



0000178846

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2017 APR 17 P 2:00

1 Steve Wene, State Bar No. 019630
2 MOYES SELLERS & HENDRICKS LTD.
3 1850 N. Central Ave., Suite 1100
4 Phoenix, Arizona 85004
5 Telephone: 602-604-2141
6 e-mail: swene@law-msh.com

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 **COMMISSIONERS**

9 TOM FORESE - CHAIRMAN
10 DOUG LITTLE
11 BOB BURNS
12 ANDY TOBIN
13 BOYD DUNN

W-20541A-17-0112

14 **IN THE MATTER OF THE**
15 **APPLICATION OF CEDAR GROVE**
16 **WATER, INC., FOR AUTHORITY TO**
17 **INCUR LONG-TERM DEBT**

DOCKET NO. W-20541A-17-
FINANCE APPLICATION

18 Cedar Grove Water, Inc. ("Cedar Grove" or "Company") hereby files an
19 application to finance improvements to its water system.

20 **INFORMATION REQUESTED ON APPLICATION FORM**

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

22 Cedar Grove Water, Inc.
23 PO Box 364
24 Overgaard, AZ 85933
25 Telephone: 800-315-5333

Arizona Corporation Commission

DOCKETED

APR 17 2017

DOCKETED BY

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

27 Steve Wene
28 Moyes Sellers & Hendricks Ltd.

1 1850 North Central Ave., Suite 1100
2 Phoenix, Arizona 85004
3 Telephone: (602) 604-2189
4 Facsimile: (602) 274-9135
swene@law-msh.com

5 **3. Data Request Responses.**

6 The responses to the data request are set forth in Attachment A.

7 **4. Consistency with A.R.S. § 40-301 et seq.**

8 The proposed financing is: (a) within the Company's corporate powers;
9 (b) compatible with the public interest; (c) compatible with sound financial practices;
10 (d) compatible with the proper performance by the applicant of service as a public service
11 corporation and will not impair the Company's ability to perform that service; and (e) not
12 reasonably chargeable to operative expenses or to income because the proceeds are being
13 used to make major capital improvements.

14 **5. Proceeds Statement and Service Fees.**

15 Gross proceeds will be \$53,092. There is no origination fee. The Company will
16 net \$53,092 from the proposed loan. Under the loan terms, the Company anticipates
17 paying a fixed interest rate of approximately 8.00%. This market rate loan is reasonable
18 for the Commission to approve.

19 **6. Documents to be Executed in this Matter.**

20 The Company anticipated executing a promissory note consistent with the form set
21 forth in Exhibit 1.2.

22 **7. Customer Notice.**

23 The Commission's required notice will be timely published in a newspaper of
24 general circulation in the Company's service area. The Company will file with the
25 Commission a copy of the actual notice published and an affidavit stating when it was
26 published.
27
28

1 **REQUEST FOR APPROVAL**

2 As set forth in this Application, the Company requests that the Commission
3
4 authorize the financing described herein.

5 DATED this 17th day of April, 2017.

6 **MOYES SELLERS & HENDRICKS LTD.**

7
8 

9
10

Steve Wene

11 **Original and 1 copy** filed this
12 day of April, 2017, with:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

17
18 
19
20
21
22
23
24
25
26
27
28

Attachment A

1
2
3 **ATTACHMENT A**

4 **1.1** – Provide audited financial statements for the Company’s most recent fiscal year end
5 to include, but not limited to, balance sheets, income statements, reconciliation of
6 retained earnings (membership capital or equity), cash flow statements, footnotes,
7 disclosures, and any other pertinent documentation including a schedule of general and
8 administrative costs, and all management and accountants opinion letters. Un-audited
9 financial statements will suffice if audited statements are not routinely generated. If the
10 financial statements provided are not for the fiscal year immediately preceding the
11 calendar year in which the current financing approval application is docketed, indicate
12 when the more recent financial statements are expected to be available and provide them
13 as soon as they become available.

14 **Response 1.1** - *See* Exhibit 1.1 (Company’s most-recent annual report).

15 **1.2** – Provide the name and address of the lender or debt placement agent, and the
16 expected terms of the planned financing, including but not limited to, loan amount,
17 inception date, maturity date, interest rate (for variable interest rates state the basis upon
18 which the rate is dependent and the time interval or frequency the changes are
19 implemented), numerical covenants such as debt service coverage (“DSC”), times interest
20 earned coverage (“TIER”), cash coverage ratio (“CCR”), equity-to-total capital ratio, etc.
21 For amortizing loans, provide an amortization schedule showing the scheduled payments
22 for principal and interest for the full duration of the loan.

