

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

LEA MARQUEZ PETERSON – Chairwoman
SANDRA D. KENNEDY
JUSTIN OLSON
ANNA TOVAR
JIM O’CONNOR

IN THE MATTER OF THE APPLICATION
OF ROSE VALLEY WATER COMPANY
FOR APPROVAL OF A FINANCING
APPLICATION.

DOCKET NO. W-01539A-22-____

FINANCING APPLICATION

Pursuant to Arizona Revised Statutes (“A.R.S.”) 40-285, 40-301, and 40-302, Rose Valley Water Company (“Rose Valley” or “Company”) hereby submits this Application for authorization to borrow \$1,647,036 to finance construction utility plant (“Finance Application”). In support of this Finance Application, Rose Valley states as follows:

BACKGROUND

1. Rose Valley is a Class “C” water utility. Rose Valley provides water utility service to approximately 2,398 customers residing within the boundaries of the City of Peoria located in Maricopa County, Arizona pursuant to multiple Certificates of Convenience and Necessity issued by the Arizona Corporation Commission.

2. Rose Valley’s business address is PO Box 1444, Green Valley, AZ 85622-1444. Rose Valley’s mailing address, phone number, and e-mail contact for Mr. Gary Brasher, the Company’s President and primary management contact, is:

Rose Valley Water Company
Mr. Gary Brasher
PO Box 1444
Green Valley, AZ 85622-1444
Telephone: 623-889-2275
E-mail: info@rosevalleywaterco.com

1 3. Mr. Gary Brasher is the person responsible for overseeing and directing
2 the conduct of this Application, in conjunction with outside legal counsel, Ms.
3 Meghan Grabel. Ms. Grabel's contact information is as follows:

4 Ms. Meghan H. Grabel
5 Osborn Maledon, P.A.
6 2929 N. Central Avenue, 21st Floor
7 Phoenix, AZ 85012
8 Phone: 602-640-9399
 E-mail: mgrabel@omlaw.com

9 All parties should please direct copies of all notices, filings, discovery, data
10 requests and similar requests, and other papers related to this Application to Mr.
11 Brasher and Ms. Grabel.

12 4. Rose Valley's current rates were established in Decision No. 76514
13 (January 2, 2018), and became effective on January 1, 2018.

14 **APPLICATION**

15 5. Small, private water companies generally face many short-term and long-
16 term challenges to maintain the integrity of their water systems while providing safe,
17 reliable drinking water to their customers. At the same time, water loss must be kept to
18 a minimum, preferably under 10%. These challenges often result in financial strain on
19 these companies. Rose Valley is no different than other private water companies when
20 addressing these challenges and financial strain.

21 6. The primary driver of this financing application ("Application") is Rose
22 Valley's needed investment in new meter infrastructure to replace outdated and faulty
23 meters that are likely responsible for most of the water loss experienced on the system.
24 Rose Valley also intends to use the requested funds for: (i) investing in a mobile meter
25 reading system, which will save time and expense related to monthly meter reading as
26 well as give customers access to information; (ii) upgrading existing system operating
27 software to provide real-time monitoring, remote control and operation capabilities, and
28 more efficient pump control; (iii) inspecting/cleaning/painting of the storage tanks to

1 help identify and address any potential structural problems proactively and potentially
2 prevent a catastrophic failure that could result in reduced water service or even an
3 outage; (iv) installing a soft-start motor controller will put less stress on the well motor
4 at each start-up, thereby reducing the chance for the motor to fail; (v) installing
5 additional and replacement valves throughout the water distribution system to allow for
6 better operation and control of the system, resulting in fewer customers being impacted
7 by planned outages or unplanned water line repairs and (vi) a remote monitoring system
8 that will allow for real-time data related to well performance and storage tank levels.

9 7. Rose Valley, as a public service corporation, is responsible for providing
10 safe and reliable water to its customers. The grant of the authority requested herein will
11 enable the Company to put the utility in the best position possible to provide these
12 services.

13 8. Given the utility's present financial constraints, it must finance these
14 infrastructure projects. It is sound financial practice to finance these projects through a
15 lender such as the Commerce Bank of Arizona ("Commerce") because this is work that
16 needs to be completed and the Rose Valley cannot afford to pay out for it without
17 borrowing funds.

18 9. In order to continue providing safe and reliable water to its customers, the
19 Company needs to complete the work as stated in this Application but does not have the
20 funds to do so. The financing will not impair the ability of Rose Valley to provide
21 services. Therefore, it is in the public interest for the Commission to approve the
22 Company's Application.

23 10. As described above, Rose Valley has identified several system
24 improvement and upgrade projects. While Rose Valley has done a good job of
25 maintaining the integrity of its water system, there are numerous upgrades and
26 improvements that need to be done to maintain this integrity. The aforementioned
27 projects can be completed with a loan and would provide immediate benefit to the
28 water system and its customers. Thus, this financing would assist, rather than impair,

1 Rose Valley's ability to perform the services of a public service company.

2 11. Rose Valley requires a loan to improve its current operations to meet the
3 increased demands of its customers and mitigate water loss because the Company does
4 not have the available revenue and/or monies to make these improvements. The
5 improvements will provide a benefit to the Company for a long period of time and, as
6 such, are not properly chargeable as operating expenses or to income.

7 12. No person will receive a fee in connection with the issuance of placement
8 of the financing.

9 13. Any financing that the Company enters will be reasonable and the result
10 of an arms-length transaction.

11 14. Rose Valley's response to Commission Staff's Standard Initial Financing
12 Data Request is attached to this Application as **Attachment A**.

13 15. Pursuant to A.R.S. § 40-302, a sample copy of the public notice that will
14 be provided to customers is attached to this Application as **Attachment B**. Rose Valley
15 will publish this notice at least once in a newspaper of general circulation in the area in
16 which the Company serves. Rose Valley will also post the notice on its website.

17 WHEREFORE, based on this Application, Rose Valley respectfully requests that
18 the Commission:

19 1. Authorize Rose Valley to borrow an amount not to exceed in the
20 aggregate \$1,647,036 outstanding at any one time, exclusive of interest and charges;

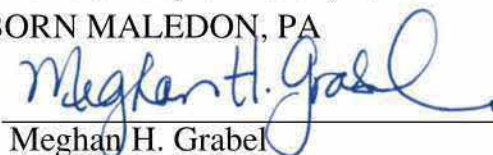
21 2. Authorize Rose Valley to engage in any transactions and sign any
22 documents necessary to implement the authorization requested in this Application; and

23 3. Grant any such other and further relief as may be appropriate.

