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ARIZONA CORPORATION COMMISSION

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2004 AUG 19 P 1:31

AZ CORP COMMISSION
DOCUMENT CONTROL

August 19, 2004

Mr. Michael McNulty, Esq.
Lewis & Roca
One South Church Street
Tucson, Arizona 85701-2265

RE: SPANISH TRAIL WATER COMPANY-APPLICATION FOR A RATE INCREASE,
DOCKET NO. W-01816A-04-0515

LETTER OF INSUFFICIENCY

Dear Mr. McNulty:

In reference to your rate application received on July 20, 2004, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

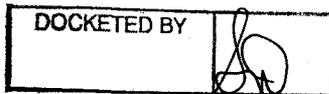
You have 15 calendar days, or until September 3, 2004, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Charles R. Myhlhousen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Arizona Corporation Commission

DOCKETED

AUG 19 2004



Sincerely,

James J. Dorf
Chief, Financial & Regulatory Analysis Section
Utilities Division

Page 2

CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

Service List for: Spanish Trail Water Company
Docket No. W-01816A-04-0515

Mr. Michael McNulty, Esq.
Lewis & Roca
One South Church Street
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Chief, Legal Division
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Chief, Hearing Division
Lyn Farmer
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

List of Deficiencies

1. Application cover page is missing. Rate application for water companies with annual gross operating revenues of less than \$250,000.
2. Page 1, is missing from the application and should also be completed.
3. Page 6, Statements in Support of Rate Request. The date when the customers were notified is missing. The month, day and year must be shown.
4. Page 11, Current and Proposed Service Charges. Please make the following changes so that the tariff page of the application will match the tariff that is on file with the Commission. Under Service Line and Meter Installation Charges, the 2" Turbo Meter reflects a current charge of \$1,170. The charge should be \$715. The 6" Turbo Meter reflects a current charge of \$4,815. The charge should be \$4,915.
5. Page 11. Please make the following changes so that the tariff page of the application will match the tariff that is on file with the Commission. RECONNECTION (Delinquent) after hours in the current charges should show zero. DEPOSIT in the current charges should show an asterisk and the number of the rule cited at the bottom of the page. DEPOSIT INTEREST in the current charges should show an asterisk and the number of the rule cited at the bottom of the page. RE-ESTABLISHMENT (Within 12 months) in the current charges should show an asterisk and the number of the rule cited at the bottom of the page. DEFERRED PAYMENT in the current charges should show an asterisk and the number of the rule cited at the bottom of the page. LATE FEE in the current charges should show zero.
6. Page 13d, does not show any retirement for land of \$12,000. Page 15g shows land and land rights retirement of \$12,000. Please reconcile.
7. Page 14, Column D Test Year End Total, Total Water Plant is \$837,127 and Page 15 Column Original Cost, Total Water Plant is \$834,484. These amounts should be the same. Please reconcile.
8. Page 15, Column B accumulated depreciation is \$288,206. Page 21 Balance Sheet Account number 108 is \$329,227. These amounts should be the same. Please reconcile.

9. Page 15, Column A original cost is \$834,484. Page 21, Balance Sheet account number 101 Utility Plant in Service is \$825,127. These amounts should be the same. Please reconcile.
10. Page 19, Comparative Statement of Income and Expense account number 403 depreciation expense is \$41,021. Page 20, Calculation of Depreciation Expense Column C Depreciation Expense is \$41,087. and Page 19-1 account number 403 depreciation expense is \$41,021. These expenses should be the same. Please reconcile.
11. Page 20, Calculation of Depreciation Expense. Column A, Original Cost is \$837,127. Page 15, Utility Plant in Service, Column A, Original Cost is \$834,484. These amounts should be the same. Please reconcile.
12. Page 20, Calculation of Depreciation Expense Column A Original Cost is \$837,127 and page 21, Balance Sheet account number 101 Utility Plant in Service, Balance at end of test year is \$825,127. These amounts should be the same. Please reconcile.
13. The current tariff bill count revenue does not match metered revenue. The total bill count revenue must match the metered revenue shown on the income statement Page 19 C-1. Some small difference is allowable but the difference of 16.69 percent is much too large to be accepted. Please reconcile.
14. The proposed bill count revenue does not match the proposed revenue. The proposed bill count revenue must match the proposed revenue. Some small difference is allowable but the difference of 13.91 percent is much too large to be accepted. See page 6 of the application. Please reconcile.
15. Page 32, Customer Notification. The customer notification in the application is not the correct format and information is also missing. Please use the format provided by the Commission on the Commission's web site and complete all required information.
16. Please provide a notarized cover letter stating the method of customer notification and the date the notification was sent to the customers.

The following is not a deficiency, but a request for additional information. Please provide explanation and/or answers to the following questions submitted by Staff's engineer:

1. Please describe the construction work in progress that is mentioned in the application and when it will be completed.
2. Please provide more information about the CAP allocation:
 - A. How large is the allocation?

- B. How long has the Company had it?
- C. Are there any plans to use it in the near future?
- D. What expenses does the company pay to maintain the allocation?

- 3. If possible, please separate Plant Description Data and Water Use Data sheets by systems (pages 16, 17, 18 of the application).
- 4. Please provide the arsenic concentration for all wells.