23 **Response 1.2.1** - The lender is Mark Grapp and the contact information is set forth
24 below:

25 Mark Grapp
26 PO Box 364
27 Overgaard, AZ 85933
28 Telephone: 800-315-5333

1 **Response 1.2.2** - If the Commission authorizes the proposed debt, the Company will
2 request that Mark Grapp lend the Company \$53,092.00 at a fixed rate of approximately
3 8.00% for a 10-year term. To assist in the loan analysis, a copy of the proposed loan
4 agreement is set forth in Exhibit 1.2.

5 **Response 1.2.3** - Regarding the numerical covenants, the Debt Service Coverage
6 requirement is not applicable.

7 **Response 1.2.4** – The amortization schedule will be developed following Commission
8 approval of the loan.

9
10 **1.3** – Provide an explanation of the proposed use of the financing proceeds. If the
11 proceeds of the financing are for funding multiple projects/uses or a construction work
12 plan (“CWP”), provide a detailed list of the projects/uses or a copy of the CWP and the
13 associated cost and the expected funding dates for each. Also provide a copy of any
14 independent external engineering review of the CWP.

15 **Response 1.3** - The Company needs to build a 6” transmission line of approximately
16 2,200 linear feet to interconnect the main system to a satellite system in which the well
17 water level has dropped significantly and no longer recovers adequately. Without this
18 interconnection, the customers in the satellite system will suffer extreme water shortages.
19 While it is not an immediate emergency, the situation needs to be addressed as soon as
20 practical.

21
22 **1.4** – If interim funding is to be utilized for the projects in the CWP, identify the source
23 of all elements of this expected interim funding and when the interim funding is expected
24 to be retired and replaced with permanent funding from this new financing arrangement.

25 **Response 1.4** – The Company does not have interim funding.

26
27 **1.5** – Provide the balances, if any, of “Advances in Aid of Construction” and
28 “Contributions in Aid of Construction,” as of the end of the Company’s most recent fiscal

1 year.

2 **Response 1.5** – See Exhibit 1.1 (Company’s most-recent annual report).

3
4 **1.6** – Provide proof of notice of this matter duly published within newspapers of general
5 circulation within the Company’s service territory, as specified in the finance application
6 form at <http://www.azcc.gov/divisions/utilities/forms.asp>. Identify any other method
7 (e.g., direct mail) used to provide customer notice of the financing application, provide a
8 copy of the notice and specify the date the notice was provided to customers and provide
9 an affidavit attesting to the provision of the supplemental or alternate notice method.

10 **Response 1.6** – The Company will provide public notice in a timely fashion in the form
11 prescribed by the Commission. See Exhibit 1.6. However, the public notice requires
12 information, such as a docket number, that can only be determined after the financing
13 application is filed, so the notice will necessarily be late filed.

14
15 **1.7** – Provide the number of customers currently served by rate class, and a brief
16 description of each class of customers (residential, commercial, etc.).

17 **Response 1.7-** See Exhibit 1.1 (Company’s most recent annual report).

18
19 **1.8** – Provide a schedule detailing all financing approvals obtained by the Arizona
20 Corporation Commission (“Commission”) that remain in effect and indicate docket
21 numbers, amounts approved, amounts drawn and any balances not yet drawn. For any
22 balances not yet drawn, provide an explanation of why the funds have not been drawn
23 and how the Company intends to utilize this currently available borrowing capacity.

24 **Response 1.8** –

25
26
27
28

Loan	Decision No.	Amount Approved	Amount Taken	Current Balance	Maturity Date
WIFA Loan 1	63673-May 2001	\$120,000	\$119,941	Unknown	2021

1
2
3 **1.9** – If not clearly identified with the financial statements and footnotes of the financial
4 statements provided in response to 1.1, provide a complete list of all long-term debt
5 obligations (including capital leases). For each obligation provide: the lender’s name and
6 contact information, the initial loan amount, the current outstanding (unpaid) balance, the
7 inception date, the maturity date(s), the annual interest rate (for variable interest rates
8 state the basis upon which the rate is dependent and the time interval or frequency the
9 changes are implemented), the numerical covenants such as DSC, TIER, CCR, equity-to-
10 total capital ratio, etc. For amortizing loans, provide and amortization schedule showing
11 the scheduled payments for principal and interest. Also, provide any other information
12 pertinent for gaining an essential understanding of the Company’s debt obligations.

13 **Response 1.9** – The Company’s loan is from the Water Infrastructure Finance Authority.
14

15 **1.10** – If any of the proceeds from the newly proposed debt will be used to retire existing
16 long-term or short-term debt, identify the specific loans, amounts and anticipated dates
17 for the refunding.

18 **Response 1.10** – Not applicable.
19

20 **1.11** – Provide a certificate of resolution from the board of directors authorizing the filing
21 of this application.

22 **Response 1.11** – *See* Exhibit 1.11.
23

24 **1.12** – Provide financial information projecting the Company’s estimated financial
25 performance (cash flows, operating income) for each of the next five years, identifying
26 all significant assumptions (e.g., rate increases, customer/sales grow, inflation, etc.)

