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Arizona Corporation Commission  
December 7, 2004 DOCKETED

DEC 07 2004

M. Byron Lewis  
Salmon, Lewis & Weldon, P.C.  
2850 East Camelback Road, Suite 200  
Phoenix, Arizona 85016

DOCKETED BY

Re: Cave Creek Water Company - Application for an Extension of its Certificate of Convenience and Necessity (CC&N) Docket W-01452A-04-0810  
INSUFFICIENCY LETTER

Dear Mr. Lewis,

In reference to the Cave Creek Water Company Application for an Extension of its Certificate of Convenience and Necessity, docketed November 10, 2004, this letter is to inform you that the application has not met the sufficiency requirements as outlined in Arizona Administrative Code ("A.A.C.") R14-2-411.

1. Please provide a drinking water design report which clarifies how water will be provided to the proposed CC&N.

The report should identify existing and future sources, the capacities of existing sources, the estimated capacities of future sources and any existing demand on the present water sources.

The report should include the estimated water demand from a typical dwelling unit, the estimated demand from the proposed CC&N.

The report should identify the location of future and existing transmission mains and include the timing or construction phasing of facilities.

The design report should describe water quality and address any water quality problems with the existing and future sources of water (as an example, will extra treatment costs arise in order to meet existing or future maximum contaminant levels for arsenic nitrates or fluorides in the drinking water?).

2. Please provide a copy of the Arizona Department of Water Resources Analysis of Adequate Water Supply for the proposed service territory.
3. Please provide 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 proposed CC&N.
4. Please provide a set of design plans for the proposed water facilities.

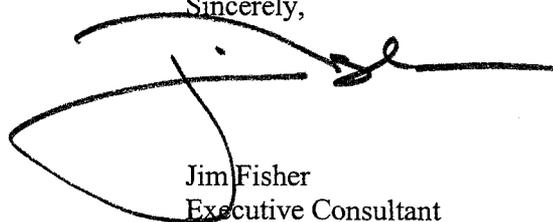
5. Please provide an estimate of the water facilities costs to the Cave Creek Water Company, necessary to serve the proposed CC&N extension. The costs should include a description of the major components with the cost of the component (i.e., wells, number and size of storage tanks, etc.). The method of financing for the major components should be described specifically.
6. Please provide a copy of the Municipal Franchise for the requested area.

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.

Please also understand that according to A.A.C. R14-2-411 C.3, Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

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 read "Jim Fisher", written over a horizontal line.

Jim Fisher  
Executive Consultant  
Utilities Division  
Arizona Corporation Commission

C: Docket Control  
Lyn Farmer  
Del Smith  
Vicki Wallace