer than the useful life of the facilities financed.

Option 2: If the Disadvantaged Community cannot obtain the required debt service coverage under Option 1, WIFA may both:

- a) reduce the CIFR to a rate lower than would otherwise apply, but not below the minimum of 2.0%, and
- b) extend the term beyond the standard financial assistance term, but not beyond the useful life of the facilities financed and not beyond the maximum of 30 years, to the extent necessary to obtain the required debt service coverage requirement.

Option 3: WIFA may also provide forgivable principal as outlined in Procedure III.20.1.

Section 3: Security Levels

WIFA may require Disadvantaged Community applicants to execute additional levels of security as follows:

Applicant Type

Governmental

City or Town
Community Facility District
Domestic Water Improvement District

Security Type

General Obligation
General Obligation
Special Assessments

Non-Governmental

Association/Cooperative/Non-Profit
Privately/Investor Owned

Liens on Personal Property
Personal Guarantee

The Board may, if requested and justified by the Disadvantaged Community applicant, waive the additional security levels.

Responsibility: Chief Financial Officer

Statutory Reference: A.R.S. Title 49, Chapter 8

Rule Reference: A.A.C. R18-15-104

Original Issue Date: January 11, 2000

Previous Amendment Date(s): February 15, 2006; April 18, 2007; October 20, 2010; June 20, 2012

Most Recent Amendment Date: April 30, 2014 (effective July 1, 2014) *(Replaces All Previous Versions)*

Approval:



Executive Director

7/1/14

Date

1.3

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.3 - The design and construction aspects of the proposed project include the design and construction of new water distribution systems with minimum 6-inch PVC pipe, new service connections, customer meters, and isolation valves; rehabilitating an existing well to provide 50 gpm; equipping the well and constructing a new storage tank with a minimum size of 50,000 gallons; and constructing a new booster station and hydro pneumatic tank.

Construction is anticipated to begin in February 2017. Construction is not planned to begin before financial assistance is awarded.

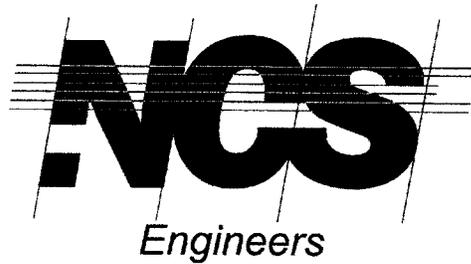
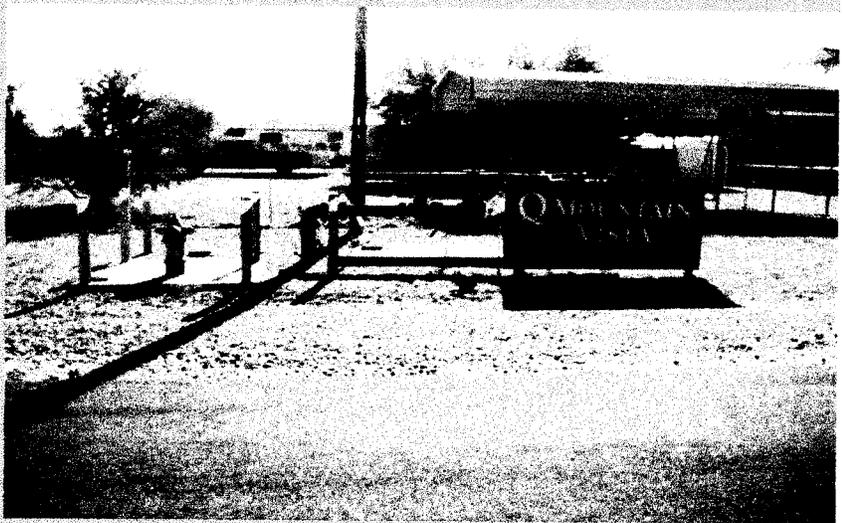
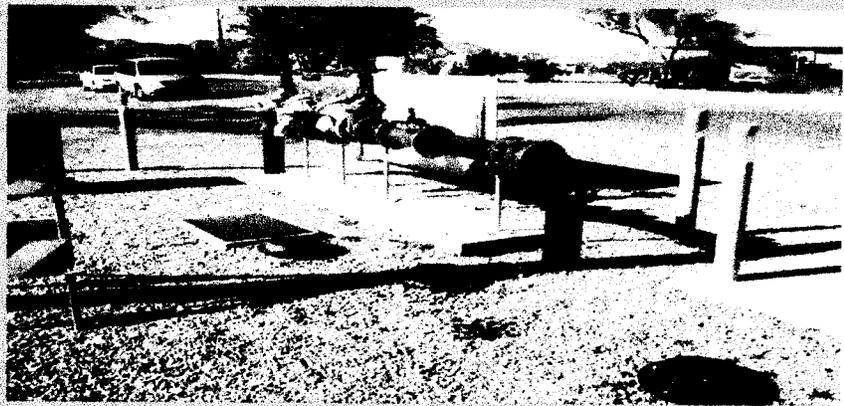
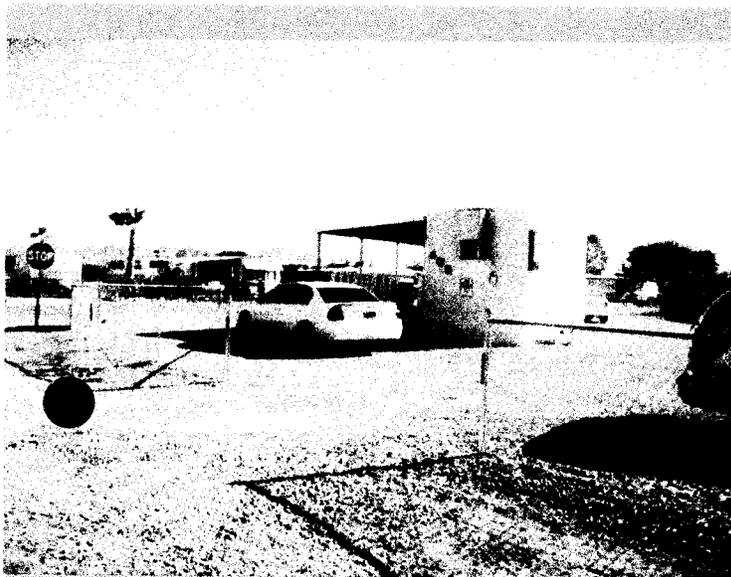
Attached is the estimate of the construction costs.

Q MOUNTAIN VISTA WATER SYSTEM

PWS NO. AZ0401022

WATER PIPELINE REPLACEMENT AND SUPPLY UPGRADES BASIS OF DESIGN REPORT

OCTOBER 2016



EXPIRATION DATE: 09/30/18

**Q MOUNTAIN VISTA WATER SYSTEM
PWS NO. AZ0401022**

**WATER PIPELINE REPLACEMENT AND SUPPLY UPGRADES
BASIS OF DESIGN REPORT**

October 2016



EXPIRATION DATE: 09/30/18



202 E. Earl Dr., Suite #110
Phoenix, AZ - 85012
602-629-0206 (Office)
602-629-0223 (Fax)

**Q MOUNTAIN VISTA WATER SYSTEM
PWS NO. AZ0401022
WATER PIPELINE REPLACEMENT AND SUPPLY UPGRADES
BASIS OF DESIGN REPORT**

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**Q MOUNTAIN VISTA WATER SYSTEM
PWS NO. AZ0401022
WATER PIPELINE REPLACEMENT AND SUPPLY UPGRADES
BASIS OF DESIGN REPORT**

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**Q MOUNTAIN VISTA WATER SYSTEM
PWS NO. AZ0401022
WATER PIPELINE REPLACEMENT AND SUPPLY UPGRADES
BASIS OF DESIGN REPORT**

1.0 INTRODUCTION

The Q Mountain Vista Water System (QMWS, AZ PWS# 0415509) is a community water system located in the Town of Quartzsite, AZ (south of Interstate 10 freeway and west of U.S. Route 95). It is a privately owned consecutive public water system (Type 1) and was constructed in 1991. They are owned and operated by the Q Mountain Vista Home Owner Association, an Arizona Corporation Commission not for profit entity. QMWS purchases all the water from the Town of Quartzsite (Town) and has a long term contract with the Town for wholesale water purchasing. The water supply system is operated by a Grade 1 certified operator.

1.1 Existing Facilities Assessment

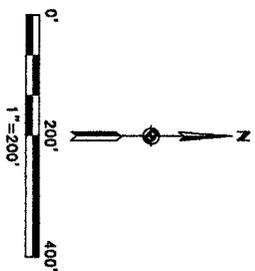
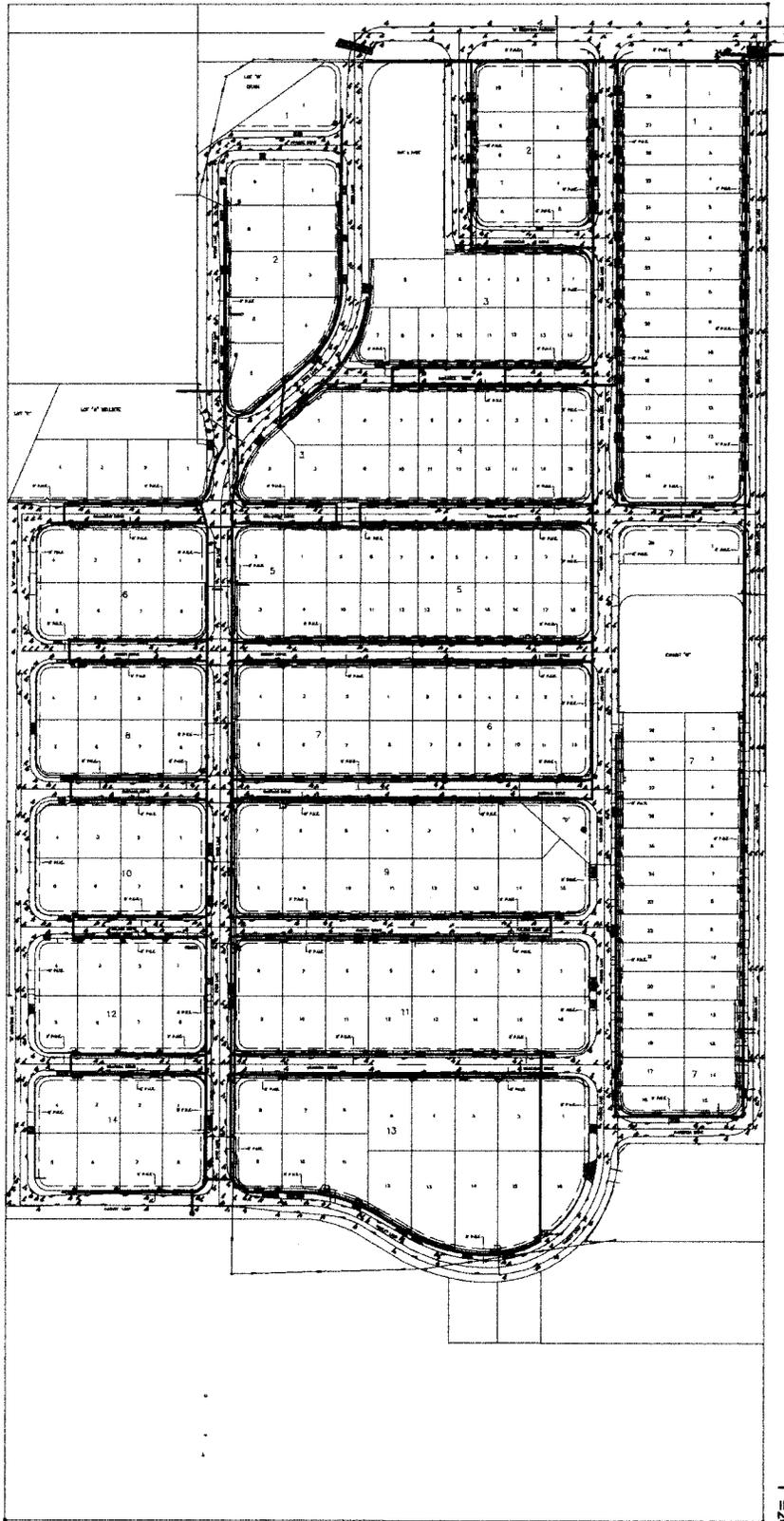
QMWS used to have four wells, two booster pumps, two hydropneumatic tanks, and four 20,000 gallon water storage tanks. However, since 2008, due to nitrate contamination in the source water, the water system decided to decommission all the wells and other facilities, and purchase water from the Town of Quartzsite. The existing QMWS distribution system consists of 16,500 ft. of piping constructed of various plastics and low grade irrigation materials (mainly 2-inch, 4-inch, and 6-inch piping, fittings, and valves, without any fire hydrants). Most of the pipelines are buried 3 to 6 ft. deep. The service lines consist of 3/4-inch PVC piping. A 6-inch pipeline serves as the interconnect with the Town of Quartzsite. There is a 6-inch backflow preventer and a 4-inch pressure reducing valve on the interconnecting pipeline. A water pressure of approximately 50 psi is maintained downstream of the pressure reducing valve. There is no wastewater collection or treatment system as the homes have individual septic tanks. The QMWS has a partially looped distribution system with insufficient isolation valves (as shown in Figure 1.1). During any major leak, the entire water system is shut down for repair. QMWS has decommissioned and physically disconnected all the wells from the distribution system, therefore, the water system completely relies on the interconnect pipeline to supply water to its customers. If for any reason, the interconnect pipeline is taken offline, there is no source of supply for the entire water system.