24 RESPECTFULLY SUBMITTED this 8th day of March, 2022.

25 OSBORN MALEDON, PA

26 By:



27 Meghan H. Grabel
Elias Ancharski
2929 North Central Ave. 21st Floor
Phoenix, Arizona 85012
28 Attorneys for Rose Valley Water Company

1 Copy efiled this 8th day of March,
2 2022, with:

3 <https://efiling.azcc.gov>

4 ARIZONA CORPORATION COMMISSION

5 1200 West Washington Street

6 Phoenix, Arizona 85007

7 Copy of the foregoing emailed this 8th day
8 of May, 2022 to:

9 Robin Mitchell, Esq.

10 Legal Division Chief Counsel/Division Director

11 Arizona Corporation Commission

12 1200 W. Washington Street

13 Phoenix, Arizona 85007

14 Elijah Abinah

15 Director, Utilities Division

16 Arizona Corporation Commission

17 1200 W. Washington Street

18 Phoenix, Arizona 85007

19 *Patricia D. Palmer*

Attachment A

Rose Valley Water Company
Docket No. **W-01539A-22-_____**
Application for Approval of Financing
March 8, 2022

Arizona Corporation Commission Staff's Standard Initial Financing Data Request

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

Response: **These statements are attached as Exhibit 1.**

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

Response: **Rose Valley Water Company ("Rose Valley") plans to use Commerce Bank of Arizona to finance the stated projects. The total amount of long-term debt that the Company would like to finance is \$1,647,036, and the expected terms are a 10-year loan with an interest rate to be determined at the time of closing expected to be less than 5 percent with a DSC ratio of 1.25. Rose Valley proposes to borrow the funds necessary to finance the proposed projects from Commerce Bank of Arizona ("Commerce"). Schedules showing the scheduled payments for principal and interest for the full duration of the loan are attached as Exhibit 2.**

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

Response: The proceeds of the loan will be used for several projects as described below. See the following table with the Company's cost estimates and more information about each of the proposed projects. The CWP is also attached as Exhibit 3.

Project Name	Description	Estimated Cost
Meter Replacement (Total System)	Old and faulty meters are most likely responsible for the majority of the water loss experienced by the system. Due to the many ongoing problems with the current meters and water loss, Rose Valley would be best served by replacing all of the customer meters on the system.	\$1,019,782
Radio Read Mobile Drive-By System	Mobile meter reading will save time and expense related to monthly meter reading as well as give customers access to information.	\$34,170
System Control Software Upgrade	An updated operating system will provide for real-time monitoring, remote control and operation capabilities, and more efficient pump control. This will result in more consistent operation of the system, fewer system interruptions of water service and shorter interruptions when they do occur.	\$148,314
Inspect/Clean/Paint Storage Tanks	An inspection of the storage tanks would help identify any potential structural problems that could be addressed proactively and potentially prevent a catastrophic failure that could result in reduced water service or even an outage. Painting the exterior of the tanks will also maintain the integrity of the tanks along with increasing their useful life span.	\$114,059
Well Control Panel Upgrade	Installing a soft-start motor controller on this well will put less stress on the motor at each start-up, thereby reducing the chance for the motor to fail. If the motor were to fail, it could result in reduced water service or even a complete outage.	\$55,468
Valve Installation	Installing 20 additional and replacement valves throughout the	\$94,642

	water distribution system would allow for better operation and control of the system, resulting in fewer customers being affected by planned outages or unplanned water line repairs.	
Remote Monitoring System	Monitors well activity and storage tank levels in real time	\$118,303
Pay off Current Balance in Line of Credit Plus Accrued Interest		\$62,298
Total		\$ 1,647,036

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

Response: The Company currently has a line of credit it has used since the last rate case to finance repairs and upgrades to the system. Due to the poor condition of and rapid need to replace the existing metering infrastructure, Rose Valley will be using its line of credit to replace meters that have stopped working until the long-term financing is available.

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

Response: The balances for AIAC and CIAC as of the Test Year end are \$14,075 and \$2,307,218, respectively.

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

Response: Rose Valley will publish this notice at least once in a newspaper of general circulation in the area in which the Company serves. Rose Valley will also post the notice on its website. A copy of the notice is attached to the Application as Attachment B.

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

Response: Rose Valley provides water utility service to approximately 2,398 customers. Below is a breakdown of the customers currently served by rate class.

Meter Size	Customer Class	Number of Connections
5/8 x 3/4-inch	Residential	2,065
5/8 x 3/4-inch	Commercial	1

5/8 x 3/4-inch	Irrigation	3
3/4-inch	Residential	7
1-inch	Residential	245
1-inch	Commercial	8
1-inch	Irrigation	18
1 1/2-inch	Commercial	3
1 1/2-inch	Irrigation	9
2-inch	Residential	5
2-inch	Commercial	10
2-inch	Irrigation	24
Total Average Customers		2,398

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

Response: Rose Valley does not have any financing approvals in effect.

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

Response: The Company does not have any outstanding loans or long-term debt.

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

Response: All proceeds of the loan will be used for the stated purpose. It is estimated that \$202,026 from the long-term debt, if approved, will be used to pay off the balance on the short-term line of credit.

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

Response: Rose Valley has three owners: Mr. Gary Brasher, Mr. Hoyt Pinaire, and Ms. Jacque Brasher. A resolution from the owners authorizing the filing of this application is attached as Exhibit 4.

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

Response: Financial projections are attached as Exhibit 5.

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

Response: Below is a summary of Rose Valley's LOC.

Execution Date	4/11/2021
Termination Date	4/12/2022
Maximum Borrowing Capacity	\$400,000
Lender Name	Commerce Bank
Basis and Term for Interest Rate	5%
Other Fees	\$250
5-year Changes	Pay off with long-term debt
Month End Line of Credit Balances for the Last 12 Months	
February 2021	\$91,987
March 2021	\$86,987
April 2021	\$86,987
May 2021	\$81,987
June 2021	\$81,987
July 2021	\$76,987
August 2021	\$71,987
September 2021	\$71,987
October 2021	\$71,987
November 2021	\$71,987
December 2021	\$71,987
January 2022	\$86,987

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

Response: Not applicable.

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

Response: **Rose Valley filed its last rate case in 2017 using a Test Year ending December 31, 2015 (Docket No. W-01539A-17-0060). The Commission approved new rates in that proceeding in Decision No. 76514 (January 2, 2018). The approved rates went into effect on January 1, 2018.**

1.16 - Identify any additional financing authorizations the Company contemplates seeking from the Commission in the next five years.