27 **Response 1.12** – The Company anticipates filing a rate case, so it has no way of
28 projecting its financial performance during the next 5 years until after the Commission

1 decision in that matter.
2

3 **1.13** – If the Company has a revolving line-of-credit facility (“LOC”), provide the
4 following: the execution date, the termination date, the maximum borrowing capacity, the
5 balance for each of the most recent 12 months, the name of the lender, the basis and term
6 for the interest rate charged (e.g., LIBOR plus 2.0 percent), a detailed explanation of any
7 fees other than interest (e.g., a commitment fee) and an explanation of any changes the
8 Company anticipates to the line-of-credit during the next five years.

9 **Response 1.13** - Not applicable.
10

11 **1.14** – If applicable, provide the Company’s most recent credit agency(ies) financial
12 review(s).

13 **Response 1.14** – The Company does not possess this information.
14

15 **1.15** – Provide the Commission decision number and date for the Company’s most recent
16 general rate case and state the date of the test year end used in that rate case.

17 **Response 1.15** – Decision No. 75344 (Dec. 2015) (Test Year ending 2014).
18

19 **1.16** – Identify any additional financing authorizations the Company contemplates
20 seeking from the Commission in the next five years.

21 **Response 1.16** – None.
22

23 **1.17** – For a financing application by an electric provider in which the funds will be used
24 for projects in a CWP that has not been previously reviewed by the Commission, provide
25 the following information in the spreadsheet provided.....

26 **Response 1.17** – Not Applicable.
27
28

EXHIBIT 1.1

ANNUAL REPORT

Of

Company Name: Cedar Grove Water, Inc

Mailing Address: PO Box 364
Overgaard, AZ 85933

Docket No.: W-20541A

For the Year Ended: 12/31/16

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@azcc.gov, mail or deliver the completed Annual

Report to: Arizona Corporation Commission

Compliance Section - Utilities Division

1200 West Washington Street

Phoenix, Arizona 85007

Application Type:

Original Filing

Application Date:

2016

ARIZONA CORPORATION COMMISSION
WATER UTILITIY ANNUAL
REPORT 0

A Class Utility

1. For the Calendar Year Ended: 12/31/16

2. Address:

PO Box 364					
City:	Overgaard	State:	AZ	Zip Code:	85933

3. Telephone Number:

928-537-8739

4. Date of Original Organzation of Utility:

5/30/81

5. Person to whom correspondence should be addressed concerning this report:

Name:

Thomas Grapp

Telephone No. :

928-537-8739

Address:

PO Box 364					
City:	Overgaard	State:	AZ	Zip Code:	85933

Email:

watercos@gmail.com

6. On-Site Manager:

Name:

Bryan Mullins

Telephone No. :

Same as above

Address:

Same as above					
City:	Same as above	State:	Same as above	Zip Code:	Same

Email:

watercos@gmail.com

7. Ownership:

Subchapter S Corporation (Z)

8. Counties Served:

Apache

Annual
Report
Utility Plant in Service
(Water) 12/31/16

Utility Plant in Service (Water)				
Account No.	Description	Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	1,000	0	\$1,000
302	Franchises	500	0	500
303	Land and Land Rights	1,000	0	\$1,000
304	Structures and Improvements	8,770	7,830	940
305	Collecting & Improving Reservoirs	0	0	0
306	Lake, River, Canal Intakes	0	0	0
307	Wells and Springs	19,955	19,955	0
308	Infiltration Galleries	0	0	0
309	Supply Mains	0	0	0
310	Power Generation Equipment	0	0	0
311	Pumping Equipment	36,653	27,674	8,979
320	Water Treatment Equipment			
320.1	Water Treatment Plants	0	0	0
320.2	Solution Chemical Feeders	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	95,597	27,496	68,101
330.2	Pressure Tanks	0	0	0
331	Transmission and Distribution Mains	543,816	195,471	348,345
333	Services	37,001	17,206	19,795
334	Meters and Meter Installations	25,229	20,628	4,601
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
340.1	Computer & Software	0	0	0
341	Transportation Equipment	0	0	0
342	Stores Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	Totals	\$769,521	\$316,260	\$453,261

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Annual Report

Depreciation Expense for the Current Year

(Water) 12/31/16

Depreciation Expense for the Current Year (Water)