1.2 Population and Water Demand

A significant portion of the population served by the water system is transient. For the QMWS, the population served during summer varies from 100 to 150 people and varies from 400 to 450 people during winter. The water system currently serves approximately 220 customers and all the customers are metered. The total number of parcels within the water system service area is 245 (242 small parcels + three large parcels). In 2011, the National Meter and Automation Inc. (NMAI) performed a leak detection survey and stated that there are multiple leaks within the water system. NMAI was unable to find out the exact location of leaks. It is important to note that the general geology (soil type) of the area is sand and gravel, therefore, it is difficult to detect the leaks as leaked water



Q MOUNTAIN WATER SYSTEM EXISTING WATER LINES



Q MOUNTAIN WATER SYSTEM EXISTING WATER LINES

FIGURE 1.1

PROJECT-TITLE

percolates down instead of seeping up. Discussions held with the QMWS representative indicate that the losses are mainly due to leaks in the 4-inch and 6-inch pipelines at the fittings and tapping locations.

From September 2014 to January of 2016, the average daily water purchased from the Town was 22,800 gallons (ranging from 15,542 gallons in July 2015 to 34,040 gallons in December 2014). Based on 220 connections and an average metered water demand of 15,562 gallons, the per consumer water demand is calculated at 71 gallons per day (gpd). As per the QMWS water supply plan, the ultimate 2032 projected average water demand is 35,000 gpd (at buildout of 300 lots). The demand is based on a water consumption of 50 gpd/person, 600 people, and 15% water loss in the distribution system. Based on the projected water loss in the distribution system and the current observed loss, water meters and new pipelines (distribution system and service lines) are recommended for QMWS.

1.3 Water Resources and Storage

The Town of Quartzsite has enough water resources to meet QMWS water demands (both existing and future). As per the 2012 Town of Quartzsite Water Master Plan, the average water demand for the Town is 330 gallons per minute (gpm) and the Town can safely produce 1,040 gpm. The Town currently has water storage of two million gallons and is planning to build three 700,000 gallon tanks. One of the tanks would be built approximately a mile away from QMWS.

Due to increasing water rates associated with water purchased from the Town of Quartzsite, QMWS has recently decided to rehabilitate one of the existing capped wells (well capacity of 32 gpm). In addition, a new water storage tank (50,000 gallons) will be constructed at the same site as the well. The well and storage tank should be able to meet the QMWS water supply needs except for the fire flow which will be continued to be delivered by the Town of Quartzsite. The detailed basis of design for these facilities will be provided separately and is not included in this report as it was outside the scope of this contract.

2.0 HYDRAULIC MODELING EVALUATION

Since a large amount of purchased water is leaked from the distribution system pipelines and it is difficult to identify the leak locations, it is recommended that QMWS construct a new piping network and water system to minimize water losses and provide reliable service. Further, the existing QMWS pipe network is not designed for fire flows and it is recommended that the new pipe network be designed to provide for necessary fire flow (1,500 gpm). Therefore, a hydraulic modeling analysis was conducted to design the new QMWS pipeline network.

There are currently 220 customers in the QMWS which are supplied by purchased water from the Town of Quartzsite via the interconnect. During instances when the pressure relief valve (PRV) is out of service for maintenance, the QMWS customers may not be supplied during this time period. Though the chances of a water outage are low, this is another reason for QMWS to develop its own water supply. A hydraulic modeling analysis was conducted to design the new distribution network capable of meeting QMWS water demands and required fire flow.

2.1 Hydraulic Analysis

A hydraulic model of the QMWS was developed using WaterCAD. The entire waster system was recently surveyed by a Registered Land Surveyor to identify the locations fo all existing water lines, service connections and utilities. Further, plat maps and elevation data from United States Geological Survey (USGS) were used in developing the hydraulic model. The PRV was modeled with an initial pressure setting of 50 psi. Based on the QMWS water system layout, the demand for the customers was assigned to the nodes in the hydraulic model.

Two scenarios, A and B, were developed in the hydraulic model. In Scenario A, the newly designed system (2016) was modeled with the current 220 customers with average day, peak day and fire flow and peak hour demands and in Scenario B, the new water system was modeled for the 300 projected customers for the year 2032 with the projected average day, peak day and fire flow and peak hour demands. The water demands for both scenarios are summarized in Table 2.1. The main objective of Scenario B was to verify whether the new pipelines would be adequate for a future scenario. For both scenarios, the model was executed under steady state conditions.

Table 2.1: Scenarios A and B - Water Demands

Scenarios	Year	Water Demands, gpm			
		Average Day	Peak Day	Peak Hour	Fire Flow
Scenario A	2016	11	16	27	1,500
Scenario B	2032	16	24	41	1,500

2.2 Modeling Simulation Results

Initially, 6-inch pipelines were assumed for the entire QMWS system and the hydraulic model simulation was conducted for the peak day plus fire flow conditions. As per the Arizona Depart of Environmental Quality (ADEQ) engineering standards, the minimum residual pressure in distribution system should be 20 psi. Besides the minimum pressure, the available fire flow at the hydrant location is 886 gpm, less than the needed fire flow of 1,500 gpm. Therefore, the modeling simulation indicated that the 6-inch pipelines are not adequate for meeting the minimum pressure requirements (Figure 2.2). Pressures dropped to 14 psi, which is below the required 20 psi, under this fireflow condition.

Therefore, the distribution network was modified to include 6-inch, 8-inch and 12-inch pipelines to meet minium pressure and fire flow requirements. An inner 8-inch loop was required and the main supply line from the interconnect to the water system was increased to 12 inches. For Scenarios A and B, the system pressures at the peak day and fire flow, average day, and peak hour demands are shown in Figures 2.3 through 2.8. As shown on these figures, the minimum pressure and fire flow requirements are met by the assumed pipe network. Therefore, the recommended new network consists of 6-inch and 8-inch pipelines. Fire hydrants will be installed at every 1,000 ft. to provide adequate fire flow for the QMWS.

Figure 2.2: Scenario A - Residual Pressures with Peak Day and Fire Flow Demands with 6-inch Pipe Network