Response: **At this time, Rose Valley does not anticipate any additional financing requests in the next five years.**

Exhibit 1

BALANCE SHEET

Acct. No.		Balance as of September 1, 2020	Balance as of August 31, 2021
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 71,492	\$ 75,192
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	41,097	35,524
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	2,000	
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 114,589	\$ 110,716
	FIXED ASSETS		
101	Utility Plant in Service	\$ 4,360,723	\$ 4,459,658
103	Property Held for Future Use		
105	Construction Work In Progress		
108	Accumulated Depr - Utility Plant ("AD-UP")	(3,530,784)	(3,635,825)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility ("AD-NU")		
	TOTAL FIXED ASSETS	\$ 829,939	\$ 823,833
	TOTAL ASSETS	\$ 944,528	\$ 934,549

BALANCE SHEET CONTINUED

Acct. No.		Balance as of September 1, 2020	Balance as of August 31, 2021
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 50,771	\$ 86,429
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	31,816	39,886
236	Accrued Taxes	9,360	11,530
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	156,987	104,810
	TOTAL CURRENT LIABILITIES	\$ 248,934	\$ 242,655
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -	\$ -
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	12,472	14,075 *
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction	2,294,308	2,307,218 **
272	Less: Amortization of Contributions	(1,170,625)	(1,244,529)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 1,136,155	\$ 1,076,764
	TOTAL LIABILITIES	\$ 1,385,089	\$ 1,319,419
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 20,000	\$ 20,000
211	Paid in Capital in Excess of Par Value	1,080,676	1,101,676
215	Retained Earnings	(1,541,237)	(1,506,546)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (440,561)	\$ (384,870)
	TOTAL LIABILITIES AND CAPITAL	\$ 944,528	\$ 934,549

INCOME STATEMENT

Acct. No.	Operating Revenue	September 2020 - August 2021
461	Metered Water Revenue	\$ 1,325,771
469	Guaranteed Revenues (Surcharges)	
474	Other Water Revenue	26,290
	Total Revenues	\$ 1,352,061
	Operating Expenses	
601	Salaries and Wages	\$ 161,377
610	Purchased Water	-
615	Purchased Power	185,494
618	Chemicals	17,840
620	Materials and Supplies	-
620.1	Repairs and Maintenance	50,112
620.2	Office Supplies and Expense	47,691
630	Contractual Services	93,472
631	Contractual Services - Engineering	-
632	Contractual Services - Accounting	81,998
633	Contractual Services - Legal	-
634	Contractual Services - Management Fees	395,413
635	Contractual Services - Water Testing	3,232
636	Contractual Services - Other	64,051
640	Rents	25,262
650	Transportation Expenses	13,198
657	Insurance - General Liability	10,376
665	Regulatory Expense	7,482
666	Regulatory Commission Exp - Rate Case	16,145
670	Bad Debt Expense	520
675	Miscellaneous Expense	600
403	Depreciation Expense	31,137
408	Taxes Other Than Income	12,993
408.11	Property Taxes	41,500
409	Income Taxes	7,219
427.1	Customer Security Deposit Interest	481
	Total Operating Expenses	\$ 1,267,593
	Operating Income / (Loss)	\$ 84,468
	Other Income / (Expense)	
419	Interest and Dividend Income	\$ -
421	Other Income	
427	Interest Expense	(5,595)
	Total Other Income / (Expense)	\$ (5,595)
	Net Income / (Loss)	\$ 78,873

Exhibit 2

Summary of Current and Short-Term borrowing

1/31/22 Line of Credit Balance - orig	\$	51,987	
1/31/22 Line of Credit Balance - meters		35,000	
Project 1 Remaining Meters Funded w/LOC		104,728	
LOC Principal to Convert to Long-Term			\$ 191,715
LOC 1/31/22 Original Balance Interest for 14 Mos	\$	3,033	
LOC Meter Replacement Interest for 14 Mos (done)		2,042	
LOC Interest for Balance of Meters for 1 year		5,236	
Accrued Interest on LOC Until 3/31/23			10,311
Total Short-Term Debt to be Converted to Long-Term			\$ 202,026

Summary of Future Costs by Project

Project 2 - Balance of System Meter Replace	\$	880,054	
Project 3 - Radio Read Mobile Drive By System		34,170	
Project 4 - System Control Software Upgrade		148,314	
Project 5 - Inspect/Clean/Paint Tanks		114,059	
Project 6 - Well Control Panel Upgrade		55,468	
Project 7 - Valve Installation		94,642	
Project 8 - Remote Monitoring System		118,303	
Total Long-Term Future Projects			\$ 1,445,010
Total Long-Term Loan Request			\$ 1,647,036

Amount Requested \$ 1,647,036
Down Payment: -
Amount Financed: \$ 1,647,036
Number of years: 10
Interest rate (r): 5.00%

Compounding Periods: 12
APR: 5.12%

LOAN AMORTIZATION SCHEDULE

Period	Loan Payment (1)	Beginning Principal (2)	Payments		Ending Principal [(2) - (4)] (5)
			Interest [r * (2)] (3)	Principal [(1) - (3)] (4)	
1	\$ 17,469.37	\$ 1,647,035.56	\$ 6,862.65	\$ 10,606.72	\$ 1,636,428.84
2	17,469.37	1,636,428.84	6,818.45	10,650.91	1,625,777.93
3	17,469.37	1,625,777.93	6,774.07	10,695.29	1,615,082.64
4	17,469.37	1,615,082.64	6,729.51	10,739.86	1,604,342.78
5	17,469.37	1,604,342.78	6,684.76	10,784.61	1,593,558.17
6	17,469.37	1,593,558.17	6,639.83	10,829.54	1,582,728.63
7	17,469.37	1,582,728.63	6,594.70	10,874.66	1,571,853.97
8	17,469.37	1,571,853.97	6,549.39	10,919.98	1,560,933.99
9	17,469.37	1,560,933.99	6,503.89	10,965.48	1,549,968.52
10	17,469.37	1,549,968.52	6,458.20	11,011.17	1,538,957.35
11	17,469.37	1,538,957.35	6,412.32	11,057.05	1,527,900.31
12	17,469.37	1,527,900.31	6,366.25	11,103.12	1,516,797.19
13	17,469.37	1,516,797.19	6,319.99	11,149.38	1,505,647.81
14	17,469.37	1,505,647.81	6,273.53	11,195.84	1,494,451.97
15	17,469.37	1,494,451.97	6,226.88	11,242.48	1,483,209.49
16	17,469.37	1,483,209.49	6,180.04	11,289.33	1,471,920.16
17	17,469.37	1,471,920.16	6,133.00	11,336.37	1,460,583.80
18	17,469.37	1,460,583.80	6,085.77	11,383.60	1,449,200.19
19	17,469.37	1,449,200.19	6,038.33	11,431.03	1,437,769.16
20	17,469.37	1,437,769.16	5,990.70	11,478.66	1,426,290.50
21	17,469.37	1,426,290.50	5,942.88	11,526.49	1,414,764.01
22	17,469.37	1,414,764.01	5,894.85	11,574.52	1,403,189.49
23	17,469.37	1,403,189.49	5,846.62	11,622.74	1,391,566.74
24	17,469.37	1,391,566.74	5,798.19	11,671.17	1,379,895.57
25	17,469.37	1,379,895.57	5,749.56	11,719.80	1,368,175.77
26	17,469.37	1,368,175.77	5,700.73	11,768.64	1,356,407.13
27	17,469.37	1,356,407.13	5,651.70	11,817.67	1,344,589.46
28	17,469.37	1,344,589.46	5,602.46	11,866.91	1,332,722.55
29	17,469.37	1,332,722.55	5,553.01	11,916.36	1,320,806.19
30	17,469.37	1,320,806.19	5,503.36	11,966.01	1,308,840.19
31	17,469.37	1,308,840.19	5,453.50	12,015.87	1,296,824.32
32	17,469.37	1,296,824.32	5,403.43	12,065.93	1,284,758.39
33	17,469.37	1,284,758.39	5,353.16	12,116.21	1,272,642.18
34	17,469.37	1,272,642.18	5,302.68	12,166.69	1,260,475.49
35	17,469.37	1,260,475.49	5,251.98	12,217.39	1,248,258.10