Account No.	Description	Original Cost	Current Year Additions	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	1,000	0	1,000	1,000	\$0	0	\$0
302	Franchises	500	0	500	500	0	0	0
303	Land and Land Rights	1,000	0	1,000	1,000	0	0	0
304	Structures and Improvements	8,770	0	8,770	0	8,770	3.33	292
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	0
307	Wells and Springs	19,955	0	19,955	19,955	0	3.33	0
308	Infiltration Galleries	0	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0	0
311	Pumping Equipment	36,653	0	36,653	0	36,653	12.5	4,582
320	Water Treatment Equipment	0	0	0	0	0	-	0
320.1	Water Treatment Plants	0	0	0	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0	0	0	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	-	0
330.1	Storage Tanks	95,597	0	95,597	0	95,597	2.22	2,122
330.2	Pressure Tanks	0	0	0	0	0	0	0
331	Transmission and Distribution Mains	543,816	0	543,816	0	543,816	2	10,876
333	Services	35,871	1,130	37,001	0	37,001	3.33	1,232
334	Meters and Meter Installations	24,123	1,106	25,229	0	25,229	8.33	2,102
335	Hydrants	0	0	0	0	0	0	0
336	Backflow Prevention Devices	0	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	0
340	Office Furniture and Equipment	0	0	0	0	0	0	0
340.1	Computer & Software	0	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0	0
	Subtotal	\$767,285	\$2,236	\$769,521	\$22,455	\$747,066	N/A	\$21,206

Contribution(s) in Aid of Construction (Gross)

Less: Non Amortizable Contribution(s)
Fully Amortized Contribution(s)
Amortizable Contribution(s)
Times: Proposed Amortization
Amortization of CIAC

\$182,798

0

0

\$182,798

2%

\$3,656

Less: Amortization of CIAC \$3,656

DEPRECIATION EXPENSE \$17,550

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report

0

Annual Report
Balance Sheet
Assets 12/31/16

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
Account No.	Current and Accrued Assets			
131	Cash		(134,207)	(140,061)
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		10,407	17,268
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	200
	Total Current and Accrued Assets		(\$ 123,800)	(\$122,593)
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$767,285	\$769,521
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(295,054)	(316,260)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$472,231	\$453,261
	Total Assets		\$348,431	\$330,668

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

*Note these items feed automatically from AR3 UPIS Page 3

0

Annual
Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
Account No.	Liabilities		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
	Current Liabilities			
231	Accounts Payable		0	0
232	Notes Payable (Current Portion)		9,568	9,568
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		3,000	3,000
236	Accrued Taxes		0	0
237	Accrued Interest		2,163	2,343
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$14,731	\$14,911
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		39,635	31,901
	Deferred Credits			
251	Unamortized Premium on Debt		0	0
252	Advances in Aid of Construction		390,087	390,087
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		139,642	182,798
272	Less: Amortization of Contributions		25,169	28,825
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$504,560	\$544,060
	Total Liabilities		\$558,926	\$590,872
	Capital Accounts			
201	Common Stock Issued		0	0
211	Other Paid-In Capital		0	0
215	Retained Earnings		(210,495)	(260,204)
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$(210,495)	\$(260,204)
	Total Liabilities and Capital		\$348,431	\$330,668

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Note: Total liabilities and Capital must match total assets for the beginning and end of the year!

Annual Report
Water Comparative Income
Statement 12/31/16

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2016 - 12/31/2016	Last Year 01/01/2015 - 12/31/2015
	Operating Revenue		
461	Metered Water Revenue	206,290	164,065
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	1,756	2,163
	Total Revenues	\$208,046	\$166,228
	Operating Expenses		
601	Salaries and Wages	93,595	97,931
604	Employee Pensions and Benefits	53	0
610	Purchased Water	0	0
615	Purchased Power	17,312	19,644
618	Chemicals	41	0
620	Materials and Supplies	3,293	0
620.1	Repairs and Maintenance	1,415	5,345
620.2	Office Supplies and Expense	5,011	6,656
630	Contractual Services-Billing	14,681	23,128
631	Contractual Services -Engineering	2,512	0
632	Contractual Services - Accounting	5,938	0
633	Contractual Services - Legal	161	0
634	Contractual Services - Management Fees	8,459	0
635	Contractual Services - Water Testing	(17)	3,123
636	Contractual Services - Other	189	0
635	Water Testing	0	0
640	Rents		15,446
641	Rental of Building/Real Property	5,088	0
642	Rental of Equipment	10,009	0
650	Transportation Expenses	10,596	12,621
657	Insurance - General Liability	2,767	2,885
657.1	Insurance - Health and Life	2,290	1,857
665	Regulatory Commission Expense - Rate	585	784
675	Miscellaneous Expense	289	0
403	Depreciation Expense (From Schedule AR4)	17,550	18,283
408	Taxes Other Than Income	12,362	8,871
408.11	Property Taxes	6,578	8,494
409	Income Taxes	0	0
	Total Operating Expenses	\$220,757	\$225,068
	Operating Income / (Loss)	\$(12,711)	\$(58,840)
	Other Income / (Expense)		
419	Interest and Dividend Income	0	0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	(3,856)
	Total Other Income / (Expense)	\$0	\$(3,856)
	Net Income / (Loss)	\$(12,711)	\$(62,696)

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Annual Report
 Supplemental Financial Data (Long-Term
 Debt) 12/31/16