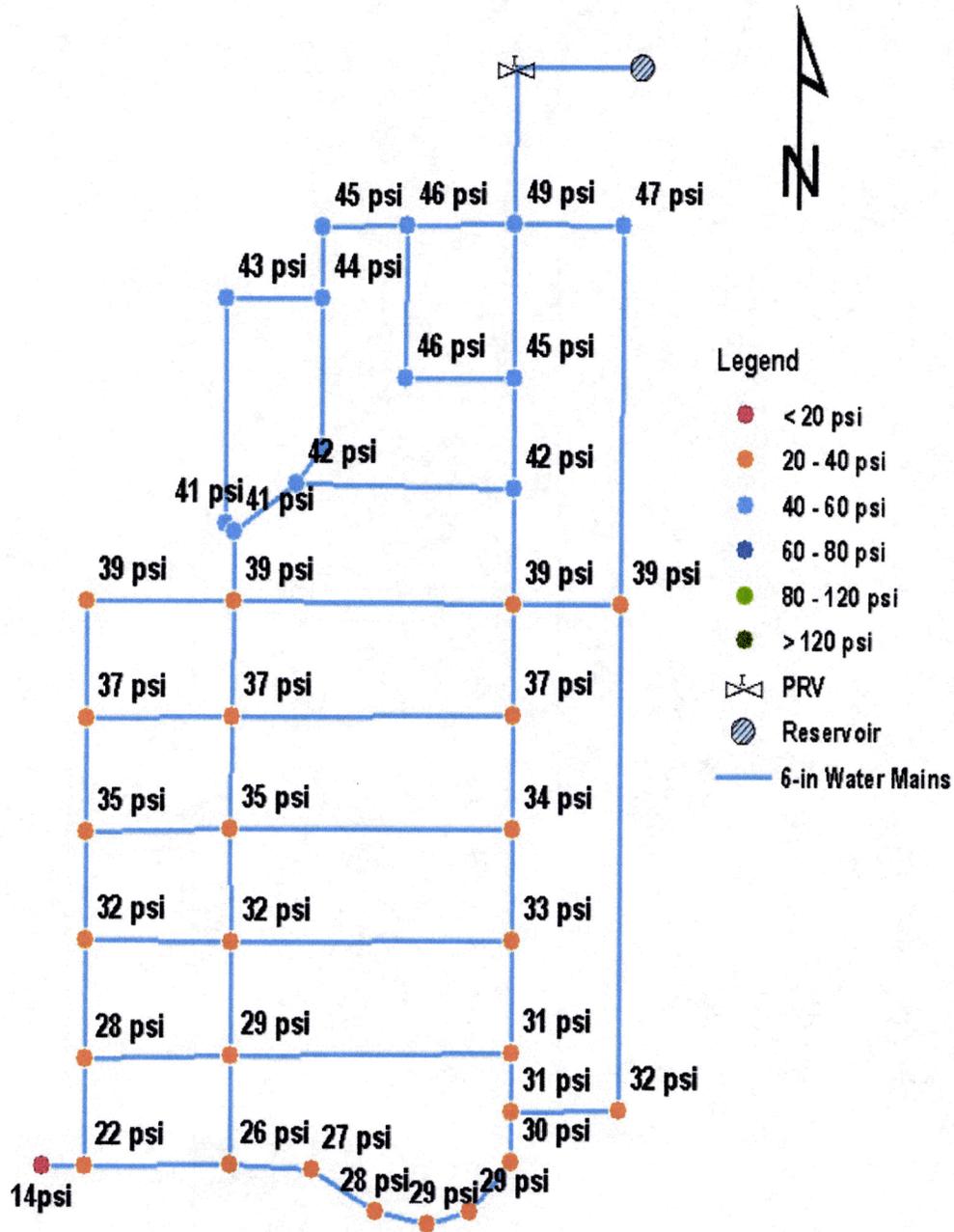


Figure 2.3: Scenario A - Residual Pressures with Peak Day and Fire Flow Demands

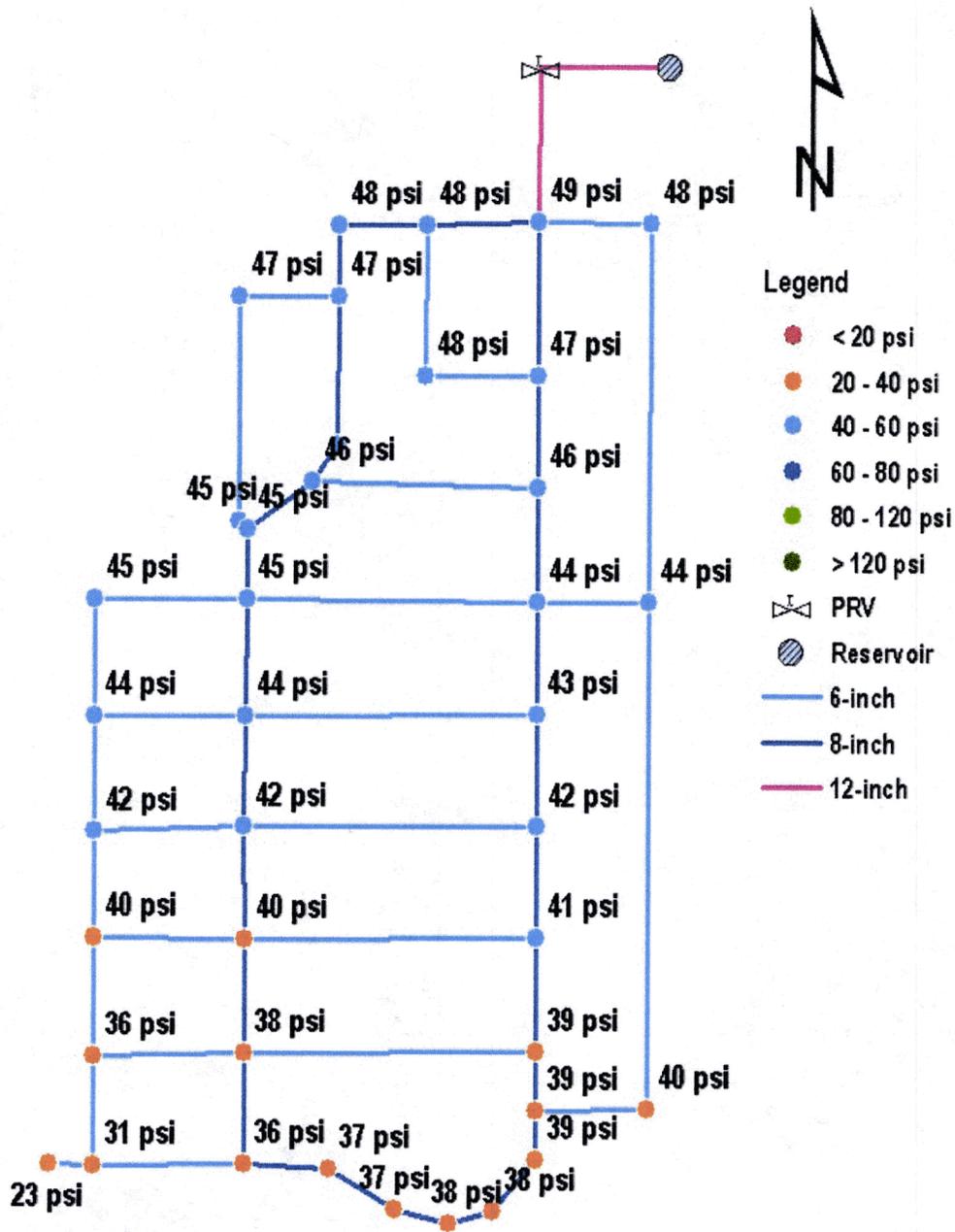


Figure 2.4: Scenario A - System Pressures with Average Day Demands

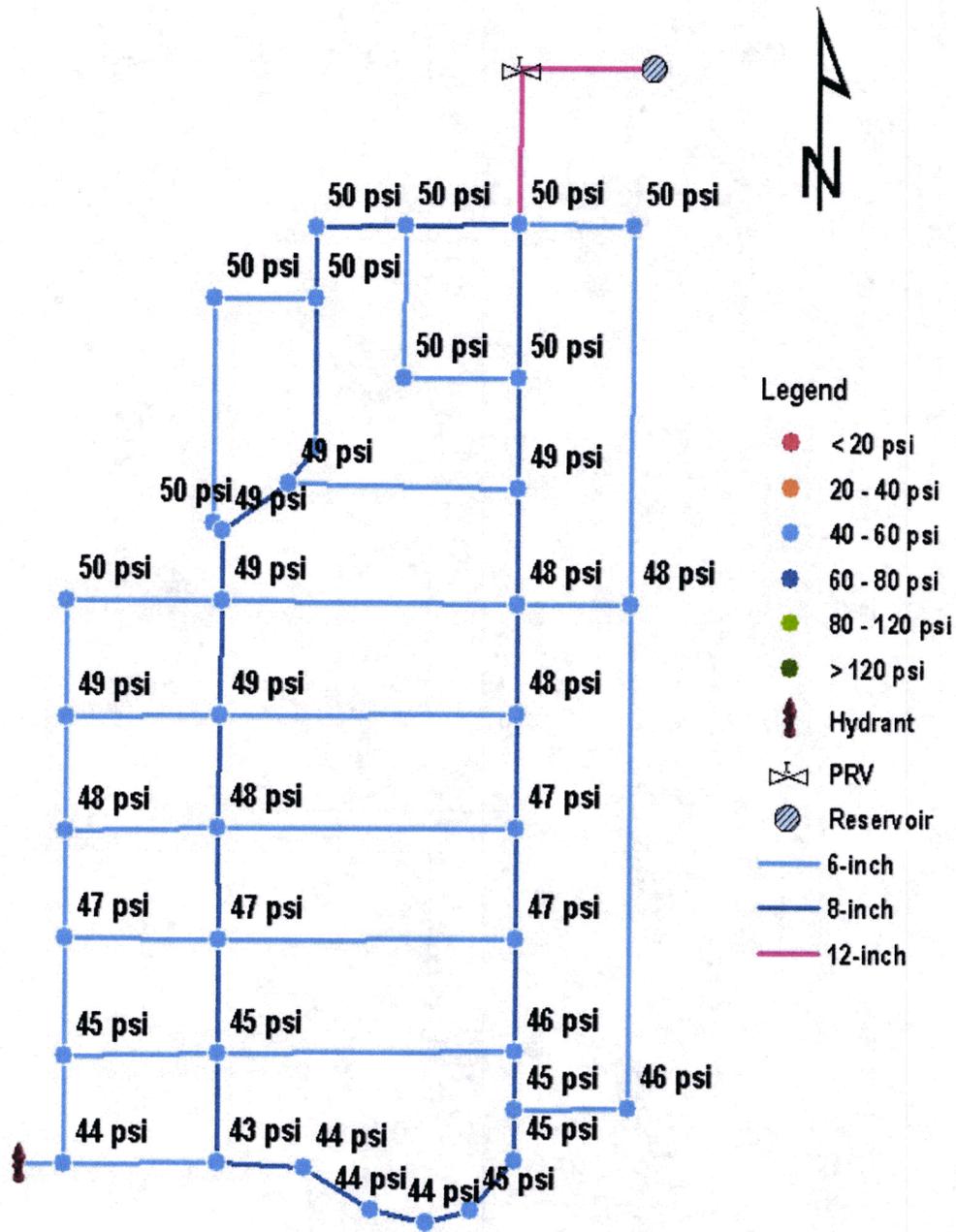


Figure 2.5: Scenario A - System Pressures with Peak Hour Demands

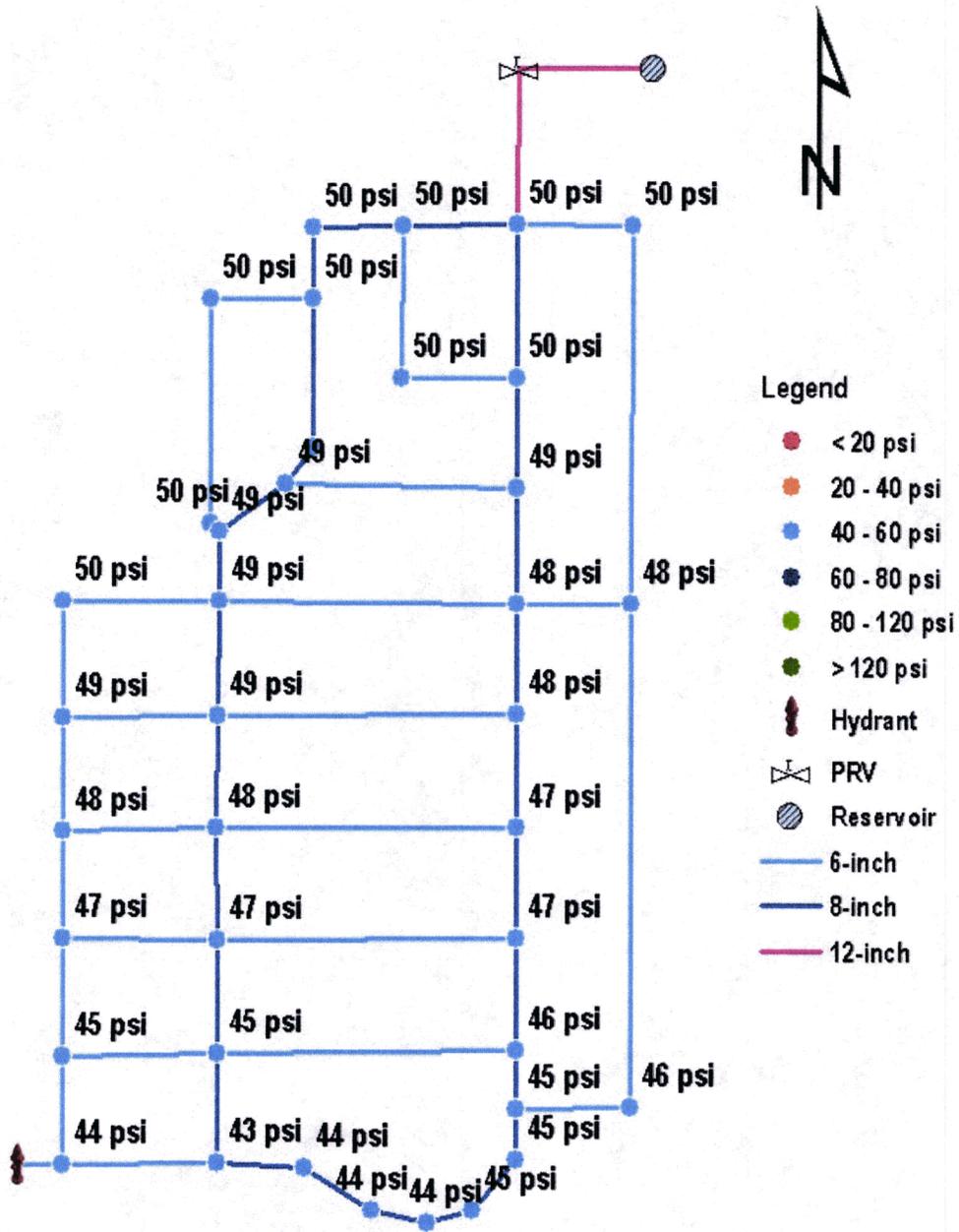


Figure 2.6: Scenario B - Residual Pressures with Peak Day and Fire Flow Demands

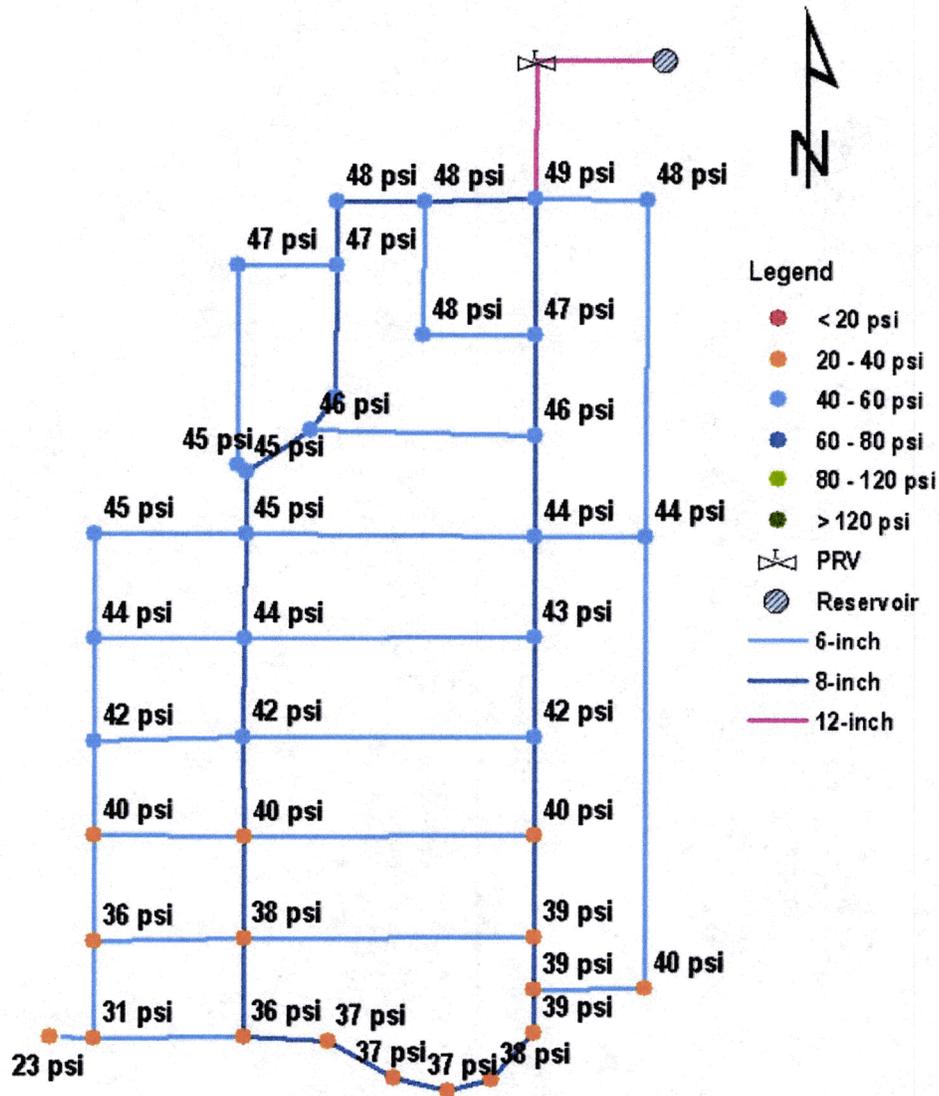


Figure 2.7: Scenario B - System Pressures with Average Day Demands

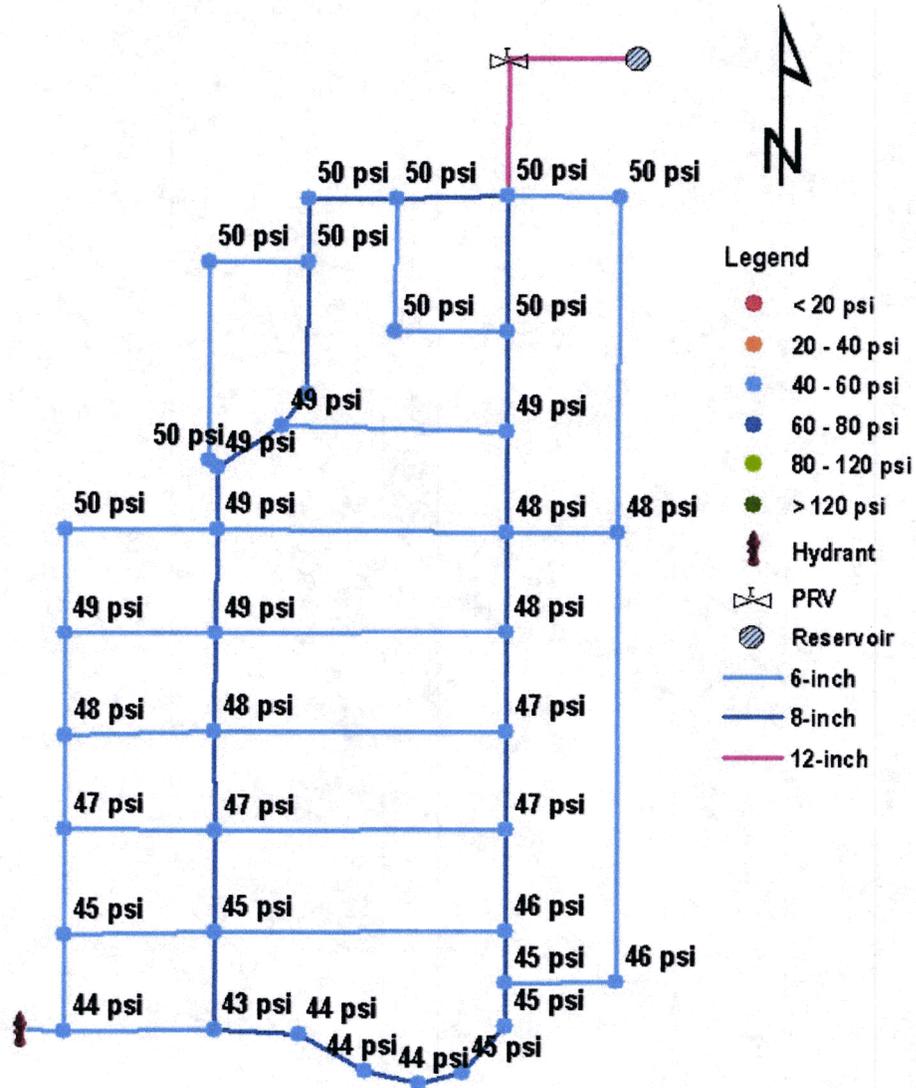
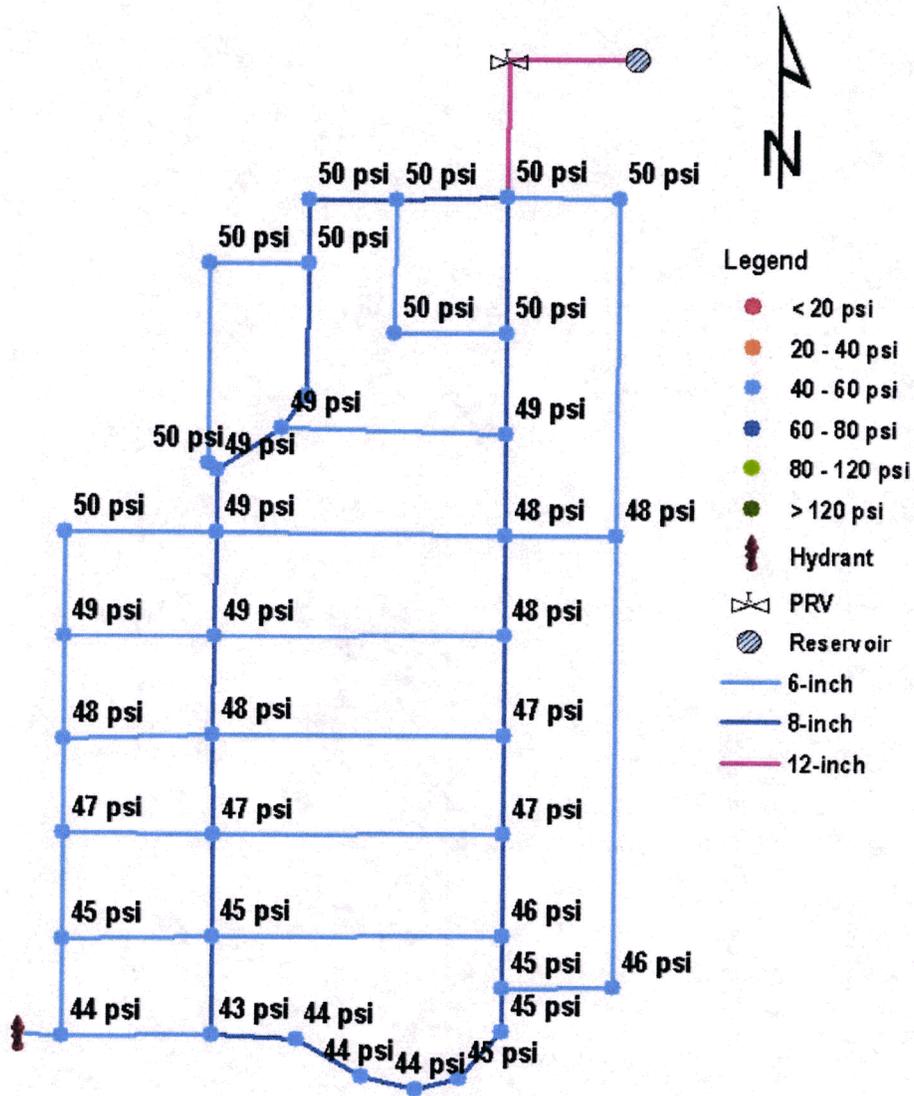


Figure 2.8: Scenario B - System Pressures with Peak Hour Demands



It is also noted that the normal working pressure (during periods of no fire) in the new 6-inch and 8-inch pipeline upgrades in the property is more than 40 psi, as required by ADEQ, per the ADEQ Engineering Bulletin No. 10, Guidelines for the Construction of Water Systems, Section 7 (C)(2).

Based on the modeling analysis, a new distribution system network consisting of 6-inch and 8-inch pipelines is recommended for QMWS, as discussed further in Section 3.

3.0 ALTERNATIVES EVALUATION AND WATER SUPPLY IMPROVEMENTS

As part of the water supply improvements, a new looped pipeline network would be designed and constructed to minimize water losses (due to leaks), maintain adequate pressures and provide for fire flow for QMWS. As shown in Figure 3.1, the pipelines consist of 11,170 ft. of 6-inch and 5,280 ft. of 8-inch pipes. To minimize the construction costs, the existing pipelines will not be removed due to an estimated demolition cost of \$200,000. In addition to pipelines, fire hydrants will be provided every 1,000 ft. within the community as per Bulletin 10 of the Arizona Department of Environmental Quality (ADEQ). In addition, QMWS wishes to rehabilitate one of the existing wells and construct a new storage tank. The well is not being used due to high source water nitrate levels. The well will be rehabilitated and