Amount Requested \$ 1,647,036
Down Payment: -
Amount Financed: \$ 1,647,036
Number of years: 10
Interest rate (r): 5.00%

Compounding Periods: 12
APR: 5.12%

LOAN AMORTIZATION SCHEDULE

Period	Loan Payment (1)	Beginning Principal (2)	Payments		Ending Principal [(2) - (4)] (5)
			Interest [r * (2)] (3)	Principal [(1) - (3)] (4)	
36	17,469.37	1,248,258.10	5,201.08	12,268.29	1,235,989.81
37	17,469.37	1,235,989.81	5,149.96	12,319.41	1,223,670.40
38	17,469.37	1,223,670.40	5,098.63	12,370.74	1,211,299.66
39	17,469.37	1,211,299.66	5,047.08	12,422.29	1,198,877.37
40	17,469.37	1,198,877.37	4,995.32	12,474.05	1,186,403.33
41	17,469.37	1,186,403.33	4,943.35	12,526.02	1,173,877.31
42	17,469.37	1,173,877.31	4,891.16	12,578.21	1,161,299.09
43	17,469.37	1,161,299.09	4,838.75	12,630.62	1,148,668.47
44	17,469.37	1,148,668.47	4,786.12	12,683.25	1,135,985.22
45	17,469.37	1,135,985.22	4,733.27	12,736.10	1,123,249.13
46	17,469.37	1,123,249.13	4,680.20	12,789.16	1,110,459.97
47	17,469.37	1,110,459.97	4,626.92	12,842.45	1,097,617.51
48	17,469.37	1,097,617.51	4,573.41	12,895.96	1,084,721.55
49	17,469.37	1,084,721.55	4,519.67	12,949.69	1,071,771.86
50	17,469.37	1,071,771.86	4,465.72	13,003.65	1,058,768.21
51	17,469.37	1,058,768.21	4,411.53	13,057.83	1,045,710.37
52	17,469.37	1,045,710.37	4,357.13	13,112.24	1,032,598.13
53	17,469.37	1,032,598.13	4,302.49	13,166.88	1,019,431.26
54	17,469.37	1,019,431.26	4,247.63	13,221.74	1,006,209.52
55	17,469.37	1,006,209.52	4,192.54	13,276.83	992,932.69
56	17,469.37	992,932.69	4,137.22	13,332.15	979,600.54
57	17,469.37	979,600.54	4,081.67	13,387.70	966,212.85
58	17,469.37	966,212.85	4,025.89	13,443.48	952,769.36
59	17,469.37	952,769.36	3,969.87	13,499.50	939,269.87
60	17,469.37	939,269.87	3,913.62	13,555.74	925,714.13
61	17,469.37	925,714.13	3,857.14	13,612.23	912,101.90
62	17,469.37	912,101.90	3,800.42	13,668.94	898,432.96
63	17,469.37	898,432.96	3,743.47	13,725.90	884,707.06
64	17,469.37	884,707.06	3,686.28	13,783.09	870,923.97
65	17,469.37	870,923.97	3,628.85	13,840.52	857,083.46
66	17,469.37	857,083.46	3,571.18	13,898.19	843,185.27
67	17,469.37	843,185.27	3,513.27	13,956.10	829,229.17
68	17,469.37	829,229.17	3,455.12	14,014.25	815,214.93
69	17,469.37	815,214.93	3,396.73	14,072.64	801,142.29
70	17,469.37	801,142.29	3,338.09	14,131.27	787,011.01

Amount Requested \$ 1,647,036
Down Payment: -
Amount Financed: \$ 1,647,036
Number of years: 10
Interest rate (r): 5.00%

Compounding Periods: 12
APR: 5.12%

LOAN AMORTIZATION SCHEDULE

Period	Loan Payment (1)	Beginning Principal (2)	Payments		Ending Principal [(2) - (4)] (5)
			Interest [r * (2)] (3)	Principal [(1) - (3)] (4)	
71	17,469.37	787,011.01	3,279.21	14,190.16	772,820.86
72	17,469.37	772,820.86	3,220.09	14,249.28	758,571.58
73	17,469.37	758,571.58	3,160.71	14,308.65	744,262.93
74	17,469.37	744,262.93	3,101.10	14,368.27	729,894.65
75	17,469.37	729,894.65	3,041.23	14,428.14	715,466.51
76	17,469.37	715,466.51	2,981.11	14,488.26	700,978.26
77	17,469.37	700,978.26	2,920.74	14,548.62	686,429.63
78	17,469.37	686,429.63	2,860.12	14,609.24	671,820.39
79	17,469.37	671,820.39	2,799.25	14,670.12	657,150.27
80	17,469.37	657,150.27	2,738.13	14,731.24	642,419.03
81	17,469.37	642,419.03	2,676.75	14,792.62	627,626.41
82	17,469.37	627,626.41	2,615.11	14,854.26	612,772.15
83	17,469.37	612,772.15	2,553.22	14,916.15	597,856.00
84	17,469.37	597,856.00	2,491.07	14,978.30	582,877.70
85	17,469.37	582,877.70	2,428.66	15,040.71	567,836.99
86	17,469.37	567,836.99	2,365.99	15,103.38	552,733.61
87	17,469.37	552,733.61	2,303.06	15,166.31	537,567.30
88	17,469.37	537,567.30	2,239.86	15,229.50	522,337.79
89	17,469.37	522,337.79	2,176.41	15,292.96	507,044.83
90	17,469.37	507,044.83	2,112.69	15,356.68	491,688.15
91	17,469.37	491,688.15	2,048.70	15,420.67	476,267.49
92	17,469.37	476,267.49	1,984.45	15,484.92	460,782.57
93	17,469.37	460,782.57	1,919.93	15,549.44	445,233.13
94	17,469.37	445,233.13	1,855.14	15,614.23	429,618.90
95	17,469.37	429,618.90	1,790.08	15,679.29	413,939.61
96	17,469.37	413,939.61	1,724.75	15,744.62	398,194.99
97	17,469.37	398,194.99	1,659.15	15,810.22	382,384.77
98	17,469.37	382,384.77	1,593.27	15,876.10	366,508.67
99	17,469.37	366,508.67	1,527.12	15,942.25	350,566.42
100	17,469.37	350,566.42	1,460.69	16,008.67	334,557.75
101	17,469.37	334,557.75	1,393.99	16,075.38	318,482.37
102	17,469.37	318,482.37	1,327.01	16,142.36	302,340.01
103	17,469.37	302,340.01	1,259.75	16,209.62	286,130.40
104	17,469.37	286,130.40	1,192.21	16,277.16	269,853.24
105	17,469.37	269,853.24	1,124.39	16,344.98	253,508.26

