DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

STEPHANIE MILLER

DAVID SCHUNKE

DONALD HOWELL

BRAD PURDY

BEVERLY BARKER

GARY RICHARDSON

TONYA CLARK

WORKING FILE

FROM:TERRI CARLOCK

DATE:APRIL 11, 1995

RE:WARM SPRINGS MESA'S REQUEST FOR AUTHORITY TO BORROW UP TO $40,300 FROM FIRST SECURITY BANK.

RECOMMEND:  APPROVAL

Warm Springs Mesa, Inc. requests authority to borrow up to $40,300

in debt from First Security Bank.  The loan will increase from the current level of approximately $17,000 to a maximum of $40,300.  The additional funds will be used primarily for the pump and well repair on Well No. 1 along with interim financing on the Lower Mesa rebuild.

The terms of this loan are the same as the prior loan with the maturity date extended to 1999.  The interest rate is 12% with 6 monthly payments of $585.91 and 6 monthly payments of $1,455.00.  The debt ratio of external debt is 51%.  This excludes the debt of $184,173 shown to Paul Wise that Staff classified as paid in capital in the rate case.

STAFF RECOMMENDATION

Staff recommends approval of the application.  Staff continues to monitor Warm Springs Mesa as it completes the requirements of CoBank to refinance all outstanding debt as part of the rebuild financing.  The CoBank loan request is still on hold until the well property is properly transferred to the water company.

COMMISSION DECISION

Should the loan increase be approved?

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pacs951.dm/tcarloc