water quality will be sampled and tested. If needed, the water will be blended with water from the Town to meet nitrate maximum contaminant level (MCL, under a formal blending plan). A new storage tank with a capacity of 50,000 gallons (two days of maximum storage would also be provided) in addition to a booster station with a firm capacity of 41 gpm (2032 peak hour flow rate).

3.1 Well Rehabilitation

Due to increasing water costs associated with the purchase of water, it is recommended that QMWS develop its own water resources. As part of the project, an existing capped well (55-512584) located in the lot A located on the west side of Spring Street at Byrd Lane, will be rehabilitated. Based on the Arizona Department of Water Resources records, the well is capable of producing 32 gpm of water. The production capacity is sufficient to supply maximum day demands for QMWS and the difference between the peak day (24 gpm for year 2032) and the peak hour demands (41 gpm for year 2032) will be provided by the new storage tank. The fire flow, estimated at 1,500 gpm, will be supplied by the Town of Quartzsite as QMWS will not have the capacity to supply the water from the wells or booster station.

The well records will be reviewed and a video log will be obtained. The perforated screen intervals may be modified as needed and the depth of the well may be increased. Further a new pump will be installed. A 3 horse power (HP) pump with an assumed efficiency of 60% will be provided. Water from the well will be tested for all constituents and compliance with Safe Drinking Water Act requirements. The well rehabilitation and equipping cost is estimated at \$70,000. It is assumed that the rehabilitated well will be operational mid 2017.

3.2 Storage Tank

A new storage tank with a volume of 50,000 gallons capacity to provide water for the QMWS customers during the peak hour demands and during emergencies when well is out of service for



Q MOUNTAIN WATER SYSTEM PROPOSED IMPROVEMENTS

NOTE:
1. ALL PIPING CONSISTS OF 6" PVC UNLESS OTHERWISE NOTED.