Amount Requested \$ 1,647,036
Down Payment: -
Amount Financed: \$ 1,647,036
Number of years: 10
Interest rate (r): 5.00%

Compounding Periods: 12
APR: 5.12%

LOAN AMORTIZATION SCHEDULE

Period	Loan Payment (1)	Beginning Principal (2)	Payments		Ending Principal [(2) - (4)] (5)
			Interest [r * (2)] (3)	Principal [(1) - (3)] (4)	
106	17,469.37	253,508.26	1,056.28	16,413.08	237,095.18
107	17,469.37	237,095.18	987.90	16,481.47	220,613.70
108	17,469.37	220,613.70	919.22	16,550.14	204,063.56
109	17,469.37	204,063.56	850.26	16,619.10	187,444.46
110	17,469.37	187,444.46	781.02	16,688.35	170,756.11
111	17,469.37	170,756.11	711.48	16,757.88	153,998.23
112	17,469.37	153,998.23	641.66	16,827.71	137,170.52
113	17,469.37	137,170.52	571.54	16,897.82	120,272.69
114	17,469.37	120,272.69	501.14	16,968.23	103,304.46
115	17,469.37	103,304.46	430.44	17,038.93	86,265.53
116	17,469.37	86,265.53	359.44	17,109.93	69,155.60
117	17,469.37	69,155.60	288.15	17,181.22	51,974.38
118	17,469.37	51,974.38	216.56	17,252.81	34,721.57
119	17,469.37	34,721.57	144.67	17,324.69	17,396.88
120	17,469.37	17,396.88	72.49	17,396.88	0.00
	<u>\$ 2,113,793.48</u>		<u>\$ 449,288.54</u>	<u>\$ 1,664,504.93</u>	

SURCHARGE CALCULATION

Loan Amount	\$ 1,647,036	From Amortization Schedule
Term	10	
Interest Rate	5.00%	

Step 1 - Determine Principal and Interest

Principal	\$ 130,238.37	From Amortization Schedule
Interest	79,394.04	From Amortization Schedule
	\$ 209,632.41	Debt Service Component

Step 2 - Gross Revenue Conversion Factor

GRCF from Sch C-3	1.3475
-------------------	--------

Step 3 - Incremental Income Tax Factor ("IITF")

IITF	0.3475	Step 2 - 1
------	--------	------------

Step 4 - Income Tax Component of Principal

IITF	0.3475	
Principal	\$ 130,238.37	
	\$ 45,252.73	Income Tax Component of Principal

Step 5 - Income Tax Component of Depreciation Expense

IITF	0.3475	
Depreciation Expense	\$ 131,461.29	Loan assets Only
	\$ 45,677.64	Income Tax Component of Depreciation Expense

Step 6	For DSR, not needed
Step 7	For DSR, not needed

Step 8 - Income Tax Component of Surcharge

Income Tax	\$ 45,252.73	Principal component
Income Tax	(45,677.64)	Depreciation Expense Component
	\$ (424.91)	Income Tax Component of Surcharge

Step 9a - Add Income Tax Component to Debt Service Component

Income Tax	\$ (424.91)	Component of Surcharge
Principal and Interest	209,632.41	Debt Service Component
	\$ 209,207.50	Surcharge Subtotal

Step 9b - Property Tax Component of Surcharge

Surcharge Subtotal	\$ 209,207.50	
Tax Rate Per Dollar Increase	1.180%	From Rate Case Schedule C-2k
Property Tax on Surcharge Revenue	\$ 2,468.89	Property Tax Component of Surcharge

SURCHARGE CALCULATION

Step 9c - Revenue Requirement for Surcharge

Surcharge Subtotal	\$ 209,207.50	
Property Tax on Surcharge Revenue	2,468.89	
	<u>\$ 211,676.38</u>	Surcharge Revenue Requirement

Step 10 - Equivalent Bills

Meter Size	Customers	NARUC Multiplier	Months	Equivalent Bills
5/8 x 3/4-inch	2,069	1	12	24,828
3/4-inch	7	1.5	12	126
1-inch	271	2.5	12	8,130
1.5-inch	12	5	12	720
2-inch	39	8	12	3,744
Total Equivalent Bills				37,548

Step 11a - Monthly Surcharge for 5/8 x 3/4-inch Meters

Surcharge Revenue Requirement	\$ 211,676.38	
Equivalent bills	37,548	
Monthly Surcharge	<u>\$ 5.64</u>	5/8 x 3/4-inch monthly amount

Step 11b For DSR, not needed

Step 12a - Monthly Surcharge Amounts for Larger Meters

Meter Size	5/8" Surch	NARUC Multiplier	Surcharge
5/8 x 3/4-inch	\$ 5.64	1	\$ 5.64
3/4-inch	5.64	1.5	8.46
1-inch	5.64	2.5	14.09
1.5-inch	5.64	5	28.19
2-inch	5.64	8	45.10

Step 12 For DSR, not needed

Step 13a - Proof of Revenue

Meter Size	Customers	Surcharge	Months	Annual Revenue
5/8 x 3/4-inch	2,069	\$ 5.64	12	\$ 139,967.54
3/4-inch	7	8.46	12	710.32
1-inch	271	14.09	12	45,832.77
1.5-inch	12	28.19	12	4,058.99
2-inch	39	45.10	12	21,106.75
	<u>2,398</u>			<u>\$ 211,676.38</u>

Step 13b For DSR, not needed

Exhibit 3

March 2, 2022

Mr. Gary Brasher - President
Rose Valley Water Company
P.O. Box 1444
Green Valley, AZ

Subject: Rose Valley Water Company System Improvements and Upgrades

Dear Mr. Brasher:

Small, private water companies generally face many short-term and long-term challenges to maintain the integrity of their water systems while providing safe, reliable drinking water to their customers. At the same time, water loss must be kept to a minimum, preferably under 10%. These challenges result in financial strain on these companies. Rose Valley Water Company is no different than other private water companies when addressing these challenges and financial strain.

While Rose Valley has done a good job of maintaining the integrity of its water system, there are numerous upgrades and improvements that need to be done in order to maintain this integrity. The following is a list of projects that could be completed with a loan and would provide immediate benefit to the water system and its customers. These improvements and upgrades include:

1. and 2. Meter Replacement (Total System):

Issue: Rose Valley's meters are old and many do not register properly.

Benefit: Old and faulty meters are most likely responsible for the majority of the water loss experienced by the system. Due to the many ongoing problems with the current meters and water loss, Rose Valley would be best served by replacing all of the customer meters on the system.

Estimated Cost: \$1,019,782

3. Radio Read Mobile Drive-By System:

Issue: Rose Valley's current meters cannot be read remotely.

Benefit: Mobile meter reading will save time and expense related to monthly meter reading as well as give customers access to information.