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	09/01/2001	0	0	0
Source of Loan	WIFA	0	0	0
ACC Decision No.	63673	0	0	0
Reason for Loan	Construction	0	0	0
Dollar Amt. Issued	\$119,941	0	0	0
Amount Outstanding	\$39,635	0	0	0
Date of Maturity	09/01/2021	0	0	0
Interest Rate	5.075%	0	0	0
Current Year Interest	\$750	0	0	0
Current Year Principal	\$7,735	0	0	0

Meter Deposit Balance at Test Year End:	894
---	-----

Meter Deposits Refunded During the Test Year:	0.00
---	------

List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Annual Report
Water Utility Plant
Description 12/31/16

Water Utility Plant Description

Name of the System	Cedar Grove Water Company, Inc.
ADEQ Public Water System Number:	01049

WELLS

ADWR ID No *	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Meter Size (inches)	Year Drilled	Arsenic Level (mg/L)
55-550075	5	31.5	440	6 & 5	Submersible	1	1985	<.001
55-504679	5	31.5	400	6	Submersible	2	1983	<.0003
55-087623	5	11.5	860	6	Submersible	1	1981	.004
55-566375	7.5	0	544	6	Submersible	1.5	1998	<.001
55-808434	5	31.5	Unknown	6 & 5	Submersible	1	Unknown	<.0003
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
0	0	0
0	0	0

BOOSTER PUMPS

Horsepower	GPM	Quantity
2x2	40	8/4
2	40	2
0	0	0
0	0	0

FIRE HYDRANTS

Type	Quantity
Standard ***	1
Other	10

STORAGE TANKS

Capacity	Material	Quantity
12,500	Metal	1
15,000	Metal	1
50,000	Metal	1

**PRESSURE/BLADDER
TANKS**

Capacity	Quantity
1,000	1
0	0

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

* Arizona Department of Water Resources ("ADWR") well identification number. For example 55-XXXXXX.

** Pump motor type, turbine or submersible.

***A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Annual Report
 Water Utility Plant Description
 (Continued) 12/31/16

Water Utility Plant Description (Continued)				
MAINS			CUSTOMER METERS	
Sizes (inches)	Material	Length (feet)	Size (inches)	Quantity
2	PVC	2,760	5/8 X 3/4	401
3	0	0	3/4	0
4	0	0	1	1
5	0	0	1 1/2	0
6	PVC	92,138	Compound 2	2
8	0	0	Turbine 2	0
10	0	0	Compound 3	0
12	0	0	Turbine 3	0
	0	0	Compound 4	0
	0	0	Turbine 5	0
	0	0	Compound 6	0
	0	0	Turbine 6	0
	0	0	6+	0

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	N/A
-----------------------------	-----

STRUCTURES:	12' X 12' Building 6' X 6' Building 20' X 30' Building 24' X 24' Building 4' X 8' Building
--------------------	--

OTHER:	10 Fire hydrants under other (on preceding page) are currently not in service, because of inadequate water supply to that portion of the system.
---------------	--

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Water Use Data Sheet					
Name of the System:		Cedar Grove Water Company, Inc			
ADEQ Public Water System Number:		01049			
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴
January	395	1,025	1,243	0	18
February	396	1,050	1,091	0	0
March	397	727	842	0	5
April	398	1,199	1,387	0	8
May	399	1,301	1,373	0	0
June	400	1,870	1,953	0	0
July	402	2,154	2,241	0	0
August	404	1,451	1,839	0	47
September	403	1,492	1,644	0	0
October	404	1,118	1,259	0	3
November	403	1,055	1,184	0	2
December	403	1,085	1,149	0	0
Totals		15,527	17,205	0	83

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs

Does the system have chlorination treatment?

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 If yes, which AMA?

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 If yes, provide the GPCPD amount:

If applicable, in the space below please provide a description for all un-metered water use along with amounts:

None

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

- 1 Gallons sold - Total gallons from customer meters.
- 2 Gallons pumped - Total gallons from pumped sources.
- 3 Gallons purchased - Total gallons purchased from other sources.
- 4 Estimated gallons authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized use such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc.

0

Annual Report
Utility Shutoffs /
Disconnects 12/31/16

ADEQ System No. :

Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	N/A	0
February	0	N/A	0
March	0	N/A	0
April	0	N/A	0
May	0	N/A	0
June	0	N/A	0
July	0	N/A	0
August	0	N/A	0
September	0	N/A	0
October	0	N/A	0
November	0	N/A	0
December	0	N/A	0
Total	0	14	0

Other (description):

None

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

0

Annual Report
Property
Taxes
12/31/16

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2015 was	6,578

If no property taxes paid, explain why.