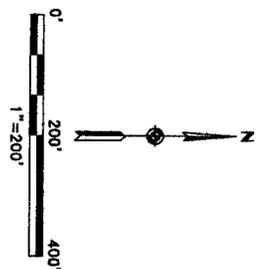
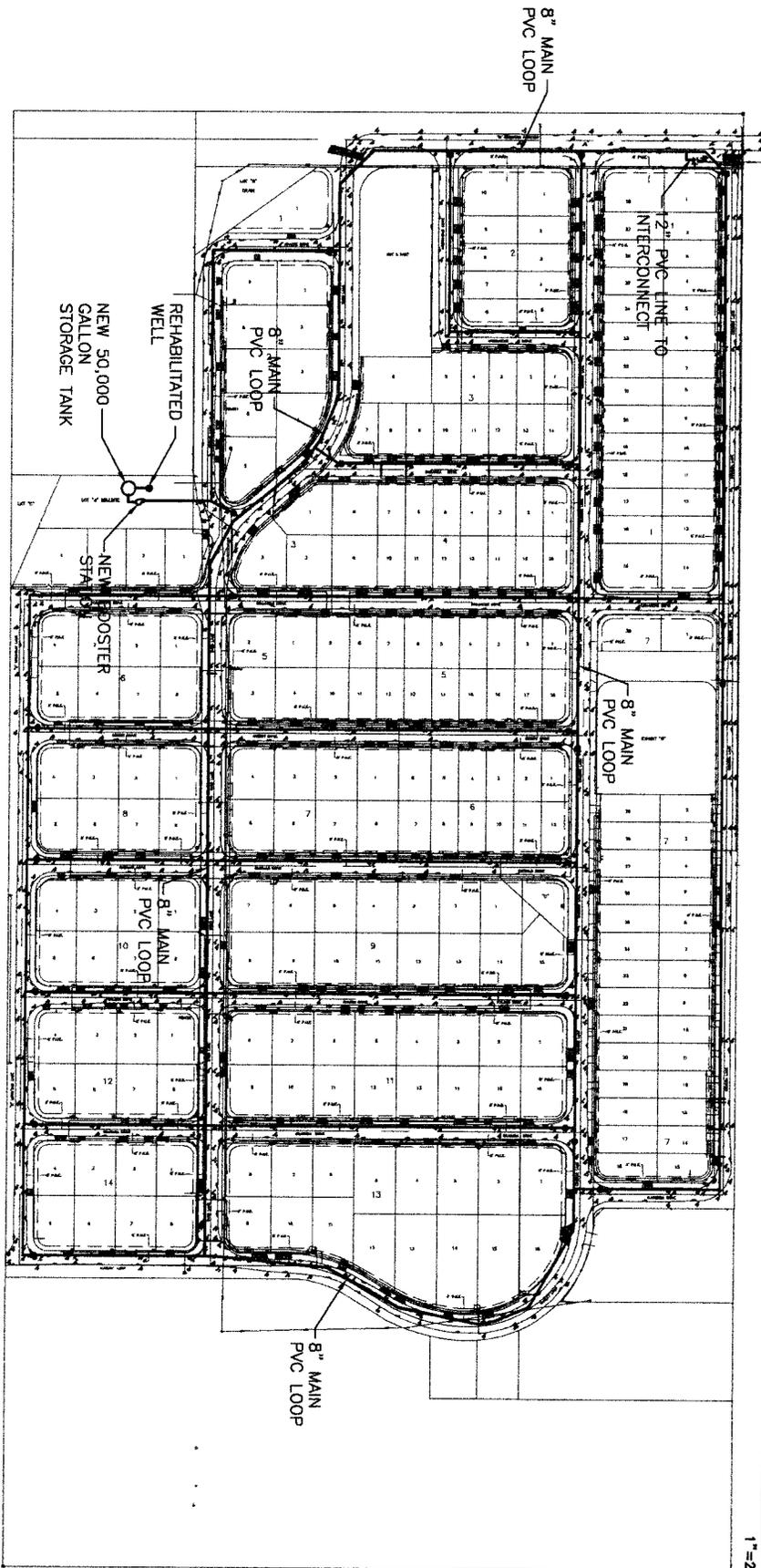


FIGURE 3.1
Q MOUNTAIN WATER SYSTEM PROPOSED IMPROVEMENTS
PROJECT-TITLE

maintenance. Any additional water supply during emergencies will be supplied by the Town of Quartzsite. The estimated cost for the storage tank is \$75,000. In addition a booster pumping station and a hydropneumatic tank will also be constructed. Two - 2 HP pumps (one operating and one standby) will supply water from the storage tank to the customers. The estimated costs for the hydropneumatic tank and booster pumping station are \$75,000.

3.3 Piping Network and Alternative Materials

Different materials, including polyvinyl chloride (PVC), cast iron, ductile iron and welded steel pipes may be used for distribution piping network. Table 3.1 summarizes the unit costs (\$/ft but not including installation) for 6-inch and 8-inch pipelines for the different materials. As shown, PVC pipe has the lowest unit cost assuming that the installation of pipes would be similar for all materials. Besides costs, each material has advantages and disadvantages. Iron-based pipes are prone to corrosion but have more strength than the PVC pipes. Corroded iron pipes also consume disinfectants compared to PVC pipes. PVC pipes have been reliably used in distribution system networks.

Table 3.1: Unit Cost for Different Pipe Materials

Pipe		
Size	Material	Unit Cost (\$/ft)
6"	Ductile Iron	\$40.25
8"	Ductile Iron	\$52.90
6"	PVC	\$13.86
8"	PVC	\$18.92
6"	Steel	\$90.28
8"	Steel	\$118.45
6"	Cast Iron	\$60.38
8"	Cast Iron	\$97.18

Based on the costs and above mentioned factors, PVC pipelines are recommended for the new distribution pipe network. The estimated costs associated with the new distribution system network are described in section 3.6.

3.4 Service Connections

It is recommended that the existing service lines be replaced with a new service line at the time the new distribution system pipelines are installed. Different materials used for service line connections consist of cast iron pipe (generally used in large water mains), crosslinked polyethylene or PEX, polyethylene (PE), polyvinylchloride (PVC), polybutylene (PB), brass pipe, and copper tubing. Since the distribution system network pipelines consist of PVC, it is recommended that service pipelines be of PVC or PEX material also. Further 5/8" residential service connections will be provided. Each service line connection is estimated to cost \$100. Based on 245 customers, the estimated costs are \$24,500 for new services.

4.0 METERING ANALYSIS AND RATE EVALUATION

QMWS charges the customers a monthly service fee and a charge based on monthly water usage. The water usage rates are based on water consumption and increases with increasing water consumption to promote conservation. The current water meters are old (typically over 20 years) and errors associated with meter readings may be part of the observed water losses. This error may result in a loss of 10 to 15 percent of the total revenue and QMWS can recover this revenue by installing new water meters. An analysis of the available meter types was conducted to develop recommendations for QMWS for incorporation of new meters.

4.1 Observed Water Losses

As indicated previously, QMWS observes significant water losses on a regular basis and fixes six to 12 water leaks every year. The average daily purchase of water is 22,800 gallons, but the QMWS's revenue is based on an average daily water sold of 15,562 gallons. This results in an average water loss of 32%. From September 2014 to January of 2016, QMWS purchased 10.8 million gallons but the sold only 7 million gallons of water (based on metered revenue). On the total amount of water basis, the water loss is 35%. The water losses compare well with January 2016 to June 2016 time period during which the QMWS estimated a water loss rate of 34.7%. The unaccounted for water may be attributed to leaks in distribution system, unmetered water use, and/or errors in existing water meters. The main meter at the Interconnected was recently tested by a third party (Metering Services) at it was found to be very accurate and reads within an accuracy level of 5%. The QMWS water meters are approximately 20 years old and have served their useful lives and are recommended for replacement. The water losses due to pipe leaks can be reduced by installing new pipelines which are sized properly to supply fire flow for QMWS. Distribution system piping network will be replaced with a new one as described in Section 3. Additional water losses which may be attributed to incorrect readings of old meters can be realized by replacing the old meters with the new ones.

4.2 Metering Alternatives

Three types of meters were considered - mechanical meter (similar to existing meters), meters with automatic meter readings using a mobile radio network, and ultrasonic meters with USB or radio network reading. The mechanical meters work adequately during the first five years and then their accuracy declines with time. The ultrasonic meters have no moving parts and manufacturers state they can be accurate for up to 20 years. Only the unit costs were considered to develop recommendations as the installation cost (approximately 30%) would be similar or higher for the automatic read meters. Table 4.1 summarizes the costs for different meter alternatives.

Table 4.1: Unit Costs for Different Types of Water Meters

Meter	Unit Cost, \$
Mechanical	\$ 105
AMR	\$ 250
Ultrasonic	\$ 215

Based on the unit costs, the mechanical meter with physical reading appears to be the most cost-effective and is recommended for replacement for QMWS. Based on the overall project budget and how final costs and bids are obtained, ultrasonic or AMR meters can be considered based on available funds.

4.3 Water Rates

Presently, QMWS obtains its water from the Town of Quartzsite and pays a monthly meter fee and water rates based on every 1,000 gallons purchased. The current monthly meter fee is \$1085.31 which will increase to \$1097.15 in July 2017 and \$1115.37 in July 2018. The current purchase price is \$5.36 per 1,000 gallons which will increase to \$5.58 in 2017 and \$5.81 in 2018. The cost to purchase water from the Town has increased substantially over time (September 2014 - \$2.37/1,000 gallons) so that QMWS is in the process of rehabilitating the existing well and construct a storage tank.

The current rate structure for QMWS is summarized in Table 4.2. QMWS is in the process of increasing its rates to account for increasing purchase water, or estimated costs associated with capital improvements. At present, QMWS charges a fee of \$18.26/month and the average monthly charge is \$27/customer.

Table 4.2: QMWS Current Rate Structure

Gallons	\$/1,000 Gallons
0-2,000	2
2001-8000	3.7
> 8000	6

QMWS has retained the services of a professional accounting firm to conduct an analysis of rate increases and their approval from the Arizona Corporation Commission. Since the new proposed facilities would not be constructed till mid-2017, the rate analysis is conducted from mid-2017 onwards. The number of customers in 2017 is expected to be 245.

At the estimated capital expenditure of \$1.59 million (see Section 5), the debt service is estimated at \$122,565 per year (20 year term with an effective interest rate of 4.675%). The annual reserve requirement is assumed at \$24,513 (20% of debt service) for the first five years. After five years, the same amount is used for an annual replacement fund. The projected 20-year total fiscal impact (a debt service and reserve fund or a replacement fund) is expected to be \$2.94 million.

The current revenue (based on 245 customers) at \$79,371 is projected to remain constant for the next five years (2017 to 2021). As the water consumption decreases with increasing water rates, QMWS has decided that the rate increase would consist of a fixed surcharge so that it can result in a guaranteed revenue for the next five years to pay for the capital improvement debt service. The estimated fixed fee surcharge is \$35 per month in addition to the current monthly fee of \$18. The fixed charge is expected to increase QMWS's revenue to \$183,977 per year from 2017 to 2021. Including the direct expenses including annual operation and maintenance costs, reduction in cost of purchased water, increased revenue due to reduced water leaks in the distribution network and new water meters, QMWS is expected to have positive cash in the accounts with the proposed fixed surcharge from 2017 to 2021. It is recommended that QMWS re analyze rates starting in 2021 for the next five years starting from 2022.

5.0 OVERALL PROJECT COSTS

The estimated costs with the construction of a new pipeline network, well rehabilitation, a new storage tank, hydropneumatic tank with a booster station, fire hydrants, new service lines and new meters are \$1.59 million (Table 5.1). The estimated costs include contingencies (20%) and taxes, bonding and insurance allowance (8.5%) and design and construction management fees (18%).

The estimated annual costs for operations of the water supply system (well and booster pumping station and labor costs [4 hr/week]) are estimated at \$54,300, or \$4,500 per month.

Table 5.1: Q Mountain Water System Improvements Estimated Project Costs

Component	Quantity	Unit Price	Amount
6-inch PVC Pipeline, Installed	11,167	\$30/ft	\$335,000
8-inch PVC Pipeline, Installed	5,277	\$40/ft	\$211,100
Excavation + Backfill	16,444 ft x 5 ft x 5 ft	\$10/CY	\$152,300
Pavement replacement	5,481	\$10/SY	\$54,800
New Customer Service Connections	245 customers	\$100 / Connection	\$24,500
New meters installed	245 customers	\$150	\$36,800
Fire Hydrants, @ 1,000 ft	15	\$3,000	\$45,000
Rehabilitated Well and Equipping	1	LS	\$70,000
New 50,000 gallon storage tank	1	LS	\$75,000
Booster Station and Hydro Tank	1	LS	\$75,000
Construction Subtotal			\$1,079,500
Contingency (15%)			\$161,900
Sub-Total 2			\$1,241,400
Taxes, Insurance, & Bonding (8.5%)			\$105,500
Sub-Total 3			\$1,346,900
Design and CM Fee (18%)			\$242,400
Total Estimated Capital Cost			\$1,589,300

The design and engineering costs include well testing and video costs as well during the design phase.