Estimated Cost: \$34,170

4. System Control Software Upgrade:

Issue: The existing system operating software was installed in 1999 and uses DOS based software that can no longer be updated or programmed. While the current system has been operating satisfactorily over the past 18 years, it does have significant operating limitations, specifically when compared to operating software available today.

Benefit: An updated operating system will provide for real-time monitoring, remote control and operation capabilities, and more efficient pump control. This will result in more consistent operation of the system, fewer system interruptions of water service and shorter interruptions when they do occur.

Estimated Cost: \$148,314

5. Inspect/Clean/Paint Storage Tanks:

Issue: Rose Valley has three 400,000-gallon storage tanks that were constructed in 1999 and were last inspected and cleaned in 2001. To date, there have not been any issues with the storage tanks; however, it is recommended that they be inspected and cleaned every five years. There are also two small "south tanks" that need refurbishment in addition to two small "north tanks" that should be removed at well #2 site.

Benefit: An inspection of the storage tanks would help identify any potential structural problems that could be addressed proactively and potentially prevent a catastrophic failure that could result in reduced water service or even an outage. Painting the exterior of the tanks will also maintain the integrity of the tanks along with increasing their useful life span.

Estimated Cost: \$114,059

6. Well Control Panel Upgrade:

Issue: Well #2 is an old irrigation well that was converted to domestic use. Its current electrical control panel is old and does not have a soft-start motor controller.

Benefit: Installing a soft-start motor controller on this well will put less stress on the motor at each start-up, thereby reducing the chance for the motor to fail. If the motor were to fail, it could result in reduced water service or even a complete outage.

Estimate Cost: \$ 55,468

7. Valve Installation:

Issue: Rose Valley's north distribution system was installed over a span of 30 years (from the 1950s through the 1980s) in small section extensions. As a result, there has never been an overall master plan designed for the distribution system. This has resulted in inefficient operation, mainly due to the lack of valves throughout the distribution system.

Benefit: Installing 20 additional and replacement valves throughout the water distribution system would allow for better operation and control of the system, resulting in fewer customers being affected by planned outages or unplanned water line repairs.

Estimated Cost: \$94,642

Total Estimated Cost for All Projects: \$1,251,370

8. Remote Monitoring System:

Issue: The existing operating system does not have remote monitoring or control capabilities. If there is an operational failure of any kind, the system operator must rely on one generic alarm call from the system or calls from customers reporting a water delivery issue.

Benefit: Installing a remote monitoring system will allow the system operator to monitor and control the system remotely, receive detailed operating information, and receive alarm notifications of pending or actual system failures.

Estimated Cost: \$118,303

Total Estimated Cost for All Projects: \$1,584,738

Please note, the above estimated costs for each project include sales taxes, project management, administrative fees, legal fees, engineering fees and contingencies. Detail for the total cost of each individual project and the total estimated cost for all proposed projects appear on the attached Opinion of Probable Cost.

Sincerely,



Glen Vortherms, P.E.
Rose Valley Operator (Grade 4)

**ROSE VALLEY WATER COMPANY
OPINION OF PROBABLE COST
SYSTEM UPGRADES AND CAPITAL IMPROVEMENTS**

Project	Description	Units	Quantity	Cost/Unit	Total Cost
1	Meter Replacements - Current				
	5/8 x 3/4" 3G Radio Read Meters	EA	300	\$ 227.90	\$ 68,370
	Sales Tax			8.10%	5,538
	Total Materials				\$ 73,908
	Labor to Install Meters	EA	300	\$ 62.50	18,750
	Total Current Meter Replacement Costs				\$ 92,658
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 14,825
	Contingency			30.00%	32,245
	Subtotal				\$ 47,070
	Total Project 1 Estimated Cost				\$ 139,728
FUTURE PROJECTS					
2	Meter Replacements - Balance of System				
	5/8 x 3/4" and 1" 3G Radio Read Meters	EA	2100	\$ 199.26	\$ 418,446
	Sales Tax			8.10%	33,894
	Total Materials				\$ 452,340
	Labor to Install Meters	EA	2100	\$ 62.50	131,250
	Total Meter Replacement Costs				\$ 583,590
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 93,374
	Contingency			30.00%	203,089
	Subtotal				\$ 296,464
	Total Project 2 Estimated Cost				\$ 880,054
3	Radio read Mobile Drive-By System				
	Mobile Drive-by Equipment	EA	1	\$ 13,358	\$ 13,358
	Implementation and Training	EA	1	6,288	6,288
	System Support Software	EA	1	1,315	1,315
	Sales Tax			8.10%	1,698
	Total Materials				\$ 22,659
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 3,625
	Contingency			30.00%	7,885
	Subtotal				\$ 11,511
	Total Project 3 Estimated Cost				\$ 34,170
4	System Control Software Upgrade				
	PLCs, radios, relays, switches well yards 2 & 3	EA	1	\$ 37,462	\$ 37,462
	Sales Tax			8.10%	3,034
	Total Materials				\$ 40,496
	Labor to Install upgrades	EA	1	\$ 57,855	57,855
	Total System Control Software Upgrades				\$ 98,351
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 15,736
	Contingency			30.00%	34,226
	Subtotal				\$ 49,963
	Total Project 4 Estimated Cost				\$ 148,314

**ROSE VALLEY WATER COMPANY
OPINION OF PROBABLE COST
SYSTEM UPGRADES AND CAPITAL IMPROVEMENTS**

Project	Description	Units	Quantity	Cost/Unit	Total Cost
5	Inspect/Clean/Paint Storage Tanks				
	Prep and paint 3 large tanks, pressure tank, pumps and piping at well 2	EA	3	\$ 15,703	\$ 47,110
	Prep and paint 2 small south tanks at well 2	EA	2	5,450	10,900
	Remove 2 small north tanks at well 2	EA	2	7,150	14,300
	Sales Tax			4.60%	3,326
	Subtotal				\$ 75,636
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 12,102
	Contingency			30.00%	26,321
	Subtotal				\$ 38,423
	Total Project 5 Estimated Cost				\$ 114,059
6	Well Control Panel Upgrade				
	New 250hp Soft Start for Well 2		1	\$ 35,165	\$ 35,165
	Sales Tax			4.60%	1,618
	Subtotal				\$ 36,783
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 5,885
	Contingency			30.00%	12,800
	Subtotal				\$ 18,686
	Total Project 6 Estimated Cost				\$ 55,468
7	Valve Installation				
	Install additional valves and replace valves throughout system	EA	20	\$ 3,000	\$ 60,000
	Sales Tax			4.60%	2,760
	Subtotal				\$ 62,760
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 10,042
	Contingency			30.00%	21,840
	Subtotal				\$ 31,882
	Total Project 7 Estimated Cost				\$ 94,642
8	Remote Monitoring System				
	Install SCADA at various locations		1	\$ 75,000	\$ 75,000
	Sales Tax			4.60%	3,450
	Subtotal				\$ 78,450
	Project Management, Administration, Legal and Contingency				
	Project Management, Administration and Legal			16.00%	\$ 12,552
	Contingency			30.00%	27,301
	Subtotal				\$ 39,853
	Total Project 8 Estimated Cost				\$ 118,303

