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ARIZONA CORPORATION COMMISSION

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May 21, 2004
Arizona Corporation Commission

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2004 MAY 21 P 3:55

RECEIVED

Richard L. Sallquist
Sallquist & Drummond P.C.
2525 East Arizona Biltmore Circle
Phoenix, Arizona 85016

DOCKETED BY

Re: Virgin Mountain Utilities Company - Application for an Extension of its
Certificate of Convenience and Necessity (CC&N) Docket W-03551A-04-0325

Dear Mr. Sallquist,

In reference to Virgin Mountain Utilities Company's Application for an Extension of its Certificate of Convenience and Necessity, dated April 29, 2004, this letter is to inform you that the application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-502.

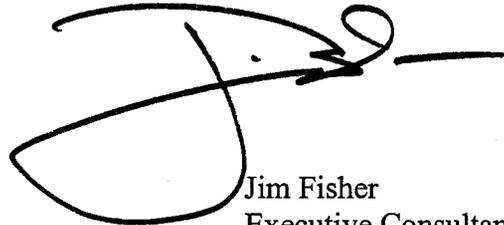
1. Please submit a drinking water design report which clarifies how water will be provided to the proposed CC&N extension. The report should identify existing and future sources, the capacities of existing sources, the estimated capacities of future sources, the existing demand on the present water sources, estimated water demand from a typical dwelling unit, the estimated demand and number of services from the proposed CC&N addition five years from now **and at total build out**, the location of future and existing transmission mains, timing or construction phasing of facilities, and any other information which will allow the Commission to analyze and conclude that the company has sufficient water production capacity, or can develop enough drinking water capacity to service the existing and future demands from the present CC&N and the proposed CC&N addition. The design report should address any water quality problems with the existing and future sources of water.
2. Please complete and return the enclosed water use data sheet.
3. Please provide an estimate of the water construction costs, necessary to serve the proposed CC&N extension. The costs should include a description of the major components with the cost of the component (i.e., wells, storage tanks, distribution mains, pressure tanks, pumps, etc.). The method of financing for the major components should be specified.
4. Please provide a request for service from the property owners.

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Per Arizona Administrative Code upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing a proposed Opinion and Order to present to the Commission at an Open Meeting.

Should you have any questions or concerns on this matter, please contact me at (602) 542-0839.

Sincerely,

A handwritten signature in black ink, appearing to be 'Jim Fisher', with a large loop and a horizontal line extending to the right.

Jim Fisher
Executive Consultant
Utilities Division

Cc: Del Smith
Lyn Farmer
Brian Bozzo
Docket Control