6.0 DESIGN CODES

As the proposed project is located within the LaPaz County, the County building codes will be used for the design.

- a. LaPaz County Building Codes
 - i. 2006 International Building Code
 - ii. 2015 International Mechanical Code
 - iii. 2011 National Electric Code
 - iv. 2015 International Plumbing Code

7.0 PERMITS

The following permits will be required for the new construction.

- a. ADEQ Approval to Construct
- b. ADEQ Approval of Construction

8.0 STRUCTURAL DESIGN

8.1 Concrete

Concrete will meet the requirements of ACI 301-72 Type I or Type II cement. Cement type will be selected during the final design. The minimum 28-day strength for structural concrete will be 3,000 psi.

8.2 Reinforcing

ASTM A-615 Grade 60 reinforcing steel will be used, except as follows:

#2 and #3 bars:	Grade 40
#7 & larger bars with welded splices:	A-706
Wire Mesh, Flat Sheets:	A-185
Weld spliced rebar:	A-706

8.3 Structural Steel

ASTM A-36 carbon steel will be utilized for all structural components, except as follows:

Pipe steel:	ASTM A-53 Grade B, or A-501
Tube steel:	ASTM A-500 Gage B (Fy = 46 ksi)
Bolts and plain anchors:	ASTM A-307.

The latest AISC Manual, Parts 1 thru 4, and AISC Specifications will apply. Structural steel components will receive surface preparation per Steel Structures Painting Council (SSPC) and then be painted.

9.0 SCHEDULE

The recommended improvements in the report can be implemented/constructed by June 2018 assuming that the design begins in January 2017 and is completed by June 2017. The 12-month construction period would commence in July 2017.

10.0 SUMMARY AND RECOMMENDATIONS

The following summary and recommendations are developed as part of this report:

1. QMWS operates a water supply system to provide potable water to its 220 customers. QMWS purchases water from the Town of Quartzsite. The cost of purchased water is expected to increase significantly starting from 2017.
2. QMWS experiences a high loss of water (approximately 35%) in its distribution system network. To provide for fire flow and minimize water losses in the distribution system network, a new network consisting of 6-inch and 8-inch water pipelines and installation of new fire hydrants are recommended.
3. QMWS water meters are old and may contribute approximately 10 to 15 percent loss of revenue. To realize this revenue, installation of new water meters is recommended.
4. To offset increasing Town of Quartzsite water rates, it is recommended that QMWS develop its own water supply consisting of rehabilitating an existing well owned by QMWS, construction of a new 50,000 gallon storage tank, a hydropneumatic tank and a booster pumping station.
5. The rehabilitation of the well would require a well video/logging and water quality testing.
6. The estimated project costs for a new distribution piping network, well rehabilitation, a new storage tank, hydropneumatic tank with a booster station, fire hydrants, new service lines and new meters are \$1.59 million. It is recommended that QMWS obtains the loan from the Water Infrastructure Finance Authority of Arizona (WIFA). QMWS may obtain an interim loan to begin the design of the recommended improvements to proceed on a timely basis.

7. The estimated annual costs for operations of the water supply system (pumping, energy, equipment maintenance, and labor costs [4 hr/week]) are estimated at \$15,020, or \$1,252 per month.
8. The costs for capital improvements and annual operation and maintenance costs associated with the water supply operations can be recovered by instituting a fixed monthly charge of \$35 in addition to the existing fixed monthly charge of \$18.26. The revised rates would go in effect from mid 2017 and will be in effect for five years. The rates would be reviewed after five years and adjusted to reflect the debt service, required reserve and replacement funds and other water supply system operations costs.

1.4-1.5

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.4 - The need for interim funding is has not been identified.

1.5 - The Company does not have any balances of "Advances in Aid of Construction" or "Contributions in Aid of Construction" to report.

1.6

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.6 - Pursuant to A.R.S. § 40-302, the attached notice will be mailed via First Class Mail to all water customers within 10 days of the filing of this Financing Application. Proof of notice will be sent to Docket Control within 30 days of filing the application as outlined in A.R.S. § 40-302.

**PUBLIC NOTICE OF Q MOUNTAIN MOBILE HOME PARK
FINANCING APPLICATION
DOCKET NO. TBD**

On _____ [INSERT DATE] Q Mountain Mobile Home Park dba Q Mountain Vista Water ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Company to issue up to \$1,600,000 of Company infrastructure and real property in which the infrastructure will be placed to secure the loan proceeds needed to fund the project. The purpose of the financing is to replace, upgrade and improve the water infrastructure currently in use; to activate and rehabilitate an existing well; construct a water storage tank and update and replace the delivery system, to include the installation of fire hydrants. The Commission may approve, disapprove, or approve the financing request with modifications. The Commission may act on the financing request with or without a hearing.

How to View the Application and Other Filings

Copies of the application are available from Q Mountain Mobile Home Park's office located at 605 Emerald Dr., Quartzsite, Arizona 85346 during regular business hours and for inspection during regular business hours at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, AZ 85007. All filings in this matter are also available via the Commission's website (www.azcc.gov) using the e-Docket function and Docket No. X-XXXXXX-XXXXXX [INSERT DOCKET NO.].

How Interested Persons May Participate

An interested person may participate in this matter by (1) providing written public comment, or (2) filing for intervention and becoming a formal party to the proceeding. Written public comments must refer to Docket No. X-XXXXXX-XX-XXXX [INSERT DOCKET NO.] and may be submitted at any time as follows:

By Mail: Arizona Corporation Commission
 Consumer Services Section
 1200 West Washington Street
 Phoenix, AZ 85007

On the Website: www.azcc.gov using the link "Submit a Public Comment".

Anyone requiring assistance may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

About Intervention

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. Intervention entitles a person to participate as a party and if a hearing is held, to present sworn testimony and evidence and cross-examine witnesses. Persons who do not intervene will receive no further notice of the proceedings in this docket. The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that the person requesting intervention must file an original and 13 copies of a written motion to intervene with the Commission's Docket Control Center on or before [INSERT DATE OF DEADLINE FOR FILING INTERVENTION REQUEST - 40 DAYS FROM FILING APPLICATION], and must send a copy of the motion to Q Mountain Mobile Home Park or its

counsel. Contact information for the Applicant and other parties is available using the eDocket function and Docket No. X-XXXXXXX-XX-XXXX [INSERT DOCKET NO.].

Each motion to intervene must include the Docket Number and contain the following:

1. The name, address, and telephone number of the person requesting intervention and of any person upon whom service of documents is to be made, if not the same person;
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicant, a member or shareholder of the Applicant, etc.);
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 the Applicant or its counsel and to all parties of record in the case; and
5. Information and any appropriate documentation demonstrating compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable, unless the proposed intervenor is an individual representing himself or herself, or is represented by an attorney who is an active member of the Arizona State Bar.

A sample intervention request form is available at
<http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its proceedings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, and may request this document in an alternative format, by contacting ADA Coordinator Shaylin Bernal, at SBernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

1.7-1.10

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.7 - The Company currently has 220 water customers. 219 are residential customers and one (1) commercial customer.

1.8 - The Company does not have any current financing approvals obtained by the Arizona Corporation Commission.

1.9 - The Company does not have any existing debt at this time.

1.10 - No proceeds from the newly proposed debt will be used to retire existing debt.

1.11

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.11 - Certificate of Resolution from the Q Mountain Mobile Home Park Board of Directors authorizing the filing of this application

RESOLUTION NO. 1604

A RESOLUTION OF THE GOVERNING BOARD OF THE Q MOUNTAIN MOBILE HOME PARK HOMEOWNERS ASSOCIATION ("ASSOCIATION"), LA PAZ, COUNTY, ARIZONA, AGREEING TO THE FILING OF A FINANCING APPLICATION WITH THE ARIZONA CORPORATION COMMISSION (ACC) AND TO ACCEPT THE DEBT RESULTING FROM LOAN PROCEEDS REQUESTED FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY (WIFA) FOR THE CONSTRUCTION AND REPLACEMENT OF THE WATER INFRASTRUCTURE FOR THE Q MOUNTAIN VISTA WATER COMPANY.

WHEREAS, the Board of the Association is authorized by law to enter into agreements to apply and receive loan proceeds; and

WHEREAS, the Association's water system is in need of entire water infrastructure replacement, including, without limitation, wells, water lines, fire hydrants, storage facilities, pumps and pumping facilities, and any other needed water infrastructure improvements; and

WHEREAS, the cost of the water infrastructure improvements may be approximately 1.6 million dollars; and

WHEREAS, the Association does not have the funds to pay for all of the infrastructure improvements without obtaining financing; and

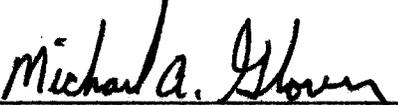
WHEREAS, the Water Infrastructure Finance Authority (WIFA) provides low interest rate financing for water systems; and

WHEREAS, the Association's Board authorizes the President of the Association to obtain as much financing as possible from WIFA for the water infrastructure improvements.

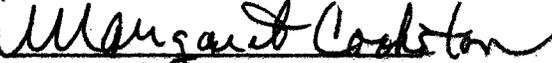
NOW, THEREFORE, BE IT HEREBY RESOLVED, the Association's Board directs the President of the Association to, on behalf of the Association, submit to the ACC a Financing Application for the authorization of this debt.

PASSED AND ADOPTED this 1 st day of September, 2016

ATTEST:


Michael A Glover, President


Val Stoker, Vice President


Margaret Cookston, Secretary

1.12

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.12 - Accountant's Compilation Report consisting of projected income and expense and cash flow analysis for the years ended December 31, 2017 through 2021.

**Q MOUNTAIN VIST WATER COMPANY
P.O. BOX 4930
QUARTZITE, AZ 85346**

**PROJECTED COMPILATION REPORT FOR THE
PERIOD ENDED DECEMBER 31, 2017 - 2021**

Geoffrey Caldwell, P. C.

Certified Public Accountant

301 East Bethany Home Road, Suite A233
Phoenix, Arizona 85012
(602) 241-9786 Fax (480) 287-9082
geoff@geoffcaldwell.com

Geoffrey Caldwell, P. C.

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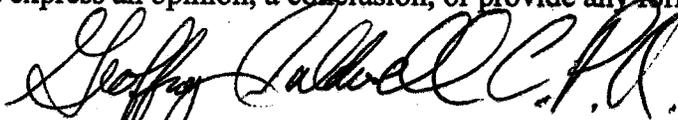
geoff@geoffcaldwell.com

The Board of Directors
Q Mountain Vista Water Company
P. O. Box 4930
Quartzite, AZ 85346

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Q Mountain Vista Water Company which comprise projected income and expense and cashflow analysis for the years ended December 31, 2017 through 2021 along with selected exhibits explaining prospective loan application with the Water Infrastructure Finance Authority of Arizona (WIFA) in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA.

We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on these financial statements.



October 17, 2016

Q MOUNTAIN VISTA WATER COMPANY
PROJECTED INCOME AND EXPENSE AND CASHFLOW ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 THRU 2021

	2017	2018	2019	2020	2021
Beginning cash on hand and in bank	\$ ██████████				
METERED WATER REVENUE	79,371	79,371	79,371	79,371	79,371
SURCHARGE(Addl \$35/meter)	102,900	102,900	102,900	102,900	102,900
NON UTILITY REVENUE	<u>7,606</u>	<u>7,606</u>	<u>7,606</u>	<u>7,606</u>	<u>7,606</u>
TOTAL INCOME	189,877	189,877	189,877	189,877	189,877
TOTAL DIRECT EXPENSES	<u>70,082</u>	<u>72,184</u>	<u>74,349</u>	<u>76,580</u>	<u>78,877</u>
GROSS PROFIT	119,795	117,693	115,527	113,297	111,000
INTEREST FROM PROJECTED LOAN SERVICE	31,232	72,593	69,031	65,487	61,397
TOTAL GENERAL AND ADMINISTRATIVE	<u>10,670</u>	<u>90,200</u>	<u>90,200</u>	<u>90,200</u>	<u>90,200</u>
NET INCOME	<u>\$ 77,893</u>	<u>(45,100)</u>	<u>(43,704)</u>	<u>(42,391)</u>	<u>(40,598)</u>
Add:					
Depreciation	2,318	79,530	79,530	79,530	79,530
Reduction in purchased water		24,000	48,000	48,000	48,000
Interest deducted above	31,232	72,593	69,031	65,487	61,397
Deduct:					
DEBT SERVICE WIFA	61,257	122,513	122,513	122,513	122,513
REQUIRED DEBT RESERVE PAYMENTS	<u>12,257</u>	<u>24,513</u>	<u>24,513</u>	<u>24,513</u>	<u>24,513</u>
NET CASH FLOW FROM OPERATIONS	<u>37,930</u>	<u>(16,004)</u>	<u>5,831</u>	<u>3,600</u>	<u>1,303</u>
Ending cash on hand and in bank	\$ ██████████				

Assumptions:

New well and new delivery system will take one year to complete.