**ROSE VALLEY WATER COMPANY
OPINION OF PROBABLE COST
SYSTEM UPGRADES AND CAPITAL IMPROVEMENTS**

Project	Description	Units	Quantity	Cost/Unit	Total Cost
Summary of Costs by Project					
Project 1 -	Current Meter Replacements	\$	139,728		
Project 2 -	Balance of System Meter Replace		880,054		
Project 3 -	Radio Read Mobile Drive By System		34,170		
Project 4 -	System Control Software Upgrade		148,314		
Project 5 -	Inspect/Clean/Paint Tanks		114,059		
Project 6 -	Well Control Panel Upgrade		55,468		
Project 7 -	Valve Installation		94,642		
Project 8 -	Remote Monitoring System		118,303		
Total Estimated Cost of All Projects			\$	1,584,738	

Exhibit 4

**UNANIMOUS WRITTEN CONSENT OF THE BOARD OF DIRECTORS
OF
ROSE VALLEY WATER COMPANY**

The undersigned, being all of the members of the Board of Directors (the "**Board**") of Rose Valley Water Company (the "**Company**"), do, by means of this Unanimous Written Consent of the Board in lieu of a formal meeting, hereby approve and adopt the following recitals and resolutions (this "**Consent**") as of March 7, 2022, as if at a meeting duly held for such purpose:

Recitals

A. The 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.

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 is authorized and empowered to file a financing application with the Commission in accordance with this Consent. Any duly appointed officer of the Company is hereby authorized and empowered to act on behalf of the Company and to enter into the loan transaction with a lender under the terms authorized by the Commission on such terms as such officer reasonably determines are in the best interest of the Company, and to do or cause to be done any and all further acts and things which such officer may from time to time deem necessary, advisable or appropriate (each such determination to be conclusively evidenced by the taking of such action or the doing of such thing) to carry out the purpose and intent of the foregoing resolution.


3.0 Any duly appointed officer of the Company is hereby authorized and empowered to take all further actions(s) and to execute and deliver all such agreement(s), installment(s), certificate(s) and other document(s) as the same shall deem necessary, convenient or advisable in furtherance of the purposes of these resolutions, each such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such agreement(s), instruments(s), certificate(s) and other document(s).

[Remainder of Page Intentionally Left Blank]


The undersigned, being all of the members of the Board of Directors the Company have adopted and executed this Consent as of the date first written above.



Gary Brasher



Jacque Brasher



Hoyt Pinaire

Exhibit 5

RATE CASE PLANT SUMMARY INCLUDING LOAN ADDITIONS				
Acct. No.	Description	Test Year End Plant Total	Additions From Loan Proceeds	Projected Plant In Service
302	Franchises	\$ -	\$ -	-
303	Land and Land Rights	-		-
304	Structures and Improvements	26,003		26,003
307	Wells and Springs	241,841		241,841
311	Pumping Equipment	419,545	55,468	475,013
320	Water Treatment Equipment	-		-
320.1	Water Treatment Plants	85,000		85,000
320.2	Solution Chemical Feeders	-		-
330	Distribution Reservoirs and Standpipes	39,772		39,772
330.1	Storage Tanks	350,249		350,249
330.2	Pressure Tanks	-		-
331	Transmission and Distribution Mains	1,947,695	94,642	2,042,337
333	Services	732,746		732,746
334	Meters and Meter Installations	300,390	1,019,782	1,320,172
335	Hydrants	259,750		259,750
336	Backflow Prevention Devices	1,000		1,000
339	Other Plant and Misc. Equipment	-	114,059	114,059
340	Office Furniture and Equipment	7,517		7,517
340.1	Computer & Software	18,158		18,158
341	Transportation Equipment	20,044		20,044
343	Tools, Shop and Garage Equipment	-		-
345	Power Operated Equipment	2,650		2,650
346	Communication Equipment	4,144	300,786	304,930
347	Miscellaneous Equipment	3,154		3,154
348	Other Tangible Plant	-		-
	TOTAL WATER PLANT	\$ 4,459,658	\$ 1,584,738	\$ 6,044,396

PROJECTED INCOME STATEMENTS				
Acct. No.	Operating Revenue	For Rate Case		
		Company Rate Case Adjusted	Increase Requested	Company Proposed
461	Metered Water Revenue	\$ 1,325,771	\$ 481,500	\$ 1,807,271
469	Guaranteed Revenues (Surcharges)	-		
474	Other Water Revenue	26,290		26,290
	Total Revenue	\$ 1,352,061	\$ 481,500	\$ 1,833,561
	Operating Expenses			
601	Salaries and Wages	\$ 198,678		\$ 198,678
610	Purchased Water	-		-
615	Purchased Power	185,494		185,494
618	Chemicals	21,321		21,321
620	Materials & Supplies	-		-
620.1	Repairs and Maintenance	50,112		50,112
620.2	Office Supplies and Expense	55,418		55,418
630	Contractual Services	95,279		95,279
631	Contractual Services - Engineering	-		-
632	Contractual Services - Accounting	84,709		84,709
633	Contractual Services - Legal	-		-
634	Contract Services - Management Fees	401,077		401,077
635	Contractual Services - Water Testing	3,232		3,232
636	Contractual Services - Other	84,397		84,397
640	Rents	26,462		26,462
650	Transportation Expense	11,483		11,483
657	Insurance	10,376		10,376
657.1	Regulatory Expense	13,927		13,927
665	Rate Case Expense	25,000		25,000
666	Bad Debt Expense	520	181	701
670	Miscellaneous Expense	600		600
675	Depreciation Expense	32,861		32,861
403	Taxes Other Than Income	16,492		16,492
408	Property Tax	47,548	5,682	53,230
408.1	Income Taxes	(4,726)	118,296	113,570
427.1	Customer Security Deposit Interest	481		481
	Total Operating Expenses	\$ 1,360,741	\$ 124,159	\$ 1,484,901
	Operating Income / (Loss)	\$ (8,680)	\$ 357,341	\$ 348,660
	Other Income / (Expense)			
419	Interest and Dividend Income	\$ -	\$ -	\$ -
427	Interest Expense	(5,595)		(5,595)
	Total Other Income / (Expense)	\$ (5,595)	\$ -	\$ (5,595)
	Net Income / (Loss)	\$ (14,275)	\$ 357,341	\$ 343,065
Add depreciation expense		32,861		32,861
Less Principal on loan		(20,000)		(20,000)
Advance repayments		(248)		(250)
Free Cash Flow		\$ (1,662)	\$ 357,341	\$ 355,676
Operating Margin (Op Inc/Rev)		-0.64%		19.02%
DSCR (Op Inc / Debt Serv)		(0.34)		13.62
TIER (EBiT / Interest Exp)		(2.40)		82.61