0

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

0
Annual Report
Verification and Statement
(Taxes) 12/31/16

Verification and Statement (Taxes)

Verification: State of Arizona I, the undersigned of the
(state name)

County of (county name): Apache
Name (owner or official) title: Thomas Grapp Vice President of Operations
Company name: Cedar Grove Water, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/16

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

signature of owner/official
928-537-8739

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC IN AND FOR THE COUNTY

THIS _____ DAY OF _____
(county name)
(month) and (year)

MY COMMISSION EXPIRES _____
(date)

(signature of notary public)

Annual Report
Verification and
Statement 12/31/16

Verification and Statement

Verification:

State of Arizona I, the undersigned of the
 (state name)
 County of (county name): Apache
 Name (owner or official) Thomas Grapp Vice President of Operations
 title:
 Company name: Cedar Grove Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/16

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$208,046
 (The amount in the box above includes
\$12,362 in sales taxes
 billed or collected)

 signature of owner/official
 928-537-8739

 telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC IN AND FOR THE COUNTY

THIS _____ (county name)
 _____ DAY OF _____
 _____ (month) and (year)

MY COMMISSION EXPIRES _____
 _____ (date)

 (signature of notary public)

Annual Report
Verification and Statement (Residential
Revenue) 12/31/16

Verification and Statement (Residential Revenue)

Verification:

State of Arizona, I, the undersigned of the
(state name)

County of (county name): Apache
Name (owner or official) Thomas Grapp Vice President of Operations
title:
Company name: Cedar Grove Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE
ARIZONA
CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/16

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS
OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE
SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID
UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY
MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND
BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401,
ARIZONA

REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE
OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS
RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$208,046

(The amount in the box above includes

\$12,362 in sales taxes
billed or collected)

signature of owner/official

928-537-8739

telephone no.

4

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY _____

(county name)

THIS _____ DAY OF _____
(month) and (year)

MY COMMISSION EXPIRES _____
(date)

(signature of notary public)

EXHIBIT 1.2

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES LAWS (THE "SECURITIES LAWS"). THIS NOTE MAY NOT BE TRANSFERRED OR OFFERED FOR SALE OR PLEDGED OR HYPOTHECATED BY THE HOLDER IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT PURSUANT TO THE ACT AND ANY APPLICABLE SECURITIES LAWS WITH RESPECT TO THIS NOTE OR AN EXEMPTION FROM REGISTRATION OR REGULATION UNDER SUCH ACT AND ANY APPLICABLE SECURITIES LAW TOGETHER WITH AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO DEBTOR THAT SUCH REGISTRATION IS NOT REQUIRED.

SECURED PROMISSORY NOTE

\$53,092.00

_____, 2017

FOR VALUE RECEIVED, Cedar Grove Water, Inc. (the "**Borrower**"), an Arizona corporation, hereby promises to pay to the order of Mark Grapp (the "**Holder**") in immediately available lawful money of the United States of America, the principal amount outstanding on the Borrower's loan of Fifty Three Thousand and Ninety Two Dollars (\$53,092.00.00), together with interest thereon at the rate of Eight Percent (8.00%) per annum.

Interest shall be computed monthly on the basis of 12 months. In no event shall the amount of interest due or payable under this Secured Promissory Note (this "**Note**") exceed the maximum rate of interest allowed by applicable law and, in the event any such payment is inadvertently paid by the Borrower or inadvertently received by the Holder, then such excess sum shall be credited as payment of principal. Unless otherwise stated herein, all payments made by the Borrower hereunder will be applied: (i) first, to the payment of all charges and fees due under this Note; (ii) second, to the payment in full of accrued and unpaid interest; and (iii) third, to the reduction of outstanding principal. In the event the date for the payment of any amount payable under this Note falls due on any day that is not a Business Day (as defined below), the time for payment of such amount shall be extended to the next succeeding Business Day, but interest shall not continue to accrue on any principal amount so affected until the payment thereof on such extended due date.

This Note shall mature on _____, 2027 (the "**Maturity Date**"). Payments of interest and principal shall begin on _____, 2017 and shall be due on the 17th day of every month thereafter, in accordance with **Attachment 1** hereto.

All accrued and unpaid interest, together with any outstanding Principal Balance on this Note will be due and payable on the Maturity Date, provided however, Borrower may prepay the then remaining unpaid principal due and owing under this Note (the "**Principal Balance**"), as shown on the Holder's records which shall at all times be conclusive and govern, in whole or in part at any time without premium or penalty, together with the accrued and unpaid interest on the principal amount being prepaid. The following are the conditions to which this Note is subject, and to which Holder, by acceptance of this Note, agrees:

1. Assignment, Books and Records. Holder may not sell, assign, pledge, dispose of or otherwise transfer all or any portion of this Note without the prior written consent of the Borrower, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower shall not assign, transfer or delegate any of its obligations under this Note without the prior written consent of the Holder given in its absolute and sole discretion. Any attempted transfer in violation of the foregoing sentences will be deemed to be void *ab initio*. This Note is secured.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES LAWS (THE "SECURITIES LAWS"). THIS NOTE MAY NOT BE TRANSFERRED OR OFFERED FOR SALE OR PLEDGED OR HYPOTHECATED BY THE HOLDER IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT PURSUANT TO THE ACT AND ANY APPLICABLE SECURITIES LAWS WITH RESPECT TO THIS NOTE OR AN EXEMPTION FROM REGISTRATION OR REGULATION UNDER SUCH ACT AND ANY APPLICABLE SECURITIES LAW TOGETHER WITH AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO DEBTOR THAT SUCH REGISTRATION IS NOT REQUIRED.