New well and delivery system depreciated over an aggregate 20 years, Straight line method.

Known direct costs escalate at a rate of 3% annually.

Meter surcharge proposed at \$53.26.(\$18.26present avg+ \$35.00 proposed)/per month per meter.

New well presumed to save 50% of water purchases in 2018 and all purchases thereafter.

Interim construction interest and principle is presumed to begin mid 2017.

Currently suffered water losses will be reduced to 5 to 10% by these repairs.

Times interest Earned:

(Income before interest and Taxes/ Interest Expense)	3.49	0.38	0.37	0.35	0.34
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Debt Service Coverage Ratio:

(Income before interest and Taxes/Total debt service)	1.48	0.19	0.17	0.16	0.14
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Cash Coverage Ratio:

(Income before interest and Taxes+Non Cash Expenses/Interest Expense)	3.57	1.47	1.52	1.57	1.63
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SUPPLEMENTAL SCHEDULE

Q MOUNTAIN VISTA WATER COMPANY

AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.

Suggested WIFA Note

Projected payments and retirement

balance at 1	7/1/2017				1,560,600.00
percent	4.68%				
payment	12256.55				
date	beginning	payment	interest	principle	ending
	balance		paid	paid	balance
10/1/2017	1,590,600.00	12256.55	18762.98	-6506.43	1,597,106.43
11/1/2017	1,597,106.43	12256.55	6348.17	5908.38	1,591,198.05
12/1/2017	1,591,198.05	12256.55	6120.66	6135.89	1,585,062.16
1/1/2018	1,585,062.16	12256.55	6300.30	5956.25	1,579,105.91
2/1/2018	1,579,105.91	12256.55	6276.62	5979.93	1,573,125.98
3/1/2018	1,573,125.98	12256.55	5647.74	6608.81	1,566,517.17
4/1/2018	1,566,517.17	12256.55	6226.58	6029.97	1,560,487.20
5/1/2018	1,560,487.20	12256.55	6002.53	6254.02	1,554,233.18
6/1/2018	1,554,233.18	12256.55	6177.76	6078.79	1,548,154.39
7/1/2018	1,548,154.39	12256.55	5955.09	6301.46	1,541,852.93
8/1/2018	1,541,852.93	12256.55	6128.55	6128.00	1,535,724.93
9/1/2018	1,535,724.93	12256.55	6104.19	6152.36	1,529,572.57
10/1/2018	1,529,572.57	12256.55	5883.62	6372.93	1,523,199.64
11/1/2018	1,523,199.64	12256.55	6054.41	6202.14	1,516,997.49
12/1/2018	1,516,997.49	12256.55	5835.25	6421.30	1,510,576.19
1/1/2019	1,510,576.19	12256.55	6004.23	6252.32	1,504,323.87
2/1/2019	1,504,323.87	12256.55	5979.38	6277.17	1,498,046.70
3/1/2019	1,498,046.70	12256.55	5378.19	6878.36	1,491,168.34
4/1/2019	1,491,168.34	12256.55	5927.09	6329.46	1,484,838.88
5/1/2019	1,484,838.88	12256.55	5711.54	6545.01	1,478,293.87
6/1/2019	1,478,293.87	12256.55	5875.91	6380.64	1,471,913.24
7/1/2019	1,471,913.24	12256.55	5661.83	6594.72	1,465,318.51
8/1/2019	1,465,318.51	12256.55	5824.34	6432.21	1,458,886.30
9/1/2019	1,458,886.30	12256.55	5798.77	6457.78	1,452,428.53
10/1/2019	1,452,428.53	12256.55	5586.88	6669.67	1,445,758.85
11/1/2019	1,445,758.85	12256.55	5746.59	6509.96	1,439,248.90
12/1/2019	1,439,248.90	12256.55	5536.18	6720.37	1,432,528.53
1/1/2020	1,432,528.53	12256.55	5694.01	6562.54	1,425,965.98
2/1/2020	1,425,965.98	12256.55	5667.92	6588.63	1,419,377.35
3/1/2020	1,419,377.35	12256.55	5277.75	6978.80	1,412,398.55
4/1/2020	1,412,398.55	12256.55	5613.99	6642.56	1,405,756.00
5/1/2020	1,405,756.00	12256.55	5407.35	6849.20	1,398,906.79
6/1/2020	1,398,906.79	12256.55	5560.37	6696.18	1,392,210.61
7/1/2020	1,392,210.61	12256.55	5355.24	6901.31	1,385,309.30
8/1/2020	1,385,309.30	12256.55	5506.32	6750.23	1,378,559.07
9/1/2020	1,378,559.07	12256.55	5479.49	6777.06	1,371,782.01
10/1/2020	1,371,782.01	12256.55	5276.66	6979.89	1,364,802.13
11/1/2020	1,364,802.13	12256.55	5424.81	6831.74	1,357,970.38
12/1/2020	1,357,970.38	12256.55	5223.54	7033.01	1,350,937.37
1/1/2021	1,350,937.37	12256.55	5369.70	6886.85	1,344,050.52
2/1/2021	1,344,050.52	12256.55	5342.32	6914.23	1,337,136.29
3/1/2021	1,337,136.29	12256.55	4800.50	7456.05	1,329,680.25
4/1/2021	1,329,680.25	12256.55	5285.21	6971.34	1,322,708.90
5/1/2021	1,322,708.90	12256.55	5087.90	7168.65	1,315,540.25
6/1/2021	1,315,540.25	12256.55	5229.00	7027.55	1,308,512.70

Q MOUNTAIN VISTA WATER COMPANY
 AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.

7/1/2021	1,308,512.70	12256.55	5033.29	7223.26	1,301,289.45
8/1/2021	1,301,289.45	12256.55	5172.36	7084.19	1,294,205.25
9/1/2021	1,294,205.25	12256.55	5144.20	7112.35	1,287,092.90
10/1/2021	1,287,092.90	12256.55	4950.90	7305.65	1,279,787.25
11/1/2021	1,279,787.25	12256.55	5086.89	7169.66	1,272,617.59
12/1/2021	1,272,617.59	12256.55	4895.22	7361.33	1,265,256.26
1/1/2022	1,265,256.26	12256.55	5029.13	7227.42	1,258,028.85
2/1/2022	1,258,028.85	12256.55	5000.41	7256.14	1,250,772.70
3/1/2022	1,250,772.70	12256.55	4490.45	7766.10	1,243,006.60
4/1/2022	1,243,006.60	12256.55	4940.70	7315.85	1,235,690.75
5/1/2022	1,235,690.75	12256.55	4753.18	7503.37	1,228,187.37
6/1/2022	1,228,187.37	12256.55	4881.79	7374.76	1,220,812.62
7/1/2022	1,220,812.62	12256.55	4695.95	7560.60	1,213,252.01
8/1/2022	1,213,252.01	12256.55	4822.43	7434.12	1,205,817.89
9/1/2022	1,205,817.89	12256.55	4792.88	7463.67	1,198,354.22
10/1/2022	1,198,354.22	10213.79	4609.56	5604.23	1,192,749.99
11/1/2022	1,192,749.99	10213.79	4740.94	5472.85	1,187,277.13
12/1/2022	1,187,277.13	10213.79	4566.95	5646.84	1,181,630.30
1/1/2023	1,181,630.30	10213.79	4696.74	5517.05	1,176,113.24
2/1/2023	1,176,113.24	10213.79	4674.81	5538.98	1,170,574.26
3/1/2023	1,170,574.26	10213.79	4202.52	6011.27	1,164,562.99
4/1/2023	1,164,562.99	10213.79	4628.90	5584.89	1,158,978.10
5/1/2023	1,158,978.10	10213.79	4458.10	5755.69	1,153,222.41
6/1/2023	1,153,222.41	10213.79	4583.82	5629.97	1,147,592.44
7/1/2023	1,147,592.44	10213.79	4414.30	5799.49	1,141,792.95
8/1/2023	1,141,792.95	10213.79	4538.39	5675.40	1,136,117.55
9/1/2023	1,136,117.55	10213.79	4515.83	5697.96	1,130,419.60
10/1/2023	1,130,419.60	10213.79	4348.24	5865.55	1,124,554.05
11/1/2023	1,124,554.05	10213.79	4469.87	5743.92	1,118,810.13
12/1/2023	1,118,810.13	10213.79	4303.59	5910.20	1,112,899.93
1/1/2024	1,112,899.93	10213.79	4423.55	5790.24	1,107,109.69
2/1/2024	1,107,109.69	10213.79	4400.53	5813.26	1,101,296.43
3/1/2024	1,101,296.43	10213.79	4095.01	6118.78	1,095,177.66
4/1/2024	1,095,177.66	10213.79	4353.11	5860.68	1,089,316.97
5/1/2024	1,089,316.97	10213.79	4190.14	6023.65	1,083,293.32
6/1/2024	1,083,293.32	10213.79	4305.87	5907.92	1,077,385.40
7/1/2024	1,077,385.40	10213.79	4144.24	6069.55	1,071,315.85
8/1/2024	1,071,315.85	10213.79	4258.26	5955.53	1,065,360.32
9/1/2024	1,065,360.32	10213.79	4234.59	5979.20	1,059,381.12
10/1/2024	1,059,381.12	10213.79	4074.99	6138.80	1,053,242.32
11/1/2024	1,053,242.32	10213.79	4186.42	6027.37	1,047,214.95
12/1/2024	1,047,214.95	10213.79	4028.19	6185.60	1,041,029.36
1/1/2025	1,041,029.36	10213.79	4137.88	6075.91	1,034,953.44
2/1/2025	1,034,953.44	10213.79	4113.73	6100.06	1,028,853.38
3/1/2025	1,028,853.38	10213.79	3693.72	6520.07	1,022,333.31
4/1/2025	1,022,333.31	10213.79	4063.56	6150.23	1,016,183.09
5/1/2025	1,016,183.09	10213.79	3908.82	6304.97	1,009,878.12
6/1/2025	1,009,878.12	10213.79	4014.06	6199.73	1,003,678.39
7/1/2025	1,003,678.39	10213.79	3860.72	6353.07	997,325.33
8/1/2025	997,325.33	10213.79	3964.16	6249.63	991,075.70
9/1/2025	991,075.70	10213.79	3939.32	6274.47	984,801.23
10/1/2025	984,801.23	10213.79	3788.11	6425.68	978,375.55
11/1/2025	978,375.55	10213.79	3888.84	6324.95	972,050.61

Q MOUNTAIN VISTA WATER COMPANY

AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.