PROJECTED INCOME STATEMENTS							
		With Loan					
Acct. No.	Operating Revenue	Loan Increase	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
461	Metered Water Revenue	\$ -	\$ 1,807,271	\$ 1,816,307	\$ 1,825,389	\$ 1,825,389	\$ 1,834,516
469	Guaranteed Revenues (Surcharges)	211,676	105,838	211,676	211,676	211,676	211,676
474	Other Water Revenue	-	26,290	26,290	26,290	26,290	26,290
	Total Revenue	\$ 211,676	\$ 1,939,399	\$ 2,054,274	\$ 2,063,355	\$ 2,063,355	\$ 2,072,482
	Operating Expenses						
601	Salaries and Wages		\$ 202,652	\$ 206,705	\$ 210,839	\$ 215,055	\$ 219,357
610	Purchased Water		-	-	-	-	-
615	Purchased Power		188,276	191,101	193,967	196,877	199,830
618	Chemicals		22,387	23,506	24,682	25,916	27,211
620	Materials & Supplies		-	-	-	-	-
620.1	Repairs and Maintenance		60,444	61,048	61,659	62,275	62,898
620.2	Office Supplies and Expense		55,418	55,418	58,189	58,189	58,189
630	Contractual Services		97,185	99,128	101,111	103,133	105,196
631	Contractual Services - Engineering		-	-	-	-	-
632	Contractual Services - Accounting		86,403	88,131	89,894	91,692	93,525
633	Contractual Services - Legal		-	-	-	-	-
634	Contract Services - Management Fees		409,099	417,281	425,626	434,139	442,821
635	Contractual Services - Water Testing		3,394	3,563	3,741	3,929	4,125
636	Contractual Services - Other		84,397	84,397	88,617	88,617	88,617
640	Rents		27,256	28,074	28,916	29,783	30,677
650	Transportation Expense		12,057	12,660	13,293	13,958	14,656
657	Insurance		10,895	11,440	12,012	12,612	13,243
657.1	Regulatory Expense		14,066	14,207	14,349	14,492	14,637
665	Rate Case Expense		25,000	25,000	25,000	25,000	25,000
666	Bad Debt Expense	81	782	786	789	789	793
670	Miscellaneous Expense		630	662	695	729	766
675	Depreciation Expense	51,621	84,482	126,640	124,866	120,332	101,802
403	Taxes Other Than Income		16,822	17,159	17,502	17,852	18,209
408	Property Tax	398	53,628	47,761	64,879	68,662	72,286
408.1	Income Taxes		100,542	116,237	108,807	104,817	106,573
427.1	Customer Security Deposit Interest		481	481	481	481	481
	Total Operating Expenses	\$ 52,100	\$ 1,556,295	\$ 1,631,383	\$ 1,669,912	\$ 1,689,328	\$ 1,700,890
	Operating Income / (Loss)	\$ 159,577	\$ 383,105	\$ 422,891	\$ 393,443	\$ 374,027	\$ 371,592
	Other Income / (Expense)						
419	Interest and Dividend Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
427	Interest Expense	(73,799)	(79,394)	(72,731)	(65,727)	(58,364)	(50,625)
	Total Other Income / (Expense)	\$ (73,799)	\$ (79,394)	\$ (72,731)	\$ (65,727)	\$ (58,364)	\$ (50,625)
	Net Income / (Loss)	\$ 85,778	\$ 303,711	\$ 350,160	\$ 327,716	\$ 315,663	\$ 320,966
Add depreciation expense			84,482	126,640	124,866	120,332	101,802
Less Principal on loan			(130,238)	(136,902)	(143,906)	(151,268)	(159,007)
Advance repayments			(254)	(263)	(272)	(281)	(290)
Free Cash Flow		\$ 85,778	\$ 257,699	\$ 339,635	\$ 308,405	\$ 284,446	\$ 263,471
Operating Margin (Op Inc/Rev)			19.75%	20.59%	19.07%	18.13%	17.93%
DSCR (Op Inc / Debt Serv)			1.83	2.02	1.88	1.78	1.77
TIER (EBIT / Interest Exp)			6.09	7.41	7.64	8.20	9.45

PRO FORMA PROPERTY TAX CALCULATION

	Adjusted Test Year	At Proposed Rates	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Adjusted Test Year Revenue	\$ 1,352,061	\$ 1,352,061	\$ 1,352,061	\$ 1,352,061	\$ 1,833,561	\$ 1,939,399	\$ 2,054,274
Adjusted Test Year Revenue	1,352,061	1,352,061	1,352,061	1,833,561	1,939,399	2,054,274	2,063,355
Rate Case Proposed Revenues	1,352,061	1,833,561	1,833,561	1,939,399	2,054,274	2,063,355	2,063,355
Average of Three Years of Revenue	1,352,061	1,512,561	1,512,561	1,708,340	1,942,411	2,019,009	2,060,328
Average of Three Years of Revenue, times 2	\$ 2,704,122	\$ 3,025,122	\$ 3,025,122	\$ 2,704,122	\$ 3,667,122	\$ 3,878,798	\$ 4,108,547
Add:							
Construction Work in Progress at 10%	-	-	14,450	-	-	-	-
Deduct:							
Net Book Value of Transportation Equipment	(18,040)	(18,040)	(10,022)	(6,013)	(2,004)	-	(25,000)
Full Cash Value	\$ 2,686,082	\$ 3,007,082	\$ 3,029,550	\$ 2,698,109	\$ 3,665,118	\$ 3,878,798	\$ 4,083,547
Assessment Ratio	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Assessed Value	\$ 483,495	\$ 541,275	\$ 545,319	\$ 485,660	\$ 659,721	\$ 698,184	\$ 735,039
Property Tax Rate	9.8343%	9.8343%	9.8343%	9.8343%	9.8343%	9.8343%	9.8343%
Property Tax	\$ 47,548	\$ 53,231	\$ 53,628	\$ 47,761	\$ 64,879	\$ 68,662	\$ 72,286

Attachment B

**PUBLIC NOTICE OF ROSE VALLEY WATER COMPANY'S
FINANCING APPLICATION
DOCKET NO. W-01539A-22-XXXX**

On March 8, 2022, Rose Valley Water Company ("Company" or "Applicant") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$1,647,036 of long-term debt. The purpose of the financing is to fund meter replacement and various other projects to maintain the integrity of the water system while providing safe, reliable drinking water. 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 Rose Valley's website at <https://rosevalleywaterco.com/notices/> 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. W-01539A-22-XXXX**.

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-01539A-22-XXXX** and may be submitted at any time as follows:

By Mail: Arizona Corporation Commission
 Consumer Service 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 April 17, 2022, and must send a copy of the motion to Rose Valley or its counsel. Contact information for the Applicant and other parties is available using the eDocket function and Docket No. W-01539A-22-XXXX.

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 Carolyn D. Buck, at ADACoordinator@azcc.gov, voice phone number 602-542-2247. Requests should be made as early as possible to allow time to arrange the accommodation.