2. Default and Remedies.

2.1. Events of Default. If any of the events specified below shall occur (herein individually referred to as an "*Event of Default*"), which Event of Default shall remain uncured ten (10) Business Days after written notice from Holder to the Borrower, the Holder may exercise any and all remedies at law or in equity including but not limited to its option to declare acceleration on the Note. Borrower may cure the default by making a payment in respect of all then-remaining principal due and owing under this Note as of such date (the "**Default Balance**"), as shown on the Holder's records which shall at all times be conclusive and govern, and all accrued and unpaid interest on the Default Balance, or by the paying the Principal Balance due on the note in full, within ten (10) Business Days of Borrower's receipt of the default notice from Holder. Each of the following shall be an Event of Default: (a) the failure of Borrower to pay all amounts (whether principal or accrued unpaid interest) when due and owing on this Note (whether at stated maturity, by acceleration or otherwise); (b) a receiver, custodian, liquidator or trustee of Borrower or any of its property is appointed by the order or decree of any court or agency or supervisory authority having jurisdiction; or either Borrower is adjudicated bankrupt or insolvent; or a petition is filed against Borrower under any state or federal bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or debt receivership law of any jurisdiction, whether now or hereafter in effect; (c) Borrower files a petition in voluntary bankruptcy or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment or debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; (d) Borrower makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee, or liquidator of such Borrower; or (e) the institution by Borrower of proceedings to be adjudicated as bankrupt or insolvent, or the consent by Borrower to the institution of bankruptcy or insolvency proceedings against such Borrower or the filing by Borrower of a petition or answer or consent seeking release under any statute, law or regulation, or the consent by Borrower to the filing of any such petition or the appointment of a receiver, assignee, trustee or other similar official of Borrower, or of any substantial part of Borrower's property, or the making by Borrower of an assignment for the benefit of creditors, or the taking of action by Borrower in furtherance of any such action.

2.2. Default Rate. If any payment of interest and/or principal is not received by the Holder hereof when such payment is due, then, as additional remedies, (a) a late charge of five percent (5%) of the amount due and unpaid will be added to the delinquent amount for any payment past due in excess of ten (10) Business Days, and (b) all past due payments of interest and/or principal shall bear interest from their due date until paid at an annual rate equal to the sum of (i) five percent (5%) and (ii) the interest rate specified herein, payable on demand (the "**Default Rate**").

2.3. Limited Remedies. If any Event of Default shall occur and be continuing thirty (30) Business Days after a default notice is sent to Borrower, the Holder may proceed to protect

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES LAWS (THE "SECURITIES LAWS"). THIS NOTE MAY NOT BE TRANSFERRED OR OFFERED FOR SALE OR PLEDGED OR HYPOTHECATED BY THE HOLDER IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT PURSUANT TO THE ACT AND ANY APPLICABLE SECURITIES LAWS WITH RESPECT TO THIS NOTE OR AN EXEMPTION FROM REGISTRATION OR REGULATION UNDER SUCH ACT AND ANY APPLICABLE SECURITIES LAW TOGETHER WITH AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO DEBTOR THAT SUCH REGISTRATION IS NOT REQUIRED.

and enforce its rights under this Note, as its exclusive remedies, by declaring the balance of the Note (together with all accrued and unpaid interest) immediately due and payable.

3. Waivers, Severability. Borrower on behalf of itself and all sureties, endorsers, guarantors and other parties hereafter assuming or otherwise becoming liable for the payment of any sum of money payable under this Note (a) waives grace, presentment and demand for payment, protest and notice of protest, and non-payment, and all other notice, including notice of intent to accelerate the Maturity Date and notice of acceleration of the Maturity Date, filing of suit and diligence in collecting this Note or enforcing any of the rights of a Holder hereunder, (b) agrees to any substitution, exchange or release of any such rights or the release of any party primarily or secondarily liable hereon, (c) agrees that the Holder shall not be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to enforce its rights against any security which may be granted hereof in order to enforce payment of this Note by it, and (d) consents to any extension or postponement of time of payment of this Note and in any other indulgence with respect hereto without notice thereof. The invalidity or unenforceability in particular circumstances of any provision of this Note shall not extend beyond such provision or such circumstances and no other provision of this Note shall be affected thereby.

4. Collections. Any check, draft, money order or other instrument given in payment of all or any portion of this Note may be accepted by the Holder and handled in collection in the customary manner, but the same shall not constitute payment hereunder or diminish any rights of the Holder except to the extent that actual cash proceeds of such instrument are unconditionally received by the Holder.