12/1/2025	972,050.61	10213.79	3739.07	6474.72	965,575.88
1/1/2026	965,575.88	10213.79	3837.97	6375.82	959,200.06
2/1/2026	959,200.06	10213.79	3812.62	6401.17	952,798.89
3/1/2026	952,798.89	10213.79	3420.68	6793.11	946,005.78
4/1/2026	946,005.78	10213.79	3760.18	6453.61	939,552.17
5/1/2026	939,552.17	10213.79	3614.06	6599.73	932,952.44
6/1/2026	932,952.44	10213.79	3708.29	6505.50	926,446.94
7/1/2026	926,446.94	10213.79	3563.65	6650.14	919,796.80
8/1/2026	919,796.80	10213.79	3656.00	6557.79	913,239.01
9/1/2026	913,239.01	10213.79	3629.94	6583.85	906,655.16
10/1/2026	906,655.16	10213.79	3487.52	6726.27	899,928.89
11/1/2026	899,928.89	10213.79	3577.03	6636.76	893,292.13
12/1/2026	893,292.13	10213.79	3436.12	6777.67	886,514.45
1/1/2027	886,514.45	10213.79	3523.71	6690.08	879,824.38
2/1/2027	879,824.38	10213.79	3497.12	6716.67	873,107.71
3/1/2027	873,107.71	10213.79	3134.58	7079.21	866,028.49
4/1/2027	866,028.49	10213.79	3442.29	6771.50	859,256.99
5/1/2027	859,256.99	10213.79	3305.20	6908.59	852,348.40
6/1/2027	852,348.40	10213.79	3387.91	6825.88	845,522.52
7/1/2027	845,522.52	10213.79	3252.37	6961.42	838,561.09
8/1/2027	838,561.09	10213.79	3333.11	6880.68	831,680.41
9/1/2027	831,680.41	10213.79	3305.76	6908.03	824,772.38
10/1/2027	824,772.38	10213.79	3172.55	7041.24	817,731.14
11/1/2027	817,731.14	10213.79	3250.31	6963.48	810,767.66
12/1/2027	810,767.66	10213.79	3118.68	7095.11	803,672.55
1/1/2028	803,672.55	10213.79	3194.43	7019.36	796,653.19
2/1/2028	796,653.19	10213.79	3166.53	7047.26	789,605.94
3/1/2028	789,605.94	10213.79	2936.04	7277.75	782,328.18
4/1/2028	782,328.18	10213.79	3109.59	7104.20	775,223.99
5/1/2028	775,223.99	10213.79	2981.96	7231.83	767,992.15
6/1/2028	767,992.15	10213.79	3052.61	7161.18	760,830.98
7/1/2028	760,830.98	10213.79	2926.59	7287.20	753,543.78
8/1/2028	753,543.78	10213.79	2995.18	7218.61	746,325.17
9/1/2028	746,325.17	10213.79	2966.49	7247.30	739,077.87
10/1/2028	739,077.87	10213.79	2842.92	7370.87	731,707.00
11/1/2028	731,707.00	10213.79	2908.38	7305.41	724,401.59
12/1/2028	724,401.59	10213.79	2786.47	7427.32	716,974.27
1/1/2029	716,974.27	10213.79	2849.83	7363.96	709,610.30
2/1/2029	709,610.30	10213.79	2820.56	7393.23	702,217.07
3/1/2029	702,217.07	10213.79	2521.06	7692.73	694,524.33
4/1/2029	694,524.33	10213.79	2760.59	7453.20	687,071.14
5/1/2029	687,071.14	10213.79	2642.87	7570.92	679,500.22
6/1/2029	679,500.22	10213.79	2700.87	7512.92	671,987.30
7/1/2029	671,987.30	10213.79	2584.85	7628.94	664,358.36
8/1/2029	664,358.36	10213.79	2640.69	7573.10	656,785.26
9/1/2029	656,785.26	10213.79	2610.59	7603.20	649,182.05
10/1/2029	649,182.05	10213.79	2497.13	7716.66	641,465.39
11/1/2029	641,465.39	10213.79	2549.69	7664.10	633,801.30
12/1/2029	633,801.30	10213.79	2437.96	7775.83	626,025.47
1/1/2030	626,025.47	10213.79	2488.32	7725.47	618,300.00
2/1/2030	618,300.00	10213.79	2457.62	7756.17	610,543.83
3/1/2030	610,543.83	10213.79	2191.94	8021.85	602,521.97
4/1/2030	602,521.97	10213.79	2394.90	7818.89	594,703.09

Q MOUNTAIN VISTA WATER COMPANY

AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.

5/1/2030	594,703.09	10213.79	2287.57	7926.22	586,776.87
6/1/2030	586,776.87	10213.79	2332.32	7881.47	578,895.39
7/1/2030	578,895.39	10213.79	2226.76	7987.03	570,908.37
8/1/2030	570,908.37	10213.79	2269.24	7944.55	562,963.82
9/1/2030	562,963.82	10213.79	2237.67	7976.12	554,987.70
10/1/2030	554,987.70	10213.79	2134.80	8078.99	546,908.71
11/1/2030	546,908.71	10213.79	2173.85	8039.94	538,868.77
12/1/2030	538,868.77	10213.79	2072.80	8140.99	530,727.78
1/1/2031	530,727.78	10213.79	2109.53	8104.26	522,623.52
2/1/2031	522,623.52	10213.79	2077.32	8136.47	514,487.05
3/1/2031	514,487.05	10213.79	1847.08	8366.71	506,120.34
4/1/2031	506,120.34	10213.79	2011.72	8202.07	497,918.28
5/1/2031	497,918.28	10213.79	1915.28	8298.51	489,619.77
6/1/2031	489,619.77	10213.79	1946.14	8267.65	481,352.11
7/1/2031	481,352.11	10213.79	1851.56	8362.23	472,989.88
8/1/2031	472,989.88	10213.79	1880.04	8333.75	464,656.13
9/1/2031	464,656.13	10213.79	1846.91	8366.88	456,289.25
10/1/2031	456,289.25	10213.79	1755.15	8458.64	447,830.61
11/1/2031	447,830.61	10213.79	1780.03	8433.76	439,396.86
12/1/2031	439,396.86	10213.79	1690.17	8523.62	430,873.24
1/1/2032	430,873.24	10213.79	1712.63	8501.16	422,372.08
2/1/2032	422,372.08	10213.79	1678.84	8534.95	413,837.14
3/1/2032	413,837.14	10213.79	1538.79	8675.00	405,162.14
4/1/2032	405,162.14	10213.79	1610.44	8603.35	396,558.79
5/1/2032	396,558.79	10213.79	1525.39	8688.40	387,870.39
6/1/2032	387,870.39	10213.79	1541.71	8672.08	379,198.30
7/1/2032	379,198.30	10213.79	1458.61	8755.18	370,443.13
8/1/2032	370,443.13	10213.79	1472.44	8741.35	361,701.77
9/1/2032	361,701.77	10213.79	1437.69	8776.10	352,925.67
10/1/2032	352,925.67	10213.79	1357.56	8856.23	344,069.44
11/1/2032	344,069.44	10213.79	1367.61	8846.18	335,223.25
12/1/2032	335,223.25	10213.79	1289.46	8924.33	326,298.93
1/1/2033	326,298.93	10213.79	1296.97	8916.82	317,382.11
2/1/2033	317,382.11	10213.79	1261.53	8952.26	308,429.85
3/1/2033	308,429.85	10213.79	1107.31	9106.48	299,323.36
4/1/2033	299,323.36	10213.79	1189.75	9024.04	290,299.32
5/1/2033	290,299.32	10213.79	1116.66	9097.13	281,202.19
6/1/2033	281,202.19	10213.79	1117.72	9096.07	272,106.12
7/1/2033	272,106.12	10213.79	1046.68	9167.11	262,939.01
8/1/2033	262,939.01	10213.79	1045.13	9168.66	253,770.34
9/1/2033	253,770.34	10213.79	1008.68	9205.11	244,565.24
10/1/2033	244,565.24	10213.79	940.74	9273.05	235,292.19
11/1/2033	235,292.19	10213.79	935.24	9278.55	226,013.64
12/1/2033	226,013.64	10213.79	869.38	9344.41	216,669.22
1/1/2034	216,669.22	10213.79	861.22	9352.57	207,316.65
2/1/2034	207,316.65	10213.79	824.04	9389.75	197,926.90
3/1/2034	197,926.90	10213.79	710.58	9503.21	188,423.70
4/1/2034	188,423.70	10213.79	748.95	9464.84	178,958.85
5/1/2034	178,958.85	10213.79	688.38	9525.41	169,433.44
6/1/2034	169,433.44	10213.79	673.46	9540.33	159,893.11
7/1/2034	159,893.11	10213.79	615.04	9598.75	150,294.36
8/1/2034	150,294.36	10213.79	597.39	9616.40	140,677.96
9/1/2034	140,677.96	10213.79	559.17	9654.62	131,023.34

Q MOUNTAIN VISTA WATER COMPANY
AN AFFILIATE OF Q MOUNTAIN HOMEOWNERS ASSN.

10/1/2034	131,023.34	10213.79	503.99	9709.80	121,313.54
11/1/2034	121,313.54	10213.79	482.20	9731.59	111,581.95
12/1/2034	111,581.95	10213.79	429.21	9784.58	101,797.37
1/1/2035	101,797.37	10213.79	404.62	9809.17	91,988.20
2/1/2035	91,988.20	10213.79	365.63	9848.16	82,140.04
3/1/2035	82,140.04	10213.79	294.89	9918.90	72,221.15
4/1/2035	72,221.15	10213.79	287.06	9926.73	62,294.42
5/1/2035	62,294.42	10213.79	239.62	9974.17	52,320.25
6/1/2035	52,320.25	10213.79	207.96	10005.83	42,314.42
7/1/2035	42,314.42	10213.79	162.77	10051.02	32,263.40
8/1/2035	32,263.40	10213.79	128.24	10085.55	22,177.85
9/1/2035	22,177.85	10213.79	88.15	10125.64	12,052.21
10/1/2035	12,052.21	10213.79	46.36	10167.43	1,884.78
11/1/2035	1,884.78	1892.27	7.49	1884.78	0.00

Q Mountain Vista Water Company - ESTIMATE ONLY

Fiscal Impact of WIFA Financial Assistance

Loan Amount.....	\$1,590,600.00
Term.....	20
Combined Interest & Fee Rate	
Interest Rate Index.....	5.50%
Subsidy Rate Index.....	85.00%
Combined Interest & Fee Rate.....	4.68%
Number of Payments per Year	12
Coverage Requirement.....	20.00%
Debt Service Reserve Requirement.....	\$122,565.54

Monthly Fixed Payment to WIFA

Prior to Debt Service Reserve Requirement

Monthly Debt Service Payment.....	10,213.79
Monthly Debt Service Reserve Deposit.....	2,042.76

Monthly Fixed Payment to WIFA \$12,256.55

After Debt Service Reserve Requirement

Monthly Debt Service Payment.....	10,213.79
Monthly Debt Service Reserve Deposit.....	0.00

Monthly Fixed Payment to WIFA \$10,213.79

Monthly Replacement Fund Deposit -- Held Locally

<i>Prior to Debt Service Reserve Requirement.....</i>	\$0.00
<i>After Debt Service Reserve Requirement.....</i>	\$2,042.76

Annual Fiscal Impact

Year	Annual Debt Service	Reserve Fund Deposit	Replacement Fund Deposit	Total Annual Fiscal Impact
1	122,565.54	24,513.11	0.00	147,078.64
2	122,565.54	24,513.11	0.00	147,078.64
3	122,565.54	24,513.11	0.00	147,078.64
4	122,565.54	24,513.11	0.00	147,078.64
5	122,565.54	24,513.11	0.00	147,078.64
6	122,565.54	0.00	24,513.11	147,078.64
7	122,565.54	0.00	24,513.11	147,078.64
8	122,565.54	0.00	24,513.11	147,078.64
9	122,565.54	0.00	24,513.11	147,078.64
10	122,565.54	0.00	24,513.11	147,078.64
11	122,565.54	0.00	24,513.11	147,078.64
12	122,565.54	0.00	24,513.11	147,078.64
13	122,565.54	0.00	24,513.11	147,078.64
14	122,565.54	0.00	24,513.11	147,078.64
15	122,565.54	0.00	24,513.11	147,078.64
16	122,565.54	0.00	24,513.11	147,078.64
17	122,565.54	0.00	24,513.11	147,078.64
18	122,565.54	0.00	24,513.11	147,078.64
19	122,565.54	0.00	24,513.11	147,078.64
20	122,565.54	0.00	24,513.11	147,078.64
	\$2,451,310.72	\$122,565.54	\$367,696.61	\$2,941,572.87

1.13-1.17

**Q Mountain Mobile Home Park
Application for Approval of Financing
October 27, 2016**

Arizona Corporation Commission Staff Standard Initial Financing Data Request

1.13 - The Company does not have a revolving line-of-credit.

1.14 - Not applicable as the company does not have any debt.

1.15 - Commission decision number 74605 was issued for a general rate case submitted for test year ended 2012.

1.16 - No additional financing authorizations are anticipated in the next five years.

1.17 - Not applicable. The Company is a water utility.