5. Financial Statements. Borrower will maintain a system of accounting established and administered to permit preparation of income statements, statements of cash flows and balance sheets.

6. Choice of Law and Jurisdiction. THIS NOTE HAS BEEN EXECUTED AND DELIVERED IN, AND SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF ARIZONA. ANY ACTION INITIATED BY A HOLDER AGAINST BORROWER SHALL EXCLUSIVELY BE BROUGHT IN A COURT OF COMPETENT JURISDICTION LOCATED IN THE STATE OF ARIZONA.

7. Amendments. This Note may not be changed or terminated without the prior written approval of the Holder and Borrower. No waiver of any term or provision hereof shall be valid unless in writing signed by the Holder.

8. Notices. All notices and other communications in respect of this Note (including, without limitation, any modifications of, or requests, waivers or consents under, this Note) shall be given or made in writing and be given by personal delivery or sent by United States first-class mail, postage prepaid or sent by a nationally recognized air courier to Borrower or the Holder, as

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES LAWS (THE "SECURITIES LAWS"). THIS NOTE MAY NOT BE TRANSFERRED OR OFFERED FOR SALE OR PLEDGED OR HYPOTHECATED BY THE HOLDER IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT PURSUANT TO THE ACT AND ANY APPLICABLE SECURITIES LAWS WITH RESPECT TO THIS NOTE OR AN EXEMPTION FROM REGISTRATION OR REGULATION UNDER SUCH ACT AND ANY APPLICABLE SECURITIES LAW TOGETHER WITH AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO DEBTOR THAT SUCH REGISTRATION IS NOT REQUIRED.

the case may be, as follows:

(A) If to Borrower:

**Cedar Grove Water, Inc.
P.O. Box 364
Overgaard, AZ 85933**

(B) If to the Holder:

**Mark Grapp
P.O. Box 364
Overgaard, AZ 85933**

or to such other address as either party may designate for itself by written notice given to the other party from time to time in accordance with the provisions hereof. Except as otherwise provided in this Note, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a notice sent by mail or air courier, upon receipt, in each case given or addressed as aforesaid.

IN WITNESS WHEREOF, each of the undersigned has executed this Note on the day and year first written above.

CEDAR GROVE WATER, INC.

By: _____
Mark Grapp, President

Accepted and agreed this ___ day of _____, 2017.

MARK GRAPP

By: _____
Mark Grapp

EXHIBIT 1.6

**PUBLIC NOTICE OF CEDAR GROVE WATER, INC.'S
FINANCING APPLICATION
DOCKET NO. W-20541A-17-____**

On April __, 2017, Cedar Grove Water, Inc. (“Company” or “Applicant”) filed an Application with the Arizona Corporation Commission (“Commission”) for an order authorizing Applicant to issue \$53,092 of debt. The purpose of the financing is to build a 6” transmission line of approximately 2,200 linear feet. 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 the Company at 501.4 Apache County Road 3144, Show Low, Arizona, 85901 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

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. W-20541A-17-____ 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 [DATE], 2017, and must send a copy of the motion to the Company or its counsel. Contact information for the Applicant and other parties is available using the eDocket function and Docket No. W-20541A-17-____.

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 for 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.

EXHIBIT 1.11

**RESOLUTION OF CEDAR GROVE WATER, INC.
AUTHORIZING THE FINANCING APPLICATION**

Recitals

- A. Cedar Grove Water, Inc. ("Company") is a public service corporation and duly organized and existing under the laws of the State of Arizona for the primary purpose of providing utility service to real property within the Company's service area as well as other purposes provided by law.
- B. The Company has the authority to borrow money and to accept financial assistance pursuant to Arizona Corporation Commission ("Commission") rules and orders.
- C. The Company Board of Directors ("Board") has complied with all applicable rules and held a meeting to authorize the filing of finance application with the Commission.


Resolution

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

- 1.0** The Recitals set forth above are incorporated herein.
- 2.0** The Company President shall certify that at a meeting of the Board was properly and duly called in accordance with applicable law and held on the date designated below at which meeting at least a quorum of said Board was present and those present constituted a legally sufficient number qualified to act and transact matters and the following resolutions were adopted and the same have not been altered, amended or revoked.
- 3.0** The Company is authorized and empowered to file a financing application with the Commission consistent with the documents attached to this Resolution. The Company's Manager is hereby authorized and empowered to act on behalf of the Company and to enter into the loan with a lender under the terms authorized by the Commission.
- 4.0** The President is authorized and empowered to execute on behalf of, and in the name of, the Company from time to time documents as may be required to secure the approval of the financing application or other documents which the President may deem expedient in carrying out the intents and purposes of the Resolutions set forth herein.

PASSED and APPROVED this 6 day of April, 2017.

CERTIFICATION



Mark Grapp, President